The Effect of Corporate Social Responsibility - Practices on Brand Equity

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Abstract

Ethical, economic, social, legal, environmental and marketplace responsibilities are the various elements of CSR. It is an automatic instrument whereby organizations assess the social standards and social laws of the nation. The center goal of CSR is building the obligation of the firm towards the environment, well-being and security, labor, consumer, and networks. CSR has various methodologies that one organization can follow. One of the methodologies is giving flair to some specific division or any open government assistance association. It turns out to be a piece of their worthy creation system. Organizations have a social responsibility and are answerable for their interior just as outside actions. They cannot do any demonstrations which are against the nearby standards, laws or oppose the environment. Corporate responsibility is a genuine promise to carry on morally and participate in the advancement of monetary development and developing personal satisfaction. Brand equity and CSR have a strong association. Being socially capable by utilizing some methodology makes support among brand equity and CSR. When can CSR upgrade the brand equity and make it a right picture in the brains of a considerable number of partners? It spreads on various levels and organizations try hard to reliably assemble brand equity. The dominant traditional component of brand equity is brand connections. Affiliations represent the connection between brand dedication and buying decisions. We have taken a survey of 250 people and its results have been calculated on SmartPLS. Brand value is viewed as the client devotion, the brand's potential value premium asserted brand initiative, high similar quality, vary from different brands, consumers' saw trust, esteem, and dependability of the brand, brand mindfulness, the supposed worth of the brand, its piece of the overall industry, its character just as its utilitarian favorable circumstances.

Keywords: Ethical, economic, social, legal, environmental, marketplace responsibilities

BACKGROUND OF THE RESEARCH

Corporate social responsibility states the contribution of the corporate sector towards the society in terms of giving back to them, it could be in a shape of fabricating a school, providing medical facilities, feeding the poor, or any other method by which they can contribute to the betterment of the society and its residents (Zaman, 2101). The importance of corporate social responsibility has been a need for the corporate world in today's time as compared to earlier times when it was only considered as a decent intention of the corporate sector companies.

The companies in the corporate world in today's time, not only compete on the price and the competitive advantage, they have over each other. Rather, they are focusing more on the corporate social responsibility concerns and compete on that basis in the customer mind, marketplace, and corporate world (Asamoah, 2011). Companies nowadays focus more on corporate social responsibility practices in the society to the extent of the welfare of their labor force and their families, the communities in the societies, their ethical practices, concern towards the preservation of the environment, etc. All these factors have a great impact on building the brand reputation, which in turn helps in building brand equity.

In today's time, not only local companies but multi-national corporations have started focusing and sparing a specific and major portion of their revenues for the fulfillment of corporate social responsibilities (Gelb, 2006). This fulfillment has become a mandatory activity in today's time to compete in the corporate sector, without the fulfillment of corporate social responsibilities; no company can establish its brand equity in the market.

INTRODUCTION TO RESEARCH

The effect of corporate social responsibility practices on brand equity is related to the marketing sector of the corporate world as this topic focuses on the implementation of corporate social responsibility practices for the sake of building brand reputation and brand equity (Kamargianni, 2019). In the earlier 1900s, the companies usually focused on making sales as much as they can for profit maximization but underlined the need to keep consumers approach in context, which affected the market. Eventually, the companies started considering their buyers and this is what started to be known as the marketing strategy. Marketing is all about maintaining a positive relationship between the seller and buyer by identifying and fulfilling the needs of their consumers. The term used for this approach is 'close the need-offer gap'; this means that we should take into context the needs and demands of the market and customers and act accordingly. The topic of my research is basic and is quantitative Research.

The research would show the correlation between corporate social responsibility practices and brand equity. This topic is all about the implementation of corporate social responsibility practices in organizations that affect brand equity. This topic would highlight all the issues and benefits faced by society as well as organizations related to corporate social responsibility practices (Carroll, 1991). It would show how important is corporate social responsibility practices are and how it leads to a sustainable and competitive organization rather than just the ones running after making profits. Corporate social responsibility is much more than just making profits and the effects of it on a brand's value and its equity, say all about it. Either it can badly affect companies or can be very beneficial for organizations. It all depends upon the companies how they make a correct use out of it.

PROBLEM STATEMENT

How social issues like Ethical Responsibility, Economic Responsibility, Social Responsibility, Legal Responsibility, Environmental Responsibility, Marketplace Responsibility can be solved with the help of CSR? The problems which need to be solved through CSR activities in my point of view is that social issues which prevail among our society are; environmental, economic, social, and legal issues and ethical and marketplace problems. Most of the population thinks that an organization or a business should encourage and support social movements and issues like mentioned above. But the point is some firms keep on wondering whether they should help society with these issues or just remain silent and focus on the profit margin only which is surprising for me. According to my point of view, if any organization is capable of helping others, they should do that rather than just being selfish and giving harm to society they should help people in every possible way. Most of the population believes that large businesses and medium businesses should support social movements and so do I.

RESEARCH OBJECTIVE
1. To find out how CSR impacts brand equity.
2. To discover the influence of enforcing CSR in organizations and how it affects brand equity value.
3. To get to know about corporate social responsibility factors effect of ethical, economic, social, legal, and environmental and marketplace responsibilities.
4. To find out the effects of corporate social responsibility activities on brand equity, which could be either positive or negative?

IMPORTANCE OF STUDY
1. Corporate social responsibility helps in building the image/value/equity of the company.
2. Corporate social responsibility activities lead to boosting the morale of employees, having an ultimately positive effect on the productivity of the workforce.
3. The implementation of corporate social responsibility activities helps in the welfare of the needy people in the society, helps in the protection of the environment by having companies working in an environment-friendly way, proven ethical labor practices are to be seen, etc.
4. This leads to engaged employees, loyal customers, and positive public attention and would lead to better financial performance and organizational growth.
5.

SCOPE OF RESEARCH
1. The area of research in marketing.
2. This is random sampling research which would be constituted with small sample size.
3. The research will be beneficial for organizations, society, customers, the economy, and countries.

LIMITATIONS OF RESEARCH
1. Time constraints force the researcher to conduct a study with a short sample size.
2. The research is limited to the marketing domain.
3. Due to time constraints, random sampling was adopted in Quantitative Research rather than having a specialized sample of marketing experts as the respondent of this research.

LITERATURE REVIEW

The implementation of practices of corporate social responsibility is how companies achieve their business growth and establish brand equity by producing an inclusive positive impact on society. Corporate social responsibility is a relationship between companies and society. The viewpoint of corporate social responsibility practices has changed drastically in the light of altered circumstances and the changing requirements of the corporate world. The implementation of corporate social responsibility practices is now merged with the market competitiveness for the companies in the corporate sector and the minds of the consumers as well (Barjoei, 2016). Corporate social responsibility is a concept, which states the responsibilities of companies towards the ethical, economic, social, legal, environmental, and marketplace concerns. This approach of corporate social responsibility affecting brand equity can be applied in terms of theory, research purpose, and companies practice in the society or even within the organization. This literature review is about the corporate social responsibility factors, their implementation, and their effect on brand equity.

THEORETICAL FRAMEWORK

INDEPENDENT VARIABLES
Ethical Responsibility
As for the ethical responsibility in the corporate social responsibility perspective, the companies should perform their ethical responsibility while incorporating the corporate social responsibility in their whole organization (Carroll, 1991). The companies should have a sense of performing all the tasks whether inside the company or outside in the most ethical manner. This aspect covers dealing with their customers, dealing with their vendors, performing a different task, etc. The main concept, we get from this perspective is the binding of ethical practices for every organization incorporating corporate social responsibility in their organization. The ethical perspective covers the aspect of an organization performing ethical acts beyond every boundary and measure.

Economic Responsibility
This element of corporate social responsibility covers the aspect of profitability of the companies. As we know that companies exist to make a profit and their sole purpose is to maximize profit but when incorporating corporate social responsibility throughout the organization (Corroll, 1991). The company should keep in mind the concept of making a justifiable profit rather than just making profits with unjust reasons and charging the customer with unreasonable prices and pressurize them with a financial burden. Such things happen in a monopoly business, where we get to see such unjust practices, an example of such companies is of K-Electric; being the sole provider of electric power in Karachi, Pakistan. The need for economic responsibility under the umbrella of corporate social responsibility is of key importance and should be implemented by the companies in the corporate sector to maintain a monetary balance.

Social Responsibility
Organizations have an obligation towards the betterment of the society and for those multiple approaches are adopted from the end of the organization such as allocating their resources to the society, allocating a percentage of their profit for the welfare of society, and participation in arts, sports or community events (Carroll, 1991). These responsibilities are seen as the social responsibility of corporate social responsibility which an organization plays towards the society.

Legal Responsibility

The legal responsibility aspect of the corporate social responsibility practices covers the perspective of incorporating and binding laws and regulations in the operations and policy-making of the company (Carroll, 1991). The companies should abide by the rules and regulations mentioned in the law concerning different sectors' practices in the corporate world. Organizations are required to follow these rules and regulations as a code for their daily work. The implementation of these rules provides a better image of the company in the corporate world and the market as well.

Environmental Responsibility

There are certain laws for the protection of the environment which apply in the corporate world. The business in the corporate world has to and should comply with these international laws (Carroll, 1991). Many organizations in the world, ensure environmental safety in their operations and prefer developing environment-friendly products. Many organizations even use their raw material wastage as a recycling tool for the protection of the environment from wastage.

Marketplace Responsibility

This variable focuses on the ethical conduct of organizations in the marketplace either with their vendors, employees, or other stakeholders (Aaker, 1996). The organization's behavior with its supplier, their timely payment, timely audits on their vendors, behavior with their employees, etc., all comes under the umbrella of marketplace responsibility.

DEPENDENT VARIABLE
Brand Equity

Typically, brand equity relies upon overall tasks, item quality and highlights, the organization's picture, partner connections, and various elements. It takes a long time to construct the brand value of a company (Carroll, 1991). Brand equity is a dependent variable in this context which is affected by the ethical, social, economic, legal, environmental, and marketplace perspective of corporate social responsibility. The implementation of these independent variables results in the building of brand equity.

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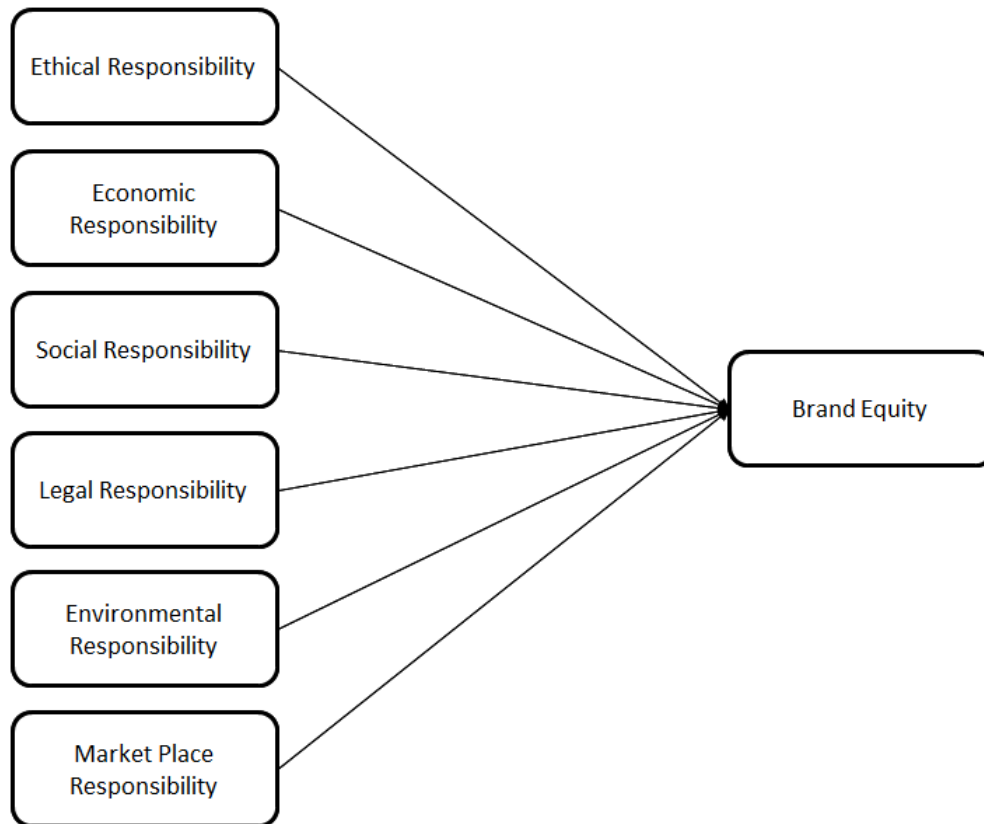   **Ahmed Saleem**

Figure 1 Conceptual Model

There is a significant relationship between independent and dependent variables. The study tested the following hypothesis mentioned below:

H_1: There is a positive relationship between ethical responsibility and brand equity.
H_2: There is a positive relationship between economic responsibility and brand equity.
H_3: There is a positive relationship between social responsibility and brand equity.
H_4: There is a positive relationship between legal responsibility and brand equity.
H_5: There is a positive relationship between environmental responsibility and brand equity.
H_6: There is a positive relationship between marketplace responsibility and brand equity.

METHODOLOGY

RESEARCH DESIGN

This states how things are being carried out and how the outcomes can be acquired. This is also known as the general research plan. The fundamental motivation behind this examination is to realize how companies implement corporate social responsibility practices to build brand equity.

Population and Sampling

Random individuals acted as the population of the study and from those populations, 250 numbers of respondents would be selected by utilizing random sampling technique.

Data Collection Technique

The data would be collected by getting the Questionnaire filled out by the respondents of the research.

Data Analysis Technique

Linear Regression and correlation statistical techniques would be used for analyzing the data and for verification of the hypothesis.

Data Results and Discussion

We have taken a survey of 250 people which consists of 112 female respondents and 138 male respondents which means 44.8% are female and 55.2% are male. As you can in the 21 to 30 years we got 60.8% of the respondents. Most of our targeted respondents are intermediate students and bachelor's degree holders. We got 50% bachelor's degree holders and 29.6% intermediate students. As you can also see in the work experience table many have an experience of 4-6 years at 29.8% and then by 1-3 years at 28.8%.

Socio-Demographic Characteristics of the Respondents

Characteristics	Frequency	Percent	Valid Percent	Cumulative Percent
Gender				
Male	138	55.2 %	55.2 %	55.2 %
Female	112	44.8 %	44.8 %	100.0 %
Total	250	100.0 %	100.0 %	
Age Group				
Below 20 years	10	4.0 %	4.0 %	4.0 %
21 to 30 years	152	60.8 %	60.8 %	64.8 %
31 to 40 years	61	24.4 %	24.4 %	89.2 %
41 to 50 years	18	7.2 %	7.2 %	96.4 %
51 and above	9	3.6 %	3.6 %	100.0 %
Total	250	100.0 %	100.0 %	
Income Level				
Below 25,000	48	19.2 %	19.2 %	19.2 %
25,001 – 30,000	57	22.8 %	22.8 %	42.0 %
30,001 – 40,000	55	22.0 %	22.0 %	64.0 %
Other	90	36.0 %	36.0 %	100.0 %
Total	250	100.0 %	100.0 %	
Qualification				
Matric	9	3.6 %	3.6 %	3.6 %
Intermediate	74	29.6 %	29.6 %	33.2 %
Bachelors	125	50.0 %	50.0 %	83.2 %
Masters	32	12.8 %	12.8 %	96 %

Diploma Certificate	5	2.0 %	2.0 %	98 %
Other	5	2.0 %	2.0 %	100.0 %
Total	250	100.0 %	100.0 %	
Work Experience				
Less than 1 year	52	20.8 %	20.8 %	20.8 %
1-3 years	72	28.8 %	28.8 %	49.6 %
4-6 years	74	29.6 %	29.6 %	79.2 %
7-10 years	29	11.6 %	11.6 %	90.8 %
Above 10 years	23	9.2 %	9.2 %	100.0 %
Total	250	100.0 %	100.0 %	

The model contains a survey of 250 people which consists of 112 female respondents and 138 male respondents which means 44.8% are female and 55.2% are male. We have a decent number of participants on both sides we can so we have a significant collection.

Figure 2. Measurement Model
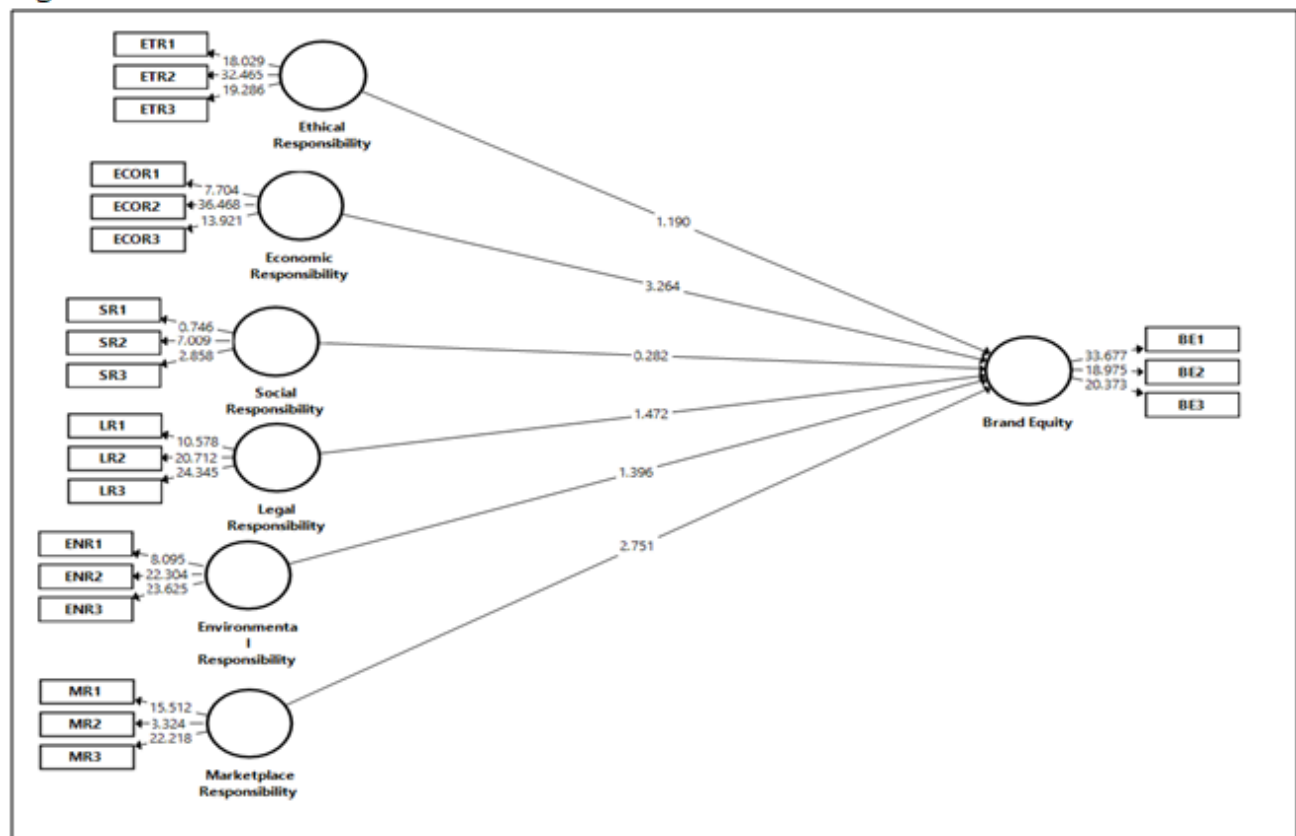
There are 7 variables taken in this research 6 independent variables and 1 dependent variable. The measurement model was made the help SmartPLS software to construct outer loading, Cronbach's alpha, rho_A, composite reliability, average variance extracted (AVE). As we know outer loading of 0.7 is highly accepted, 0.5 and 0.4 are also accepted, where anything below 0.4 is depleted. Cronbach's alpha is respectable when it's 0.7 or greater, minimal accepted around 0.6-0.7, whereas it is not accepted when less than 0.6. The values of composite reliability are respectable when it's 0.7 or greater, minimal accepted

around 0.6-0.7. The average variance extracted (AVE) when 0.5 or greater is demanded but if it is less than 0.5 it is unacceptable.

Reliability and Validity

Construct	Items	Outer Loading	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Brand Equity	BE1	0.828	0.720	0.841	0.841	0.638
	BE2	0.789				
	BE3	0.777				
Economic Responsibility	ECOR1	0.592	0.673	0.790	0.790	0.561
	ECOR2	0.862				
	ECOR3	0.769				
Environmental Responsibility	ENR1	0.642	0.673	0.805	0.805	0.583
	ENR2	0.817				
	ENR3	0.818				
Ethical Responsibility	ETR1	0.803	0.744	0.846	0.846	0.647
	ETR2	0.841				
	ETR3	0.768				
Legal Responsibility	LR1	0.672	0.663	0.817	0.817	0.600
	LR2	0.814				
	LR3	0.828				
Marketplace Responsibility	MR1	0.779	0.575	0.730	0.730	0.495
	MR2	0.396				
	MR3	0.849				
Social Responsibility	SR1	0.211	0.678	0.660	0.660	0.447
	SR2	0.936				
	SR3	0.647				

The discriminate validity was calculated by Fornell-Larcker and Heterotrait-Monotrait Ratio (HTMT) calculations.

Discriminate Validity through Fornell-Larcker

	Brand Equity	Economic Responsibility	Environmental Responsibility	Ethical Responsibility	Legal Responsibility	Marketplace Responsibility	Social Responsibility
Brand Equity	0.798						
Economic Responsibility	0.485	0.749					
Environmental Responsibility	0.429	0.415	0.763				
Ethical Responsibility	0.409	0.480	0.473	0.805			
Legal Responsibility	0.472	0.552	0.596	0.486	0.774		
Marketplace Responsibility	0.492	0.487	0.516	0.460	0.527	0.703	
Social Responsibility	0.237	0.264	0.337	0.284	0.395	0.241	0.668

In Fornell-Larcker both lower and left side's variance data are compared to the constructs on their own. In HTMT the values are less than 0.85, so it confirmed there is no problem in discriminate validity data.

Discriminate Validity through Heterotrait-Monotrait Ratio (HTMT)

	Brand Equity	Economic Responsibility	Environmental Responsibility	Ethical Responsibility	Legal Responsibility	Marketplace Responsibility	Social Responsibility
Brand Equity							
Economic Responsibility	0.684						
Environmental Responsibility	0.623	0.613					
Ethical Responsibility	0.556	0.677	0.676				
Legal Responsibility	0.685	0.820	0.887	0.697			
Marketplace Responsibility	0.660	0.692	0.935	0.695	0.822		
Social Responsibility	0.373	0.515	0.585	0.361	0.549	0.584	

Our model is unfit because the SRMR should be less than 0.08, however, ours is 0.103 so it's unfit.

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Model Fit

|	Saturated Model	Estimated Model
SRMR	0.103	0.103
d_ULS	2.451	2.451
d_G	0.609	0.609
Chi-Square	918.999	918.999
NFI	0.493	0.493

Since there is one dependent variable available only one R Square was there. The value is 0.342 of R Square it can be considered the weak or low impact on independent variables.

R Square

	R Square .	R Square Adjusted
Brand Equity	0.358	0.342

As we know the model is unfit, to find the fitness Q Square method. This test will run on SmartPLS to find the values through Construct Cross Validated Redundancy.

Figure 3. Model Fitness
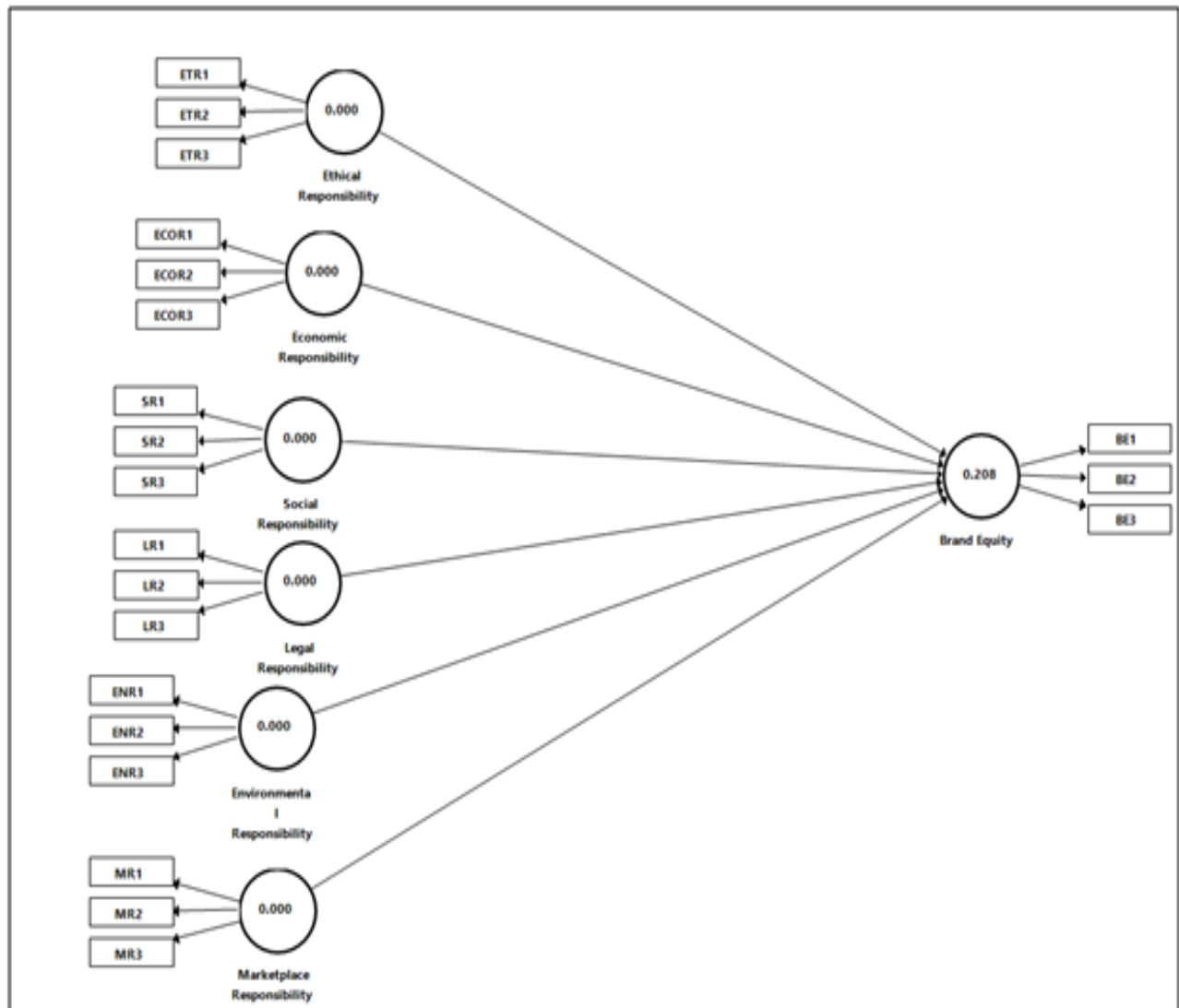
As Q Square should be greater than 0 and here in the test it shows that Q Square is 0.208 so it indicates that the model is fit and can provide results.

Construct Cross Validated Redundancy

	SSO	SSE	Q^2 (=1-SSE/SSO)
Brand Equity	750.000	593.643	0.208
Economic Responsibility	750.000	750.000	
Environmental Responsibility	750.000	750.000	
Ethical Responsibility	750.000	750.000	
Legal Responsibility	750.000	750.000	
Marketplace Responsibility	750.000	750.000	
Social Responsibility	750.000	750.000	

After testing validity and reliability, the research now was testing the hypothesis. There are 6 hypotheses in the research that direct towards the dependent variable brand equity. Its shows all the variables are significant.

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Economic Responsibility -> Brand Equity	0.220	0.218	0.065	3.367	0.001
Environmental Responsibility -> Brand Equity	0.103	0.107	0.072	1.427	0.154
Ethical Responsibility -> Brand Equity	0.087	0.089	0.074	1.179	0.239
Legal Responsibility -> Brand Equity	0.122	0.120	0.080	1.512	0.131
Marketplace Responsibility -> Brand Equity	0.224	0.226	0.082	2.731	0.006
Social Responsibility -> Brand Equity	0.018	0.034	0.060	0.294	0.769

SCOPE OF FUTURE RESEARCH

The scope of future research is that the research could be conducted to see the effect of the positive and negative impact of corporate social responsibility practices/implementation on brand equity on consumer buying decisions. The variable which could be added in future research could be the customer buying behavior concerning the brand equity of the company.

DISCUSSION / CONCLUSION

In the conclusion, I would like to add that the importance of corporate social responsibility has gained key importance in today's world, which was witnessed in this report. The implementation of corporate social responsibility has become mandatory for the companies in the corporate world for marking their image or in better words; I would like to say that corporate social responsibility is obligatory for the survival of companies in a current competitive environment. The implementation of corporate social responsibility practices not only benefit the society but the organization as well by having a positive approach towards nature and in return, the company is being regarded as environment friendly and gets to hold up a positive and strong brand image in the market as well as in the minds of the customers. The customers perceive such organizations' image very positively and respond to their products accordingly. Corporate social responsibility is an activity that is beneficial for both i.e. companies and society. The need for the approach adjustment of the companies regarding fulfillment of corporate social responsibility is a big concern but can be done. The more a company involves in corporate social responsibility activities, the easier, better, and quickly, it develops brand value and brand equity.

IMPLICATIONS / CONTRIBUTIONS

We included an independent variable called 'Marketplace Responsibility' in this study. Following that, we fill survey sheets with all variable questions about brand equity and collect data from different age groups and experienced people so that we can easily identify what people know about brand equity, and then we run our data through SPSS and SmartPLS software. We may use our base paper and references papers to get sources and ideas for all of this.

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