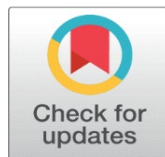


MEASURING THE IMPACT OF CSR INITIATIVES ON SUSTAINABLE DEVELOPMENT PERCEPTION: A STRUCTURAL EQUATION MODELING APPROACH ACROSS INDIAN SMES AND MNCS

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ABSTRACT

This study investigates how stakeholder perceptions of Corporate Social Responsibility (CSR) quality—encompassing dimensions of transparency, community impact, and environmental focus—influence sustainable development outcomes in the Indian corporate landscape, and how these relationships differ between Small and Medium-sized Enterprises (SMEs) and Multinational Corporations (MNCs). Drawing on stakeholder theory, signaling theory, and the legitimacy framework, this research proposes and tests a comprehensive structural model in which stakeholder trust mediates the relationship between perceived CSR quality and sustainability outcome perception. A stratified random sample of 524 respondents—comprising employees, investors, and community members—was surveyed across four Indian states (Maharashtra, Karnataka, Gujarat, and West Bengal) using a validated 38-item Likert-scale questionnaire. The data were analyzed using Confirmatory Factor Analysis (CFA) to validate the measurement model and Structural Equation Modeling (SEM) to test the structural relationships. Multi-group analysis was employed to examine whether the proposed model differs significantly across SME and MNC contexts. Results confirm that CSR quality perception significantly and positively influences both stakeholder trust ($\beta = 0.67, p < 0.001$) and sustainability outcome perception ($\beta = 0.42, p < 0.001$), with stakeholder trust serving as a significant partial mediator (indirect effect = 0.31, 95% CI [0.22, 0.41]). Multi-group analysis reveals significant structural differences between SME and MNC respondents, with trust playing a stronger mediating role in SME contexts. Environmental focus emerges as the most influential dimension of CSR quality perception in MNCs, while community impact dominates in SME contexts. The paper concludes with managerial implications for enhancing CSR communication strategies and policy recommendations for differentiating CSR frameworks by firm size.

Keywords: CSR Quality Perception, Stakeholder Trust, Sustainability Outcome Perception, Structural Equation Modeling, Multi-Group Analysis, SMEs, MNCs, India

1. INTRODUCTION

The relationship between Corporate Social Responsibility (CSR) and sustainable development is increasingly recognized as a critical governance concern in both academic and policy discourse [Crane et al. \(2014\)](#), [Matten and Moon \(2008\)](#). While much of the existing literature has examined this relationship from an objective, spending-based perspective, a growing stream of research emphasizes the importance of subjective perceptions in determining the effectiveness of CSR as a sustainability driver [Sen and Bhattacharya \(2001\)](#), [Du et al. \(2010\)](#). Stakeholders who perceive CSR activities as genuine, transparent, and impactful are more likely

to respond with trust, loyalty, and support, thereby amplifying the sustainable development outcomes of corporate investments [Morsing and Schultz \(2006\)](#).

In the Indian context, where the Companies Act 2013 has institutionalized mandatory CSR expenditure, the quality and credibility of CSR communication has taken on heightened importance [Singh and Ahuja \(2021\)](#). Indian corporations operate across a complex stakeholder landscape encompassing employees from diverse cultural backgrounds, local communities with varying developmental needs, and investors with divergent ESG expectations [Jain et al. \(2017\)](#). Understanding how different stakeholder groups perceive CSR quality, and how these perceptions translate into sustainability outcome assessments, is essential for designing CSR strategies that maximize developmental impact.

The distinction between SMEs and MNCs is particularly salient in the Indian context, where mandatory CSR applies to large companies meeting specific financial thresholds, while SMEs engage in CSR voluntarily or through value chain pressure from larger partners [Deshpande and Joshi \(2020\)](#). MNCs operating in India bring global CSR frameworks and standards that may differ significantly from locally embedded SME practices, potentially producing different stakeholder perception dynamics. Despite this heterogeneity, comparative studies of CSR perception across firm size categories in India remain scarce.

This study addresses these gaps by developing and testing a comprehensive structural model of CSR quality perception, stakeholder trust, and sustainability outcome perception, using Structural Equation Modeling (SEM) with multi-group analysis. The research makes four principal contributions to the literature. First, it introduces a multidimensional construct of CSR quality perception specifically validated for the Indian context. Second, it empirically tests stakeholder trust as a mediator in the CSR-sustainability outcomes relationship. Third, it provides the first SEM-based multi-group comparison of this model across SME and MNC contexts in India. Fourth, it offers practical guidance for CSR communication strategies that can enhance stakeholder trust and perceived sustainability impact.

The paper proceeds as follows: Section 2 reviews relevant theoretical and empirical literature; Section 3 presents the conceptual model and hypotheses; Section 4 describes the research methodology including survey design and sampling; Section 5 reports results of CFA and SEM analysis; Section 6 discusses findings; and Section 7 provides conclusions, implications, and limitations.

2. LITERATURE REVIEW

2.1. STAKEHOLDER THEORY AND CSR PERCEPTION

[Freeman \(1984\)](#) stakeholder theory has provided the foundational framework for understanding why corporations attend to the interests and perceptions of multiple constituencies. In the CSR context, stakeholder theory predicts that firms will align their social responsibility activities with the priorities of their most powerful stakeholders, and that stakeholder responses to CSR will be shaped by the degree to which they perceive those activities as authentic and impactful [Clarkson, \(1995\)](#), [Donaldson and Preston \(1995\)](#). The concept of CSR quality perception extends this framework by focusing not merely on whether stakeholders are aware of CSR activities, but on how they evaluate the adequacy, transparency, and genuineness of those activities.

[Sen and Bhattacharya \(2001\)](#) demonstrated through experimental research that consumer responses to CSR are moderated by the perceived fit between

corporate CSR domains and consumer priorities, a finding that underscores the subjective, perception-based nature of CSR effectiveness. More recently, [Skarmeas and Leonidou \(2013\)](#) found that perceived CSR motives—whether stakeholders believe CSR is driven by genuine social concern or strategic self-interest—significantly moderate the relationship between CSR activities and stakeholder loyalty outcomes.

2.2. SIGNALING THEORY AND CSR COMMUNICATION

Signaling theory [Spence \(1973\)](#) provides a complementary theoretical lens for understanding CSR perception dynamics. In markets characterized by information asymmetry—which is particularly pronounced in the CSR domain—CSR disclosures and activities serve as signals that allow external stakeholders to infer the values, capabilities, and intentions of corporations [Connelly et al. \(2011\)](#). The effectiveness of CSR signals in shaping perceptions depends on signal observability (how visible the CSR activity is to the target audience), signal credibility (whether stakeholders trust the information being conveyed), and signal fit (whether the CSR domain aligns with stakeholder expectations).

In the Indian context, where CSR reporting quality varies widely [Singh and Ahuja \(2021\)](#) and where traditional media penetration coexists with digital communication channels, signal clarity and credibility emerge as critical determinants of CSR perception quality. MNCs, with their greater resources for CSR communication and their experience with international reporting standards such as GRI (Global Reporting Initiative), may signal CSR quality more effectively than SMEs, which often rely on informal community-level communication.

2.3. LEGITIMACY THEORY AND SUSTAINABILITY OUTCOMES

Legitimacy theory [Suchman \(1995\)](#) posits that organizations seek to maintain congruence between their activities and the values and norms of their social environment. CSR activities serve as legitimation mechanisms by demonstrating organizational alignment with societal expectations regarding environmental stewardship, community welfare, and ethical governance. When stakeholders perceive CSR quality as high—i.e., when they judge corporate activities to be genuinely responsive to sustainability challenges—organizational legitimacy is enhanced, which in turn increases stakeholder willingness to participate in and support sustainability-oriented corporate initiatives.

This theoretical dynamic suggests a mediating role for legitimacy-related constructs in the CSR perception-sustainability outcome relationship. Consistent with this reasoning, [Lins et al. \(2017\)](#) found that firms with higher social capital—measured by employee trust in management—experienced significantly better stock returns during the 2008–2009 financial crisis, suggesting that stakeholder trust serves as a buffer that amplifies the organizational benefits of CSR investment.

2.4. TRUST AS A MEDIATOR IN CSR RESEARCH

The mediating role of trust in CSR effectiveness has received growing empirical attention. [Pirsch et al. \(2007\)](#) found that institutionalized CSR programs (those perceived as systematic and embedded in corporate strategy) generated greater consumer trust than promotional CSR programs, and that this trust mediated the relationship between CSR program type and consumer purchase intentions. [Melo, and Garrido-Morgado \(2012\)](#) demonstrated that corporate reputation, which is

closely related to trust, mediates the CSR-firm performance relationship in a sample of European companies.

In the sustainability context specifically, [Glavas and Kelley \(2014\)](#) found that CSR practices enhanced employee sustainability engagement through the mediating pathway of perceived organizational support and trust. These findings suggest that trust is not merely a correlate of CSR quality perception but a critical mechanism through which CSR perceptions are converted into tangible sustainability outcomes.

2.5. SME VS. MNC DIFFERENCES IN CSR

The literature on CSR in SMEs and MNCs highlights fundamental differences in CSR motivation, implementation, and stakeholder communication. [Jenkins \(2006\)](#) characterized SME CSR as typically informal, values-driven, and deeply embedded in local community relationships, in contrast to the more formalized, strategically managed, and globally standardized CSR practices of MNCs. [Russo and Tencati \(2009\)](#) empirically confirmed these differences in a sample of Italian firms, finding that SME CSR is more directly connected to owner values and community proximity, while MNC CSR is more responsive to institutional pressures and international standards.

In the Indian context, the distinction is further shaped by the differential application of the mandatory CSR framework—which applies primarily to large companies—and by the varying degrees of stakeholder scrutiny faced by SMEs and MNCs. [Jain et al. \(2017\)](#) found that Indian MNCs faced significantly stronger stakeholder pressures on environmental CSR than domestic SMEs, leading to observable differences in CSR emphasis across firm size categories.

3. THEORETICAL FRAMEWORK AND HYPOTHESES

3.1. CONCEPTUAL MODEL

The conceptual model proposed in this study integrates stakeholder theory, signaling theory, and legitimacy theory to posit a three-stage pathway: (1) stakeholders form perceptions of CSR quality based on their exposure to corporate CSR activities and communications; (2) high CSR quality perception builds stakeholder trust in the corporation; and (3) stakeholder trust, in conjunction with direct CSR quality effects, shapes perceptions of the corporation's sustainability outcomes. Firm size (SME vs. MNC) moderates all pathways in the model.

CSR quality perception is operationalized as a second-order reflective construct with three first-order dimensions: CSR Transparency (the degree to which corporate CSR goals, activities, and outcomes are openly communicated), Community Impact Perception (stakeholder assessment of the tangible benefits generated by CSR for local communities), and Environmental Focus Perception (stakeholder assessment of corporate commitment to environmental sustainability within CSR programs).

3.2. HYPOTHESIS DEVELOPMENT

H1: CSR quality perception (encompassing transparency, community impact, and environmental focus) is positively associated with stakeholder trust.

H2: CSR quality perception is positively associated with sustainability outcome perception.

H3: Stakeholder trust mediates the relationship between CSR quality perception and sustainability outcome perception.

H4: The strength of the relationship between CSR quality perception and stakeholder trust is significantly greater in SME contexts than in MNC contexts.

H5: Environmental focus perception has a stronger effect on sustainability outcome perception among MNC stakeholders than among SME stakeholders.

H6: ESG awareness of respondents positively moderates the relationship between CSR quality perception and sustainability outcome perception.

4. RESEARCH METHODOLOGY

4.1. RESEARCH DESIGN

This study employs a cross-sectional survey design with quantitative analysis using Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM). The SEM approach is particularly appropriate for this research context as it enables the simultaneous estimation of measurement models (confirming construct validity) and structural models (testing hypothesized relationships), while accounting for measurement error in latent variable estimation [Hair et al. \(2019\)](#). Multi-group SEM analysis is employed to test for structural differences across SME and MNC respondent groups.

4.2. SAMPLE AND DATA COLLECTION

A stratified random sampling strategy was employed to recruit participants across four Indian states selected for their diverse industrial profiles: Maharashtra (financial services and manufacturing hub), Karnataka (IT and biotechnology), Gujarat (chemicals and textiles), and West Bengal (traditional manufacturing and services). Within each state, respondents were recruited from three stakeholder groups: employees of the target firms (primary stakeholders), institutional investors (secondary stakeholders), and community members residing within 10 kilometers of the firms' primary operational sites (external stakeholders).

Survey instruments were administered through both online (Google Forms, distributed via LinkedIn and corporate email networks) and in-person modes, with the in-person mode used exclusively for community member respondents who may have limited digital access. A total of 672 survey responses were collected; after excluding responses with more than 10% missing data and applying Mahalanobis distance-based outlier detection, the final analytical sample comprised 524 valid responses (response rate: 78.0%).

Table 1

Table 1 Sample Profile			
Characteristic	Category	Frequency	Percentage
Firm Type	SME	271	51.70%
	MNC	253	48.30%
Stakeholder Group	Employee	228	43.50%
	Investor	142	27.10%
	Community Member	154	29.40%
Gender	Male	298	56.90%
	Female	221	42.20%
	Non-binary/Other	5	0.95%

Education	Undergraduate	187	35.70%
	Postgraduate	263	50.20%
	Doctorate	74	14.10%
State	Maharashtra	156	29.80%
	Karnataka	132	25.20%
	Gujarat	128	24.40%
	West Bengal	108	20.60%

Note. Total N = 524.

4.3. QUESTIONNAIRE DEVELOPMENT AND VALIDATION

The 38-item survey instrument was developed through a three-stage process: (1) an initial item pool was generated based on a systematic review of validated scales in the CSR perception and stakeholder trust literature; (2) content validity was assessed by a panel of seven academic experts in CSR, sustainability, and organizational behavior; and (3) a pilot test with 45 respondents was conducted to assess item clarity and reliability. Items were measured on a 7-point Likert scale ranging from 1 (Strongly Disagree) to 7 (Strongly Agree).

The CSR Transparency dimension (6 items) was adapted from the CSR Communication Quality scale of [Morsing and Schultz \(2006\)](#). The Community Impact Perception dimension (7 items) drew from [Jamali et al. \(2009\)](#). The Environmental Focus Perception dimension (6 items) was adapted from [Lindgreen et al. \(2009\)](#). Stakeholder Trust (8 items) was measured using a validated scale by [Pivato et al. \(2008\)](#). Sustainability Outcome Perception (7 items) was adapted from [Glavas and Kelley \(2014\)](#). ESG Awareness (4 items, moderator) was developed for this study based on [Fatima and Elbanna \(2023\)](#).

4.4. ANALYTICAL PROCEDURE

Data analysis proceeded in three stages. First, exploratory data analysis confirmed distributional assumptions, checked for common method bias using Harman's single factor test, and assessed multivariate normality. Second, CFA using maximum likelihood estimation (with Satorra-Bentler corrections for non-normality) was conducted to validate the measurement model. Fit indices assessed included: comparative fit index (CFI), Tucker-Lewis index (TLI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR). Third, structural model testing was performed using SEM with bootstrapped confidence intervals ($n = 5,000$ bootstrap samples) for mediation analysis. Multi-group invariance testing followed a sequence of configural, metric, and scalar invariance tests before conducting group comparisons. All analyses were conducted in R (version 4.3.1) using the lavaan (version 0.6-12) and semTools packages.

5. RESULTS

5.1. MEASUREMENT MODEL (CFA)

The CFA results confirmed the proposed six-factor measurement model with satisfactory fit: CFI = 0.94, TLI = 0.93, RMSEA = 0.057 (90% CI [0.049, 0.065]), SRMR = 0.062. All factor loadings exceeded 0.60 (range: 0.63–0.91), providing evidence of indicator reliability. Composite reliability (CR) values ranged from 0.81 to 0.93, exceeding the recommended threshold of 0.70 (Hair et al., 2019). Average variance

extracted (AVE) values ranged from 0.52 to 0.71, all exceeding the 0.50 threshold for convergent validity. Discriminant validity was confirmed using the Fornell-Larcker criterion: the square root of each construct's AVE exceeded its correlations with all other constructs.

Table 2

Table 2 CFA Measurement Model Results					
Construct	Items	Factor Loadings (Range)	CR	AVE	α
CSR Transparency (CT)	6	0.68–0.87	0.91	0.64	0.9
Community Impact Perception (CIP)	7	0.63–0.89	0.93	0.62	0.92
Environmental Focus Perception (EFP)	6	0.66–0.91	0.9	0.61	0.89
CSR Quality Perception (2nd order)	—	0.71–0.88	0.89	0.67	—
Stakeholder Trust (ST)	8	0.65–0.85	0.92	0.58	0.91
Sustainability Outcome Perception (SOP)	7	0.67–0.88	0.93	0.61	0.92
ESG Awareness (ESG)	4	0.71–0.84	0.81	0.52	0.8

Note. CR = Composite Reliability; AVE = Average Variance Extracted; α = Cronbach's alpha. All factor loadings significant at $p < 0.001$.

5.2. COMMON METHOD BIAS ASSESSMENT

Harman's single-factor test revealed that no single factor accounted for more than 31.4% of the total variance, suggesting that common method bias is not a significant concern in this dataset Podsakoff et al. (2003). Additionally, the marker variable technique using a theoretically unrelated construct (respondent numeracy score) confirmed that common method variance did not substantially inflate the observed construct relationships.

5.3. STRUCTURAL MODEL RESULTS (H1–H3)

The structural model demonstrated good fit: CFI = 0.93, TLI = 0.92, RMSEA = 0.059 (90% CI [0.051, 0.067]), SRMR = 0.065. Table 3 presents the standardized structural path coefficients.

Table 3

Table 3 Structural Path Coefficients					
Path	Std. β	SE	t-value	p-value	Hypothesis
CSR Quality Perception → Stakeholder Trust	0.67	0.06	11.17	< 0.001	H1: Supported
CSR Quality Perception → SOP (direct)	0.42	0.07	6	< 0.001	H2: Supported
Stakeholder Trust → SOP	0.46	0.07	6.57	< 0.001	—
CSR Quality → Trust → SOP (indirect)	0.31	0.05	6.2	< 0.001	H3: Supported
ESG Awareness × CSR Quality → SOP	0.19	0.06	3.17	< 0.01	H6: Supported
Total effect (CSR Quality → SOP)	0.73	0.07	10.43	< 0.001	—

Note. SOP = Sustainability Outcome Perception. Indirect effects and confidence intervals based on 5,000 bootstrap samples. 95% CI for indirect effect: [0.22, 0.41].

CSR quality perception exerts a strong positive effect on stakeholder trust ($\beta = 0.67, p < 0.001$), supporting H1. The direct effect of CSR quality perception on sustainability outcome perception is also positive and significant ($\beta = 0.42, p < 0.001$), supporting H2. The bootstrapped indirect effect through stakeholder trust is significant (indirect $\beta = 0.31, 95\% \text{ CI } [0.22, 0.41], p < 0.001$), and the direct effect remains significant after accounting for the indirect pathway, confirming partial mediation and supporting H3. ESG awareness significantly moderates the CSR quality-SOP relationship ($\beta = 0.19, p < 0.01$), supporting H6.

5.4. MULTI-GROUP ANALYSIS (H4 AND H5)

Multi-group invariance testing confirmed configural invariance (same factor structure across groups) and metric invariance (equal factor loadings), but partial scalar invariance (two intercepts differed across groups). Following [Byrne et al. \(1989\)](#), partial invariance is sufficient to enable meaningful latent mean comparisons with appropriate caveats. Table 4 presents the multi-group structural results.

Table 4

Table 4 Multi-Group SEM Results (SME vs. MNC)						
Path	SME (β)	MNC (β)	$\Delta\beta$	χ^2 diff test	p (diff)	
CSR Quality \rightarrow Trust	0.74	0.59	0.15	5.84	0.016	
CSR Quality \rightarrow SOP (direct)	0.38	0.47	-0.09	2.14	0.143	
Trust \rightarrow SOP	0.51	0.41	0.1	3.72	0.054	
Indirect effect (CSR \rightarrow Trust \rightarrow SOP)	0.38	0.24	0.14	4.93	0.026	
EFP \rightarrow SOP	0.28	0.51	-0.23	7.12	0.008	
CIP \rightarrow Trust	0.48	0.29	0.19	5.47	0.019	

Note. SME n = 271; MNC n = 253. $\Delta\beta$ = difference in standardized path coefficients (SME minus MNC). χ^2 diff test = chi-square difference test with 1 d

The multi-group results provide support for H4 and H5. The CSR quality \rightarrow trust path is significantly stronger in SME contexts ($\beta = 0.74$) than in MNC contexts ($\beta = 0.59; \Delta\beta = 0.15, p = 0.016$), confirming that trust plays a more central role in how SME stakeholders respond to CSR quality signals. The indirect mediation pathway is also significantly stronger in SME contexts ($\beta = 0.38$ vs. $0.24, p = 0.026$), supporting H4. For H5, the Environmental Focus Perception \rightarrow SOP path is significantly stronger for MNC respondents ($\beta = 0.51$ vs. $0.28; \Delta\beta = -0.23, p = 0.008$), while the Community Impact Perception \rightarrow Trust path is significantly stronger for SME respondents ($\beta = 0.48$ vs. $0.29; \Delta\beta = 0.19, p = 0.019$), confirming the differential CSR dimension emphasis across firm size contexts.

6. DISCUSSION

The findings of this study contribute to the CSR-sustainability literature in several important ways. First, the confirmation of CSR quality perception as a multidimensional second-order construct—composed of transparency, community impact, and environmental focus dimensions—provides a theoretically grounded and empirically validated framework for measuring stakeholder CSR evaluations in the Indian context. This extends prior work by [Pirsch et al. \(2007\)](#) and [Sen and](#)

[Bhattacharya \(2001\)](#) by moving beyond single-dimensional perception measures to capture the nuanced, multi-faceted nature of stakeholder CSR assessments.

Second, the finding that stakeholder trust partially mediates the CSR quality-sustainability outcome relationship (H3) has important theoretical implications. It suggests that CSR quality perception does not translate automatically or entirely into sustainability outcome perceptions, but that a significant portion of this translation occurs through the construction of trust. This trust-mediated pathway is consistent with legitimacy theory's prediction that organizational legitimacy—a close correlate of stakeholder trust—is a necessary intermediate step between CSR activities and their societal outcomes [Suchman \(1995\)](#). Practically, this finding implies that corporations cannot rely solely on the substantive quality of their CSR activities; they must also invest in trust-building communication strategies to maximize sustainability outcome perceptions.

Third, the multi-group finding that trust mediates more strongly in SME contexts (H4) resonates with the broader SME CSR literature, which characterizes SME CSR as relationship-based and community-embedded [Jenkins \(2006\)](#), [Russo and Tencati \(2009\)](#). In SME settings, where formal CSR reports and third-party verifications may be absent, personal relationships and direct community interactions serve as the primary trust-building mechanisms, making trust a more critical mediator. MNC stakeholders, by contrast, may rely more directly on CSR quality signals (such as international certifications and standardized reports) to form sustainability outcome perceptions, bypassing the need for interpersonal trust.

Fourth, the finding that environmental focus perception is the dominant driver of sustainability outcome perceptions for MNC stakeholders (H5) aligns with the global ESG investment trend, wherein institutional investors—who constitute a larger proportion of MNC stakeholders—prioritize environmental performance metrics [Van et al. \(2018\)](#). For SME stakeholders, the dominance of community impact perception reflects the more locally embedded nature of SME CSR and the greater salience of tangible community benefits in rural and semi-urban settings where many Indian SMEs operate.

The significant moderating effect of ESG awareness (H6) suggests that the effectiveness of CSR communication in driving sustainability outcome perceptions is contingent on the sophistication of the audience. Stakeholders with higher ESG awareness are better able to interpret and value CSR quality signals, producing stronger perception outcomes. This finding has important implications for CSR communication strategy: firms should calibrate the technical depth and SDG alignment of their CSR communications to the ESG literacy of their target stakeholder groups.

7. CONCLUSION, IMPLICATIONS, AND LIMITATIONS

This study has developed and tested a comprehensive structural model of CSR quality perception, stakeholder trust, and sustainability outcome perception in the Indian corporate context, with a particular focus on differences between SME and MNC settings. Using SEM with multi-group analysis on a sample of 524 stakeholders across four Indian states, the study has demonstrated that CSR quality perception strongly and positively influences both stakeholder trust and sustainability outcome perceptions, with trust serving as a significant partial mediator. Multi-group analysis has revealed important structural differences between SME and MNC contexts, with trust playing a more central role and community impact perception

being more influential in SME settings, while environmental focus perception dominates in MNC contexts.

These findings carry several managerial and policy implications. For corporate managers, the centrality of trust in the CSR-sustainability pathway underscores the importance of authentic, consistent, and stakeholder-responsive CSR communication. Firms that invest in transparent CSR reporting, community engagement, and multi-channel communication strategies will generate greater stakeholder trust and, consequently, stronger perceptions of their sustainability contributions. SME managers should particularly emphasize direct community engagement and visible community impact demonstration, while MNC managers should focus on environmental performance communication and ESG-aligned reporting frameworks.

For policymakers, the SME-MNC differences revealed in this study suggest that India's CSR regulatory framework could benefit from size-differentiated guidelines. Specifically, the government could develop tailored CSR communication standards for SMEs that emphasize relationship-based trust-building mechanisms, distinct from the institutional reporting frameworks more appropriate for MNCs. The Ministry of Corporate Affairs could also incentivize higher-quality CSR disclosure by linking CSR compliance assessments to measures of stakeholder trust and community impact perception, rather than relying solely on expenditure-based compliance metrics.

Several limitations of this study should be acknowledged. First, the cross-sectional design precludes causal inference on the temporal dynamics of the CSR perception-trust-sustainability pathway; longitudinal panel survey research would strengthen causal claims. Second, the sampling frame, while geographically diverse, is limited to four Indian states and may not fully represent the diversity of CSR stakeholder dynamics across India's 36 states and union territories. Third, social desirability bias may have inflated self-reported CSR perception and trust scores, despite the anonymous survey design. Future research could address these limitations by employing longitudinal designs, expanding geographic scope, and incorporating behavioral measures of trust and sustainability engagement to complement self-reported perceptions.

CONFLICT OF INTERESTS

None.

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