

## Chapter 29

# The Nexus Between CSR, Corporate Image, Company Identification, Emotional Attachment and Small Equity Investors Behavior

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### **ABSTRACT**

*Marketing literature provides empirical evidence on the relationship among corporate social responsibility (CSR), company identification, emotional attachment, corporate image and consumer behavior. However, there is sparse research that examines the impact of CSR, image, identity and emotional attachment in shaping investors' behavior. The current study fills this gap by proposing and testing a conceptual model that examines the nexus between CSR, company identification, emotional attachment and corporate image and investor behavior. Data has been collected from small equity investors trading at Lahore Stock Exchange in Pakistan using self-administered survey questionnaire technique. The study used structural equation modeling (SEM) technique to test the proposed model. The study found positive association between CSR, and corporate image, corporate identity and development of emotional attachment with company. The higher level of CSR, corporate image, corporate identity and emotional attachment leads to development of investors' behavioral loyalty with company.*

### **1. INTRODUCTION**

Corporate marketing strategy has attracted the attention of researchers in the recent years. Increasingly, corporations are designing marketing strategies not only to attract the prospective customers, but also to draw attention of other stakeholders including investors, employees, suppliers, society, government and other business partners. Corporate marketing strategies now-a-days communicate some shares assump-

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tions to multiple stakeholders in order to increase corporate image, corporate identifications, emotional attachments, brand equity, corporate social responsibility, sharing knowledge behavior and so on (Farooq, Payaud, Merunka & Vallete – Florence, 2014; Gully, Philips, Castellano, Han & Kim, 2013; Rupp, Shao, Thornton, 2011; Balmer, Powell, Aspara, & Tikkanen, 2011; Balmer, Powell, & Elving, 2009; Brown, Dacin, Pratt, & Whetten, 2006; Fombrun & Van Riel, 1997). A notable amount of studies examine the significance of corporate identity, corporate branding and corporate image to shape favorable investor behavior. For instance, Aspara and Tikkanen (2011); holds that investor's identification with company has positive influence in buying shares of that company as compared to other companies. Balmer and Gray (2003) proposed the corporate branding as a powerful aperture to interface with investors. Balmer et al. (2009); Dowling (1993); Jo Hatch and Schultz (2003) holds that corporate identity can be used to influence investors' behavior and motivate investors to invest in those companies having higher level of identity with their personal values.

The link between corporate identification and investor behavior is well established in the literature and studies noted that investor like to invest in those companies having identical values with their personal values. For instance, Aspara and Tikkanen (2008) and Balmer, Powell, Aspara, et al. (2011) have empirically tested the linkage between corporate identity and investor behavior. In addition to the constructs used by previous researches, the current study proposes a theoretical model that integrates CSR, corporate image, emotional attachment along-with corporate identification to examine the investor loyalty intentions. CSR is a multidisciplinary construct and used in the context of different stakeholders including customers, employees, investors and other corporate stakeholders. The use of CSR in this model that attract investors having socially responsible investment (SRI) intentions and values that support CSR among companies in order to develop an identity between investor and the company.

Most of previous studies on CSR, company identification, emotional attachment and corporate image are examined in the context of consumer behavior. The current study will analyze the CSR and role of corporate image, company identification, emotional attachment in shaping favorable investors' behavior. The aim of this study is to establish the linkage between CSR, corporate image, corporate identification, emotional attachment and investor behavioral loyalty. These concepts are mostly used in the context of consumer behavior; however, the current study investigates the influence of these marketing related constructs on investor behavior. For this purpose, a unique theoretical model is proposed to be empirically tested in this study. To the best of our knowledge emotional attachment and corporate image as a mediating variable are not used to examine the investor behavioral loyalty, which is the contribution of this study to the body of knowledge.

## **2. THEORETICAL DISCUSSION AND DEVELOPMENT OF HYPOTHESES**

### **2.1. Corporate Social Responsibility and Corporate Image**

Most of the studies have examined the influence of CSR on organizational citizenship behavior, corporate reputation, job performance, employee's identification, commitment and sharing Knowledge behavior etc (Farooq, Merunka, Vallete – Florence & Payaud, 2014; Gully, Castellano, Han, Philips & Kim, 2013; Shao, Rupp, & Thornton, 2011). Recent studies have given much importance at a large to the study of corporate social responsibility as a major obligation for its multi stakeholders including the society (Bhattacharya and Luo, 2006; Dacin and Brown, 1997; Bhattacharya and Sen, 2001). Prime objective

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