Innovations

The Effect of Corporate Social Responsibility on Consumer Loyalty: The Mediating Role of Corporate Image

Siraw Yenesew Tesfa

College of Business and Economics, Mekelle University, Mekelle, Ethiopia

Aschalew Degoma Durie (Ph.D)

Associate Professor of Business Management

Editor-in-chief of Bahir Dar Journal of Business and Economics

Web of Science Researcher ID - _L-2908-2016_

College of Business and Economics, Bahir Dar University, Bahir Dar, Ethiopia

Alaza Amare Ekubu (Ph.D)

Department of Management, Bahir Dar University, Bahir Dar Ethiopia

Corresponding Author: **Siraw Yenesew Tesfa**

Abstract

The main goal of the study was to examine the Effect of Corporate Social Responsibility on Consumer Loyalty: The Mediating Role of Corporate Image with a focus on Ethiopian brewery factories. Beer drinkers who gave the primary data via the questionnaires created by the researcher for this purpose were chosen using purposeful sampling. The direct and indirect effects of corporate social responsibility on customer loyalty were quantified through quantitative study. Using Amos 22 software, structural equation modelling was used to measure the structural model and confirmatory factor analysis was used to test the measurement model. The results demonstrate that corporate social responsibility improves customer loyalty in Ethiopian brewery factories in part through corporate image. It is only partially significant in both cases because the coefficient for the effect of corporate social responsibility on consumer loyalty without corporate image as a mediating variable is higher than the coefficient of the direct effect with mediating variable present. Additional research might be done to look into additional potential mediating factors for the relationship between corporate social responsibility and customer loyalty

Key words: Corporate social responsibility, consumer loyalty, corporate image, mediating, sustainable competitiveness, brewery factories.

- **Introduction**

Since at least the 1960s, the concept of corporate social responsibility (CSR) has seen significant development. In his book Social Responsibilities of a Businessman from 1953, Howard Bowen defined corporate social responsibility (CSR) as a company's social duty "to promote policies, to make choices, or to follow those lines of action which are desirable in terms of the purposes and values of our society" (Bowen 2013). The book included information on the duties that businesspeople have to society. Bowen is known as the "Father of CSR" for his pioneering and significant work, and his 1960s-era work is regarded as the most notable of its era. People needed to be changed during this time period in order to help them become familiar with the corporate social responsibility concept rather than the activity.

After the 1970s, there was a noticeable increase in the number of efforts made to clarify what CSR meant. (Davis 1967); Freeman and Hasnaoui (2011) and (Freeman and Hasnaoui 2011) defined CSR in terms of the interactions between corporations and the communities in which they operate. A radical contribution to the concept of CSR came from Committee for Economic Development (CED) as, "business functions by public consent and its basic purpose is to serve constructively the needs of society – to the satisfaction of society" moreover it also pointed out that "business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values" (Martínez, Fernández et al. 2016).

According to all the definitions/findings, corporate social responsibility is a voluntary action organizations perform for the interest of their stakeholders and it is becoming one of the key elements in the corporations marketing strategy as the fate of any corporation is on the hands of its stakeholders particularly customers. As pointed out by Fernando and Lawrence (2014),organizations mighteng agein CSR activities and reporting in order to retain, gain, and regain their legitimacy/trust/corporate image and in effect to achieve consumer loyalty. CSR practice and reporting affects the legitimacy of corporations so that their legitimacy shapes their image on the minds of the society. Their image on the minds of the society contributes on consumer brand preference and consumer loyalty (De Villiers and Van Staden 2006).

There is an ongoing both theoretical and empirical debates among scholars about the essence, practice and relevance of investing on corporate social responsibility for sustainable organizational success. These debates are mainly the rationales/gaps of this particular study. From a theoretical point of view, there are two grand theories continuously debating about whether investing on corporate social responsibility is a wise investment or an expense known as stockholder and stakeholder theory.

Stockholder theory by Milton Friedman concludes that the responsibility of managers is mainly to maximize shareholder value. "The Social Responsibility of Business is to increase its Profits" (Friedman 1970) and "The Myth of Corporate Responsibility" (Manne 1970). Friedman and Manne "believed that corporate executives have only one obligation, which is to make as much money as possible for their stockholder" now.

On the other hand, Stakeholder theory is a theory concerned with the responsibility of the corporation on its stakeholders besides to the shareholders.

Freeman (1984) promotes stakeholder theory by defining it as "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Clement 2005). Stakeholders represent individuals or group who have greater influence on the firm's operation. This statement highlights the fact that there is still unsettled disagreement among scholars about the roles of managers of corporations.

Empirically, there are lots of studies conducted about the effect of corporate social responsibility on consumer loyalty with contradictory findings. Le (2022), conducted a study on the impact of corporate social

responsibility for small and medium enterprises performance mediated by corporate image, corporate reputation and customer loyalty. The finding reveals, there is a significant and positive relationship between corporate social responsibility, corporate image, and customer loyalty. It suggests that corporate image and customer loyalty has a mediating role on the relationship between corporate social responsibility and performances of small and medium enterprises

Whereas, Dimitriadis and Zilakaki (2019), concluded that Corporate Social Responsibility have not a significant direct effect on customer loyalty, while corporate image and customer satisfaction have a significant positive effect on customer loyalty. Contrary to Le, this study is suggesting that the direct relationship especially between corporate social responsibility and customer loyalty is significant and positive. On the previous study, customer loyalty has a mediating role between the dependent and independent variables which means there was a positive and significant direct relationship between corporate social responsibility and customer loyalty which is not the case on the later study.

Hence, we can claim that there is scientific disagreement between the above two studies on the how direct, positive and significant the relationship between corporate social responsibility and customer loyalty in particular which can be taken as an opportunity for further study on the area.

The other debate is about the mediating role of corporate image on the relationship between corporate social responsibilities. A study conducted on a Hotel industry, found out that corporate image has partial mediating role on the effect of corporate social responsibility on customer loyalty (Karim and Rabiul 2022). On the other way, Phan Thanh and Hoang Anh (2023), confirmed that CSR has a direct and positive impact on corporate image to affect customer loyalty indirectly. What is interesting here is, the first study was conducted on hotel industry where as the later study is conducted on airlines industry which again alerts readers whether the mediating role of corporate image could be influenced by the sector understudied. Therefore, this particular study is conducted on brewery industry to assess the mediating role of corporate image on the relationship between corporate social responsibility and consumer loyalty.

Wang (2020), investigated a similar study which supports the findings of Le to concluded that corporate social responsibility has a positive effect on corporate image along with customer satisfaction and price premium. But, another study Gürlek, Düzgün et al. (2017)conducted on how does corporate social responsibility creates customer loyalty with the mediating role of corporate image found out that corporate image partially mediates the relationship between corporate social responsibility and customer loyalty which supports the findings of Dimitriadis and Zilakaki.

CSR associations have a direct, positive influence on loyalty, and an indirect influence through their positive effect on brand awareness and consumer satisfaction. Brand attitude does not appear to play a significant role in the influence of CSR on loyalty(Rivera, Bigne et al. 2019). This study again came up with a different perspective the previous studies discussed above as its finding prevails that there is both direct and indict positive influence as far as we are concerned about the effect of corporate social responsibility on brand loyalty.

Furthermore, He and Lai (2014), studied by emphasizing on legal and ethical dimensions of corporate social responsibility and suggested that corporations should focus on key dimensions of social responsibility based on expectations of consumers in their marketing program or strategy. There are four common dimensions of corporate social responsibility and this finding is conceptualizing on the fact that all dimensions may not be equally important for all types of corporations. The conclusion confirmed that legal and ethical

responsibilities of brands help to improve brand loyalty through enhancing positive functional and symbolic images.

In addition to considering the theoretical and empirical debates as a gap for this study, there are numerous practical challenges that can be considered as a scientific justification to conduct a study on the relevance of corporate social responsibility for sustainable business growth, including the rise in competition, difficulties in gaining consumers' recognition and trust, growing public interest in CSR, and the need for alternative marketing strategies for brewery factories in Ethiopia.

Therefore this study aimed to achieve the following objectives

1. Examine the effect of corporate social responsibility on beer consumer's loyalty.
2. Measure the mediating role of corporate image on the relationship between corporate social responsibility practices and beer consumers loyalty

- **Literature Review**

Conceptualizing Corporate Social Responsibility

It is a long time since corporate social responsibility started receiving attentions of the business practitioners, society, media and academicians. The essence of corporate social responsibility practices evolving towards where corporations behave in a socially responsible manner and are accountable for the sustainable use of resources. But, the question of how corporate social responsibility practices should be implemented by corporations leads scholars for a diverging view(Russell, Russell et al. 2016). According to the perceptions of previous days, the definition of corporate social responsibility was dominated by the involvements of business entities on charitable activities particularly on community development issues (education and health care) (Peloza and Shang 2011). Series of studies conducted on the essence of corporate social responsibility over the years and confirmed that the concept is beyond participating on charitable activities and business organizations started to address social and environmental issues as any other business concern through the lens of profit maximization, both theoretically and practically (Hahn, Pinkse et al. 2015). Such CSR practices highlight the narrow perception of CSR that mainly focuses on "what to" do with profits, rather than "how to" create profits.

More precisely, recent studies categorized corporate social responsibility related activities in to four hierarchical dimensions as economic, legal, ethical and philanthropic. Carroll developed the four-part corporate social responsibility model also known as CSR Pyramid; economic responsibility at the bottom and philanthropic responsibilities at the top of the pyramid(Carroll 1991)). Carroll's model is the most prominent model yet in the history of CSR. Many people refer this model for the implementation purpose of CSR practices or initiating CSR activities. Carroll said "CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. It means a firm should firstly, struggle to make profit, secondly obey the law, thirdly should be strongly ethical and lastly be a good corporate citizen.

Corporate Social Responsibility and Consumer Loyalty

Consumer loyalty is defined as "a commitment to rebuy or re-patronize a preferred product consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts which have the potential to cause switching behavior" (Oliver 1999)). Consumer loyalty contributes to decrease in costs, increase in amount of sales and confidence to the business(Dowling and Uncles 1997; Kim, Lee et al. 2014). Companies have ensured that their customer

loyalty gained more competitive advantage compared to their competitors (Aksu 2006) because customer loyalty is a significant component that enables companies to gain profit and ensures their sustainability.

Through customer loyalty, corporations gain a relatively permanent and sustainable competitive advantage and so they have an extra marketing opportunity compared to their competitors (Safeer, Yuanqiong et al. 2021). Leading the occurrence of these opportunities, corporate social responsibility can be utilized as a tool to create customer loyalty (Pirsch, Gupta et al. 2007), (Maden, Arıkan et al. 2012; Islam, Islam et al. 2021).

Corporate social responsibility literatures show that there is no agreement on the relationship between corporate social responsibility and consumer loyalty. Some found out that there is a positive relationship between corporate social responsibility and customer loyalty where as some other studies failed to confirm that there is a positive and significant relationship between this two important concepts. . Nguyen (2019) have revealed that customers recommend firms paying more attention to social matters to their friends; this situation creates customer loyalty and is of vital importance in terms of ensuring the loyalty of new customers. In their study on bank customers, Mandhachitara and Poolthong (2011) have found out that corporate social responsibility affects customer loyalty in a positive and significant way. In a conceptual outline prepared by Sharif and Rashid (2014), they have claimed that CSR activities based on environment may positively affect customer loyalty:

On the other way Muflih (2021), has confirmed that corporate social responsibility directly and positively impacts loyalty whereas Indirectly, these two aspects have an insignificant relationship. This finding is interesting for this particular research as it aims to measure mediating role of corporate image on the relationship between corporate social responsibility and consumer loyalty.Choi and La (2013) found outthat the coefficient indicates insignificant or less significant as far as the impact of corporate social responsibility on consumer loyalty is studied. Saleem and Gopinath (2015) studied and found out that environmental corporate social responsibility activities have an insignificant impact on consumer loyalty.

H1. Corporate social responsibility affects consumer loyalty positively and significantly

Corporate social responsibility and corporate image
Corporate image is the sum of corporation-related beliefs, experiences, information, emotions and impressions that occur in the mind of the public (Dowling 1993; Abratt and Nsenki Mofokeng 2001; Nguyen and Leblanc 2002; Kim, Lee et al. 2014). Dutton, Dukerich et al. (1994), have indicated that a corporate image is the concrete outcome of opinions, emotions, impressions and interactions of stakeholders regarding the corporation. On the other hand, Barich and Kotler (1991), define corporate image as one of the non-physical components of the corporation and perceptions or images of stakeholders regarding the corporation. As an external stakeholder, customers are of vital importance for companies(Mostafa, Lages et al. 2015). Through creating a positive corporate image in the eye of customers, companies can achieve a sustainable competitive advantage within the competitive environment (Porter and Kramer 2006; Leonidou, Katsikeas et al. 2013). CSR is an important tool to create a positive corporate image (Porter and Kramer 2002) because companies create positive impression regarding the corporation through influencing their target audience with social responsibility activities (Yoon, Gürhan-Canli et al. 2006; Vlachos, Tsamakos et al. 2009; Fraj-Andrés, López-Pérez et al. 2012). Considering public benefit in their decisions, contributing to cultural and art activities, donating to charity institutions and protecting environmental, physical and non-physical cultural heritage, companies make an effort for creating a positive image (Bohdanowicz and Zientara 2008; Graci and Dodds 2008; Lee and Heo 2009; Inoue and Lee 2011; Font, Walmsley et al. 2012; Tamajón and i Aulet 2013).

Corporate image is a complex structure composed of all visual, verbal and behavioral components comprising the business(Howard 1998).

CSR practices lead consumers to develop positive attitudes regarding the business (Simon 1995; Sen and Bhattacharya 2001). Researchers have emphasized that all CSR practices are a perfect variable influencing corporate prestige and image (Brown and Dacin 1997; Cornelius, Wallace et al. 2007; Shahin and Zairi 2007; Worcester 2009). In addition, it was found in many studies that CSR affects corporate image positively and significantly (Gupta and Pirsch 2008; Arendt and Brettel 2010).

H2. Corporate social responsibility affects corporate image positively and significantly

Corporate social responsibility, corporate image and consumer loyalty
Attitudes of customers regarding the business are related to corporate image of the business. Customers prefer companies with a positive corporate image (Bloemer and De Ruyter 1998). Studies indicate that corporate image affects customer loyalty both directly (Nguyen and Leblanc 2001; Wang, Qin et al. 2010; Richard and Zhang 2012) and indirectly (Bloemer and De Ruyter 1998) and also significantly and positively:

Although there are particular researchers who have found a direct relationship between CSR and customer loyalty(Mandhachitara and Poolthong 2011), many have revealed that CSR indirectly affects customer loyalty. In a study on mobile phone users, He and Li (2011) found that CSR affected customer loyalty through customer satisfaction. On the other hand, in the study on bank customers, Marin, Ruiz et al. (2009) revealed that CSR affected customer loyalty through company evaluation, identity attractiveness and consumer-company identification. Similarly, Pérez and Rodríguez del Bosque (2013) identified in their study on finance service users that CSR affected customer loyalty through customer satisfaction. In literature, it is seen that the number of studies in which CSR and customer loyalty in hotel companies is examined is limited. Martínez and Del Bosque (2013) found out in their study on hotel customers that CSR affected customer loyalty through customer trust, customer identification with the company and customer satisfaction. In the study they carried out on hotel customers, Martínez, Pérez et al. (2014) determined that CSR affected customer loyalty through brand image. García de Leaniz and Rodríguez Del Bosque Rodríguez (2015) identified in their study on hotel customers that CSR affected customer loyalty through customer trust, commitment and customer identification with the company. Although researchers reveal the mediating role of a wide range of variables in the relationship between CSR and customer loyalty, studies in which the mediating role of corporate image in the effect of CSR on customer loyalty was examined are not available in literature. CSR is quite an effective way of creating and increasing both corporate image and customer loyalty. Via the corporate image that they have achieved through CSR activities, companies can contribute to the creation of customer loyalty. In this study, it was expected that CSR practices would contribute to corporate image and so increase customer loyalty
H3. Corporate image has a mediating role for the effect of corporate social responsibility on consumer loyalty
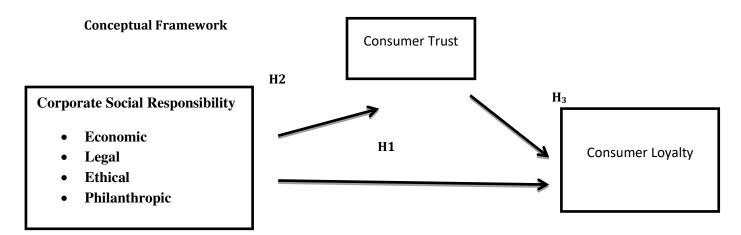
Conceptual Framework

Fig 2.1: Direct and indirect relationship between corporate social responsibility and consumer loyalty.
Source: Own illustration

- **Methodology**

In order to determine theories on how to measure the impact of corporate social responsibility on consumer loyalty, the study used a quantitative research approach. From a theoretical standpoint, it is presumable that CSR will affect the outcome variable, consumer loyalty, in both direct and indirect ways. A suitable study design is also required by the very nature of the quantitative research approach to manage that complex interaction. As a result, the research used an explanatory research design, which was found appropriate.

The study's participants are Amhara area beer drinkers. Cities in the Regio-Politan region of Amhara were chosen as case studies from which to draw a sample. Six regionally significant cities (Bahir Dar, Gondar, Dessie, Debre Markos, DebreBirhan, and Debre Tabor) are located in the area. Bahir Dar and Gondar were chosen from this list because there is a high concentration of beer drinkers in both cities and because the majority of beer firms operate most of their distribution centers there. Five large groceries in Bahir Dar and five large groceries in Gondar are chosen as purposefully as feasible to cater to the general beer drinkers. 193 respondents from the selected groceries in Bahir Dar and 193 respondents from the selected groceries in Gondor are contacted for their response to the questionnaire developed by the researcher.

Elliott and Valliant (2017) claim that, while probability samples have traditionally been considered the most acceptable condition for drawing conclusions about the population, there are more calls for nonprobability samples to be utilized instead. The researcher is aware of the difficulties in scientifically preventing biases when drawing conclusions from a sample of an unknowable population size. As a result, the researcher used intervals of days to take samples from the same grocery store since doing so may be able to resemble randomization even though the sampling frame was tough to construct. This was done in an effort to minimize any potential bias that could develop in non-probability sampling.

The infinite sample size determination formula proposed by Cochran (1977) was used to determine the sample size as follow:

$$n = \frac{z^2 * \widehat{p}(1 - \widehat{p})}{\varepsilon^2}$$

n: Sample size, e: desired level of precision (the margin of error) p: the fraction of the population (as percentage) that displays the attribute, z: the z-value, extracted from a z-table. 95% confidence level, 0.5 standard deviation and a margin of error (confidence interval) of +/- 5%. = $((1.96)2 \times .5(.5)) / (.05)2$ $(3.8416 \times .25) / .0025 = .9604 / .0025 = 384.16$ approximately 386 respondents are taken as a sample.

The determinant variables have theoretical direct and indirect impacts because the study's aim is to investigate how CSR affects consumer loyalty. Therefore, data were analyzed using structural equation modelling (SEM) while taking into account the model's assumption testing.

Questionnaire technique was utilized to collect data in the study. As questionnaires used in the study were taken from English literatures, and items were translated in to Amharic to address all types' of respondents which is a national working language in Ethiopia. A five-point Likert scale was used in the study (1 strongly disagree, 5 strongly agree). To measure the perception of CSR, the scale developed by Martínez and Del Bosque (2013) was utilized. The scale is composed of four dimensions and 17 items. To measure customer loyalty, the scale developed by García de Leaniz and Rodríguez Del Bosque Rodríguez (2015)was used. The scale is composed of four items including behavioral and attitudinal loyalty. Researchers advise that customer loyalty should be measured in terms of both behavioral and attitudinal dimensions (Kandampully and Suhartanto 2000; Bowen and Chen 2001; Han, Kim et al. 2016). To measure corporate image, the scale of Nguyen and Leblanc (2001) was used. Including general impressions of customers regarding the corporation, the scale is composed of one dimension and four items.

In the research, analysis of moment structures (AMOS) program was used for testing confirmatory factor analysis (CFA) and the structural model (SEM). To test the research model, a two-stage approach of Anderson and Gerbing (1988) was followed. According to this approach, the measurement model is assessed separately from the structural equation model. On the condition that once the measurement model are acceptable and the structural equation model is tested. To test the measurement model, confirmatory factor analysis was carried out.

Measurement of Constructs
Confirmatory factor analysis (CFA) was performed to validate the measurement constructs in terms of uni-dimensionality, validity and reliability. Whereas first-order factor analysis was done for other variables, second-order confirmatory factor analysis was carried out for CSR because of its multi-dimensional structure.

Items with factor loading below 0.5 are deleted or removed. 10 items from CSR, 3 items from corporate image and 2 items from consumer loyalty are removed. The threshold employed for judging the significance of factor loadings based on ten Berge (1996)suggestions is 0.50 and above.
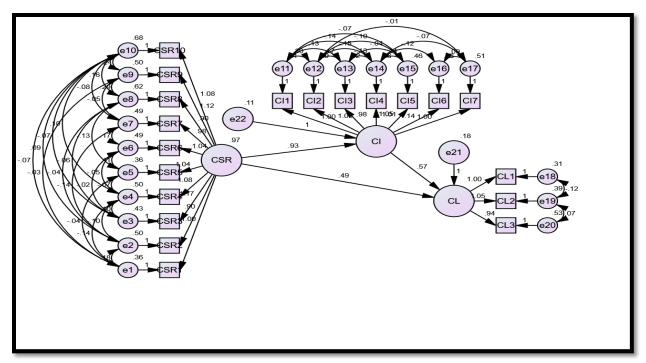
Figure 3.1Measurement Model of Confirmatory Factor Analysis (CFA)

Table 3.1Standardized Regression Weights (Factor Loading):

Corporate social Responsibility		Corporate Image		Consumer Loyalty	
Items	Factor loading	Items	Factor loading	Items	Factor loading
CSR1	.853	CI1	.836	CL1	.896
CSR2	.784	CI2	.811	CL2	.882
CSR3	.871	CI3	.830	CL3	.822
CSR4	.834	CI4	.863		
CSR5	.861	CI5	.823		
CSR6	.826	CI6	.855		
CSR7	.808	CI7	.807		
CSR8	.749				
CSR9	.841				
CSR10	.793				

As it is indicated on table 1, all of the items in the research model have achieved factor loadings greater than 0.50 (0.74 – 0.896) which means there is no problem with uni-dimensionality issue in the measurement model.

Validity
Validity implies to the capacity of instruments to measure what it is intended to be measured for a latent construct. For any measurement model, there are three types of validities to be measured such as convergent validity, construct validity, and discriminant validity,(Yacob, Kadir et al. 2012).

A. Convergent Validity: for this validity to be acceptable, all items in a measurement model must be significant. An item with low factor loading affects this value negatively. It is verified by competing the average variance extracted (AVE). The accepted level of AVE is 0.5. Any AVE value less than 0.5 is not valid.

Table 3.2.Convergent Validity Test of Constructs

Validity	Indicator	Variables AVE Value	Decision
Convergent Validity	AVE	CSR=0.677005	Accepted
		CI=0.692841	Accepted
		CL=0.752141	Accepted

B. Construct Validity: The focus here is the fitness of several indexes which are indicators on how fit is/are the items in measuring their respective latent constructs/variables.There are a number of Fitness Indexes used in SEM to measure how well the model fits the available data.The construct validity for measurement model is achieved when all Fitness Indexes achieved the required level.Hair, Sarstedt et al. (2012), Tarumaraja, Omar et al. (2015)and Taherdoost (2016), recommend using at least one fitness metric from each category of model fit. Model fit indexes chosen to be used to confirm the validity of the model for this particular study includes Absolute fit using RMSEA and GFI, incremental fit using CFI, and parsimonious fit using Chisq/df; one from each category as recommended above. These model fit indexes are taken from three categories such as Incremental fit and Parsimonious fit and all are achieved as indicated below.

Literatures supportthe above selection of fit indexes under each category. Absolute fit, Browne (1993), supported Root Mean Square of Error Approximation (RMSEA) as a good index. For the same category, Stelzl (1986)recommended goodness of Fit Index (GFI). Bentler (1990), suggested Comparative Fit Index (CFI), for incremental fit where as Marsh and Hocevar (1985) went for hi Square/Degrees of Freedom to measure parsimonious fit. According to the recommendation, the accepted level for each fit index is presennted as RMSEA < 0.08, GFI > 0.90, CFI > 0.90, Chi square/ df < 5.0.

3.3. The model fit result of the constructs

Model fit categories	Name of index	Index value	Decision
Absolute fit	RMSEA	.037	Accepted
	GFI	.912	Accepted
Incremental fit	CFI	.967	Accepted
Parsimonious fit	Chisq/df	3.202	Accepted

C. Discriminant Validity: Discriminant validity is the validity that contributes toward demonstrating the distinction of one construct from another (Taherdoost 2016). Correlating one construct to another could be used to show discriminant validity (Sujati and Akhyar 2020). If the correlation value between the two constructs is less than the square root of the AVE value, discriminant validity exists (Engellant, Holland et al. 2016).

Table 3.4. Discriminant Validity

	AVE	CSR	CI	CL
CSR	0.677005	**0.823**		
CI	0.692841	0.808	**0.8324**	
CL	0.752141	0.815	0.822	**0.867**

Reliability:

Reliability is defined as the consistency of measuring outcomes (Karakaya-Ozyer and Aksu-Dunya 2018). Testing for reliability is significant since it pertains to the consistency of measuring the parts of the instrument. If the items on a scale "hang together" and measure the same construct, the scale is said to have good internal consistency reliability.

The reliability of any dataset or construct could be measured in two forms:

Internal reliability/consistency
Composite reliability

Internal Reliability; Internal reliability depicts the data consistency in results across tests. The reliability method determines the linkage of factors on the test with other factors (Hajjar 2018). Cronbach alpha coefficient is the most often used internal consistency measure. It is recommended that the reliability for a study be equal to or greater than 0.70 (Sideridis, Saddaawi et al. 2018).

Table 3.5.Cronbach's Alpha

Items	Cronbach's Alpha	Items	Cronbach's Alpha	Items	Cronbach's Alpha
CSR1	.950	CI1	.927	CL1	.867
CSR2	.952	CI2	.929	CL2	.848
CSR3	.949	CI3	.930	CL3	.834
CSR4	.951	CI4	.935		
CSR5	.950	CI5	.933		
CSR6	.950	CI6	.930		
CSR7	.952	CI7	.933		
CSR8	.952				
CSR9	.948				
CSR10	.951				

Composite Reliability:

This is another way a researcher can measure the internal consistency of the items used. It is recommended that the reliability of a construct is at least 0.70. A value of CR ≥ 0.7 is required to achieve construct reliability (Tentama and Anindita 2020). High composite reliability is a very good indication that all the items constantly measure the same construct. Corporate social responsibility affects consumer loyalty through corporate image.

Table 3.6.Composite Reliability

Variable	Composite reliability value
Corporate Social Responsibility (CSR)	0.954378
Corporate Image (CI)	0.700641
Consumer Loyalty (CL)	0.900904

Therefore, as it is presented above on table 3.6, all the variables have achieved the required level of composite reliability value which means, the instruments used are able to consistently measure the constructs or variables intended to measure.

- **Finding and Hypothesis Testing**

Having confirmed the validity and reliability of the instruments used to measure corporate social responsibility, corporate image and consumer loyalty by using different indicators as mentioned above, the next step is to present the structural relationships among variables and test the hypothesis of the study. The aim of this study is basically to measure the mediating role of corporate image for the effect of corporate social responsibility on consumer loyalty.

Structural equation modeling is used in measuring a mediating role by using Amos graphics; first researchers check the significance level of the direct causal relationship between the dependent and independent variable of the study without the involvement of the mediating variable. The next step is to test the direct and indirect effects of the corporate social responsibility on consumer loyalty with the involvement of corporate image and therefore, if the direct effect of corporate social responsibility on consumer loyalty is reduced and the indirect effect is significant, then corporate image plays a mediating role(Sobhani, Amran et al. 2012).

Table 4.1 Direct effect of corporate social responsibility on consumer loyalty

	Estimate	S.E.	C.R.	P	Label
CL <--- CSR	.932	.031	29.767	***	

As it is clearly presented on table 4.1, the direct effect of corporate social responsibility on consumer loyalty is significant with Beta coefficient 0.932 and p value less than 0.001. Beta value 0.932 implies that when corporate social responsibility increases by one, consumer loyalty increases by 0.932 with significant level 0.001 which is less than 0.005.

Table 4.2 Direct and indirect effect of corporate social responsibility on consumer loyalty

	Estimate	S.E.	C.R.	P	Label
CI <--- CSR	.868	.024	35.993	***	
CL <--- CSR	.406	.058	7.016	***	
CL <--- CI	.606	.059	10.359	***	

The above table presents the direct and indirect effect of corporate social responsibility on consumer loyalty with the involvement of corporate image on the Amos graphics path diagram. The direct effect of corporate social responsibility on consumer loyalty with the involvement of corporate image achieved Beta coefficient 0.406 and P value less than 0.001which means significant. The effect of corporate social responsibility on corporate image is also significant with Beta coefficient 0.868 and P value again less than 0.001. The

mediating variable corporate image affects consumer loyalty Beta coefficient 0.606 and P value less than 0.001.

Hypothesis 1: *Corporate social responsibility affects consumer loyalty directly and significantly*

	Estimate	S.E.	C.R.	P	Label
CL <--- CSR	.406	.058	7.016	***	significant

Result: Hypothesis 1 is supported

Hypothesis 2: Corporate social responsibility affects corporate image directly and significantly

	Estimate	S.E.	C.R.	P	Label
CL <--- CSR	.868	.024	35.993	***	significant

Result: Hypothesis 2 is supported

Hypothesis 3: Corporate image affects consumer loyalty directly and significantly

	Estimate	S.E.	C.R.	P	Label
CL <--- CSR	.606	.059	10.359	***	significant

Result: Hypothesis 3 is supported

Therefore, corporate image mediates the effect of corporate social responsibility on consumer loyalty. Because, the beta coefficient of the direct effect of corporate social responsibility on consumer loyalty is with the involvement of corporate image is reduced from 0.932 to 0.406 when corporate image is involved on the Amos path diagram. Since, the effect is significant on both cases; the type of mediation here is partial mediation as the coefficient of the direct effect with the presence of corporate image is non zero.

Conclusion

Corporate social responsibility (CSR) plays a crucial role in gaining a sustainable competitive edge, generating profits, and fostering long-term relationships with consumers. This study aims to explore the mediating role of corporate image in the relationship between corporate social responsibility and consumer loyalty.

As it is clearly presented above, the finding of the study supported the fact that corporate social responsibility significantly affects consumer loyalty both directly and through corporate image. Corporate image partially mediates the causal relationship between corporate social responsibility as independent and consumer loyalty as a dependent variable.

Previous studies have found that corporate image partially mediates the effect of corporate social responsibility on consumer loyalty (Lee 2019), (Gürlek, Düzgün et al. 2017), (Lee, Chang et al. 2017), (Le

2022), (Ali, Danish et al. 2020), (Aramburu and Pescador 2019), and others. These and other earlier research came to the conclusion that including corporate social responsibility into policy development helps to build a positive corporate image, which in turn helps to build repeat business from customers.

It is possible to draw the conclusion that this finding serves as a foundation to encourage businesses, particularly brewery factories in Ethiopia, to invest in corporate social responsibility aspects so that they can gain a competitive advantage by attracting more devoted customers than their rivals who do not include CSR activities in their policy making.

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