

How Corporate Social Responsibility Affects Corporate Reputation: Evidence from an Emerging Market*

Tamara Vlastelica, Slavica Cicvaric Kostic, Milan Okanovic, Milos Milosavljevic**

Abstract:

In addition to generating economic growth and competitiveness, companies are expected to integrate concerns about society and the environment into ongoing operations. Corporate social responsibility (CSR) initiatives are advocated in order to affect stakeholders' perception of corporate reputation. This study aims to identify specific CSR items that drive reputation and to measure their individual impact. The results indicate that CSR items affect corporate reputation. Moreover, the intensity of this relationship varies for all items. Significant differences were found between citizens and specific stakeholders, as well as among different groups of stakeholders. Furthermore, the study identified the moderate effect of age and gender on the relationship between CSR and corporate reputation. The results contribute to an extant body of evidence on the impact of CSR on corporate reputation, by providing perspectives of both citizens and stakeholders.

Keywords: corporate reputation, corporate social responsibility, stakeholders, emerging market

JEL classification: M14, L14, L21

Introduction

Corporate social responsibility (CSR) emerged as a response to continual public expectation of a more adequate and active role of business within society. This expectation is a result of the higher impact of corporate business operations on the quality of life and society as a whole, as well as increased public sensitivity to ethical issues (Dahlsrud 2008; Carroll 1999). The concept refers to integrated concerns about society and environment in day-to-day corporate activities (European Commission 2003).

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** Tamara Vlastelica, Ph.D., Assistant professor, University of Belgrade, Faculty of Organisational Sciences, Jove Ilica 154, 11000 Belgrade, Serbia, vlastelica.tamara@fon.bg.ac.rs. Research interest: corporate reputation, corporate social responsibility, public relations
 Slavica Cicvaric Kostic, Ph.D., Associate professor, University of Belgrade, Faculty of Organisational Sciences, Jove Ilica 154, 11000 Belgrade, Serbia, cicvarics@fon.bg.ac.rs. Research interest: corporate reputation, corporate social responsibility, public relations
 Milan Okanovic, Ph.D., Assistant professor, University of Belgrade, Faculty of Organisational Sciences, Jove Ilica 154, 11000 Belgrade, Serbia, okanovic.milan@fon.bg.ac.rs. Research interest: marketing, public relations, marketing research
 Milos Milosavljevic (corresponding author), Ph.D., Assistant professor, University of Belgrade, Faculty of Organisational Sciences, Jove Ilica 154, 11000 Belgrade, Serbia, milosavljevic.milos@fon.bg.ac.rs. Research interest: management, efficiency analysis, financial management.

CSR is conceptualised and implemented as a business policy and long-term programme, which is then integrated into various business processes. Accordingly, CSR is considered an integral part of overall corporate reputation (De Castro et al. 2006). Whilst conducting research on reputation, Sohn and Lariscy (2014) identified the complexity of the reputation construct, with CSR as one of its dimensions. The concept of reputation management, as an innovative approach to planning and organising communication activities within an organisation, has been a focal point of both business and communication scholars and practitioners during the last few decades (Barnett et al. 2006; Walker 2010).

Both practitioner and academic interest for a profound examination of reputation management has been growing rapidly ever since financial experts emphasised the real importance of intangible assets in creating market success, profit and corporate value (Sabate/Puente 2003; Newbury 2010). Nevertheless, there is an ongoing, vivid debate on the concept and definition of corporate reputation in extant literature (Weigelt/Camerer 1988; Deephouse 2000; Fombrun/Van Riel 2004; Brown et al. 2006; Lloyd 2007).

Walker (2010) reports that reputation is a multidimensional and issue-specific phenomenon, dependent on (stakeholders') perception. A broad body of evidence on this topic indicates that reputation construct and models involve various items such as: products and services, leadership, governance, workplace, performance, social responsibility and others, depending on the author (Ponzi et al. 2011; Berens/Van Riel 2004; MacMillan et al. 2004; Walsh/Wiedman 2004; Davies et al. 2003; Fombrun et al. 2000).

The growing body of knowledge has focused on the definition and systematisation of the essential elements of corporate social responsibility (Carrol 1991; Perakis 2010; Dahlsrud 2008). The authors applied the approach whereby all socially responsible activities and performance of the company are marked as items that refer to one of the key CSR dimensions: marketplace, workplace, environment or community. This study aims to identify CSR items that affect corporate reputation and to measure their impact on overall corporate reputation, based on evidence from Serbia.

To the best of the authors' knowledge, a comprehensive study of this kind has not been conducted before. O'Riordan and Fairbrass (2014) studied the interests of various stakeholders for CSR activities, but their study is limited to pharmaceutical companies in the UK and Germany. Hur et al. (2014) examined the relationship between CSR, corporate brand credibility, corporate brand equity, and corporate reputation among consumers in South Korea.

The paper is organised as follows: the second section examines the literature in the field of CSR and reputation and provides a theoretical background for the problem. In particular, this section covers the conceptual framework of corporate

reputation and social responsibility of business. The third section elaborates on the methodology used in the study. The fourth section presents the study's findings, along with a detailed explanation of the results. The fifth section is a discussion of the results. Finally, the sixth section presents the main concluding remarks and managerial implications.

Theoretical Background

The theoretical framework for this study is grounded in the Social Expectations Approach (Berens/Van Riel 2004). This widely used approach is based on the premise that stakeholders evaluate corporate activities based on expected corporate behaviour within society. Numerous authors find that items of corporate reputation are culturally biased, as they are determined by the specific social, economic, political and technological features of a country or region (Ponzi et al. 2011; Gardberg 2006; Walsh/Wiedman 2004; Craig/Douglas 2000). Furthermore, Blindheim (2015) found a strong case for different CSR forms across national contexts, determined by significant differences in the way that CSR and ethics is perceived and valued by different cultures. The specifics of CSR initiatives and engagement in developing countries versus developed countries are also elaborated by Vlastelica et al. (2015b), who found that ethical values strongly influence citizens' expectations of a company. The source of difference lies in the socio-economic and cultural context, and in developing countries it is rather more about philanthropy and charity than an internal process mainstreamed into core operations, strategy and long-term planning (Visser 2008). Elms (2006) found a lack of stakeholders' activism in this field in Central and Eastern European countries, as these economies are still economically driven due to relatively low average incomes and historical experience.

Corporate Reputation: Conceptual Framework

Corporate reputation is an evolving concept, with a myriad of differing conceptual approaches, methodologies and arguments, which result in numerous definitions (Fombrun 1996; Gotsiand/Wilson 2001; Lloyd 2007; Walker 2010). However, they share certain common characteristics. Firstly, corporate reputation is long-term by nature, evolving over time as a result of consistent performance (Gray/Balmer 1998). Secondly, corporate reputation is based on direct experience or persuasive indirect information, which generates the attitudes and emotions of an individual (or group) towards the organisation (Vlastelica Bakic 2012). Hence, reputation is a consequence of corporate identity, performance and communication, all of which form the beliefs and attitudes of stakeholders and citizens towards the company. Furthermore, corporate reputation is the perceptual evaluation of the stakeholders of an organisation (Fombrun 1996; Walker 2010). Ali, Lynch, Melewar and Jin (2015) emphasise the importance of dif-

ferent stakeholders' perspectives in establishing the antecedents and consequences of corporate reputation.

The study presented in this paper defines corporate reputation by modifying Fishbein and Ajzen's model of attitudes (1975). Accordingly, reputation comprises the beliefs and attitudes of individuals based on their experience with a company (direct experience and observations or persuasive information from other sources). This drives the intentions and behaviours of these individuals. Therefore, the authors agree with the definition provided by Vlastelica (2016:14) that "corporate reputation is a set of relatively long-term impressions, attitudes and emotions of an individual or a group related to a company, which are formed upon direct experience or received indirect information from credible sources, in the context of personal and social expectations, whereas they influence the intentions or behaviour of an individual or a group toward the company". Accordingly, this study is focused on items of corporate social responsibility which can affect an individual's beliefs, attitudes and emotions towards the company – or the company's reputation.

Social Responsibility of Business

Rudimentary attempts to conceptualise CSR in academic literature are attributed to Bowen (1953), who suggested that managers should "implement policies that make decisions or carry out actions that are desirable in terms of meeting the goals of society" (p. 6). However, the essential idea of CSR is much older.

Garriga and Mele (2004) mapped the territory for relevant theories on CSR and categorised the related approaches into four groups: instrumental, political, integrative and value theories. Beside academic attempts, definition of CSR items has been done by international organisations which promote, institutionalise, monitor and measure socially responsible business operations. For the purpose of identifying the impact of CSR on corporate reputation, this study was based on a definition provided by the Working Group of the International Standards Organization – ISO. The particular standard used in this study is ISO 26000 (2010), which provides guidelines for social responsibility where CSR is defined as "the responsibility of an organisation for the impact of its decisions and activities on society and the environment, through transparency and ethical behaviour that contribute to sustainable development, including the health and welfare of society; it takes into account the expectation of stakeholders, is in compliance with applicable law and consistent with international norms of behaviour, and is integrated throughout the organisation and practices in its relationship."

Academic literature strives to create an appropriate basis for the successful implementation and development of the concept in the company by integrating all key aspects of CSR (Vlastelica et al, 2015 a). For the purpose of this study, the authors considered CSR a construct of four dimensions. Marketplace – security

and safety of products and services, protection of consumer rights, resolving consumer complaints, ethical competition, fair pricing according to quality, responsible procurement and distribution of products, supplier development, responsible communication, educating consumers for socially responsible behaviour. Workplace (human resources) – health and safety in the workplace, protection of human rights, equal treatment in employment and opportunities for all employees, staff development, respecting work-life balance, responsible and ethical internal communication. Environment – responsible use of natural resources, reduced consumption of natural resources, preservation of existing resources, investing in the creation of new resources, preserving biodiversity, reducing CO2 emission, increasing awareness and education about environmental protection. Community – investment programs for the local community, philanthropy, donations and humanitarian activities, employee volunteering.

Academics have not agreed on a single model or theory of a business case for CSR (Carrol/Shabana 2010). Zadek (2000) emphasises four main benefits of implementing CSR: 1) reputation, 2) cost reduction, 3) the integration of responsible practices into core business strategies, and 4) innovation and risk management. Kurucz et al. (2008) present arguments for CSR in four categories: cost and risk reduction, obtaining competitive advantages, business legitimacy, and delivering win-win outcomes through synergetic value creation. Other approaches mentioned in the extensive literature written on the topic focus on identification and the empirical research of CSR benefits for different stakeholders.

Weber (2008) elaborates five different categories of benefits for the company that implements CSR practices: corporate image and reputation, motivation and retention of employees, reduction of business costs, increase in revenue and/or market share, and reduction in risks related to CSR. Walsh et al. (2009), Helm (2005), Dowling (2004), Fombrun et al. (2000) also include CSR as a factor that affects corporate reputation, therefore this study aims to identify the CSR items that drive reputation, and to measure their individual impact.

Methodology

An empirical study examined the perceptions, attitudes and intentions of the citizens of the Republic of Serbia and specific stakeholders (representatives of the business community, public administration, civil society and the media) about the companies operating in the country (Vlastelica, 2016). With regards to the expected differences between the attitudes of citizens and specific stakeholders, the study examined these two groups of respondents separately. The expected differences are due to the different relationship with the companies – citizens evaluated CSR and reputation items from the perspective of consumers, while specific stakeholders had more insight and profound relationship with companies they nominated and evaluated. Specific stakeholders were selected to rep-

resent the groups of importance for business (Freeman 1984), whether they provide resources or form the structure of the industry (such as business community), or make social and political arena (such as government and NGOs), or they are intermediaries between companies and other stakeholders (such as media). Accordingly, the study included two separate parts.

The first part of the study relates to examining opinions of Serbian citizens about the business reputation of Serbian corporations. The research was based on primary data and employed questionnaire as a research tool. The research was conducted in the households of the examinees and the questionnaires were delivered by professional assistants. All respondents gave their informed consent prior to their inclusion in the research. Examiners previously explained the purpose and scope of the research. The data was collected directly using a Computer Assisted Personal Interview technique. The sampling method was nationally representative disproportionate stratified sample. The size of the sample was 688 examinees.

The second part of the study refers to exploring representatives of specific stakeholders relevant to the scope and objectives of the study. The study was focused on decision makers from four groups which assume the role of public opinion creators from different professional arenas: business sector (companies listed on "Biznis Top", the ranking of the most successful companies operating in Serbia, according to the turnover and profit, published by magazine *Biznis&Finansije* within the Deloitte's TOP 500 companies ranking in Central and Eastern Europe), public administration (ministries of the Serbian Government), non-governmental organizations (active and listed on Directory of NGOs of the Centre for Development of Non-Profit Sector) and the media (registered media with national coverage). Decision makers were chosen as key informant, thus limiting a possible perceptual bias (Teo/King 1997). The study was based on primary data using a specifically structured questionnaire to collect evidence on CSR drivers affecting corporate reputation. The data was collected through interviews. The respondents were instructed to respond as members of a specific stakeholder group, having in mind the relations they have with Serbian companies. The sampling method was a disproportionate stratified sample and a total of 115 examinees provided valid answers.

Research Variables

Corporate reputation was measured as a second order variable, with the initial variables of attitude and trust, which were based on Ponzi et al. (2011) approach. Respondents were asked the following questions: (1) Having in mind everything that you consider as important, how positive, or negative, is your overall opinion about ... (the company name)? (2) To what extent do you trust... (the company name)?

The value of corporate reputation (for the company that was previously nominated as “good”) was measured as a mean of “the attitude about the company” value and “the trust in the company” value.

Since there is a great evidence in literature that constituents of corporate reputation are culturally biased (Ponzi et al. 2011; Gardberg 2006; Walsh/Wiedmann 2004; Craig/Douglas 2000), therefore it was not valid to simply apply any of existing models of corporate reputation constituents. Among the numerous approaches, models and methodologies for the measurement of corporate reputation in academic literature, the most influential and the most frequently cited, analyzed and modified one is the Reputation Quotient – RQ, developed by Charles Fombrun in collaboration with Harris Interactive (Fombrun et al. 2000). The model is based on the claim that stakeholders assess companies based on twenty items, which the authors grouped in six categories: emotional appeal, products and services, vision and leadership, work environment, financial performance, and social responsibility. However, qualitative study conducted in the Netherlands (Groenland 2002) added two dimensions to the original RQ: national origin and charismatic representatives. Furthermore, based on the qualitative research of reputation conducted in Germany, Walsh and Wiedmann (2004) expanded the RQ with the following variables: sympathy, transparency, fairness and perceived customer orientation and stakeholders’ feeling of content and trust. Preliminary qualitative research for the identification of corporate associations (attributes or aspects of business and communication that influence the formation of attitudes) that are valid in Serbia, was conducted with a group of 150 students from the Faculty of Organizational Sciences in May 2011, using the methodology of exploratory interview described in the paper of Walsh and Wiedman (2004). The students were asked to state two companies that have good reputation or two companies that have bad reputation, according to their opinion. Then, in a form of open-end question, students were asked to cite the business factors they considered in forming the opinion about a company: What traits or actions do you associate with the company with good reputation? What distinguishes a ‘good’ from a ‘bad’ company? The interviews showed that corporate reputation is driven by 24 key associations: Product/service quality, Product/service innovation, Product/service safety, Product/service price to quality, Desirable employer, Employees quality, Management quality, Job safety, Profitable company, Market leader, Customer orientation, Political influence on a company, Business legality, Business philanthropy, Environmental responsibility, Responsibility towards the local community, Contribution to Serbian society, Communication intensity, Communication creativity, Responsible and sufficient information disclosure and communication, Company’s media coverage, Events organized by the company, Online communication, Quality of direct communication with customers.

Nine out of these 24 associations refer to socially responsible business practices. The most important corporate reputation items that could be attributed to corporate social responsibility (Dahlsrud 2008), which are examined in this study, are as follows: Product/services safety [PSafe], Product/service price to quality ratio [P/Q], Desirable employer [DEmp], Business legality [BLegal], Business philanthropy [Phil], Environmental responsibility [EnvIR], Responsibility towards the local community [LComm], Contribution to the Serbian society [CSoc], Responsible and sufficient information disclosure and communication [D&C].

These items formed the independent variables, while corporate reputation was the dependent variable in the study. If the respondent were asked to evaluate the importance of CSR items for corporate reputation, it would be expected that they would give socially desirable responses (Paulhus/Raid 1991). For that reason the examinees firstly were asked to nominate specific company operating in Serbia they perceive as a “good company”. After that, they were asked to rank their attitude towards that company and trust into that company in order to determine the dependent variable – corporate reputation. Finally, respondents were asked to rank how nominated company performed in the nine CSR items listed above, using a five-point Likert-type scale.

The following research questions were defined:

RQ1: How strong is the relationship between the perception of CSR items and corporate reputation and to which extent do they affect the change in corporate reputation for citizens?

RQ2: To what extent is it possible to predict corporate reputation with CSR items?

RQ3: Do age and gender of citizens moderate the relationship between CSR items and corporate reputation?

RQ4: How strong is the relationship between the perception of CSR items and corporate reputation and how do they affect corporate reputation for specific stakeholders?

RQ5: Does the affiliation to the specific stakeholder group affect the relationship between CSR items and corporate reputation?

Results

The mean of corporate reputation for the citizens was 4.0310 and for specific stakeholders – 4.1522. The high mean value was expected since the examinees were evaluating attitudes and trust for the companies which they listed as “good”. This value was used as the dependent variable for examining the rela-

tionships between the main CSR items of corporate reputation and reputation itself.

The Relationship between CSR Items and Positive Corporate Reputation for Citizens

In exploring the influence of social responsibility on corporate reputation, examinees were asked to rate the performance of the company for each CSR item. CSR performance was evaluated on an interval scale, and the correlation was examined with *Pearson product-moment correlations* for each item and corporate reputation (Table 1).

Table 1. Correlation coefficient matrix between the CSR items and corporate reputation for citizens

		PSafe	P/Q	DEmpl	BLEgal	Phil	Envir	LComm	CSoc	D&C	Reput.
PSafe	R	1	.560**	.314**	.428**	.400**	.492**	.427**	.408**	.431**	.454**
	Sig.		,000	,000	,000	,000	,000	,000	,000	,000	,000
	N	685	685	685	684	679	679	679	679	679	682
P/Q	R	.560**	1	.240**	.460**	.379**	.448**	.449**	.481**	.382**	.506**
	Sig.	,000		,000	,000	,000	,000	,000	,000	,000	,000
	N	685	685	685	684	679	679	679	679	679	682
DEmpl	R	.314**	.240**	1	.414**	.331**	.298**	.259**	.365**	.237**	.400**
	Sig.	,000	,000		,000	,000	,000	,000	,000	,000	,000
	N	685	685	688	687	683	683	683	683	682	686
BLEgal	R	.428**	.460**	.414**	1	.411**	.490**	.439**	.494**	.429**	.512**
	Sig.	,000	,000	,000		,000	,000	,000	,000	,000	,000
	N	684	684	687	687	682	682	682	682	682	685
Phil	R	.400**	.379**	.331**	.411**	1	.588**	.667**	.553**	.450**	.430**
	Sig.	,000	,000	,000	,000		,000	,000	,000	,000	,000
	N	679	679	683	682	683	683	683	683	677	680
Envir	R	.492**	.448**	.298**	.490**	.588**	1	.551**	.473**	.450**	.408**
	Sig.	,000	,000	,000	,000	,000		,000	,000	,000	,000
	N	679	679	683	682	683	683	683	683	677	680
LComm	R	.427**	.449**	.259**	.439**	.667**	.551**	1	.590**	.398**	.403**
	Sig.	,000	,000	,000	,000	,000	,000		,000	,000	,000
	N	679	679	683	682	683	683	683	683	677	680
CSoc	R	.408**	.481**	.365**	.494**	.553**	.473**	.590**	1	.407**	.489**
	Sig.	,000	,000	,000	,000	,000	,000	,000		,000	,000
	N	679	679	683	682	683	683	683	683	677	680
D&C	R	.431**	.382**	.237**	.429**	.450**	.450**	.398**	.407**	1	.419**
	Sig.	,000	,000	,000	,000	,000	,000	,000	,000		,000
	N	679	679	682	682	677	677	677	677	682	680

		PSafe	P/Q	DEmpl	BLEgal	Phil	Envir	LComm	CSoc	D&C	Reput.
R		.454**	.506**	.400**	.512**	.430**	.408**	.403**	.489**	.419**	1
Reput.	Sig.	,000	,000	,000	,000	,000	,000	,000	,000	,000	
	N	682	682	686	685	680	680	680	680	680	686

*Sig<0,05

**Sig<0,01

A particularly strong linear relationship is evident between reputation on one side, and price to quality ratio and business legality on the other. The other items vary from having a moderate to strong correlation with corporate reputation.

A multiple linear regression model was used to predict future values of corporate reputation regarding the changes in CSR items (issue addressed in RQ2). This model explained 43.2% of the variance of corporate reputation. The model indicates linear dependence regarding statistical significance of an F test ($F=55.828$, $p=.000$). However, the model did not determine the importance of each CSR item. Coefficients of examined CSR items and their significance are displayed in Table 2. The items, Environmental Responsibility and Responsibility towards Local Community were eliminated from the model due to their statistical insignificance. The regression test highlights Desirable Employer, Business Legality and Price to Quality Ratio as the greatest drivers of corporate reputation in the examined model. The regression model also includes Contributions to Serbian Society, Responsible and Sufficient Information Disclosure and Communication, Product Safety and Philanthropy. The model is graphically shown in Figure 1.

Table 2. The regression model of CSR items and corporate reputation for citizens

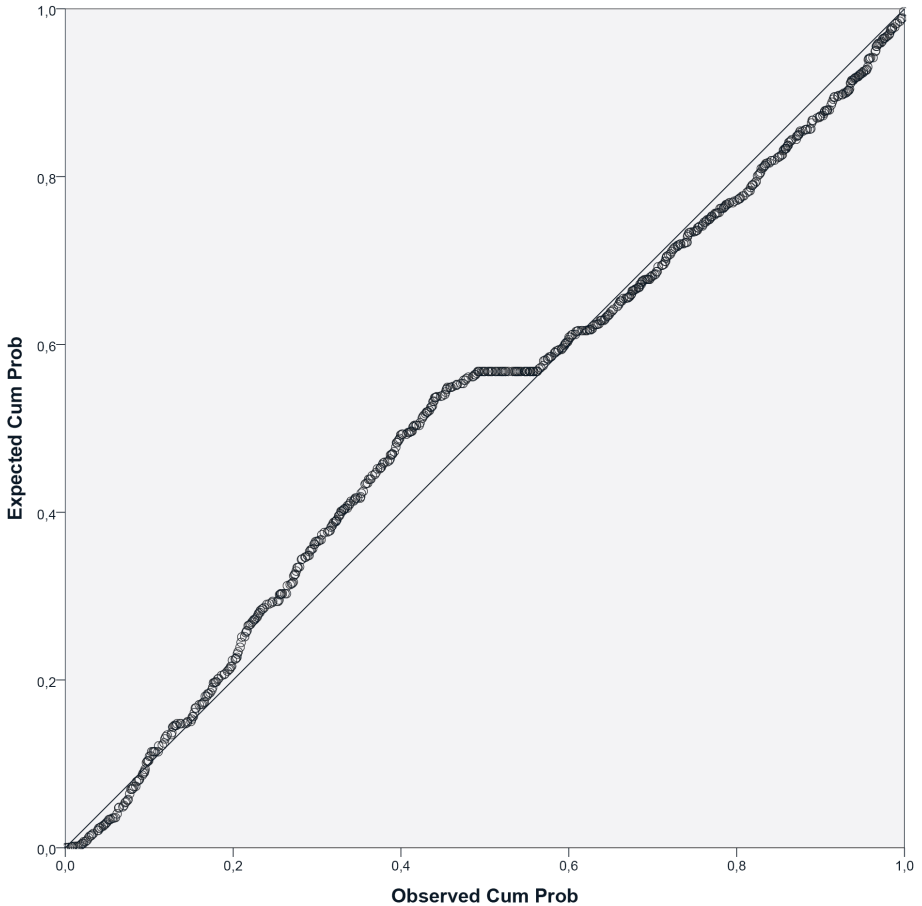
Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.465	.171		2.719	.007
Product Safety	.092	.038	.094	2.424	.016
Desirable Employer	.211	.039	.211	5.421	.000
Price to Quality Ratio	.159	.035	.152	4.525	.000
Business Legality	.166	.036	.178	4.614	.000
Philanthropy/Donations	.083	.040	.092	2.089	.037
Environmental Responsibility	-.016	.035	-.018	-.444	.657
Responsibility towards Local Community	-.019	.035	-.024	-.546	.585
Contribution to Serbian Society	.115	.035	.132	3.243	.001
Responsible and sufficient information disclosure and communication	.091	.031	.107	2.982	.003

Dependant variable: CORPORATE REPUTATION
R= .657 R2= .432
F= 58.828 p = .000

The multiple regression formula for the aforementioned model is:

$$\text{Reputation} = .465 + .211 * D\text{Empl} + .152 * P/Q + .178 * B\text{Legal} + .092 * Phil + .132 * CSoc + 107 * D\&C (+.094 * P\text{Safe})$$

Figure 1. Normal P-P Plot of Regression Standardised Residual – corporate reputation as a mean of multiple elements



Cases weighted by HI: sttpg18 LO: skola18 TRIM(0.3 - 3.5)

The study included an examination of CSR items and corporate reputation regarding demographic features of examinees – gender and age (RQ3). The correlation analysis indicates stronger relationships compared to the total sample for both age and gender, which is displayed in the following two tables.

Table 3. Correlation of CSR items and reputation moderated by age

Items	Gender					
	Male			Female		
	R	Sig.	N	r	Sig.	N
PSafe	,423**	,000	333	,480**	,000	350
P/Q	,472**	,000	333	,536**	,000	350
DEmpl	,294**	,000	333	,525**	,000	352
BLegal	,513**	,000	333	,505**	,000	352
Phil	,422**	,000	331	,438**	,000	349
EnviR	,388**	,000	331	,418**	,000	349
LComm	,383**	,000	331	,420**	,000	349
CSoc	,457**	,000	331	,520**	,000	349
D&C	,340**	,000	328	,493**	,000	351

**Sig.<0,01

Table 4. Correlation of CSR items and reputation moderated by gender

Items	Age											
	> 30			31 – 45			46 – 60			61+		
	r	Sig.	N	r	Sig.	N	R	Sig.	N	R	Sig.	N
PSafe	,348**	,000	153	,510**	,000	178	,473**	,000	165	,447**	,000	187
P/Q	,613**	,000	153	,455**	,000	178	,491**	,000	165	,423**	,000	187
DEmpl	,386**	,000	153	,380**	,000	178	,356**	,000	165	,515**	,000	189
BLegal	,654**	,000	153	,484**	,000	178	,344**	,000	165	,577**	,000	189
Phil	,391**	,000	151	,361**	,000	176	,491**	,000	164	,470**	,000	189
EnviR	,434**	,000	151	,342**	,000	176	,370**	,000	164	,494**	,000	189
LComm	,462**	,000	151	,259**	,001	176	,484**	,000	164	,376**	,000	189
CSoc	,545**	,000	151	,379**	,000	176	,593**	,000	164	,366**	,000	189
D&C	,364**	,000	152	,485**	,000	177	,395**	,000	163	,430**	,000	188

**Sig.<0,01

The Relationship between CSR Items and Positive Corporate Reputation among Specific Stakeholders

The second part of the study examined the linear relationship between CSR items and corporate reputation for the whole sample of specific stakeholders using *Pearson product-moment correlation* (Table 5). This linear relationship should provide the answer to research question 4 -Is there any relationship between perception of CSR items and corporate reputation and, how do they affect corporate reputation for specific stakeholders?

Table 5. Correlation coefficient matrix between CSR items and corporate reputation for specific stakeholders

		PSafe	P/Q	DEmpl	BLegal	Phil	Envir	LComm	CSoc	D&C	Reput.
PSafe	R	1	.474**	.207	.328**	.145	.464**	.384**	.379**	.470**	.361**
	Sig.		,000	,027	,000	,122	,000	,000	,000	,000	,000
	N	115	115	115	115	115	115	115	115	115	115
P/Q	R	.474**	1	.258**	.545**	.187	.420**	.371**	.350**	.411**	.503**
	Sig.	,000		,005	,000	,045	,000	,000	,000	,000	,000
	N	115	115	115	115	115	115	115	115	115	115
DEmpl	R	.207	.258**	1	.141	.264**	.301**	.217	.090	.314**	.245**
	Sig.	,027	,005		,133	,004	,001	,020	,341	,001	,008
	N	115	115	115	115	115	115	115	115	115	115
BLegal	R	.328**	.545**	.141	1	.335**	.442**	.454**	.395**	.291**	.466**
	Sig.	,000	,000	,133		,000	,000	,000	,000	,002	,000
	N	115	115	115	115	115	115	115	115	115	115
Phil	R	.145	.187	.264**	.335**	1	.412**	.670**	.377**	.327**	.199
	Sig.	,122	,045	,004	,000		,000	,000	,000	,000	,033
	N	115	115	115	115	115	115	115	115	115	115
Envir	R	.464**	.420**	.301**	.442**	.412**	1	.594**	.550**	.418**	.436**
	Sig.	,000	,000	,001	,000	,000		,000	,000	,000	,000
	N	115	115	115	115	115	115	115	115	115	115
LComm	R	.384**	.371**	.217	.454**	.670**	.594**	1	.463**	.349**	.303**
	Sig.	,000	,000	,020	,000	,000	,000		,000	,000	,001
	N	115	115	115	115	115	115	115	115	115	115
CSoc	R	.379**	.350**	.090	.395**	.377**	.550**	.463**	1	.332**	.390**
	Sig.	,000	,000	,341	,000	,000	,000	,000		,000	,000
	N	115	115	115	115	115	115	115	115	115	115
D&C	R	.470**	.411**	.314**	.291**	.327**	.418**	.349**	.332**	1	.243**
	Sig.	,000	,000	,001	,002	,000	,000	,000	,000		,009
	N	115	115	115	115	115	115	115	115	115	115
Reput.	R	.361**	.503**	.245**	.466**	.199	.436**	.303**	.390**	.243**	1
	Sig.	,000	,000	,008	,000	,033	,000	,001	,000	,009	
	N	115	115	115	115	115	115	115	115	115	115

*Sig<0,05

**Sig<0,01

As presented in the previous table, only a few CSR items have a strong linear correlation with corporate reputation. Moreover, some of them (such as Philanthropy), have no statistical relationship with the dependent variable.

Further analysis of the relationship intensity of the examined CSR items and corporate reputation was focused on each stakeholder group (research question 5). Within specific stakeholders – business community, public administration, NGOs and the media – CSR items affect corporate reputation in different manners, which is displayed in Table 6.

Table 6 shows the CSR items for which the study identified statistically significant relationships. With regards to the representatives of the Business community as stakeholders, a strong linear relationship is identified for Price to quality ratio ($r=.517$, $p=.003$). A moderate linear relationship of items and corporate reputation was found for: Environmental responsibility ($r=.416$, $p=.022$), Business legality ($r=.415$, $p=.022$), Responsibility towards local community ($r=.380$, $p=.038$), and Desirable employer ($r=.367$, $p=.046$).

For the representatives of public administration the majority of the examined CSR items did not have any significant linear relationship with the phenomenon of corporate reputation. Nevertheless, a notable correlation coefficient was found for business legality ($r=.709$, $p=.000$), as well as Price to quality ratio ($r=.623$, $p=.002$).

Table 6. Correlation coefficient matrix of CSR items and corporate reputation for specific stakeholders

Stakeholders	Business sector			Public administration			NGOs			Media		
	r	Sig.	N	R	Sig.	N	R	Sig.	N	r	Sig.	N
Product safety	.248	.187	30	.260	.231	23	.538**	.002	30	.402*	.023	32
Price to quality ratio	.517**	.003	30	.623**	.002	23	.510**	.004	30	.432*	.014	32
Desirable employer	.367*	.046	30	.256	.239	23	-.076	.688	30	.434*	.013	32
Business legality	.415*	.022	30	.709**	.000	23	.468**	.009	30	.388*	.028	32
Philanthropy	.296	.112	30	-.036	.871	23	.302	.105	30	.099	.591	32
Environmental responsibility	.416*	.022	30	.215	.324	23	.493**	.006	30	.517**	.002	32
Responsibility towards local community	.380*	.038	30	.087	.693	23	.312	.094	30	.191	.296	32
Contributions towards Serbian society	.302	.105	30	.166	.449	23	.700**	.000	30	.318	.076	32
Responsible and sufficient information disclosure and communication	.147	.439	30	.083	.707	23	.599**	.000	30	.156	.394	32

*Sig<0,05

**Sig<0,01

In the NGO sector the strongest linear correlation exists between, Contribution to Serbian society and corporate reputation ($r=.700$, $p=.000$), followed by Responsible and sufficient information disclosure and communication ($r=.599$, $p=.000$), Product safety ($r=.538$, $p=.002$), and Price to quality ratio ($r=.510$, $p=.004$). Moderate correlation is characteristic for Environmental responsibility and Business legality.

Representatives of the media emphasized a strong linear relationship between corporate reputation and Environmental responsibility ($r=.517$, $p=.002$), whereas

a moderate relationship is identified for Desirable employer and Price to quality ratio.

Discussion

The study has confirmed that all previously defined CSR items affect corporate reputation for citizens. However, the intensity is not the same for all the items. For a total sample, the prominent CSR items with high standardised beta coefficient values were Business legality (.158), Price to quality ratio (.133), Contributions to Serbian society (.113) and Desirable employer (.098). These figures indicate that it is possible to change the overall reputation by changing the items which affect reputation. The dominant factor herein is Desirable employer which could be attributed to the high unemployment rate in Serbia. This factor is followed by Business legality which indicates that numerous companies in Serbia, during the economic transition from centrally planned to market economy, have difficulties reforming their operations to comply with the legal standards. The third important item of reputation is Price to quality ratio, indicating that citizens favour fair pricing and value-for-money products and services.

The gender and age of examinees has an important moderating influence in creating corporate reputation. For instance, female examinees indicated that Price to quality, Desirable employer, Business legality and Contributions to Serbian society are the most important items of corporate reputation. On the other side, male examinees emphasized only Business legality as an influential item of corporate reputation.

With regards to the age of examinees, the strongest relationship was found for Business legality, Price to quality ratio, and Contributions to Serbian society within the group of examinees younger than 35 years. For the age group 31-45, the strongest relationship was found between Product safety and corporate reputation, while the group of 46 to 60 year-old perceived the Contribution to Serbian society as the dominant item of corporate reputation. The over-60 age group indicated that Desirable employer and Business legality determine corporate reputation.

As assumed, significant differences were found in the perception of reputation between citizens and specific stakeholders. Nonetheless, business, political, non-governmental and the media elite differ among themselves in perceiving corporate reputation. Table 7 displays the items for which the study found strong and moderate linear relationships with corporate reputation, ranged by the strength of the relationship and observed by stakeholders. The intensity of relationship was determined by Pearson correlation coefficient, using the intervals defined by Cohen (1988).

Table 7. CSR items with strong and moderate linear relationships with corporate reputation by stakeholders

Intensity of linear relationship	Business community	Public administration	NGOs	Media
STRONG	Product/service price to quality ratio	Business legality Product/service price to quality ratio	Contributions to Serbian society – Responsible and sufficient information disclosure and communication Product/services safety – Product/service price to quality ratio	Environmental responsibility
MODERATE	Environmental responsibility Business legality Responsibility towards the local community Desirable employer		Environmental responsibility Business legality	Desirable employer Product/service price to quality ratio

Product/service price to quality ratio is the dominant indicator of corporate reputation for the sample as a whole. However, from the perspective of specific stakeholders, the study found a strong relationship for the representatives of the business community, public administration and NGOs. With regards to the representatives of the media, the study found a strong relationship with Environmental responsibility. As expected Business legality is the dominant factor for predicting reputation in the case of public administration. On the other side, Contributions to Serbian society, Responsible and sufficient information disclosure and communication, and Product safety are dominant for NGOs.

Conclusion and Implications

The study proved the existence of a linear relationship among the group of CSR items and corporate reputation, and demonstrated that changes in each of these items affects corporate reputation. Moreover, the study determined the strength of these relationships and their influence on the overall reputation. For all respondents prominent items are Business legality, Price to quality ratio, Contributions to Serbian society and Desirable employer. As assumed, significant differences in the perception of items were found for citizens and specific stakeholders, as well as for different demographic classes.

With regards to the stakeholders as a whole, the item Product/service price to quality ratio was the dominant indicator of corporate reputation. Nevertheless, specific stakeholders differ among themselves. The business community, public administration and NGOs indicate a strong linear relationship to Product/service

price to quality ratio with corporate reputation, whilst the media indicate a stronger relationship toward Environmental responsibility with reputation. Following the same pattern, the Legality of business is dominant in the case of public administration. For the NGO sector, the dominant predictors are Contributions to Serbian society, Responsible and sufficient information disclosure and communication and Product/services safety.

The study confirms that CSR is an important driver of corporate reputation. Moreover, the study identified: 1) the key CSR items affecting corporate reputation from the point of view of both important stakeholders and citizens, 2) the degree to which they affect reputation or the degree to which it is possible to predict the reputation, based on the perception of CSR items, and 3) the influence of moderate variables, demographic features of examinees and stakeholder categories, to the intensity of the relationship between perception of certain aspects of CSR and corporate reputation.

Therefore, effective reputation management should be based on the integration of the social responsibility concept to all business dimensions. It represents a cross-functional process in the organization and requires a definition of strategies, programmes and action plans, which will structure the process from the initiation to the measurement of outcomes.

As indicated by the results of the study, corporate reputation can be managed effectively and efficiently by adjusting CSR items in a two-phase approach. In the first phase, corporate resources should be focused on the CSR items of corporate reputation which are important to the key stakeholders. In the second phase, a company should define a communications strategy which will inform stakeholders about improved performances through CSR initiatives, important from their point of view. This is in line with the previous academic researches, such as Davin and Lane (2014) where they operationalised CSR as a stakeholder-oriented construct in which stakeholders determine required socially responsible behavior, and whether it is performed in appropriate manner. As the sample of this study is geographically limited, it would be valuable to replicate it in other countries giving it a broader base.

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