Corporate Social Responsibility and Corporate Reputation: A Case of Cement Industry in Pakistan

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Abstract
The aim of this study is to explore the relationship between corporate social responsibility and corporate reputation in the context of Pakistan. Interest of business organizations in CSR has increased significantly in recent years. The notion of CSR has not only received academic attention but it is becoming mainstream practice for business organizations all round the world. However, in the context of developing countries like Pakistan dimensions of CSR are still under explored. In this research, we took only one outcome of CSR i.e. corporate reputation. To achieve the objectives of this research, survey method was used in which data was collected through questionnaire. Cement industry of Pakistan has been taken as unit of analysis. In this research, four dimensions of CSR have been studied: environment oriented responsibilities, customer oriented responsibilities, community oriented responsibilities, and legal responsibilities. The collected data was analyzed with the help of inferential statistics. Results of this study show that there is a strong relationship between CSR and corporate reputation in cement industry of Pakistan.

Key Words: Corporate Social Responsibility (CSR), Corporate Reputation, Image, Stakeholders, Cements Industry of Pakistan.

1. Introduction

In contemporary business environment organizations are paying much more attention to the facets of corporate social responsibility. Interest in CSR has increased in recent years and is regarded as an important and emerging topic for research (Burton & Goldsby, 2009). In Pakistan, the dire need of CSR was felt after the recent corporate disasters which attracted corporate attention e.g. most recently case of fire in garment factory of Baldia Town Karachi and shoe factory in Lahore (Pakistan) killing hundreds of workers.

CSR can be defined as an ongoing commitment by business organizations to play their role in economic development of the society, improving quality of life of workforce and their families as well as the society and community at large (Holme &
Watts, 2000). Brammer and Pavellin, (2006) argued that CSR has been considered as a source of sustainable development and has become an emerging imperative. Edwards (2005) argued that in order to achieve business objectives, business organizations should look at the environmental and social impacts of their business processes as well as their products. Addressing the interests of direct stakeholders should not be the only priority of the businesses but they must also indirect stakeholders.

The effects of CSR are multifaceted, but in this research we try to develop a relationship of CSR with corporate reputation as perceived by different stakeholders. In this research, context of the study is an important issue which makes it a unique research.

This article starts with the review of related literature, followed by research methodology and finally discussing the findings and implications of the study. The possibility that environmental oriented responsibilities, community oriented responsibilities, legal responsibilities, and customer oriented responsibilities of cement industry of Pakistan will lead to enhanced reputation.

2. Literature Review

CSR is a set of activities that should be practiced by organizations in order to cope with social and environmental problems. Corporate social responsibility is a practice that should be included as a part of the strategic preferences at the base of business organization and should be aligned with all aspects of organization’s management including human resource, marketing, production, financial and more specifically the strategies of business. Historically the ultimate objective of business organization was to maximize wealth of its shareholders (Friedman, 1970), and thus business organizations were seen as means of creating economic value for those who invest their capital in the business (Greenwood, 2001). However, now a day, apart from economic value, social issues such as quality of life, conservation of environment etc. are becoming increasingly important (Shaw & Barry, 2001; Unerman, Bebbington & Dwyer, 2007). Various factors that play a critical role in determining the centrality of CSR in any organization are government initiatives, globalization, and stakeholder’s involvement and extremely volatile business environment. Usunier, Jean, Olivier and Amandine, (2011) defined corporate social responsibility as actions that focus on some social good beyond the interest of the business and that which is mandatory by law. Wikipedia (2007) defined the concept of corporate social responsibility as an idea whereby businesses consider the interests of society by taking responsibility for the impact of their operations and activities on stakeholders such as customers, shareholders, communities, employees, and the environment in all aspects of their business. This responsibility is seen to go beyond the legal responsibility to abide by legislation and sees organizations voluntarily taking steps for the betterment of employees, society and environment. According to this definition, CSR could be considered as a special strategy that an organization pursues in order to serve its stakeholders. According to Blowfield and Frynas (2005) corporate social responsibility is an umbrella concept that refers to the practices fulfilling the following:

1. The business organization has a responsibility of contributing positively to society and environment beyond its legal requirements;
2. Business organization has a responsibility regarding the parties with whom it do business for instance supply chains etc; and
3. Business organization needs to develop long term relationships with the society whether for self interest or providing value to the society.

2.1 Corporate Social Responsibility Pyramid

Corporate social responsibility is developing rapidly all round the world. Most of the business organizations have adopted this very concept in the old fashion of CSR that is “Doing Good to Do Well” (Vogel, 2005). Carroll (1979) provided some meaning to the debate that if the definition of CSR is fully addressed, the entire array of responsibilities that a business has to perform include: economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. Carroll’s model has been adopted by several researchers and business executives like Wartick and Cochran, (1985) and Wood, (1991). Carroll (1991) afterwards depicted these components in the form of a pyramid. Some attributes of CSR are also available in the work of Hemphill (2004) and Windsor (2001). Figure-2 depicts the pyramid of CSR.

Economic responsibility is at the base of the pyramid on which the foundation for other levels of the pyramid is built (Carroll, 2004) that represents a business’s ultimate responsibility (Schiebel & Pochtrager, 2003). If economic responsibility is ignored other responsibilities cannot be accomplished (Windsor, 2001). Legal responsibilities demand a business organization to obey the law and social codification of the society. It is mandatory for business organization to follow the law that is promulgated by the government. These laws include environmental protection, payment of taxes etcetera. Ethical obligation requires the business organization to follow the moral principles that define adequate behavior in the society. These obligations include doing what is right, acting in a moral manner and avoiding any harm to the stakeholders. Ethical obligation includes those functions and practices which are required or forbidden by society even if they are not required by law (Carroll, 1991). Business’s humanitarian
responsibilities include activities such as contributions to charity, employee volunteers on behalf of the business and improving quality of life. They are also called as discretionary responsibilities and reflect human side of a business organization.

2.2 Dimensions/ Constituencies of CSR
A number of options are available on how to split different activities of corporate social responsibility. There are two most agreeable dimensions of CSR, internal dimension that relate the activities of internal environment to the business organization and an external dimension involves stakeholders which are external to the organization (EU Green Paper, 2001).

2.2.1 Internal Dimensions/ Constituencies of Corporate Social Responsibility
Internal dimensions of CSR refer to socially responsible practices within the business, primarily involving employees’ health and safety and managing change while environmental oriented responsibilities include management of natural resources used in production processes. According to Roberts, (2003) it is common for businesses to abide by ethical codes of conduct. These codes begin minimum demands related to health and safety, environmental protection, labor rights and human rights (Jorgensen & Knudsen, 2005).

2.2.1.1 Human Resource Management
Currently, a major challenge for business organizations is to attract and retain highly qualified and motivated employees. Relative measures that can help businesses attract and retain competent work force include employee learning and empowerment, better provision of information throughout the organization, improved workforce diversity, equal employment opportunities for all, job security, equivalent pay and career development of the employees (EU Green Paper, 2001).

A Job applicant and employee perception of an organization’s corporate social responsibility decides their attractiveness for the business (Greening & Turban, 2000). Similarly according to Cropanzano, Byrne, Bobocel and Rupp (2001) employee attitudes and behaviors are greatly determined by the fairness of organization’s actions towards them. Businesses can gain additional benefits by maintaining good relationships with employees including increasing employees’ morale, improved public image and community support. According to Nancy (2004) human capital is one of the most important factors for the success of today’s organizations; HR leaders are becoming more critical in educating and leading the value of CSR and trying to find out the best ways to strategically implement it. In this view, human resource must be aware that good CSR policy shows respect for cultural and developmental differences, sensitiveness of ideas, values and beliefs when demonstrating global HR programs and policies.

According to Rupp, Ganapathi, Aguilera, and Williams (2006) corporate social responsibility plays a vital role in furthering positive relationships between businesses and communities. They concluded that employees will call on to CSR to evaluate the extent to which their organization value appreciate relationships, so high levels of CSR will make employees to belong to the organization and society. Murray (2008) conducted a survey and came to the conclusion that more than one third of the respondents indicated that working for a responsible and caring employer is more important than the salary they receive; about half will turn down from the employer that missed good CSR policies. Responsible recruitment practices can allow businesses to recruit from ethnic minorities, women, older workers and people with disabilities (EU Green Paper, 2001). These standards indicate that a business that conduct CSR practices tries to promote a culture that is fair and attractive to perspective and existing employees. There is a wide range of research available that shows that corporate social responsibility has positive impact on the HR practices creating climate of trust, motivating employees, increased efficiency and promoting effectiveness of communication within an organization (Jenkins, 2001). Numerous surveys indicated that when businesses are socially responsive they attract loyal and motivated employees (Kramar, 2004).

2.2.1.2 Health and Safety at Work
According to Segal, Sobczak and Triomphe, (2003) occupational health and safety is an important aspect of corporate social responsibility as it is used to measure the overall progress of an organization.

Work safety and health measures have a direct impact on the efficiency and productivity of the workers. Health and safety are mainly enforced through legislation or law of the country. Despite the legal measures now a day’s businesses are adopting a proactive approach to this issue. In markets where there are substantial cost advantages in labor, as a result of outsourcing organizations are not only trying to maintain a safety level within their premises but also ensure that external stakeholders comply to these standards. In emerging markets mechanisms are being planned for documenting, measuring and communicating these measures that as a result save time and cost (EU Green Paper, 2001).

Evolution of corporate social responsibility starts from developing management systems in 1990s. According to Zwetsloot, (2003) these systems quite often include guidelines and standards such as ISO 9000 (Quality Management), ISO 14000 (Environmental Management), OHSAS (Occupational Safety and Health Administration) and SA (8000) social accountability. There have been various attempts to measure the impacts of improved health and safety on financial and operational performance.
of the business organizations. For example research study of European Agency for Health and Safety at Work which found out that improved occupational health and safety leads to improved productivity and reduction in cost of employment.

Although many researchers today believe that the working conditions in majority of the organizations are much better than they were a few years ago, still many fundamental problems remain unattended.

2.2.1.3 Management of Environmental Impacts
Generally reduction in polluting emissions or consumption materials and waste can consequently reduce environmental impacts. Business organizations can also benefit by reducing waste and energy. In ecological terms these investments are referred to as ‘win-win’ opportunities good for environment and good for business. This principal was accomplished for a number of years and later in 2002 was recognized in the European Commission’s 6th Environment Action Program. Therefore importance of this aspect of CSR cannot be overlooked. This will also enable business organization to affect cost savings in energy bills and pollution cost. There is an ethical debate regarding the use of voluntary measures taken by the organizations versus government imposed regulations. Business organizations are trying to look at growing environmental movement impacts on the bottom line. Government laws are ineffective inducement for developing strategic changes in environmental performance for various reasons. Harrison, (1998) describes these reasons as: firstly environmental issues are regulated and viewed in terms of byproducts produced during the production processes resulting in an ‘end of the pipe’ reaction; Secondly prevention strategies have to be oriented in order to cope with particular business needs that vary from one country to another according to the legal structure; the final reason that Harrison pointed out is that environmental laws formulated without any input from affected business organizations further indirect relationships between regulators and those affected by them. According to Thornton, Gunningham and Kagan (2005) businesses are prompted by legal and social sanctions. They further proposed that businesses which are not complying with these laws will face negative publicity which may affect stakeholders of the business and result in reduced market share and closer monitoring by environmental groups.

2.2.2 External dimensions/ Constituencies of CSR
External dimensions refer to the practices concerning the external stakeholders. The concept of CSR goes beyond the premises of the business into society and is concerned with a variety of stakeholders in addition shareholders and employees i.e. customers, suppliers, NGOs representing local community, and environment etc. Globalization has contributed to the development of global governance, the development of corporate social responsibility practices are also contributing to it. The three dimensions are; Business Partners, Local Communities and Human Rights activists.

2.2.2.1 Business Partners

Establishing long run relationships on strong ethical basis with customers, suppliers and even with competitors will allow business organizations to meet customers’ needs in a better way (Sandeep & Rakesh, 2005). CSR will not only positively influence the business organization but business partners such as suppliers, competitors, joint ventures and alliances can benefit from it. Business can improve quality of their products and reduce cost by working closely with business partners. Relationships with these business partners are always important. Long term relationships result in fair prices, quality and reliable delivery. In complying with CSR however allows businesses to respect the rules and national competition laws (EU Green Paper, 2001).

Business organizations should be aware of their social standards that could be affected by the practices of their business partners. The impact of CSR practices is not only limited to the business itself but it has its implications to the business partners as well. This is particularly the case with large businesses which outsourced part of their production or services and therefore are involved in more CSR practices with regard to their suppliers who depend primarily on the large organization. Now a day’s businesses are expected to provide products to customers in an efficient and environmentally secure manner in order to be considered as socially and environmentally responsive.

2.2.2.2 Local Community

The purpose of CSR is to integrate business organizations with local communities. Businesses provide contribution to the local communities in the form of jobs, wages and other benefits. However the progress of business organizations depends on health and prosperity of the communities in which they operate. For instance businesses recruit bulk of their employees from the local communities, therefore they have direct stake in the availability of skills they required. In addition small and medium enterprises have most of their customers in the local communities (EU Green Paper, 2001).

Organizations can gain strategic advantage by having a sound understanding of local community and social customs. Business organizations also interact with the local communities (Sandeep & Rakesh, 2005) therefore, activities like provision of additional vocational training, recruitment of socially excluded persons, assisting environmental charities, partnership with communities, provision of childcare facilities for employees and sponsoring of cultural events and local sports could prove to be helpful in community development. Whereas business organizations are also responsible for the harmful impacts of their operations
such as air emissions, noise, water pollution, soil contamination and problems of waste and transport disposal. Many large organizations face the challenges of structural reforms along with poor market structure and property rights and uncertainty of institutions (Nee, 1992). Although privatization and decentralization in many sectors of the economies have taken place, however, the governments of these economies are still preventing market structure and industrial adjustments. In fact the expression of the invisible hand in the reform process is political, social and economic problems that go beyond the tolerance level of the society. Such situations allow fiscal, administrative and monetary treatments for rescue. The administrative process is faster and it will call for quick actions that will reflect its consequences in the market. By strengthening relationships with local communities business organizations can reap the benefits of cost effectiveness.

2.2.3 Human Rights
Most of the Business organizations are doing businesses in those countries where the violation of human rights may face a scenario of civil unbalance, corruption that makes relations uneasy with employees, government officials, shareholders and local community (Robbins, 2000). According to Amnesty International it is ultimate responsibility of the business to protect human rights in its operations. Moral, legal and political dilemmas are presented by human rights issues. Businesses face various challenges such as where the responsibility of business lies, and how to do business in countries where there is human rights violation?

Under increasing pressures from consumers and non government organizations, businesses are following rules and regulations such as environmental issues, working conditions and human rights. Businesses are doing so to improve their public image and to hinder from negative consumer reaction. Whereas, voluntary codes of conduct are used to promote international standards but their effectiveness depends on proper verification and implementation. They also can influence governments to mitigate the violation of human rights. According to the Caux Round table principle business organizations should protect democratic institutions and human rights and must promote them whenever and wherever possible.

2.3 Benefits of CSR
Following section consists of benefits of corporate social responsibility.

2.3.1 Viability of Business
The first reason for arguing in favor of CSR is that business organizations exist in order to provide valuable services to society. Balance between shareholders and societal value has been discussed quite frequently within the framework of CSR, which addresses the relationship between business and the larger society (Snider, Ronald & Martin, 2003). According to Sethi (1979) like other social institutions business organizations are important component of society and these organizations depend on society for their existence and growth. A business must accept its responsibility to the society if it wants to maintain its position of power in the long run (Davis, 1967). This is also called as license to operate (Post, Preston & Sachs, 2002). Therefore businesses will do whatever they see as important in order to maintain their image of legitimate business with legitimate methods and aims of accomplishing it (Villiers & Staden, 2006).

2.3.2 Avoidance of Government Regulations
One of the practical reasons for organization to be socially and environmentally responsible is to ward off government regulations and interventions, which is expensive for the organization and limits its ability of decision making. If the business organizations voluntarily do more than regulatory requirements, the need for government interference in business affairs will ultimately decrease (Tyrrell, 2006). If a business delays in coping with social and environmental issues then it will restrict itself from achieving the ultimate objectives of producing social and environment friendly goods and services (Davis, 1973).

2.3.3 Business Resources
Organization has been associated with enormous resources and social domination throughout the history where individual or groups find ways of imposing their will on others. All this becomes obvious if we trace the lineage of the contemporary organization from its origins in the ancient society, from the development of military enterprise, and to its role in current society. According to this argument business has valuable resources such as capital resources, significant tool of management talent and functional expertise, therefore business organizations should utilize these resources to resolve social issues (Hillman & Kein, 2001, Schaper & Savery, 2004). Moir, (2001) holds the view that business organizations have necessary resources and skills; there is an ethical responsibility to solve social problems. The immense resources of the organizations are highlighted by the comparison to the GDP of developing countries. According to Carroll and Buchholtz (2000) social problems arise partially because of faults of businesses and as a result businesses should assume a role in solving these problems.
2.3.4 Long Term Self-Interest

CSR is believed to be equally beneficial for business as for the society and it is conducted to achieve long term goals of the business (Carroll, 2001). Being socially responsible means giving back to the stakeholders who believe it in their best financial interest to do so. It is argued that conducting socially responsible activities is in the long term interest of the business (Jenkins, 2006). Zairi and Peters (2002) hold the view that corporate social responsibility is no longer an ethical phenomenon but rather a vital instrument for corporate performance. Businesses can enlighten self interest by conducting CSR activities (Henderson, 2001). CSR works as an instrument to attract (Turban & Grenning, 2000; Gatewood, Gowan, & Latenshlager, 1993), retain (Chatman, 1991) and motivate (Brammer, Millington & Rayton 2007) a talented workforce; it is used to attract customers (Ruf, Muralidhar & Paul, 1998); reduce costs through the efficient use of environmental initiatives (Roberts & Dowling, 2002); and improve business reputation (Lancaster, 2004).

2.4 CSR in Pakistan

Corporate social responsibility is a mainstream business management issue all round the world (Fredrick & Thomas, 2012). An extensive research is going on for environmentally and socially responsive businesses. The decade of 1990s is considered to be the landmark in pushing corporate social responsibility on top agenda after a heavy swell of consumers concerns all around the world. Brand integrity issues presenting brands e.g. Martha, Stewart and Nike to solve integrity issues highlighted during the Barings and Shell episodes. Today a set of globally acknowledged standards are available for business organization that want to be judged for its impacts on environment and society. Some of these standards include SA 8000 social accountability standards, the ISO 14000 for environmental management system and recently the Global Reporting Initiatives guidelines for sustainability reporting.

In Pakistan Securities and Exchange Commission of Pakistan is the first contributing authority for code of governance. The 2002 Trade Policy also shows government intentions to benchmark mainstream international industry through institutional support. Pakistan as a country quickly has had to find out ways to adapt to CSR. In 1990s as a result of Iqbal Masih case, the Carpet industry of Pakistan has suffered almost a billion dollars of damages. After that Pakistan’s edible products and textile export industries started to face demand for CSR credentials by the international buyers. In such environment it is inescapable for Pakistan to consider CSR culture in Pakistan.

Currently, corporate social responsibility is at initial stages in Pakistan where various business organizations are starting to become aware of the phenomenon. More than 60% of the organizations in Pakistan have contributed to community development, charity and donations for humanitarian or religious purpose (Yawar, 2009). In Pakistan most of the business organizations are conducting CSR activities (Ali, Rehman, Yilmaz, Nazir & Fatima, 2010). This is because of globalization and immense competition. Some of the multinationals like Pepsi, Coca Cola, Nestle, Unilever, and Siemens are the vanguards regarding the promotion of CSR activities in Pakistan. Recently Banks and Cellular Companies are also joining CSR arena. Research indicates that there is tremendous potential for businesses to involve in community development activities in Pakistan. Social marketing is very limited in Pakistan. In general the chemicals, pharmaceuticals, beverages, and food industries contribute to charities and also actively participate in relief activities resulting from flood and other natural calamities. The business community has also contributed to the rehabilitation of affectees after October 2005 earthquake; and later on after the issue of Internally Displaced Persons.

Socio-cultural complexity is one of the biggest issues facing the implementation of CSR in Pakistan. Business organizations do not want to tackle the issues for the fear of losing rapport with the people because they are so complex, varied and sensitive. These issues will impaire all the other CSR efforts if left unaddressed. Issues like gender inequality, religious intolerance, extremism, and sectarianism can impede the development of any country and Pakistan is no exception. There are many social evils rampant in Pakistan e.g. thousands of children each year enter the labour force where they compete with adults and quite often with their parents, at least half of the children are under the age of ten. Unfortunately Pakistan is not free from child labour like other developing countries of the world. In Pakistan, much of the labour force is engaged in informal activities and child labour is notable feature of the growing informal labour markets in Pakistan.

Unluckily the print and electronic media in Pakistan are also one of the weaker links in the CSR debate. Unhealthy focuses on political issues have discouraged media from working its role as corporate watching. News regarding corporate misdemeanors are hardly seen, unless they have political undertones. A limited number of programs are being telecast on the television and quite often their focus remains on issues such as labour rights etc. In a country with unaware consumers, and unconcerned media, CSR will remain a buzz word and organizations can never see it as a business strategy. The primary parameters of corporate social responsibility are not portrayed by the media. In Pakistan most of the businesses take the subject of environmentally responsive practices under the umbrella of CSR. Now in Pakistan regular awards are given to industries which are socially and environmentally responsive (Arshad, 2006). Yes, business organizations in Pakistan are involved in community projects, but it
needs to be more focused more strategized and long term. The media and civil society need to be more responsive to unethical practices of business organizations.

2.5 Relationship of CSR and Corporate Reputation

Dowling (2004) argued that corporate reputation is an overall rating that shows that whether people see the business organization as positive or negative. According to Fombrun, (1996) business organizations strive to develop positive reputation by projecting and creating a set of skills which is recognized as unique by their stakeholders, through operational excellence, innovation and close relationships with consumers. Corporate reputation contains attributes that distinguish one business from other i.e. good or bad. According to Jones (1995) corporate reputation reflects an organization’s morality and therefore is a reliable indicator of tendency towards opportunism, such that a reputation for trustworthiness is actually a reputation for not being opportunistic. Dowling, (2004) argued that good reputation builds confidence and trust whereas bad reputation do not.

Most of the business organizations are driven by corporate reputation because this directly or indirectly sells their products to the public. According to Reich (1998) any indefinite thing that maculates an organization’s image can resultantly drop its sales. Deephouse (2000) defines reputation as valuation of an organization by its stakeholders in terms of their knowledge, esteem and effect. Reputation is very important for the success of business organizations and a valuable asset to have particularly in today’s competitive marketplace (Roberts, Keeble & Brown 2002; Caminiti & Reese, 1992; Martin, 2009). According to the resource based theory of the organization, corporate reputation is an important resource which leads to competitive advantage indicating different stakeholders about the attractiveness of the organization (Deephouse, 2000).

According to Brammer and Millington (2005) there is a positive relationship between corporate social responsibility and reputation of an organization. Roberts (2003) argued that good image increases the value to how an organization acts and states. Similarly a bad image depreciates the value of products and services of an organization, which can be used as signals to draw further contempt. In large organizations particularly in consumer sector there is a tendency to depend much upon corporate image and brand name for long term success (Murray, 2003). According to a survey conducted by Hollender and Fenichell (2004) on 132 leading organizations, majority of the respondents responded that corporate reputation has become more important in the recent years, while others described reputation as a vital measure of success. Business organizations with good reputation are also good at sustaining huge profits over the period (Roberts & Dowling, 2002). According to Whooley (2005) there is not anything flossy regarding the significance of reputation. Reputation will enhance profitability and long run survival of the business if it is used appropriately.

3. Research Design

In this research corporate social responsibility was divided into four primary dimensions namely; environment oriented responsibilities, customers oriented responsibilities, community oriented responsibilities and legal responsibilities. A scale was developed for eleven items of CSR. A Likert scale of five points has been used to measure each aspect of CSR.

The framework is based on the assumption that stakeholders will always favour an organization that is socially responsible and has developed policies benefiting the environment, customers, community and complying with legal authorities. As a consequence, the framework also assumes that the stakeholders of cement industry of Pakistan will feel positively and strongly about the organization they belong to and will voluntarily support it.

Four hypotheses were developed based on the theoretical framework. These hypotheses include:

H1: There is a positive relationship between environment oriented activities and corporate reputation.

H2: There is a positive relationship between customer oriented responsibilities and corporate reputation.

H3: There is a positive relationship between community oriented responsibilities and corporate reputation.

H4: There is a positive relationship between legal responsibilities and corporate reputation.
The current study is quantitative in nature. Survey method in the form of questionnaire was used that were distributed among the various stakeholders of the cement industry of Pakistan. The aim of questionnaire was to analyze the understanding of stakeholders about corporate social responsibility in Pakistan, more specifically to confirm the objectives of the study.

Cement industry of Pakistan was selected as the unit of analysis. The cement industry comprises of 29 cement manufacturing units. There are two manufacturing zones in cement industry of Pakistan: the northern zone and the southern zone. Northern zone comprises of 19 manufacturing units; whereas, southern zone consists of 10 manufacturing units. Therefore, cluster sampling technique has been used in which a sample of 5 units randomly selected has been taken from each zone. Data from local community, relevant consumers, and environment protection agencies was also collected for the balanced assessment of the issue.

4. Discussions

A total of 125questionnaires were distributed among the stakeholders; out of which 68questionnaires were returned by the respondents. Demographic information of the respondents was also collected in this research. Inferential statistics techniques in the form of correlation and regression analysis were used to understand relationship between CSR and corporate reputation. The results of correlation appear in Table 1.

Table 1 describes that there is a positive relationship between all the dimensions of CSR and corporate reputation. The Pearson Correlation Coefficients results at .477”, .560”*, .489”** and .484”*** respectively, highlight that there are strong positive correlations between environment oriented responsibilities, community oriented responsibilities, customers oriented responsibilities and legal responsibilities and corporate reputation. These results suggest that corporate social responsibility will enhance corporate reputation of business organizations.

Results or regression analysis are represented by table 2.

The regression analysis showed that .44 or 44.0% of the variance in dependent variable (corporate reputation) was brought by environment oriented responsibilities, community oriented responsibilities, legal responsibilities and customer oriented responsibilities. It was also noted that the strongest contribution among independent variables i.e. environment oriented responsibilities, community oriented responsibilities, customers oriented responsibilities and legal responsibilities in explaining the dependent variable (corporate reputation) is made by community oriented responsibilities i.e. .538 as given in the table under standardized coefficients, beta. The beta value for environment oriented responsibilities, legal responsibilities, customer oriented activities is .460, .389 and .144 respectively. There is statistically significant relationship among all the variables with p value less than .005.

During the course of this study it was noted that most of the respondents from cement industry of Pakistan were familiar with the term corporate social responsibility. Findings of the study further indicated that business organizations can obtain numerous benefits from adequately implementing CSR efforts to the relevant stakeholders. Thus managers of business organizations can obtain the benefit of enhanced reputation by adequately implementing environment oriented responsibilities, community oriented responsibilities, customer oriented responsibilities and legal responsibilities.

5. Conclusion

Previous researchers have outlined that CSR activities bring numerous benefits for the business organizations. These benefits are discussed in the literature review in detail. Cement industry of Pakistan was chosen as unit of analysis. As cement manufacturing units in Pakistan are large in size. CSR is particularly very important area for large business organization (Moore & Spence, 2006). This is because these organizations have direct impact on environment and society through their operations, products and interaction with key stakeholders.

Basu and Palazzo, (2008) argued that corporate social responsibility is considered as an important activity for business organizations. Particularly it is important to business organizations of Pakistan. However it is well documented in the literature review that there is a lack of discussion and attention to CSR in the context of Pakistan. This article overcomes the gap and explains that cement industry of Pakistan tends to conduct CSR on regular basis and the CSR activities are closely related to the business strategy of the industry.

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from adequately implementing CSR efforts for the relevant stakeholders. It is also observed that managers of the business organizations can obtain benefits such as enhanced corporate reputation by the implementation of CSR.

The study noted that there is a positive relationship between CSR activities such as environment oriented responsibilities, community oriented responsibilities, customers responsibilities activities, legal responsibilities with the corporate reputation of the business organizations. Previous researchers have also found that there is a positive relationship between CSR activities and corporate reputation (Curran, 2005; Wang, 2008). Therefore business organizations should communicate CSR activities to appropriate stakeholders in order to obtain the benefits of enhanced reputation.

Lastly, for future research it is also recommended that by using a case study approach a researcher may come up with a clearer understanding of the nature, type, and extent of corporate social responsibility within each organization. A case study approach will also provide an understanding of the motivation behind CSR and the impact of such initiatives.
References


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Annexure

Figure 1 Pyramid of Responsibilities
Source: adapted from Carroll (1991)

Figure 2 Model for the Study
### Table 1 Pearson Correlations

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</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
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<tr>
<td>N</td>
<td>68</td>
<td>68</td>
<td>68</td>
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<tr>
<td><strong>Law</strong></td>
<td>.949**</td>
<td>.767**</td>
<td>.826**</td>
<td>1</td>
<td>.484**</td>
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<tr>
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</tbody>
</table>

### Table 2 Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.683*</td>
<td>.440</td>
<td>.348</td>
<td>.35234</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Law, Community, Customers, Environment

<table>
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<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
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<td>2.398</td>
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<td>.356</td>
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<td></td>
<td>Environment</td>
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<td>.227</td>
<td>.460</td>
<td>1.199</td>
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<td>Community</td>
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<td>.141</td>
<td>.538</td>
<td>2.775</td>
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<td>.119</td>
<td>.144</td>
<td>.750</td>
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<td>.232</td>
<td>.205</td>
<td>.389</td>
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a. Dependent Variable: Reputation