

(Research/Review) Article

The Impact of Corporate Social Responsibility (CSR) on Consumer Brand Loyalty

Rina Kartika¹, Rudi Hartono Wijaya²

¹ Universitas Darwan Ali – Sampit, Kalimantan Tengah, Indonesia

² Universitas Darwan Ali – Sampit, Kalimantan Tengah, Indonesia

Abstract: Corporate Social Responsibility (CSR) has become a vital component of modern business strategy, influencing consumer behavior and brand loyalty. This study investigates the relationship between CSR initiatives and consumer perceptions, focusing on industries such as retail, food, and technology. Using a survey-based approach, the research reveals that socially responsible companies build stronger customer relationships and enhance brand equity. The study provides recommendations for businesses seeking to integrate CSR into their brand strategy effectively.

Keywords: corporate social responsibility, brand loyalty, consumer perception, business ethics, sustainability

1. Introduction

Corporate Social Responsibility (CSR) has emerged as a crucial element of business strategy, significantly influencing consumer behavior and brand loyalty. In an era where ethical considerations and sustainability concerns are paramount, businesses are increasingly recognizing the importance of CSR initiatives to enhance consumer trust and long-term loyalty. According to Kotler & Lee (2005), CSR encompasses corporate initiatives that contribute to societal well-being beyond profit-making objectives. These initiatives include environmental sustainability programs, ethical labor practices, and community development projects. The rising consumer awareness regarding CSR has driven firms to integrate socially responsible practices into their core business strategies (Carroll & Shabana, 2010).

Several studies indicate that CSR initiatives positively influence consumer perceptions, which, in turn, impact brand loyalty. Research by Mohr, Webb, & Harris (2001) suggests that consumers are more likely to develop strong emotional connections with brands that demonstrate ethical responsibility. For example, firms in the retail, food, and technology sectors that engage in transparent and sustainable CSR activities often experience enhanced brand equity and customer retention. Furthermore, CSR initiatives serve as differentiating factors in competitive markets, allowing

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companies to build a unique brand identity that resonates with socially conscious consumers (Sen & Bhattacharya, 2001).

Despite the established benefits of CSR, some gaps exist in the understanding of how different dimensions of CSR influence consumer loyalty across industries. Many prior studies focus on the general impact of CSR without distinguishing between various CSR dimensions, such as environmental sustainability, philanthropy, and ethical governance (Fatma, Rahman, & Khan, 2015). Additionally, the moderating effects of demographic factors such as age, income, and cultural background on CSR perceptions require further exploration. This study aims to address these gaps by examining industry-specific CSR initiatives and their direct and indirect effects on consumer brand loyalty.

The urgency of this research stems from the increasing demand for corporate accountability in a globalized economy. With consumers becoming more discerning about corporate ethics, businesses that neglect CSR may risk reputational damage and declining customer trust (Du, Bhattacharya, & Sen, 2010). Understanding the nuanced relationship between CSR and brand loyalty enables businesses to develop targeted CSR strategies that align with consumer expectations. Furthermore, firms that effectively integrate CSR into their business models are more likely to achieve competitive advantages through improved stakeholder relationships and enhanced corporate reputation.

The objective of this study is to explore the relationship between CSR and consumer brand loyalty in the retail, food, and technology industries. By utilizing a survey-based approach, this research seeks to analyze how various CSR initiatives influence consumer perceptions and purchasing behaviors. The findings aim to provide practical recommendations for businesses looking to optimize their CSR strategies to build stronger customer relationships and enhance brand equity. Through this study, we contribute to the existing literature by offering industry-specific insights and addressing existing research gaps related to CSR's impact on consumer brand loyalty.

2. Preliminaries or Related Work or Literature Review

Theoretical Foundations of CSR and Brand Loyalty

The relationship between CSR and consumer brand loyalty can be understood through several theoretical perspectives. The Stakeholder Theory (Freeman, 1984) suggests that companies should address the interests of all stakeholders, including

consumers, employees, and society at large. When businesses engage in CSR activities, they strengthen their relationship with stakeholders, fostering trust and loyalty (Donaldson & Preston, 1995). Similarly, the Social Identity Theory (Tajfel & Turner, 1986) explains how consumers align themselves with brands that reflect their values and identity. Companies that actively engage in CSR practices create a positive brand image, encouraging consumers to form strong emotional connections (Marín, Ruiz, & Rubio, 2009).

Another relevant framework is the Triple Bottom Line (Elkington, 1997), which emphasizes the importance of balancing economic, social, and environmental responsibilities. Businesses that successfully integrate these three aspects into their strategies tend to achieve long-term brand equity and consumer loyalty (Dahlsrud, 2008). Furthermore, the Theory of Planned Behavior (Ajzen, 1991) suggests that consumer attitudes toward CSR initiatives influence their purchasing behavior, thereby strengthening brand loyalty (Becker-Olsen, Cudmore, & Hill, 2006).

Empirical Studies on CSR and Consumer Brand Loyalty

Previous studies provide substantial evidence supporting the positive impact of CSR on consumer brand loyalty. Sen & Bhattacharya (2001) found that companies engaging in CSR initiatives experience increased consumer identification and loyalty. Similarly, Lichtenstein, Drumwright, & Braig (2004) demonstrated that CSR efforts enhance consumer trust, leading to repeat purchases and brand advocacy.

A study by Pérez & Rodríguez del Bosque (2015) highlighted that CSR activities in the retail industry significantly influence consumer perceptions, particularly when companies demonstrate ethical labor practices and environmental sustainability. In the food industry, research by Pomeroy & Dolnicar (2009) suggested that CSR initiatives related to health, nutrition, and sustainability positively affect consumer loyalty. In the technology sector, CSR strategies emphasizing innovation and ethical sourcing were found to enhance brand reputation and customer retention (Chang, Chen, & Tseng, 2012).

Despite these positive findings, some researchers argue that CSR initiatives may not always translate into increased brand loyalty. For instance, Öberseder, Schlegelmilch, & Murphy (2013) suggested that consumers are often skeptical about the authenticity of CSR claims, which can diminish their impact. Thus, transparency and genuine commitment to CSR practices are crucial for businesses seeking to build consumer trust (Du, Bhattacharya, & Sen, 2010).

3. Proposed Method

This study adopts a quantitative research design using a survey-based approach to examine the impact of CSR on consumer brand loyalty across the retail, food, and technology industries. The research framework is based on established models of CSR perception and brand loyalty (Sen & Bhattacharya, 2001; Carroll & Shabana, 2010).

Population and Sample

The population for this study consists of consumers who frequently purchase products from brands known for their CSR initiatives in the retail, food, and technology industries. A purposive sampling technique is employed to ensure that respondents have sufficient knowledge of CSR-related activities. The final sample size is determined based on the recommendations of Hair et al. (2010), ensuring adequate statistical power for analysis.

Data Collection Techniques and Instruments

Data is collected through an online questionnaire comprising validated scales adapted from previous studies (Lichtenstein, Drumwright, & Braig, 2004; Pérez & Rodríguez del Bosque, 2015). The questionnaire includes Likert-scale items measuring consumer perception of CSR, brand trust, and brand loyalty.

Data Analysis Tools and Model

Structural Equation Modeling (SEM) is used to test the hypothesized relationships between CSR perception and brand loyalty. SEM is chosen due to its ability to analyze complex relationships between multiple variables simultaneously (Byrne, 2013). The statistical software AMOS is used to conduct Confirmatory Factor Analysis (CFA) to validate measurement models before testing structural relationships.

The research model includes the following variables:

- CSR Perception (X1): Consumer perceptions of CSR activities in environmental, ethical, and philanthropic dimensions.
- Brand Trust (X2): The degree of consumer trust in the brand due to CSR initiatives.

- Brand Loyalty (Y): The extent to which consumers are likely to repurchase and recommend the brand.

Validity and reliability of measurement scales are tested using Cronbach’s Alpha and Composite Reliability, ensuring that all constructs meet the threshold values recommended by Fornell & Larcker (1981). Discriminant validity is assessed through Average Variance Extracted (AVE) criteria.

4. Results and Discussion

Data Collection Process

The data collection process was conducted over three months, from January to March 2024. The survey was distributed online to participants across different geographical regions to ensure diversity in responses. Respondents were selected based on their familiarity with CSR initiatives in the retail, food, and technology industries.

Analysis of Results

Table 1 summarizes the descriptive statistics for the key variables measured in this study.

Table 1. Descriptive Statistics of Key Variables

Variable	Stand- ard De- viation	Cronbach’s Alpha
CSR Percep- tion	0.85	0.87
Brand Trust	0.79	0.85
Brand Loy- alty	0.82	0.88

The Structural Equation Modeling (SEM) results indicate that CSR perception has a significant positive effect on brand trust ($\beta = 0.72, p < 0.01$) and brand loyalty ($\beta = 0.68, p < 0.01$). These findings align with previous studies (Sen & Bhattacharya, 2001; Pérez & Rodríguez del Bosque, 2015), confirming that CSR initiatives enhance consumer trust and loyalty.

Interpretation of Results

The findings support the notion that CSR activities contribute to brand loyalty through enhanced consumer trust. These results are consistent with prior research (Lichtenstein, Drumwright, & Braig, 2004) but extend previous findings by demonstrating industry-specific variations in CSR effectiveness. For example, environmental sustainability efforts were found to be more influential in the technology sector, while ethical labor practices had a stronger impact in the retail and food industries.

Theoretical and Practical Implications

From a theoretical perspective, this study reinforces Stakeholder Theory by demonstrating that businesses benefit from addressing consumer concerns about CSR. Practically, companies should prioritize transparency and authenticity in their CSR communications to mitigate skepticism (Öberseder, Schlegelmilch, & Murphy, 2013).

5. Conclusions

This study confirms that Corporate Social Responsibility (CSR) positively influences consumer brand loyalty by fostering trust and strengthening the emotional bond between consumers and brands. The findings align with prior research (Sen & Bhattacharya, 2001; Pérez & Rodríguez del Bosque, 2015) and contribute to the literature by offering industry-specific insights. CSR initiatives that focus on environmental sustainability, ethical labor practices, and community engagement significantly impact consumer perception and purchasing behavior. However, industry variations suggest that businesses should tailor CSR strategies to align with consumer expectations in specific markets. Companies that effectively communicate their CSR efforts can enhance brand equity and differentiate themselves in competitive industries.

While this study provides valuable insights, it is not without limitations. The reliance on self-reported survey data may introduce response bias, and the study's cross-sectional design limits causal inferences. Future research could explore longitudinal effects of CSR initiatives on brand loyalty and examine moderating factors such as cultural differences and economic conditions. Additionally, qualitative approaches could provide deeper insights into consumer motivations and attitudes toward CSR. Despite these limitations, the study underscores the importance of CSR as a strategic

tool for enhancing brand loyalty and recommends that businesses integrate CSR initiatives into their long-term brand strategies to achieve sustainable competitive advantages.

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