

An Empirical Study on the Influence Mechanism of Charitable Donations of Small and Medium-sized Enterprises on Corporate Reputation in Sichuan, China

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Abstract: Corporate reputation would be an essential intangible asset of an enterprise. A good corporate reputation could bring many high-quality resources to the enterprise, thereby effectively improving its competitiveness. As a company, charitable donations, the most important manifestation of fulfilling social responsibilities, could receive more and more attention. Charitable contributions made by companies would affect the reputation of the company to a certain extent. In theory, corporate reputation as a signal could solve the problems faced by companies to a certain extent. A good reputation could usually bring higher performance to the company and could also be used as a signal to reflect corporate value. This study analyzed the Sichuan SMEs' policy on charitable donation. It investigated three significant objectives with challenges SMEs faced in coping with local corporate reputation, utilizing influencing factors of operational advantages, and suggesting improvement on corporate reputation.

Keywords: Small and Medium-Sized Enterprises; Corporate Charitable Donation; Corporate Reputation

1. Introduction

A comprehensive evaluation of the degree of satisfaction of the needs and expectations of the company and the company's future development plans. In the era of economic globalization, a company's reputation will primarily affect its development. Corporate reputation refers to the company's stakeholders, namely shareholders, managers, employees, consumers, suppliers, distributors, competitors, governments, media, local communities, and non-governmental organizations. Charitable donations of enterprises can reflect their social responsibility, demonstrate their responsible style, and win widespread praise from society. On the other hand, the generous contributions of enterprises will make the public feel that it is to increase exposure with driving the costs of social value.

2. Theoretical Basis

2.1 The Dimension of Affective Reputation (Esenyel & Emeagwali 2019).^[1]

Organizational commitment is an extensive debate in organizational behavior on the possible consequences and impacts on enterprises. Some of the results that make organizational commitments valuable are individuals' willingness to resign and employees with a high degree of organizational commitment. The five dimensions that cause the affective reputation of the emotional stage are product and service perception, corporate integrity performance perception, corporate social responsibility perception, perception of innovation, and perception of talent competitiveness.

2.2 Dimensions of Corporate Competitiveness (Harness 2018)^[2]

Corporate competitiveness is the output of the interaction between corporate resources and capabilities. Corporate resources are the foundation of corporate powers. Different organizational teams or individuals constituted by human resources are carriers with skills or knowledge and other conditions. On the other hand, we cannot talk about resources without ability. Even if resources are the basis for the survival and development of an enterprise, if the enterprise's resources cannot be used effectively, the compelling force that maintains the survival and growth of the enterprise will not be activated and amplified, nor can it be transformed into competitiveness. The five dimensions of corporate competitiveness are competitive talent advantage, financial operation advantage, marketing advantage, organizational management advantage, and project management advantage.

2.3 Model of Corporate Charitable Donation (Seifert 2004)^[3]

Strategic charity involves both charity and profitability. If corporate charity donation does not contribute to corporate performance, it cannot be determined whether corporate charity donation has real strategic value. Using traditional charity will affect a company's long-term corporate performance rather than short-term corporate performance in overall financial and reputed effects.

3. Understanding of Influence Mechanism of Charitable Donations of SME on Corporate Reputation

3.1 Analyze the challenges Sichuan small and medium-sized enterprises face in coping with local corporate

reputation and social philanthropy:

The cost of charitable donation can burden SMEs, and it is not accessible to determine its effectiveness and the right place for denotation. As more people are expecting corporate social responsibility to be part of any corporation's duties, SMEs should not take these activities lightly for the opportunity of company development.

3.2 Explore the influence factors of emotional reputation; corporate competitiveness; perception of corporate social responsibility; perception of innovation capability; factors that affect corporate reputation through financial, operational advantages, and competitive talent advantages:

This research focuses on the core concept of corporate reputation and proposes two dimensions of emotional reputation and corporate competitiveness for this concept. Emotional reputation has two dimensions: corporate social responsibility perception and innovation ability perception. There are two dimensions under the aspect of corporate competitiveness: financial operation advantage and talent competitive advantage. The moderating variable is corporate charitable donations.

3.3 Suggest improving the reputation of Sichuan small and medium-sized enterprises through corporate charitable donations:

The relationship between generous donation and corporate reputation has laid the foundation for the follow-up supplementary research theories in Sichuan of China. Charitable donation refers to the voluntary and free contribution of tangible or intangible assets to charitable organizations or beneficiaries.

4. The Conceptual Framework for the Research Study

First Three different levels: the relationship between influencing factors of emotional reputation and corporate competitiveness, and corporate reputation; the relationship between influencing factors of perception of corporate social responsibility and innovation capability, and emotional reputation; the relationship between influencing factors of financial operation advantage and talent competitive advantage, and corporate competitiveness; the relationship between corporate charity donation and corporate reputation.

second Using regression analysis testing, all influencing factors are shown with significantly correlated with corporate reputation, emotional reputation, and corporate competitiveness, respectively.

5. The Countermeasures for the Benefits of Charitable Donation Strategy for Sichuan SMEs

(1) Donation increase sales. Corporate social responsibility can make consumers believe that companies engaged in social responsibility activities perform better. A positive attitude helps companies develop positive beliefs about their operations for what they do in society (Lin 2020).^[4]

(2) Charitable activities enhancing customer loyalty. It is essential to note that the charitable donation supports the target audience with more loyalty to use company service in the long term, which helps businesses with sustainable growth (Huang 2019).^[5]

(3) Donations building loyal community and motivating employees. Various studies have shown that when employees view their company positively, they will be more efficient, motivated, and committed to its overall goals. (Liang and Renneboog 2017).^[6]

(4) Donating to charities boosting corporate brand reputation: ① Companies related to philanthropic views strengthened positive brand awareness and improved reputation within the community. The reasons are as follows: ② Supporting philanthropy is the most trustworthy activity, and it can have a significant impact on the perception of your business. ③ Consumers believe that trustworthy brands are trustworthy and ethical, and they are more willing to donate to companies they trust. ④ Feedback helps define the company's identity and distinguish it from competitors.

6. Conclusion

Corporate charitable donations have a significant impact on corporate reputation. Consumers believe that companies' philanthropic donations have a higher corporate reputation. Companies can plan according to their strategic requirements and raise awareness that participating in charitable donations is a long-term asset rather than a short-term cost. Before donating, understand the demands of the target group so that the company's performance meets consumer expectations; Be proactive when making charitable donations so that consumers can feel the enthusiasm and care of the company. Corporate competitiveness has a significant impact on corporate reputation. Consumers believe that the stronger the corporate competitiveness, the higher the corporate reputation.

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