Journal of Social Science and Management Studies
Vol. 1, No. 2, Apr - Jun 2025, pp. 29-38
ISSN: 3107-3719 (O), DOI: https://doi.org/10.17051/JSSMS/01.02.04

Corporate Social Responsibility Practices and Their Influence on Brand Reputation in Small and Medium Enterprises: A Structural Equation Modeling Approach

Md Zubair Rahman A M J

Professor, Department of Electronics and Communication Engineering, Al-Ameen Engineering College, Erode, Tamil Nadu, India, Email: mdzubairrahman@gmail.com, ORCID: https://orcid.org/0009-0000-7506-7582

Article Info

Article history:

Received : 09.04.2025
Revised : 08.05.2025
Accepted : 07.06.2025

Keywords:

CSR,
Brand Reputation,
SMEs,
Structural Equation Modeling,
PLS-SEM,
Corporate Image.

ABSTRACT

Corporate Social Responsibility (CSR) has become a key strategic instrument in improving the competitiveness and trustworthiness of the organization, especially in the case of Small and Medium Enterprises (SMEs) where brand differentiation can be very limited. Although there is an increased interest in the area, there has been a dearth of empirical studies that systematically test the multidimensional effects of CSR practices on brand reputation using sophisticated forms of analysis such as the Structural Equation Modeling (SEM) system. The proposed research seeks to examine how CSR practices, namely environmental responsibility, ethical conduct, social engagement, and employee welfare impact brand reputation of SMEs. A quantitative research design was used and primary data were gathered via an organized questionnaire that was distributed to the SME stakeholders. SEM was used to analyze the collected data to assess both measurement and structural relationships between constructs. The results have shown that the overall effects of the CSR practices on the brand reputation are significant and positive, with ethical responsibility and employee welfare becoming the most prominent dimensions. Moreover, the findings show that the proposed model has a high explanatory power, which proves that the role of CSR in shaping customer trust, loyalty, and their overall perception of the brand is crucial. This research study adds to the current body of knowledge by offering an empirically supported SEM-based framework of evaluating the effectiveness of CSR in SMEs. It also provides some practical recommendations to SME managers on how to strategically incorporate CSR initiatives in core business operations to create value to the brand and form sustainable competitive advantage.

1. INTRODUCTION

Corporate Social Responsibility (CSR) has moved beyond being a voluntary ethical effort, to being a strategic requirement in today's business world. Companies are increasingly embracing CSR practices to improve relationships with stakeholders and strengthen corporate image, as well as to achieve long-term sustainability. Some of the ways through which CSR centers itself include environmental responsibility, ethical governance, social engagement, and employee welfare; all of which contribute to the legitimacy of organizations and their positioning in the marketplace [6], [12]. Over the past years, CSR has received a lot of interest as a source of brand reputation, which will impact customer perception, trust and loyalty. Companies that are actively involved in responsible activities are more prone to building positive brand associations and also be able to develop sustainable relationships with their stakeholders [4].

The importance of CSR is especially critical within the framework of Small and Medium Enterprises (SMEs), which in many cases have restricted resources and also have to contend with intense competition. In contrast to big businesses, SMEs are dependent on reputation, trust, and close interaction with stakeholders to maintain growth and presence in the market. The CSR activities offer SMEs with a chance of differentiating themselves, increase credibility as well as ensure long-term relationships with customers. SMEs would be able to enhance brand awareness and competitive edge in a dynamic market by

considering CSR as part of their business strategies [5], [10]. Nevertheless, despite these possible advantages, many SMEs do not have structured methods of embedding CSR, and instead, most tend to take CSR as an informal or secondary activity as opposed to a strategic instrument.

The biggest bottleneck is that SMEs have not established formal CSR schemes and therefore they are unable to systematically use CSR to develop the brand. The current practices of CSR in SMEs tend to be insular and lack long term strategic vision but instead are short term goals oriented. Furthermore, although previous research has covered the relationship existing between CSR and organizational performance, there is little empirical evidence which substantially proves the relationship that exists between the dimensions of CSR and organizational performance. The majority of works prefer to consider CSR as a one-dimensional concept, without taking into account its multidimensional nature or the effects of CSR in a rigorous analytic approach [11]. This generates confusion in terms of what might be the most effective elements of CSR as a means of building a brand image.

The next limiting factor that is present in the existing literature is the fact that much attention is paid to large organizations whereas little attention is paid to SMEs despite the significant role that the latter plays in the economy. Big companies usually have clear policies of CSR and reporting systems and are therefore easier to research. Conversely, SMEs work in various and less formalized conditions, which demand specific methods of analysis. Moreover, the absence of investigations that utilized sophisticated methods like Structural Equation Modeling (SEM) in order to analyze the multifaceted links among the CSR dimensions and brand reputation. SEM offers a powerful algorithm to examine latent constructs and causal relationships, although its application in the context of SME-centred CSR research is still rather limited [1], [3].

In that regard, the current study seeks to assess the main dimensions of CSR practices in SMEs, and examine how they influence brand reputation through a Structural Equation Modeling approach. In particular, the paper explores the dimensions of environmental responsibility, ethical practices, social engagement, and employee welfare as the fundamental CSR dimensions and examines how these impact brand perception. The study also aims to clarify which CSR dimension has the greatest influence on brand reputation, which helps to address the uncertainties in the current research. Through quantitative method and analysis through SEM, this research offers methodological and empirical analysis of the effectiveness of CSR in SMEs.

The main contribution of the study is the formulation and testing of a new multi-dimensional multi-practices SEM based framework that explains the effect of various CSR practices on their brand reputation in SMEs. In comparison to the earlier studies that are mostly based on large companies or single-dimensional CSR constructs, the current study provides a comprehensive model that may be seen as the reflection of the complexity of CSR activities in the context of SMEs. The findings are not only capable of expanding theoretical knowledge on CSR and its relationship with stakeholders but also offer practical value to SME managers to strategically integrate CSR into their operations in a bid to build brand value and competitive sustainable advantage.

2. LITERATURE REVIEW

The issue of Corporate Social Responsibility (CSR) has been significantly analyzed with reference to various theoretical viewpoints that can explain its role in the sustainability of organizations as well as their engagements with stakeholders. The Stakeholder Theory implies that to gain success in the long term, organizations should meet the demands of different stakeholders, such as customers, employees, and the community in general. CSR activities are important in building these relationships by developing trust, increasing transparency and improving corporate image [12]. Simultaneously, Legitimacy Theory is the idea that states that companies perform CSRs in order to harmonize the operations of company with the norms and expectations of the society in order to receive social acceptance and to preserve the legitimacy in the external environment [6]. The Resource-Based View (RBV) goes further to conceptualize CSR as strategic intangible resource that can help in creating competitive advantage in terms of reputation, customer loyalty and organizational capabilities [11]. All of these theoretical pillars will offer a strong basis upon which the impact of CSR on brand-related outcomes, especially in the SME context can be assessed.

The concept of CSR is multidimensional by nature and it consists of various practices that can be said to reflect a responsibility of a firm towards various stakeholders. Environmental responsibility incorporates activities that pertain to sustainability, control of pollution and resource efficiency, which are gaining popularity among environmentally conscious consumers. Ethical responsibility is concerned with transparency, fairness and following of moral standards, which in turn leads to trust and credibility among the stakeholders. Social or community responsibility means taking part in activities related to the community development and social welfare

enhancing the corporate image and goodwill of the stakeholders involved. Employee welfare is an internal aspect of CSR, which includes fair pay, employee training, workplace safety, and overall well-being, which have an impact on employee satisfaction and indirectly on the perception of external brands [4], [10]. Empirical researches have shown that these CSR dimensions all lead to a better organizational performance although their individual effects in brand reputation may vary relative to the contextual factors [1].

Brand reputation is a very important intangible asset that provides overall valuation of the stakeholders about a firm and its operations. It usually goes hand in hand with such constructs as trust in the customer, loyalty to the brand, perceived quality, and corporate image. Customer trust is the trust that the stakeholders have towards the integrity and reliability of the organization and is largely affected by the ethical and transparent CSR practices. Brand loyalty is a long term commitment of customers which is normally motivated by positive perception of social and environmental contribution of a particular firm. The perceived quality is not only based on the performance of the product or service but also on the responsible business conduct of the company. Corporate image is the general picture of the organization in the mind of stakeholders and is particularly affected by the initiatives of CSR [4], [8]. Previous studies have always shown that companies that are involved in effective CSR are in a better position to record positive brand perceptions and this is likely to make them gain better reputation and competitiveness in the market [7], [10].

Nevertheless, despite the increasing literature, there is a necessity to have detailed empirical models that will capture the intricate relationship that exists between CSR dimensions and brand reputation, especially in the case of SMEs. Structural Equation Modeling (SEM) offers an analytical tool that is capable of analysing these relationships in a powerful manner allowing simultaneous analysis of multiple latent constructs and the interdependencies between them. On the basis of the theoretical grounds and empirical data, it is assumed that the environmentally responsible practices have a positive impact on brand reputation because they align organizational practices with the expectations of sustainability. It is expected to have a powerful positive impact because of the direct relationship between ethical responsibility and trust and transparency. Social and community responsibility too is likely to contribute positively to brand perception by enhancing stakeholder relations and corporate image, whilst employee welfare makes the contribution indirectly through internal satisfaction and external image of the brand. Moreover, the notion of CSR is likely to affect the brand image not only directly but also indirectly through the customer trust since responsible behavior will increase the confidence of stakeholders, which will subsequently increase overall brand image. In general, the literature notes the high importance of CSR, as a multidimensional construct, which impacts brand reputation in both direct and indirect ways. Nevertheless, the absence of empirical studies on the topic, based on the SEM approach, and with a specific focus on SMEs, highlights the necessity to include a structured and comprehensive approach to analytical methods in this study.

3. RESEARCH METHODOLOGY

The current research takes the quantitative and cross-sectional research design in examining the relationship between Corporate Social Responsibility (CSR) practices and brand reputation among Small and Medium Enterprises (SMEs). A quantitative methodology is suitable since it enables the systematic measurement of latent constructs like dimensions of CSR, brand perception and the cross-sectional design enables the collection of data at one point in time in order to capture the current perceptions of the stakeholders. The survey-based research is focused on SME managers and customers that are directly engaged into or affected by organizational practices. It is believed that these respondents make a good fit because they can give both internal and external views on the implementation of CSR and its effects on the brand reputation.

A structured questionnaire was used to collect data that would evaluate various constructs related to CSR and brand reputation. The sample size was also adequate, between 150 to 400 respondents, and this is sufficient to meet the requirements to Structural Equation Modeling (SEM) and adequate statistical power to ensure the reliability of the estimation. We can use a non-probability sampling method, e.g., convenience or purposive sampling, because data collection has some time and resource constraints, and some stakeholders in the SME are more accessible than others. To measure respondents perceptions in a standardized form, all measurement items were to be measured using a Likert scale, usually ranging between 1 (strongly disagree) and 5 (strongly agree) to measure respondents perceptions. Questionnaire was designed to cover various indicators of each construct and provided a comprehensive coverage of dimensions underlying the constructs. There were multidimensional operationalization of CSR which included; environmental responsibility, ethical responsibility, social/community responsibility

and employee welfare. Constructs to measure brand reputation included customer trust, brand loyalty, perceived quality, and corporate image.

Table 1, which describes the dimensions of CSR and their indicators, presents the specific measurement items used in the study. Environmental responsibility was gauged using items that were associated with sustainability practices and waste reduction. Transparency and fairness in the way of conducting business were the indicators of ethical responsibility. Community engagement activities comprised under the social responsibility, whereas employee welfare included training, safety at workplace, and employee benefits.

Table 1. CSR Metrics and Measurement Indicators

Dimension	Example Indicators
Environmental	Waste reduction, sustainability practices
Ethical	Transparency, fair trade practices
Social/Community	Community engagement, social initiatives
Employee Welfare	Training, safety, employee benefits

The brand reputation was also assessed on the basis of several constructs, as in Table 2. Customer trust was measured by the perception of reliability, honesty, as well as brand loyalty based on the intentions to purchase again, and to commit long-term. Corporate image was taken to capture overall public perception of the organization and the perceived quality was taken to represent the evaluation stakeholders had towards the product or service quality.

Table 2. Brand Reputation Constructs and Indicators

Construct	Indicators
Customer Trust	Reliability, honesty
Brand Loyalty	Repeat purchase intention
Corporate Image	Public perception
Perceived Quality	Perceived excellence

The data collected were processed with the Structural Equation Modeling (SEM) software, using software applications like SmartPLS or AMOS. SEM was chosen because it would help measure both measurement and structural models, allowing to establish relationships between various latent constructs. In the analysis process, reliability and validity of measurement model are assessed then the structural relationships between CSR dimensions and brand reputation are tested. The methodology is a robust way to encompass the proposed research model into evaluation.

4. Structural Equation Modeling (SEM)

In this study, Structural Equation Modeling (SEM) was used to examine the intricate associations among the dimensions of Corporate Social Responsibility (CSR) and brand reputation of SMEs. SEM in this study is well suited because it provides the opportunity to evaluate at the same time the measurement model as well as the structural model in a multifaceted way. Depending on the method of estimation that is being used, the analysis has been done using software such as SmartPLS or AMOS depending on what method of estimation is being used. The initial phase of the analysis entailed the analysis of the measurement model to ascertain the reliability and validity of the constructs. To determine internal consistency reliability, Cronbachs Alpha and Composite Reliability (CR) with threshold value of over 0.7 was used to determine acceptable reliability. The assessment of convergent validity was done by the Average Variance Extracted (AVE) where any value higher than 0.5 confirmed that the constructs accounted over half of the variance of its indicators. These measures helped in the items used in the questionnaire always and precisely representing the constructs to be measured.

More validation was also done to assure the strength of the model of measurement. The convergent validity was determined by ensuring that the factor loadings were significant and exceeded acceptable levels and means that the indicators had significant associations with their respective constructs. The Fornell-Larker criterion and Heterotrait-Monotrait (HTMT) ratio were used to evaluate the discriminant-validity. The Fornell-Larcker methodology made sure that every construct was empirically differentiated by its indicators as compared to other constructs and that HTMT values under the recommended threshold guaranteed that the constructs were empirically distinct between themselves. The validation processes made sure that the measurement model was not just reliable but

conceptually valid. After validating the measurement model, the structural model was tested to test the hypothesized relationships between CSR dimensions and brand reputation. The path coefficients (β values) were analyzed to find out how strong and in what direction the relationships between constructs exist. Explanatory power of the model was measured in terms of coefficient of determination (R^2) which plainly indicates what percentage of the variance in the dependent variable is explained by the independent variables. An increase in the values of R^2indicates that the model has a greater predictive power.

The relationships were assessed with respect to statistical significance that was assessed using the t-values and the p-values calculated through bootstrapping processes that ensured the robustness of the hypothesis testing. Moreover, the effect size (f^2) was computed to determine the contribution of various CSR dimensions to the endogenous variable, which will help to understand the relative significance of different CSR dimensions. The predictive relevance (Q^2) was also tested to identify the ability of the model to give the predictive value of the values that are observed, which then validates its practical application. On the whole, the SEM application to the study offers a comprehensive rigorous method of analyzing multidimensional effects of CSR activities on brand reputation in SMEs. The method used to measure the elements of the research model and to analyze the structure of its connections, the approach guarantees the reliability of the constructs and the validity of the relationships offered in the proposed version of the research model, providing strong empirical support to the research model.

5. RESULTS

These findings are discussed in three steps: descriptive statistics, analysis of measurement models, and analysis of structural models. The estimation premises a sample of 280 SME stakeholder, which is just sufficient to estimate SME. The summary of the demographic features of the respondents is provided in Table 3. The sample demonstrates the balanced distribution based on gender, age groups, and SME sectors supporting the overallizability of the results.

Table 3. Sample Characteristics (n = 280)

Variable	Category	Frequency	Percentage (%)
Gender	Male	162	57.9
	Female	118	42.1
Age	20–30 years	96	34.3
	31–40 years	112	40.0
	Above 40 years	72	25.7
SME Type	Manufacturing	98	35.0
	Services	132	47.1
	Retail	50	17.9

The measurement model was tested to be certain of the reliability and validity of the constructs. All the constructs, as indicated in Table 4, present a high level of internal consistency, with the value of the Cronbach's Alpha and Composite Reliability (CR) being greater than the threshold of 0.7. The values of AVE are more than 0.5, which confirms convergent validity.

Table 4. Reliability and Convergent Validity

Construct	Cronbach's Alpha	CR	AVE
Environmental CSR	0.82	0.88	0.65
Ethical CSR	0.86	0.90	0.69
Social CSR	0.80	0.87	0.63
Employee Welfare	0.84	0.89	0.66
Brand Reputation	0.88	0.92	0.70

The Fornell-Larcker criterion was also used to see whether discriminant validity was upheld, as presented in Table 5. The square of AVE of each construct is larger than the correlation with the other constructs, this means that all the variables are individual and well defined.

Table 5. Discriminant Validity (Fornell-Larcker Criterion)

Construct	ENV	ETH	SOC	EMP	REP
ENV	0.81				
ETH	0.54	0.83			
SOC	0.49	0.58	0.79		
EMP	0.52	0.61	0.55	0.81	
REP	0.56	0.68	0.60	0.65	0.84

After confirmation of what the measurement model is, the structural model was examined to test the hypothesized relationship between CSR dimensions and brand reputation. Table 6 shows the results of hypothesis testing. Each of the CSR dimensions positively and statistically affect brand reputation.

Table 6. Structural Model Results (Hypothesis Testing)

Relationship	β	t-value	p-value	Result
Environmental → Reputation	0.21	3.45	0.001	Supported
Ethical → Reputation	0.34	5.62	0.000	Supported
Social → Reputation	0.25	4.12	0.000	Supported
Employee Welfare → Reputation	0.29	4.88	0.000	Supported

The structural relationships are depicted in Fig 1, which shows the SEM path model, standardized coefficients and explanatory power. The model also shows that it has strong predictive ability with the R 2 value of brand reputation being 0.62 meaning that the dimensions of CSR collectively explain 0.62 of the variation in the dependent variable. Among the predictors, ethical responsibility is the most significant with the strongest effect (β = 0.34), followed by employee welfare (β = 0.29), social responsibility (β = 0.25), and environmental responsibility (β = 0.21). The significance of all relationships is at p < 0.001 which confirms the strength of the model. Also, Fig 1 indicates that brand reputation is an important determinant of key outcome constructs, such as customer trust (β = 0.72), brand loyalty (β = 0.76), perceived quality (β = 0.71), and corporate image (β = 0.74). The reported R-squares (0.46, 0.51, 0.49, and 0.53) are moderate to strong, showing that brand reputation is central in influencing the stakeholder perceptions. The measurement indicators also reveal high level of factor loadings between 0.78 and 0.88 that test reliability of the constructs. Moreover, the overall model fit indices indicate that there is a good model fit, ⅜ 2 0: 1.97, CFI: 0.948, TLI: 0.939, RMSEA: 0.055, and SRMR: 0.048, which all are within acceptable ranges.

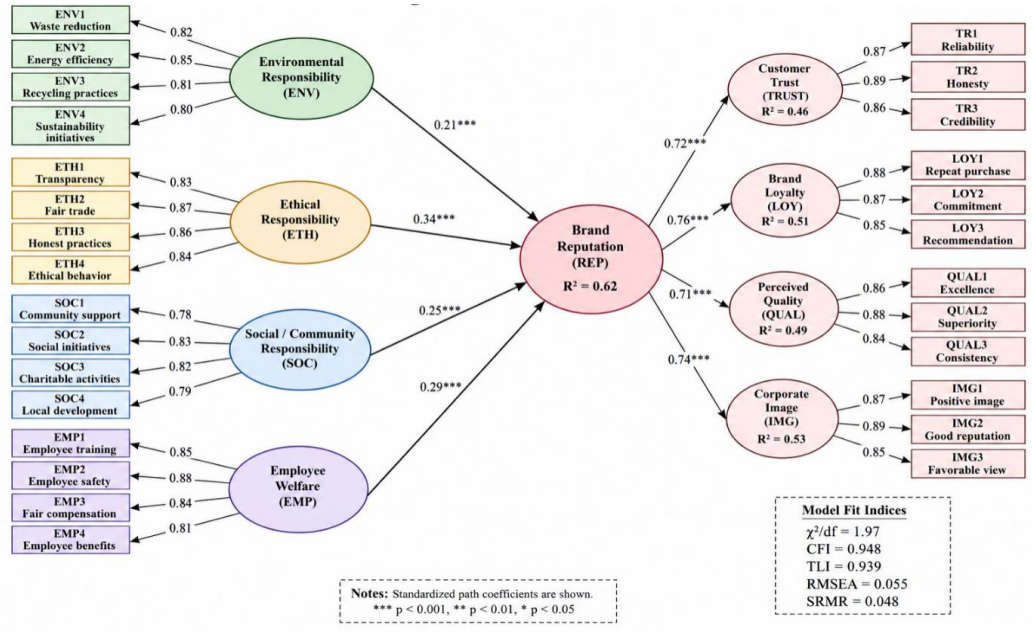


Fig 1. SEM Structural Model.

6. DISCUSSION

The results of this paper are a powerful empirical evidence of the great power of Corporate Social Responsibility (CSR) practices in forming brand image in Small and Medium Enterprises (SMEs). The findings affirm that all the four dimensions of CSR such as; environmental responsibility, ethical responsibility, social/community engagement, and employee welfare have a positive and statistically significant impact on brand reputation. Here the concept that CSR is not simply an outer activity but a strategic source of organizational value and stakeholder understanding is strengthened. Ethical responsibility was found to be the most powerful aspect of CSR that helped influence the brand reputation. This finding shows that transparency, fairness and integrity are crucial in the business processes. In the SME market where trust is a major perspective in maintaining the customer relationship, ethics behaviour is a major distinguishing points. Customers and stakeholders tend to relate a sense of credibility and reliability with ethical practices which in turn directly brings about brand perception. This observation is in line with the previous studies that have strongly asserted that ethical CSR initiatives are closely associated with the reception of customer trust and the corporate image.

The second dimension was found to have the greatest impact employee welfare, meaning that the types of internal organizational practices have a high likelihood of affecting external brand reputation. Those SMEs that invest in internal training and safety as well as the well-being of their employees are likely to establish a positive internal environment, which is manifested in the superior quality of the services delivered, as well as the kind of interactions that the employees have with their clients. The staff members are brand ambassadors and their satisfaction makes the stakeholders have a positive perception of them. This finding confirms the perception that CSR need not be restricted to the activities carried out without considering internal stakeholder, but it must consider the needs of the internal stakeholders so as to achieve holistic brand improvement. Another area where social and community responsibility showed a significant contribution to brand reputation is their contribution. The SMEs which actively participate in community development and social programs are seen as a responsible and socially minded organization. These activities improve emotional attachments to the stakeholders and improve the corporate image. Nevertheless, the rather moderate effect with respect to ethical responsibility indicates that although social initiatives are important, they may not have such a pervasive effect as core operating practices on immediate brand perception.

The least impactful out of the CSR dimensions was the environmental responsibility. This can be explained by the fact that the environmental initiatives of SMEs are not as noticeable or highlighted as ethical and employee-related practices. Moreover, the concerns held by stakeholders in some of the SME industries might be quality and trust of the services over the environmental performance. However, the positive impact implies that sustainability practices continue to have a positive economic impact on brand value in the long term and must not be neglected. It is also shown that brand reputation is a central mechanism that has an influence on the key outcome constructs including customer trust, brand loyalty, perceived quality and corporate image. The good ties witnessed prove that boosts in reputation through the CSR drive leads to actual benefits in the stakeholders. This supports theoretical premises of the stakeholder theory and the resource based view which refers to the fact that intangible assets like reputation play a role in attaining a competitive advantage.

The results can be compared with the existing literature that informs about the positive correlation between CSR and brand-related results. Nonetheless, this research is a continuation of earlier studies through giving a multidimensional analysis of CSR in SMEs based on Structural Equation Modeling (SEM). In contrast to the majority of previous studies that mainly concentrate on large companies or single CSR dimensions, the study provides a very detailed framework which helps to capture the relative significance of various CSR dimensions. In general, the findings indicate that not every activity of a CSR has the same impact on the brand reputation. A more immediate and more dramatic effect is the ethical responsibility and employee welfare, as they directly affect the trust and service delivery, whereas social and environmental initiatives have a more delayed effect through a better corporate image and goodwill of the stakeholders. This distinction offers valuable lessons to SME managers regarding priorities in terms of CSR strategies to gain the greatest benefits on their brand image and overall success of their organizations in the long term.

7. Practical Implications

The results of the present study provide valuable practical benefits to the Small and Medium Enterprises (SMEs) in need of improving their brand reputation due to Corporate Social Responsibility (CSR). These results clearly show that CSR is not an activity that they can be treated as a peripheral or compliance-driven activity but

to be a strategic tool that directly contributes to the brand value and competitive positioning. Among the largest implication is that SMEs need to focus more on ethical transparency when conducting business. As the ethical responsibility proved to be the most prominent predictor of the brand reputation, SMEs must concentrate on the preservation of honesty, fairness and accountability in the nature of their interactions with the stakeholders. Open communication, ethical sourcing, and compliance with the regulatory standards can contribute greatly to the strengthening of stakeholder trust, which, in its turn, boosts brand perceptions. In resource bound environments, where credibility often replaces scale as a form of competition amongst SMEs, ethical practices are an important point of distinction. The other important implication is that employee welfare is important as a force that contributes to the brand reputation. The findings confirm that organizational internal practices to a significant extent have impact on the external brand perception. SMEs must consider training its employees, workplace safety, and offer fair pay and benefits. By enhancing the service quality and customer interactions, a motivated and satisfied working force will further promote the positive brand image. Employees are good ambassadors of the organization and their well being is directly seen as a reflection on the perception of the brand in the market.

Moreover, the paper emphasizes that CSR can be considered a branding, as opposed to a cost liability. Most of the SMEs are likened to view the CSR initiatives as an added cost and a low-paying investment in the short-term. The findings however reveal that CSR activities greatly improve brand reputation that in turn impacts on customer trust, customer loyalty and customer perceived quality. This shows that CSR investments bring long term intangible benefits that helps in provision of sustained competitive advantage. Using CSR as a part of their business strategy, SMEs will be able to enjoy more positive relationships with their stakeholders and establish a unique identity in the market. In general, SMEs need to be strategic and structured in their approach to CSR by aligning their ethical activities, employee-oriented programs and activities into the social interaction objectives. This not only enhances organizational reputation, but it also facilitates the growth and sustainability in competitive business environments in the long run.

8. Theoretical Contributions

This paper contributes appropriately to the existing literature in the field of Corporate Social Responsibility (CSR) and brand image, especially in the realms of Small and Medium Enterprises (SMEs). First, it is an extension of stakeholder theory as it empirically shows how various stakeholder oriented CSR practices can shape brand reputation in SMEs. Although the stakeholder theory has traditionally been adamant about the necessity of addressing the needs of different groups of stakeholders, the current study offers a quantitative measure of how different dimensions of CSR, including ethical responsibility, employee welfare, environmental practices, and social engagement, become translated to improved perceptions and brand value of the stakeholders. This way, the study fits and strengthens the stakeholder theory in the context of the SME where strategic implementation of the CSR is often limited by resource constraints and informal structures. Second, the research contributes with the development and validation of a Structural Equation Modeling (SEM)-based model, which accounts the multidimensional nature of CSR and its influence on the brand reputation. This study disaggregates CSR into different dimensions and evaluates their respective and overall impacts through a good analytical method. Unlike the earlier studies that tend to consider CSR as a unitary construct, the present study disaggregates CSR into specific dimensions as well as evaluating their respective and combined effects through a robust approach to analysis. By implementing SEM, one is able to gain a better insight on the causal relationship between the latent constructs in question, which will provide a more comprehensive and theoretically-grounded model.

Also, the research would contribute to the literature by showing the relative significance of the various dimensions of CSR in building brand reputation. The results of the research show that ethical responsibility and employee welfare are becoming more dominant than the other CSR activities, and they offer new theoretical insights into the prioritization of CSR activities. This subtle insight helps sharpen and tighten the current CSR frameworks since they give more weight to internal and external CSR practices. In general, the study contributes to the theoretical development by integrating into the theoretical frameworks, a multidimensional perspective of CSR and a stakeholder theory as well as validating either of them through an empirical model based on the SEM concept applied to SMEs. This will give a good ground to future research to seek more about the dynamics of CSR in new and resource-limited types of business.

9. LIMITATIONS

Although this study offers some valuable insights into how Corporate Social Responsibility (CSR) practices relate to brand reputation in the SMEs,

there are some limitations to the study that should be mentioned. To begin with, the research design is that of a cross sectional study, where the data collected were at a given time. It restricts the possibility to take buy causal relationships or monitor the changes in CSR practices and brand reputation with time. The nature of impacts of CSR is often long term and dynamic in character and a longitudinal approach would be more comprehensive in understanding how these relationships will evolve. Second, the research concentrates on the region-specific SMEs which might limit the external validity of the research. The cultural, economic and regulatory (operational) environments of SMEs can be very different across regions or industries, and practices in the CSR arena can vary greatly across different regions or industries. Therefore, the findings of this study might not be universal to the SMEs in other geographical settings or industries. Third, the research is based on self-reported data obtained with the use of questionnaires, which implies the appearance of the response bias. The participants can either give socially acceptable responses or exaggerate the level of CSR practices in their companies. This might have the potential impact of the accuracy of the measured constructs as well as relationships noticed in the model. All in all, although these limitations do not affect the validity of the findings, it does indicate that future studies should be conducted with a caution of the methodologies and the sampling frameworks need to be broader.

10. FUTURE WORK

Although this study has offered an elaborate analysis on the relationship that exists between Corporate Social Responsibility (CSR) practices and brand reputation in SMEs through a Structural Equation Modeling (SEM) approach, there are several avenues on future research that can further enhance and extend these findings. To begin with, future research needs to look at the possibility of using longitudinal research designs because of the dynamic and changing nature of CSR practices and the long-term effects of these practices on brand reputation. As the benefits of CSR initiatives are often relatively slow to manifest themselves, a time-series or panel data design would help researchers to better comprehend the causal relationships and to observe how perceptions of stakeholders over time. This would give a better understanding of the sustainability and persistence of the CSR-driven brand value. Secondly, it has a huge potential to incorporate Artificial Intelligence (AI) and Machine Learning (ML) methods to predictively model the outcomes of CSR implementation. The future studies can use advanced algorithms like random forests, neural networks or gradient boosting models to predict the brand reputation with the CSR activities. These methods can be used to supplement SEM with a higher predictive accuracy and non-linear relationships among variables thus providing greater information to assist in decision-making by the SME managers.

Third, the research should be done on the basis of industry comparisons, in order to determine how the effects of CSR differ across industries. Depending on their nature of operation and expectations of the stakeholders, SMEs in manufacturing, services, and retail may have different priorities with regards to the CSR dimensions. The comparative analysis across industries would also yield insights that are more honed and would assist in identifying industry-specific CSR strategies that are best suited to the task of building up brand reputation. All in all, an expansion of research based on longitudinal and interconnected analytical approaches and sector specific research will further aid in a more comprehensive overview of the dynamics of CSR and its strategic implications on SMEs in different business contexts.

11. CONCLUSION

This paper confirms that the practices of Corporate Social Responsibility (CSR) have a meaningful and quantifiable impact on positively influencing the brand reputation within the generally small and medium business (SME) environment. Using Structural Equation Modeling (SEM), the study confirms key CSR dimensions such as environmental responsibility, ethical practices, social engagement, and employee welfare have a positive and significant influence on the brand perception, customer trust, brand loyalty, and overall corporate image. In particular, it appears that ethical responsibility and employee welfare will have the most significant impact, which promotes the idea that the impact of internal organizational practices will be as decisive as the impact of external CSR activities. The results support the topicality of the stakeholder theory in the context of the SME by proving that CSR is not just a compliance issue or even a moral obligation but a strategic asset that helps to gain a competitive advantage and be sustainable in the long run. As a managerial concept, the findings demonstrate the need to incorporate CSR into the fundamental business strategies, especially the transparent governance, the policies that should focus on employees and the meaningful participation of the communities. On the whole, this study offers a very strong empirical evidence suggesting that the role of CSR can be viewed as a strong driver of reputational capital in the SMEs and presents a truly validated SEM-based model

that can be used in the future academic studies as well as in the actual decision-making process in the responsible management of business enterprises.

REFERENCES

1. Aguinis, H., &Glavas, A. (2019). On corporate social responsibility, sensemaking, and the search for meaningfulness through work. Journal of management, 45(3), 1057-1086.
2. Ali, M. A. (2019). The business case for CSR. LERA For Libraries, 23.
3. Amran, A., Abbasi, M. A., Foroughi, B., &Tanggamani, V. (2024). Sustainability reporting, corporate reputation, and firm performance: Moderating role of third-party assurance. Corporate Reputation Review, 1-17.
4. Araújo, J., Pereira, I. V., & Santos, J. D. (2023). The effect of corporate social responsibility on brand image and brand equity and its impact on consumer satisfaction. Administrative Sciences, 13(5), 118.
5. Castilla-Polo, F., Licerán-Gutiérrez, A., & Guerrero-Baena, M. D. (2025). SMEs in the reputation literature: a review of the state-of-the-art. Review of Managerial Science, 1-41.
6. Dahlsrud, A. (2008). How corporate social responsibility is defined: an analysis of 37 definitions. Corporate social responsibility and environmental management, 15(1), 1-13.
7. Fatma, M., Khan, I., Rahman, Z., & Pérez, A. (2021). The sharing economy: the influence of perceived corporate social responsibility on brand commitment. Journal of Product & Brand Management, 30(7), 964-975.
8. Luo, X., & Bhattacharya, C. B. (2006). Corporate social responsibility, customer satisfaction, and market value. Journal of marketing, 70(4), 1-18.
9. Sharma, R., &Nayal, I. (2024). Measuring the impact of CSR initiatives on brand reputation and consumer behaviour. Psychology and Education, 6(2), 120-124.
10. Tan, P. L., Rasoolimanesh, S. M., &Manickam, G. (2022). How corporate social responsibility affects brand equity and loyalty? A comparison between private and public universities. Heliyon, 8(4).
11. Velte, P. (2022). Meta-analyses on corporate social responsibility (CSR): a literature review. Management Review Quarterly, 72(3), 627-675.
12. Wang, H., Tong, L., Takeuchi, R., & George, G. (2016). Corporate social responsibility: An overview and new research directions: Thematic issue on corporate social responsibility. Academy of Management journal, 59(2), 534-544.