



Impact of CSR on Organizational Trust and Brand Authenticity and their behavioral outcomes on Firms

KEYWORDS

CSR-Corporate Social Responsibility, Organizational Trust, Brand Authenticity, Behavioral outcomes

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ABSTRACT

The importance of Corporate Social Responsibility in sustainable business is inevitable throughout the world. This study aims to investigate long-term relationships between stakeholders and socially responsible companies, reasoning the effect of organizational Trust and Brand Authenticity on such relationships. Trust is a fundamental asset in every business and non-business relationship. Increasing awareness for Brand authenticity in society is the most important challenges in Branding. As consumers are more aware of the environmental and social implications of their day-to-day consumption intentions, the companies have to place a higher value on their customers. This paper provides a research framework that focuses on the impact of CSR on Organizational Trust and Brand Authenticity and their behavioral outcomes. By Building Trust and Brand Authenticity through CSR a multi-stakeholders behavioral outcomes are examined.

Introduction:

The concept of CSR is gaining its momentum over the past few years. CSR is no longer an option, it is emphatically and indisputably a must-do program as per Companies Act, 2013 in India. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001). A company's performance is judged more and more on the basis of its impact on the environment and on society as a whole. This in turn means that companies have to increase their efforts to improve their corporate responsibility and trustworthiness in the eyes of stakeholders and society in general. To attract and boost the demand of the products, companies must focus on satisfying not only shareholders (profit), but also must wider stakeholders (people) and also taking care of the natural environment (planet) by doing business in an environmental friendly way (CIM, 2007). It is thus important to communicate the ethical and social issues that the consumers value in a product. Trust is one of the most important components in the business to have a long term relationship and similarly Brand authenticity is also an important factor to be considered for the sustainable development in business. This study will focus on the effect of CSR and on Organizational Trust and Brand Authenticity and their behavioral outcomes on Employees, Customers and Investors.

Literature Review

The term corporate social performance was first coined by Sethi (1975) and his three level model of CSR are 'social obligation (a response to legal and market constraints); social responsibility (Congruent with societal norms); and social responsiveness (adaptive, anticipatory and preventive) (Cochran, 2007). The conceptual theoretical framework of CSR was developed by (Archie B Carroll 1991), and the four dimensions of CSR pyramid are economic, legal, ethical, and philanthropy. In a pyramid a corporation has four types of responsibilities, where the foundation is the economic responsibility to be profitable. The second is the legal responsibility to obey the law set forth by society. The third ethical responsibility is closely linked to the second. The fourth is philanthropic responsibility are the resources contributed by corporations". The implementation tool

of CSR are the "activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility" (Kotler & Lee, 2005, p. 3). The literature shows that CSR researches are conducted in the area of societal marketing (Daub & Ergenzinger, 2005), cause-related marketing (Chattananon, Lawley, Gupta & Pirsch, 2006; Polonsky & Wood, 2001), environmental marketing (Banyte, Brazioniene, & Gadeikiene, 2010; Lyon & Maxwell, 2008; Peattie, 1995) social responsible buying (Maignan & Mcalister, 2003; Oberseider, Schlegelmilch, & Gruber, 2011) and sustainable consumptions (Dolan, 2002; Fedrigo & Hontelez, 2010; Vaaland, Heide, & Grønhaug, 2008). CSR has proved to generate numerous benefits for those firms that engage in socially responsible actions. Such benefits, from a marketing perspective, include consumers' positive product and brand evaluations, enhancement in brand image and personality, store attractiveness, brand choice, brand loyalty and commitment, brand identification, identity attractiveness, brand recommendations, advocacy behaviors and firm value market (Creyer & Ross, 1997; Brown & Dacin, 1997; Drumwright, 1994; Handelman & Arnold, 1999; Osterhus, 1997; Sen & Bhattacharya, 2001; Mohr & Webb, 2005; Oppewal et al., 2005; Sen et al., 2006; Du et al., 2007; Marin & Ruiz, 2007; Madrigal & Boush, 2008; Wigley, 2008; Gupta & Pirsch, 2008). This study examines the relationship between the CSR activities and firm's behavioral outcomes having Consumer Trust and Brand Authenticity playing a mediating role.

Trust and Brand Authenticity

Many companies are turning to Corporate Social Responsibility as a strategy to win back the trust of their stakeholders and customers. In the literature, Trust has been defined as "the extent to which a firm believes that its exchange partner is honest and/or benevolent" (Geyskens et al. 1998). The main elements of trust are reliability, integrity, and confidence (De Wulf et al. 2001; Morgan & Hunt 1994). Trust is an important element of relationship marketing, and an antecedent of relationship commitment (Morgan & Hunt 1994). Many studies have focused on the relationship between trust and other consumer-specific concepts, such as customer satisfaction, loyalty and brand image (Busacca & Castaldo 2003). Crosby et al. (1990) developed the concept of rela-

tionship quality, a combination of trust and satisfaction. CSR activities seem particularly capable of building trust, since these activities are benevolent by nature. Only few studies of CSR have included trust. Hosmer (1994) argues that companies who recognize and ethically resolve moral problems will be trusted by the stakeholders. When a company provides positively evaluated products or services, trust in that company is higher (Garbarino & Johnson 1999).

The word Brand derives from the old Norse word "brandr" which means to burn as brands were and still are the means by which owners of livestock mark their animals to identify them (Keller 2002). In today's concept Brand is a bundle of benefits with sustainable differentiation potential (Burmann/Meffert 2005). Increasing awareness for Brand authenticity in Society is the most important challenge in Branding. Brand Authenticity is defined as the degree to which Brand identity is casually linked to brand behavior (Schallehn 2012). Brand Authenticity should not be corrupted by external forces. Antecedents of Brand Authenticity are Continuity, Consistency, and Individuality. Brand Authenticity will lead to credibility which will lead to Brand Trust.

Behavioral Outcomes of Trust and Brand Authenticity:

Corporate marketing theorists have suggested that stakeholder perceptions are important because they guide behavior and effective CSR must target stakeholder perceptions. These perceptions guide stakeholders toward or away from productive relationships with management (Balmer et al. 2007; Riordan et al. 1997). In recent literatures of OB and marketing, it examines that employee opinions about the company's social responsibility play a key role in shaping their trust in the organization, which in turn influences their attitudes and behavior (Fukukawa et al. 2007; Perrini and Castaldo, 2008; Rupp et al. 2006). Thus, we focus on individual-level perceptions about CSR activity, and examine their linkages to individual-level attitudes and behaviors. Research in both marketing and OB suggests that stakeholders decide to trust organizations (i.e., to become vulnerable to them) based upon their assessment of those organizations' ethics and values (Dirks and Ferrin, 2002; Mayer et al. 1995; Morgan and Hunt, 1994; Sirdeshmukh et al. 2002). The theory of relationship marketing suggests that trust is a key mediator between a host of organizational antecedents (e.g., communication and shared values) and organization-consumer/buyer outcomes. (S Duane & Benjamin 2013) stated that employees who perceived their employer to be more socially responsible were less willing to leave the company and were more interested in Organizational citizenship behaviors. Companies can no longer succeed if they fail to align their behaviors and their messages with the expectations of their stakeholders. (Fleishman Hillard, 2012) examined nine drivers for authenticity of an organization namely Management behavior, Customer benefits and Society outcomes. Each strand is made up of three individual drivers. Management behaviors are driven by doing right, more consistent performance, and credible communications. Customer benefits are a combination of better value, customer care, and innovation. Finally, society outcomes are driven by employee care, wider community impact, and care of the environment.

Objectives:

- To examine the impact of CSR on organizational trust and their behavioral outcomes on firms.
- To study the impact of CSR on Brand Authenticity and their outcomes on firms.
- To develop a research framework for understanding the impact of CSR and their behavioral outcomes on consumers, employees and investors intentions.

Research Framework

Trust is the strong predictor of green purchase intention (Gupta & Dash, 2012; Pornpratang, Lockard, & Ngamkroekjoti, 2013). Testing for both moderating and mediating effects is useful to focus on consumer behavior (Hayes & Mathes, 2009; Shahriar, D'Ambra, & Ray 2011). Based on the literature review, the proposed research framework puts forward two mediators—namely, Brand Authenticity and Organizational Trust in the relationship between CSR and Firms. The behavioral outcomes of Trust and Brand Authenticity on stakeholders are examined.

Mediating Model

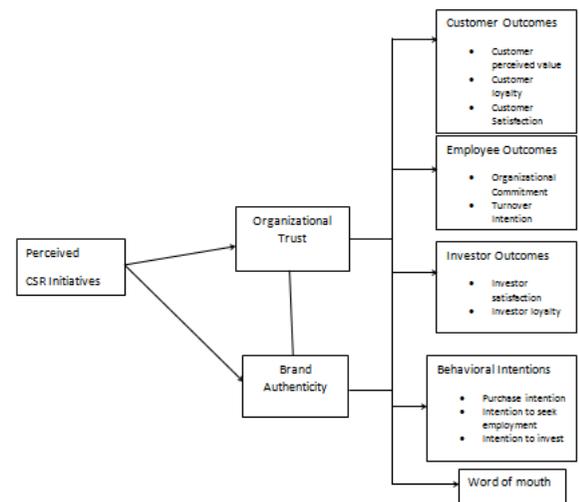


Fig 1: Authors Model

Conclusion

This framework helps in integrating CSR initiatives and Organizational Trust, Brand Authenticity and their behavioral outcomes to have better understanding of the long term relationship between Firms and CSR. From the literature, there is a positive relation between CSR, Trust and Purchase intentions. Vlachos & Tsamakos (2007) identifies consumer trust as a sub process regulating the effect of CSR attributions on consumer behavioral responses. This research framework integrates Trust, Brand Authenticity and their behavioral consequences. By Building Trust and Brand Authenticity on firm's stakeholders through CSR programs, the relationship can be strengthened. Companies should focus more on being genuine in their products and deliverables which will create credibility in the attitudes of the stakeholders will lead to behavioral intentions.

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