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Some Aspects of Corporate Social Responsibility and Company Reputation: Evidence from Serbian Business Environment

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Abstract:

Research question: This paper examines some aspects of corporate social responsibility (CSR) and company reputation (CR) in the Serbian business environment during the COVID-19 pandemic. **Motivation:** The survival, growth and development of companies in the current business environment are conditioned by their capability to reach socially responsible decisions and carry out activities that meet the expectations of different stakeholders. The main motive for this research has stemmed from the current global corona virus pandemic and the way this state of affairs has affected socially responsible behaviour of companies. The research of activities Serbian companies carried out in the time of crisis prompted us to explore the possible relationship between corporate social responsibility and its effects on corporate reputation, and consequently business results. **Research idea:** An empirical research has been conducted with the view to investigate the position of the public on the importance and impact of CSR on corporate reputation, and also to determine the key factors that guide the decisions of people living in the Republic of Serbia to shop, bearing in mind the socially responsible behaviour of companies. **Data:** The sample included 173 respondents, the number that allowed valid conclusions. The questionnaire was anonymous; all the respondents were residents of Serbia with access to the internet and willing to fill in the questionnaire, either by following the link advertised on social media or replying to the e-mail. **Tools:** The gathered data were processed and analysed using descriptive and explorative statistics. Research hypotheses were tested by: Frequency tables, Crosstable procedures, Paired Samples t-test, Spearman`s coefficient of correlation, Chi-square test, and Phi coefficient of correlation, resulting in conclusions and corresponding suggestions. **Findings:** Respondents perceive companies as social actors driven not only by profit, but by the interest of the community and their business environment. They believe companies can assume their responsibilities through different aspects of doing business, especially by contributing to the improvement of their consumer`s lifestyle. The majority of respondents tend to buy from companies they perceive as socially responsible from the point of view of further development of the society and their ethical behaviour towards the community. **Contribution:** The findings can encourage the company`s management to direct their financial and organizational resources into the better management of the CSR, especially during the crisis, because solidarity and care for the most vulnerable part of the population lead to an improvement in the reputation and business results of a company.

Keywords: corporate social responsibility, corporate reputation, customer shopping behaviour, consumers` decisions, ethical responsibility, COVID-19 pandemic

JEL Classification: M21, M31

1. Introduction

Among the challenges that companies face in the contemporary business world is the pressing need that the corporate sector should pay more attention to the key social, institutional, ecological and other issues in their surroundings, and then suffer consequences if such activities happen to have negative effects upon the said surroundings. Since companies can no longer take care only of themselves, striving towards greater economic prosperity isolated from other actors they directly or indirectly affect, the economic responsibility, although remaining their primary responsibility, is no longer the sole one (Borojevic et al., 2017).

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The survival, growth and development of companies in the current business environment are conditioned by their capability of reaching socially responsible decisions and carry out activities that meet the expectations of different stakeholders. Discovering the ways of skillfully communicating positive effects of the corporate social responsibility to the public through marketing activities that directly affect the improvement of a company's business reputation is gaining in importance, because it is associated, among other things, with the consumers' decision to buy the products or use the services of socially responsible companies (Gielissen, 2011).

Research reveals that corporate social responsibility is also important for a company's public relations strategy – on the one hand, it defines the company and is a powerful tool for attracting consumers; on the other hand, it is a tool that buyers use to identify renowned companies and develop a relationship with them (Jones and Bartlett, 2009). When the public forms an opinion about a specific company, aspects of its business practices are evaluated based on views regarding how the company should behave relating to specific issues, i.e., based on the degree to which this expectation is met. Companies which possess the skill of transforming a good corporate social responsibility strategy into a successful corporate reputation increase their potential buyer base as a result, which in turn leads to increased sales and profitability (Milisavljevic, 2012).

The review of literature reveals that a company's image, reputation, and the factor of satisfying consumers' needs, are affected by all dimensions of social responsibility (Jintao et al., 2020). The public support the companies considered to act responsibly and in a fair manner towards their employees, the environment, and the society as a whole, whereas the perceived financial performance of a company sometimes has far less of an impact on the overall assessment of a company's reputation (Vlastelica, 2016). It has also been noticed that the element of competitiveness, i.e., financial capacity, is affected by environmental and economic social responsibility factors; whereas productivity and work efficiency are mostly related to social, shareholder and philanthropic aspects (Jintao et al., 2020). Consumers think that companies are motivated to act in a socially responsible manner for one of the following reasons: 1. they want to help the society; 2. and/or they want to improve their own business and make financial gains (Mohr et al., 2001). The perception of the motives of a company engaged in socially responsible activities depends on the degree of alignment between the area of social responsibility and the company's principal business activity, as well as on the information regarding how long the company has been active in this domain. A positive perception of the motives results in a positive outcome regarding the intention to buy (Ellen et al., 2006).

With all of the above-mentioned in mind, as well as the results of a relatively small number of studies on the connections between corporate social responsibility and corporate reputation, a study was conducted which looked into the public opinions on the importance of corporate social responsibility and the level of socially responsible business practices in the Republic of Serbia. The study aimed at identifying the expectations which participants have from such companies, as well as the degree of influence of socially responsible business practices on the companies' corporate reputation and the concomitant effects on the consumers' decisions to buy.

In order to fulfil the purpose of the paper, i.e., to improve the understanding of corporate social responsibility and corporate reputation correlation, the main research questions are as follows: Is there a correlation between corporate social responsibility and corporate reputation? Does the attitude of respondents regarding the impact of corporate social responsibility on corporate reputation influence their buying decisions? Is there a significant difference between the levels of corporate social responsibility towards customers, employees, local community and the environment? In that regard, the authors used descriptive, explorative and inferential statistics to provide answers to the research questions.

The paper is organized as follows: the introduction is followed by Section 2, which presents the theoretical background of the paper. Section 3 presents the data and the methodology applied, while Section 4 discusses the main empirical results. The final Section 5 summarizes the main findings of the research, presenting the limitations of the study and offering directions for future research.

2. Theoretical Background

The theoretical background of the present paper is based upon linkages between the definitions of corporate social responsibility and corporate reputation, and findings of the contemporary studies indicating the existence of causal links between these two phenomena.

Defining corporate social responsibility is challenging as it can be seen from a number of standpoints, and as it changes in step with the context, time period, and business culture. The best-known scientific definition of this concept is the one provided by Carroll: corporate social responsibility encompasses the economic,

legal, ethical, and discretionary (philanthropic) expectations that society has from an organization at a given time (Carroll, 1979). Based on this definition, Carroll developed a diagram of corporate social responsibility in the form of a four-tier pyramid (Carroll, 1991), with economic responsibility at its base, as only a profitable company can contribute to the development of its community and the society at large. The next is legal responsibility, which is based on obeying the law, i.e., a company should conduct its business in accordance with the expectations of the state and its legislation. What follows is ethical responsibility, according to which a company's activities should be just and fair, and its business operations in line with the ethical principles and norms of the society and the community. The final responsibility that a company has towards the society and the community in which it conducts its business is philanthropic responsibility. It is the discretionary right of a company to be charitable and donate its resources, thus improving the quality of life in the society, i.e., being a good citizen in line with the society's expectations. In order for philanthropic responsibility to be sustainable in the long term, it is necessary at the same time to create value for the users and improve the business operations of the company. Socially responsible is only that company which meets all four dimensions of Carroll's pyramid (Figure 1).

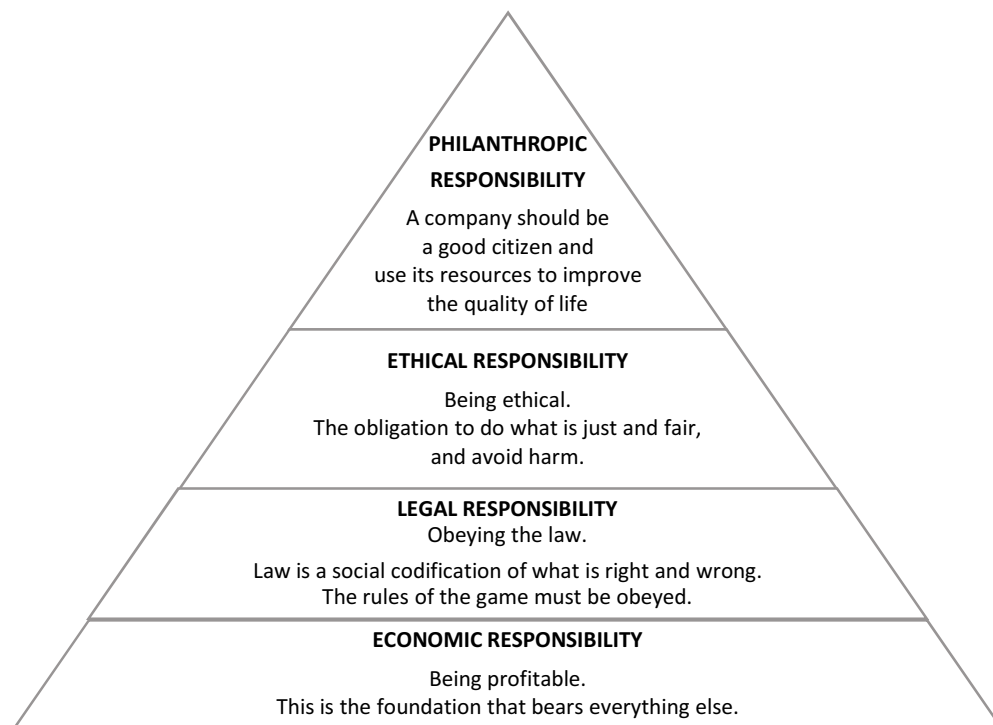


Figure 1: The pyramid of corporate social responsibility
Source: Carroll, 1991

Although there is no clearly defined and generally accepted set of specific criteria which fully cover the scope of the corporate social responsibility concept, the current meaning of CSR refers to voluntary initiatives that a firm undertakes to champion social and environmental causes and communicate to stakeholders in order to garner their support through transparent, ethical processes (Taghian et al., 2015). What all the definitions of corporate social responsibility have in common is that companies have a moral obligation to the society in which they conduct their business to act ethically, and adhere to all the legal requirements and industry standards, striving to meet the society's expectations.

Unlike corporate social responsibility, reputation is a subjective term, as it is based on other people's perceptions. Essentially, it is a collection of accumulated experiences, attitudes, emotions, and opinions of target public regarding an organization (Vlastelica, 2016). It was only after it was established that non-financial, i.e., non-material factors have a significant impact on a company's market success that the concept of corporate reputation management started to become more prevalent in theory and practice (Sabate, 2003).

Reputation can be defined in a number of ways:

- A set of attributes ascribed to a company, resulting from past activities (Weigelt and Camerer, 1988);
- A stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism

that provides information about the firm's actions and/or a comparison with the actions of other leading rivals (Gotsi and Wilson, 2001);

- Stakeholders' perceptions about an organization's ability to create value relative to competitors (Rindova et al., 2005).

Despite the lack of a consensus about the definition of reputation, its basic contributing factors, the methods of systematic reputation management, and even the reputation measurement models, the positive effects of reputation on a company are not disputed (Helm, 2007). The companies whose reputation is good, i.e., those that conduct their business in a socially responsible way, are often less susceptible to the control of state and local authorities, their influence on making specific political decisions is greater, and the negative consequences arising from crisis situations can be eliminated at least partially (Kotler and Lee, 2005).

The analysis of the existing studies (Ozdora et al, 2016) in the area of corporate social responsibility revealed very little insight into the connection between corporate social responsibility and corporate reputation. However, some contemporary articles investigate theoretical linkages between corporate social responsibility and corporate reputation, resulting in positive, direct and significant relationship between CSR and CR (Hasan and Yun, 2017).

This finding can be supported by a claim of Sanchez, Moran-Alvarez and Perez-Lopez (2020) that those companies with the acceptable level of CSR (workplace, governance, citizenship) also have the acceptable level of CR (Reputation Institute, 2015). Also, studies done by Aguilera-Caracuel and Guerrero-Villegas (2018), Rothenhoefer (2019) and Melo and Garrido-Morgado (2012) show that CSR actions are the most effective in influencing and increasing CR.

Additionally, various conceptual investigations conducted so far have mostly been concerned with the conceptual closeness between corporate social responsibility and corporate reputation, with the majority of researchers in agreement that, although these two concepts are different, they are interconnected and mutually enhancing (Hillenbrand and Money, 2007). Even the earliest empirical research in this area demonstrates that the greater the contribution of a company to social well-being, the better its reputation (Fombrun and Shanley, 1990). More recent research has revealed that improving corporate reputation can act as an external motivator for companies to engage in socially responsible business practices, which is why a positive reputation can be considered a relevant result of socially responsible business practices (Garberg and Fombrun, 2006). Findings also reveal that CR mediates the relationship between CSR strategy and economic business value of multinational companies (MNCs) operating in emerging economies, meaning that good corporate reputation significantly influences MNCs strategy in corporate responsibility and economic business value. Thus, management of MNCs can enhance their corporate business objectives through sustainability practices (Abugre and Anlesinya, 2019). Furthermore, empirical results demonstrate that CSR activities have significantly positive influences not only on reputation, but also on customer loyalty and a brand image (Chen-Ying et al., 2017). Corporate abilities play a significant role in strengthening the association between corporate social responsibility initiatives and customer loyalty because high corporate abilities with well-executed corporate social responsibility initiatives lead to high loyalty and high reputation (Islam et al., 2021). In that respect, the significance of CSR actions is mandatory for organizational success and guides the policymakers, managers, and scholars (Islam et al., 2021).

Pointing out the strategic importance of the policy of corporate social responsibility, Rettab et al. (2009) look into the potential effect that socially responsible practice has on business results, and discover that corporate social responsibility is positively correlated with corporate reputation, even in emerging economies, where the researchers expected that socially responsible activities would not be efficiently communicated to external actors due to the lack of adequate communication channels and skills. The research considers the connection between corporate social responsibility and corporate reputation from the standpoint of the consumer; it has been found that perceived corporate social responsibility has a significant impact on the perception of corporate reputation, which improves company legitimacy in the eyes of consumers (Vlastelica et al., 2012).

Maden et al. (2012) examined the effect that corporate social responsibility has on corporate reputation, as well as how corporate reputation affects the behaviour of various groups of stakeholders. The results of the research indicate that a socially responsible behaviour of companies has a positive effect on reputation, which in turn has positive effects on the behaviour of buyers, employees, and investors. Consumers are more sensitive to negative information on socially responsible business practices, i.e., irresponsible behaviour of companies towards the society and the environment, relative to their response to positive information on socially responsible business practices. In assessing the reputation of a company and making

decisions on buying, consumers attach great value to information on companies' socially responsible practices. Consumers' expectations tend towards pro-social company practices and increase over time, although they are mostly determined by a specific society's degree of development (Aguilera, 2007). CSR behaviours are of growing importance which shows the importance of sustainability to younger investors (Jeffrey et al., 2019). There has been much speculation on the future of CSR – it may cease to be regarded as a separate “add-on” to business operations and become fully integrated into all aspects of a company's activities (Jiang, 2020). According to 2030 Sustainable Development Goals, all corporations have a moral obligation to work towards these goals by means of CSR projects and actions.

The crucial year for a practical development of the concept of corporate social responsibility in the Republic of Serbia is 2008, when a company's social responsibility appeared in the National Strategy of Sustainable Development (Sluzbeni glasnik/Official Gazette of/ RS, 2008), and Smart Kolektiv founded the Business Leader Forum with the support of the Institute for Sustainable Communities (ISC) and USAID. The Business Leader Forum is the first organization in Serbia to gather domestic and international companies, aiming to promote and incentivize the development of socially responsible business practices and the establishment of a long-term stable practice of corporate social responsibility in the business sector (Smart Kolektiv, 2008). In 2010, the Government of Serbia adopted *The Strategy of Developing and Promoting Socially Responsible Business in the Republic of Serbia in 2010–2015*. Although the Strategy does not contain a unique definition of socially responsible business, it is defined at the following three levels: relating to adhering to the legal requirements and standards adopted by the industry; continued mitigation or removal of negative effects of business practices on the society and the environment, as well as risk management; and increasing the positive effects of business practices and creating values geared towards social development and environment preservation (Sluzbeni glasnik/Official Gazette of/ RS, 2010).

The Serbian Chamber of Commerce included in its Corporate Governance Code several principles of corporate social responsibility which should be adopted by all companies and implemented in their business operations. These principles pertain to identifying stakeholders and establishing cooperation with them, understanding their expectations, and establishing a corporate culture which promotes ethical conduct, environmental protection, and transparent business practices and reporting (Radovic & Djulic, 2014). Most companies operating in the Republic of Serbia base their socially responsible activities on *ad hoc* donations, and humanitarian and philanthropic activities, which means that they implement them without clearly delineated procedures. Only a small number of companies engage in planned socially responsible business practices, drawing up and publishing annual reports on corporate social responsibility (Ivanovic-Djukic, 2010).

As stated in the Introduction above, for the purpose of this paper, the research conducted has been based on two main hypotheses.

Research Hypothesis No. 1 reads:

H_0 : There is no significant positive relationship between corporate social responsibility and corporate reputation.

H_1 : There is a significant positive relationship between corporate social responsibility and corporate reputation.

Research Hypothesis No. 2 reads:

H_0 : The attitude of respondents regarding the impact of corporate social responsibility on corporate reputation does not influence their buying decisions.

H_1 : The attitude of respondents regarding the impact of corporate social responsibility on corporate reputation influences their buying decisions.

The additional hypothesis regarding the corporate social responsibility has to provide answers to the following questions: To whom companies are responsible – customers, employees, local community or the environment? Is there a difference between the level of responsibilities towards those parties? In which of those cases do we find the highest level of responsibility?

Research Hypothesis No. 3 reads:

H_0 : There is no significant difference between the levels of corporate social responsibility towards customers, employees, local community and the environment.

H_1 : There is a significant difference between the levels of corporate social responsibility towards customers, employees, local community and the environment.

The aim of the above proposed hypotheses is to learn the attitude of the public on the importance of corporate social responsibility and the level of socially responsible business practices in the Republic of Serbia.

3. Methodology

The research was conducted during the coronavirus (COVID-19) pandemic, between March and April 2020. The companies’ responses to this crisis reveal, on the one hand, how consistent they are in their promises, and, on the other hand, how the population responds to such company activities, i.e., what the opinions regarding a company are and whether they affect the future intentions of consumers to buy.

The methodological framework of the research is based on the assessment of companies’ social responsibility at the individual level, namely, what is investigated is the corporate social responsibility as perceived by the consumers. In addition to the communicated general views on company social responsibility and how it affects their buying-related behaviour, the participants also communicated their views on the socially responsible activities of five companies selected from the list of “100 Top Businesses as Regards Business Success” from the 2018 *Report on 100 Top Businesses*, published annually by the Serbian Business Registers Agency. The following five companies were selected from the food and beverage industry within the process manufacturing sector, which participated in the fight against the pandemic. The selected companies, which have long histories of socially responsible engagement, include Coca-Cola, Imlek, Sunoko (MK Grupa), IM Matijevic, Marbo Product (PepsiCo Zapadni Balkan), and are shown in Table 1.

Table 1: Social responsibility of the selected companies

Company	Scope of activity	Socially responsible actions
Coca-Cola	Production of beverages, carbonated water and other bottled water products	Promoting health and healthy life style Reducing negative effects on the environment Contributing to the well-being of society
Imlek	Production of milk and dairy products	Contributing to the local community Education Humanitarian campaigns Donating milk and dairy products
Sunoko (MK Grupa)	Production of sugar	Supporting education (Money and products) donation, sponsoring, and humanitarian campaigns
IM Matijevic	Production of fresh and dry-cured meat	Environmental protection Donations Provision of health and safety at work
Marbo Product (PepsiCo Zapadni Balkan)	Production of foodstuffs	Reducing negative effects on the environment (protection and conservation of natural resources) Caring about employees’ safety, health, professional development, and human rights Portfolio transformation, including offering healthier food

Source: Web-sites of the mentioned companies

In designing the questionnaire, the authors opted for a qualitative approach. After reviewing the relevant literature, they used the process expert panel – Delphi method, to produce the satisfactory content of the questionnaire. Three independent experts from different fields of expertise (research, professional associations, and employers) were consulted in the process of questions design. The questions were modified in several iterations, and the final version of the questionnaire, comprising 25 questions divided into three sets, was made available online and used as a research instrument. The first set of questions referred to socio-demographic data of the respondents. The second set of questions was concerned with the level of the participants’ understanding of the corporate social responsibility concept and the attitudes of the consumers in general to the concept. The last set of questions related to the specific five companies and their socially responsible practices, especially the activities carried out in March and April 2020 that had to do with the current epidemiological situation in the country caused by the coronavirus pandemic. 173 anonymous responses were received; all respondents were residents of the Republic of Serbia, who had access to the internet and were willing to answer the questions either by following the link advertised on

social media or received by e-mail. The sample of 173 respondents was sufficient to draw valid conclusions. The data gathered were processed and analysed using descriptive, explorative and inferential statistics. Statistical techniques used for testing the relationship between variables were: Frequency tables, Crosstable procedures, Friedman test for related samples, Spearman's correlation coefficient, Chi-square test and Phi coefficient of correlation.

4. Results and Discussion

The analysis of the socio-demographic data reveal that the majority of the participants who took part in this research are female 72.1%. A large share of the participants is in their twenties (62.2%) and/or thirties (29.1%), with only a small number of people in other age groups (2.9% of the participants are between 41 and 50, 3.5% of them between 51 and 60, while only 1.7% of them were 60+). When it comes to the educational structure of the research participants, the majority have higher education qualifications – 74.4% graduated from a university (hold either bachelor or master degrees), 4.7% hold a PhD, with the same proportion of them who completed a college of vocational studies.

The second part of the questionnaire was focused on discovering how well the participants were familiar with the term “corporate social responsibility”. The results reveal that 34.9% are informed of the basics of the corporate social responsibility concept, with 39% of them having a solid knowledge of the concept, and as much as 8.7% being well versed in the area of socially responsible business operation. Here is another important indicator: 75% of the participants have participated personally in the activities aimed at environmental protection or the improvement of social well-being. The greatest proportion of participants perceive a company as socially responsible if: it is concerned with the environmental protection (89.5%); it takes care of its employees (78.5%); it is involved in the organization of humanitarian campaigns, donates or participates in other philanthropic activities (69%); and it invests in the local community (64%). Only 28.5% of the participants find a company socially responsible if it produces environmentally-friendly and high-quality products.

Although almost 90% of the research participants believe that companies do have some sort of responsibility towards the society, which they should assume through different aspects of their business activities, less than 2% of them think that the majority of companies in Serbia are socially responsible. Having in mind the fact that the concept of corporate social responsibility has been present in the Republic of Serbia only in the last 20 years, it comes as no surprise that 78.5% of the participants perceive Serbian companies as socially irresponsible. As the most important reasons for a company to assume socially responsible business practice, the participants list the environmental protection and helping the society (52.3%), followed by the improvement of the company's reputation (32.6%).

Another finding of the research is that a large number of participants are ready to support companies with some social goal, those that contribute to the community or have the environmental protection on their agenda, by opting for their products or services. Exceptionally large proportion of participants are ready to give priority to the products or services of socially responsible companies, even if it means paying more (93.6%) or to go to a longer distance (88%) in order to do the shopping. The encouraging finding is that some consumers are ready to pay even twice the amount for a product or service if it comes from a socially responsible company (6.4%), or to go to a more distant shop to buy such product or service, regardless of how far away it is (13%).

The analysis of data on a company's reputation suggests that only 3.5% of the participants think that a socially responsible business operation does not affect the reputation of a company, while 95.3% of the participants agree that socially responsible business operation has positive impact on a company's reputation. This result is in line with the already pronounced opinion of almost the third of the participants – that companies opt for socially responsible actions so as to enhance their public image.

When it comes to the reputation from the point of view of consumers, the research findings indicate that the reputation of a company does affect a consumer's decision to buy a product or service: 19.2% of the participants feel the maximum impact, while 5.6% find the impact less prevailing but still existent. Accordingly, as many as 93.6% of the participants would desist from buying from a socially irresponsible company if proper substitutes are available. To conclude, people strongly react to negative information on companies, as a large number of conducted research show (Sen and Bhattacharya, 2001).

The largest number of the participants (43.6%) rather choose to buy from companies they perceive as socially responsible, based on the company's commercials and social campaigns. A somewhat smaller proportion of the participants do not pay much attention to the social responsibility of companies but still, if

they have a choice, rather turn to the products or services of socially responsible companies. The number of participants at the either end of extreme is almost the same – almost identical number of consumers either do not pay attention at all to the social responsibility of a company when shopping, or do find it extremely important that the companies they buy from be socially responsible.

The last part of the research was concerned with the analysis of the consumers' attitudes towards the social responsibility of the five selected companies and their recent activities caused by coronavirus pandemic in our country. The first two companies from the list themed "100 Top Businesses as Regards Business Success", published by the Serbian Business Registers Agency in the previous year, namely Coca-Cola and Imlek, are mostly perceived as socially responsible. When it comes to the social responsibility of Sunoko (MK Grupa) and Marbo Products, opinions differ, especially about the latter, while a slightly larger number of consumers is yet of the opinion that Sunoko is not a socially responsible company. IM Matijevic has the poorest reputation, since the majority of participants see it as socially irresponsible. Such a result is interesting, since this company does tend to protect the environment from the negative impacts of the industrial production, takes care of the safety and health of its employees, and frequently donates money to charity (see Table 1). This raises the question of reasons behind such findings and why a company carrying out socially responsible activities does not manage to establish a better reputation (Figure 2).

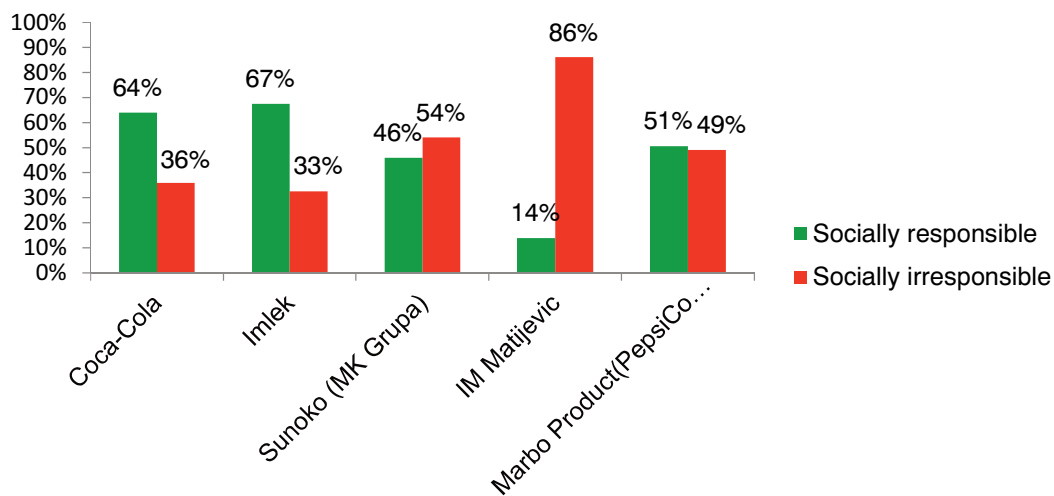


Figure 2: Perceived social responsibilities of companies

All the five companies answered the call of the Serbian Chamber of Commerce and found the way to join in the fight against the current coronavirus, either by procuring the necessary medical equipment or donating their products or goods. Although those activities were in the news across the media and internet portals more than once and for several days, a relatively small number of the participants (14% at the most, and when it comes to Imlek) are aware of such activities. The information that certain companies donated money, ventilators, personal protective equipment and medical safety supplies, goods or other products necessary for the fight against coronavirus (COVID-19) positively affected 92.5% of the participants.

As much as 79.1% of consumers declare that they will take into account the fact that some companies acted socially responsibly during the coronavirus pandemic the next time they consider buying their products. Such findings directly point to the benefits the companies have when doing business in a socially responsible way, which indirectly strengthens their corporate image and reputation, and consequently generate sales.

By analysing the relationship between the impact of a company's reputation on a consumer's decision to buy its products and the extent to which a consumer pays attention to CSR, the authors tried to determine the importance of CSR:CR relation to a customer when deciding which product to buy. In order to examine the previous relationship, correlation analysis, i.e., Spearman's correlation coefficient, was applied. The results have showed that there is a statistically significant but relatively low positive correlation between the mentioned variables ($r_s=0.391$, $n=173$, $p=0.000$). Therefore, the Research Hypothesis No. 1 was accepted. If the correlation is examined separately for men and women, it can be concluded that in the male population this correlation bears no statistical significance ($r_s=0.219$, $n=48$, $p=0.135$), unlike the female population ($r_s=0.454$, $n=125$, $p=0.000$). The same correlation examined in the context of the age of respondents points to the statistical significance of this correlation in the population under 30 years of age ($r_s=0.313$, $n=108$,

$p=0.001$), and even more pronounced significance in the population over 30, i.e., the analysis produced a statistically significant positive correlation coefficient of 0.5 ($r_s=0.5$, $n=65$, $p=0.000$).

In order to prove the Research Hypothesis No. 2, the relationship between the attitude of respondents towards socially responsible business operations on the reputation of a company and the respondents' decision to buy that company's products, was examined. By applying Chi-square test, it has been concluded that between the above variables, there is a statistically significant correlation (Chi-square=14.362, $df=2$, $sig=0.001$; Phi correlation coefficient 0.288, $p=0.001$), i.e., that the attitude of the respondents towards socially responsible business operations and the reputation of a company affects their decision to buy that company's products. This confirms Research Hypothesis No. 2.

The Research Hypothesis No. 3 was aimed at providing the answer to the following questions: To whom companies are responsible – customers, employees, local community or the environment? Is there a difference between the level of responsibilities towards those parties? In which of those cases do we find the highest level of responsibility?

Mean values and standard deviations of responses to the extent to which the companies in Serbia are responsible towards consumers, employees, local community and the environment (on the scale of 1 to 5) are presented in Table 2.

Table 2: Mean values and standard deviations of variables (on the scale of 1 to 5)

Variables	Mean	Sd. Dev.
The responsibility of companies in Serbia towards consumers	2.630	0.7637
The responsibility of companies in Serbia towards employees	2.410	0.8064
The responsibility of companies in Serbia towards local community	2.243	0.7463
The responsibility of companies in Serbia towards the environment	1.954	0.8270

The results of the Friedman test show statistically significant differences between the average attitude towards customers, employees, local community and the environment ($N=173$, Chi-Square=112.210, $df=3$, $p=0.000$).

This confirms our Research Hypothesis No. 3.

Conclusion

The intention of this paper is to improve the understanding of the relationship between corporate social responsibility and corporate reputation. To this day, there has not been a comprehensive definition of corporate social responsibility, since the concept keeps changing depending on the context, the point of view, the era and the business culture. What is common to all the definitions is that corporate social responsibility includes the moral obligation of companies towards the society around them to do business in the ethical way, fully abiding by the laws and maintaining the industry standards, and to contribute to the reduction and the elimination of negative and/or the increase of positive effects of their operation on the society and the environment.

The research findings indicate that the participants perceive the companies as social actors which should not care for profit only, but also for the interest of the community and their business environment. They believe that companies should prove their responsibility in different aspects of their business operation and that it would positively affect people's quality of life. The participants' views of the responsibility of companies operating in the Serbian market to consumers, local community, employees and the environment, are distinctly negative – as much as 78.5% of them hold that the majority of companies do not do business in the socially responsible way. This can be partly explained by the fact that until 20 years ago the companies in this market were not seriously involved in socially responsible activities, and partly by the fact that the majority of companies in Serbia are micro-businesses – even 87% of the total number, which mostly have not adopted a socially responsible practice.

All three hypotheses presented in this article are confirmed by the conducted research, meaning that practicing social responsibility builds positive views of the participants on a company, i.e., positively affects its reputation. In assessing a

company's reputation, consumers consider the level of corporate social responsibility of a company, where the largest proportion of consumers tend to buy from businesses they perceive as socially responsible, based on their commercials and social campaigns, and if faced with a choice, prefer to buy the products or services from the companies that behave ethically towards the community and contribute to further development of the society.

Although each of the five selected companies has carried out certain socially responsible activities, the research shows that the public is not really aware of such activities. Although two out of five companies, as the research suggests, enjoy the reputation of socially responsible companies, only one of them (Coca-Cola) is good at presenting its socially responsible practice, since the public is familiar with its socially responsible actions. If they are to build the reputation of socially responsible companies, the other companies should improve their marketing capabilities and adapt their public relations strategies in order to properly present their involvement in the ecological, social and institutional issues of the society. Although few participants are abreast of the latest activities of the socially responsible companies, the discovery of the fact that the companies have been involved in solving the current national health issue leaves exceptionally positive impression, which also positively affects the consumers' intention to buy.

The study has a few limitations, hence several suggestions for future studies are thereby proposed. As non-probability sampling is used in the research, the results may only be applied to the sample of the study and cannot be generalized to include the whole population of the Republic of Serbia.

Next, the study sample was limited only to the Serbian citizens with the access to the Internet (aged 20 to 50, with very small number of participants over 50), since the researchers used an online survey. It is advisable to conduct the same research offline as well, so the results of the research can be generalized to the whole population of the Republic of Serbia. Future researchers are also encouraged to conduct a longitudinal study to capture the actual attitude of the population towards social responsibility of companies in non-challenging times (since this survey was conducted during COVID-19 pandemic).

Corporate social responsibility has become an important part of the operation of contemporary companies, and in the future, it will surely only grow in relevance, so the obtained results can be of help to the management of companies to direct their financial and organizational resources in the better management of the corporate social responsibility and the reputation, which positively impacts the companies' performance. The findings of this study can also serve the government to stimulate the development of business policies and culture where corporate social responsibility would be imprinted in companies' environmentally-friendly products.

When it comes to the level of trust among the citizens of Serbia that companies do operate in the interest of the society, the Smart Kolektiv research (2014) suggests that the trust has evidently grown in recent years. The findings of our research point to the fact that the increase of trust in the international companies is greater compared to the local ones. This finding indicates that large international companies have managed to adopt and put into practice in Serbia the modern business practice, while there is still a lot of space for local companies to adopt a socially responsible business practice.

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