HOW IMPORTANT IS CSR COMMITMENT IN SHAPING CORPORATE REPUTATION?

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**ABSTRACT**
- **Objective:** The study investigates the relationship between CSR and corporate reputation, given the trend of companies integrating CSR to meet stakeholders’ expectations and enhance reputation.
- **Theoretical Framework:** The study employs stakeholder theory to emphasize positive stakeholder relationships' impact on corporate reputation, the institutional approach advocating strategic societal engagement, signal theory highlighting CSR’s role in signaling commitment to stakeholders, and legitimacy theory emphasizing active CSR participation to maintain societal legitimacy.
- **Method:** We use a panel data model on a sample of the world's most admired companies between 2015 and 2019. The proxy considered for corporate reputation includes eight firms’ attributes.
- **Results and Discussion:** Findings provide the positive relationship between CSR and corporate reputation firstly the stakeholders’ theory which suggests that companies engage in CSR in order to improve their image and meet stakeholders’ expectations suggesting that ethical CSR practices can create a belief that the organization upholds ethical standards and cares about the well-being of society, which, therefore, positively influences corporate reputation.
- **Research Implications:** The study has direct implications for academia and business, emphasizing CSR’s importance in enhancing corporate reputation, urging transparent implementation of CSR initiatives, and highlighting competitive advantages associated with responsible business practices.
- **Originality/Value:** The study provides novel insights into the relationship between CSR commitment and corporate reputation by employing a comprehensive corporate reputation proxy and a panel data model analysis of globally renowned companies across various industries. It offers new insights into CEO motivations for CSR adoption.

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**QUAL É A IMPORTÂNCIA DO COMPROMISSO DE RSS NA FORMAÇÃO DA REPUTAÇÃO CORPORATIVA?**

**RESUMO**
- **Objetivo:** O estudo investiga a relação entre a RSC e a reputação corporativa, dada a tendência de as empresas integrarem a RSC para atender às expectativas das partes interessadas e melhorar a reputação.
- **Estrutura Teórica:** O estudo emprega a teoria das partes interessadas para enfatizar o impacto das relações positivas com as partes interessadas sobre a reputação corporativa, a abordagem institucional que defende o envolvimento estratégico da sociedade, a teoria do sinal que destaca o papel da RSC na sinalização do

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compromisso com as partes interessadas e a teoria da legitimidade que enfatiza a participação ativa da RSC para manter a legitimidade da sociedade.

**Método:** Usamos um modelo de dados de painel em uma amostra das empresas mais admiradas do mundo entre 2015 e 2019. O proxy considerado para a reputação corporativa inclui oito atributos das empresas.

**Resultados e Discussão:** Os resultados fornecem a relação positiva entre a RSC e a reputação corporativa, primeiramente a teoria das partes interessadas, que sugere que as empresas se envolvem em RSC para melhorar sua imagem e atender às expectativas das partes interessadas, sugerindo que as práticas éticas de RSC podem criar a crença de que a organização mantém padrões éticos e se preocupa com o bem-estar da sociedade, o que, portanto, influencia positivamente a reputação corporativa.

**Implicações da Pesquisa:** O estudo tem implicações diretas para o meio acadêmico e para os negócios, enfatizando a importância da RSC para melhorar a reputação corporativa, incentivando a implementação transparente das iniciativas de RSC e destacando as vantagens competitivas associadas às práticas comerciais responsáveis.

**Originalidade/Valor:** O estudo fornece novos insights sobre a relação entre o compromisso com a RSC e a reputação corporativa, empregando um proxy abrangente de reputação corporativa e uma análise de modelo de dados de painel de empresas de renome mundial em vários setores. Ele oferece novas percepções sobre as motivações dos CEO's para a adoção da RSC.

**Palavras-chave:** RSC, Reputação Corporativa, Expectativas das Partes Interessadas, Teoria da Sinalização, Teoria da Legitimidade, As Empresas mais Admiradas do Mundo.

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¿QUÉ IMPORTANCIA TIENE EL COMPROMISO DE RSS EN LA CONFIGURACIÓN DE LA REPUTACIÓN CORPORATIVA?

**RESUMEN**

**Objetivo:** El estudio investiga la relación entre la RSC y la reputación corporativa, dada la tendencia de las empresas a integrar la RSC para satisfacer las expectativas de las partes interesadas y mejorar su reputación.

**Marco Teórico:** El estudio emplea la teoría de los grupos de interés para subrayar el impacto de las relaciones positivas con los grupos de interés en la reputación corporativa, el enfoque institucional que defiende la implicación estratégica de la sociedad, la teoría de las señales que destaca el papel de la RSC en la señalización del compromiso con los grupos de interés y la teoría de la legitimidad que subraya la participación activa de la RSC para mantener la legitimidad de la sociedad.

**Método:** Utilizamos un modelo de datos de panel sobre una muestra de las empresas más admiradas del mundo entre 2015 y 2019. El proxy considerado para la reputación corporativa incluye ocho atributos de la empresa.

**Resultados y Discusión:** Los resultados proporcionan la relación positiva entre la RSE y la reputación corporativa, principalmente la teoría de los grupos de interés, que sugiere que las empresas se involucran en la RSE para mejorar su imagen y satisfacer las expectativas de los grupos de interés, lo que sugiere que las prácticas éticas de RSE pueden crear la creencia de que la organización mantiene estándares éticos y se preocupa por el bienestar de la sociedad, lo que por lo tanto influye positivamente en la reputación corporativa.

**Implicaciones de la Investigación:** El estudio tiene implicaciones directas para el mundo académico y empresarial, ya que subraya la importancia de la RSE para mejorar la reputación corporativa, fomenta la aplicación transparente de las iniciativas de RSE y destaca las ventajas competitivas asociadas a las prácticas empresariales responsables.

**Originalidad/Valor:** El estudio aporta nuevas perspectivas sobre la relación entre el compromiso con la RSE y la reputación corporativa, empleando un proxy exhaustivo de reputación corporativa y un análisis de modelización de datos de panel de empresas de renombre mundial de múltiples sectores. Asimismo, ofrece nuevas perspectivas sobre las motivaciones de los consejeros delegados para adoptar la RSE.

**Palabras clave:** RSC, Reputación Corporativa, Expectativas de las Partes Interesadas, Teoría de la Señalización, Teoría de la Legitimidad, Empresas más Admiradas del Mundo.
1 INTRODUCTION

The relationship between Corporate Social Responsibility (CSR) and corporate reputation has become a considerable issue for both academics and companies (Miras-Rodríguez et al., 2020). According to the impression management theory, corporate reputation is an economically powerful and valuable asset that must be protected and developed. In recent years, various climate changes have created a lack of respect for the environment and natural resources. The consequences of pollution on human health emphasized the role of companies and engaged their responsibility in this regard. Therefore, companies have integrated CSR in their management, which is linked to sustainable development, in order to meet stakeholders’ expectations and trust and improve their reputation. CSR is a concept that has been extended internationally, both in developed and underdeveloped countries to which several definitions have been given. The European Commission defines it as the voluntary integration of environmental concerns in the daily business activities of companies and in the interaction with their stakeholders. According to García-Sánchez et al. (2019), CSR refers to voluntary activities aimed at contributing to society and the environment. CSR enables companies to stand out their products and services compared to their competitors through the creation of a good brand image and better notoriety (Hsu, 2012). Several studies show the positive impact of CSR on corporate success (Tangngisalu et al., 2020), and especially on financial performance (Gangi et al., 2019). However, a few studies link CSR to corporate reputation, and this field requires a lot of attention (Kim and Kim, 2016; Maden et al., 2012). In fact, some researches claim that being socially responsible is a strategy of reinforcement or maintenance of corporate reputation (Costa and Menichini, 2013; Aqueveque et al., 2018).

In this study, we investigate the relationship between CSR engagement and firm reputation. Lange et al. (2011) give three facets of corporate reputation "to be known, to be known for something and favorably generalized". Our research focuses on the third dimension which is "favorably generalized". Hence, reputation is defined in our study as the overall public opinion about a given company. This is why our study sample includes the top most admired companies worldwide between 2015 and 2019 according to the annual rankings of fortune magazine (Thi Phama & Thi Tran, 2020). This ranking considers eight attributes for corporate reputation such as management quality, products and services quality, long-term investment value, innovation, efficient use of assets, financials soundness, responsibility towards the
community and the environment, the ability to acquire and develop qualified personnel. The measurement scale used varies between 0 and 10.

This study makes notable contributions to the existing literature on several fronts. First and foremost, it significantly advances the theoretical landscape by offering a comprehensive and well-structured model that intricately integrates the realms of CSR and corporate reputation. This framework not only deepens our understanding but also provides a solid foundation for further exploration of the multifaceted relationship between these two critical dimensions of corporate strategy. Secondly, our research adds a fresh dimension to the discourse by shedding light on the motivations that drive CEOs to engage in CSR practices, going beyond the established narratives found in prior literature. This enriched perspective on CEO motivations can pave the way for a more nuanced understanding of CSR implementation within organizations. Thirdly, our study empirically demonstrates the positive impact of CSR on improving corporate reputation, bolstering its credibility through an examination of a meticulously selected sample comprising some of the world's most esteemed companies. This reinforces the validity and generalizability of our findings, suggesting that the positive relationship between CSR and corporate reputation holds true even within the elite echelons of the corporate world. Lastly, our article underscores the reliability and effectiveness of the chosen proxy for assessing corporate reputation. By affirming the validity of this measurement tool, we contribute to the methodological underpinnings of future research in this domain, facilitating more precise and dependable assessments of corporate reputation in subsequent studies. In essence, this study not only extends the boundaries of existing knowledge but also provides valuable insights, encourages further inquiry into CEO motivations, enhances the empirical basis for the CSR-corporate reputation relationship, and strengthens the methodology employed in this critical area of research. These contributions collectively enrich our understanding of the pivotal role played by CSR in shaping and enhancing corporate reputation in the contemporary business landscape.

In the rest of the article, we develop theoretical background and literature review (section 2) and explain the empirical methodology (section 3). Then, we provide results and discussions (section 4), finally, we conclude in section 5.
2 THEORETICAL BACKGROUND AND LITERATURE REVIEW

Corporate reputation is the perceptions of company behavior and the degree of information transparency with which the company communicates with stakeholders (De la Fuente Sabaté & De Quevedo Puente, 2003). Studies of the previous literature converge on the importance for companies to meet stakeholders' expectations (Kim, 2019). The stakeholder theory provides a compelling framework for understanding the critical relationship between a company and its environment, emphasizing the multifaceted benefits of fostering positive stakeholder relationships. Here are some key insights and implications stemming from the stakeholder theory. At the heart of stakeholder theory is the recognition that a company's reputation is shaped not only by its financial performance but also by its interactions with various stakeholders, both internal and external. When companies actively engage with and consider the interests of all relevant parties, they can enhance their corporate reputation. A positive reputation, in turn, builds customer confidence, which can be a powerful driver of loyalty and profitability. Stakeholder theory underscores the long-term nature of CSR activities. While such initiatives may not yield immediate financial gains, they are investments in the company's future. As stakeholders' expectations evolve, companies recognize the importance of aligning their strategies with long-term sustainability and societal well-being. This shift from a short-term, profit-centric focus to a broader, more managerial vision reflects an understanding that long-term success is intricately linked to stakeholders' satisfaction. Šontaitė-Petkevičienė (2015) rightly suggests that corporate reputation is closely intertwined with an organization's CSR efforts. The way stakeholders perceive a company's commitment to social and environmental responsibility directly influences its reputation. Meeting stakeholders' expectations through meaningful CSR initiatives can directly contribute to building and maintaining a positive corporate reputation. Corporate reputation is increasingly recognized as a highly valuable intangible asset that sets companies apart in a competitive marketplace. As Barnett et al. (2006) define it, corporate reputation encompasses assessments of a company's financial, social, and environmental impacts over time. This holistic view of reputation underscores the interconnectedness of financial performance, responsible business practices, and societal contributions. Importantly, corporate reputation is a unique and difficult-to-imitate asset. Unlike tangible assets or short-term competitive advantages, reputation is built over time through consistent ethical behavior, responsible decision-making, and genuine commitment to stakeholder interests. As such, it becomes a sustainable advantage that is challenging for
competitors to replicate. Consequently, stakeholder theory provides a compelling rationale for companies to prioritize their relationships with stakeholders and embrace CSR initiatives. By doing so, they not only enhance their corporate reputation but also build customer confidence and position themselves for long-term success in an evolving business landscape. This underscores the enduring importance of integrating social, environmental, and financial considerations into corporate strategies.

The institutional approach offers a perspective that views organizations as interconnected systems within broader social structures governed by established rules and norms. This theoretical framework posits that a company's activities have a reciprocal influence on its institutional environment. As a result, societal engagement becomes a strategic pursuit aimed at gaining societal legitimacy and enhancing reputation, as highlighted by Colleoni (2013). Within this context, both legitimacy theory and agency theory underscore the notion that entities function as integral members of society and must align their behavior with societal expectations. Legitimacy, defined as the prevailing perception that an entity's actions align with the desirable, appropriate, and adequate standards within a given social framework (Schuman, 1995), becomes a crucial metric. Consequently, organizations recognize that poor CSR practices can tarnish their legitimacy and cast them as illegitimate actors. This realization motivates companies to actively participate in the CSR process as a means to secure societal legitimacy and bolster their reputation.

According to signal theory, involvement in CSR activities shows that the company acts in the stakeholders’ interests, and this increases their trust (Mahoney et al., 2013). Empirical evidence for the relationship between CSR and corporate reputation remains inconclusive and gives conflicting results (Lee, 2016; Odriozola & Baraibar-Diez, 2017). In previous literature, many researches affirm that CSR initiative improves corporate reputation (Tetrault Sirsly and Lvina, 2016; Zhang et al., 2020). For example, Bayoud and Kavanagh (2012) claim that CSR reporting improves corporate reputation and financial performance, with the ability to attract foreign investors and larger clientele employee satisfaction and engagement. According to some studies, the integration of CSR is a responsible societal behavior proof. Thus, the company appears to be legitimized in society. Du et al. (2010) show that a company that does not communicate on its CSR activities doesn’t have a positive influence on stakeholders perception (Odriozola and Baraibar-Diez, 2017), therefore, the commitment to the practice of CSR influences the perception of these stakeholders towards the company, and improves its reputation. Additionally, Soleimani et al. (2014) underline that stakeholder’s compare the
behavior of companies in terms of CSR with their instrumental and normative expectations. Hence, engagement in CSR initiatives depends on the stakeholders' perception of this initiative (Baraibar-Diez & Sotorro, 2018; Hetze & Winistörfre, 2016). Rupp et al. (2013) affirm that CSR activities give positive impressions about the company ethics and values. Furthermore, Riahi et al. (2024) show that the impact of CSR on corporate reputation may vary according the measure used for CSR practices (commitment/reporting). Thus, we suppose that CSR practices positively influence corporate reputation. Given the context chosen for our study, we expect more conclusive and more robust results. Indeed, our sample includes the most admired companies in the world, which are the companies having gained the most in terms of reputation during the last period. Moreover, the relevance of the classification of these companies is obvious because attributed indexes take into account several criteria of reputation.

Nevertheless, the ability of the company to undertake societal activities may varies according its size; large companies generally benefit from more monetary resources and more adequate equipment than the small ones. Hence, large companies become more responsible towards the communities expectations. According to Lerner (1991), large companies use more resources in social programs. In addition, large companies have more advantages over small companies. They have superior in-kind product capacity, economy of scale that achieves productivity, higher bargaining power with customers and suppliers, easy access to finance and skilled human capital. According to Baum and Locke (2004), the firm size can influence corporate financial performance. He concludes in his analysis that large firms face stronger competition. Thus, these companies must give a lot of interest to their reputation. Moreover, recent research show that CSR practice can vary depending on activity sector (Riahi et al., 2024; Chieh & Hou, 2018), each sector has its own social and environmental requirements. Hence, we control the effect of the activity sectors through a sector variable. Finally, risk is an important factor influencing CSR (Henry, 2010) because businesses use cash flow in secondary activities, which increases risk. In some cases, firms are forced to take out loans. Thus, we use leverage as a control variable.

3 EMPIRICAL METHODOLOGY

Assuming the corporate reputation definition considered, we chose a sample of the thirty best reputable companies in the world according to the classification of fortune magazine. The sample firms have different nationalities and belong to different sectors. This classification is
chosen because it includes reliable attributes of the reputation. Fortune ranking for reputation takes into account the management quality, the products and services quality, the long-term investment value, innovation, the efficient use of assets, the financial soundness, the responsibility towards the community and the environment and the ability to acquire and develop qualified personnel. The study period includes the years from 2015 to 2019. The econometric study is based on dynamic panel data estimated using STATA software. Financial data is collected manually from the annual reports of the selected companies, the GRI data base "global reporting initiative", the PECB publication "professional evaluation and certification board", the "university of Gavle” publications. We use the following model to the impact of CRS on corporate reputation.

\[ \text{REPUT}_{it} = \beta_0 + \beta_1 \text{CSR}_{it} + \beta_2 \text{LEV}_{it} + \beta_3 \text{SIZE}_{it} + \beta_4 \text{SECT}_{it} + \epsilon_{it} \]

Where:

for each \( i \) at time \( t \),

\( \text{REPUT}_{it} \) is the corporate reputation index measured by the annual global ranking of companies;

\( \text{CSR}_{it} \) is a dummy variable taking 1 if the firm adopt the ISO 26000, and 0 elsewhere;

\( \text{LEV}_{it} \) is the leverage, measured by the ratio of long-term debt to total assets;

\( \text{SIZE}_{it} \) indicates the firm size measured by log of total assets;

\( \text{SECT}_{it} \) refers to the sector going from 1 to 6 according to the sectors of the firm sample; and

\( \epsilon_{it} \) is the term of error. The data is measured as follows:

**CSR measurement:** CSR is measured by the ISO 26000 standard adoption. It is a standard of the International Organization for Standardization (ISO) published since November 2010. It offers guidelines for all types of organizations, regardless of their size or location. ISO 26000 aims to contribute to sustainable development. It seeks to urge organizations to respect the law in their CSR practices to promote a common understanding in the CSR field and to complement other instruments and initiatives of social responsibility.

**Corporate reputation measurement:** Corporate reputation is measured by the Global Wealth Reputation Ranking (Hong et al., 2012). This measure is taken from the magazine "World's Most Admired Companies, Fortune" database which gives a ranking of the most admired companies in the world each year. Several authors consider the annual list of Fortune's Most
Admired Companies as a reliable measure for corporate reputation (Riahi et al., 2024; Gardberg & Fombrun, 2002; Brooks et al., 2003; Schwaiger, 2004; Ponzi et al., 2011; Lange et al., 2011).

**Firm size measurement:** firm size is measured through the log of total assets.

**Sector measurement:** we control the sectors effect through the variable going from 1 to 6 according to the sectors of the firm sample.

**Indebtedness measurement:** to control the impact of risk, we integrate the leverage measured by the ratio of long-term debt to total assets.

Table 1 and table 2 show respectively the descriptive statistics and the correlation matrix between the study variables. The correlation matrix shows that there is no multicollinearity problem.

The temporal fixed-effect test shows the absence of the null hypothesis effect. We use Hausman’s specification to test for individual effects. The results give a probability greater than 0.05, indicating that the model is individual random effect and the estimation method is the random effect method, which takes into account unobserved heterogeneity. The linear regression is estimated with GLS.

### Table 1

**Descriptive statistics**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>REPUT</td>
<td>15.732</td>
<td>11.782</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>SECT</td>
<td>3.369</td>
<td>1.612</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>SIZE</td>
<td>5.035</td>
<td>0.568</td>
<td>3.802</td>
<td>6.29</td>
</tr>
<tr>
<td>CSR</td>
<td>2.06</td>
<td>4.506</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>LEV</td>
<td>0.207</td>
<td>0.104</td>
<td>0</td>
<td>0.581</td>
</tr>
</tbody>
</table>

The variable LEV has a mean of 0.207 and a standard deviation of 0.104. In addition, the average of SIZE is of 5.035 with a standard deviation of 0.568.

### Table 2

**Correlation results**

<table>
<thead>
<tr>
<th>Variables</th>
<th>(1) REPUT</th>
<th>(2) SECT</th>
<th>(3) SIZE</th>
<th>(4) CSR</th>
<th>(5) LEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) REPUT</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) SECT</td>
<td>0.161</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) SIZE</td>
<td>0.006</td>
<td>-0.346</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) CSR</td>
<td>-0.010</td>
<td>0.014</td>
<td>0.048</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>(5) LEV</td>
<td>0.222</td>
<td>0.003</td>
<td>-0.167</td>
<td>0.198</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The correlation between the variables CSR and REPUT is (-0.010 < 0.8). Likewise, there is a correlation between the variable REPUT and the variable SIZE (0.006 < 0.08) and LEV (0.222 < 0.8) and a correlation between CSR and SECT (0.014 < 0.8) and SIZE (0.048 < 0.8). Similarly, we notice the correlation between LEV and SECT (0.003 < 0.8). In addition there is a correlation between LEV and SIZE of (-0.167 < 0.08).
4 RESULTS AND DISCUSSIONS

The regression results are provided in table 3. They show a significant (at a 10% level) positive relationship between social responsibility and corporate reputation with a coefficient of 0.430. These results confirm our hypothesis which assumes that social responsibility positively influences corporate reputation. We also find a significant (at a 5% level) positive relationship between the \( LEV \) variable and the \( REPUT \) variable with a coefficient of 26.37 suggesting that when debt increases, corporate reputation increases, contrary to several studies showing that social responsibility increases the company’s debt, which negatively influences corporate reputation. Obviously, findings show that control variables have a non-significant relationship with corporate reputation. This implies that those variables have no impact on corporate reputation.

### Table 3

**Regression results**

<table>
<thead>
<tr>
<th>Variables</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>( LEV )</td>
<td>26.37**</td>
</tr>
<tr>
<td>( CSR )</td>
<td>0.430*</td>
</tr>
<tr>
<td>( SIZE )</td>
<td>1.742</td>
</tr>
<tr>
<td>( SECT )</td>
<td>1.365</td>
</tr>
<tr>
<td>( CONSTANT )</td>
<td>-3.950</td>
</tr>
</tbody>
</table>

Standard errors in parentheses

*** \( p<0.01 \), ** \( p<0.05 \), * \( p<0.1 \)

Assuming attributes considered for corporate reputation, the regression results demonstrate a positive relationship between CSR and corporate reputation and confirm our research hypothesis. Indeed, CSR has the potential to influence stakeholders’ expectations, which can contribute to gaining reputations (Unerman, 2008). That is why Bayoud and Kavanagh (2012) suggest that reporting on CSR improves the corporate reputation and corporate performance, which ensures an ability to attract foreign investors and a larger clientele satisfaction and engagement of employees. Firstly, our results this indicates that social responsibility improves the corporate image since CSR is a social requirement. In fact, a key aspect of the company's reputation is the perception that stakeholder groups have of the organization's CSR, more
specifically, their perceptions of the extent to which the CSR’s initiatives and the organization results respect social requirements and stakeholder expectations. Therefore, companies that choose to integrate a social responsibility approach prefer to improve their image in order to increase their reputation. Thus Godfrey et al. (2009) argue that reputation capital derived from CSR would reduce the set of sanctions to which companies could be exposed. These results are in line with Zhang and al. (2020) that show that consistent CSR reports mitigate damage to reputation and play a role of value protection. This is also consistent with Daddi et al. (2019) who confirm that improving corporate reputation is one of the main motivations that encourage a company to adopt CSR initiatives. Secondly, in accordance with signaling theory, CSR actions act as signals to society which are used by stakeholders to influence their impressions. These perceptions help to develop positive perceptions towards companies. This finding involves stakeholders, who attribute a good reputation to a company. Moreover, our results converge with those of Park et al. (2014) who show that ethical and philanthropic CSR practices can have a positive impact on the assessment of the company's reputation by consumers. Similarly, Melo and Garrido (2012) assert that CSR is a heterogeneous construction, and that each of its dimensions affects corporate reputation differently. Thus Perez (2015) finds that the overall impact of CSR on reputation varies according to these dimensions. Finally, our results show that when a company demonstrates socially responsible behavior, the judgments of the company's stakeholders are positively influenced, which confirms the claims of signaling theory (Spence, 2002). However, our results are contradictory with those of Miras-Rodríguez et al. (2020) who suggest that corporate reputation is negatively affected by the publication of CSR reports from listed companies, which are forced to implement CSR practices (Axjonow et al., 2016, Chibani et al., 2019; Bencheikh & Chibani, 2017; Ltaief, 2022; Zeineb Miniaoui, et al., 2019; Zeynab Miniaoui, et al., 2022).

5 CONCLUSIONS

This article investigates the relationship between CSR commitment and corporate reputation, offering valuable insights into this dynamic interplay. The corporate reputation proxy used in the research includes eight attributes; management quality, products and services quality, long-term investment value, innovation, efficient use of assets, financials soundness, responsibility towards the community and the environment and the ability to acquire and develop qualified personnel. The significance of this research stems from the escalating
expectations of stakeholders, driven by contemporary concerns like environmental issues and pollution. Our study employs a panel data model, focusing on a sample of globally renowned companies belonging to various industries, during the period from 2015 to 2019. In doing so, we make a substantial contribution to the expanding body of literature exploring the intricate relationship between CSR and corporate reputation.

Our findings corroborate the hypothesis that CSR has a pivotal role in shaping corporate reputation. Specifically, we establish a strong link between the extent of CSR engagement and the level of corporate reputation. This aligns with stakeholder theory, positing that companies embrace CSR to enhance their image and cultivate stakeholder trust, thereby positively influencing corporate reputation. Furthermore, the legitimacy theory underscores the impact of ethical CSR practices in reinforcing the belief that an organization upholds ethical standards and prioritizes societal well-being, consequently bolstering its reputation.

This study carries direct implications for both academia and business practitioners. Firstly, it offers fresh insights into CEOs' motivations for adopting CSR practices, beyond what previous literature has explored. Additionally, our research underscores the tangible, positive correlation between CSR and corporate reputation, bolstered by the credibility of our sample comprising some of the world's most reputable companies. For managers, these findings highlight the potential gains in terms of brand image and reputation derived from being a socially responsible entity. This serves as a compelling motivation to implement CSR initiatives and enhance transparency in their disclosure to stakeholders. Moreover, managers can consider implementing employee training programs to underscore the competitive advantages accrued through socially responsible behavior.

For future research, exploring the potential negative impact of CSR practices on reputation, as indicated by some prior studies, could be a valuable avenue. Additionally, given our observation that certain highly ranked companies experienced fluctuations in their reputation, future studies might delve into the determinants of sustainable reputation in a dynamic corporate landscape. Overall, this study enhances our understanding of the strategic significance of CSR in shaping corporate identity, public perception, and long-term competitiveness.

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