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Enhancing Corporate Reputation and Brand Equity through CSR: The Mediating Influence of Consumer Trust

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ABSTRACT

The empirical foundation of this study is the perception of Pakistani retail banking industry customers as it relates to CSR initiatives and their effects on two crucial intangible assets and marketing outcomes: referred to as corporate reputation (CR) and brand equity (BE). Through the survey of banking consumers, it was possible to carry out the study with the help of 162 valid responses. To investigate the hypothesis, we applied structural equation modeling—statistical method. Moreover, CSR has a positive influence on the CR in the short and long run. Another finding made is the fact that CSR has no impact on Brand Equity (BE). Furthermore, it is also seen that mediating player trust has significant moderating effect on the relationship between CSR and brand equity and between CSR and corporate reputation. The argued evidence shows that a firm's reputation and brand equity increases with improved consumers' trust to the CSR programs. The implications of the results are significant for Pakistani retail banks and indicate that CSR activities can enhance institutions' reputation.

Introduction

Banking is at the core of every nation's economic activity, it has long been regarded as one of the most delicate industries worldwide. Financial institutions are crucial to the expansion and development of any nation's economy. There is a wide variety of financial institutions in Pakistan, ranging from national banks to commercial business banks and beyond. This indicates that the country's banking sector is mature and well-developed. The banking sector in Pakistan has acknowledged its value in international ratings. Both in terms of performance and efficiency indicators, it ranks second among South Asian countries ranked by the World Bank. Among banks, it ranks 25th in the intermediated pillars of finance. The banking industry in Pakistan demonstrated outstanding resilience during the global financial crisis. Foreign banks were eager to join

Pakistan's booming banking industry before the global financial crisis hit. Due to the State Bank of Pakistan's careful oversight, Pakistan's banking sector is making progress. The State Bank of Pakistan (SBP) reports that as of Dec 31, 2023, the number of banks in Pakistan is 32. There were twenty-eight private banks in the country, four from outside. (SBP PDF)

The banking sector in Pakistan has been expanding rapidly, with 16,603 branches by December 2023. As of December 12, 2024, the State Bank of Pakistan (SBP) reported that the country's total foreign exchange reserves stood at $16,600,000,000, comprising SBP's reserves of $12,050,000,000 and commercial banks' reserves of $4,550,000,000. (SBP, 2024). So, there is a lot of competition in the banking industry because of a vast number of banks. According to a number of studies (Mohsan, Nawaz, Khan, Shaukat and Aslam, 2011), the Pakistani banking sector is experiencing fierce competition. When service businesses face intense competition and want to boost their bottom line, prior research shows that they will increase their marketing efforts to win over customers' favor (Poolthong and Mandhachitara, 2011). From this vantage point, a company's marketing strategy could benefit from integrating CSR initiatives in order to obtain a competitive edge (Porter and Kramer, 2006). Companies engage in CSR when they voluntarily work to improve society and the environment while also informing their most important stakeholder groups about these efforts (Taghian, D' Souza and Polonsky, 2015). With the passage of time, corporate social responsibility initiatives gain traction. This is largely attributable to the fact that consumers have been more vigilant in their monitoring of the financial sector since the 2009 financial crisis, which emerged as a chain reaction of confidence crises (Lee, 2017).

Lai, Chiu, Yang, and Pai (2010) undertook a study in the financial services industry and established that corporate reputation and brand equity defined the prospects of the firm. Pivato, Misani, and Tencati identified trust as one of the key factors that must be built betweenbusinesses and their customers when forging the two entities bond.[2] Referring to the research done by Vlachos, Tsamakos, Vrechopoulos & Avramidis (2009) it is stated that trust constitutes the outcome of CSR, which is referred to as consumers’ perceptions of companies’ responsible social behaviors. Brow and Dacin posited also, that certain variables such as ethical perception and believability of social activity of a company might affect the perceived image of a firm among consumers. The studies carried out in the field of academic have revealed that CSR activity influences the company image from the customers’ perspective (Brammer and Pavelin, 2006; Torres, Bijmolt, Tribo and Verhoef, 2012). However, much was not known of the microphenomenon of how consumers cognise the element of worth in this CSR activities and how these affect the reputation which is the most useful tangible asset of a firm (Cretu and Brodie, 2007; Creamel, 2012). This line of thought is developing, while literature on role of trust for constructing CR and brand equity is limited (Hur et al., 2014; Chaudhuri and Holbrook, 2001).

In this research we would like to specifically consider trust as a moderator mediated the relationship between CSR and CR and/or BE. Trust can be considered crucial for CSR (Park, Lee, and Kim, 2014) because the literature data indicated its considerable impact on marketing outcomes (Xue and Waqar, 2014). Therefore, in this research, we recommend enhancing the understanding of consumer perceptions of CSR programs and their relationship to corporate reputation and brand equity, with consumer trust as the intermediate variable. Academics and managers in disciplines as marketing, human resource management, communication and financial management are investing many efforts in exploring the concept of CSR in this reputation sensitive world (Lindgreen, Swaen, Maon, 2009). Currently, corporate social responsibility (CSR) programs are becoming topical in the global market place. This is because consumers are more likely to associate the social responsibilities of a company with CSR as a major criterion of its choice before making purchase decision. Individuals develop favourable attachments to well-liked industry players and it has been established that consumers' judgments about a company's CSR initiatives impact reputation (Wagner, Lutz and Weitz, 2009).

Global firms are now heavily investing in CSR initiatives in the hopes that they will boost their company's reputation. This is in response to a growing trend of programs that encourage companies to be more committed to the societies to which they belong (Arrigo, 2013). Corporate social responsibility (CSR) initiatives are known to have a variety of effects on marketing literature, including on the public's perception of businesses (Lii and Lee, 2012). Companies can strengthen their reputation and increase their moral capital through CSR investments. A company's moral capital acts as a buffer against the criticisms leveled by its unsavory stakeholders (Godfrey, 2005). In addition, CSR can boost the firm's reputation and brand equity by demonstrating the company's commitment to being a good corporate citizen (Jeurissen, 2004). The researcher is intent on testing the direct and indirect relations of CSR with CR in order to discover how consumers' perceptions of social corporate responsibility initiatives affect this marketing outcome. It is also important to find out how customer trust mediates the relationship between CSR, CR, and BE. The retail banking industry in Pakistan is the basis for this research. Beginning with a brief overview of the paper's context, subsequent sections cover the theoretical underpinnings, an empirical review, methodology, and finally, the paper concludes with some suggestions for future research.

Problem Statement

Activities connected to corporate social responsibility make a remarkable impression and contain strategic importance to many organizations worldwide in today's era of tight markets and intense competition. Business leaders firmly believe that CSR has both ideological and economic worth in today's marketplace, as evidenced by the fact that more than 80% of fortune 500 companies have detailed their CSR initiatives on their websites (Bhattacharya and Sen, 2004). Participation in CSR activities is on the rise as companies wholeheartedly embrace this prominent concept and declare that CSR is both "the smart thing that can be done" and "the right thing that can be done" (Smith, 2003). Managing corporate social responsibility (CSR) is always a hot topic in boardroom discussions because of how crucial it is to the success of businesses. A large number of multinational corporations are pouring millions of dollars into corporate social responsibility (CSR) initiatives so that they can improve society both at home and in the countries where they do business. The corporate reputation of service providers, particularly financial institutions, is evaluated in relation to preexisting standards and, more frequently, to other market competitors. The ability of service providers to establish and uphold a positive corporate reputation is a key factor in ensuring their continued success in the market. So, as a fundamental strategic component, service providers should work tirelessly to establish, maintain, and protect their own reputation (Hodovic, Mehic and Arslanagic, 2011).

According to previous studies, firms view their reputation as one of their most important intangible assets because it affects their ability to charge higher prices, recruit better employees, and entice investors. Reputation also helps them save money on capital expenditures (Helm, 2007). It is clear from the recent articles that many top companies are putting a lot of effort into building their reputation. Corporate reputation is crucial for banks to maintain trustworthy relationships with customers in the retail banking industry, which is experiencing rapid growth, higher expectations from both customers and the government, and more competition in the market. Fatma, Rahman, and Khan (2015) state that CSR impacts corporate reputation and brand equity both directly and indirectly. As a mediator between "corporate social responsibility," "brand equity," and "corporate reputation," they found that trust is responsible for the indirect effect of CSR. Due to the fact that trust is crucial in developing relationships between businesses and their customers (Pivato et al., 2008). Corporate brand trust mediates the positive association between consumer opinions of corporate social responsibility and corporate reputation (Kim, Hur & Yeo, 2015).

Based on a study of the literature, several studies have examined the connection between corporate social responsibility and the two most significant intangible resources: brand equity and reputation. The function of trust as a mediator between these two ideas has, however, received relatively little attention in research. In addition, the literature on reputation and brand equity in Pakistan's banking industry is lacking. Therefore, we looked at how CSR programs affect business reputation based on Pakistani consumers' perceptions of banks in order to provide more evidence. Additionally, we look into how customer trust functions as a mediator in the interaction between these three factors.

Research Objective

Quantifying the direct and indirect connections between corporate social responsibility (CSR) initiatives and brand equity (BE), the two most significant marketing results and intangible assets of any company, is the main objective of this study. The three factors of "corporate social responsibility," "corporate reputation," and "brand equity" are also things we wish to examine. Additionally, the impact of trust and its function as a mediator. To accomplish the study's objective of examining contemporary tactics that support Pakistan's retail banking sector as our context,

Research Questions

- How do the actions of corporate social responsibility relate to the reputation of the company?
- How do brand equity and corporate social responsibility initiatives relate to one another?
- How do customer trust and corporate social responsibility initiatives relate to each other?
- What is the function of customer trust as a mediator in the interaction between company reputation and CSR initiatives?
- How does the relationship between brand equity and corporate social responsibility initiatives get mediated by customer trust?

Scope of the Study

The worthiness of this research work is to have deeper insight of corporate social responsibilities in a banking customer perspective and its effects on two intangible assets of a company that is reputation of the corporation and the other one is brand equity and the understanding of the mediating effect of customer trust, as investigating the role of trust in CSR context and its relation among CSR, CR and BE is important. The study helps in finding the latest ways to improve banks of Pakistan build good reputation and create brand equity. As there is a low differentiation in the product offering of retail bank industry and has rigorous competition between them due to intangible services therefore marketers face difficulties in differentiating one brand from another.

Limitation of the Study

This section only briefly touches on some of the limitations of the research. First, banks in Karachi, Pakistan are the only ones included in the research sample. That is why the results of this study are only applicable to that specific banking setting; they cannot be applied to other contexts. If we want more generalizable results, we can repeat this study in a different setting. Secondly, the study's results could be skewed because the sample was only collected from one city i.e. Karachi which is considered a major city in Pakistan. Thirdly, we were unable to conduct in-depth analyses of the research because of the time constraints.

Literature Review

Theoretical Background

As the preeminent theory in the field of strategic management, the resource-based view is the focus of this study. As a tool for economic analysis, it helps identify and allocate the strategic resources that a company needs to gain and maintain a competitive advantage Scholar Edith Penrose was the first to acknowledge the importance of resources in maintaining a firm's competitive advantage (1959). She went on to say that the allocation of resources is crucial to a company's growth, whether that growth is organic or occurs via mergers, acquisitions, and diversification. As the father of advanced RBV theory as it pertains to the firm, Barney (1991) developed the idea that different firms can be so different from one another that only a small percentage of them can sustain a competitive advantage. He contended that companies endowed with precious, uncommon, irreplaceable, and non-substitutable resources can maintain a temporary edge in the market. Here, we define social capital as the sum of all potential and actual resources gained through interpersonal connections; this includes both monetary assets and the web of relationships between individuals. In addition, CSR can be a valuable asset for firms, bringing in both internal (i.e., competencies and capabilities) and external (i.e., BE and CR) benefits according to RBP (Fatma et al., 2015).

Company Reputation

The importance of a company's reputation has evolved and grown over history. Various disasters one after another have made people feel uncertain and insecure. This has also affected companies' business operations directly and indirectly. Companies have had to start thinking more carefully about how the company appears to outsiders. A company's reputation is considered the most important intangible competitiveness factor of a company. It is the source of a company's success, but at the same time it can also be considered a source of destruction if reputation maintenance is neglected. There is a good and a bad reputation, but it is not that simple. Earning a good reputation means previous actions that have remained in people's minds (Kim, et al., 2015). A bad reputation, on the other hand, risks getting into a vicious circle that is not easy to escape. It is advantageous for a company to stand out from the crowd with a positive reputation, because today's oversupply of information exposes it to influences and influence from different sides, which further increases competition. Customers and partners may first seek information about the company based on the opinions and experiences of others, before getting to know the company in more depth. This also applies to job seekers, who first seek information about a new potential employer through other people who have been in the same situation and only then make a decision about whether to apply for a job or not.

A company's reputation can consist of many different parts. Reputation can refer to the characteristics that a company currently has and that are in the possession of certain individuals. Reputation is also a communicated reputation that emerges through controlled media or uncontrolled media. Controlled media refers to advertising, marketing, sponsorship and public relations (Khojastehpour, & Johns, 2014). Uncontrolled media refers to word of mouth, news or social media. Perceived reputation is how a company is seen in the eyes of different parties. Interpreted reputation is the company's management's view of the views of different stakeholders on the company's reputation. Agreed reputation, on the other hand, refers to the reputation that is based on the company's brand promises and the expectations of stakeholders. Ideal reputation, on the other hand, is about what the company's position in the market will be over a certain period of time.

Building a Reputation

Achieving a good reputation requires long-term and patient work from a company. It gives a competitive advantage over other companies. It also attracts new potential customers and provides room for growth and development when customers and other companies trust the company and are willing to cooperate with the company. Reputation is therefore most influenced by the reviews made by the company's customers, the company's responses to positive and negative feedback, and its online presence. Building a good and strong reputation is worth starting at the beginning. It is important to keep promises when making them, and to reward customers after positive and productive interactions. If a customer is not satisfied with a service or product, the company can improve it through its own actions (Jalilvand, et al., 2017) By doing more than is expected of them and by anticipating, i.e. offering the customer solutions that meet their needs before they even have a chance to ask, the company can improve the customer experience. Competition between companies is fierce today, so a company should not wait for customers to find them. Instead, the company should find the places where the most customers are. This increases the company's approachability.

Reputation is also affected by how it is represented. A company should not create a different image than what it really is. It can only lead to customers changing their view of the company from positive to negative. Making mistakes, such as responding negatively or insensitively to feedback and causing a stir as a result, puts the company to the test. Companies with a good reputation react to these situations and handle them when they arise. Managing your own reputation requires managing the factors that can cause a bad reputation. Approachability and reasonableness are the cornerstones of building and maintaining a reputation. There is no set formula for building and maintaining a reputation. It is almost impossible to fully take into account all aspects of reputation, but understanding and being aware of the risks they bring helps to react to new situations considerably (Hsu, 2012). The development of a reputation can be divided into three parts. First comes its construction. After that, the reputation must be managed and maintained. Maintaining a reputation requires the company to provide transparent information to stakeholders and keep them informed, as well as to be aware of new problems as they arise. At this stage, the focus is on the future and proactive steps are taken. The final stage can be considered reputation protection. It is important for a company to know how to protect its own reputation. Especially during crises, a company must be ready to do almost anything to keep customers satisfied. This stage is most successful if the construction and maintenance of a reputation have been carried out in a planned manner so that understanding and trust have been created between customers and the company.

Company Reputation on Social Media

When a company moves to social media, it is no longer alone in building and maintaining its reputation. Customers, the public, the media and the company's employees also have an impact on reputation. A small customer experience can easily create a bigger storm, and the company must be immediately ready to respond to the criticism it receives. In today's social media, customer opinions, whether negative or positive, spread quickly among other consumers and social media users. In social media, a company cannot influence or completely control all the discussions that arise about them. Therefore, it is important that the company's actions promote its good reputation.

The report Authentic Communication in a Mistrusting World (2019) by the international market research and consulting company Kantar reports on the influence of external factors on customers' purchasing decisions. Of the 5,000 consumers surveyed, 42% say that their image of a company is influenced by what they read about it in articles about it online. 39% of consumers admitted that reviews and comments made by others influence their opinions. 46% of consumers trust information about a company found on social media. In other words, 42% of the 5,000 consumers get information about a company through social media, and according to the study, 72% get information through the internet and websites (Gözükara, & Yildirim, 2015). The internet and social media therefore have a strong influence on consumers' purchasing decisions today. It is essential that a company takes care of its own digital presence and thus controls the discussion there on its own.

There are many examples on social media of companies or company representatives causing harm to their customers. For example, other customers have filmed videos or taken pictures of these incidents that have spread across social media. This has lowered the threshold for other consumers who have used the company's services or products to tell their own experiences and share negative things. Such incidents have also usually caught the attention of major news channels, which have then made headlines about the incident on their own. One example is the United Airlines scandal that occurred in April 2017, in which a police officer violently dragged a reluctant passenger down the aisle of an airplane. This incident was recorded on other passengers' phones, and they shared the video on social media. The videos went viral and major news channels, such as The New York Times, CNN, and The Guardian, made headlines about the incident. United Airlines received a huge amount of negative feedback and as a result, its market value fell by $800 million per day (Gatti, et al., 2012).

From a B2B Risk Management Perspective

Business to Business, or B2B, means that a company sells its own products or services to other companies. It differs from consumer sales, for example, in that a company can buy products or services from another company that help the purchasing company produce its own products or services. In B2B sales, purchasing transactions are usually more expensive than in consumer sales, because the services or products sold are purchased in larger quantities and more decision-makers from the company participate in them. Social media has also had a great impact on B2B sales (Fatma, et al., 2015). Selling and making purchasing decisions has become easier, and companies are investing a lot in visibility with the help of various technological software that supports sales. B2B sales are also being monitored more closely and in real time. Choosing the wrong partner in the B2B market can affect the future of the company and its ability to survive in the market. The goal of the company is to remain aware of the future and secure the company's success in the market. Unlike consumers, whose purchasing decisions are based on emotional security, companies consider more the goodness of products or services and evaluate the benefits of each transaction. Prejudices and perceptions of the company affect the purchasing decision of customers and employees and the willingness to cooperate with the company (Bhattacharya, & Sen, 2004). In order to achieve a strong and loyal customer base and be attractive, a company must consider achieving and maintaining high market shares or high-quality price levels as an important goal.

However, some companies may consider lower prices or better benefits more important than loyalty to the partner company. Companies can expect concrete and visible benefits from remaining loyal to another company. B2B customers can use their market power to obtain benefits and discounts, but these factors can also make them return to the company's products or services and thus become loyal customers.

A company's management should be experts in brand and reputation management, as they increase value among different stakeholders and shareholders. If a company fails to maintain its good brand and reputation, it may lose its place and credibility in the market among customers and shareholders. Trust and commitment are key elements in the B2B market. Trust can therefore lead to mutual commitment and the building of an internal relationship between companies, which in the best case scenario will last for years. When a company's goal is to find a reliable and long-term partner, a successful company strategically seeks companies with similar brands (Berens, et al., 2005). A company that successfully maintains its own reputation may therefore seek similar companies so that, as a result, the brand and reputation of both companies would be strengthened and conflicts would be avoided. On the other hand, some companies aim to find partners with different personalities so that both companies would benefit from new skills, experiences and qualifications.

Reputational Risks

A company may encounter many unexpected situations during its operations. Reputational risks are when a company encounters a situation that could pose a threat to its reputation. If a reputation risk materializes, it can lead to a reputation crisis. In a reputation crisis, a company may lose the trust of its customers and even its right to operate. Nowadays, the transparency of companies is considered one of the most important features, but it is also a major risk to the company's operations that must be taken seriously. In the reputation building phase, it is necessary to identify customer expectations and be aware of what is required of the company. The company must choose whether its goal is to meet customer expectations, exceed them, or consciously fall below them, and also act in accordance with these goals. It is good to be aware that even a seemingly small mistake can escalate into a major national or even global crisis (Beğendik, & Karadeniz, 2023). Even if a company operates within the law, it can still act thoughtlessly or incorrectly from the customers' perspective. If a company is unable to respond to the criticism it receives, its entire operations may be interrupted and, in the long run, it may even lead to the end of the company's operations. Marketing and advertising are an increasing cause of reputational risks. Advertising can consist of promises that services or products cannot meet. In marketing, the risk is that it is unethical or discriminatory.

Reputational Risks and Social Media

Today, social media serves as a breeding ground for reputational risks due to its large number of users. Companies and influencers strive for communication on social media that is more goal-oriented and carefully considered. Images, videos and messages take on a new meaning when they are spread to the mainstream media. Then they also receive more attention on social media and cause discussion. One example of communication gone wrong is in 2017 after the Adidas Boston Marathon, when the clothing and shoe manufacturer Adidas sent an email to everyone who ran in its marathon that read “Congrats, you survived the Boston Marathon!” This caused a huge uproar on social media, as this message is directly linked to the Boston Marathon also organized by Adidas in 2013 and the terrorist attack that took place there, in which three people died and 260 were injured. Adidas later apologized for the email it sent and said it was tactless (Bear, et al., 2010). A company's reputation can be damaged on social media through three different factors. It can be damaged by a customer, an employee of the company or the company itself. Due to the unity and community of social media, customers now have a lot of power to influence which companies are worthy of a good reputation and which are not. The role of customers in shaping today's markets is significant. Customers do not need permission to speak about their opinions or publish content on social media, and anonymity makes it even easier to give criticism. This further increases the risk of losing reputation. It is easy to gain visibility on social media from just one customer. It is essential for companies to be aware of this.

The behavior of a company's employees can pose a risk to the company's reputation. It can positively or negatively affect how different stakeholders see the company. A company's employees have the opportunity to intentionally or unintentionally express their direct opinions and thus tarnish their employer's reputation, either as themselves or as a representative of the company. Some employees may also have access to, for example, the company's own official social media accounts and inadvertently publish content there that is intended only for the employee's personal users and a certain close circle. Customers' trust in the company can be lost if even one employee spreads a negative message about the company. Employees may also share videos from their workplace that show internal company activities (Barney, 2001) In the worst case, the videos can show something that does not comply with the standards set by law and get the company into legal problems. A company itself can cause reputational damage, for example, by not being present enough on social media and not responding quickly to feedback. If a company's strategy is not consistent, it can be ineffective, and if it cannot be managed properly, it can lead to crises. It is essential for a company to develop a risk management plan before a crisis occurs. A large number of reputational crises also occur when a company responds to feedback in a contradictory or thoughtless manner. Social media makes it easier and quicker for companies to be held accountable in the event of a crisis. If the employee or employees responsible for a company's social media channels keep all channels separate, this can lead to contradictory content and thus affect the company's image.

Risk Management

The goal of risk management is to keep risks so minimal that they do not pose a threat to the company. This requires continuous work from the company and the organization. It is important to recognize signs of crisis behavior and social media risks in time in order to protect your company from possible threatening risks. You can protect your reputation and brand by using social media monitoring tools, among other things. They help the company manage social media channels and observe discussions about your company. With the help of various tools, the company can also respond to the feedback it receives and be aware of different trends. A proactive approach to different discussions, especially negative ones, can improve the risks of turning into crises. It is also a good idea to inform customers about how the company handles customer feedback, for example. The opportunity to be in contact with the company personally reduces the risk that customers will post negative feedback on open sites and in discussions, and at the same time this reduces the risk of uproar (Abdullah, & Aziz, 2013).

It is also necessary to set clear and consistent internal instructions for the company's personnel on the use of social media. Defining employees responsible for social media helps to stay informed about what is happening on each channel. In social media, it is essential to know when to use company accounts and when to use your own personal accounts. Also, clear roles and responsibilities when creating a crisis management plan help employees know who must respond to potential risks or crises if they occur. Various training courses and reviewing situations help employees to adopt the company's common rules, and it is good for the company's management to ensure that employees also know how to act according to them. If humor is used in social media marketing, it is a good idea to check on which platforms and in which situations it is used. Especially in crisis situations, it is a good idea to be honest and transparent and to leave humor aside.

When a company notices that it has become the target of negative attention, it should focus its resources on dealing with it. The company must clarify and understand the core problem that has given rise to the discussion. If the company cannot find a person qualified in risks and crises within the company, the company should consider an external communications professional. In crisis situations, the media may be interested in the company and the crisis that has occurred. The media plays a major role in communication and its dissemination. Therefore, it is good to keep the media in check, so to speak. The company must be aware of different media sources. The company's communication skills are revealed when the crisis has occurred and different media sources bring up what has happened. Anticipation is therefore the key word in minimizing risks (Ballester, & Alemán, 2005). The company and its employees must be aware of what can happen when sharing content on social media. For each publication, it must be assessed whether it can be seen as offensive content. When making various statements, the company must provide accurate information about what happened, because in situations that happen quickly and under external pressure, mistakes can happen. Therefore, it is also important that the company's management or those responsible for crises are aware of old statements and events in order to ensure consistent content.

Empirical Studies

H1: CSR activities have a positive direct effect on corporate reputation

In their study, Lai et al. (2010) examine how "corporate social responsibility" (CSR), "corporate reputation" (CR), and "industrial brand equity" (BE) affect "industrial brand equity." They also look at how CSR, CR, and BE affect brand performance (BP), and they focus on how CR and BE work as mediators to influence the association between CSR and brand performance in Taiwan. "Corporate social responsibility (CSR)," "industrial brand equity (BE)," "brand performance (BP)," and "corporate reputation (CR)" are the variables utilized in this study. The sample was obtained empirically from 179 purchasing department managers employed by Taiwanese manufacturing and service companies via a survey utilizing questionnaires. There was a positive correlation between the CSR initiatives of the company that consumers rated and their impressions of the company's reputation, according to the results. To further improve the perception of company's CSR and other items in the study, future research should use the same methodology to examine a wide range of stakeholders, not just consumers. Other stakeholders, such as suppliers and employees of any firm, would be a great addition. Social corporate responsibility, as 20 and Morgado (2012) point out, is a crucial component of a company's reputation, which is in turn crucial for maintaining a competitive advantage. Employee relations, diversity, community relations, product issues, environmental issues, and industrial effects are the five pillars upon which the study's multi-dimensional representation of CSR rests.

Corporate social responsibility (CSR) has been institutionalized in Malaysia, and Abdullah and Aziz (2013) study how this has affected legitimacy, culture, and reputation. Corporate social responsibility (CSR) standards for publicly traded companies and those affiliated with the Malaysian government are the subject of this research. The standards will be based on David's dual process model. Culture, corporate reputation, legitimacy, CSR initiatives, CSR discretionary, CSR relational, and CSR moral/ethical are the study's variables. The data was gathered from 285 employees who are currently enrolled in the executive MBA and corporate communications master's programs at the Malaysian University of Putra through self-administered surveys. Multiple regression analysis and structural equation modeling are the methods they employ. Corporate social responsibility (CSR) initiatives had a positive direct impact on reputation, according to the study's findings. The study also found that publicly listed companies and government-linked corporations are increasing their CSR efforts in an effort to gain public legitimacy and better corporate governance in their communication practices. If we want to draw broad conclusions, we need to conduct more research with different samples and in different settings.

In Northern Italy, Gatti, Caruana, and Snehota (2012) investigate how CSR initiatives, customer perceptions of quality, and company reputation affect consumers' intent to purchase and what this means for brand management. Examining the relationship between corporate social responsibility (CSR) and product quality perceptions and their effects on company reputation and, ultimately, purchase intent is the primary goal of this research. Corporate reputation, perceived CSR, perceived quality, and purchase intention are the study's variables. One hundred thirty-three consumers of the Bauli and Giotto brands of traditional Panettone Christmas cakes were surveyed using a convenience sample and a structured questionnaire. They employ Structural Equation Modeling as their methodology. Perceived CSR has a direct positive effect on corporate reputation and, ultimately, on purchase intention, according to the study's results, which also clarify the function of the aforementioned constructs.

Other important constructs that uncover purchase intention and corporate reputation should be added to the model in future research to make it more comprehensive. To make better and more effective decisions about brand management, future research should also investigate how corporate social responsibility impacts intangible assets like brand choice, brand evaluation, and brand recommendation. Hsu (2012) studies the effects of social corporate responsibility initiatives on the corporate reputation and brand equity of a Taiwanese life insurance company using both persuasive and informative advertising as a basis. In this analysis, "Corporate Social Responsibility," "Customer satisfaction," "Corporate Reputation," and "Brand equity" hold sway. Using a random sampling technique based on questionnaires, 383 policyholders from major life insurance companies in Taiwan who are aware of the company's CSR initiatives were surveyed.

H2: CSR activities have a positive yet insignificant effect on brand equity

Yang and Basile's (2018) study examined the relationship between brand equity and corporate social responsibility. They found that while some aspects of CSR had no effect or a neutral effect, others had a positive influence on brand equity. To ascertain the impact of corporate social responsibility (CSR) initiatives on brand equity and consumer satisfaction during disaster periods, Beğendik and Karadeniz (2023) conducted an online poll in August 2023 with 429 participants. This is accomplished by applying SEM. According to their findings, CSR improved brand equity, but it also had a statistically insignificant direct impact on consumer happiness when brand equity acted as a mediator. This supports the notion that CSR's impact on brand equity varies depending on the circumstances and may not always provide significant outcomes, which is consistent with the study's findings. Other CSR characteristics, the relationship between disaster-period CSR and customer behavior or brand loyalty, and the function of marketing managers in disaster-period CSR could all be the subject of future research.

H3: CSR activities positively affect customer trust in the brand

With particular emphasis to the moral and legal issues brought up by the recovery satisfaction (RS), customer trust (CT), and loyalty following a service failure (LASF) constructs, Choi and La (2013) examine the outcomes of corporate social responsibility (CSR) programs. "Recovery satisfaction," "customer trust," "perceived corporate social responsibility," and "loyalty" are the variables in this study. 371 undergraduate students at a business school in a medium-sized west coast city provided the study's data by completing self-administered questionnaires asking them to recollect any service outages or recovery problems they had experienced during the previous 12 months. The authors employed confirmatory factor analysis and structural equation modeling. The results showed that perceived corporate social responsibility had a significant and beneficial impact on customer loyalty and trust, and that customer trust worked as a mediator in service recovery. Furthermore, by expanding on this research, future studies could look more closely at how CSR affects customers' faith in companies. Lee et al. (2013) investigate how CSR affects three factors among South Korean casino employees: organizational trust (OT), job satisfaction (JS), and customer orientation (CO). The report explains how corporate social responsibility is helping the casino business with responsible and supplemental gaming techniques.

H4: Customer trust partially mediates between CSR activities and corporate reputation

From the standpoint of South Korean consumers, Park et al. (2014) analyze a model of Corporate Social Responsibilities (CSR) that identifies the relationship between economic, legal, ethical, and philanthropic components of a company's CSR activities, as well as three kinds of consumer trust that function as mediating variables, and corporate reputation. Social benevolence trust, expertise trust, trust in integrity, philanthropic responsibilities, economic responsibilities, and legal and ethical responsibilities are the study's variables. Of the 594 people who filled out the survey, 145 were students at Korean business schools and the remaining 486 were regular customers of Korean major corporations. Two South Korean cities, Seoul and Daegu, were surveyed to compile the data. Findings were derived using confirmatory factor analysis and structural equation modeling (SEM). The study found that while two categories of CSR initiatives i.e. the Economic and Legal had a direct and positive effect on corporate reputation, the other two categories showed no such correlation. Additionally, the results demonstrated that the four types of CSR activities had an effect on corporate reputation (CR), with trust and its three types mediating this relationship either partially or fully. The results also show that CSR initiatives help build and maintain customer trust in the company, which in turn leads to more favorable impressions of the brand among buyers.

Customer trust, customer identification, and customer commitment are the three main components of the framework developed by Keh and Xie (2009) to explain the relationship between corporate reputation (CR), customer price intention (CPI), and the willingness to pay a premium for a product or service. Corporate reputation, customer trust, customer identification, customer commitment, purchase intention, and price premium are the study's variables. A total of 351 respondents, who were clients of three B2B service firms in China, were surveyed to obtain the sample. Structural equation modeling is the method they employed.

H5: Customer trust partially mediates between CSR activities and brand equity

Brand trust is a cornerstone in developing brand equity and the recommendable quality in any relation; Ballester and Aleman (2005) explore its significance in developing brand equity. Brand reliability, brand intentions, brand loyalty, brand equity, and brand overall satisfaction are the study's variables. The 271 surveys that formed the basis of the study's sample were administered across Spain, with a focus on a southeast region, and utilized quantitative methodology. Structural equation modeling was the method they employed. The study's findings show that consumers' faith in a brand grows as a natural byproduct of their experiences with the product or service, which in turn increases their loyalty to the brand and ensures that its equity remains high. Liao (2015) investigates the function of trust as a mediator between brand loyalty and brand equity, and it does so by analyzing the effects of three antecedents: cognitive, marketing, and experiential factors. Additionally, trust is also assessed in order to identify the indirect effect. Cognitive factors, experiential variables, brand trust, brand equity, and brand loyalty are the study's variables.

Research Framework

The theory used in this research is research-based view which is considered as the most influential theory in the strategic management field. To gain an edge over the competition, this theory is useful for assessing strategic resources. An organization can maintain its competitive advantage through the research-based view, which holds that the key is to make the most of the resources at your disposal. Barney became famous as the father of modern RBV theory in 1991, when he codified the theory. An effective, appropriate, and efficient application of the firm's valuable, rare, inimitable, and non-sustainable resources, in his view, is the only way to create a sustainable competitive advantage. This research applies RBV theory to assess the firm's intangible assets, including corporate reputation and brand equity. These assets are crucial to a company's ability to stay ahead of the competition because they are valuable, rare, unique, and incomparable.

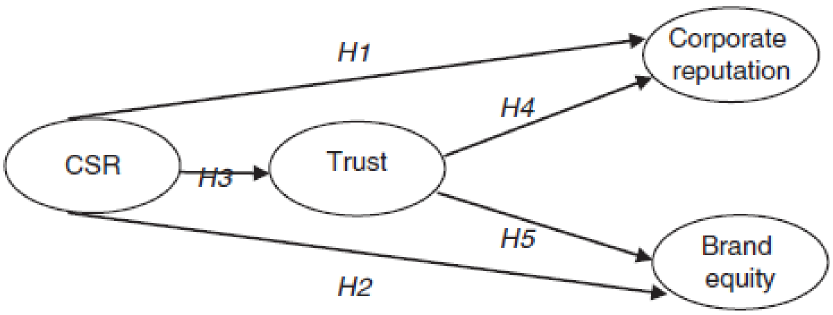

Figure 1: Conceptual Model

Methodology

Research Approach

Research methods can be broadly classified into two categories: qualitative and quantitative. In qualitative research, the focus is on observing and understanding phenomena that are qualitative in nature. For example, qualitative approach is used when you are interested in examining the causes for human behavior that is to find out why humans do or think about different things. Among qualitative methods, motivational research stands head and shoulders above the rest. We employed a quantitative research strategy in this study. Research involving the measurement of quantity or amount is known as quantitative research. Research that can be demonstrated quantitatively is well-suited to this type of study. The goal of employing a quantitative approach is to generate relevant theories, hypotheses, and mathematical models for that phenomenon. This method employs statistical analysis to help researchers discover objective findings that can be applied to a population[2]. There are a number of ways to accomplish this, one of which is to survey the retail banking sector of Pakistan to find out how CSR activities have affected company reputation and brand equity.

Research Purpose

Research purpose has three types, namely exploratory research, descriptive research and explanatory research. When researchers study a concept, theory, or insight that has received little or no prior empirical testing, they are engaging in explanatory research. Descriptive research aims to identify the features of the population or data set that needs to be examined. It doesn't specify when, where, or how these data features appear. The third category of research goals is explanatory research and is the foundation of this investigation. If one wants to know why something happened or what caused it, they should do some explanatory research. Researchers aim to define the study's operations in this type of research. The manner in which things interact and come together can also be defined by this type of research. Any market activity can be better understood with the help of this study's findings, which address questions like "how" and "why" various variables interact in different contexts.

Research Design

This study used a research design known as correlational design The term "correlation" means connecting two variables. The purpose of a correlational study is to determine the degree of association between two variables. "Zero correlation," "negative correlation," and "positive correlation" are the three most common kinds of correlation. The presence of a positive correlation between two variables is defined as the situation in which an increase in one causes an increase in the other. By definition, a negative correlation exists when an increase in one variable causes a corresponding decrease in another. When there is no relationship between any two variables, we say that there is zero correlation. For clarity's sake, let's say a researcher wanted to examine the link between daily apple consumption and healthcare expenditure. They could employ a regression-based correlation study to draw their conclusions. In studies with multiple independent variables, multiple regression is employed to generate multiple correlations. The basic goal of a correlational study is to identify the variables that are related to one another and to determine if a change in one variable has an effect on the other variables.

Sampling Technique

Since this study employs a non-probabilistic sampling technique, not every member of the population will have an equal chance to participate. Researchers drew their samples from respondents who are readily available and accessible, namely banking consumers, using the convenience sampling method, a popular non-probabilistic sampling technique. It is among the most popular ways for researchers to gather data because it is simple, quick, and inexpensive.

Sample Size

The data of sample size for this research is 162. People who have accounts with banks in Karachi, Pakistan, are part of the sample for this study. The information was collected by means of a survey. The target population for this research are banking industry customers who are more than the age of 18 years and must acquire an account in bank at the time of survey.

Data Collection

Questionnaires are used to collect data for this study. Corporate social responsibility (CSR), trust (T), corporate reputation (CR), and brand equity (BE) are the four variables that make up the research. Among these, trust acts as a mediator between CR, CSR, and BE. There are seven questions or queries total on a survey instrument, which is split into five sections. Respondent demographic information is gathered in the first section of the survey. In the section that follows, we compiled customer opinions on CSR initiatives. Their confidence in their financial institutions was assessed in the third part of the survey. In Section 4, we collected data on corporate reputation, and in Section 5, we measured brand equity dimensions with items. A seven-point Likert scale, with 1 representing strongly disagree and 7 representing strongly agree, was utilized to assess these items. The six-item measure of consumer perception of CSR activities is based on research by Du, Bhattacharya & Sen (2007), Berens, Riel and Bruggen (2005), Brown & Dacin (1997), and Lai et al. (2010). The study also incorporates a trust variable, which is a multi-dimensional construct based on performance- and benevolence-based trust. Six items of this variable were either adapted or reconstructed from previous research by Morgan & Hunt (1994), Sirdeshmukh, Singh & Sabol (2002), and Doney & Cannon (1997). Six items were taken from the research of Petrick (2002) and Brown (1995) to gauge the reputation of corporations. Lastly, the items were sourced from Yoo and Donth's (2001) study in order to measure the dimensions of brand equity.

Operationalization

Corporate Social Responsibility (CSR)

In this research, the term "corporate social responsibility" (CSR) is defined as an investment strategy that can boost a company's image through helping the community and fulfilling the company's ethical duty to do so (Fatma et al., 2015).

Trust

Two components that make up the multi-dimensional construct known as "Trust" are benevolence and performance. For a company to earn performance-based trust, it must demonstrate not only its competence in producing high-quality goods and services, but also its capacity to efficiently run its day-to-day operations. According to Fatma et al. (2015), benevolence-based trust is when customers believe that a company is really involved in society's welfare and well-being.

Corporate Reputation

A company's reputation is its standing in the eyes of its stakeholders, as it relates to its CSR efforts and the caliber of its products and services (Fatma et al., 2015).

Brand Equity

Keller claims that brand equity is a two-part concept that depends on two things: people's familiarity with the brand and their positive associations with it. A customer's familiarity with a brand is defined as their capacity to recall the name of a brand and associate it with a specific company's goods and services. However, according to Fatma et al. (2015), anything that is linked to a brand is known as brand association.

Statistical Technique

Structural equation modeling is a statistical technique that was used to test the hypothesis and analyze the mediating effect of trust in this research. It was employed to address the objectives of the study. When it comes to multivariate analysis, it is the most powerful and widely used method. Combining regression or path analysis with regression analysis is what SEM is all about. Finding the structural relation between latent constructs and measured variables is made easier with this technique. Since this method can easily measure multiple dependence and interrelated dependence within a single analysis, it is typically preferred by researchers.

Ethical Consideration

I promise that no one will ever be able to discern the identity of a respondent from the data I collect from them, and that all information pertaining to their participation in my study will be held in strict confidence.

Results

The results were analyzed and interpreted by using multiple tools. At first, we analyzed descriptive analysis and after that we analyze statistical results with the help of SmartPLS 4. In this chapter, we also verify the convergent validity along with the discriminant reliability of the model and at last the testing of hypothesis is done with and without mediator. The total usable responses that are achieved through questionnaires were 162 through which all the analysis are performed.

Descriptive analysis

The responses were gathered from the customers of banking sector, the total responses were 162 out of which 80.2% were males and 19.8% were females. The age of the respondents was divided into 3 categories in order to analyze the result easily. Most of the respondent’s age lie in the age bracket of 18 to 29 years that is about 72.2%, the rest of the respondent’s age were in age bracket of 29 to 39 years which is about 20.4%, also there was 1.2% between age bracket of 25-35 and 0.6% respondent’s age lie in age bracket of above 35 years and 5.6% of the respondent’s age were lie in the age bracket of 40+ years. The qualification level of the respondents was divided into 3 categories that is High school, Bachelors, Masters and others. Most of the respondents having the Bachelor’s degree that is about 66%, 25.9% respondents were having master’s degree, 4.9% respondents were having high school degree and only 3.1% respondents were have some other degree. The 162 respondents had different monthly income level, most of the respondents have an income level that is lie in the bracket of 50,000-100,000 that is about 30.2%, 22.2% of the respondent’s income level was between 100,000-150,000, 17.9% of the respondents had an income bracket of 150,000-200,000 and 29.6% had an income level that was above 200,000. The respondents were also asked about their Designations. These were categorized as Junior level, Mid-level, Senior & Lead/Manager. Of which Mid-level was the highest 37.1%, 22.6% were junior, senior position holders were 27% and 13.2% were leads/manager.

Table 1: Respondent's Profile

Variable	Category	Frequency	Percentage
Gender	Male	130	80.2
	Female	32	19.8
	Total	162	100.0
Age	18 to 29 years	117	72.2
	25 to 35 years	2	1.2
	29 to 39 years	33	20.4
	Above 35 years	1	0.6
	Above 40 years	9	5.6
	Total	162	100.0
Qualification	High school	8	4.9
	Bachelors	107	66.1
	Masters	42	25.9
	Other	5	3.1
	Total	162	100.0
Income Level	50,000-100,000	49	30.2
	100,000-150,000	36	22.3
	150,000-200,000	29	17.9
	Above 200,000	48	29.6
	Total	162	100.0
Designation	Junior	37	22.6
	Mid-level	59	37.1
	Senior	44	27
	Lead / Manager	22	13.2
	Total	162	100.0

Model Measurement

The measurement model is one the part of model that is used to analyze the relation between the latent variables and their measures. We have done the reliability test and performed the analysis in three ways which was the according to Tenenhaus et al. (2005) which are as under:

- The quality of the measurement model
- The quality of the structured model
- Each structural equation used in the structural model.

The measurement model's quality was tested by evaluating each item and scale reliability took after by convergent and discriminant validity of constructs' measures. At first, the relationships were showed between the constructs of Corporate Social Responsibility, Trust, Corporate Reputation and Brand Equity. PLS algorithm was applied and the resultant relationships, coefficients and values of loadings are shown in below Figure.

Convergent validity

According to the Camines and Zeller (1979), the convergent validity is defined as the degree of agreement in two or more measures of the same construct. According to the criteria of Nunnally (1978) recommended the limit of acceptability of Cronbach's alpha value must be around 0.5 to 0.6. Hair, Hult, Ringle & Sarstedt (2014) suggested that the loading of each item should be more than 0.5. The value of composite reliability should be more than 0.7 (Gefen, Straub & Boudreau, 2000) whereas, the value of average variance extracted should be higher than 0.5 (Fornell & Lacker, 1981).

Table 2: Convergent Validity Test

	Cronbach's alpha	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
BE	0.710	0.716	0.820	0.533
CR	0.872	0.878	0.907	0.662
CSR	0.793	0.816	0.876	0.703
T	0.812	0.828	0.871	0.578

According to the above table results the Cronbach's Alpha of brand equity, corporate reputation, corporate social responsibility and trust are 0.710, 0.872, 0.793 and 0.812 respectively which means that all the values are according to the criteria of Nunnally (1967) which is that all the values are greater than 0.5 that indicates the acceptance of the model. The composite reliability of each variable is more than 0.7 shows significance by Gefen et al., (2000) in the above table and the average variance extracted of each variable is more than 0.5 which means it is significant according to the criteria of (Fornell & Lacker, 1981).

Discriminant Validity

The discriminant validity is said to be the degree to which any single variable is different from other variables in the model according to Carmines and Zeller (1979). The following are the three criteria of estimating discriminant validity:

Table 3:

	BE	CR	CSR	T
BE	0.730			
CR	0.472	0.814		
CSR	0.406	0.690	0.838	
T	0.473	0.750	0.711	0.761

The criteria for the discriminant validity is suggested by Fornell-Lacker (1981) and it is calculated by the square root of AVE values for each of the construct is measured along the diagonal values and it should be observed that the diagonal values should be more than off-diagonal values with the correspondence columns and rows. As per the above table the average loading of every variable is highly significant because all the diagonal values are greater than off-diagonal values with correspondence rows and columns.

Table 4: Cross loadings

	BE	CR	CSR	T
BE1	0.637	0.394	0.281	0.354
BE2	0.780	0.318	0.246	0.319
BE3	0.769	0.367	0.381	0.414
BE4	0.727	0.271	0.236	0.249
CR1	0.394	0.856	0.616	0.663
CR2	0.408	0.840	0.563	0.647
CR3	0.279	0.743	0.525	0.479
CR4	0.418	0.811	0.584	0.598
CR5	0.409	0.814	0.517	0.647
CSR1	0.347	0.469	0.834	0.533
CSR2	0.294	0.492	0.827	0.526
CSR3	0.370	0.726	0.854	0.696
T1	0.378	0.624	0.572	0.858
T2	0.370	0.698	0.594	0.846
T3	0.474	0.540	0.507	0.728
T4	0.314	0.389	0.466	0.595
T5	0.257	0.559	0.557	0.746

The cross-loadings table confirms that all indicators have significant loadings on their respective latent variables, with values above the threshold of 0.5 as suggested by Hair et al. (2014), indicating strong reliability. Specifically, the loadings for BE (0.637–0.780), CR (0.743–0.856), CSR (0.827–0.854), and T (0.595–0.858) demonstrate that each indicator strongly correlates with its respective construct. Additionally, discriminant validity is verified, as each indicator has the highest loading on its associated latent variable compared to others, consistent with the criteria of Fabrigar et al. (1999). Thus, the measurement model exhibits robust reliability and validity.

Table 5: Heterotrait- Monotrait Ratio

	BE	CR	CSR	T
BE				
CR	0.583			
CSR	0.515	0.804		
T	0.602	0.879	0.872	

The criteria of Heterotrait- Monotrait ratio (HTMT) said that all the values should be less than 0.9 (Gold, Malhotra & Segars, 2001). It is observed in the table above that all the values in the above table are less than 0.9 which indicates that the third criteria of measuring discriminant validity are also proved among all the discussed variable.

Blind Folding and Coefficient of Determination

Table 6: R-Square and R-square adjusted

	R-square	R-square adjusted
BE	0.233	0.218
CR	0.613	0.605
T	0.505	0.500

The model explains the variance in Corporate Reputation (CR) and Trust (T) quite well, with R-square values above **0.5**, indicating strong predictive accuracy. However, the explanatory power for Brand Equity (BE) is lower, suggesting that additional predictors may be needed to better explain its variance. The small differences between R-square and adjusted R-square across all constructs highlight a well-constructed and reliable model.

Structural Model Analysis

Structural model is used to assess the cause-and-effect relationship model among the latent variables. It is used in the measurement of latent constructs and explains the variables with the help of observed variables. However, the PLS (Partial Least Square) structural model analysis is helpful to test, analyze and discover conceptual model in research that includes several constructs and the association between each other of cause and effect.

Path coefficient (Direct Effect)

We can get the result of direct and indirect effect by performing bootstrapping in SPLS which is recommended by Hair et al., (2014). The P values shows whether there is a significant relation between the two variable or not. If the P value is less than 0.05 it means that there is a significant relationship present between the variables.

Table 7: Path coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
CSR -> BE	0.141	0.146	0.136	1.033	**0.302**
CSR -> CR	0.317	0.315	0.089	3.549	0.000
CSR -> T	0.711	0.712	0.049	14.607	0.000
T -> BE	0.373	0.379	0.130	2.862	0.004
T -> CR	0.525	0.532	0.096	5.489	0.000

According to the above result, we have seen that all the P values except for CSR -> BE are less than 0.05 which indicates that there is significant relation. At first, the direct path leading from CSR to BE is statistically insignificant at 0.302 level. The path leading from CSR to CR is also significant at 0.000 level. The relationship between CSR and T is statistically significant at the level of 0.000. The relationship of T with BE and CR is also found significant at the level of 0.004 and 0.000.

Discussion

H1: CSR activities have a positive direct effect on corporate reputation

H1 predicts that consumer's perception of CSR activities showed a positive impact on corporate reputation was found statistically significant. Thus, the path leading from CSR to CR is supported. This means that the perception of consumers about CSR activities will lead to build positive reputation. This result is supported by previous studies as Melo and Morgado (2012) found in their research that CSR activities is positively related to corporate reputation.

H2. CSR activities have a positive yet insignificant effect on brand equity

H2 stated as CSR activities showed positive yet insignificant effect on brand equity. The result was found as insignificant. Although the analysis shows that CSR activities have a positive but insignificant effect on brand equity yet they can still contribute to creating brand value indirectly. This finding is aligned with the previous study of (Yang & Basile, 2018) and Beğendik and Karadeniz (2023). They both reported that CSR activities can have an insignificant effect on brand equity.

H3: CSR activities positively affect customer trust in the brand.

H3 stated that CSR activities have a positive effect on customer trust and this hypothesis declared as significant and hence supported. This finding explains that activities that are socially responsible can help a company to create the factor of trust in the eyes of its customers. This result is in the line of the study done by Mombeuil and Fotiadis (2017) in which they identified that there is a positive significant relationship between consumer's perception of CSR and customer trust. Hence it is proved that companies that are involve in performing socially responsible activities will get a good image and reputation in the eyes of the stakeholders.

H4: Customer trust partially mediates between CSR activities and corporate reputation.

H4 proposes that customer trust in the brand mediates the influence of CSR activities on corporate reputation was found significant and therefore it is supported. The findings of this study are followed by the previous studies for example Kim et al. (2015) reported that the relationship between consumer's perception of CSR activities and corporate reputation is partially mediated trust.

H5: Customer trust partially mediates between CSR activities and brand equity.

H5 stated as customer trust in the brand mediates the influence of CSR activities on brand equity. The path estimated is statistically significant hence supported. This relationship is confirmed by previous studies for example Fatma et al. (2015) reported that trust is the partial mediator in the relationship between CSR and brand equity hence it is proved that trust developed from socially responsible activities will lead towards creating brand value as a result enhances brand equity.

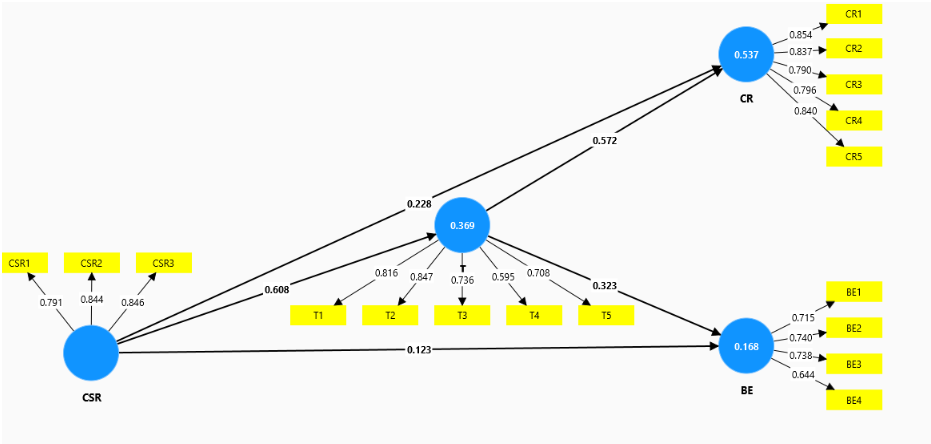

Figure 2: Graphical Model

Conclusion and Recommendations

Conclusion

The researcher is reviewed for the testing direct and indirect relations of CSR with CR in order to discover how consumers' perceptions of social corporate responsibility initiatives affect this marketing outcome. It has revealed the role of customer trust for mediating relationship between CSR, CR, and BE. The retail banking industry in Pakistan has been explored in the research. Beginning with a brief overview of the paper's context, subsequent sections cover the theoretical underpinnings, an empirical review, methodology, and finally, the paper concludes with some suggestions for future research. It has been found that the financial institutions are crucial to the expansion and development of any nation's economy. There is a wide variety of financial institutions in Pakistan, ranging from national banks to commercial business banks and beyond. This indicates that the country's banking sector is mature and well-developed. The banking sector in Pakistan has acknowledged its value in international ratings. Both in terms of performance and efficiency indicators, it ranks second among South Asian countries ranked by the World Bank. Among banks, it ranks 25th in the intermediated pillars of finance. The banking industry in Pakistan demonstrated outstanding resilience during the global financial crisis. Foreign banks were eager to join Pakistan's booming banking industry before the global financial crisis hit.

Recommendations

The study recommends that researchers in the future look into the connection between CSR from the perspective of consumers and all three of its dimensions. Managers need to focus more on corporate social responsibilities' activities to increase the corporate reputation. They may explore sustainability practices to have a positive relationship between corporate social responsibilities' activities and brand equity. It is also recommended that corporate social responsibilities' activities can increase the customer trust, so it is better to use social media to explore these practices. The customer trust plays a role of mediator in the relationship so the exploration can help develop a positive link for corporate social responsibilities' activities and corporate reputation. The increase in customer trust can be helpful to manage corporate social responsibilities' activities and brand equity using sustainability practices.

Future Implications

This work of study played a part in contributing to literature of corporate social responsibility with the help of highlighting an essential role of CSR and its effects on CR and BE both directly and indirectly as well as it provides an insight to managers related to the important role of CSR in building customer-brand relationships. Therefore, this study provides instruction to marketers that by incorporating CSR activities in their company will help in building their good reputation in the market and this result in creating brand equity. As Managers do not have much time, they always have shortage of time and they always seek to keep their cash in reserve and do not perform this type of study for the sake of improvement of their organization, therefore this research work has saved the money as well as time of the managers and give the mangers an appropriate direction in order to assigned the resources of their firm in an efficient and effective manner and in a correct dimension. This study would also be helpful for the people of other sectors other than banking and researchers to give a direction to them to follow in future.

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