

# Research on the Impact of Perceived Corporate Social Responsibility on Organizational Competitiveness

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**Abstract:** This research explores the impact of Corporate Social Responsibility (CSR) on organizational competitiveness, with a particular focus on the three dimensions of environmental responsibility, economic responsibility, and social responsibility. The study finds a positive correlation between the fulfillment of CSR and organizational competitiveness, with distinct mechanisms of influence for each dimension. In terms of environmental responsibility, companies that comply with environmental regulations, develop environmental policies, and adopt eco-friendly technologies can not only enhance their corporate image but also improve financial performance and meet consumer demands, thereby increasing competitiveness. In the area of economic responsibility, increasing transparency, reducing costs, and improving efficiency strengthen financial capabilities and market image, which in turn enhances competitiveness. Regarding social responsibility, collaboration with society, improved corporate reputation, and increased employee creativity all contribute to a company's competitive position in the market. Based on a comprehensive review of the literature and empirical research, the paper concludes that the fulfillment of CSR has a positive impact on organizational competitiveness, and this impact varies across different dimensions of responsibility. Companies should emphasize the multidimensional fulfillment of CSR to achieve sustainable competitive advantage.

**Keywords:** Corporate Social Responsibility (CSR); Environmental Responsibility; Economic Responsibility; Social Responsibility; Organizational Competitiveness.

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## 1. Introduction

The study of corporate social responsibility (CSR) first began in Western countries, American scholar Howard Bowen defined CSR in 1953, and he proposed that in addition to the pursuit of economic profits, enterprises should also consider social and environmental issues and take corresponding responsibilities in their business activities. On this basis, Keith Davis, also an American scholar, made a more detailed definition of CSR, and he believed that corporations make decisions on the basis of safeguarding their own interests, but at the same time, corporations also naturally have the obligation to safeguard and promote the well-being of the community, and thus corporations need to undertake social responsibility in line with their capabilities. In the 1970s, the theory of CSR developed rapidly in the Western world. Carroll proposed the "Pyramid Model", which considers that the content of CSR consists of economic, legal, ethical and philanthropic aspects in descending order of hierarchy, and then further improved the model and definition by incorporating the stakeholder theory into the Pyramid Model, and pointed out that enterprises should take into account the interests of all parties when dealing with problems. By now, the main framework of the concept of CSR in western countries has matured, and Carroll's research on CSR has been generally recognized by academics.

## 2. Literature Review

Carroll puts forward a four-category responsibility model of economic, legal, ethical and voluntary activities. He believes that the fulfillment of CSR can be divided into four parts according to different weights. The second part is the legal responsibility, the production and operation activities of

the corporation must abide by the local laws, no matter whether it will affect the profits of the corporation, the third part is the moral responsibility, the corporation should consciously abide by the public order and morals of the place of operation, and set up a good CSR for the corporation, and the fourth part is the philanthropic responsibility, the corporation should make use of its own resources and influence to make behaviors conducive to the development of the society, and take part of the social CSR. Based on Carroll's pyramid model, Elkington proposed the "triple bottom line" theory, which divides CSR into economic responsibility, environmental responsibility, and social responsibility based on the domain of responsibility. Elkington went on to refine the theory, and he argued that the triple bottom line also referred to "profit, people and planet". Some scholars, based on the Triple Bottom Line theory, categorize corporate social responsibility into environmental responsibility, economic responsibility, and social responsibility.

### 2.1. Effects of Environment Responsibility on Competitiveness

Fulfillment of environmental responsibility by corporations requires them to comply with the requirements of environmental protection legislation, at the same time, corporations encourage managers to develop environmental policies within the organization to avoid ecological risks related to the process of production/provision of products/services, aiming to minimize the damage caused by the corporation to the environment choosing environmentally friendly technologies, reducing and preventing pollution. By means of a questionnaire, J. Li et al. studied the relationship between corporate fulfillment of environmental responsibility and corporation competitiveness of 33 Lithuanian

corporations. The article measures corporation competitiveness in six dimensions: financial capability, production quality, consumer demand fulfillment, efficiency, innovation introduction and corporation image, and finally concludes that corporate fulfillment of environmental responsibility is positively related to competitiveness, and in particular, corporate image, consumer demand fulfillment and financial capability are most affected by environmental responsibility. The analysis of the article concludes that environmental issues are global and a priority for most countries, and if a corporation clearly understands environmental issues and applies sustainable clean and environmentally friendly technologies in its business activities, it can reduce environmental pollution and then become a mature business entity. The impact of corporate environmental responsibility on the satisfaction of consumer needs in competitiveness is due to the emergence in the market of "green consumption" related to the purpose of protecting nature and "responsible consumption" aimed at avoiding environmental damage, according to the study of Romani et al., including "green consumption", "responsible consumption", and "responsible consumption", which includes the avoidance of environmental damage. The emergence of "green consumption" related to the purpose of protecting nature and "responsible consumption" for avoiding environmental damage, including "green consumption", "sustainable consumption", and "rational consumption", suggests that consumers have become more aware of environmental protection. This shows that consumers have become more aware of environmental protection, and corporations' fulfillment of their environmental responsibilities satisfies consumers' needs, thereby increasing corporation competitiveness.

Alsayegh et al. regarded corporate sustainability as a competitive advantage, and the article argued that corporate disclosure of environmental responsibility is based on corporate management of the environment. Alsayegh et al. conducted an empirical study of environmental, social and governance disclosure of Asian corporations on the sustainability of corporations during the period of 2005 to 2017, and finally concludes that corporations' disclosure on the fulfillment of their environmental responsibilities can enhance their competitive advantage, which in turn improves their sustainability performance. And it is concluded that increasing the transparency of environmental disclosure is not contradictory to the pursuit of economic benefits, which can lead to a stronger competitive advantage.

Moral beliefs, values, and norms about environmental issues are symbolic of a corporation's environmental ethics, and a corporation's environmental ethos demonstrates its intention and purpose to actively engage in environmental stewardship, which can lead to long-term economic gains for the corporation. A corporation's environmental ethics policy helps to formalize the values and expectations of ethical behavior, and environmental ethics are intangible assets that corporations use to improve their environmental performance and competitive advantage, and can have an impact on a corporation's environmental performance and competitive advantage. Therefore, Singh et al. investigated the relationship between environmental ethical responsibility and competitive advantage of corporations through a questionnaire where the authors used Structural Equation Modeling (SEM) to test the hypotheses on 364 valid responses from managers. The results show that the

fulfillment of environmental ethical responsibilities by corporations can contribute to the improvement of the competitive advantage of corporations, and that environmental training for employees is a mediating variable in the impact of environmental ethical responsibilities and competitive advantage, that is, when corporations formulate environmental ethical policies, the development of environmental competencies-skills, knowledge, and attitudes-of employees, either directly or indirectly, through environmental training that play a crucial role in improving the environmental performance and competitive advantage of the corporation. In addition, the authors believe that both top management and employees of a corporation should be proactively committed to implementing and sustaining environmentally ethical practices to improve the environmental performance and competitive advantage of the corporation, and that an organization's commitment to environmental ethics should not be just a decorative item hanging on a wall or in a document, but rather a conscious decision by the organization to fulfill the corporation's environmental responsibility by developing the environmental competence and awareness of its employees, and that this development should not be a one-time, but a continuous process. Finally, when the senior management of the corporation formulates the assessment system, the environmental behavior of the employees should be included in the scope of the assessment in order to motivate the employees to fulfill their environmental obligations and responsibilities on a continuous basis.

Environmental innovation is the introduction of any new or significantly improved product or service, process, organizational change, or marketing solution that reduces the use of natural resources and the emission of harmful substances throughout the life cycle. As defined by Ar and Sciences, environmental innovation includes all measures taken to promote the development of improved or new processes, products or services, technologies and management systems that contribute to the mitigation of environmental impacts and the achievement of specific ecological objectives. Skordoulis et al. examined environmental innovation from the perspective of environmental innovation in terms of the contribution of corporations' fulfillment of their environmental responsibilities to the contribution to competitive advantage, which distributed questionnaires to 892 medium and large Greek corporations and analyzed them using descriptive and inductive statistical methods, including principal component analysis and multiple linear regression, and showed that the surveyed corporations perform environmental innovation practices at a medium level, the most common environmental innovation practices are the implementation of ISO 14001 management systems and the reduction of the use of toxic substances, and that environmental process innovation and environmental product innovation had a positive impact on the competitive advantage of the examined corporations. The study suggests that CEOs should be provided with equal grants and stock options, which would in turn motivate them to develop strategic plans for open environmental innovation and improve the competitive advantage of their corporations.

Ashour et al. explored the relationship and mechanisms between CSR and competitive advantage by using corporate environmental responsibility as a factor to measure CSR using semi-structured interviews with a purposive sample of top decision makers in five-star hotels and resorts in Jordan,

and the results showed that corporate environmental responsibility does not have direct significant effect, nor can environmental responsibility indirectly affect a corporation's competitive advantage through corporate reputation. The authors analyze this as being due to the fact that, unlike the large number of CSR studies conducted in Western cultures, Jordan is in a developing country where consumers' environmental awareness is relatively absent, and where differences between the environment and the culture highly influence the perceptions of the respondents and the assessment process.

NGUYEN et al. studied the relationship between CSR and affective organizational commitment in food processing corporations in the Mekong Delta, Vietnam, by measuring CSR from four perspectives: employee, customer, environmental and legal. After conducting interviews with owners, chairmen and managers of 422 food processing factories, data were analyzed using exploratory factor, confirmatory factor analysis and structural equation modeling, and finally it was concluded that CSR has a positive and positive impact on affective organizational commitment, and that employee, customer, environmental and legal responsibilities are important factors of CSR.

Environmental responsibility belongs to external CSR, Chatzopoulou et al. categorized CSR into external and internal CSR and surveyed 191 employees in Greece and after data processing concluded that external CSR, by increasing job satisfaction, would increase employees' organizational commitment.

Queiroz et al. assessed the impact of employees' perceptions of CSR practices on organizational commitment in a textile corporation in Ceará, Brazil. The study measured CSR from six perspectives: employees, customers, suppliers, government, society and environment. After interviewing 539 employees from three corporations and after data processing, it was concluded that environmentally oriented CSR practices can have a negative impact on organizational commitment.

Brachle and Waples studied the relationship between corporate social responsibility and organizational affective commitment with 333 participants in the United States. The article measured CSR in six dimensions: natural environment, employees, community, suppliers, customers, and shareholders, and the results of the study showed that CSR, including the natural environment, has a positive effect on organizational affective commitment, with external prestige playing a mediating role.

## **2.2. Effects of Economic Responsibility on Competitiveness**

The research around the relationship between economic responsibility and competitiveness of corporations, J. Li et al. mainly used a qualitative assessment methodology, a questionnaire survey of 33 member corporations of the Global Compact Network in Lithuania, and empirical studies such as structural equation modeling and regression analysis, etc., in the article, corporations fulfill their economic responsibility with the aim of increasing efficiency, reducing costs, respecting employees, Ensure the welfare of employees and ensure profitability, and corporation competitiveness is measured through six dimensions: financial capability, production quality, consumer demand fulfillment, efficiency, innovation introduction and corporation image. As a result of the empirical study, it was concluded that economic responsibility of the corporation is positively related to

competitiveness, with the greatest relationship with corporate image, financial capacity and consumer needs fulfillment, because one means of fulfilling economic responsibility is performance accountability, a commonly used tool that helps the corporation to reveal the best way to make the corporation profitable, and due to this transparency ensures that the corporation does not hide or evade taxes, and it will enhance the corporation's performance in terms of the number of potential stakeholders including partners and suppliers, the image of the corporation in the eyes of potential stakeholders and consider investing in their activities, affecting the financial capacity of the corporation. In addition, J. Li et al. argues that transparent corporations are encouraged by autonomy-conscious consumers who are well aware of the impacts of unfair and corrupt corporations on the country and the region.

Lu et al. argues that CSR is ultimately a strategic issue, in which case the function of the organization is to persevere in its social responsibility in the context of its use and long-term economic efficiency and sustainable development. In addition, corporations must demonstrate that profitability is not a desire of the corporation, and that the value it provides lies in earning the trust of the society and thus gaining corporation competitiveness in the market. Therefore, Ahmed and Streimikiene examined the relationship between economic responsibility and corporation competitiveness by means of a questionnaire. The authors collected responses from manufacturing and service industries from developing countries in the Asian region China, India, Pakistan, Bangladesh and UAE, and the study showed that economic responsibility of corporations significantly affects competitiveness, green innovation acts as a mediating variable, and the impact of social media marketing as a moderating variable remains significant.

Han et al. investigated the relationship between perceived CSR and corporation competitiveness from the perspective of customer perception. The study measured that one of the perceived CSR is economic responsibility, this is because the key aspects of economic CSR are profitability and competitiveness, corporations that implement economic CSR usually maintain a competitive position, maximize their earnings per share, pursue operational efficiency, and maintain corporate profitability, competitiveness is measured by meeting consumer expectations using a web-based survey of customers of airlines spread across the world. Empirical studies show that fulfilling economic responsibility is positively correlated with customer expectations and airline operators should maximize efficiency by fulfilling economic responsibility, thus satisfying consumer expectations to improve the competitiveness of their business in the market.

Junaidi and Business categorized CSR into five dimensions: environmental responsibility, social responsibility, economic responsibility, stakeholder responsibility, and volunteer responsibility, and corporation competitiveness into four dimensions: cost-effectiveness, quality improvement, flexibility, and on-time delivery. The research examines the relationship between social responsibility and competitiveness in Indonesia by selecting 43 corporations in the Indonesian manufacturing industry, conducting a questionnaire survey among 129 employees in these corporations, and analyzing the data using Structural Equation Modeling and AMOS, which shows that although the fulfillment of economic responsibility by the corporations has a positive effect, the relationship with competitiveness is

relationship is not significant. The economic responsibility dimension of social responsibility refers to the dimension constructed by companies to foster responsibility or build corporate culture by increasing the income of employees, in addition, this dimension aims to reduce the occurrence of various business risks, thus reducing the economic costs for the corporation. White and Management argued that for corporation competitiveness, it is necessary to consider effective utilization of costs, maintenance of product quality, flexibility in innovation, and accuracy in product delivery or delivery. However, Junaidi and Business argues that economic responsibility performed by corporations in Indonesia does not provide a real sense of actionable flexibility for corporations, which in turn does not have a positive correlation with corporation competitiveness.

Nguyen et al. study the impact of CSR on corporation competitiveness in Vietnam's tourism industry from a triple bottom line perspective. One of the components of the triple bottom line is the economic bottom line, which is related to the profit of the corporation, which depends on the quality of products and services produced by the corporation as well as its efforts to satisfy customers' needs, so Nguyen et al. replace the economic bottom line with the quality of products and services. The research object is the emerging tourism industry in the Mekong Delta of Vietnam, combining qualitative and quantitative methods with 250 respondents, including directors, deputy directors, managers and operators of tourism corporations, and through the statistical tests of scale reliability, exploratory factor analysis, confirmatory factor analysis, and structural equation modeling, it is concluded that CSR oriented to production and service quality is positively related to the competitiveness is positively correlated and that Vietnam should take advantage of the environmental characteristics of tourist attractions to provide products and services with typical characteristics to improve corporation competitiveness, while the article argues that the Vietnamese government should formulate incentives to encourage corporations to promote tourism products and services based on regional advantages and characteristics.

J. S. Kim et al. conducted a questionnaire survey of 203 employees in a hotel to explore the relationship between employees' perceived CSR and affective organizational commitment in the hotel sector. One of the variables selected for the study was economic responsibility and the hypothesis was formulated that hotel employees' perception of economic responsibility would positively influence affective organizational commitment. After the survey and data analysis it was concluded that hotel employees' perception of economic responsibility will positively affect affective organizational commitment, but procedural justice and organization-based self-esteem did not have a mediating effect. Kim et al. concluded that affective organizational commitment is a strong factor in hotel retention and competitiveness, while J. S. Kim et al. showed that economic responsibility enhances affective organizational commitment of employees, so J. S. Kim et al. suggests that corporations need to establish long-term economic growth strategies by improving employee productivity and employee treatment through CSR practices.

Soriano et al. examined the relationship between employees' perceived CSR and organizational commitment, with corporate reputation serving as a mediating variable, and one of the dimensions of perceived CSR measured is economic responsibility. The population of the article was the

employees of Philippine Airlines, the qualitative and quantitative research was combined with questionnaires and in-depth interviews with the employees, and after testing the research hypotheses using structural equation modeling, it was concluded that economic responsibility has a significant effect on organizational commitment and that corporate reputation acts as a mediator.

Boudlaie et al. studied the relationship between CSR, organizational commitment and employee turnover with all employees of Tehran branch of Bank Melli Iran and the article measured corporate social responsibility in terms of economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. Through questionnaire and data analysis, it is concluded that economic responsibility can positively influence organizational commitment.

Arslan and Abeuova conducted a questionnaire survey of employees in Kazakhstan restaurants and studied the relationship between CSR and organizational commitment by selecting four independent variables: economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. After data processing, it was concluded that the fulfillment of economic responsibility by corporations can positively influence organizational commitment and that economic CSR such as reducing operating costs and developing long-term strategies are considered to be important factors influencing employees' organizational commitment.

### **2.3. Effects of Other Social Responsibility on Competitiveness**

According to Dahlsrud and management, corporation social responsibility includes the following dimensions: environmental, social, economic, shareholders (suppliers, employees, consumers, and society), and voluntariness, and the social dimension refers to the fact that corporations, by cooperating with the society, make compromises between the corporation and the society and solve the problems of the society. J. Li et al. argued that the social dimension in CSR is mainly concerned with the relationships in the community, that is, the relationship between the business organization and its surrounding society. This is because the social dimension encourages corporations to cooperate with the community because the modern corporation is no longer a single entity, and the goal of business organizations is to adapt to a society in which consumers' needs are constantly changing, and at the same time, they need to be socially responsible, for example, by caring for the working environment of their employees, providing workers with the assurance of a healthy job, and being attentive to the community's needs. J. Li et al. studied the relationship between social corporation social responsibility and competitiveness of 33 corporations in Lithuania, which was assessed qualitatively using a questionnaire. The research measured competitiveness in six dimensions: financial competence, production quality, consumer demand fulfillment, efficiency, innovation introduction and corporation competitiveness, and the results showed that the social CSR dimension had the greatest impact on corporation competitiveness in terms of corporate image, followed by customer demand fulfillment, production quality and financial competence. According to Price and Sun, modern corporations are characterized by the ability of the corporation to be able to reconcile the individual with society and solve the problems that arise between the two, thus creating a corporation that encourages social security. From

the point of view of consumers and potential customers, a socially active corporation is a caring member of society, and a corporation that solves social problems and builds partnerships with local organizations stimulates the creativity and innovation of its employees and produces more dynamic decisions, which in turn drives social change and continues to achieve sustainable corporate development.

Ashour et al. investigated the impact of social CSR on competitiveness and the mediating role played by corporate reputation by conducting a purposive questionnaire survey among top decision makers in well-known five-star hotels and resorts in Jordan. After processing the obtained data, the results showed that social CSR contributes to corporation competitiveness and reputation as a mediating variable enhances this effect.

Junaidi and Business studied the relationship between CSR and competitiveness in the manufacturing industry in Indonesia, measuring the corporation competitiveness through four dimensions: cost-effectiveness, quality enhancement, flexibility and on-time delivery. The research was studied on 129 employees of 43 manufacturing corporations, who were surveyed with questionnaires and the data were analyzed using Structural Equation Modeling and AMOS. The indicators of the social dimension of CSR in the manufacturing sector are significant for the survival of corporations, which use size as an important component of corporate survival because it allows them to be recognized by society, and at the same time, the corporations contribute to the creation of employment opportunities in the community, which leads to the establishment of good social relations. Therefore corporations taking on this aspect of responsibility has a positive impact on the fulfillment of CSR, but this does not improve corporation competitiveness because fulfilling social CSR does not improve the quality of the corporation's operations.

Bai et al. quantified corporation competitiveness by combining financial performance, such as liquidity and profitability, with non-financial performance through principal component analysis to investigate the impact of social CSR on competitiveness undertaken by corporations in China's liquor sector. The research selected Wuliangye, a well-known liquor brand in China, as a representative, the financial data were selected from Wuliangye Group's financial report and social responsibility report from 2008 to 2020, the non-financial data were represented by Wuliangye's brand value, and the social CSR undertaken by the corporation was measured by the result obtained by dividing the number of donations by the revenue. The regression results, analyzed by SPSS, show that there is no correlation between the social CSR undertaken by corporations and corporation competitiveness measured by financial performance.

Nguyen et al. conducted a questionnaire survey with 250 respondents in a study on the relationship between CSR and competitiveness in the tourism industry in Vietnam, using social CSR as a measure of a factor of CSR, combining qualitative and quantitative research methods. The research's questionnaire survey on social CSR around whether corporations have carried out activities to enrich spiritual life, whether they support charitable organizations, and whether their corporate culture development strategy is integrated with local culture, and the results show a positive correlation between social CSR and competitiveness. Therefore, it shows that social CSR is a key factor in enhancing corporation

competitiveness. Nguyen et al. suggested that tourism corporations in Vietnam should carry out activities to improve and promote social progress. In carrying out these activities, corporations should publicize their mission and vision, organizational culture and brand image to deepen people's impression of the corporations, and integrate local culture into their development strategy and organizational culture. Providing products and services with local characteristics can enhance the competitiveness of enterprises. And it is argued that from the triple bottom line principle, social CSR plays a decisive role in corporate competitiveness in Vietnam's tourism industry.

Zaman et al. studied the relationship between CSR and affective organizational commitment with organizational identification as a mediating variable and importance of CSR strategy as a moderating variable by taking the employees of telecom sector in Pakistan. One of the dimensions of CSR measured in the research is social CSR and after processing the data it was concluded that social CSR is positively related to affective organizational commitment.

### 3. Conclusion

The research analyzes the impact of corporate social responsibility (CSR) on organizational competitiveness, exploring it from three dimensions: environmental responsibility, economic responsibility, and social responsibility. In terms of environmental responsibility, fulfilling environmental obligations not only enhances corporate image but also improves financial capabilities and consumer satisfaction, thereby boosting competitiveness. Economic responsibility strengthens competitiveness by increasing transparency, reducing costs, and improving efficiency, which enhances financial performance and market image. Social responsibility, on the other hand, promotes collaboration between the company and society, boosts corporate reputation, and fosters employee creativity, thus enhancing the company's competitive position in the market. Overall, the fulfillment of CSR is positively correlated with organizational competitiveness, with each dimension having its own unique mechanism of influence.

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