CSR and CR effects on Business Confidence in an Emerging Country

Abstract: The purpose of this research is to evaluate the relationship between corporate social responsibility (CSR), corporate reputation (RC) and business confidence, in the banking sector in an emerging country (Peru). In order to test the hypotheses presented in this research, surveys were sent to 1,745 executive officers of the bank branches. Based on the data obtained from the survey, it has been verified that the strategic consideration of CSR in Peruvian banks directly influences the perception of business confidence. Second, it has been shown that the strategic consideration of CSR in Peruvian banks influences corporate reputation and, finally, the perception of the importance of the corporate reputation of Peruvian banks positively and significantly influences the perception of trust, business by managers. In relation to the contributions in this research, they are related to the empirical analysis of how managers perceive business confidence, who are the main agents involved in the implementation of CSR actions, based on their opinion on the strategic consideration of CSR and the perception of CR in a context barely investigated, an emerging country.

Keywords: CSR, CR, Business Confidence, Managers, Emerging Country, Service Industry.

JEL codes: M13, M14, M16, M21, D21, M29

1. Introduction

In the search to develop projects and ensure the sustainability of their operations, in recent years, companies have considered corporate social responsibility (CSR) as one of the main pillars that contributes to their operations (Tschopp & Huefner, 2015). Likewise, in recent years, several academics have been conducting various investigations related to evaluating the benefits for the company and the contribution made by its stakeholders, such as the community (Bartley, 2007; Waddock, 2008). Furthermore, various studies (Porter & Kramer, 2006) show that RSR actions can have positive impacts on both the internal and external development of companies in order to contribute to their reputation and improve confidence (Arevalo & Aravind, 2017). However, research on this topic is generally conducted within the context of developed countries and focused on the productive sector of the economy, overlooking the context of emerging countries and service sectors, as financial sector, which represents a gap in the research.

In order to reduce the research gap mentioned above, the general model of this research studies the relationship between corporate social responsibility (CSR), corporate reputation (CR) and business confidence in the context of the banking sector in an emerging country (Peru).

This general model considers two effects. The first one is the direct effect of CSR that studies the relationship between CSR and the perception of business confidence. The second is the indirect effect by which CSR actions influence on the perception of business confidence through the moderation exercised by the corporate reputation variable. This indirect effect is analyzed in two stages: the first one is to study the effects of CSR on CR and the second one is to study the effects of this last variable on business confidence

The research is structured in the following way. Firstly, we review the theory that explains the importance of the strategic conception of CSR into the company and its relationship with the improvement of business confidence. Secondly, we review the effect of CSR on the corporate reputation (CR) and the influence of CR on the business confidence. Then, we explain the methodology to test the hypothesis proposed in the theoretical section. Finally, we show the main results of the analysis and the conclusions.

2. Direct effect: strategic consideration of CSR in the company and its effect on business confidence

The stakeholder concept appeared for the first time in the literature in the 1960s but the stakeholder approach remained dispersed and peripheral to management practices until the mid-1980s, when Freeman (1984) gathered several concepts about the stakeholder approach and constructed a coherent and systematic Theory of Stakeholder defining the stakeholder as "any group or individual that can affect or be affected by the achievement of the organization's objectives" (Freeman, 1984, p.46).

Aimed at responding to the objectives of the various interest groups, companies try to protect themselves against the risk of losing or reducing their capital. One way to achieve this protection is by considering CSR as a variable within the company's strategy. The contributions of Carroll (1979) support this analysis due to the fact that CSR implies connecting the obligations of the company with society and justifies that the strategic consideration of CSR can improve business confidence. According to the research of Carroll (1979) and his followers (Wood, 1991), the strategic consideration of the CSR includes assuming such responsibility in the economic, legal, ethical and philanthropic ambit.

This conception of CSR is when will begin to exert positive internal effects on the company that will also be external once the social impacts of the CSR become visible (Carroll, 1979; Gupta, 2002; Wood, 1991) and the investments on CSR made by companies become to be better perceived by the stakeholders, affecting positively their confidence.

Regarding the empirical analyses, the relationship between CSR strategic actions and the best perception on business confidence, it has been demonstrated that the strategic conception of CSR can be translated into improvements in the economic factor, either in the annual benefit of the company (Eiadat *et al.,* 2008; Leaniz and del Bosque, 2016), or in the creation of value for investors (Kansal y Joshi, 2014) and the financial profitability of the company (González-Padrín *et al*., 2016; Kansal y Joshi, 2014). Secondly, integrating CSR actions into the strategy of companies allows improving business confidence through an emotional factor because companies will be perceived as agents involved with social improvement and people will be more confident with their management (Leaniz and del Bosque, 2016; González-Padrín *et al*., 2016). Furthermore, there are factors related to the market. Through CSR, greater participation in the market can be achieved by accessing customer niches which are increasingly concerned about these matters or by obtaining contracts with Public Administrations that favorably choose such companies in their public tenders (Miao *et al*., 2012).

In developed countries, corporate social responsibility has been firmly established in the financial sector, supported by the impact it has on society and on its various internal and external stakeholders (Scholtens, 2009). In recent years, the adaptation of internal innovations and transformations of the entities that make up the banking sector (Pérez & Del Bosque, 2012) has led to it becoming one of the most proactive agents in the development of CSR actions in all the world (Marín et al., 2009; Truscott et al., 2009). Its approach to CSR actions has changed significantly and therefore, banks are closer to social and environmental problems, have a broader role in society by implementing CSR objectives and principles in their operations and with it the transactions that they carry out are more transparent and generate value for society in general and for various interest groups such as customers, suppliers, investors and workers (Prior and Argandona, 2008). In addition, banks are implementing CSR strategies and practices with initiatives such as financial inclusion (Decker, 2008). However, it is not yet clear if the positive response to CSR in developed countries will be the same in emerging countries and therefore, if the managers, the main drivers of CSR actions perceive their advantages or not. Only, in the study carried out in an emerging country (India) (Kansal and Joshi, 2014), it is evident that the strategic management of CSR is a useful tool and explains the better perception of business performance.

From the theory and empirical analysis that relates CSR to business confidence especially in developed countries hypothesis 1 is formulated.

H1: The strategic importance of corporate social responsibility will positively influence the perception of business confidence in the service industry (banking) of an emerging country.

3. Indirect effect: Strategic consideration of CSR in the company - Corporate Reputation and Business Confidence

Within companies, the incorporation of CSR strategies has positive effects on the dimensions of corporate reputation. In the literature review, we identified some considerations such as recognized business leadership, quality and management capacity (Helm, 2007; Angus-Leppan et al., 2010; Olmedo et al., 2014), focus on the customer and on the product (Thorsten et al., 2003; Camgöz Akdag and Zineldin, 2011; Saedi et al., 2015) and how the corporate image is strengthened as a result of the trust of the company's stakeholders (Boshoff, 2009) and an improvement in competitive positioning (Du et al., 2007; Keh and Xie, 2009).

Several authors indicate that the perception of the impact of CSR on the different dimensions of corporate reputation mentioned in the previous paragraph is conditioned, among other aspects, by the geographical location of the company (Husted et al., 2012; Matten and Moon, 2008; Porter and Kramer, 2006; Yoon et al., 2006). In fact, all the empirical studies analyzed above refer to companies in developed countries (Arli and Lasmono 2010).

It is important to indicate that world leaders met at the United Nations at the beginning of the new millennium in order to develop the vision to promote CSR actions among its members and in the world in general, focusing on stakeholder. As a result, eight Millennium Development Goals (MDGs) were achieved. In 2015, the MDGs were replaced by the new Sustainable Development Goals (SDGs) that also come from the United Nations (UN), with the start of their implementation on January 1, 2016.

In relation to the seventeen SDGs, it is important to indicate that they differ from the MDGs because they are broader in number, represent aspirations of greater impact and scope and also present a relevant program for various interest groups, such as people and companies in all countries, with the aim that no one is left behind. So, we hope that, in view of the fact that CSR actions have been considered essential in the political field of developed countries and have been showcased for everyone, they will also be positively valued by companies from emerging countries. From this, hypothesis 2 is formulated.

H2: The strategic importance of corporate social responsibility will positively influence the perception of corporate reputation in the service industry (banking) of an emerging country.

When a company improves in the dimensions of CR, it accumulates reputational capital attracting and motivating stakeholders, including employees, customers and suppliers. As a result, companies that accumulate reputational capital gain a competitive advantage in the market. Besides, accumulated reputational capital can be used as a risk manager by providing protection against negative publicity or skepticism when negative actions occur (Epstein and Roy, 2001) and thus maintain trust with stakeholders. Companies with high CR are perceived with fewer risks and this is particularly relevant among interest groups that are susceptible at any given time to move capital to other companies and make other financial decisions (Helm, 2007). That is why the strengthening of the brand image and reputation can reduce operational risks. Gupta (2002) points out that CSR activities that have a positive impact on CR allow companies to differentiate themselves from the competition, translating into competitive advantages.

Several authors have found positive relationships between corporate reputation and its effects on business confidence (Bromley, 2002; Eberl and Schwaiger, 2005; Kotha *et al*., 2001) although analyses applied in emerging countries have barely been detected. In this case, the study by Sun *et al*. (2017) shows a positive relationship between the corporate reputation and the confidence towards the company in the stock market in China. And yet, we believe that the positive effects of reputation are especially relevant also in emerging countries' banking sector. After the last financial crisis that affected world markets, the reputation of the financial sector was questioned, which is accused of being the main guilty in the current economic recession (Bravo *et al*., 2009). Given this situation, improving CR through CSR actions allows banks to improve their internal and external credibility, by avoiding in a way messages against the banking system. Messages that according to the study of Issa (2011) are expanding faster and faster through social networks. In the mentioned study it is indicated that the median of the tweets sent about the banks express negative emotions. Banks must be able to respond promptly in an appropriate manner to avoid damage and destruction of value. And the emerging countries are not on the sidelines of this reality.

From the theory that relates corporate reputation to business confidence, from empirical results detected for the stock market in China (Sun *et al*., 2017), hypothesis 3 is formulated. The final model is represented in figure 1.

H3: Corporate reputation will positively influence the perception of business confidence in the service industry (banking) of an emerging country.

Insert figure 1 here

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4. Methodology

The methodology selected to test the hypotheses in this article was quantitative. In March 2016, the investigation began, with the presentation of the initial questionnaire to the members of the Association of Banks of Peru (ASBANC) through the Social Responsibility committee. This pilot served to prepare the final survey.

The original questionnaire had changes, which led to adjustments in the style of writing and presentation of the questions. The different sections of the final survey are detailed below: In the first part, the economic variables related to bank branches were evaluated in an open-question format. This part gathers data on the number of employees, benefits, market share, etc. The rest of the questionnaire was made up of closed questions in the form of a Likert scale that varied from 1 (Very low) to 5 (Very high) to assess the intensity of the responses. The questions are related to the CSR actions related to the triple bottom line and the strategic conception of CSR in the bank. It is important to indicate that the survey evaluated the perception of financial institutions regarding corporate reputation and business confidence derived from CSR activities.

After several meetings, ASBANC managers provided the authors the data of the banks operating in Peru in January 2016, which are a total of seventeen banks (Table 1), as well as the number (1,745) and contact information of executive officers of bank branches. The selection of these key individuals was considered as the target population of the study because the authors sought to study the perception of CSR management and business confidence.

Insert table 1 here

The impact of managers on strategic decisions is transcendental, which justifies their election as the unit of analysis when is studied CSR. CSR actions of companies are largely promoted, defended and developed by them (Quazi, 2003). Managers will directly influence the company's commitment to CSR, allocating resources to different programs and practices and aligning these activities with the company's objectives (Aguilera *et al*., 2007). The perception and the capability of influence of the managers will condition the success in relation to the application of CSR actions (Fatma and Rahman, 2015). Therefore, if managers perceive that employees are involved on CSR actions and these activities are positively influencing the business confidence, their ability to influence will positively condition the company's behavior in terms of CSR (Fatma and Rahman, 2015). On the other hand, if managers perceive that employees do not get involved enough, their capability to influence will condition the non-continuation of this issue, since it will be considered a waste of resources (Fatma and Rahman, 2015).

The questionnaire was sent by e-mail in April 2016 to the 1,745 managers of the multiple banks with a message explaining the relevance of the research. It also included a promise from the authors to send a summary of the results to everyone who collaborated. Additionally, to give the e-mail more credibility, the document with the results of a case study previously realized by authors and published by ASBANC was attached. The participants were sent reminders in May 2016. The data gathering process finished in July 2016 with 112 valid responses (6.41%). The following sub-sections present the technical file and statistical validation of the response rate achieved, followed by an explanation of the variables.

4.1 Technical Data and Statistical Validity

Table 2 shows the characteristics of the empirical study, i.e., the universe or target population, geographical area and timeframe of the research, unit, size, sample error and confidence level. The expression $\mathrm{n} = \frac{Z^2 \times N \times p \times (1-p)}{(N-1) \times e^2 + e^2 \times p \times (1-p)}$ was used to calculate the sampling error. N stands for the population size (1,745), n is the sample size (112), Z at a confidence level of 95% takes the value of 1.96, P is the population that holds the characteristic. As it's unknown, the authors bet on the worst case, where p = q = 0.5, and e is the sampling error, the variable to calculate. After applying the formula, the resulting error rate is of 0.0896. The error rate is high because the response rate was low. However, errors below 0.1 are statistically acceptable (Lind *et al.*, 2015).

To analyze whether the sample is representative of the population, the frequency distributions are shown by gender and by age (tables 3 and 4).

Insert table 2 here

Insert table 3 here

Insert table 4 here

Two logit analyses were performed to evaluate the representativeness of the sample with a higher degree of reliability. The dependent variable was the probability of response (Osterman, 1994). The independent variable in the first logit was gender, measured by the number of responses from men and women; whereas, in the second logit, the number of responses by age group was the independent variable. The number of responses didn't enter the model in any of the analyses. This result proved the objectiveness of the sample and guaranteed its external validity.

4.2 Measurement Scales

A multiple indicators approach was followed to construct the measurement scales of the concepts used in this work. Thus, each concept was measured using various items or variables. Besides the theoretical contributions from the cited literature, the authors employed the scales of the works mentioned below as reference in the process of developing the measurement scales of each of the dimensions assessed.

4.2.1 Perception of business confidence by managers

The first group of questions refers to the perception of business confidence, which is the final dependent variable of the model. Following the contributions of those authors who have analyzed the improvement of the perception of business confidence based on economic, emotional, market and external factors, it has been asked about the importance of the variables that explain these factors. Regarding the factor of business confidence for economic improvements of the company it has been asked about: 1) the assessment of the importance of the annual profit of the company (Y1) following several analysis (Eiadat *et al*., 2008; Leaniz and del Bosque, 2016); 2) the assessment of the importance of the creation of value for the stakeholders (Y2) following different analysis (Greening and Turban, 2000; Kansal and Joshi, 2014); 3) the assessment of the importance of the financial profitability of the company (Y3) following different analyses (González-Padrón *et al*., 2016; Kansal and Joshi, 2014). For the factor of improvement of business confidence through an emotional factor it has been asked about the importance of the feeling of confidence towards the company (Y4) (González-Padrón *et al*., 2016; Leaniz and del Bosque, 2016). Furthermore, there are factors related to the market. Regarding this factor, it has been asked about the valuation of the market share (Y5) and by the perception about the evaluation that the clients give the company (Y6) (Miao *et al*., 2012; Fineman and Clarke, 1996). Finally, there are external factors that through CSR can improve and it has an effect on business confidence. Among them, several works (Bigné *et al*., 2005; Maignan, 2001) related to the environment that is the variable for which it has been asked (Y7).

4.2.2 Strategic conception of CSR

The second group of questions refers to the strategic conception of CSR. It has started from the contributions that consider the strategic conception of CSR as a social action that would be present in all policies and processes of the company and at all hierarchical levels, including also ethical principles of social action and even for some the mission, vision and values of the company. The assessment of 4 variables already used in previous studies has been requested: a) role of CSR as a strategic pillar in the company (X1) (Priego *et al*., 2014); b) level of social impact of CSR programs carried out at a strategic level by the bank (X2) (Gupta, 2002); c) level of investment in CSR programs carried out at a strategic level (X3) (Harjoto *et al*., 2015; Hillman and Kleim, 2001); d) CSR is part of the culture of the entity (X4) (Freeman, 1984; Gupta, 2002).

4.2.3 Corporate reputation

The third group of questions refers to the corporate reputation. The assessment of 4 variables already used in previous studies has been requested: a) perceived importance of the quality of management and business leadership (CR1) (Caruana and Chircop, 2000; Olmedo *et al*., 2014); b) perception of the image towards the outside (CR2) (Boshoff, 2009); c) supply and quality of products as well as customer satisfaction (CR3) (Thorsten *et al*., 2003); and d) stakeholder confidence regarding competition (CR4) (Yoon *et al*., 2006)

5. Results

Table 5 shows the means and standard deviations of the items with which we have worked and table 6 shows the correlations between the items used, which provides a first idea of the relationships between them.

Insert table 5 here

Insert table 6 here

Harman's single factor test was used to verify there was no common method bias (CMB), to do this, the items of the scale are constrained to just one. If all variables weigh a single factor or any factor explains most of the variance, then CMB is a problem. The importance of this method has been shown in the literature (Diamantopoulos and Winklhofer, 2001). The exploratory factor analyses carried out are shown in Table 7. Three factors were generated using the eigenvalues >1 rule. Each one of them explains 36.67%, 20.18% and 18.03% of the variance of the data. The authors conclude that the results are not affected by the CMB because there is no single factor and neither does the first factor represent a majority of the variance of the data. Furthermore, the analysis reflected accordance between the composition of the scales and the starting assumptions. In other words, it revealed the existence of three factors measured by the items suggested in the theoretical analysis.

Insert table 7 here

Next, we have used elaborated constructs with items that explain the variables. The validity of the construct about business confidence was tested by a factorial analysis. This one indicated that the construct was an indicator of a single variable. Table 8 shows the main results that indicate that a single factor explains 77.716% of the variance of the items about business confidence. The internal consistency of the responses was calculated using the Cronbach's Alpha (0.952). We call this factor Business Confidence (BC).

Insert table 8 here

The validity of the construct about corporate reputation was tested by a factorial analysis too. This one indicated that the construct was an indicator of a single variable. Table 9 shows the main results that indicate that a single factor explains 61.557% of the variance of the items about corporate reputation. The internal consistency of the responses (0.791) was calculated using Cronbach's Alpha. We call this factor CR.

Insert table 9 here

Finally, we have tested the validity of the construct about strategic conception of CSR. Factorial analysis indicated that the construct was an indicator of a single variable. Table 10 shows the main results that indicate that a single factor explains 68.346% of the variance of the items. The internal consistency of the responses (0.842) was calculated using Cronbach's Alpha. We call this factor StrategicCSR.

Insert table 10 here

To sum up, to test the hypotheses we have worked with a dependent variable that is the construct of the perception of business confidence (BC) which explains 77.716% of the items that were used in the questionnaire for their analysis. We use 2 independent variables. The first one refers to the strategic conception of CSR (StrategicCSR), which is the construct that explains 68.346% of the variance of the items that have been used in the questionnaire for analysis. And the second one is referred to the corporate reputation (CR) which explains 61.557% of the items that were used in the questionnaire for analysis.

Then, the results obtained from the empirical study are shown in Table 11. Regression models are tested according to previously deduced hypotheses. To avoid the interpretation problems derived from the multicollinearity between the different independent variables when more than one is introduced into the model, three different explanatory models were considered. Each of them analyzes what was predicted in each hypothesis in relation to the perception of business confidence: model 1 refers to its relationship between strategic consideration of CSR and business confidence, model 2 analyzes the relationship between strategic consideration of CSR and CR and model 3 tests the relationships between CR and business confidence.

From the results obtained, it has been observed that the strategic consideration of CSR in Peruvian banks influences on the perception of business confidence, as had been proposed. The relationship found is statistically significant at a level of $p < 0{,}001$. The strategic consideration of CSR seems to explain approximately 19.7% of the assessment of the perception of business confidence. Hypothesis 1 is, therefore, validated. That is, the strategic consideration of CSR positively influences the perception of business confidence in an emerging country. It supports previous analysis (Carroll, 1979; Gupta, 2002) about the need to internalize CSR in the company's strategy to achieve positive effects internally and externally. Finally, the empirical studies in the banking sector (Prior and Argandona, 2008) are confirmed, expanding them to an emerging country like Peru. And support is given to the statements (Fatma and Rahman, 2015) who argue that if managers perceive that assuming CSR strategically in the activities of the company is positively influencing the perception of confidence in the company, its capacity for influence will positively condition the behavior of the company in relation to CSR.

Secondly, it has been demonstrated that the strategic consideration of CSR in Peruvian banks influences on the corporate reputation, as had been proposed. The relationship found is statistically significant at a level of $p < 0{,}001$. The strategic consideration of CSR seems to explain approximately 6.7% of the assessment of the perception of corporate reputation. Hypothesis 2 is, therefore, validated. That is, the strategic consideration of CSR positively influences the perception of corporate reputation in an emerging country. This result broadens previous empirical analysis (Boshoff, 2009; Camgöz-Akdag and Zineldin, 2011; Caruana and Chircop, 2000; Keh and Xie, 2009; Olmedo *et al*., 2014; Thorsten *et al*., 2003) for a services sector (banking sector) in an emerging country.

Insert table 11 here

Finally, it has been observed that the perception of the importance of the corporate reputation of Peruvian banks positively and significantly influences the perception of business confidence by the managers. The relationship found is statistically significant at a level of $p < 0{,}001$. The importance given to corporate reputation seems to explain approximately 39.3% in the assessment of business confidence of Peruvian banks. Hypothesis 3 is, therefore, validated. This is that corporate reputation will positively influence the perception of business confidence in an emerging country. This result supports the approaches that consider CR to provide more confidence among the relevant stakeholders. Likewise, the contributions of authors that justify the positive effect of the CR in the business confidence are ratified thanks to the positive effect of the reputational capital that attracts and motivates the interest groups.

Finally, this study broadens the empirical analysis of the CR relationship and business confidence that, in the financial sector in a country that does not belong to the OECD, only the research of Sun *et al*., (2017) had been detected.

6. Conclusion

A healthy banking system is the key to sustained prosperity. In this same line, the banking system plays an important role in economic development because its security and solidity creates various external benefits to society (Lizarzaburu and Brío, 2016a).

Business confidence in Peruvian banking companies is important because of its impact not only on profitability and compliance with regulatory indicators (Lizarzaburu and Brío, 2016b), but also because it contributes to keeping these indicators in the ranges required by regulators, considering that these take as a basis the captures and placements. As these are "healthier", in the end they have a positive impact on the different variables that measure the perception of business confidence used in this chapter: benefit, value, profitability, market share, customer valuation and environmental care.

The Association of Banks of Peru – Asbanc and the specialized international journal América Economía have indicated through their report on January 16th, 2017, Edition 226, that reputation is "key" to consolidate results of banks in Peru. Likewise, corporate reputation has a positive impact on business confidence, and it aligned with the products that the financial institution offers for its operations development (placements, deposits and services), generate better financial results and confidence in its community. With an adequate reputation, greater confidence can be achieved by the most representative interest groups (collaborators, customers and suppliers), who in the end measure their investment according to the risk and the return obtained over a period of time. People do not put their confidence in just any company. Following the line of Carroll (1979), the strategic consideration of CSR involves assuming the obligations of the company with society in the economic, legal, ethical and discretionary categories of business development and even for some authors should be part of the mission, vision and values of the company (Freeman, 1984; Gupta, 2002). It is in this conception when the CSR will begin to exert positive internal effects on the company that will also be external once the social impacts of the CSR operational actions become visible (Carroll, 1979; Gupta, 2002). For the banking case, the strategic consideration of CSR should be aligned with the products and services offered by banks (such as placements and fundraising and the efficient management) which would attract and generate greater business confidence.

Based on the perception of the Peruvian bank managers, it has been verified that the strategic consideration of CSR positively influences on business confidence in an emerging country directly and influences indirectly on business confidence through the best perception of CR. It thus supports the aforementioned theory that considers CSR as a means to maximize the value of the company towards its stakeholders. The main contribution of this paper is that it analyzes empirically how business confidence is perceived by managers, who are the main agents involved in implementing CSR actions, based on their opinion on the strategic consideration of CSR and the perception of the CR in a context barely investigated, an emerging country.

Of course, one is aware of the limitations that the work presents and of the future improvements that can be made. To measure the strategic consideration of CSR, CR and business confidence, scales of perceptions valued from 1 to 5 have been used. Other articles have used the same procedure. But this is no reason to recognize that the conclusions could be improved or accredited if objective measures were used.

The study takes into consideration a questionnaire and this includes the evaluation of perceptions, which can create a subjective point of view, related to the experience and personal opinions, beliefs, and mood of the people who answered the questionnaire. The questionnaire has also been sent to the directors of the bank branches of the banks that operate in Peru. Managers have been chosen because they are employees of the bank and therefore internal stakeholders who also have relations with senior managers at the hierarchical level so they can know their opinion on these issues. In addition, they control the rest of the employees of the branch, so they can also perceive what they think about the bank's CSR and CR. However, this does not prevent the study from being extended to other stakeholders in the future.

We hope that all this does not detract from an investigation that from the perspective of academic research is novel because it analyzes how CSR, which is still in an incipient phase of application in an emerging country such as Peru, makes it possible to improve business confidence in the banking sector. And from the business perspective, this work makes a fundamental contribution, providing reasons for banks to believe definitively that the integration of CSR in business strategy allows them to improve business confidence.

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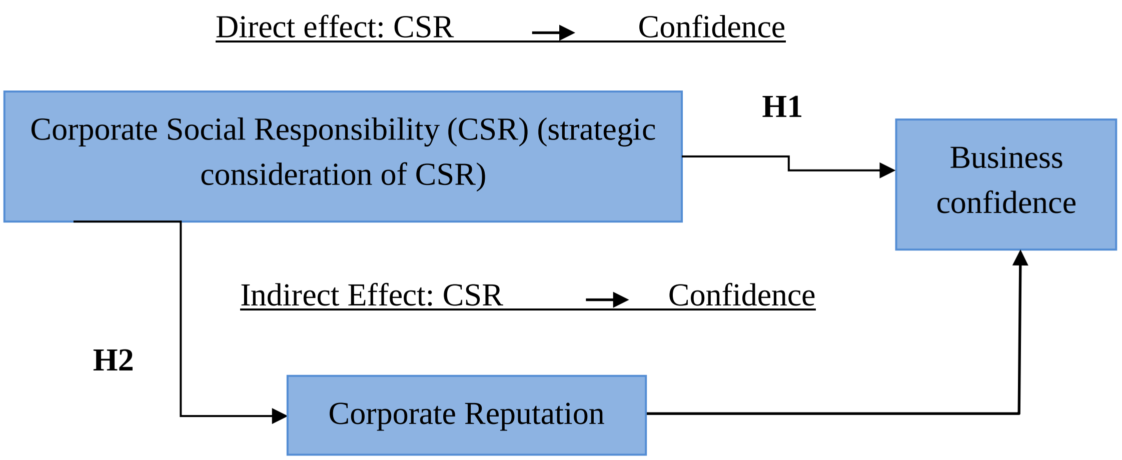
Appendix A

Figure 1: Research model



Appendix B

Table 1. Banks in Peru (January 2016, compiled by authors)

1. Banco Crédito Perú	2. Banco Continental	3. Scotiabank Perú	4. Interbank	5. Mibanco	6. Banco Interamericano de Finanzas
7. Banco Financiero	8. Banco GNB	9. Banco Falabella	10. Banco Santander	11. Citibank	12. Banco Ripley
13. Banco de Comercio	14. Banco Azteca Perú	15. Banco Cencosud	16. Banco ICBC	17. Deutsche Bank Perú	

Appendix C

Table 2. Technical Data

TECHNICAL DATA		
Characteristics		Survey
❖ Universe or target population		❖ Banking entities operating in Peru (offices)
❖ Area geographical / temporal		❖ All Peruvian territory / year 2016
❖ Sample unit		❖ Bank office
❖ Sample size		❖ 112 valid surveys
❖ Sampling error / confidence level		❖ 8.9% sampling error / 95% confidence
❖ Date of completion of field work		❖ April 1, 2016 to July 30, 2016
❖ Respondent		❖ Managing Director of Banking Office

Appendix D

Table 3. Representativeness of the sample by gender

	Population (nº)	Population (%)	Sample (nº)	Sample (%)
Men	1,135	65%	65	58%
Women	610	35%	47	42%
Total	1,745	100%	112	100%

Appendix E

Table 4. Representativeness of the sample by age

	Population (nº)	Population (%)	Sample (nº)	Sample (%)
Under 25 years	349	20%	20	18%
From 25 to 34 years	890	51%	52	46%
From 35 to 44 years	349	20%	18	16%
From 45 to 54 years	105	6%	16	14%
More than 55 years	52	3%	6	5%
Total	1,745	100%	112	100%

Appendix F

Table 5: Descriptive variables analyzed

	N	Minimum	Maximum	Mean	Deviation
Y1	112	2.00	5.00	4.48	0.657
Y2	112	2.00	5.00	4.33	0.848
Y3	112	2.00	5.00	4.30	0.893
Y4	112	3.00	5.00	4.26	0.815
Y5	112	1.00	5.00	4.22	0.884
Y6	112	2.00	5.00	4.13	0.985
Y7	112	2.00	5.00	3.91	1.067
X1	112	1.00	5.00	3.20	0.603
X2	112	1.00	5.00	3.73	0.731
X3	112	1.00	5.00	3.68	0.805
X4	112	1.00	5.00	3.77	0.808
CR1	112	2.00	5.00	3.78	.650
CR2	112	2.00	5.00	3.73	.632
CR3	112	2.00	5.00	3.81	.685
CR4	112	1.00	5.00	4.11	1.011

Appendix G

Table 6: Correlations

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	X1	X2	X3	X4	CR1	CR2	CR3	CR4
Y1	1														
Y2	.719**	1													
Y3	.845**	.772**	1												
Y4	.650**	.656**	.666**	1											
Y5	.821**	.709**	.769**	.684**	1										
Y6	.785**	.672**	.759**	.657**	.752**	1									
Y7	.766**	.716**	.713**	.737**	.831**	.835**	1								
X1	.096	.000	0.075	-.288*	-0.021	.011	-.112	1							
X2	.432**	.362**	.451**	.342**	.527**	.409**	.416**	.555*	1						
X3	.592**	.439**	.558**	.332**	.560**	.551**	.464**	.481**	.711**	1					
X4	.466**	.213**	.347**	.262*	.435**	.463**	.328**	.350**	.635**	.695**	1				
CR1	.312**	.029	.218**	-.046	.129	.241*	.047	.499**	.456**	.356**	.497**	1			
CR2	.114	.323**	.109	.547**	.270*	.254*	.453**	.490**	.046	.085	.098	.541**	1		
CR3	.232**	.417**	.233*	.374**	.415**	.232*	.435**	.413**	.142	.086	.077	.487**	.620*	1	
CR4	.145	.116	.156	.024	.067	.148	.039	.408**	.204	.196	.270*	.459**	.417*	.555*	1

*** Correlation significant level 0.01*

**Correlation significant level 0.05*

Appendix H

Table 7: Variance of the factors

Factors	**Explained variance**
1	36.674
2	20.184
3	18.039

__Appendix I__

Table 8: Factorial dimensions of business confidence

Y1	0.908
Y2	0.848
Y3	0.896
Y4	0.814
Y5	0.904
Y6	0.887
Y7	0.909
Cronbach's Alpha	0.952
Eigenvalue	5.440
Total variance explained	77.716
K-M-O test 0.907 Bartlett test 607.638 0.000	

Appendix J

Table 9: Factorial dimensions of corporate reputation

CR1	0.773
CR2	0.763
CR3	0.820
CR4	0.781
Cronbach's Alpha	0.791
Eigenvalue	2.468
Total variance explained	61.557
KMO test 0.693 Bartlett test 110.143 0.000	

Appendix K

Table 10: Factorial dimensions of strategic conception of CSR

X1	0.696
X2	0.888
X3	0.887
X4	0.821
Cronbach's Alpha	0.842
Eigenvalue	2.734
Total variance explained	68.346
KMO test 0.774 Bartlett test 160.015 0.000	

Appendix L

Table 11: Regression models of independent variables on company confidence

	Model 1 Dependent variable (BC)	**Model 2 Dependent variable (CR)**	**Model 3 Dependent variable (BC)**
Constant	-4.954×10^{-17}	-5.509×10^{-17}	-3.171×10^{-16}
	(.........)	(.........)	(.........)
	0.000	0.000	0.000
	1.000	1.000	1.000
StrategicCSR	0.454	0.137	
	(0.454)	(0.137)	
	4.780	1.300	
	(0.000)	(0.000)	
CR			0.773
			(0.773)
			11.442
			(0.000)
R^2	0.206	0.079	0.398
R^2 adjusted	0.197	0.068	0.393
F	22.851	16.91	130.909
Next F	0.000	0.000	0.000
N	112	112	112