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Effectiveness of CSR in Building Brand Loyalty: A Case Study of Sail, Bokaro Steel Plant

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Abstract

India has witnessed dramatic change in the role of business in society. The businesses have started willingly to undertake Corporate Social Responsibility (CSR) including the origins of king's well-being to the liberalisation and decrease in the governing framework. CSR is also known as "corporate conscience or corporate citizenship or responsible business" which is a type of business self-regulation integrated into a corporate model. The way the industry operations are affecting the environment and the society is becoming the major concern all over the world. It is important for the businesses to give social returns along with financial ones. It is necessary for the corporations to have CSR activities and practices in order to improve the society and the sustainability as well. SAIL, a Maharatna company is such a company which follows these practices to help the organisation to build a positive brand image and long-tern loyalty. The aim of the investigation is to examine the role of CSR activities in shaping the perception of the employees for the brand and strengthen their loyalty for the firm. 271 respondents from SAIL, Bokaro steel plant were surveyed to explore the factors that shows effectiveness of CSR in building brand loyalty. The study also measured the impact of CSR on building brand loyalty. The study concludes that there is significant impact of CSR on building brand loyalty.

Keywords: Corporate social responsibility (CSR), Brand loyalty, Industry, Business, Organization

Introduction

The concept of "corporate social responsibility (CSR)" has come into existence from since 1960s. It is still popular and gets attention of the investors and researchers. There are organizations which are coming forward to express their citizenship behaviour. They take initiatives to control their wastes and processes of reducing pollution. They also trying to contributes to programs related to education and social awareness. The firms are trying to earn sufficient returns in the employed resources. In the Indian corporate scenario, the CSR practices are popular as the organizations have realised that along with the growth of the business it is also important to build trustworthy and sustainable relations with the community as well. The study dealt with the status, progress and initiatives related to policy framework and implementation of CSR practices in large companies in India. These firms focus mainly on education, health, and environment and found that the idea of CSR cannot be ignored by the firms in today's market globalization and liberalization which always keeps on changing (Sharma and Kiran, 2012). "Steel Authority of India Limited (SAIL)" is the largest steel manufacturer in India holding the admired position of a "Central Public Sector Maharatna Enterprises". The operations of the company include combined steel plants in "Bhilai, Durgapur, Rourkela, and Bokaro" with three specialised steel facilities like "Salem Steel Plant, Alloy Steel Plant and Visveswaraya Iron & Steel Plant" (Maurya, 2016). It is found that as per the demands of changing market it is important to change the culture of the work as well which is one of the vital drivers of CSR programs. These days, the companies are facing pressure from "journalists, academics, and local communities" to get engaged in CSR related activities. There are organization which sometimes are not willing to practice CSR as they see it as a cost. In general, the success of a company is mainly associated with its financial performance which is the component of business economics (Correia, 2019). CSR is a business model in which "social, environmental, and ethical" considerations are mixed in operations of the company and communication with investors. Traditionally, making maximum profit is the key aim of the organization but now CSR emphasises shows maximum impact of the business on environment and the society as well. CSR is a powerful instrument to attain social and environmental goals of the nation which requires the firm's cooperation to address the developmental problems in growing economies like India (Lawania & Kapoor, 2018). Activities

included in this are "supporting community development, promoting sustainable environmental practices, ensuring appropriate professional standards, and participating in philanthropic efforts". The effectiveness of CSR initiatives ensuring the sustainability of the company is now becoming very important to be scrutinised in business environments of today's modern world (Waddock & Graves, 2015). The way the businesses are managing economic, social and complex environmental challenges, it is also important to integrate CSR practices as a strategy to promote long-term sustainability and flexibility. CSR initiatives are very effective for the companies to build up deep and meaningful connections with consumers increasing customer loyalty and encouraging consumers to recommend the company in their social network. The company is able to strengthen their image through these social platforms. In India, positive image is created by the companies by the opportunity to use CSR activities. CSR is used to build image, long-term benefits by the companies where it need to focus on social development and CSR activities (Mallick, 2014). In the developing countries, factors like "lower levels of disposable income, cultural influences, and varying levels of market maturity" are usually responsible to influence brand loyalty. It is also influenced by "cultural factors and social norms" (Narasimhan & Wilcox, 2016). For instance, in India, company like "Tata and Hindustan Unilever" has maintained its strong brand loyalty by bringing their marketing efforts with cultural values and traditions in same line (Batra et al., 2015). Brands like Havaianas have managed to nurture consumer loyalty by tapping national pride and cultural identity (Dwivedi & Johnson, 2014). Factors like "infrastructure limitations, political instability, and low literacy rates" are significant barriers to build brand loyalty. Factors like "economic development, infrastructure, and cultural diversity" effects brand loyalty. Brands are able to build deep connection with their consumers and nurture long-term loyalty by actively engaging with communities and addressing societal challenges. These examples show that it is important for the developing countries to understand local contexts and behaviour of the consumers to build and maintain brand loyalty among the consumers. In developing countries, brand loyalty spreads beyond traditional metrics and reflects deep relation amid consumers and the brand.

Literature Review

Jain and Kappor (2024) found that a well-structured CSR initiative has the ability to influence the performance of the organization in positive manner along with its profitability in the long run. At the same time, it is important to have careful assessment and planned implementation. CSR initiative also has the potential to positively influence employee engagement. The practical implication of CSR shows the importance of proactive CSR management. This works as a driver of "brand loyalty, organisational sustainability, and long-term business success". The sustainable practices are necessary in CSR practices as it helps in reducing "costs, mitigate risks, and improve operational efficiency" which in turn contributes to long-term organisational sustainability.

Kumar and Deo (2026) studied the financial planning of CSR projects exploring the way the initiatives under "Steel Authority of India Limited (SAIL), Bokaro Steel Plant" works for sustainable development. It is found that proper system for planning allocating funds for CSR activities is there in SAIL. The organization is also significantly investing in the development of communities around. At the same time, there are challenges as well in the effective use of funds, regular monitoring and in the measurement of real impact of these practices. The study concludes that "financial transparency, performance evaluation, and outcome-based budgeting" will improve by significant optimisation of overall effectiveness of CSR initiatives in SAIL.

Echezona (2024) found that the relation amid "CSR initiatives and brand loyalty" in the developing markets is a complicated interaction of different factors. There is a positive impact of CSR activities on brand loyalty. Consumers give positive comments for the companies that are socially responsible towards the society. They also develop strong emotional connection with such companies. "Cultural, economic, and regulatory factors" are the factors associated with emerging market are responsible for the effectiveness of CSR initiatives in building brand loyalty. In addition, CSR efforts in terms of "authenticity and transparency" play vital part in shaping the perceptions of the consumers and trust towards the brand as well.

Seema and Sujatha (2016) conducted the study on the respondents working in Bokaro Steel Plant. It is found that the organization survives and become successful on the basis of its relation with its surrounding environment and the society. Commitment towards well-being and the development of the local society is well

shown by SAIL by its involvement in CSR activities. This shows that CSR is an important and essential component of overall business operations covering different sections of the company which shows different responsibilities towards society. Along with quality, CSR practices must also be followed as continuous commitment in the organizations.

Reddy and Patta Nayak (2026) highlighted that CSR has now became a crucial part for the success of the business. Along with social obligation, it is also found as an important strategy that helps in building strong brand image and maintain loyal customers. The company that actively involve and engage itself in CSR activities are usually able to create positive impression among the customers and gain their trust as well. It is found in the study that brand image is improved, trust is built, and customer loyalty is increased through effective CSR activities. The brands socially responsible and aligned with their values are most likely be supported by the customers. Relation with the customers are strengthened by transparent communication of CSR efforts.

Kapoor et al (2025) investigated the relation amid CSR and brand loyalty where they focused on the way the CSR initiatives affect "consumer trust, perception, and purchasing behaviour". The study revealed that brand loyalty is significantly influenced by CSR. Brands that are socially and environmentally responsible are strongly preferred by the respondents as they have identified environmental responsibility as the most influential CSR aspect which is followed by charitable and ethical practices. Donating a portion of profits to social causes and supporting local community programs are some of the common CSR activities which are highly favoured by the companies.

Objective

1. To study the existing CSR practices of SAIL, Bokaro Steel Plant.
2. To measure the impact of CSR on building Brand Loyalty.
3. To understand customer expectations regarding Value Alignment.

Methodology

271 respondents from SAIL, Bokaro steel plant were surveyed to explore the factors that shows effectiveness of CSR in building brand loyalty. The study also measured the impact of CSR on building brand loyalty. "Random sampling method" and "Exploratory Factor Analysis" followed by "Multiple Regression Analysis" are used.

Findings

Male are 64.2 and rest 35.8% are females. 34.7% among them are below 32 years of age, 39.1% are between 32-42 years and rest 26.2% are above 42 years of age. 30.6% respondent are working from less than 5 years, 40.2% from 5-10 years and 29.2% are working from more than 10 years.

"Table 1 General Details of Respondents"

"Variables"	"Respondents"	"Percentage"
Gender		
Male	174	64.2
Female	97	35.8
Total	**271**	**100**
Age (years)		
Below 32	94	34.7
32-42	106	39.1
Above 42	71	26.2

Total	**271**	**100**
Work Experience		
Less than 5 years	83	30.6
5-10 years	109	40.2
More than 10 years	79	29.2
Total	**271**	**100**

"Exploratory Factor Analysis"

"Table 2 KMO and Bartlett's Test"

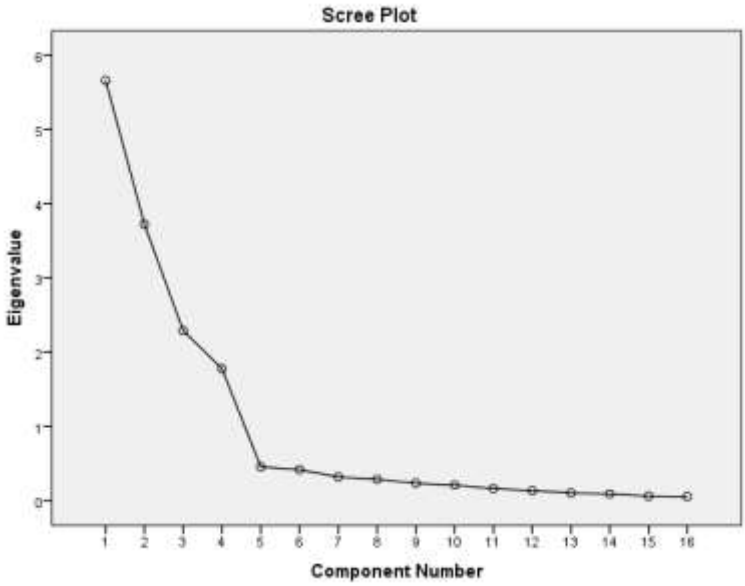
"Kaiser-Meyer-Olkin Measure of Sampling Adequacy"		.807
"Bartlett's Test of Sphericity"	"Approx. Chi-Square"	4416.391
	"df"	120
	"Sig."	.000

"KMO value" is 0.807 and the "Barlett's Test of Sphericity" is significant.

"Table 3 Total Variance Explained"

"Component"	"Initial Eigen values"			"Rotation Sums of Squared Loadings"		
	"Total"	"% of Variance"	"Cumulative %"	"Total"	"% of Variance"	"Cumulative %"
1	5.664	35.398	35.398	3.585	22.407	22.407
2	3.726	23.285	58.683	3.404	21.276	43.684
3	2.292	14.324	73.007	3.342	20.889	64.573
4	1.780	11.123	84.130	3.129	19.557	84.130
5	.456	2.850	86.980			
6	.418	2.613	89.593			
7	.320	2.003	91.596			
8	.288	1.798	93.394			
9	.236	1.473	94.867			
10	.210	1.311	96.179			
11	.164	1.022	97.201			
12	.135	.844	98.045			
13	.105	.658	98.703			
14	.091	.566	99.269			
15	.062	.386	99.655			
16	.055	.345	100.000			

In a “principal component analysis”, 16 variables were grouped into 4 factors with 22.407%, 21.276%, 20.889% and 19.557% variance respectively and total variance is 84.130%.



“Figure 1 Scree plot of Eigen Values”

Figure 1 shows the “Eigenvalues” derived from the "Total Variance Explained" table, indicating an elbow point at 4 components.

“Table 4 Rotated Component Matrix”

“S. No.”	“Statements”	“Factor Loading”	“Factor Reliability”
	CSR and Trust		.959
1	CSR activities help in increasing my trust in my organization	.931	
2	CSR initiatives make the firm more responsible and reliable	.931	
3	Supporting social causes makes the company trustworthy	.926	
4	Genuine CSR practices in the company increase the confidence among the employees	.909	
	CSR and Image		.938
5	CSR activities create positive image of the organization	.951	
6	Firm involved in social activities seen positively by the employees	.922	
7	Reputation of the company is improved by CSR	.875	
8	Firms actively supporting social causes creates better perception among workforce	.875	
	Employee Satisfaction		.934
9	CSR activities increase employee satisfaction	.906	
10	Employee feels more satisfied when the company contributes to society	.881	
11	Overall experience improves with responsible behavior of the company	.878	

12	CSR activities build positive relation with employees	.870	
	CSR and Loyalty		.904
13	CSR activities encourage the employees to be in the company for a longer period	.890	
14	Employees recommend companies to others for its CSR activities	.858	
15	CSR activities make the employees speak positive about the company	.851	
16	CSR practices strengthen loyalty towards the company	.815	

Factor CSR and Trust include the variables like CSR activities help in increasing my trust in my organization, CSR initiatives make the firm more responsible and reliable, supporting social causes make the company trustworthy, and Genuine CSR practices in the company increase the confidence among the employees. Factor CSR and Image consist of variables like CSR activities create positive image of the organization, Firm involved in social activities seen positively by the employees, Reputation of the company is improved by CSR, and Firms actively supporting social causes creates better perception among workforce. Factor "Employee Satisfaction" includes the variables like CSR activities increase employee satisfaction, Employee feels more satisfied when the company contributes to society, Overall experience improves with responsible behaviour of the company, and CSR activities build positive relation with employees. Factor "CSR and Loyalty" includes the variables like CSR activities encourage the employees to be in the company for a longer period, Employees recommend companies to others for its CSR activities, CSR activities make the employees speak positive about the company, and CSR practices strengthen loyalty towards the company.

"Table 5 Reliability Statistics"

"Cronbach's Alpha"	"N of Items"
.874	16

"Table 6 Model Summary"

"Model"	"R"	"R Square"	"Adjusted R Square"	"Std. Error of the Estimate"
1	.870[a]	.757	.753	.39290
Predictors: (Constant), CSR and Trust, CSR and Image, Employee Satisfaction and CSR and Loyalty				

0.753 is "adjusted R-squared value" with approx. 75% of the variation.

"Table 7 ANOVA"

"Model"		"Sum of Squares"	"df"	"Mean Square"	"F"	"Sig."
1	"Regression"	127.653	4	31.913	206.728	.000[b]
	Residual	41.063	266	.154		
	Total	168.716	270			
DV: Overall impact of CSR on building brand loyalty						
Predictors: CSR and Trust, CSR and Image, Employee Satisfaction and CSR and Loyalty						

Value under significant column indicates a significant relationship between the factors namely "CSR and Trust, CSR and Image, Employee Satisfaction and CSR and Loyalty" and building brand loyalty

"Table 8 Coefficients"

"Model"	"Un standardized Coefficients"		"Standardized Coefficients"	"t"	"Sig."
	"B"	"Std. Error"	"Beta"		
(Constant)	4.221	.024		176.871	.000
CSR and trust	.060	.024	.076	2.513	.013
CSR and Image	.118	.024	.149	4.935	.000
Employee Satisfaction	.659	.024	.834	27.573	.000
CSR and Loyalty	.143	.024	.181	5.996	.000
DV: Overall impact of CSR on building brand loyalty					

All the factors "CSR and Trust, CSR and Image, Employee Satisfaction and CSR and Loyalty" are showing significant impact of CSR on building brand loyalty. Highest impact is shown by employee satisfaction (.834), CSR and loyalty (.181), CSR and Image (.149), and CSR and trust (.076).

Conclusion

The pivotal role of CSR has been highlighted in the study where it helps to shape the consumer perceptions and loyalty. It is evident that consumers value and see the CSR activities that focuses mainly on community development and environmental sustainability. These CSR initiatives significantly improve the trust among the consumers and nurture the positive brand perceptions. Purchasing decision and brand loyalty both are influenced by this approach. The companies effectively implement and talk about their efforts related to CSR activities in order to get competitive advantage where they build strong relation with their customers. In today's socially conscious market environment, it is important for the brands to integrate CSR in core business strategies so as to cultivate lasting consumer trust and loyalty. In order to build and strengthen the brand loyalty, it is essential to practice CSR activities in the organization. Customers develop positive image of the brand that actively support "social, environmental, and community causes". Customer trust is increased by CSR activities which helps in creating strong emotional connection with the consumers. Brands demonstrating ethical and responsible behaviour are more liked by the consumers and they tend to remain loyal to the brand as well. Companies are able to differentiate themselves from their competitors by consistently practising CSR. The customer confidence is further improved through transparency and genuine commitment to social causes by the brand. Customer satisfaction, trust, and long-term brand loyalty are all significantly contributed by effective CSR.

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