IJMRBS

International Journal of
Management Research and Business Strategy

www.ijmrbs.com

THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON BRAND EQUITY

Noppakorn Klintong[1]*

Corresponding Author: **Noppakorn Klintong ✉ noppakorn.kli@mahidol.ac.th*

This research focuses on the influence of Corporate Social Responsibility (CSR) on brand equity. The experiment pre-test and post-test design was conducted on six groups of consumer in the Bangkok metropolitan area. Each group contains 60 samples. The multi-stages sampling and paired sample test were utilized. The study has shown that CSR initiatives influence brand equity which expressed in term of brand awareness, brand image, brand loyalty and perceived quality.

INTRODUCTION

For the past two decades Corporate Social Responsibility (CSR) has been gaining importance and visibility (Basil and Weber, 2006). In business sector, corporations have recently refocused on their social responsibility program (Varadarajan *et al.*, 1988; Bhattacharya and Sen, 2004).

Brand equity is a set of brand assets and liabilities linked to the brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm customer (Aaker, 1991). Brand equity is beneficial for consumers in that it helps them in interpreting and processing information about product and brand helps them in reinforcing the confidence of purchase decisions and creates greater satisfaction for them (Aaker, 1991; Lin and Kao, 2004).

Therefore, the aim of this research focuses on specific benefits of CSR with regard to shaping brand equity with the research final objectives as followings:

1. To explore and survey the Thai consumer's opinion toward CSR in Thailand.

2. To investigate the influence of CSR on brand equity.

Corporate Social Responsibility Initiatives

CSR initiatives are major activity undertaken by a corporation to support social causes and to fulfill commitments to CSR and the six major types of corporate social initiatives are cause promotion, corporate social marketing, corporate philanthropy, community volunteering, social responsible business practices and cause-related marketing (Kotler and Lee, 2005).

---

[1]   College of Management, Mahidol University, Bangkok 10400, Thailand.

Table 1: Summary of Corporate Social Responsibility (CSR) Initiatives

Variable	Definition	Related Study
Corporate philanthropy	Corporation's direct contribution to a charity or cause, most often in forms of cash grants, donations, and/or in-kind services.	Laczniak, 1983. Varadarajan, Ajan and Menon, 1988. Kotler and Lee, 2005.
Cause related marketing	Corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sale.	Cone, Feldman and DaSilva, 1999. Dupree, 2000. Broderick, Jogi and Gary, 2003. Kotler and Lee, 2005.
Cause promotion	Corporation providing funds, in-kind contributions, or other corporate resources to increase awareness and concern about a social cause or to support fund raising, participation, or volunteer recruitment for a cause	Varadarajan, et al., 1988. Hoeffler and Keller, 2002. Kotler and Lee, 2005.
Corporate social marketing	Corporate supporting the development and/or implementation of a behavior change campaign intended to improve public health, safety, environment, or community well-being	Andreasen, 1996. Webb and Mohr, 1998. Kotler and Lee, 2005
Community volunteering	Corporation supporting and encouraging employees, retail partners, and/or franchise members to volunteer their time to support local community organization and cause.	Kotler and Lee, 2005. Torresa, Tammo, Tribóc and Verhoefd, 2012.
Social responsible business practices	Corporation adopting and conducting discretionary business practices and investments that support social cause to improve community well-being and protect environment	Clarkson, 1995. Klein and Dawar, 2004. Kotler and Lee, 2005.

Table 2: Summary of Brand Equity Dimensions

Variable	Definition	Related Study
Brand awareness	Brand awareness formally refers to the ability of a potential buyer to recall or recognize that a brand is a member of certain product category	Aaker, 1991. Hoeffler and Keller, 2002. Kotler and Lee, 2005.
Brand association/ Brand image	Brand association is anything linked in memory to a brand and this key component of brand equity usually involves image dimension. Brand image is a set of association	Park, Jaworski and MacInnis, 1986. Aaker, 1991. Keller, 1993. Chen, 2001. Faircloth, Capella and Alford, 2001.
Brand loyalty	Brand loyalty is a measure of the attachment that a customer has to a brand. It is the core dimension of brand equity.	Reichheld and Sasser, 1989. Aaker, 1991. Lin and Kao, 2004.
Perceived quality	Perceived quality can be defined as the consumer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives	Zeithaml, 1988. Aaker, 1991. Schiffman and Kanuk, 2004. Kotler and Lee, 2005. Keller and Lehmann, 2006.
Other proprietary brand assets	Brand assets that inhibit or prevent competitors from eroding a customer base and loyalty. These assets can take several forms such as patents, trademarks, and channel relationships.	Aaker, 1991. Keller, 1993. Kotler and Lee, 2005. Keller and Lehmann, 2006.

BRAND EQUITY

While there are several definitions of brand equity from different perspectives one of the most generally accepted and the most comprehensive were defined by Aaker (1991) which incorporated both perception related and behavioral related dimensions into the concept of brand equity. Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five dimensions of brand equity he proposed.

Conceptual Framework for the Influence of CSR on Brand Equity

This research conceptualizes brand equity model which consist of five dimensions: brand awareness, brand association, brand loyalty, perceived quality and other proprietary brand assets. Brand association is replaced by brand image in this study.

Thus, brand equity used in this research based on the four underlying dimensions: brand awareness, brand image, brand loyalty, and perceived quality. Referring to the literature, the influence of CSR on brand equity may be moderated by brand familiarity. Thus the conceptual framework is shown in Figure 1.

According to conceptual framework and research question, we can construct the research hypotheses as follows.

Hypothesis 1: Information that indicates CSR initiative would help to increase brand equity.

Hypothesis 2: Information that indicates CSR initiative would help to increase brand awareness.

Hypothesis 3: Information that indicates CSR initiative would help to increase brand image.

Hypothesis 4: Information that indicates CSR initiative would help to increase brand loyalty.

Figure 1: Conceptual Framework for the Influence of CSR on Brand Equity
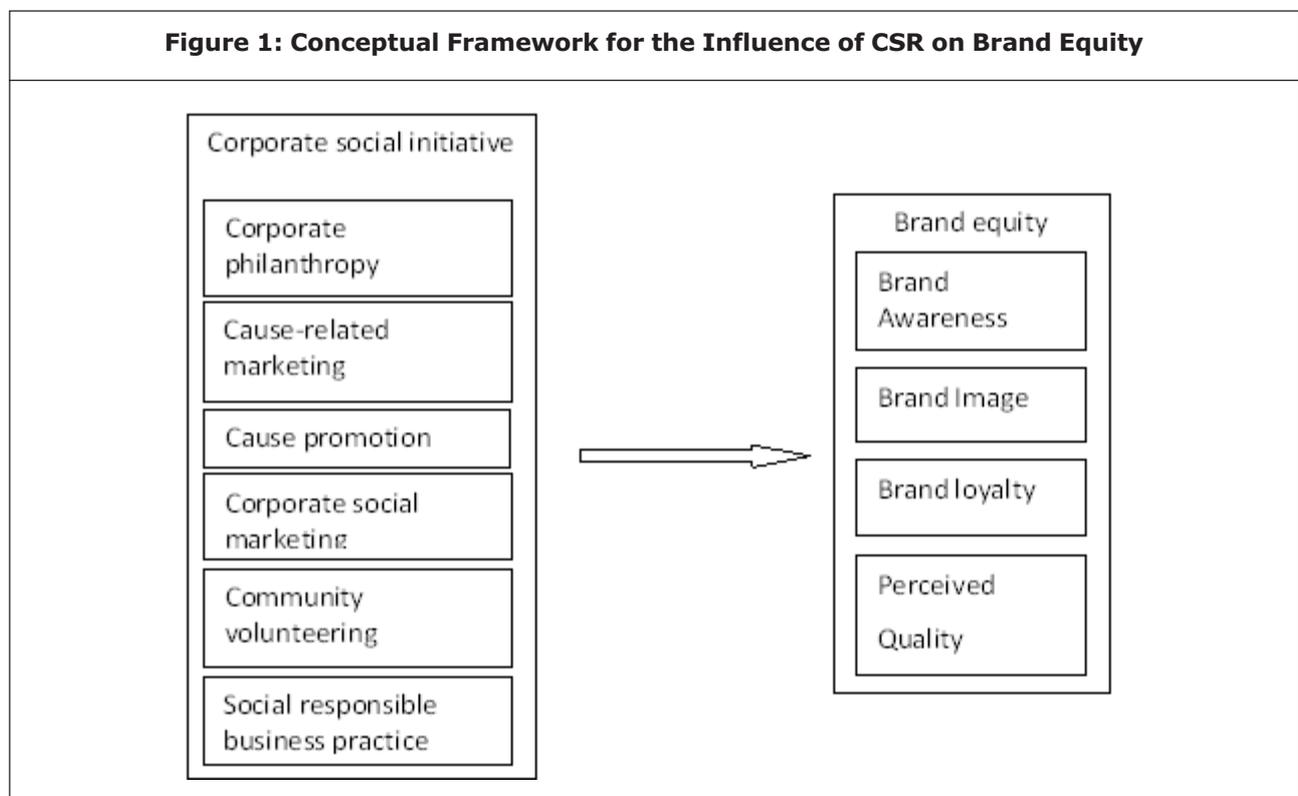
Hypothesis 5: Information that indicates CSR initiative would help to increase perceived quality.

RESEARCH METHODS

Research Design

The design for this study followed the experimental design. The reason for choosing the experimental design is because the experiment is particularly suited for hypothesis test and determining causation. This experiment is pre-test and post-test design; groups of test units are measured twice. First, pre-treatment measure is taken, then the groups received a different treatment, or exposed to a different independent variable and then post-treatment measure is taken. The groups are then compared with respect to the dependent variables with the purpose of distributing the different in the independent variables.

Independent Variables and Stimuli

The independent variable in this study relates to six stimuli which are the six major types of corporate social responsibility initiatives: stimulus A: exposure to corporate philanthropy, stimulus B: exposure to cause-related marketing, stimulus C: exposure to cause promotion, stimulus D:
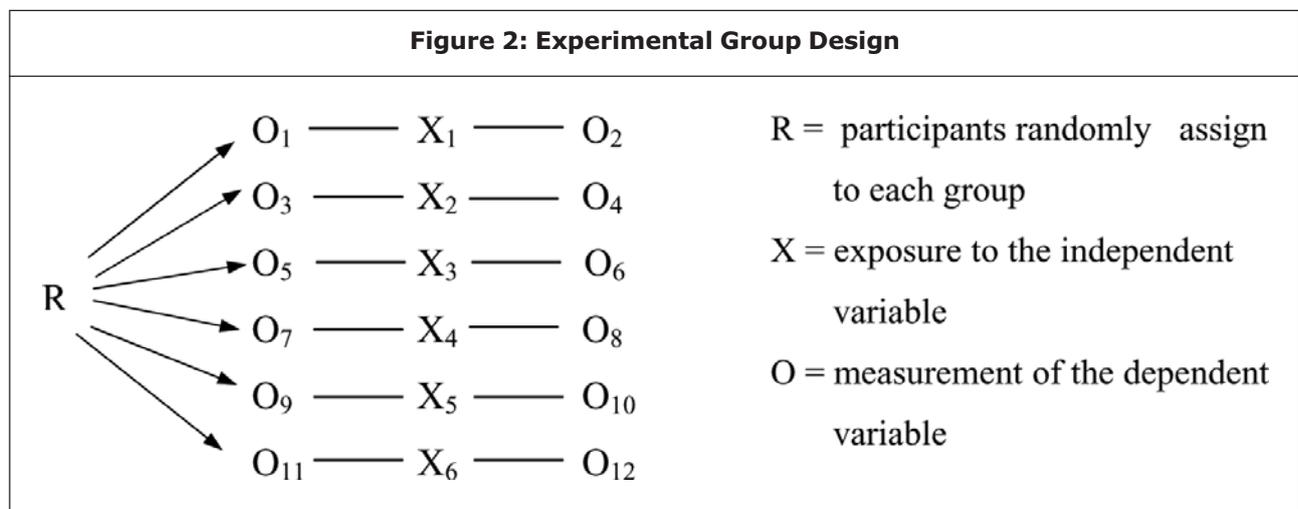
exposure to corporate social marketing, stimulus E: exposure to community volunteering and stimulus F: Exposure to social responsible business practice.

Dependent Variable

The construct of four dimensions of brand equity was done by using 5-point Likert scale. The construct of brand awareness was done by using 3-item, 5-Likert scale. The construct of brand image was measured using 8-item, 5-Likert. The construct of Brand loyalty was measured using 8-item, 5-Likert. Finally, the construct of perceived quality was measured using 6-item, 5-Likert scale. The instrument used in this research is self-administered questionnaires. It consists of both close-ended and open-ended questions. Six versions of questionnaires were developed for this research.

The Product and Brand

The product category had to be one that was both familiar and likely to be used by the sample to maximize the amount of data collected. Therefore, product categories selected for this research were shampoo, juice, and snack food. The brand that was mentioned most often in each product category was chosen. They were Malee,

Figure 2: Experimental Group Design

$$O_1 — X_1 — O_2$$
$$O_3 — X_2 — O_4$$
$$O_5 — X_3 — O_6$$
$$R$$
$$O_7 — X_4 — O_8$$
$$O_9 — X_5 — O_{10}$$
$$O_{11} — X_6 — O_{12}$$

R = participants randomly assign to each group

X = exposure to the independent variable

O = measurement of the dependent variable

Lays and Sunsilk brand. Each CSR initiatives including pictures, texts related to objective and the outcome were selected and summarized into eight pages of Power Point slides to present to the respondents.

Population and Sample

The population of this research is the people who have been consumers of the shampoo or juice or snack food in the Bangkok Metropolitan. The Multi-stage Sampling technique including cluster, quota and judgment sampling is utilized for this study. For cluster sampling, 50 districts Bangkok Metropolitan Administration in Bangkok are grouped into 12 groups. The researcher randomly selected 6 groups from 12 groups. For Quota Sampling, 360 samples are divided into six groups with the equal proportion. In order to cover the six representative districts, each group containing 60 samples was again divided to equal proportion. Finally, judgmental sampling technique was used to distribute questionnaire to the respondents.

Research Instrument

The instrument used in this research is self-administered questionnaires. It consists of both close-ended and open-ended questions. Six versions of questionnaires were developed for this research. The questionnaire consisted of four parts. The first part focuses on the consumer's opinion toward corporate social responsibility. The second part contains the questions regarding the four dimensions of brand equity before consumer received the CSR initiative information. The third part contains the questions regarding test of consumer's perception toward CSR initiative and four dimensions of brand equity after consumer received the information about CSR initiatives. The last part contained the questions about respondents' demographic data include gender, age, education level, occupation, and also income.

Validity and Reliability

The items to measure the four dimensions of brand equity: brand awareness, brand image, brand loyalty and perceived quality were taken from validate brand equity assessment by Villarejo-Ramos and Sánchez-Franco (2005). The experts in marketing and statisticians were then asked to comment on the content accuracy and completion. After discussed with the expert, some items were adjusted. The reliability test using Cronbach's coefficient then was conducted and the result was acceptable at all scales. The alpha coefficient of brand equity and its dimensions before the respondents received the CSR initiative information ranged from 0.8042 to 0.9430. Meanwhile, the alpha coefficient of brand equity and its dimensions after the respondents received the CSR initiative information ranged from 0.9049 to 0.9756.

Data Collection

In order to collect the data, the questionnaires which have the questions regarding to the brand that respondents have not seen the CSR initiatives before were randomly distribute to the respondent. After the respondents completely answer the questions in part 2, the researcher presents the CSR initiatives to the respondents, and then they are asked to complete the questionnaire again.

Data Analysis

For the purpose of hypothesis testing, paired Sample T-test technique is used to test the influence of corporate social responsibility on brand equity.

RESULTS AND DISCUSSION

Consumer's Knowledge Toward of Corporate Social Responsibility

From Table 3, the finding of the study shows that people in Bangkok have a high understanding of the basics of CSR. From Table 3, 51.1% of the respondents have a very high understanding of the basics of CSR, 31.3% have high understanding of the basics of CSR, and 13.2% have neutral understanding of the basics of CSR. Only 2.4% have low understanding of the basic of CSR.

The survey result shows that consumers in Bangkok think that company's social responsibility is important and want to see companies act responsibly toward society. From Table 3, 42.5% of respondents strongly agree that company's social responsibility is very important. Only 2% of respondents disagree that company's social responsibility is important.

Test of Hypothesis

Hypothesis 1

Table 4 presents the mean scores of brand equity both before and after the respondents received CSR initiative information for each brand.

The results shown in Table 4 indicate that after the respondents received the CSR initiative information, each brand has higher mean scores of brand equity than before the respondents received the CSR initiative information.

Table 3: Consumer's Knowledge Toward of Corporate Social Responsibility								
	Very Low	Low	Neutral	High	Very High	Mean	SD	Level
1. Consumer's knowledge toward corporate social responsibility.	3 (0.7) Strongly Disagree	7 (1.7) Disagree	54 (13.2) Neutral	128 (31.3) Agree	209 (51.1) Strongly Agree	3.85 Mean	1.168 S.D.	High Level
2. The importance of corporate social responsibility.	2(0.5)	6(1.5)	78(19.1)	144(35.2)	174(42.5)	4.20	0.836	High
3. Consumer's expectation to see company behave responsibly towards society	0(0.0)	2(0.5)	38(9.5)	165(41.4)	194(48.7)	4.38	0.681	Very High
4. Factor driving corporate social responsibility								
a) To improve reputation and brand image	5(1.2)	20(4.9)	71(17.4)	136(33.3)	147(42.5)	4.12	0.948	High
b) CEO Intention	7(1.7)	30(7.3)	169(14.3)	137(35.5)	61(14.9)	3.53	0.897	High
c) The customer's expectation	3(0.7)	25(6.1)	121(29.6)	149(36.4)	105(25.7)	3.81	0.918	High
d) To improve community well-being	9(2.2)	26(6.4)	114(27.9)	150(36.7)	108(26.4)	3.79	0.979	High
e) To respond to law and government policy	13(3.2)	43(10.5)	152(27.2)	125(30.6)	72(17.6)	3.49	1.006	High
5. I will buy product or service from the social responsible company.	4(1.0)	21(5.1)	130(31.8)	141(34.5)	111(27.1)	3.81	0.926	High
6. I will pay more for the social responsible product or service.	14(3.4)	55(13.4)	142(34.7)	126(30.8)	167(16.4)	3.41	1.067	High

Table 4: Mean Scores of Overall Brand Equity for Each Brand

Brand	Before Consumer received CSR information	After Consumer received CSR information
Malee	3.016	3.274
Sunsilk	3.125	3.217
Lays	3.380	3.584
Total	3.173	3.358

From Table 5, the results of this analysis indicates that there is significant difference between brand equity after respondents received the CSR initiative information and brand equity before respondents received the CSR initiative information at a 95% confidence level for overall known brand (t = 7.552, df = 179, p < 0.05) and each brand: Malee (t = 5.505, df = 59, p < .05), Sunsilk (t = 2.828, df = 59, p < 0.05) and Lays (t = 4.626, df = 59, p < 0.05). As such, hypothesis 1 is support.

Table 5: Results of Pair Sample T-Test: Brand Equity

		Mean	S.D.	Std. Error	t	df	Sig. (2-tailed)
Malee	BE_AF-BE_AF	0.259	0.364	0.047	5.505	59	.000
Sunsilk	BE_AF-BE_AF	0.093	0.254	0.033	2.828	59	.006
Lays	BE_AF-BE_AF	0.205	0.343	0.044	4.626	59	.000
Total	BE_AF-BE_AF	0.185	0.329	0.245	7.552	179	.000

Table 6: Mean Scores of Each Dimension of Brand Equity Before and After Consumer Received CSR Information

Brand	Before Consumer received CSR information	After Consumer received CSR information
Brand awareness	4.077	4.240
Brand Image	3.253	3.410
Brand loyalty	2.740	2.971
Perceived quality	3.197	3.373
Total	3.173	3.358

Hypothesis two – Hypothesis Five

The results shown in Table 6 indicate that mean score of brand equity after consumer received CSR information is higher than that of before the respondents received the CSR initiative information. In order to test whether the differences were statistically significant, Pair Sample T-Test was conducted. The result of the analysis as shown in Tables 7 to 10.

For brand awareness, brand image, brand loyalty and perceived quality, the results of this

Table 7: The Results of Pair Sample T-Test Between Four Dimensions of Brand Equity

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	BA__AF - BA_BF	.1585	.49615	.03698	.0855	.2315	4.286	179	.000
Pair 2	BI_AF - BI_BF	.1574	.48771	.03635	.0857	.2292	4.331	179	.000
Pair 3	BL_AF - bl_af	.2314	.43882	.03271	.1669	.2960	7.076	179	.000
Pair 4	PQ_AF - PQ_BF	.1766	.39730	.02961	.1182	.2350	5.964	179	.000

Table 8: The Results of Pair Sample T-test Analysis of Four Dimensions of Brand Equity for Malee

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	BA__AF - BA_BF	.2645	.58026	.07491	.1146	.4144	3.531	59	.001
Pair 2	BI_AF - BI_BF	.2318	.64626	.08343	.0649	.3988	2.779	59	.007
Pair 3	BL_AF - bl_af	.2947	.45085	.05820	.1782	.4111	5.063	59	.000
Pair 4	PQ_AF - PQ_BF	.2432	.43426	.05606	.1310	.3553	4.337	59	.000

Table 9: The Results of Pair Sample T-test Analysis of Four Dimensions of Brand Equity for Lays

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	BA__AF - BA_BF	.1277	.47661	.06153	.0045	.2508	2.075	59	.042
Pair 2	BI_AF - BI_BF	.1625	.41212	.05320	.0560	.2690	3.054	59	.003
Pair 3	BL_AF - bl_af	.2797	.49697	.06416	.1513	.4080	4.359	59	.000
Pair 4	PQ_AF - PQ_BF	.2060	.38353	.04951	.1069	.3051	4.160	59	.000

analysis indicated that there is a significant difference between perception of quality before and after respondent received the CSR initiative information at a 95% confidence level. As such, hypothesis five is support.

From Table 8 and 9, the results of these analyses indicate that there is a significant difference between each dimension of brand equity: brand awareness, brand image, brand loyalty and perceived quality before and after

consumers received the CSR initiative information at a 95 % confidence level. As such, hypothesis two – hypothesis five are support both Malee and Lays brand.

The results of table 10 indicate that there is a significant difference between brand loyalty before and after consumers received the CSR initiative information at a 95% confidence level. As such, hypothesis four is support while there is no significant difference of brand awareness, brand

Table 10: The results of Pair Sample T-Test analysis of four dimensions of brand equity for Sunsilk

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	BA__AF - BA_BF	.0833	.40601	.05242	-.0216	.1882	1.590	59	.117
Pair 2	BI_AF - BI_BF	.0780	.34939	.04511	-.0123	.1683	1.729	59	.089
Pair 3	BL_AF - bl_af	.1200	.33900	.04376	.0324	.2076	2.742	59	.008
Pair 4	PQ_AF - PQ_BF	.0807	.35843	.04627	-.0119	.1733	1.743	59	.086

image and perceived quality before and after consumers received the CSR initiative information at a 95% confidence level. As such, hypothesis two, hypothesis three and hypothesis five are not support.

CONCLUSION

This study examines the influence of CSR on brand equity in terms of brand awareness, brand image, brand loyalty and perceived quality. The result of the data analysis shows that CSR initiative helps increasing brand equity. For Malee brand and Lays brand, the result indicates that brand awareness, brand image, brand loyalty and perceived quality are increase after consumer received CSR initiative information. However, for Sunsilk brand the result indicates that CSR initiative increases only on brand loyalty not on brand awareness, brand image, and perceived quality. For Sunsilk, the reason why the influence of CSR is significant only on brand loyalty not on other dimension of brand equity may be because of consumer's perception of fit between the brand and the cause.

This research enables companies and marketers to understand the influence of their CSR program and how this program affects each dimension of brand equity which they can use to develop their CSR program according to their need.

It is suggested that marketing managers or practitioners can be used CSR as a marketing strategy to improve brand equity by focusing on these three areas. However, supporting employee volunteerism, donating percentage of its revenue to a specific cause base on product sale and promoting social cause to increase awareness and concern are also the important activities.

REFERENCES

1. Aaker D (1991), *Managing brand equity*, New York: Free Press.

2. Andreasen A (1996), "Profits for non-profits: Find a corporate partner", *Harvard Business Review,* Vol. 74, pp. 47–59.

3. Bhattacharya C and Sen S (2004), "Doing better at doing good: when, why, and how consumers respond to corporate social initiatives", *California Management Review,* Vol. 47, No. 1, pp. 9–24.

4. Basil D and Weber D (2006), "Values motivation and concern for appearances: the effect of personality traits on responses to corporate social responsibility", *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 11, No. 1, pp. 61–72.

5. Broderick A, Jogi A and Gary T (2003), "Tickled pink: the personal meaning of cause related marketing for customers", *Journal of Marketing Management,* Vol. 19, No. 5-6, pp. 583–610.

6. Chen A (2001), "Using free association to examine the relationship between the characteristics of brand associations and brand equity", *Journal of Product & Brand Management,* Vol. 10*,* No. 7, pp. 439–451.

7. Clarkson M (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", *The Academy of Management Review,* Vol. 20, No .1, pp. 92–117

8. Cone C, Feldman M, and DaSilva A (2003), "Causes and effects*", Harvard Business Review,* Vol. 81, No. 7, pp. 95–101.

9.   Dupree J (2000), "Review of brand spirit: how cause related marketing builds brands", *Journal of Consumer Marketing,* Vol. 17, No. 5, pp. 461–464.

10. Faircloth J, Capella L and Alford B (2001), "The effect of brand attitude and brand image on brand equity", *Journal of Marketing Theory and Practice,* Vol. 9, No. 3, pp. 61–75.

11. Hoeffler S and Keller K (2002), "Building brand equity through corporate societal marketing", *Journal of Public Policy and Marketing,* Vol. 21, No. 1, pp. 78–89.

12. Keller K (1993), "Conceptualizing, measuring, and managing customer-based brand equity", *Journal of Marketing,* Vol. 57, No. 1, pp. 1–22.

13. Keller K and Lehmann D (2006), "Brands and branding: Research findings and future priorities", *Marketing Science,* Vol. 25, No. 6, pp. 740–759.

14. Klein J and Dawar N (2004), "Corporate social responsibility and consumers' attributions and brand evaluations in a product-harm crisis", *International Journal of Research in Marketing,* Vol. 21, pp. 203–217.

15. Kotler P & Lee N (2005), *Corporate social responsibility*. Hoboken, NJ: Wiley.

16. Laczniak G (1983), "Framework for analyzing marketing ethics", *Journal of Macromarketing*, Vol. 3, No. 1, pp. 7–18.

17. Lin C & Kao D (2004), "The impacts of country of origin on brand equity", *Journal of American Academy of Business,* Vol. 5, No. 1/2, pp. 37–40.

18. Park C, Jaworski B and MacInnis D (1986), "Strategic brand concept-image management", *Journal of Marketing,* Vol. 50, No. 4, pp. 135–145.

19. Reichheld F & Sasser E (1989), "Zero defections: quality comes to services", *Harvard Business Review,* Vol. 68, No. 5, pp. 105–111.

20. Schiffman L and Kanuk L (2004), *Consumer Behavior,* NJ: Prentice Hall.

21. Torresa A, Tammo H, Tribóc J and Peter Verhoefd P (2012), "Generating global brand equity through corporate social responsibility to key stakeholders", *International Journal of Research in Marketing,* Vol. 29, No. 1, pp. 13–24

22. Varadarajan R, Ajan P and Menon A (1988), "Cause-related marketing: A co-alignment of marketing strategy and corporate philanthropy", *Journal of Marketing,* Vol. 52, No. 3, pp. 58–74.

23. Villarejo-Ramos A and Sánchez-Franco M (2005), "The impact of marketing communication and price promotion on brand equity", *Journal of Brand Management*, Vol. 12, No. 6, pp. 431–444

24. Webb D and Mohr L (1998), "A typology of consumer responses to cause-related marketing: from skeptics to socially concerned", *Journal of Public Policy & Marketing,* Vol. 17, No. 2, pp. 226–238

25. Zeithaml V (1988), "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence", *Journal of Marketing,* Vol. 52, No. 3, pp. 2–22.