

## Community perception of CSR and its impact on sustainable development and corporate image

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### ABSTRACT

The perception of Corporate Social Responsibility (CSR) within the community plays a crucial role in fostering sustainable development and influencing the corporate image. It is imperative to understand the significance of CSR in promoting sustainable practices and how it can positively impact a company's image in society. When discussing the community's perception of CSR, it is essential to emphasize the connection between CSR and Sustainable Development and its impact on Perceived Corporate Image. There is a noticeable link between the corporate social responsibility (CSR) initiatives carried out by Indian corporations and their adherence to the Sustainable Development Goals (SDGs) since 2014. This timeframe coincides with the implementation of mandatory CSR regulations under the Indian Companies Act of 2013. Therefore this study is an attempt investigates the Corporate Social Responsibility (CSR) initiatives of Hydro and Cement companies with regards to community development and sustainability, in accordance with the provisions outlined in the Companies Act, Section 135 of 2013. This study aims to examine the impact of multidimensional CSR constructs on the Corporate Image (CI), Ethical Citizenship (EC), and Sustainable Development Initiatives (SD) of Hydroelectric and Cement Companies operating in Himachal Pradesh. A structured questionnaire of 49 items is used to record respondents' perceptions. The selection of the companies was based on total CSR spending since companies' act made CSR spending mandatory. In this study, the population residing in the immediate vicinity of all cement and Hydroelectric companies has been considered to prepare a sampling frame from which a sample of 408 respondents was derived. The research data went through analysis using Partial Least Squares Structural Equation Modelling (PLS-SEM) to confirm the research hypotheses. The findings of the study indicate that CSR constructs do not directly have a significant impact on Corporate Image. However, CSR affects Corporate Image indirectly through corporate sustainable development initiatives. Furthermore, it was observed that Corporate Ethical Citizenship also has a positive influence

on corporate image and the sustainable development of society. Based on the findings, it can be concluded that there are significant implications for enhancing CSR spending to promote Sustainable Development and Corporate Image.

**Keywords:** *CSR, Ethical Citizenship, Sustainable Development, Corporate Image, PLS-SEM.*

## **Introduction**

Corporate Social Responsibility (CSR) refers to the ethical principle that businesses have a responsibility to contribute to the betterment of society and the environment, without seeking immediate or direct benefits in return (Singh 2013). Corporate Social Responsibility (CSR) encompasses various concepts such as “Business Ethics,” “Corporate Citizenship,” “Corporate Environment Management,” “Business & Society,” and “Corporate Governance”. While major corporations are the primary drivers of the social responsibility concept, socially responsible activities may be found in all sizes and types of businesses, both public and private, from sole proprietorships to multinational conglomerates (Ismail, 2009)”. Corporate Social Responsibility initiatives are of the utmost importance in cultivating positive perceptions among stakeholders, ultimately enabling corporations to attain enduring advantages through the cultivation of a positive corporate image and the enhancement of relationships between companies and stakeholders (Du, Bhattacharya, & Sen, 2010).

There exists an organic link between the CSR activities undertaken by the Indian corporate sector and their alignment with the Sustainable Development Goals (SDGs) from 2014 onwards; the period after mandatory CSR came into existence as per Indian Companies Act, 2013 (Poddar et al., 2019). CSR entails the proactive involvement and active participation of companies in community development programs. Companies are actively engaging in transparent dialogue and collaborative efforts with different groups to develop social projects and initiatives (Acharya and Patnaik 2018).

The primary objective of these endeavours is to create a positive impact and foster trust by actively promoting social change. CSR's Role in Community Development is becoming more and more important as it creates active, sustainable communities founded on social justice and respect. This research paper investigates the corporate social responsibility (CSR) initiatives of Hydro and Cement companies concerning community development and sustainability, as per the provisions outlined in the Companies Act, Section 135 of 2013.

The Schedule 7 of the Indian Companies Act, 2013, establishes a comprehensive framework within India. Additionally, the Sustainable Development Goals (SDGs) promote the engagement of the private sector in pursuing developmental objectives. This facilitates the participation of companies from various sectors in addressing the shared objective of sustainable development and addressing the socio-economic and environmental challenges currently present in the country. Community Development promotes justice, equality, responsibility, choice, participation, mutuality, and reciprocity, and through continual learning, it empowers, enables, and educates (Federation of Community Development Learning, 2009). Porter and Kramer (2006) suggest that adopting a strategic approach to corporate social responsibility (CSR) that aligns with a company's core priorities, strengths, and capabilities enables the development of socially and financially responsible resolutions to prevailing CSR challenges. CSR has significant ramifications for both the community and the field of Community Development across various dimensions.

Corporate image is an abstract term that influences the public's overall assessment of the firm (Guo and Liu 2004). The concept of corporate image is multifaceted, leading to variations in its interpretation among scholars. The corporate image, as perceived by stakeholders, refers to their understanding and evaluation of the social concerns associated with a corporation (Lai et al., 2010). Some academics use the phrases "corporate image," "corporate reputation," and "corporate identity" interchangeably, whereas others are interested in clarifying the distinctions among them

(Phillips et al. 2019). The implementation of Corporate Social Responsibility (CSR) initiatives has been found to enhance brand loyalty, corporate image, and awareness, as well as foster long-term commitment and environmental protection. Consequently, these initiatives help mitigate reputational damage and enhance the attractiveness of corporations to a diverse range of stakeholders, including employees, business partners, shareholders, governments, and customers (Jonhson et al., 2010). Therefore, this study specifically examines the relationship between Corporate Social Responsibility (CSR), Sustainable Development and Corporate Image (CI), focusing on the perspective of the local community in which the company operates. The study has made a comprehensive examination of the existing body of literature, which encompasses the fundamental components of CSR, Ethical Citizenship, Sustainable Development, and Corporate Image.

### **Literature review**

In recent years, a growing number of corporations have been allocating substantial amounts of time and resources towards initiatives aimed at promoting community engagement. These projects encompass a diverse corporate initiative aimed at providing support for the training and education of adults and youth within local communities (David et al., 2002). The term “corporate community involvement” has evolved to encompass the concept of corporate philanthropy. The act of corporate investment in community development is regarded as a novel paradigm that is anticipated to yield favourable business outcomes and contribute to the overall well-being of the economy (Ford Foundation, 2001). Corporate Social Responsibility comprises the notion that companies bear a moral responsibility to the society in which they conduct their operations, necessitating ethical conduct that surpasses legal obligations and extends beyond the interests of conventional stakeholders, including employees, consumers, suppliers, and the local community (Snider et. al., 2003). Stakeholders’ participation has a favorable effect on both the CSR initiatives and the company’s reputation. CSR performance is a powerful management tool for elevating a business’s reputation. It

suggests ways in which CSR management and sustainable development could be enhanced (Khuong et.al., 2021). Corporations are progressively being associated with or asserting responsibility for various aspects of the sustainable development agenda, including sustainable production and consumption, climate change and energy, protection of natural resources and environmental enhancement, and the promotion of sustainable communities (Moon, 2007). Investments in CSR can boost corporate profitability and reputation. Further CSR can attract investors, increase employee contentment, and cultivate a culture of innovation (Lantos, 2001).

The concept of Corporate Citizenship was first coined by professionals in 1990 to establish a connection between a company's actions and offerings and its involvement in broader societal matters, ultimately leading to reciprocal advantages (Valor, 2005). Business ethics and the triple bottom-line, which balances social, environmental, and economic considerations, and societal commitment, in which businesses assume tasks that were previously reserved for the state, express the broader value orientations that characterise modern corporate ethics and social and societal responsibility. (Rendtorff, 2019). Corporation exists in society and has rights and responsibilities as a member (or citizen) of that society (Carroll et al., 2012). Corporate Citizenship practices are derived from Corporate Social Responsibility (CSR) initiatives that businesses adopt in response to public pressure. Nevertheless, it is important to acknowledge that public expectations are inherently unpredictable and unstable, which consequently requires Corporate Citizenship to continuously adjust and evolve (Verbeke and Tung, 2013). Naglaa et al., (2021) has studied the impact of Corporate Social Responsibility on Corporate Image in the construction industry. The dependent variable in this study is Corporate Image (CI), which is being examined to determine the potential impact of Corporate Social Responsibility (CSR) practises on CI in Small and Medium Enterprises (SMEs). Further the Influence of Corporate Social Responsibility on Corporate Image has been studies by Arendt and Brettel, 2010; Cowan, and Guzman, 2020; Ailawadi, et al., (2001); and Visser,

(2006). It is widely acknowledged by scholars and experts that corporate social responsibility (CSR) plays a significant role in the formation and development of corporate identity (CI). Corporate Image has conventionally been described as the overall evaluations made by external observers regarding a corporation, which are formed through assessments of the corporation's financial, social, and environmental effects that have been associated with it over a period (Barnett et al., 2006). However, there is a lack of consensus in the academic literature regarding the precise definition of corporate reputation. The distinction between brand, image, identity, and reputation has not been established (Yang and Grunig, 2005). According to Hart (1995), firms switch their competitive strategies based on natural resources into long-term competitive advantages by prioritizing investments in external social legitimacy and corporate reputation building.

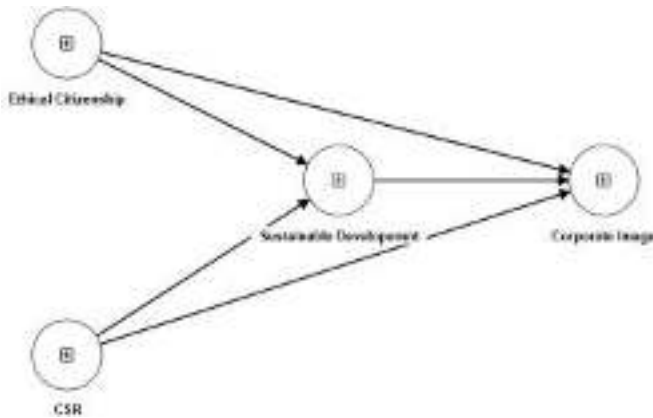
### **Research design**

This study aims to examine the impact of the multidimensional Corporate Social Responsibility (CSR) construct on the Sustainable Development (SD), and Corporate Image (CI) of Hydroelectric and Cement Companies operating in Himachal Pradesh. In Himachal Pradesh large-scale industry presence is very scanty. Although many industrial houses are operating in Himachal Pradesh they can only be grouped in small and medium scale industrial units incurring negligible CSR expenditure. Given that most of the Corporate Social Responsibility (CSR) spending in the state is incurred by Cement and Hydro Power Projects, these industries were selected for the current study. These companies were deemed appropriate for testing and validating the hypotheses of the study due to their significant expenditure on corporate social responsibility (CSR), which is now mandated to be 2% of the average profit earned in the past three years according to the Indian Companies Act, 2013. The research employed a sample of 408 participants, focusing on the nearby community residing close to both the Hydroelectric Project and Cement Plant. A structured questionnaire of 49 items is used to record respondents' perceptions and a 5-Points Likert scale has been applied to record

responses. The sample size adequacy was achieved by utilizing the G\*Power software (Faul et al. 2007). The research data went through analysis using a Partial Least Square–Structural Equation Modeling–SEM) to confirm the research hypotheses. The PLS-SEM comprises the analysis and interpretation of the measurement model and structural model. The measurement model establishes the reliability and validity of the construct, whereas the structural model helps in hypothesis testing. The following hypothesis was formulated to evaluate the relationship of various conceptualized constructs under study:

- H<sub>1</sub>** : CSR Practices Have a Significant and Positive Impact on Corporate Image.
- H<sub>2</sub>** : CSR Practices Have a Significant and Positive Impact on Sustainable Development.
- H<sub>3</sub>** : Ethical Citizenship Practices Have a Significant and Positive Impact on Corporate Image.
- H<sub>4</sub>** : Ethical Citizenship Practices Have a Significant and Positive Impact on Sustainable Development.
- H<sub>5</sub>** : Sustainable Development Has a Significant and Positive Impact on Corporate Image.
- H<sub>6</sub>** : Sustainable Development mediates the relationship between CSR and Corporate Image.
- H<sub>7</sub>** : Sustainable Development mediates the relationship between Ethical Citizenship and Corporate Image.

The proposed model (Figure 1) is derived from the concept of the triple bottom line (Elkington,1998) to facilitate and enact the implementation of sustainable development and Carroll’s CSR pyramid which encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organisations at any given point in time” (Carroll, 1979). There exists an organic link between the CSR activities undertaken by the Indian corporate sector and their alignment with the Sustainable Development Goals (SDGs) from 2014 onwards; the period after mandatory CSR came into existence as per Indian Companies Act,2013 (Poddar et al., 2019).



**Figure 1: Proposed research model**

*Source:* Developed from a Literature Review

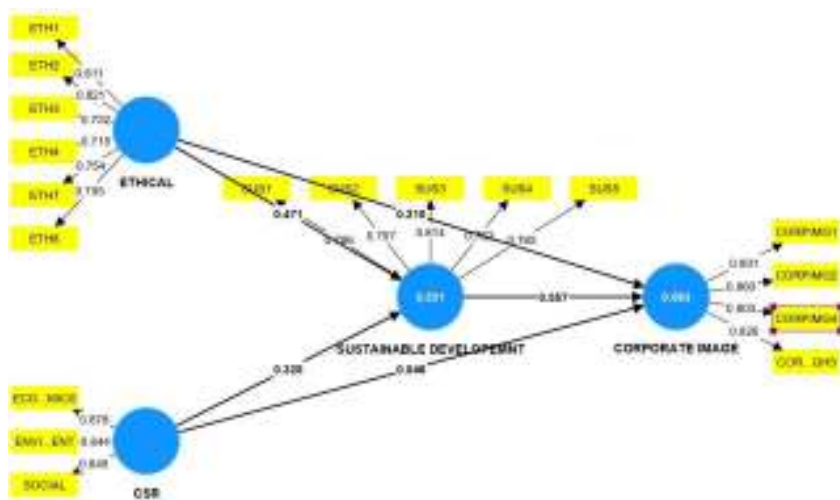
### **Analysis and interpretation**

Partial Least Squares Structural Equation Modelling (PLS-SEM) is a statistical analytical model that is commonly utilized for hypothesis testing. This preference is based on several factors, including the small sample size, lack of normality in the data, and the ability of PLS-SEM to work effectively even when distributional assumptions are not met (Binsawad, 2020)

### **Step 1: Outer model**

Confirmatory factor analysis (also known as CFA) is a subset of factor analysis that may be found in the field of statistics. In several fields of the social and behavioural sciences, confirmatory factor analysis has established itself as a crucial analytical method. It is a member of the family of approaches for structural equation modeling that enable the examination of causal relationships between latent and observable variables in a priori-specified, theory-derived model (Mueller and Hancock, 2001). Figure 2 depicts the overall proposed model of CSR-Corporate Image CFA results.





**Figure 2: Confirmatory factor analysis**

*Source:* PLS-SEM 4 Output

### Measurement model

The quality of the constructs under study is determined through the evaluation of the measurement model. Evaluation of Factor Loading will be followed by the establishment of reliability and construct validity (Table-1).

### Factor loadings

Factor Loading refers to “the extent to which each of the items in correlation matrix correlates with the given principal component, factor loadings can range from -1.0 to +1.0, with higher absolute values indicating a higher correlation of the item with the underlying factor” (Pett et.al.,2003). None of the items in the study had a factor loading less than the recommended value. “0.70 or higher is preferred (Table 1).

### Variance Inflation Factor (VIF)

VIF statistic is utilized to assess multicollinearity in the indicators (Fornell & Larcker, 1981). According to Hair et al (2011), multicollinearity is not a serious issue if the value for VIF is below

3. All the VIF values for the indicators under study for each of the indicators below the 3 (Table 1).

### **Reliability analysis**

According to Mark (1996), “Reliability is defined as the extent to which a measuring instrument is stable and consistent. The essence of reliability is repeatability. If an instrument is administered repeatedly, will it yield the same result”? Cronbach’s alpha and Composite Reliability are the two statistics that determine Internal Consistency Reliability. Composite Reliability should be 0.7 or higher. If it is exploratory research, 0.6 or higher is acceptable (Bagozzi and Yi, 1988). The results for both Cronbach’s alpha and Composite Reliability results are presented in Table 1. The Cronbach’s alpha ranged from 0.819 to 0.856 whereas Composite Reliability statistics ranged from 0.831 to 0.859. Both indicators of reliability have values over the required threshold limit of 0.70 (Hair et al, 2011). Hence Construct reliability is established (Table 1).

### **Construct validity**

The Construct validity of a test refers to how effectively it measures the idea it was designed to evaluate. In PLS-SEM construct validity is verified when convergent and discriminant validity is established.

### **Convergent validity**

“Convergent validity is the degree to which multiple attempts to measure the same concept agree. The idea is that two or more measures of the same thing should co-vary highly if they are valid measures of the concept” (Bagozzi et al 1991). When the AVE is greater than or equal to the recommended value of 0.50, items converge to measure the underlying construct and hence convergent validity is established (Fornell & Larcker, 1981). In the current study, Convergent validity results depict that all constructs have an AVE > 0.50 (Table 1).

**Table 1: Reliability and validity analysis**

Variable/Indicators	Factor Loadings	VIF	AVE	Composite Reliability	Cronbach Alpha
<b>Corporate Image</b>			0.677	0.841	0.841
CI1	0.801	1.806			
CI2	0.860	2.256			
CI3	0.803	1.797			
CI4	0.826	1.996			
<b>CSR</b>			0.732	0.831	0.819
SocCSR	0.878	2.194			
EcoCSR	0.844	1.557			
EnvCSR	0.845	2.098			
<b>Ethical Citizenship</b>			0.583	0.859	0.856
EC1	0.811	2.131			
EC2	0.821	2.076			
EC3	0.752	1.708			
EC4	0.715	1.539			
EC7	0.754	1.786			
EC8	0.755	1.843			
<b>Sustainable Development</b>			0.617	0.845	0.844
SD1	0.786	1.820			
SD2	0.797	1.969			
SD3	0.814	1.960			
SD4	0.762	1.695			
SD5	0.765	1.762			

Source: Author's Calculation, PLS-SEM 4 Output

### **Discriminant validity**

“Discriminant Validity is the degree to which measures of different concepts are distinct. The notion is that if two or more concepts are unique, then valid measures of each should not correlate too highly” (Bagozzi et al. 1991).

### **Fornell and Larcker criterion**

According to Fornell and Larcker's (1981) criterion, discriminant validity is established when the square root of AVE for a construct is greater than its correlation with all other constructs. In the present study Table 2, the square root of AVE for a construct was found greater than its correlation with another construct, which

gives strong evidence to support that discriminant validity exists among constructs.

**Table 2: Fornell and Larcker**

Constructs	Corporate Image	CSR	Ethical Citizenship	Sustainability
Corporate Image	<b>0.823</b>			
CSR	0.541	<b>0.856</b>		
Ethical Citizenship	0.623	0.666	<b>0.769</b>	
Sustainability	0.731	0.639	0.687	<b>0.785</b>

Source: Author’s Calculation, PLS-SEM 4 Output

HTMT is based on the estimation of correlation between the constructs. Discriminant validity is established based on the HTMT ratio. The threshold limit of the HTMT ratio is still under debate Kline (2011) suggested a threshold of 0.85 or less, while Teo et al (2008) recommended a liberal threshold of 0.90 or less. The HTMT results show (Table 3) that the HTMT ratio is less than the required threshold of 0.90.

**Table 3: Heterotrait-Monotrait Ratio (HTMT)**

Constructs	Corporate Image	CSR	Ethical Citizenship	Sustainability
Corporate Image				
CSR	0.645			
Ethical Citizenship	0.727	0.780		
Sustainability	0.866	0.752	0.803	

Source: Author’s Calculation, PLS-SEM 4 Output

**Step 2: Model fit test**

The predictive ability of a model is evaluated using R-square Values ( $R^2$ ), which indicates the percentage of a variable’s variance that can be accounted for by its variables. The greater the value of  $R^2$  the more accurate the model’s predictive power. The results of the model fit test meet the overall model validation, where the  $R^2$  value obtained is 0.563. The  $R^2$  values of 0.75, 0.50,

or 0.25 for endogenous latent variables in the structural model can be characterised as significant, moderate, or weak, correspondingly (Hair et al., 2011). In behavioural sciences, any value of  $R^2 > 20\%$  is considered high (Rasoolimanesh et. al. 2017). Cohen (1988) also suggested  $R^2$  values for endogenous latent variables as follows: 0.26 (substantial), 0.13 (moderate), and 0.02 (weak). The  $Q^2$  value for PLS Predict output is  $0.428 > 0$  (Hair et al.,2011). A global model fit indicator, such as SRMR, is crucial in modern studies of PLS-SEM models for judging their goodness of fit (Hair et al 2020). The SRMR value of 0.066 (Table 4) in the model is significantly lower than the cut-off value of 0.08, indicating that the model used in the research had enough explanatory power (Henseler et al. 2016; Hu and Bentler 1999). Therefore, the data processing can proceed to the third stage, which involves hypothesis testing.

**Table 4:  $R^2$ ,  $Q^2$  and SRMR values**

Constructs	$R^2$	$Q^2$	SRMR
CSR, Corporate Image, Ethical Citizenship, Sustainability	0.563	0.428	0.066
$R^2$ above 0.50=Moderate $Q^2$ met. SRMR: fulfilled			

Source: Author's Calculation, PLS-SEM 4 Output

### **Step 3: Path analysis (hypothesis testing – inner Model)**

The significance test was conducted using the bootstrapping procedure in Smart PLS to obtain the p-values and t-values. The criteria for determining significant conclusions, as outlined by Hair et al. (2011) involve reference values such as a p-value of less than 0.05 and a t-value greater than 1.96.

### **Direct relationship**

The next step in PLS-SEM is the assessment of hypothesized relationship to provide support for the proposed hypothesis. The bootstrapping (5000 resampling) procedure was used to determine t-values and percentile confidence intervals for path analysis (Hair et. al. 2017). Standardized regression coefficients and the effect

size ( $f^2$ ) of the dependent variables were calculated. The results are presented in Table 5 and Figure 3.

The findings reveal that CSR has a direct but insignificant impact on corporate Image ( $\beta=0.030$ ). Therefore Hypothesis-1: There is a significant impact of CSR on CI is rejected. CSR initiatives affect SD significantly ( $\beta=0.312$ ) thus verifying Hypothesis-2: There is a significant impact of CSR on Sustainable Development. Similarly, the results also show a positive and significant influence of EC ( $\beta=0.251$ ), of companies on CI and hence Hypothesis-3: There is a significant impact of Corporate Ethical Practices on Corporate Image has also been supported. Likewise, the finding also reveals the positive and significant influence of EC ( $\beta=0.486$ ), on SD and hence Hypothesis-4: There is a significant impact of Corporate Ethical Practices on Sustainable Development has also been supported. Further, there is a positive and significant influence of SD ( $\beta=0.537$ ) on CI and hence Hypothesis-5: There is a significant impact of Sustainable Development on Corporate image has also been supported.

### **Mediation results**

For hypothesized mediation relation the results revealed significant ( $p < 0.05$ ) mediating role of Sustainable Development as Hypothesis-6: Sustainable Development mediates between CSR and Corporate Image with  $\beta=0.167$ ,  $t=4.700$ ,  $p=0.000$ . The direct effect of CSR on sustainability was insignificant ( $\beta=0.030$ ,  $t=0.591$ ,  $p=0.555$ ). However, with the inclusion of the mediator, the total effect becomes significant ( $\beta=0.197$ ,  $t=14.813$ ,  $p=0.000$ ). Hence it can be concluded that corporate Sustainable Development initiatives mediate fully the relationship between CSR and Corporate Sustainable Development. Similarly, Hypothesis-7: Sustainable Development mediates between Ethical Citizenship and Corporate Image with  $\beta=0.261$ ,  $t=6.707$ ,  $p=0.000$ . The direct effect of Ethical Citizenship on Corporate Image was insignificant ( $\beta=0.251$ ,  $t=4.535$ ,  $p=0.000$ ). However, with the inclusion of the mediator, the total effect is still significant ( $\beta=0.512$ ,  $p=0.000$ ). Hence it can be concluded that corporate Sustainable Development

initiatives mediate partially the relationship between Ethical Citizenship and Corporate Image.

The contribution of each independent variable to the R-square values of a dependent variable is measured through  $f^2$  (Cohen 1988). Levels of  $f^2$  i.e., 0.02, 0.15, and 0.35 indicate a small, moderate, or large effect size respectively. In addition, Henseler and Chin (2010), established a minimum value for  $f^2$  as 0.02. As can be seen from the results, this minimum value exceeds in all cases except for Direct effects of CSR on Corporate Image ( $f^2=0.001$ ). However, in all other cases effect size range from small to medium range. (Table 5).

**Table-5: Direct relationship and mediation results (structure model with t-statistics)**

Hypothesised Relationship	H <sub>a</sub>	$\beta$	$f^2$	SD	t-value	p-values	Decision
CSR -> Corporate Image	H <sub>1</sub>	0.030	0.001	0.050	0.591	0.555	Rejected
CSR -> Sustainable Development	H <sub>2</sub>	0.312	0.115	0.056	5.549	0.000	Supported
Ethical -> Corporate Image	H <sub>3</sub>	0.251	0.063	0.055	4.535	0.000	Supported
Ethical -> Sustainable Development	H <sub>4</sub>	0.486	0.280	0.062	7.778	0.000	Supported
Sustainable Development-> Corporate Image	H <sub>5</sub>	0.537	0.310	0.050	10.647	0.000	Supported
CSR> Sustainable Development-> Corporate Image	H <sub>6</sub>	0.167		0.036	4.700	0.000	Supported
Ethical > Sustainable Development-> Corporate Image	H <sub>7</sub>	0.261		0.039	6.707	0.000	Supported

Source: Author's Calculation, PLS-SEM 4 Output

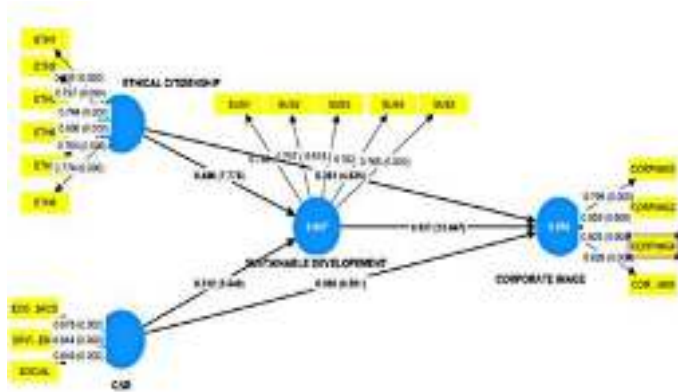


Figure 3: Path analysis and hypothesis testing

Variance Accounted For (VAF)

Table 6 further demonstrates the indirect impacts and Variance Accounted For (VAF). Variance Accounted for indicates the proportion of indirect effect to total effect (Hair et. al. 2011). The specific indirect effect of CSR on Corporate Image via Sustainable Development is positive and significant ( $\beta=0.167$ ). Regarding VAF, the indirect effect of CSR on Corporate Image is about 84.77 % of the total effect. Similarly, the specific indirect effect of Ethical citizenship on Corporate Image via Sustainable Development is positive and significant ( $\beta=0.261$ ). Regarding VAF, the indirect effect of Ethical citizenship on Corporate Image is about 50.98 % of the total effect.

Table 6: Variance Accounted For (VAF)

Hypothesis	Total Effect	Direct Effect	Indirect Effect	Direct Effect in %	Indirect Effect in %
	$\beta$	$\beta$	$\beta$	VAF= Direct Effect/Total Effects	VAF= Indirect Effect/Total Effects
CSR> Sustainable Development-> Corporate Image	0.197	0.03	0.167	0.03/0.197=15.23%	0.167/0.197=84.77%
Ethical > Sustainable Development-> Corporate Image	0.512	0.251	0.261	0.251/0.512=49.02%	0.261/0.512=50.98%

Source: Author’s Calculation, PLS-SEM 4 Output



## Findings and managerial policy implication

The study has identified evidence suggesting that Corporate Social Responsibility (CSR) initiatives have a positive effect on Sustainable Development and Corporate Image. The hydro and cement companies in Himachal Pradesh demonstrate a heightened concern for their environmental, economic, and ethical responsibilities, thereby enabling them to effectively attain their Sustainable Development Goals (SDGs). The research has yielded a significant discovery regarding the sequential mediation of CSR and Corporate Image through Sustainable development. This paper aims to provide theoretical insights into the influence of Corporate Social Responsibility (CSR) on the Corporate Image of companies. Additionally, it seeks to examine the indirect effects of CSR on Corporate Image by considering the mediating role of Sustainable development. This assertion is supported by the fact that there exists a full mediation between CSR and Corporate Image, through the mediation being complete. However, it is important to note that there is no evidence of a directional cause in this relationship. Additionally, Variance Accounted for (VAF) indicates the proportion of indirect effect to total effect (Hair et. al. 2011). The indirect effect of CSR on Corporate Image via Sustainable development measures is positive and significant ( $\beta=0.197$ ). Regarding VAF, the indirect effect of CSR on Corporate Image is about 84.77 % of the total effect. Similarly, VAF, the indirect effect of Ethical CSR on Corporate Image is about 50.98% % of the total effect.

The findings of this research have important implications for policymakers in the hydroelectric and cement sectors. It highlights the need to move beyond solely focusing on Corporate Social Responsibility and instead prioritize Sustainable Development and ethical considerations within CSR practices. From a pragmatic standpoint, it is evident that the incorporation of CSR initiatives focused on sustainability can yield numerous benefits. These initiatives, aimed at improving community satisfaction, not only promote the advancement of a more prosperous society but also strengthen the overall corporate image among the public. About

public policies, the findings presented herein demonstrate the potential advantages that can be derived from the implementation of awareness-raising initiatives and support programs designed to incentivize hydroelectric and cement enterprises to adopt sustainability-oriented CSR practices. These benefits would extend to both the broader society and the aforementioned companies. However, the research possesses inherent limitations that contribute to the identification of potential avenues for future research. This research paper is predicated on findings derived solely from a subset of hydroelectric and cement companies. Therefore, it is important to note that the findings of this study may not be generalizable to other geographical areas due to the influence of various factors on CSR, including cultural norms, ethical considerations, legal frameworks, and economic conditions. Hence, it is recommended that future research endeavors employ a more extensive sample size encompassing diverse geographical areas and other industrial sectors. Similarly, the present article solely relies on cross-sectional data, thus implying that these findings may be subject to temporal fluctuations. Hence, it would be of scholarly interest for future investigations to employ longitudinal data to evaluate potential temporal variations.

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