DOI: https://doi.org/10.62985/j.huit_ojs.vol26.no3E.565

HOW MANAGERIAL CSR PERCEPTION INFLUENCES THE BUSINESS SUCCESS OF SMALL MEDIUM ENTERPRISES IN HO CHI MINH CITY

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Received: 12 April 2026; Revised: 27 April 2026; Accepted: 14 May 2026

ABSTRACT

This study examines the relationships between managerial corporate social responsibility perception (MCP), environmental and philanthropical CSR practices, firm competitive advantage, and business success. Drawing on stakeholder theory and the resource-based view, the research proposes that CSR-related managerial perceptions influence business success both directly and indirectly through CSR practices and firm competitive advantage. Using partial least squares structural equation modeling (PLS-SEM), data were analyzed to test the proposed direct and mediating relationships. The results indicate that MCP has significant positive effects on environmental CSR practices, philanthropical CSR practices, firm competitive advantage, and business success. Both environmental and philanthropical CSR practices are found to positively enhance firm competitive advantage, which in turn exerts a strong effect on business success. Mediation analysis further reveals that firm competitive advantage plays a crucial mediating role in the relationships between CSR practices and business success. Moreover, the findings confirm significant sequential mediation effects, whereby MCP influences business success through CSR practices and firm competitive advantage. Overall, the study highlights MCP as a critical upstream driver that activates CSR engagement and translates it into sustainable competitive and performance advantages. The findings provide important theoretical contributions to CSR literature and offer practical implications for managers seeking to leverage CSR initiatives to enhance long-term business success.

Keywords: Managerial CSR Perception, environmental, philanthropic, competitive advantage, business success.

1. INTRODUCTION

Global challenges such as environmental degradation, climate change, social inequality, and resource depletion have emerged as major threats to the sustainable development of nations and the long-term survival of businesses. These challenges are largely driven by rapid population growth and the expansion of resources and labor-intensive industries, which have intensified pressure on ecological and social systems. As economic actors deeply embedded in these systems, firms are increasingly expected to assume broader responsibilities that extend beyond traditional profit-maximization objectives. Consequently, businesses are now regarded as key contributors to addressing global societal and environmental challenges through the adoption of responsible and sustainable business practices. This responsibility is commonly conceptualized as Corporate Social Responsibility (CSR) [1], [2]. CSR has evolved from a peripheral philanthropic activity into a strategic organizational concern closely linked to sustainable development. It is generally defined as a firm's commitment to contribute to sustainable economic growth while enhancing the quality of life of employees and their families, local communities, and society at large [3]. From this perspective, CSR reflects the balanced integration of economic performance, social well-being, and environmental protection, thereby enabling firms to create long-term value for both shareholders and stakeholders [4]. In recent decades, CSR has gained increasing attention from policymakers, investors, consumers, and scholars, positioning it as a critical element of contemporary corporate strategies.

In Vietnam, CSR has become an increasingly prominent policy and managerial issue. In response to global sustainability commitments, the Vietnamese Government promulgated Decision No. 622/QĐ-TTg on May 10, 2017, approving the National Action Plan for the Implementation of the 2030 Agenda for Sustainable Development. This policy framework underscores the importance of responsible business conduct in achieving sustainable economic growth, social inclusion, and environmental protection. In practice, CSR adoption in Vietnam has expanded across multiple sectors, particularly in large and urban-based enterprises. For example, firms participating in the Saigon Times CSR Program 2023 demonstrated substantial contributions in areas such as environmental protection, biodiversity conservation, healthcare support for disadvantaged communities, educational sponsorships, women's empowerment, and human capital development [5]. Ho Chi Minh City, Vietnam's largest economic hub, presents a particularly relevant context for examining CSR practices. In 2023, the city recorded a historic high of 66,239 active enterprises, representing an 11.6% increase compared to the previous year and accounting for more than 30% of total enterprises nationwide. During the same period, foreign direct investment inflows into Ho Chi Minh City increased by nearly 50%, with total registered capital reaching USD 5.85 billion—approximately 16% of total foreign investment commitments in Vietnam [6]. In parallel, local business associations have actively promoted sustainability-oriented initiatives. The Ho Chi Minh City Business Association (HUBA), for instance, launched the "Green Enterprise 2025" initiative, engaging over 17,000 enterprises to strengthen green economic development and sustainable growth [7]. These trends highlight the city's growing emphasis on CSR-oriented and environmentally responsible business practices.

Despite increasing policy support and visible CSR initiatives, a significant challenge remains: many enterprises have yet to clearly recognize CSR as a strategic instrument for achieving sustainable competitive advantage. This issue is particularly salient among small and medium-sized enterprises (SMEs), which constitute the backbone of Vietnam's economy but often face resource constraints and institutional pressures. While SMEs play a critical role in employment generation and economic growth, their engagement with CSR tends to be fragmented, reactive, or symbolic rather than strategically integrated into core business operations. From a scholarly perspective, CSR has been extensively studied across industries and institutional contexts for more than half a century. Prior research has examined CSR in sectors such as hospitality [8], in banking service as a study CSR knowledge impact on corporate financial performance [9], in marketing, it also has a study to test a relationship between CSR marketing outcomes and branch managers' perceptions of CSR in banking and financial service management [10] manufacturing [2], food industries [11], and Castillo [12] contributes to the CSR literature by conceptualizing corporate social responsibility as a social learning and organizational capability, linking CSR practices to strategic adaptation, legitimacy, and long-term value creation within specific institutional contexts [12]. Empirical evidence from developed economies generally suggests that CSR can generate favorable outcomes, including enhanced firm reputation, stakeholder trust, financial performance, and long-term firm value [3], [4]. Nevertheless, many of these studies are concentrated in developed countries, raising concerns regarding the transferability of CSR frameworks and findings to developing and emerging economies, where institutional environments, cultural norms, and resource constraints differ substantially [12], [13].

In Vietnam, CSR research remains relatively limited and underdeveloped. Existing studies have primarily focused on consumer or customer perceptions of CSR [14], the relationship between CSR and financial performance in publicly listed firms [15], or the influence of cultural factors on corporate CSR perceptions [16]. Although these studies provide valuable insights, they offer limited understanding of how CSR is conceptualized and operationalized by top management, particularly within SMEs. Moreover, little attention has been paid to how managerial perceptions of CSR translate into specific CSR practices, such as ECSR and philanthropic activities, and how these practices subsequently influence competitive advantage and business success.

Recent international studies further highlight unresolved debates in CSR research. While corporate philanthropy has often been associated with improved financial performance and reduced risk [17], conflicting evidence suggests that its outcomes may vary depending on institutional contexts and firm characteristics [18]. Similarly, although ECSR is widely recognized as a key pillar of sustainable development, empirical findings on its strategic value remain mixed, particularly among SMEs [13]. These inconsistencies underscore the need for more integrated empirical models that examine CSR not as isolated actions but as a system of interrelated managerial perceptions, strategic practices, and performance outcomes. Against this backdrop, the present study seeks to address several critical research gaps. First, it responds to calls for CSR research in developing-country contexts, particularly within SMEs operating in rapidly transforming urban economies such as Ho Chi Minh City. Second, it adopts a perception-based perspective, emphasizing Managerial CSR Perception as a foundational antecedent of CSR practices and strategic outcomes [8]. Third, it integrates ECSR, philanthropic activities, and competitive advantage as mediating mechanisms linking Managerial CSR Perception to business success, thereby offering a more nuanced understanding of how CSR creates value within SMEs.

Accordingly, the primary objective of this study is to develop and empirically test a conceptual model examining the impact of Managerial CSR Perception on business success through the mediating roles of ECSR, philanthropic activities, and firm competitive advantage among CSR-oriented SMEs in Ho Chi Minh City. By integrating these mediating mechanisms within a single empirical framework, this study responds to calls for more comprehensive CSR models in developing-country and SME contexts. To the best of the author’s knowledge, this research represents one of the first empirical study to simultaneously examine ECSR, philanthropic activities, and competitive advantage as mediators linking Managerial CSR Perception to business success in Vietnamese SMEs. By doing so, this research contributes to CSR literature by extending understanding managerial cognition, CSR strategy implementation, and value creation mechanisms in emerging economy context. Based on the above discussion, this study addresses the following research questions: (1) Does Managerial CSR Perception, Firm Competitive Advantage lead to Business Success among SMEs? (2) Does Managerial CSR Perception influence ECSR, philanthropic activities, and Firm Competitive Advantages among SMEs? (3) Do Environmental CSR Practices, philanthropic activities, and Firm Competitive Advantages mediate the relationship between Managerial CSR Perception and Business Success among SMEs?

2. LITERATURE REVIEW

2.1. Theoretical background

This study is grounded in a multi-theoretical framework that integrates, Resource-Based View (RBV), Stakeholder Theory to explain how Managerial CSR Perception influences business success through ECSR, philanthropic activities, and Firm Competitive Advantage among SMEs in an emerging-economy context. Stakeholder Theory provides a complementary lens for understanding CSR as a mechanism through which firms manage relationships with multiple stakeholder groups, including employees, customers, communities, regulators, and investors. From this perspective, CSR is not merely a moral obligation but a strategic response to stakeholder expectations that enhance legitimacy and trust. Several studies in CSR literature emphasize the importance of aligning CSR practices with stakeholder interests. Peifer and Newman [19] demonstrate that CSR engagement enhances perceived trustworthiness across stakeholder groups, strengthening organizational legitimacy. Blodgett et al. [20] argue that CSR reconciles corporate and stakeholder interests, particularly in less regulated environments such as emerging economies. In SMEs, stakeholder relationships are often more direct and personalized, amplifying the impact of managerial perceptions on CSR decisions. Cheffi et al. [21] illustrate that CSR practices among SMEs in emerging economies are strongly influenced by leadership commitment and stakeholder responsiveness. These insights support the relevance of Stakeholder Theory in explaining how Managerial CSR Perception translates into environmental and philanthropic initiatives.

Resource-Based View and Firm Competitive Advantage: The Resource-Based View (RBV) explains how firms achieve sustainable Firm Competitive Advantage by developing valuable, rare, inimitable, and non-substitutable resources. CSR-related practices contribute to the accumulation of intangible assets such as corporate reputation, stakeholder trust, organizational culture, and employee commitment, which are difficult for competitors to replicate. Empirical studies provide strong support for this perspective. El-Garaihy et al. [22] show that CSR enhances Firm Competitive Advantage through corporate reputation and customer satisfaction. Nyuur et al. [23] and Bhuiyan et al. [24] further demonstrate that CSR contributes to sustainable Firm Competitive Advantage in developing-country contexts. From an RBV and stakeholder capitalism perspective, Bhandari et al. [25] argue that CSR embeds firms within ecological, social, and governance systems, thereby strengthening long-term competitiveness. For SMEs, CSR-driven Firm Competitive Advantage is particularly salient as they rely heavily on intangible resources rather than scale efficiencies. Khan et al. [26] and Cheffi et al. [21] show that investments in CSR-related capabilities enable SMEs to enhance performance and resilience, supporting the mediating role of Firm Competitive Advantage in the CSR–performance relationship**.** Integrating these theoretical lenses, this study conceptualizes CSR as a managerially driven strategic process. Stakeholder Theory clarifies how CSR addresses diverse stakeholder demands; RBV explains how CSR creates Firm Competitive Advantage; RBV shapes CSR interpretation and implementation. Together, these theories provide a robust foundation for examining the direct and indirect effects of Managerial CSR Perception on business success through ECSR, philanthropic activities, and Firm Competitive Advantage among SMEs in Ho Chi Minh City.

In addition to Stakeholder Theory and the Resource-Based View, this study is also informed by CSR identity theory. CSR identity theory emphasizes that CSR engagement is shaped by how managers and organizations perceive and construct their social identity and role in society. From this perspective, Managerial CSR Perception reflects not only cognitive awareness of social and environmental responsibilities but also identity-based motivations that influence strategic decision-making. When managers internalize CSR as part of their organizational identity, CSR practices are more likely to be implemented substantively rather than symbolically. This identity-driven view is particularly relevant in SMEs, where managerial values and self-concepts play a dominant role in shaping strategic priorities and CSR implementation.

2.1.1. Corporate Social Responsibility and Sustainable Business Success

Corporate Social Responsibility (CSR) has been increasingly conceptualized as a strategic mechanism through which firms respond to social, environmental, and economic expectations of multiple stakeholders. Early CSR perspectives emphasized philanthropic obligations and ethical conduct; however, contemporary CSR literature highlights its strategic relevance in creating long-term organizational value and sustainable Firm Competitive Advantage [1]. CSR is no longer viewed as an isolated set of activities but rather as an integrated system of responsibilities embedded within corporate governance, strategy, and organizational processes [27]. Empirical studies provide substantial evidence that CSR contributes positively to firm performance. CSR engagement has been associated with improved financial performance, enhanced firm value, greater earnings persistence, and reduced business risk [3], [4]. Moreover, CSR practices strengthen firm legitimacy and stakeholder trust, which in turn support sustainable business success [19], [20]. However, the magnitude and mechanisms of these effects vary across institutional and organizational contexts, particularly between developed and developing economies [12], [23].

2.1.2. Managerial CSR Perception (MCP)

Managerial CSR perceptions play a pivotal role in shaping the strategic orientation and implementation of CSR initiatives, managerial cognition perspectives, scholars argue that top management's values, beliefs, and awareness significantly influence organizational decisions and CSR outcomes [2]. CSR awareness reflects managers' understanding of social and environmental responsibilities and their perceived strategic importance for the firm. Managerial perceptions are critical in shaping strategic agendas and the integration of CSR and ESG-related practices within firms [28]. Research highlights a shift from classical to contemporary perspectives, whereby managers increasingly perceive CSR not merely as a moral obligation but as a strategic necessity [1]. In emerging economies, managerial perceptions of CSR and its impacts have been identified as significant drivers of organizational performance [23]. Moreover, managerial ability and personal values play a defining role in determining the extent of CSR engagement and the subsequent creation of firm value [2], [29]. The process of sensemaking enables managers to interpret and enact CSR at the intersection of state regulations and market demands, particularly within complex institutional environments [30], [31].

Several studies demonstrate that firms led by managers with higher CSR awareness tend to adopt more proactive and substantive CSR strategies. Zu and Song [2], based on evidence from China, found that managerial values strongly determine CSR engagement across industries. Similarly, Jamali and Sidani [1] highlighted that managerial interpretations of CSR shape the extent to which CSR is embedded into organizational practices. In the hospitality sector, Mackenzie and Peters [8] developed a comprehensive scale to measure managers' perceptions of CSR and identify Managerial CSR Perception as a foundational driver of CSR initiatives. From a strategic cognition perspective, Managerial CSR Perception shapes how managers interpret CSR-related information, evaluate strategic opportunities, and allocate organizational resources. Managers who perceive CSR as a value-creating strategy rather than a cost are more likely to integrate social and environmental considerations into core business decisions. Such integration enables firms to strengthen stakeholder relationships, enhance organizational legitimacy, and develop intangible resources that are difficult for competitors to replicate [29], [32]. In SME contexts, where strategic discretion is highly concentrated at the managerial level, Managerial CSR Perception exerts a particularly strong direct influence on firm outcomes. Positive CSR perceptions guide managerial choices related to environmental investments, community engagement, employee relations, and market positioning. The managerial CSR perception scale was adapted from Zu and Song [2]. This factor measures managers' beliefs regarding the strategic, relational, and regulatory benefits of corporate social responsibility for their firms. These choices contribute directly to Firm Competitive Advantage through differentiation and trust-based relationships, and ultimately enhance Business Success through improved efficiency, reputation, and stakeholder support. Business success refers to managers' perceptions of their firm's financial and market performance compared with competitors [3]. Accordingly, this study proposes that Managerial CSR Perception directly influences both Firm Competitive Advantage and Business Success among SMEs.

H1: Managerial CSR Perception has a positive effect on Firm Competitive Advantage.

H2: Managerial CSR Perception has a positive effect on Business Success.

H3: Managerial CSR Perception has a positive effect on Environmental CSR Practices.

H4: Managerial CSR Perception has a positive effect on Philanthropical CSR Practices.

2.1.3. Environmental Responsibility as a Strategic CSR Dimension (ECSR)

ECSR represents a core dimension of CSR and has become increasingly central to sustainable development strategies. Environmental CSR encompasses firms' commitments to pollution prevention, waste and wastewater management, energy efficiency, biodiversity protection, and compliance with environmental regulations [33]. Rather than being merely a compliance obligation, ECSR is increasingly viewed as a strategic tool that can enhance operational efficiency, innovation, and competitive positioning [34]. Environmental CSR practices and green innovation are increasingly recognized for their role in enhancing firm financial performance and sustainability [3], [35]. For SMEs, adopting green entrepreneurial orientation and proactive environmental strategies can mitigate reputational and environmental risks while improving overall performance [21], [36]. Both large firms and SMEs manage environmental CSR practices to achieve sustainable development, often upgrading their positions within global value chains through specialized environmental strategies [34]. These practices are not merely "window dressing" but represent strategic outcomes that embed the firm within broader ecological and social systems [25].

Murillo-Ávalos et al. [13] examined environmental social responsibility practices among large firms and multinational enterprises and highlighted persistent gaps in environmental disclosure and implementation, particularly in areas related to biodiversity and environmental grievance mechanisms. Prior research suggests that firms with stronger ECSR benefit from improved reputational capital, stakeholder relationships, and long-term sustainability outcomes [37]. Nevertheless, evidence of the performance implications of ECSR for SMEs remains mixed. While proactive environmental strategies may generate Firm Competitive Advantages, SMEs often face financial and technological barriers that limit their ability to fully capitalize on environmental CSR initiatives [21]. Consequently, understanding ECSR as a mediating mechanism linking Managerial CSR Perception to business success is both theoretically and empirically relevant.

H5: Environmental CSR Practices have a positive effect on Firm Competitive Advantage.

2.1.4. Philanthropic Activities and CSR Outcomes

Charitable responsibilities include the activities of businesses that respond to social expectations, indicating that the business fulfills its obligations as a citizen [17], [33]. Corporate philanthropy constitutes a traditional yet enduring component of CSR, involving voluntary contributions to social causes, education, healthcare, and community development

[38]. While traditional CSR has often emphasized philanthropic activities, recent literature calls for a shift toward a more humanistic and stakeholder-oriented approach to corporate responsibility [39]. Corporate philanthropic donations can influence private investors' valuation judgments and reduce analyst earnings dispersion by signaling firm stability and long-term commitment to stakeholders [18], [40]. During crises such as the COVID-19 pandemic, firms utilized philanthropic responses strategically, distinguishing between substantive and symbolic CSR engagement [41]. However, the nature of stock market reactions to such giving varies depending on institutional drivers and the degree of top management participation in philanthropic activities [42]. Prior studies generally associate philanthropic activities with enhanced corporate reputation, brand equity, and stakeholder goodwill, which may ultimately improve firm performance [17]. However, empirical findings on the financial and strategic outcomes of corporate philanthropy are inconsistent. Chun [18], using data from South Korea, reported a negative relationship between corporate philanthropic expenditures and analyst earnings dispersion, challenging the assumption that philanthropy uniformly enhances firm performance. Other studies suggest that the effectiveness of philanthropic activities depends on managerial intent, strategic alignment, and institutional context [42]. Importantly, most philanthropy-related studies focus on large corporations in developed economies, leaving SMEs and emerging markets underexplored. Moreover, philanthropic activities are rarely examined as intermediate mechanisms through which Managerial CSR Perception influences Firm Competitive Advantage and business success, highlighting a critical gap in the literature.

H6: Philanthropical CSR Practices have a positive effect on Firm Competitive Advantage.

2.1.5. Firm Competitive Advantage and Business Success

Firm Competitive Advantage is widely recognized as a key pathway through which CSR contributes to business success. The competitive advantage scale was adapted from El-Garaihy et al. [22], and Vilanova et al. [43]. This construct captures managers' perceptions of their firms' competitive strengths resulting from superior customer experience, corporate reputation, employee commitment, organizational culture, and stakeholder trust, which are difficult for competitors to replicate [25], [26]. and aligned with stakeholder expectations [27]. CSR practices contribute to sustainable Firm Competitive Advantage, largely through their effects on corporate reputation and customer satisfaction [19], [22] by investing in intangible resources and capabilities such as green strategies and ethical positioning, particularly SMEs can differentiate themselves and enhance Firm Competitive Advantage [21], [24], [26]. This competitive edge is further reinforced when CSR is integrated into core corporate governance systems and organizational processes [27]; it may also extend across networked organizational forms such as franchises [44].

H7: Firm Competitive Advantage has a positive effect on Business Success.

2.1.6. The Role of Mediating Variables

This study adopts a mediation perspective to explain how Managerial CSR Perception is translated into business success among SMEs. Rather than assuming a direct and automatic relationship, this research argues that the influence of Managerial CSR Perception operates through specific organizational practices and strategic outcomes. Accordingly, ECSR, philanthropic activities, and Firm Competitive Advantage are conceptualized as key mechanisms that convert CSR awareness at the managerial level into tangible firm-level performance outcomes.

2.1.7. Firm Competitive Advantage as a Strategic Mediator

Firm Competitive Advantage represents a higher-order strategic outcome through which CSR-related managerial perceptions are transformed into business success. From a Resource-Based View (RBV) perspective, Managerial CSR Perception facilitates the development of intangible resources by motivating strategic CSR investments and consistent stakeholder engagement. Competitive advantage refers to firms' ability to create superior value compared to competitors through non-financial and financial resources such as corporate reputation, customer satisfaction, employee commitment, customer loyalty, knowledge, organizational capabilities, and stakeholder trust, which enable firms to outperform competitors [22], [45]. Prior studies demonstrate that CSR enhances Firm Competitive Advantage through these intangible mechanisms, which subsequently improve firm performance [22], [23]. In emerging economy and SME contexts, where firms lack scale advantages, CSR-driven Firm Competitive Advantage is particularly important [21], [24]. Managerial CSR Perception plays a critical role in integrating environmental and philanthropic initiatives into the firm's strategic core, thereby transforming CSR from a cost center into a source of differentiation. Thus, Firm Competitive Advantage mediates the relationship between Managerial CSR Perception and business success by capturing the cumulative strategic benefits generated through CSR-oriented practices. Empirical studies confirm that CSR positively influences Firm Competitive Advantage, which in turn enhances firm performance. El-Garaihy et al. [22] demonstrated that CSR practices improve Firm Competitive Advantage through reputation and customer satisfaction. Similarly, Nyuur et al. [23] and Bhuiyan et al. [24] found that CSR contributes to sustainable Firm Competitive Advantage in emerging economies. Business success, commonly measured through indicators such as sales growth, market share, return on investment, and profitability, has been consistently linked to CSR-driven competitive positioning [3]. Accordingly, Firm Competitive Advantage mediates the relationship between Managerial CSR Perception and Business Success, propose the hypothesis

H8: Firm Competitive Advantage mediates the relationship between Environmental CSR Practices and Business Success.

H9: Firm Competitive Advantage mediates the relationship between Philanthropical CSR Practices and Business Success.

H10: *Firm Competitive Advantage mediates the relationship between* MCP and Business Success

2.1.8. Philanthropic Activities as a Mediator

Philanthropic activities reflect firms' voluntary engagement in social initiatives related to community development, education, healthcare, and social welfare. In SMEs, philanthropic decisions are often closely associated with the personal values and social orientations of top managers. From a Stakeholder Theory perspective, philanthropic activities help firms build positive relationships with local communities and enhance their social legitimacy. Empirical findings suggest that corporate philanthropy can improve corporate reputation, investor confidence, and stakeholder goodwill, potentially contributing to favorable business outcomes [17], [40]. However, the effects of philanthropy are highly context-dependent. Research indicates that the performance implications of philanthropic activities vary depending on institutional environments, stakeholder interpretations, and the extent to which such activities are perceived as substantive rather than symbolic [18], [41].

As a mediating mechanism, philanthropic activities translate Managerial CSR Perception into social legitimacy and stakeholder goodwill. In SMEs, philanthropic engagement is often directly influenced by managers' personal values and CSR awareness. When such activities are aligned with stakeholder expectations and organizational strategy, they strengthen reputation and trust, which may enhance competitive positioning and business success. However, when perceived as symbolic or misaligned, their performance implications may be limited. The philanthropic dimension of CSR reflects managers' perceptions of their firms' voluntary contributions to community development and social welfare [17]. Accordingly, philanthropic activities function as a conditional mediator linking Managerial CSR Perception to Firm Competitive Advantage and Business Success [33]. These findings indicate that philanthropic activities are not inherently beneficial but operate as conditional mechanisms influenced by managerial perceptions. Accordingly, this suggests that philanthropy serves as a mediator linking CSR awareness to business success. Accordingly, philanthropic activities function as a conditional mediating mechanism in the CSR–performance relationship. They translate Managerial CSR Perception into social value creation, which may enhance business success when aligned with stakeholder expectations and organizational strategy, but may yield limited or even negative outcomes if perceived as superficial.

H11: Philanthropical CSR Practices mediate the relationship between Managerial CSR Perception and Firm Competitive Advantage.

H12: Philanthropical CSR Practices and Firm Competitive Advantage sequentially mediate the relationship between Managerial CSR Perception and Business Success.

2.1.9. Environmental Responsibility as a Mediator

ECSR constitutes a central dimension of CSR and represents a primary mechanism through which Managerial CSR Perception influences business success. Managerial CSR Perception shapes strategic priorities and determines whether environmental issues are perceived as regulatory burdens or as strategic opportunities. However, Managerial CSR Perception alone does not directly enhance performance; its impact materializes through the implementation of concrete environmental practices such as pollution prevention, waste and wastewater management, energy efficiency, and the use of environmentally friendly materials.

Prior research indicates that ECSR enhances operational efficiency, reduces environmental and regulatory risks, and strengthens firm legitimacy among key stakeholders [13], [33]. For SMEs, proactive ECSR serves as an effective signaling mechanism, demonstrating long-term sustainability commitment despite limited financial and organizational resources [21], [36]. As a mediating mechanism, Environmental CSR Practices represent the operational channel through which Managerial CSR Perception influences business outcomes. Managerial CSR Perception determines whether environmental issues are interpreted as regulatory burdens or strategic opportunities. When managers perceive ECSR as strategically relevant, they are more likely to implement proactive environmental practices that reduce risk, enhance efficiency, and strengthen stakeholder legitimacy. In SMEs, ECSR also serves as an important signaling mechanism, demonstrating long-term commitment to sustainability despite limited resources. Consequently, ECSR mediates the relationship between Managerial CSR Perception and Firm Competitive Advantage, and subsequently Business Success. Environmental CSR includes pollution prevention, waste and wastewater management, energy efficiency, and biodiversity protection [34]. These practices extend beyond regulatory compliance to become strategic initiatives that improve operational efficiency and firm reputation. Murillo-Ávalos et al. [13] demonstrate that firms actively managing environmental CSR practices contribute more effectively to sustainable development. Testa et al. [44] further show that internalizing environmental CSR standards enhances CSR performance through organizational citizenship behaviors. In global value chains, environmental strategies have been found to facilitate upgrading and competitive positioning [35]. Within SMEs, proactive ECSR is closely tied to leadership orientation. Shafique et al. [36] highlights the role of perceived CSR and green entrepreneurial orientation in improving environmental performance, reinforcing ECSR as a key mediating mechanism between Managerial CSR Perception and business success. As such, ECSR mediates the relationship between Managerial CSR Perception and business success by transforming sustainability-oriented cognition into operational practices that generate efficiency gains and reputational benefits.

H13: Environmental CSR Practices mediate the relationship between Managerial CSR Perception and Firm Competitive Advantage.

H14: Environmental CSR Practices and Firm Competitive Advantage sequentially mediate the relationship between Managerial CSR Perception and Business Success.

Figure 1 presents the conceptual research model of this study. The model illustrates the hypothesized relationships among Managerial CSR Perception (MCP), Environmental CSR Practices (ECSR), Philanthropic CSR Practices, Firm Competitive Advantage, and Business Success. Managerial CSR Perception is conceptualized as the primary antecedent influencing business success directly and indirectly through ECSR, philanthropic activities, and Firm Competitive Advantage. Firm Competitive Advantage is positioned as a higher-order mediating mechanism linking CSR practices and managerial perceptions to business success. This integrated framework allows for the examination of both direct and sequential mediation effects within the SME context.

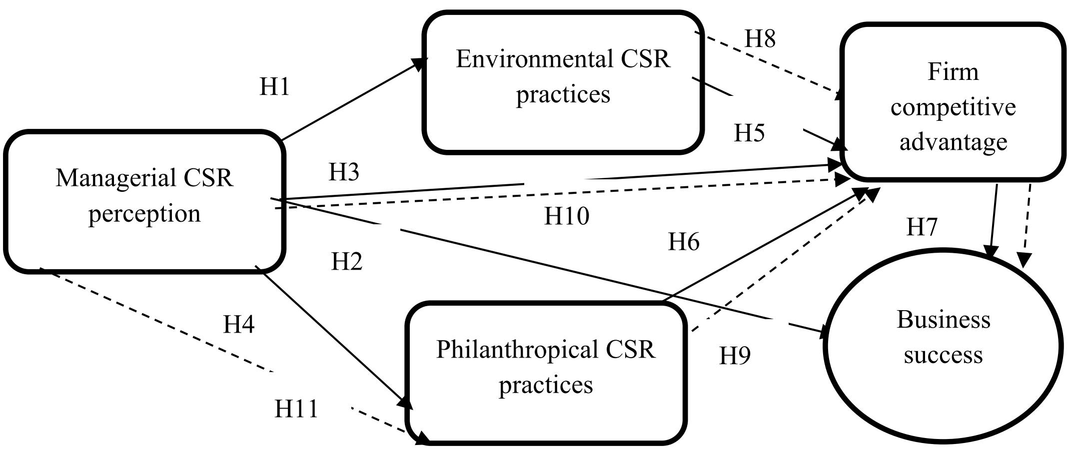

Figure 1. Conceptual Research Model. Source: Authors' elaboration

Direct effect:

Indirect effect:

3. METHODOLOGY

3.1. Research design and data collection

This study adopts a quantitative, cross-sectional research design to examine the relationships among MCP, CSR practices, Firm Competitive Advantage, and business success. A survey-based approach was employed as it is well suited for testing theoretically grounded relationships and capturing managerial perceptions across a broad organizational sample [46]. Data were collected using a structured questionnaire administered to managers and senior executives occupying decision-making positions in Trade and Service firms. These respondents were selected due to their direct involvement in strategic planning and CSR-related decisions, thereby ensuring the relevance and accuracy of the information provided. The questionnaire items were adapted from well-established and validated scales in prior CSR and management research to enhance content validity

[33], [47]. The data collection process was conducted over a defined period using both online and direct distribution methods. A total of 376 valid responses were obtained after excluding incomplete or unusable questionnaires. This sample size exceeds the minimum requirements recommended for PLS-SEM analysis and is sufficient to ensure robust statistical estimation and model evaluation [46]. Overall, the research design and data collection procedures were carefully structured to ensure methodological rigor, respondent suitability, and empirical reliability, thereby providing a solid foundation for subsequent measurement model and structural model analyses.

3.2. Sample size and sampling adequacy

The final sample consists of 376 valid responses, which is considered adequate for Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM is particularly suitable for complex models and does not require large sample sizes or strict distributional assumptions [46]. Following the widely applied 10-times rule, the minimum required sample should be at least ten times the maximum number of structural paths directed at any endogenous construct. In this study, the largest number of direct paths pointing to a single construct is four, indicating a minimum sample requirement of 40 cases; thus, the obtained sample size far exceeds this threshold [47]. In addition, recent methodological guidelines recommend sample sizes of at least 200 observations to ensure stable parameter estimates and sufficient statistical power in PLS-SEM analyses involving mediation effects [46]. With 376 observations, the study satisfies these recommendations and provides adequate power for hypothesis testing. Sampling adequacy is further supported by the profile of respondents, who primarily occupy managerial and senior executive positions with direct involvement in strategic and CSR-related decision-making. This enhances the relevance and credibility of the responses. Overall, the sample size and respondent characteristics are sufficient to ensure robust estimation, reliability, and general validity of the proposed research model.

3.3. Measurement scales

In this study, all latent constructs are modeled as reflective constructs. Managerial CSR Perception, Environmental CSR Practices, Philanthropic CSR Practices, Firm Competitive Advantage, and Business Success are conceptualized as underlying phenomena that give rise to their observed indicators. Accordingly, changes in the latent construct are expected to result in changes in the corresponding measurement items, and the indicators are assumed to be interchangeable and correlated. All measurement scales employed in this study were adapted from well-established and validated instruments in prior CSR and management literature to ensure content validity and theoretical consistency. Minor wording adjustments were made to fit the Trade and Service context and managerial respondent profile. MCP was measured using items adapted from Zu and Song [2], capturing managers' awareness, beliefs, and commitment toward CSR-related responsibilities. Environmental CSR Practices and Philanthropical CSR Practices were operationalized based on CSR dimensions proposed by Turker [33] and further refined by Alvarado-Herrera et al. [48], reflecting firms' environmental initiatives and philanthropic engagement, respectively. Firm Competitive Advantage was measured using indicators adapted from Saeidi et al. [3] and El-Garaihy et al. [22], focusing on differentiation, market positioning, and superior performance relative to competitors. The measurement scale for Business Success was adapted from prior studies by Saeidi et al. [3] and Price et al. [45] Business success was measured using four items reflecting managers' perceptions of their firms' financial and market performance relative to competitors, including sales growth, market share growth, return on investment, and net profit margin., capturing overall organizational success outcomes from a managerial perspective. All items were assessed using a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree". Following the PLS-SEM two-stage evaluation procedure, item retention was guided by outer loadings and outer weights, ensuring that each indicator contributed meaningfully to its respective construct [46]. Items with satisfactory outer loadings (exceeding commonly accepted thresholds) and theoretical relevance were retained, while the final indicators used in the analysis demonstrated adequate reliability and validity, as confirmed in the measurement model assessment. The reflective measurement specification is consistent with prior CSR and strategic management research and aligns with the theoretical definitions of the constructs examined in this study. Following established PLS-SEM guidelines, the reflective measurement model is evaluated based on indicator reliability, internal consistency reliability (Cronbach's alpha and composite reliability), convergent validity (average variance extracted—AVE), and discriminant validity (Fornell–Larcker criterion and HTMT ratios).

3.4. Data analysis

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. PLS-SEM is particularly appropriate for this study due to its ability to handle complex models incorporating multiple constructs and mediation effects, as well as its suitability for prediction-oriented research and data that may not meet multivariate normality assumptions [46]. The analysis followed a two-stage evaluation procedure. First, the measurement model was assessed to examine indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator reliability was evaluated using outer loadings (and outer weights for formative constructs), while internal consistency was assessed through Cronbach's alpha and composite reliability. Convergent validity was examined using average variance extracted (AVE), and discriminant validity was assessed via the Fornell–Larcker criterion and the heterotrait–monotrait (HTMT) ratio [46]. Second, the structural model was evaluated by examining standardized path coefficients, coefficients of determination (R^2), effect sizes (f^2), and predictive relevance (Q^2). The statistical significance of the hypothesized relationships and mediation effects was assessed using a bootstrapping procedure with 2,000 resamples, following established PLS-SEM guidelines [46]. This comprehensive analytical approach ensures robust estimation and reliable insights into the mechanisms linking MCP, CSR practices, Firm Competitive Advantage, and business success.

4. RESULTS AND DISCUSSION

4.1. Sample profile

The final sample comprises 376 respondents, the majority of whom occupy mid- to senior-level managerial positions. Managers (27.7%) and Deputy Managers (25.8%) constitute more than half of the sample, while Assistant Managers and Owners account for 18.1% and 17.0%, respectively. Overall, 88.6% of respondents hold positions with substantial managerial responsibility, ensuring that the data reflects informed organizational perspectives. Most respondents are employed in the private sector (62.2%), followed by foreign-invested enterprises (29.0%) and public organizations (8.8%). All participating firms operate within the Trade and Service industry, allowing for a highly focused sectoral analysis. In terms of firm size, small and medium-sized enterprises dominate the sample. Organizations with 10–200 employees represent 69.1%, and those with 200–300 employees account for 18.9%, indicating that 88% of firms employ 300 workers or fewer. Annual revenue figures further confirm this profile, with 68.6% of firms reporting revenues below 50 billion, while 31.3% generate more than 50 billion annually. Geographically, the sample is concentrated in Southern Vietnam, with 55.9% of firms located in Ho Chi Minh City and 44.1% in Binh Duong Province, reflecting two major regional economic centers.

4.2. Measurement model results

Table 1. Measurement model evaluation.

Constructs	Items code	Factor loadings	Cronbach alpha	CR	AVE
Business Success	Buscess2: *Compared with our main competitors, our firm has achieved higher market share growth* Buscess3: *Compared with our main competitors, our firm has achieved higher return on investment.* Buscess4: *Compared with our main competitors, our firm has achieved higher net profit margin.*	0.363 0.375 0.559	0.647	0.805	0.581
Environmental CSR Practices	EnviCSR1*: My company implements specific programs to minimize its negative impact on the natural environment.* EnviCSR4: *My company increases the use of environmentally friendly materials* EnviCSR5: *My company actively reduces energy consumption during its operations* EnviCSR6: *My company tries to minimize waste and reuse materials during its operations.* EnviCSR7: *My company provides sufficient information about environmental aspects on product labels and other communication channels to customers and suppliers.*	0.317 0.254 0.291 0.263 0.275	0.761	0.839	0.511
Firm Competitive Advantage	Comad1: *Customers perceive the overall experience with our company as excellent.* Comad2: *Customers are optimistic about maintaining a long-term relationship with our company.* Comad3: *Compared with competitors, our company has built a strong corporate reputation in recent years.* Comad5: *Compared with competitors, our company has developed stronger long-term relationships with customers*.	0.337 0.309 0.322 0.439	0.676	0.802	0.503
MCP	Percep1: *I believe that CSR activities improve my company's image.* Percep2: *I believe that CSR practices improve my company's relationship with the government.* Percep3: *I believe that contributing to community programs and local development enhances my company's long-term profitability.* Percep5: *I believe that CSR helps my company gain easier access to bank loans*	0.277 0.255 0.301 0.285 0.261	0.774	0.847	0.525

	Percep6: *I believe that being socially responsible helps my company avoid additional government regulations.*				
Philanthropical CSR Practices	PhilanCSR2: *My company supports collaboration with local businesses and educational institutions* PhilanCSR3: *My company provides adequate contributions to charitable activities.* PhilanCSR4: *Employees in my company are encouraged to participate in community and civil society initiatives.* PhilanCSR5: *My company emphasizes the importance of contributing to society and local communities through CSR activities.*	0.331 0.329 0.371 0.327	0.718	0.826	0.542

CR = Composite Reliability; AVE = Average Variance Extracted

Outer Weights Assessment: The outer weights indicate the relative contribution of each indicator in forming its respective reflective construct. In reflective measurement models, outer loadings indicate the extent to which each indicator reflects its underlying latent construct. Indicators with standardized loadings below the recommended threshold of 0.50, or those whose removal improves convergent validity and internal consistency, may be excluded from the measurement model [46]. For Business Success, Buscess4 exhibits the strongest contribution (0.559), indicating that it is the most influential indicator within this construct, while Buscess1 'Compared with our main competitors, our firm has achieved higher sales growth' was excluded was removed due to its low factor loading, which failed to meet the minimum acceptable threshold. According to Hair et al. [46], reflective indicators with insufficient loadings should be excluded as they do not adequately represent the underlying construct. In the Firm Competitive Advantage construct, Comad5 shows the highest weight (0.439), suggesting its dominant role relative to the remaining indicators, whose weights are relatively similar, while Comad 4 "Employees in our company are highly committed to the organization" was excluded due to its relatively weak loading and conceptual overlap with other retained indicators. Removing this item improved construct reliability while maintaining conceptual consistency, in line with recommendations by Hair et al. [46]. For Environmental CSR Practices, the weights are more evenly distributed, with EnviCSR1 contributing the most (0.317) and EnviCSR4 the least (0.254), indicating balanced indicator relevance, while EnviCSR2 "My company participates in activities aimed at protecting and improving the quality of the natural environment" and EnviCSR3 "My company makes continuous efforts to avoid causing environmental pollution (such as toxic emissions, wastewater, and noise" were removed because their standardized loadings were below the recommended threshold and their inclusion reduced the average variance extracted (AVE). Previous studies suggest that retaining indicators with low loadings may weaken construct validity and should therefore be avoided [46], [49]. Similarly, MCP displays a narrow range of weights, with Percep3 showing the highest contribution (0.301), suggesting that all indicators contribute comparably to construct formation, while Percep4 'I believe that CSR practices improve industry–labour relations' was excluded due to its lower loading relative to other items, indicating limited representativeness of the latent construct. The removal of this indicator contributed to improved composite reliability and convergent validity. In the Philanthropical CSR Practices construct, PhilanCSR4 has the largest weight (0.371), while the remaining indicators exhibit consistent and moderate contributions, while PhilanCSR1 'My company supports employees who wish to pursue additional education' was excluded because its loading was below acceptable levels, suggesting that it did not sufficiently reflect philanthropic CSR compared with other community-oriented indicators. Eliminating weak indicators is consistent with best practices in reflective measurement model evaluation [46], [49]. The total 6 indicators were removed because its standardized factor loading was below the recommended threshold of 0.50 and its removal improved convergent validity, consistent with Hair et al. [46]. Overall, all indicators exhibit positive and meaningful outer weights, confirming their relevance for the formation of the respective formative constructs.

Construct Reliability and Convergent Validity: The reliability and convergent validity of the measurement model were assessed using Cronbach's Alpha, rho_A, Composite Reliability (CR), and Average Variance Extracted (AVE), following established PLS-SEM guidelines [46]. According to Hair et al. [46], Composite Reliability values between 0.70 and 0.95 indicate satisfactory internal consistency reliability, while values below 0.70 may be acceptable in exploratory research if supported by other reliability measures. As shown in the results, all constructs demonstrate satisfactory internal consistency, with CR values ranging from 0.802 to 0.847, exceeding the recommended threshold of 0.70 and confirming adequate internal consistency. Cronbach's Alpha and rho_A values generally exceed the recommended threshold of 0.70 [46]. Although Business Success (α = 0.647) and Firm Competitive Advantage (α = 0.676) slightly fall below this cut-off, but these values remain acceptable in exploratory and early-stage research, particularly when CR values are satisfactory, as is the case in this study [47]. Convergent validity is assessed by examining the AVE. Following Fornell and Larcker [49] and Hair et al. [46], AVE values of 0.50 or higher indicate that a construct explains more than half of the variance of its indicators are supported, all AVE values range from 0.503 to 0.581, exceeding the minimum criterion of 0.50. This indicates that each construct explains more than half of the variance in its indicators. Overall, the results confirm adequate reliability and convergent validity across all latent constructs (see Table 1).

Discriminant validity: Discriminant validity was assessed using the Fornell–Larcker criterion, which requires the square root of each construct's AVE to exceed its correlations with all other constructs [46], [49]. As reported, the diagonal elements. Business Success (0.762), Environmental CSR Practices (0.715), Firm Competitive Advantage (0.709), MCP (0.724), and Philanthropical CSR Practices (0.736)—are consistently higher than the corresponding off-diagonal correlations (see Table 2). These results confirm that each construct shares greater variance with its own indicators than with other latent variables. Overall, the findings support satisfactory discriminant validity and confirm the distinctiveness of all constructs in the model.

Table 2. Discriminant Validity Coefficients

	1	2	3	4	5
Business Success (1)	**0.762**				
Environmental CSR Practices (2)	0.379	**0.715**			
Firm Competitive Advantage (3)	0.707	0.471	**0.709**		
MCP (4)	0.429	0.500	0.432	**0.724**	
Philanthropical CSR Practices (5)	0.442	0.595	0.479	0.550	**0.736**

Diagonal terms (in bold) represent the square root of the AVE

4.3. Structural model evaluation

Following the establishment of reliability and validity of the measurement model, the structural model was assessed to examine the hypothesized relationships among constructs. In line with the recommendations of Hair et al. [46], the evaluation focused on path coefficients (β values), statistical significance (t-values and p-values), as well as the model's explanatory power and predictive relevance, and mediation effects, the significance of the hypothesized relationships was assessed using a bootstrapping procedure with 2,000 resamples, as recommended in recent PLS-SEM analysis [46], [50], Path coefficients were considered statistically significant when t-values exceeded 1.96 and p-values were below 0.05, indicating support for the corresponding hypotheses Overall, the structural model demonstrates satisfactory explanatory power and predictive relevance, with statistically significant relationships observed across all hypothesized paths. Coefficient of Determination (R^2): The coefficient of determination (R^2) was examined to assess the explanatory power of the structural model. According to commonly accepted benchmarks ($R^2 = 0.25$ weak, 0.50 moderate, 0.75 substantial) [46], the model demonstrates adequate predictive capability [46]. Business Success exhibits a moderate level of explained variance ($R^2 = 0.519$), indicating strong predictive relevance of the antecedent constructs. Firm Competitive Advantage ($R^2 = 0.305$) and Philanthropical CSR Practices ($R^2 = 0.302$) show weak-to-moderate explanatory power, while Environmental CSR Practices reaches the minimum acceptable threshold ($R^2 = 0.250$). The adjusted R^2 values closely mirror the original estimates, suggesting model robustness and limited overfitting. Overall, the results confirm that the structural model provides meaningful explanatory insights into CSR-related practices and business outcomes.

Effect Size (f^2) Analysis: Effect sizes (f^2) were examined to assess the relative impact of each exogenous construct on the endogenous variables. Following Hair et al. [46] guidelines, f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively. The strongest effect is observed for Firm Competitive Advantage on Business Success ($f^2 = 0.697$), indicating a substantial contribution to the explained variance of business outcomes. MCP also exerts a large effect on Philanthropical CSR Practices ($f^2 = 0.433$), highlighting the pivotal role of managerial attitudes in shaping philanthropic engagement. Moreover, MCP shows a strong medium effect on Environmental CSR Practices ($f^2 = 0.334$). In contrast, the remaining paths exhibit small effect sizes ($f^2 = 0.031$–0.049), suggesting limited yet meaningful contributions to the model. Overall, the results identify Firm Competitive Advantage and MCP as key drivers within the structural model [46].

Predictive Relevance (Q^2): Predictive relevance was assessed using the Stone–Geisser Q^2 criterion obtained via the blindfolding procedure [46]. A model is considered to have predictive relevance when Q^2 values exceed zero [46]. The results indicate that all endogenous constructs exhibit positive Q^2 values, confirming the model's predictive capability. Business Success demonstrates the strongest predictive relevance ($Q^2 = 0.305$), followed by Philanthropical CSR Practices ($Q^2 = 0.160$) and Firm Competitive Advantage ($Q^2 = 0.150$), indicating medium levels of predictive accuracy. Environmental CSR Practices shows a smaller yet acceptable level of predictive relevance ($Q^2 = 0.123$). As expected, MCP yields a Q^2 value of zero because it functions as an exogenous construct. Overall, the findings confirm that the structural model possesses adequate out-of-sample predictive relevance, particularly for Business Success, in line with the recommendations of Hair et al. [46].

Table 3. Direct effects and hypothesis testing

		β	T Values	P Values
H1	MCP → Firm Competitive Advantage	0.191	3.264	0.001
H2	MCP → Business Success	0.125	2.896	0.002
H3	MCP → Environmental CSR Practices	0.500	11.579	0.000
H4	MCP → Philanthropical CSR Practices	0.550	12.513	0.000
H5	Environmental CSR Practices → Firm Competitive Advantage	0.223	3.614	0.000

H6	philanthropical CSR Practices → Firm Competitive Advantage	0.235	3.627	0.000
H7	Firm Competitive Advantage → Business Success	0.697	22.235	0.000

Path Coefficient Analysis and Hypotheses Testing

The structural model was evaluated using standardized path coefficients (β), t-statistics, and p-values, with statistical significance assessed at 0.05 level [46]. The results of the path analysis provide empirical support for all hypothesized relationships (H1–H7). Specifically, H1, which proposes a positive relationship between Managerial CSR Perception and Firm Competitive Advantage, is supported ($\beta = 0.191$, t = 3.264, p = .001). This result indicates that managerial awareness and commitment to CSR initiatives contribute directly, albeit moderately, to the development of competitive advantage. Regarding firm performance outcomes, H2 is also supported, showing that Managerial CSR Perception has a significant positive effect on Business Success ($\beta = 0.125$, t = 2.896, p = .002). Although the effect size is relatively modest, this finding suggests that managerial CSR orientation plays an important role in enhancing business success. Strong support is found for the influence of managerial perceptions on CSR practices. H3, which hypothesizes that Managerial CSR Perception positively affects Environmental CSR Practices, is confirmed ($\beta = 0.500$, t = 11.579, p < .001). Similarly, H4 is supported, indicating a substantial positive effect of Managerial CSR Perception on Philanthropical CSR Practices ($\beta = 0.550$, t = 12.513, p < .001). These results highlight the central role of managerial attitudes in shaping both environmental and philanthropic CSR engagement. Concerning the impact of CSR practices on competitive outcomes, H5 is supported, showing that Environmental CSR Practices positively influence Firm Competitive Advantage ($\beta = 0.223$, t=3.614, p < .001). Likewise, H6 receives empirical support, as Philanthropical CSR Practices are found to exert a positive effect on Firm Competitive Advantage ($\beta = 0.235$, t = 3.627, p < .001). These findings demonstrate that investments in CSR practices contribute meaningfully to strengthening firms' competitive positions. Finally, H7, which posits a positive relationship between Firm Competitive Advantage and Business Success, is strongly supported by the data ($\beta = 0.697$, t =22.235, p < .001). This path exhibits the largest effect size in the model, underscoring Firm Competitive Advantage as a key driver of business success and a crucial mechanism linking CSR-related factors to organizational performance (see Figure 2. The results of path analysis).

Table 4. Mediating effects

	Hypotheses	β	T Value	P Value
H8	Environmental CSR Practices → Firm Competitive Advantage →Business Success	0.156	3.637	0.000
H9	Philanthropical CSR Practices → Firm Competitive Advantage →Business Success	0.163	3.613	0.000
H10	MCP → Firm Competitive Advantage → Business Success	0.133	3.334	0.000
H11	MCP → Philanthropical CSR Practices → Firm Competitive Advantage	0.129	3.287	0.001
H12	MCP → Philanthropical CSR Practices → Firm Competitive Advantage -> Business Success	0.090	3.321	0.000
H13	MCP →Environmental CSR Practices → Firm Competitive Advantage	0.112	3.450	0.000
H14	MCP → Environmental CSR Practices → Firm Competitive Advantage → Business Success	0.078	3.505	0.000

Mediation Analysis and Hypotheses Testing

The mediation analysis was conducted to examine the indirect and sequential effects proposed in hypotheses H8–H14. Statistical significance was assessed using bootstrapped t-values and p-values, with all indirect effects meeting the recommended criteria ($t > 1.96$; $p < .05$) [46]. The results provide strong empirical support for all mediating hypotheses.

First, H8, which proposes that Firm Competitive Advantage mediates the relationship between Environmental CSR Practices and Business Success, is supported. Environmental CSR Practices exert a significant indirect effect on Business Success through Firm Competitive Advantage ($\beta = 0.156$, $t = 3.637$, $p < .001$), indicating that environmental initiatives enhance business outcomes primarily by strengthening competitive positioning. Similarly, H9 is supported, confirming that Firm Competitive Advantage mediates the relationship between Philanthropical CSR Practices and Business Success. The indirect effect is positive and statistically significant ($\beta = 0.163$, $t = 3.613$, $p < .001$), highlighting the role of philanthropic engagement in fostering competitive advantage that ultimately translates into improved business success. Regarding managerial influence, H10, which hypothesizes that Firm Competitive Advantage mediates the relationship between Managerial CSR Perception and Business Success, is also supported ($\beta = 0.133$, $t = 3.334$, $p < .001$). This finding suggests that managerial CSR orientation improves business performance indirectly by enhancing firms' competitive capabilities. The results further confirm multi-stage mediation effects. H11, which proposes that Philanthropical CSR Practices mediate the relationship between Managerial CSR Perception and Firm Competitive Advantage, is supported ($\beta = 0.129$, $t = 3.287$, $p = .001$). This indicates that managerial CSR perception stimulates philanthropic CSR engagement, which in turn contributes to competitive advantage. In line with this, H12, which posits a sequential mediation effect of Philanthropical CSR Practices and Firm Competitive Advantage on the relationship between Managerial CSR Perception and Business Success, is supported ($\beta = 0.090$, $t = 3.321$, $p < .001$). This result demonstrates that the influence of managerial CSR perception on business success is transmitted through philanthropic CSR practices and subsequently through enhanced competitive advantage. Likewise, H13 is supported, confirming that Environmental CSR Practices mediate the relationship between Managerial CSR Perception and Firm Competitive Advantage ($\beta = 0.112$, $t = 3.450$, $p < .001$). This finding underscores the role of environmental CSR as an important mechanism linking managerial attitudes to competitive outcomes. Finally, H14, which suggests that Environmental CSR Practices and Firm Competitive Advantage sequentially mediate the relationship between Managerial CSR Perception and Business Success, receives strong empirical support ($\beta = 0.078$, $t = 3.505$, $p < .001$). This result confirms a multi-stage causal chain in which managerial CSR perception fosters environmental CSR engagement, which strengthens competitive advantage and ultimately leads to greater business success. Figure 2 presents the results of the path analysis obtained from the PLS-SEM structural model. The figure illustrates the standardized path coefficients (β values) and the significance of the hypothesized relationships among the latent constructs. As shown, all proposed paths are positive and statistically significant, providing empirical support for the research hypotheses. The results further highlight the central role of Managerial CSR Perception and Firm Competitive Advantage in explaining variations in CSR practices and Business Success within the model.

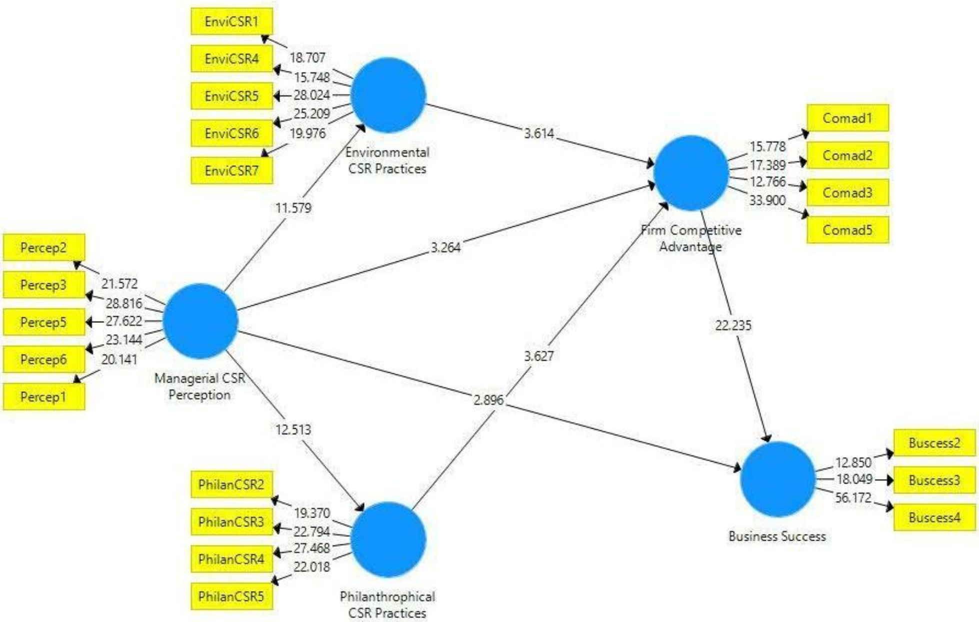

Figure 2. The results of path analysis. Source: Authors' elaboration

4.4. Discussion

This study provides empirical evidence on the mechanisms through which MCP and CSR practices translate into firm-level Firm Competitive Advantage and business success. This study makes several distinct contributions to the existing CSR literature. First, rather than examining the direct CSR–performance relationship, the study develops and empirically validates a sequential mediation framework linking managerial CSR perception, CSR practices, firm competitive advantage, and business success. This extends prior research by clarifying how and through which mechanisms CSR creates business value, an issue that remains underexplored in many CSR–performance studies. Second, the study advances theory by positioning managerial CSR perception as an upstream cognitive driver, thereby explicitly connecting micro-level managerial attitudes with firm-level strategic capabilities and performance outcomes. This integrative perspective bridges behavioral CSR research with strategic management theories. Third, by empirically demonstrating that firm competitive advantage functions as the key transmission mechanism through which environmental and philanthropic CSR practices influence business success, the study moves beyond symbolic interpretations of CSR and highlights the importance of strategic deployment. Finally, the findings provide context-specific evidence from an emerging market (Vietnam's trade and service sector), extending the generalizability of CSR research that has been predominantly conducted in developed or manufacturing-oriented contexts. The findings are largely consistent with, and extend, prior CSR literature. First, the strong effects of MCP on both Environmental and Philanthropical CSR Practices reinforce earlier arguments that managerial values and cognition serve as a critical antecedent of CSR engagement. This result aligns closely with the findings of Zu and Song [2], who demonstrated that managerial values significantly shape CSR-related strategic decisions, and Galbreath [17], who emphasized the role of leadership and organizational culture in driving CSR initiatives. By confirming these relationships in the Vietnamese Trade and Service context, the present study extends prior evidence beyond Western and Chinese settings. Second, the significant positive effects of Environmental and Philanthropical CSR Practices on Firm Competitive Advantage are consistent with resource-based and stakeholder perspectives. Prior studies have shown that

CSR activities can enhance Firm Competitive Advantage by improving reputation, strengthening stakeholder relationships, and increasing customer trust [3], [22]. The current findings corroborate this logic by demonstrating that both environmental and philanthropic CSR contribute meaningfully to competitive positioning, although their effect sizes remain moderate. This suggests that CSR alone may not be sufficient to generate sustained advantage but functions as an important complementary strategic resource.

Third, Firm Competitive Advantage emerges as the most powerful predictor of Business Success, exhibiting both strong direct and mediating effects. This result strongly supports the mediation frameworks proposed by Saeidi et al. [3], who identified Firm Competitive Advantage as a key transmission mechanism linking CSR practices to firm performance. Similarly, the present study confirms that CSR practices primarily influence business outcomes indirectly, rather than through direct effects alone, reinforcing the importance of strategic alignment between CSR initiatives and competitive capabilities. Fourth, the mediation analysis highlights a clear multi-stage pathway, whereby MCP influences Business Success through CSR practices and Firm Competitive Advantage. This "trickle-down" mechanism echoes the conceptual arguments advanced by Galbreath [17] and Zu and Song [2], suggesting that managerial cognition operates as an upstream driver that activates operational CSR behaviors and, ultimately, firm performance outcomes. The results further complement measurement-based CSR studies [33], [48] by demonstrating not only how CSR can be measured, but how it functions strategically within organizations. Finally, the relatively smaller direct effect of MCP on Business Success suggests that Managerial CSR Perception alone is insufficient to achieve superior performance unless it is translated into concrete CSR actions and competitive capabilities. This finding provides empirical support for relational CSR research in emerging markets, including Vietnam, where CSR effectiveness depends heavily on implementation quality rather than symbolic commitment. Overall, the findings contribute to the CSR-performance literature by empirically validating a sequential mediation model that links managerial cognition, CSR practices, Firm Competitive Advantage, and business success. This study thus extends existing theories by clarifying how and through which mechanisms CSR create business value in emerging market contexts.

4.5. Implications

Theoretical implications: This study contributes to the CSR and strategic management literature in several important ways. First, by empirically validating a sequential mediation model, the findings extend prior CSR-performance frameworks by clarifying how MCP translates into business success-namely through CSR practices and Firm Competitive Advantage. While earlier studies have examined the CSR-performance linkage [3], [22], this research advances theory by positioning Firm Competitive Advantage as the central transmission mechanism through which both environmental and philanthropic CSR create business value. Second, the results reinforce the role of managerial cognition as an upstream driver of CSR outcomes, supporting value-based and behavioral perspectives of CSR [2], [17]. By demonstrating that MCP influences business success primarily through implementation-oriented CSR practices rather than direct effects alone, the study bridges micro-level managerial attributes with firm-level strategic outcomes. This contributes to a more integrated understanding of CSR as both a cognitive and strategic process, particularly in emerging market contexts.

Managerial Implications: From a managerial perspective, the findings highlight that Managerial CSR Perception of CSR must be translated into concrete actions to generate tangible performance benefits. Managers should move beyond symbolic CSR commitment and actively embed environmental and philanthropic initiatives into their operational and competitive strategies. Doing so enhances firm competitiveness, which ultimately drives business success. Moreover, since Firm Competitive Advantage plays a pivotal mediating role, managers should align CSR initiatives with core capabilities such as service quality, brand differentiation, and stakeholder trust. CSR practices that are strategically integrated rather than treated as peripheral activities, are more likely to strengthen market positioning and long-term performance [3]. For firms operating in emerging markets, including Vietnam, the results suggest that developing managerial CSR mindset and leadership training is essential. Investing in CSR-oriented leadership development can create a cascading effect, activating CSR practices that yield competitive and financial returns. Policymakers and industry associations may also leverage these insights to design programs that promote CSR adoption as a source of sustainable competitiveness rather than regulatory compliance alone.

5. CONCLUSION

This study examined the mechanisms through which MCP and CSR practices influence firm-level Firm Competitive Advantage and business success within the Trade and Service sector. Using PLS-SEM, the findings demonstrate that MCP plays a pivotal upstream role by shaping both environmental and philanthropic CSR practices. These practices, in turn, enhance Firm Competitive Advantage, which emerges as the most powerful predictor of business success. Importantly, the results confirm that the relationship between CSR and business success is primarily indirect, operating through Firm Competitive Advantage rather than direct effects alone. This supports and extends prior CSR performance research by empirically validating a sequential mediation framework, in line with stakeholder and resource-based perspectives [3], [17]. By integrating managerial cognition with implementation-oriented CSR practices and strategic outcomes, the study provides a more nuanced explanation of how CSR creates business value. Overall, this research contributes to the CSR literature by offering empirical evidence from an emerging market context, highlighting that CSR effectiveness depends not only on Managerial CSR Perception but also on the strategic deployment of CSR practices that strengthen competitive positioning and long-term business success.

Limitations and future research: Despite its contributions, this study has several limitations that should be acknowledged. First, the data were collected using a cross-sectional design, which limits the ability to infer causal relationships. Future research could adopt longitudinal designs to better capture the dynamic evolution of MCP, CSR practices, and performance outcomes over time. Second, the sample is restricted to firms operating within the Trade and Service sector and concentrated in Southern Vietnam. While this enhances contextual relevance, it may limit the generalizability of the findings to other industries or geographical regions. Future studies could replicate the model across manufacturing sectors, other emerging economies, or cross-country settings. Third, the analysis relies on self-reported data from managerial respondents, which may be subject to common method bias. Although the study focuses on senior decision-makers to enhance data quality, future research could incorporate objective performance indicators or multi-source data to strengthen robustness. Finally, while the model highlights Firm Competitive Advantage as a key mechanism, other potential mediators, such as corporate reputation, innovation capability, or stakeholder trust, were not examined. Incorporating additional mediating or moderating variables could further enrich understanding of the CSR–performance [3], [22].

Acknowledgements/ Funding: This work was financially supported by Ho Chi Minh City University of Industry and Trade under Contract no 384/HĐ-DCT 15 December 2025.

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