Building Corporate Reputation through CSR Transparency: Sustainability Communication as a Strategic Solution

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ABSTRACT: This study investigates the role of communication in enhancing CSR transparency and its effects on trust and corporate reputation, with a focus on Pronas, a processed meat brand. A quantitative survey data demonstrates that CSR strongly impacts trust, which mediates the link between CSR and reputation. Social charity events are included into marketing strategies; nevertheless, the lack of a specialized CSR staff and quantifiable KPIs constrains their efficacy. Social media is crucial in stakeholder involvement and brand recognition. The research underscores the necessity of honest sustainability communication for fostering trust and improving reputation. Recommendations entail forming a CSR team, defining KPIs, and implementing proactive communication methods to synchronize business actions with stakeholder expectations, hence maintaining competitiveness in a socially responsible market.

KEYWORDS: CSR, corporate reputation, sustainability communication

I. INTRODUCTION

The consumer products sector is progressively influenced by accountability and transparency, as customers want enhanced commitments to Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) standards. Research indicates that good sustainability communication fosters trust, a crucial element in sustaining consumer loyalty and company credibility (Commetric, 2024). Pronas, a consumer goods company, encounter difficulties stemming from the absence of transparency in their CSR programs, which may jeopardize their reputation in a market that prioritizes openness.

After conducting preliminary interview with Pronas' internal management to investigate the causes of insufficient openness and restricted dissemination of their CSR programs across all communication platforms, many significant barriers were found. A significant difficulty is the lack of a specialized department or team tasked with overseeing CSR activities. The structural gap has resulted in ambiguous ownership and accountability for CSR activities, hindering the effective execution and oversight of these programs. Furthermore, CSR initiatives are not prioritized within the Pronas business strategy, as indicated by the lack of Key Performance Indicators (KPIs) associated with CSR activities. In the absence of quantifiable targets or benchmarks, CSR programs lack strategic direction and consistency with the company's overarching objectives. This has led to CSR being viewed as subordinate to primary business functions, hence intensifying the difficulties of maintaining openness and fostering significant involvement with stakeholders.

Furthermore, Pronas encounters heightened pressure as rivals like the Japfa Group have proactively implemented measures to enhance transparency in their CSR initiatives. Japfa Group's proactive strategy in promoting their CSR activities establishes a standard for the industry and underscores the increasing significance of responsibility in aligning company practices with stakeholder expectations. This competitive disadvantage positions Pronas unfavorably, as its absence of apparent CSR initiatives may engender doubt among consumers and other stakeholders over its dedication to social responsibility.

A combination of these structural and strategic shortcomings, along with competitive pressures, inhibits the implementation of successful CSR activities and constrains Pronas' capacity to convey its dedication to sustainability and social responsibility proficiently. These gaps provide a substantial threat to the company's brand, as stakeholders increasingly need openness, accountability, and proof of authentic initiatives in tackling social and environmental issues. Resolving these internal difficulties is essential for Pronas to establish trust, improve its reputation, and maintain competitiveness in an industry where CSR openness is increasingly regarded as a normal requirement. Effective and proactive communication strategies help align company activities with

stakeholder expectations, therefore enhancing trust and market position. This study suggests the strategy of sustainability communication in improving CSR transparency and its effects on company reputation, providing insights for Indonesian firms to meet customer expectations for ethical behaviour.

II. THEORY/LITERATURE

This research enhances the current understanding of Corporate Social Responsibility (CSR) by examining how sustainable communication might augment transparency. The literature study examines the significance of sustainability communication, corporate social responsibility, and business reputation. Although the advantages of CSR in cultivating trust are recognized, there is limited understanding of its integration within sustainability communication strategies, particularly in the food industry. This study examines CSR practices at Pronas, enhancing the understanding of sustainability communication transparency mechanisms and their influence on business reputation through strategic communication initiatives.

A. Sustainability Communication

Sustainability communication is crucial for synchronizing CSR (Corporate Social Responsibility) initiatives with customer expectations and cultivating trust, especially in industries characterized by significant ethical and legal requirements. A study on Malaysian Halal food firms indicates that clear CSR disclosures substantially improve profitability and corporate performance. Essential aspects, including environmental, social, and economic obligations, enhance customer trust and confer a competitive advantage, therefore advantageously situating organizations within their marketplaces (Al-Tuwaijri et al., 2024). Sustainability communication enhances customer trust, fortifies stakeholder relationships, reduces risks, and ensures adherence to industry norms (Das & Dash, 2023).

A separate research in the FMCG industry indicated that effective CSR communication enhances consumer retention by linking company activities with social ideals. Utilizing instruments such as social media and specialized marketing guarantees that CSR initiatives connect with various customer demographics (Das & Dash, 2023). Effective communication cultivates trust among the company's primary stakeholders and aids in elucidating CSR objectives. Participating in the "Active Participatory Concept," which entails involvement in the pre- and post-program planning phases, is equally crucial for conveying CSR initiatives as the outcomes of an activity. A critical subject in media and communication studies is the discourse over the long-term viability of sustainable development and the attainment of the 17 Sustainable Development Goals (SDGs). In this context, communication aims to connect present requirements with future goals (Arief et al., 2022).

B. Corporate Social Responsibility

Corporate Social Responsibility has transitioned from a philanthropic endeavor to a strategic element of company operations. According to the World Bank (2009), company Social Responsibility (CSR) is characterized as a dedication to sustainable economic growth and is integral to company strategy, especially in fostering public confidence. Corporate Social Responsibility (CSR) theories, such as stakeholder theory (Freeman, 1984), underscore a company's obligation to its stakeholders, integrating commercial practices with social and environmental well-being.

ISO 26000 (2017) defines social responsibility as an organization's obligation to operate ethically and honestly about its effects on society and the environment. The standard offers direction for constructing and executing a sustainable CSR strategy. Corporate societal Responsibility delineates seven fundamental areas of societal accountability: Organizational Governance, Human Rights, Labor Practices, Fair Operating, Consumer Affairs, and Community Involvement and Development. These principles offer a framework for firms to embrace a comprehensive approach to social responsibility, facilitating their support for sustainability and fostering a positive impact on both society and the environment.

C. Corporate Reputation

Corporate reputation embodies stakeholders' assessment of a company's integrity, dependability, and ethical conduct. For processed-food businesses such as Pronas, reputation is essential for establishing customer confidence and cultivating loyalty. Furthermore, studies have shown that favorable comments concerning CSR activities on interactive corporate websites may enhance a company's brand (Eberle, Berens, and Li 2013). A favorable reputation, established by transparent CSR activities, can augment a company's competitive advantage (Pires and Trez, 2018). Research demonstrates that CSR programs enhance business reputation by conveying the organization's dedication to social ideals.

Fernández et al. (2021) assert that utilizing social media for social responsibility communication may enhance a company's reputation and electronic word-of-mouth for the brand. Communication regarding CSR may enhance brand perception and business image by presenting the firm as socially responsible. Favorable associations with CSR may enhance a company's impression, reputation, product evaluations, and brand equity. The influence of CSR on brand equity is determined by the legitimacy and reputation of CSR initiatives, as well as the congruence between the sponsored cause and customers' values, which affects CSR associations. Saxton, Ren, and Guo (2020) established a favorable correlation between the volume of enterprises' responses to feedback on CSR initiatives and the normative influence of stakeholders.

Based on the explanation of CSR and Corporate Reputation, the following hypotheses are proposed:

H1: CSR has a direct and positive influence on Corporate Reputation
H2: CSR positively affects Trust

D. Trust as Mediators

Trust is an essential intermediary connecting company Social Responsibility (CSR) to company reputation by guaranteeing that CSR initiatives are seen as genuine and impactful. It enhances the beneficial impact of CSR on consumer loyalty and retention, substantiating the notion that a company's efforts are authentic rather than just marketing strategies (Fatma et al., 2015). Trust connects socially responsible actions with customer views, so strengthening loyalty and brand integrity. Transparent CSR communication enhances credibility, diminishes skepticism, and alleviates risks of perceived hypocrisy, transforming CSR endeavors into quantifiable results such as advocacy and enhanced reputation (Kim & Ferguson, 2014; Kim et al., 2015). Trust mediates the relationship between CSR and reputation, whereas CSR directly influences reputation, highlighting the necessity of matching programs with customer expectations (Pérez & Bosque, 2015). In retail banking, trust strongly mediates the impacts of CSR on corporate reputation, underscoring its significance as a crucial strategy for boosting brand equity and reputation (Fatma, Rahman, & Khan, 2015).

From the theory regarding Trust as a mediator, the following hypothesis is derived:
H3: Trust positively influences Corporate Reputation.

III. METHODOLOGY

This study used a quantitative survey methodology with 385 respondents, complemented by preliminary interviews with Pronas's internal management to examine challenges related to CSR integration, stakeholder engagement, and communication strategies. A pilot survey with 100 respondents was conducted to assess the validity and reliability of 29 statement items evaluated on a 5-point Likert scale. The pilot testing revealed 9 items with outer loadings < 0.7, deeming them invalid and requiring their elimination. Following this refinement, a follow-up survey was conducted with 285 respondents utilizing the validated items, hence demonstrating the robustness of the final measuring instrument. This repeated procedure improved the dependability and quality of data collecting, establishing a robust basis for the study's conclusions. The survey findings were examined using Structural Equation Modeling-Partial Least Squares (SEM-PLS) to explore direct and mediated relationships across the dimensions, with subpar items removed based on Confirmatory Factor Analysis (CFA).

IV. RESULTS

A. Confirmatory Factor Analysis

The findings of the confirmatory factor analysis in the table below reveal that the chosen constructs of Corporate Social Responsibility (CSR), Trust, and Corporate Reputation (CR) exhibit robust reliability and validity. All indicators have outer loadings greater than 0.7, validating their effective representation of the corresponding constructs. The Cronbach's Alpha values for CSR (0.896), Trust (0.843), and CR (0.897) significantly above the acceptable threshold of 0.7, demonstrating good internal consistency. The composite reliability (CR) values for CR and CSR above 0.9, while Trust is at 0.889. Additionally, the average variance extracted (AVE) values exceed 0.5, so affirming convergent validity.

Variable	Code	Indicators	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
CSR	CSR1	This company supports good causes	0.778	0.899	0.889	0.616
	CSR2	This company is an environmentally responsible company	0.769			
	CSR3	This company is a socially responsible company	0.738			
	CSR4	This company is concerned to improve the well-being of society	0.829			
	CSR5	This company labels products clearly and in a comprehensible way	0.788			
	CSR7	The company makes every effort to improve social and community welfare	0.839			

	CSR11	I think the company following the standards of professional ethics	0.753				
Trust	T1	I can trust that the company follows fair contractual practices when engaging with consumers.	0.775	0.847	0.889	0.616
	T2	I believe the company provides clear and accurate information about its products and services.	0.704				
	T3	I believe the company provides sufficient information to raise awareness about sustainable and responsible consumption.	0.845				
	T4	I trust the quality of this company	0.787				
	T5	This company is reliable and trustworthy	0.806				
CR	CR1	This company has a good reputation	0.813	0.901	0.919	0.558
	CR3	This company is well thought of	0.715				
	CR4	This company develops innovative products	0.737				
	CR6	This company has excellent leadership	0.745				
	CR8	This company has a strong record of profitability	0.706				
	CR11	This company looks like a good company to work for	0.817				
	CR12	This company looks like a company that would have good employees	0.760				
	CR13	This company looks like a company with strong prospects for future growth	0.784				

B. Discriminant Validity

Discriminant validity, assessed using the Fornell-Larcker criterion in the table below shows that the square roots of the AVE for each construct are greater than their correlations with other constructs, ensuring that CSR, Trust, and CR are distinct variables.

	CR	CSR	Trust
CR	0.747		
CSR	0.642	0.786	
Trust	0.739	0.700	0.785

Corporate Reputation (CR) possesses an AVE square root of 0.747, exceeding its associations with CSR (0.642) and Trust (0.739).Corporate Social Responsibility (CSR) possesses an Average Variance Extracted (AVE) square root of 0.786, surpassing its correlations with Customer Relationship (CR) at 0.642 and Trust at 0.700.Trust possesses an AVE square root of 0.785, surpassing its relationships with CR (0.739) and CSR (0.700).

C. Descriptive Analysis

The demographic data for this study were collected from 385 respondents using an online survey administered via Google Forms. This method facilitated extensive outreach, guaranteeing varied participant representation for gender, age, residence, and profession. The demographic analysis offers essential insights into respondent profiles, which are vital for evaluating the study's findings and comprehending opinions on the researched issues.

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Sample Profile		Total	Percentage
Gender	Females	244	63%
	Males	141	37%
Age	18-25	159	41%
	26-35	176	46%
	>35	50	13%
Domicile	Bandung	253	66%
	Jakarta	118	31%
	Others	14	3%
Occupation	Professional Worker	115	41%
	Entrepreneur	157	30%
	Students	101	26%
	Unemployed	12	3%
	Others	0	0%
Familiar with Pronas	Yes	385	100%
	No	0	0%

This study examines the descriptive statistics of three principal constructs: Corporate Reputation (CR), Corporate Social Responsibility (CSR), and Trust (T), derived from responses of 385 participants. The research indicates generally favorable impressions of CR and CSR, with persistently elevated mean scores across associated items. Nonetheless, trust demonstrates significant variety, with certain areas suggesting potential for enhancement. These insights establish a basis for comprehending the interrelations among the constructs and pinpointing critical areas for improving business reputation and trust via CSR operations.

Items	Minimum	Maximum	Mean	Std. Deviation
CR1	1	5	4.06	.919
CR3	1	5	4.09	.987
CR4	1	5	3.95	.924
CR6	1	5	3.97	.924
CR8	1	5	3.91	.986
CR11	1	5	3.98	.907
CR12	1	5	4.03	.907
CR13	**1**	**5**	**4.04**	**.912**
Total CR	**12**	**40**	**32.04**	**5.528**
CSR1	1	5	3.77	1.064
CSR2	1	5	3.73	1.266
CSR3	1	5	3.63	1.136
CSR4	1	5	3.76	1.088
CSR5	1	5	3.65	1.258
CSR7	1	5	3.71	1.196
CSR11	1	5	3.74	1.087
Total CSR	**8**	**35**	**25.98**	**6.797**
T1	1	5	3.74	1.123
T2	1	5	3.83	1.183
T3	1	5	3.71	1.210
T4	1	5	3.66	1.078
T5	1	5	2.76	1.271
Total T	**6**	**25**	**17.70**	**4.515**
Total N = 385				

The descriptive statistics reveal insights into respondents' assessments of Corporate Reputation (CR), Corporate Social Responsibility (CSR), and Trust (T). The mean scores for CR range from 3.91 to 4.09, accompanied by low standard deviations (0.907–0.987), signifying a robust and consistent favorable view of the company's reputation. The overall CR mean of 32.04 (SD = 5.528) further emphasizes this positive perspective. Correspondingly, CSR items have mean scores between 3.63 and 3.77, along

by somewhat elevated standard deviations (1.064–1.266), indicating favorable impressions of the company's CSR initiatives, although with increased variability in replies. The overall CSR mean of 25.98 (SD = 6.797) indicates a widespread recognition of the company's social responsibility measures. Conversely, Trust questions demonstrate increased variability, with mean scores spanning from 2.76 to 3.83 and standard deviations ranging from 1.078 to 1.271. T5 has the lowest mean score (2.76), indicating possible discontent over the company's communication transparency. The overall Trust mean of 17.70 (SD = 4.515) indicates moderate levels of trust. The findings reveal robust perceptions of the company's reputation and CSR initiatives, while highlighting possibilities to enhance trust, especially through clearer and more open communication.
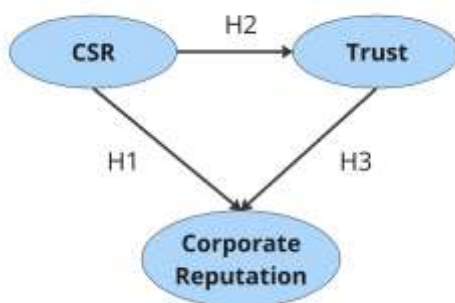
D. Hypothesis Testing

After confirming the validity, hypothesis testing was carried out on the following three hypothesis formulations:

H1: CSR has a direct and positive influence on Corporate Reputation

H2: CSR positively affects Trust

H3: Trust positively influences Corporate Reputation

The hypothesis testing results validate the substantial correlations among Corporate Social Responsibility (CSR), Trust, and Corporate Reputation (CR). Hypothesis H1 illustrates a direct and positive effect of CSR on CR, evidenced by a path coefficient of 0.217 and a p-value of 0.018, signifying a weak but statistically significant influence. Hypothesis H2 posits that CSR has a considerable impact on Trust, evidenced by a high path coefficient of 0.910 and a p-value of 0.000, indicating a robust and substantial association. Finally, Hypothesis H3 substantiates the affirmative impact of Trust on CR, evidenced by a path coefficient of 0.334 and a p-value of 0.001, underscoring Trust as a crucial mediator in augmenting CR via CSR activities.

Hypothesis	Path	Path Coefficients	Mean	St. Deviation	P values	Results
H1	CSR → CR	0.217	0.216	0.103	0.018	Supported
H2	CSR → Trust	0.910	0.910	0.013	0.000	Supported
H3	Trust → CR	0.334	0.334	0.104	0.001	Supported

The results indicate that although Corporate Social Responsibility (CSR) directly enhances Corporate Reputation (CR), its indirect influence via Trust is more significant. This highlights the essential function of Trust as a connecting mechanism that enhances the influence of CSR on CR. Organizations seeking to improve their business reputation must prioritize the fortification of customer confidence by clear and trustworthy corporate social responsibility policies. These findings correspond with prior research highlighting the dual mechanism of CSR's impact on business reputation, both directly and indirectly via mediators such as Trust.

V. CONCLUSIONS

This study suggests the essential function of sustainability communication in disruptung internal difficulties and improving CSR transparency to bolster business reputation and trust. The results indicate that CSR activities substantially affect trust, which mediates the connection between CSR and business reputation. Nonetheless, internal structural constraints at Pronas, including the absence of a dedicated CSR team and the lack of Key Performance Indicators (KPIs) for CSR initiatives, hinder the comprehensive integration of CSR into business planning.

Sustainability communication serves as a strategic remedy to address these disparities. Through public communication of CSR activities and charitable events, the company can synchronize stakeholder expectations with its endeavors, despite the lack of comprehensive KPIs or a specialized CSR department. This strategy fosters public trust and generates synergy among departments, facilitating the coordinated execution of CSR efforts. Moreover, proactive communication via social media and other channels may improve stakeholder participation, bolster the company's image, and cultivate customer trust.

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To enhance the efficacy of CSR, Pronas should formulate a definitive sustainability communication plan, develop quantifiable KPIs, and contemplate the creation of a specialized CSR team to supervise and assess these activities. These measures are crucial for guaranteeing the integrity and uniformity of CSR initiatives, reinforcing Pronas' standing in the competitive marketplace, and addressing increasing customer expectations for ethical and sustainable operations. By synchronizing CSR initiatives with efficient communication methods, Pronas may surmount its internal constraints and cultivate a socially responsible and credible company image.

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