CORPORATE SOCIAL RESPONSIBILITY (CSR) ON BRAND EQUITY

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Abstract

The reason for this article is to discover the effects of Corporate Social Responsibility exercises on Brand Equity by analyzing the correlation between CSR and Brand Equity. Brand Equity being a predictor/ independent variable in this article is measured by numerous experimental/ dependent variables like Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality and Overall Brand Equity. Numerous companies are doing CSR exercises in order to supply economical social improvement benefits to the society in which they are working. These companies are contributing and overseeing their CSR activities for the well being of the society. On the other hand, the consumers of the products of these companies are moreover found to be Brand loyal. Utilizing experimental testing, the data accumulated from shoppers and information collected on companies locked in CSR exercises, the researcher found out that there lies a real solid relationship between CSR and Brand Equity. The companies who are contributing on CSR exercises are getting a charge out of great consumer loyalty and the brands they work appreciate sound benefits and feasible advertise position. It is imagined that the model tried in this research will be suggested in the future observational research about concerning CSR and its effect on company's benefit and Brand support comparative advantage.

Key Words – *Corporate Social Responsibility, Brand Loyalty, Brand Awareness, Brand Association and Brand Equity.*

Introduction

The important objective of this article investigates is to reply the wide address: what are Corporate Social Responsibility (CSR) and Brand Equity? And what is the connection between Corporate Social Responsibility (CSR) and Brand Equity. When considering approximately what Corporate Social Responsibility (CSR) is, one thing that comes to intellect is that a few organizations utilize CSR as a showcasing instrument in its broadest sense, and are mainly concerned with their benefits and not with the fundamental social esteem based on moral contemplations. Other organizations do conduct their trade in a way that reflects moral concern but the genuine concept of Corporate Social Responsibility (CSR) is where a company oversees its commercial exercises and arranges to supply long-term maintainable social benefits to the society and is included within the well-being of the society. Wide concept of Corporate Social Responsibility is clarified by diverse authors.

Characterizing Corporate Social Responsibility

World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as "*The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large*" (**Baker, 2008**).

The European Commission advocate Corporate Social Responsibility (CSR) as "*Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders*" (**Zerk, 2006**).

Companies in nearly all segment of trade grasp Corporate Social Responsibility (CSR) not as it were since it is the correct thing to do, since it reinforces their brands. Corporate Social Responsibility (CSR) is not a modern concept within the current businesses but in early times it was not considered as an imperative device and was fairly utilized to fill their yearly reports and articulations.

Definition of Brand

Brand could be a heart of a company which makes a perception about the company's product or service within the intellect of a buyer.

According to the American Marketing Association (AMA) defines a brand as a "*Name, term sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers*" (**Fries, 2006**).

Definition of Brand Equity

Brand Equity is getting to be a burning issue within the commercial segment since Brand Equity is an resource of the company which builds a solid brand among their competitors and can increment a monetary esteem of a brand.

"Brand Equity refers to the marketing outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. in other words, consumers' knowledge about a brand makes manufacturers/ advertisers respond differently or adopt appropriately adapt measures for the marketing of the brand" (**Ramachandran, 2010**).

Brand Equity is seen from the consumers since the components which lead to brand equity are all measured from customers' perception like brand loyalty, brand awareness, brand association, trust and the perceived quality.

Problem Definition

"Research to find ways to improve Brand Equity through CSR with respect to Indian market"

The reason of this research is to discover out the coordinate relationship between Corporate Social Responsibility (CSR) and Brand Equity. All the research is done from the companies having an CSR foundation in Chennai included themselves within the CSR exercises and are right now dynamic in these activities. Research is additionally done on shoppers who are mindful of the CSR exercises and their brands.

Research Objectives

- ➢ To discover out the existing CSR exercises started by companies in Chennai.
- ➢ To analyze the Recognition of buyers with respect to Corporate Social Responsibility.
- ➢ To analyze customer loyalty, brand awareness, brand association and overall brand equity regarding Corporate Social Responsibility (CSR).

These Research Objectives driven to advancement of hypothesis.

Setting Null and Alternative Hypothesis

Ho : There is no impact of Corporate Social Responsibility on Brand Equity

H1: There is an impact of Corporate Social Responsibility on Brand Equity

The main reason of creating the null hypothesis is to degree the effect of CSR on Brand Equity and which are the factors involved tends CSR towards Brand Equity.

Review of Literature

Corporate social responsibility: A brand explanation

The researcher states in his article around the CSR utilizing brand clarification. Firstly, he characterized CSR in a really wide sense and after that related it with brand. He clarified brand as a trust and a hole between brand and trust in different models and proposed how to shut these holes in accordance to form CSR. Within the conclusion, he expressed that the greatest challenge to be confronted is to alter people's thought. Individuals are the framework, as it were they can alter themselves. (**Kitchin, 2003**).

Corporate Social Responsibility – Corporate Branding Relationship:

An Empirical Comparative Study

This article states the relationship of firm's CSR exercises with corporate branding centering on customer's perspective. This appears the effect of CSR exercises on corporate brand. Within the discoveries, it appeared that the commitment to CSR activities is exceedingly appreciated which implies that there is a shining future of CSR within the companies **(Vassileva, 2001)**.

Influence of CSR on loyalty & Valuation of Services

Within this current work, the researcher embraces a multidimensional point of view of social responsibility, and carried out commercial research to decide the discernments of consumers on financial, lawful, moral and social perspectives of their working companies. With these data, it was decided the structure and components of the concept of social responsibility. In this way, this is often related with the general assessment of the service and loyalty by implying a model of structural equation, in accordance to decide the impact of corporate social responsibility on these concepts. **(Salmones, Crespo and Bosque, 2005)**.

The Impact of CSR on buying behaviour

Companies are confronting expanding weight to keep up both productivity and carry on in socially responsible ways, however analysts have given small data on how corporate social responsibility impacts benefit. This research reports the discoveries from in-depth interviews of customers to decide their thoughts concerning the social responsibilities of companies. A typology of customers whose acquiring conduct ranges from inert to exceedingly responsive to corporate social responsibility was achieved from the research. **(Mohr, Webb & Harris, 2001)**.

An empirical comparison of consumer based measures of Brand Equity

This article compares eleven distinctive consumer-based brand equity measures and assesses their meeting. Measures based on the dollar metric strategy and discrete choice strategy choices amazingly well in a impulse shopping environment, as well as purchase-intention and brand-quality scales. **(Agarwal and Rao, 1996)**.

Consumer evaluation of service

Consumer access service not as it were since of its quality but too its cost and the consumers who considers that they get wanted esteem in return of cash that they are paid are more fulfilled than those who don't get. This truth leads to consumer trust and loyalty with respect to company and its brand. **(Parasuraman, 1994)**.

THEORETICAL FRAMEWORK
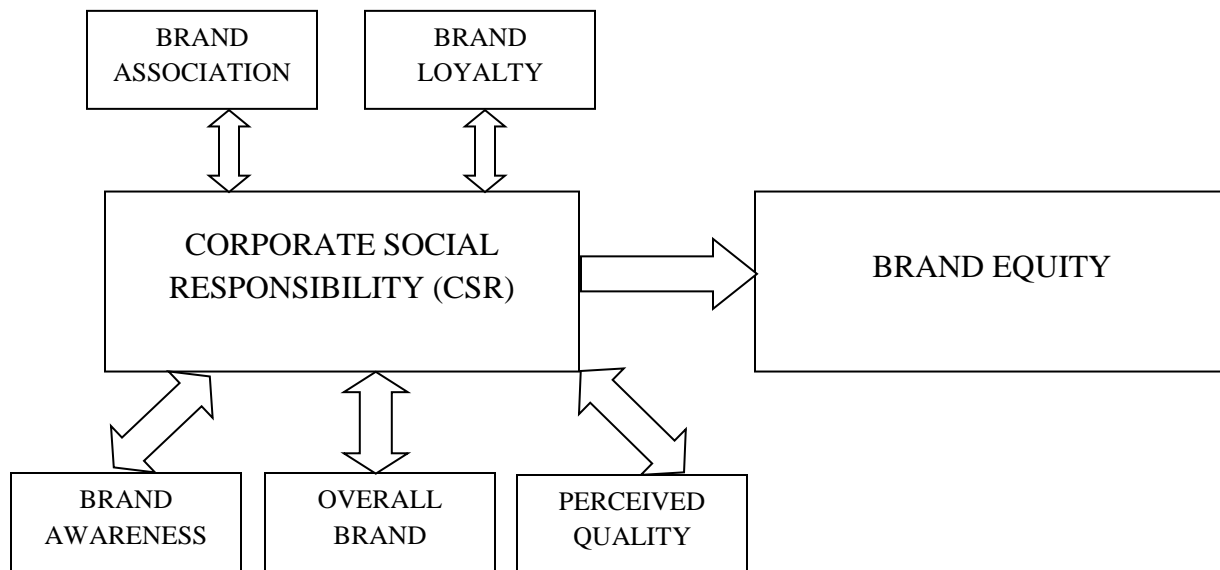
It is evident from the over theoretical framework that brand equity depends on these 6 variables and it is clear from the past literatures that there is no such coordinate relationship between CSR and Brand Equity instead these 5 factors counting corporate social responsibility leads towards Brand Equity.

The theoretical framework clarifies relationship between CSR and 5 variables (both as predictor variables) and their consequent effect on Brand Equity (Experimental variable).

Brand Loyalty is the reflection of Brand Equity. Brand Loyalty appears the concern and repurchases intension of a buyer towards a product or service. Brand Loyalty could be a long term victory

Brand awareness speaks to the quality of brand's inclination within the target's mind. To succeed within the competitive environment the brand must overwhelm others.

Brand association speaks to the enthusiastic bonds that tie the brand to the target and make the brand an fundamentally portion of the target's self picture.

The target customer must **perceive the quality** of what is being advertised by the company. The brand must create this sort of affiliation with quality within the intellect of the target on the off chance that it is to succeed.

Overall brand equity is the core of all the variables which appears that these all are exceptionally vital in building brand equity through Corporate Social Responsibility.

The relationship needs to be tested empirically for reliable results.

Research Methodology:

Research Methodology is the detailed arrangement of conducting the study. Research Methodology is the print of research study. It is the flow of arrangements of research activities starts from the problem identification to solution identification for the problem. Sample size a determined by based on pilot study.

The research methodology considered here is an empirical methodology which includes interviews of individuals have been chosen by convenient sampling with a sample size of 150 (as will be defined within the study), focused on understanding preferences and means of those choices. Few companies have been taken into consideration upon the CSR activities performed by them. The hypothesis has been framed for further analysis. Individuals to be interviewed will be selected in order to include diverse backgrounds in terms of geography, socio-economic position, societal roles, as well as gender, age and education. This research seeks to better understand and recognize the relationship between Corporate Social Responsibility and Brand Equity.

CSR activities of the companies chosen are highlighted below:

➢ **Madras Rubber Factory (MRF) Limited** - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abler and livelihood enhancement projects. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centre and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

➢ **Hatsun Agro Products (HAP) Limited** - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and to make availability of safe drinking water.

➢ **Tamilnadu Newsprint and Papers (TNPL) Limited** – the Company's goal is to ensure and feed the interface of all its partners and contribute to feasible advancement. Morals, Values and Transparency will support all its intelligent inside the community in which it works. All its exercises to sub serve social desires and the Nation's needs and it will be carried out with judgement, genuineness, respect and etiquette.

Variables - Independent Variables – Corporate Social Responsibility (CSR), Brand Association, Brand Loyalty, Brand Awareness, Overall Brand Equity, Perceived Quality

Dependent Variable – Brand Equity

Type of Data - Primary data was gathered and used for this research.

Primary Data - Data was collected from 150 consumers through administration of scaled questionnaire.

Data Collection Instrument - The Researcher used structured questionnaire consisted of 34 scaled questions.

Population - The Population of all the Companies located in Chennai who are currently active and involved in the CSR activities. The Population of consumers using the company's brand, located in city of Chennai.

Sample Size - 3 Companies, 150 consumers.

Sampling Technique - Convenience sampling was used because of time limit and budget constraints.

Statistical Tools - Correlation, Regression and Reliability tests are applied on the analysis.

Statistical Analysis - The data was analyzed using Microsoft Excel and SPSS to analyze, interpret and present the findings.

Statistical Analysis

Frequencies

Statistics		GENDER	AGE	QUALIFICATION	COMPANY BRAND
N	Valid	150	150	150	150
	Missing	0	0	0	0

GENDER		Frequency	Percent	Valid Percent	Cumulative Percent
	MALE	113	75.3	75.3	75.3
	FEMALE	37	24.7	24.7	100.0
	Total	150	100.0	100.0	

AGE		Frequency	Percent	Valid Percent	Cumulative Percent
	18-20	18	12.0	12.0	12.0
	21-23	76	50.7	50.7	62.7
	24-27	49	32.7	32.7	95.3
	28-31	7	4.7	4.7	100.0
	Total	150	100.0	100.0	

COMPANY BRAND		Frequency	Percent	Valid Percent	Cumulative Percent
	MADRAS RUBBER FACTORY (MRF) LIMITED	54	36.0	36.0	36.0
	TAMILNADU NEWSPRINT &PAPERS (TNPL) LIMITED	40	26.7	26.7	62.7
	HATSUN AGRO PRODUCTS (HAP) LIMITED	56	37.3	37.3	100.0
	Total	150	100.0	100.0	

Interpretation

These are the frequencies of different categories used in the data analysis.

- Total sample size was 150 consumers who filled the questionnaires.

- The analyses were conducted from both male and female in which total number of male respondents were 113 and female respondents were 37 out of 150.

- It was classified into different age categories. From 18-20 the no of respondents were 18, from 21-23 were 76, from 24-27 were 49 and from 28-31 were only 7 respondents.

- The researcher took 3 current companies who were involved in the CSR activities. The total respondents who selected MADRAS RUBBER FACTORY (MRF) LIMITED were 54, TAMILNADU NEWSPRINT &PAPERS (TNPL) LIMITED were 40 and HATSUN AGRO PRODUCTS (HAP) LIMITED were 56 respondents.

Reliability of Brand Equity and CSR

Variables	Cronbach's Alpha
CSR with Brand Equity	0.777

Interpretation

Cronbach's Alpha being a reliability coefficient and indicates how positively items are correlated. A value close to 1 indicates the strength of reliability in this test. Cronbach''s alpha .777 indicates that there is higher internal consistency reliability of Brand Equity.

Correlation between CSR and Brand Equity

Correlation	Mean	Std. Deviation	Sig(2-tailed) overall B.E*	Sig(2-tailed) CSR*	Pearson Correlation overall B.E	Pearson Correlation CSR
CSR	4.7960	0.95467	*.000P-Value*		.514**	
Overall B.E	5.1995	0.75167		*.000P-Value*		.514**

** Correlation is significant at the 0.01 level (2-tailed)

 * Brand Equity and Corporate Social Responsibility

Interpretation

Correlation examines the relationship between two variables. After the analysis, the result shows that CSR has a mean of 4.7960, Std. Deviation of 0.95467 and Overall B.E have a mean of 5.1995, Std. Deviation of 0.75167. The p-value must be less than 0.05 and in the above result the p-value is 0.000 which is less than 0.05 which means that Corporate Social Responsibility and Brand Equity are highly correlated at the value of .000

Regression between CSR and Overall Brand Equity

	Regression	R	R^2	Beta	F	Sig.
1	Overall B.E[b]	0.514	0.264	0.514	53.190	.000[a]

a: Predictors: CSR1mean

b: Dependent variable: Overall Brand Equity

Interpretation

In this model, it shows the variable used as predictors and dependent variable is the outcome of Corporate Social Responsibility. R is the multiple regression coefficients and its value is 1, in the result R is .514 which predicts Overall Brand Equity very well. R square has a value of 0.264 which means 26% of change in Brand equity comes only through Corporate Social Responsibility. The p-value or the sig value (.000) is much less than 0.05 which means 5% type 1 error rate was 5% false positive rate and this means that the significance level between Corporate Social Responsibility and Brand Equity is 100% significant.

Implications of Research Findings

1. These discoveries of the result will offer assistance companies to consider in maximizing their CSR activities and construct brand equity and welcomes to apply both private and public sectors.
2. Construct regulation capacity for Corporate Social Responsibility.
3. Conduct "properly organized, continuous partner dialogue" as portion of creating a Corporate Social Responsibility.
4. Construct Corporate Social Responsibility into center of company commerce model.
5. Construct more grounded organizations with NGOs, with neighbourhood communities and "with any partner who can include esteem to the business".
6. Include partners in inventive procedures and ventures "to make beneficial change".
7. Discover ways to make modern connections with providers based on shared dreams approximately Corporate Social Responsibility.
8. Set up approaches and frameworks to draw in and hold ability for the long-term victory of the market.
9. Create communities nearby the trade market, which incorporates appropriately measuring community impacts and having long-term speculation procedures including stakeholders.
10. Lock in way better non-financial hazard management.
11. Guarantee great administration.

Discussion & Conclusion

In this research, it is tested that the data collected by questionnaire method with SPSS software and checked the Reliability, Correlation and Regression between Corporate Social Responsibility and Brand Equity. Though, Corporate Social Responsibility does not have a direct effect on Brand Equity but they are interloped with one other. In the results, it is shown that Corporate Social Responsibility and Overall Brand Equity (Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality) with a Cronbach's Alpha of **0.777** is highly reliable whereas, the correlation between Corporate Social Responsibility and Overall Brand Equity with a significance level of **0.000** shows that they are highly correlated with each other.

The regression analysis predicts Overall Brand Equity well with the value of **0.514 (R)**. R square has a value of **0.264** which means **26%** of change in Brand equity comes only through Corporate Social Responsibility (CSR). The **p-value** or the sig value **(.000)** is much less than 0.05 which means type 1 error rate was 5% false positive and this means that the significance level between Corporate Social Responsibility and Brand Equity is **significant**.

This proves that there is a positive effect of Corporate Social Responsibility on Brand equity which leads to **reject** null hypothesis i.e.

H0: There is no impact of Corporate Social Responsibility on Brand Equity.

The research suggests that companies should attempt to go for Corporate Social Responsibility activities if they would like to reap the benefits of their brand image. Those companies who are not involved in the Corporate Social Responsibility activities can change their brand equity or brand image only if they start working on the Corporate Social Responsibility concept.

As research has shown that CSR and BE are positively correlated which means that Brands doing CSR will experience long term and consistent stream of healthy profits. This is a clear motivation for companies to invest on CSR activities.

Scope for further Research

Corporate Social Responsibility and Brand Equity are energetic in nature in this manner, this investigate is not conclusive. In reality, it opens a modern measurement for encouraging research and it is proposed that more factors ought to be examined and observationally tested to assist examine relationship between Corporate Social Responsibility and Brand Equity.

Suggestions

This research suggests the need to address new lines of study from the CSR demand side. In particular, individual consumer preferences for CSR initiatives might be included as a moderator variable. Capturing preferences allows in-depth estimation of the relationship between each CSR initiative and satisfaction with the brand and from the CSR supply side, how brands may shape consumer demands and implement a response to them, while assuming consumer co-creation and participation in CSR initiatives.

Finally a further line of research would be analyzing the influence of the credibility, using source credibility of the CSR report issued by firms. Adding credibility and trust in the firm may shed more accurate light on consumer's assessment of each initiative.

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