

A STUDY ON THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON CONSUMER BRAND EQUITY

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Abstract:

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all the stakeholders. "Consumers are king of the market" for any product. Advancement in technology and communication system supplies information to everyone makes the customers fully aware of their product. The company in order to reach the customers and withstand the completion, the company should concentrate on CSR activities. The purpose of this project is to find out the effect of Corporate Social Responsibility activities of a company by examining the consumers perception and attitude towards brand equity. Brand equity is defined as the assets associated with brands name that increases the value of the product or service of an organization. The companies who are investing on CSR activities are enjoying good customer loyalty and the brands they operate enjoy healthy profits and sustainable market position. Customer-based brand equity is defined from the perspective of the customer and is based on consumer knowledge, familiarity, and associations with the brand. Customers perception of the brand focuses on the dimensions of brand equity which involves brand awareness, brand image, brand quality, brand loyalty and brand association. The study examines the customer's attitude on CSR regarding brand equity. Brand attitude is an overall evaluation of consumers on a product that has a brand. Thus this study aims to analyze the perception of consumers regarding CSR activities of a company and to examine the attitude of consumers regarding Brand Equity of company's engaged in CSR activities.

Keywords: Corporate social responsibility, Brand Equity, Perception, Attitude.

1. INTRODUCTION

Corporate Social Responsibility of a company is the responsibility towards the community and environment (both ecological and social) in which it operates. Many companies engage in social responsible behavior as a part of their normal business operations. Brand equity is defined as the assets associated with a brand name that increases the value of the product or service of an organization. Corporate social responsibility (CSR) can benefit organizations by promoting a positive public image while creating a

workplace with satisfied employees, happy customers, and lower costs. The CSR activities not only help in building a brand name but also makes one a good employer and an employee. These companies are investing and managing their CSR activities for the well-being of the society and enjoying good consumer loyalty. Nowadays companies involve themselves in supporting schools, old age home, orphanage, hospitals conduct free medical camp at rural areas, skill oriented courses for first generation learners, providing free computer facilities to the underprivileged. Towards women development, free education for girl child, making them empowered in social and financial through employment opportunity in their concerns.

2. REVIEW OF LITERATURE

Kapferer (2017) mentioned in their study, the value of the brand comes from its ability to gain an exclusive, positive and prominent meaning in the minds of a large number of consumers and added that branding and brand building should focus on developing brand value. Brand value includes not only a monetary aspect, but also intangible assets. **Sarkar & Padhyay (2016)** examined that one of the most important tasks for a brand manager is to conceptualize the brand identity and to effectively communicate such identity to the consumers, so as to position the brand in the consumer's mind. **Simon & Sullivan (2014)** discussed three important features for brands; in the first place, brand equity is treated as an asset of the firm and is consequently separated from other assets of the firm; second, brand equity is calculated with a forward looking perspective; and third, the value of the company changes when new information reaches the market.

3. NEED FOR THE STUDY

The principal purpose of developing a comprehensive research framework is to explore whether CSR activities influence consumer's purchasing behavior towards brand equity. The study further explores consumer's perception and attitude towards brand equity on different CSR activities.

4. OBJECTIVES OF THE STUDY

1. To analyze the perception of consumer's regarding CSR activities of a company.
2. To analyze the attitude of consumer's regarding Brand Equity of company's engaged in CSR activities.
3. To study the effect of CSR on consumer Brand Equity

5. RESEARCH METHODOLOGY

Structured questionnaire was used to collect data from the samples. The sample size is fifty. Convenient sampling technique was adopted. The collected data was interpreted and statistically analyzed. The statistical tools used for the study are Percentages, Weighted Mean and Standard deviation.

6. LIMITATIONS OF THE STUDY

1. The survey was restricted to 50 samples
2. It cannot be generalized to entire population.
3. The perception of the respondents may vary with time.

7. ANALYSIS AND INTERPRETATION

TABLE NO. 1 DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

| S.NO. | AGE | PERCENTAGE |
|-------|-------------------------|------------|
| 1 | 18-25 | 44 |
| 2 | 25-35 | 18 |
| 3 | 35-45 | 14 |
| 4 | 45-55 | 20 |
| 5 | Above 55 | 4 |
| S.NO. | EDUCATION | PERCENTAGE |
| 1 | Diploma/12std | 16 |
| 2 | Graduate | 44 |
| 3 | Post graduate | 34 |
| 4 | Others | 6 |
| S.NO. | MONTHLY INCOME | PERCENTAGE |
| 1 | 20,000-40,000 | 62 |
| 2 | 40,000-60,000 | 34 |
| 3 | 60,000-80,000 | 2 |
| 4 | Above 80,000 | 2 |
| S.NO. | OCCUPATION | PERCENTAGE |
| 1 | Student | 34 |
| 2 | Employee-private/public | 46 |
| 3 | Business | 10 |
| 4 | Unemployed | 10 |
| S.NO. | GENDER | PERCENTAGE |
| 1 | Male | 32 |
| 2 | Female | 68 |

From the above Table, it is inferred that majority (44%) of the respondents are between the age 18 and 25, (44%) of the respondents are graduates, (68%) of the respondents are female, (46%) of the respondents are employee's and (62%) of the respondents have monthly income between 20,000 and 40,000.

TABLE NO: 2 AWARENESS OF RESPONDENTS TOWARDS CSR

| S.NO. | STATEMENTS | PERCENTAGE |
|-------|------------|------------|
| 1 | Yes | 76 |
| 2 | No | 24 |

From the above Table, it is inferred that majority (76%) of the respondents are aware of CSR activities.

TABLE NO: 3 BUSINESS CONSIDERATIONS

| S.NO. | STATEMENTS | SCORES |
|-------|------------------------------|--------|
| 1 | Legal responsibility | II |
| 2 | Economic responsibility | IV |
| 3 | Ethical responsibility | III |
| 4 | Philanthropic responsibility | I |

From the above Table, it is inferred that the respondents rank philanthropic responsibility as the most important (I) business consideration followed by legal (II) and ethical responsibility (III). The respondents rank economic responsibility (IV) as the least business considerations.

TABLE NO: 4 CUSTOMERS' PERCEPTION TOWARDS CSR ON BRAND EQUITY

| S.NO. | STATEMENTS | MEAN | S.D. |
|-------|-----------------------------------------------|--------------|--------------|
| 1 | Customer's buying decisions | 4.080 | 0.566 |
| 2 | Develop new businesses with social objectives | 3.980 | 0.553 |
| 3 | Improve employee commitment | 4.040 | 0.669 |
| 4 | Improve the company's public image | 4.140 | 0.670 |
| 5 | Obtain new customers | 3.860 | 0.756 |
| 6 | Fulfill legal requirements | 3.680 | 0.768 |
| 7 | Increase short term profitability | 3.320 | 0.999 |
| 8 | Environmental friendly | 3.900 | 0.678 |

| | | | |
|----|--------------------------------|-------|-------|
| 9 | Fulfill social responsibility | 3.940 | 0.586 |
| 10 | Enter new markets | 3.940 | 0.620 |
| 11 | Obtain favorable tax treatment | 3.180 | 1.004 |

The above Table depicts that all the eleven statements which measures customer's perception of CSR activities relating to brand equity having the highest weighted mean (4.140) which improves the company's public image, followed by the weighted mean (4.080) which indicates customers buying decision process and also improves employees commitment with weighted mean (4.040), weighted mean (3.980) which intimates the company to develop new business with social objectives, weighted mean (3.940) which indicates both company's fulfillment towards social responsibility and helps the company to enter new markets and the least weighted mean scores are (3.860,3.680,3.20 and 3.180) which indicates the company to obtain new customers, fulfill legal requirements, increases short term profitability and obtain favorable tax treatment.

**TABLE NO: 5 CUSTOMERS' ATTITUDE TOWARDS CSR ON
BRAND EQUITY**

| S.NO. | STATEMENTS | MEAN | S.D. |
|-------|------------------------------------------------------------------------------|--------------|--------------|
| 1 | (High value goods) decision making process. | 3.000 | 0.990 |
| 2 | (Low value goods), decision making process. | 3.040 | 0.880 |
| 3 | Loyalty towards the brand that consider CSR activities. | 3.160 | 0.955 |
| 4 | A brand with strong CSR would be my first choice. | 3.220 | 0.954 |
| 5 | CSR activity enhances company's profile | 3.380 | 1.008 |
| 6 | Not willing to buy a similar brand, which is associated with CSR activities. | 2.880 | 1.081 |
| 7 | Identify brands with strong CSR activities. | 3.200 | 0.948 |
| 8 | Distinguish brands with CSR activities. | 3.280 | 0.970 |
| 9 | Awareness of brands implementing CSR policies. | 2.980 | 0.915 |
| 10 | Quickly recall the symbol or logo of brands that practices CSR. | 3.040 | 0.989 |

The above table shows that all the ten statements which measures customers attitude towards CSR on brand equity having the least weighted mean (2.880) which indicates the customers for not willing to buy the similar brand which is associated with CSR activities, followed by weighted mean (2.980) which indicates the awareness of brands implementing CSR policies, weighted mean (3.000) indicating the customers decision process (high value goods), weighted mean which indicates both decision making process (low value goods) and recalling symbols or logos of brand which practices CSR activities, gradually

increases by weighted mean scores (3.200,3.220 and 3.280) which indicates the customers to identify brands with strong CSR activities, brands with CSR would be their first choice and distinguish brands with CSR activities and the highest weighted mean (3.380) which indicates the customers attitude towards CSR activity which enhances company's profile.

TABLE NO: 6 SUMMARY TABLE

| S.NO. | FACTORS | MEAN | S.D. |
|-------|-----------------------|-------|-------|
| 1 | Customers' Perception | 3.824 | 0.158 |
| 2 | Customers' Attitude | 3.118 | 0.055 |

The above Table shows that the customers have a positive perception towards CSR on brand equity as the mean value is 3.824, which is more than 3. They also have a positive attitude towards CSR as the mean value is 3.118, which is more than 3.

8. CONCLUSION

The study concludes that the customers have a positive perception and attitude towards corporate social responsibility on brand equity. Corporate Social Responsibility activities of a company have a great impact on brand equity. The companies who are not involving in the CSR activities can enhance their brand equity only if they start working on the Corporate Social Responsibility concept.

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