

# Impact of Corporate Social Responsibility on Brand Image: A Study on Telecom Brands

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## Abstract

In recent years, corporate social responsibility has gained much attention of researcher and professionals. A number of studies have been conducted to determine the impact of corporate social responsibility on different dimensions of organizations that includes investment, corporate image, sales and corporate branding. In Pakistan, only MNCs are implementing the concept of corporate social responsibility. In recent study, the impact of corporate social responsibility on brand image determined by using the advance econometric techniques. Brand image consists of all associations in the mind of consumers of that brand. Brand image is considered the basic and significant important part of brand equity. The findings of study support the positive effect of corporate social responsibilities. The findings are also helpful for professionals and researchers.

**Keywords:** Economic Responsibility, Legal Responsibility, Ethical Responsibility, Philanthropic Responsibility, Brand Image, Telecom

## INTRODUCTION

In recent years Corporate Social Responsibility demonstrated a growing interest of corporations and its stakeholders. In the 19<sup>th</sup> century the goals of an organization was to make sales then trend shifts to maximizing profit and sales both. But now making profit is not the only goal of an organization. People want to know what an organization does for its employees, suppliers, customers and for society while on the other hand organizations wants to tell their customers that they are not only money making bodies but they also are the bodies which want to make the society a better place and which want to contribute in social issues to support the peoples in the society. The concept of an organization to work for society and accepting its responsibilities within the operating environment is known as Corporate Social Responsibility. Many researchers and authors define Corporate Social Responsibility in different ways. In 2009 European Commission explained Corporate Social Responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” and in 2011 “the responsibility of enterprises for their impacts on society”<sup>[8]</sup>. Corporate Social Responsibility is the set of standards which is used by organizations to make a positive contribution to the society. In the recent decades managers are trying to find out the ways in which they can help the businesses to work for the development of the society and economy. Some stakeholder groups emphasis to set the policies in companies to take care of Corporate Social Responsibility activities. Stakeholders include not only the shareholders of organization but it also includes employees, customers, suppliers, producers, Government and Non-Governmental organizations. Organizations have started to use CSR activities not for just to benefit the society but they also started to use it create good image in the eyes of customer and other stakeholders. Organizations can use Corporate Social Responsibility to create the competitive advantage for them. Organizations are well aware of fact that due to ecological and social changes the way they operate must also be change. Not only customers but employees also want to work for the organization which is indulged in Corporate Social Responsibility activities. There was a survey released by Deloitte & Touché USA LLP in 2004 indicate that 72 percent of employees in America wants to work in an organization which is engage in Corporate Social Responsibility activities and charitable causes. Many companies particularly MNCs reporting their Corporate Social Responsibility activities to create awareness in the public. In many countries, consumers as well as businesses are reluctant to purchase goods from organizations who are indulged in socially irresponsible practice while the organizations indulge in Corporate Social Responsibility has a favorable attitude towards them from customer. In marketing brand image has been a consistent role in achieving the competitive advantage. Brand image is defined as

*“the unique set of associations within the mind of customers which represent what the brand currently stands for and implies the current promise to customers”* or “how customer perceives a brand”. Marketers need a good brand image to create the effective brand personality. The image of the brand must be strong, unique and favorable in order to form informational nodes which are linked with brand nodes in associative network

memory model<sup>[11]</sup>.

When consumer thinks about satisfying his/her needs the brand must be present in the evoked set and consideration set of the consumer, it can only happen if the brand has strong and unique brand associations. There are five telecom brands in Pakistan which are providing services to general public i.e. Telenor, Mobilink, Warid, Ufone and Zong.

The main purpose of this study is to find out if there's any direct relationship between Corporate Social Responsibility on brand image. Corporate Social Responsibility can affect the brand image in the minds of consumer. Therefore this study would be beneficial for the organizations to find out how Corporate Social Responsibility affect the different dimensions of brand image from customer perspective and which dimensions of Corporate Social Responsibility are more effective on which dimension of brand image. This study will help to answer the following questions:

- To determine the impact of Corporate Social Responsibility on brand image
- To determine the dimension of Corporate Social Responsibility which is more important to consumers
- To determine the dimension of Corporate Social Responsibility having highest effect on brand image
- To explore the most famous Corporate Social Responsibility campaigns in Pakistan

### **Corporate Social Responsibility**

Around the world, corporations are being appealed to take the responsibility for the impact of their actions & operations on societies and environment. They are also being called upon to use the principles which have a positive effect on the society and environment. This concept is known as Corporate Social Responsibility which says that every organization has duty and responsibilities towards its shareholders, customers, employees, society and environment. Corporate Social Responsibility is also called as Corporate Responsibility, Social/Environmental Responsibility, Sustainability, corporate conscience, Ethical Business Practices and Triple Bottom Line. A sudden increase in Corporate Social Responsibility activities made by companies has not been deliberately chosen by companies but it was the market conditions which forced them to adopt Corporate Social Responsibility initiatives in order to compete in the market. For Example, Nike, in early 1990s Nike faced extensive customer boycott because of its abusive labor practices in Indonesia<sup>[16]</sup>

### **Motivation of Corporate Social Responsibility**

In the last two decades many researches has been conducted to find out the effect of Corporate Social Responsibility activities on brand equity, performance of firm, consumer attitude, brand personality, and on many other factors. In many researches the results indicate that the primary factor which is responsible for the emergence of Corporate Social Responsibility is consumers<sup>[3]</sup>. Many organizations start to use Corporate Social Responsibility to create competitive advantage and to enhance its performance<sup>[16,19,21]</sup>. In recent years; the firms indulge in socially responsible activities receive more favorable recommendations. It has been seen that the Corporate Social Responsibility has not being used to its full potential due to which it has a less impact on the performance of the organizations and their other financial indicators<sup>[15]</sup> but in the banking and finance industry the firms which are more visible in Corporate Social Responsibility activities receive much more favorable attitude from the consumer. Consumer tends to feel secure when dealing with the firm which is active in Corporate Social Responsibility<sup>[18]</sup>.

### **Brand Image**

Brand Image is one of the very renowned concepts in marketing<sup>[10]</sup> but in literature there is less agreement on its definition<sup>[6]</sup>. Aaker defined brand image as "a set of associations usually organized in some meaningful way". An image and an association both based on perception of reality. Brand image may or may not reflect objective reality<sup>[11]</sup>. Consistent with the definition of Brand Image by Herzog (1963) "the sum of the total impressions a consumer receive from many sources", Newman (1957) "Composite image of everything the people associate with the brand" and "the product perception"<sup>[17]</sup> Keller defined Brand image as "the perception about a brand as reflected by the brand association held in consumer's memory"<sup>[11]</sup> A brand image is the constellations of pictures and ideas in people's minds that sum up their knowledge of the brand and their main attitudes towards it<sup>[12]</sup>. This definition shows that the brand image is the subjective concept rather than an objective concept formed in the consumer's mind<sup>[6]</sup>. Associations related to the brand are grouped together to form an image in the consumer's mind. Thus, consumers are more peculiar about brand associations and product attributes to determine value for money. It is product attributes that initiate the purchase and brand image comes at later stage, however, it does have significant role to play in consumer buying behavior. Like the name, image, logo and color of Telenor are easily acceptable and leave a mark on consumers mind due to neutrality and unique aesthetics. However, if the associations like self-expressive benefits, personalities and emotional benefits are introduced it will further enhance the brand image of Telenor in terms of quality and value.<sup>[9]</sup> All its marketing efforts are totally focused on improving product and corporate image or one can say brand image.

## **Corporate Social Responsibility and Brand Image**

In this century marketers are well aware of fact that Corporate Social Responsibility activities are watched closely not only by environmental friendly organizations but buy a large number of consumers and stakeholders. Stephen Chen, Petra Bouvain find out in their study that the firms brand image has a great impact on the Corporate Social Responsibility ranking of the firm and its Corporate Social Responsibility activities. Consumers are reluctant to buy goods and services from businesses which are involved in socially or ethically irresponsible activities.<sup>[5]</sup> Managers of the many organizations in UK and Bulgaria agree that the Corporate Social Responsibility activities help firms to enhance the image and reputation of the firm. Research shows that managers of the firms in UK alleged that the Corporate Social Responsibility activities conducted by their firms support their “market position” and “product brand”<sup>[22]</sup>. Corporate reputation sometime also referred as corporate/brand image is very important when the risk associated with goods and services is high in the consumer’s perception<sup>[14]</sup>. The firms which focus much on Philanthropic responsibility received more favorable brand attitude and consumers evaluate them more positively as compared to firms which are more indulge in sponsorships and cause related marketing.<sup>[13]</sup>

## **MATERIAL & METHODS**

For the measurement of Corporate Social Responsibility the model developed by Carroll (1991) has been used.<sup>[4]</sup> The four dimensions of CSR are

- Economic Responsibility
- Legal Responsibility
- Ethical Responsibility
- Philanthropic Responsibility

For the measurement of Brand Image the model developed by Keller (1993) has been used. The four dimensions of Brand Image are

- Strength of Brand Associations
- Uniqueness of Brand Associations
- Favorability of Brand Associations
- Types of Brand Associations

The questionnaire used in this study was divided into three parts. First part includes the basic information about respondents, Gender, Age, Marital Status, Education etc. The second part consists of 16 Corporate Social Responsibility campaigns run by Telenor, Mobilink, Warid and Zong. Third part includes the 48 question out of which 22 were related to Corporate Social Responsibility and 26 were related to brand image. Sample in this study was the users of 5 Telecom brands which include Telenor, Mobilink, Warid, Ufone and Zong. The sampling technique used in this study is non- probability convenience sampling. Prior to collecting data from respondents, pilot study was used to find the loop holes in the questionnaire. The respondent of the pilot study was the 20 students of MBA. After conducting pilot study necessary modifications were made in questionnaire in order to make it more accurate and easy to understand. To diversify the sample questionnaires were distributed among university students, teachers, employees of different organizations and other business people. This diversification help in generalizing the results of sample to population as the sample contains all the attributes of the population.

## **RESULTS**

### **Reliability Analysis**

Cronbach's Alpha of Corporate Social Responsibility is 0.871 which is high and shows that all the elements of Corporate Social Responsibility are internally consistent. Cronbach's Alpha of Brand Image is 0.910 which is high and shows that all the elements of Brand Image are internally consistent. The overall Cronbach's Alpha is 0.944 which is high and shows the strong internal consistency among both variables.

**Table 1 : Reliability Analysis**

	Items	Cronbach's Alpha
CSR	22	0.871
Brand Image	26	0.910
CSR and Brand Image	48	0.944

**Correlation Analysis**

It is clear from the table 2 that all the four dimensions of CSR have more influence on “Types of Brand Associations” and philanthropic responsibilities are more effective as compared to other three responsibilities.

**TABLE 2 : Correlation Analysis**

	Eco Res	Leg Res	Eth Res	Phi Res
Types of BA	64.5%	63.3%	71.6%	72.4%
Strength of BI	43.6%	48.1%	54.2%	62.4%
Uniqueness of BI	29.3%	40.5%	40.1%	42.7%
Favorability of BI	37.7%	48.1%	50.7%	53.4%

**Regression Analysis**

H<sub>a</sub>: “There is a positive relationship between Corporate Social Responsibility and brand image.”

H<sub>0</sub>: “There is no relationship between Corporate Social Responsibility and brand image.”

**Table 3 : Regression Model Summary**

R	R Square	Adjusted R Square	Durbin-Watson
.804	.647	.646	1.927

There is a positive relationship between Corporate Social Responsibility and Brand image and the level of association between these variables is 80.4% which shows that the relation of both variables is very strong. The value of R<sup>2</sup> is 64.7% which means that Corporate Social Responsibility cause 64.7% change in brand Image. The value of Adjusted R<sup>2</sup> proves that that Corporate Social Responsibility cause 64.6% change in brand Image in the whole population.

**CSR (Philanthropic) Activities Awareness.**

The result of the table 4 shows that Easy Paisa by Telenor is the campaign which is most remembered by the telecom users of Pakistan.

**Table 4: CSR (Philanthropic) Activities Awareness**

	Activities	Service Provider	Awareness
1	“Kal K Liye Aaj Badlo”	Mobilink	7%
2	“Kya Derta he” song by Shehzad Roy	Telenor	40%
3	Khuddar Pakistan	Telenor	14%
4	Naya Qadam	Telenor	9%
5	Karo Mumkin	Telenor	33%
6	<b>Easy Paisa</b>	<b>Telenor</b>	<b>69%</b>
7	Apna PCO	Mobilink, Telenor	41%,8%
8	World NO Tobacco Day	Warid	14%
9	Cancer awareness with SKMCH	Warid	26%
10	Schools Construction Project	Mobilink, Telenor	6%,6%
11	Polio Eradication campaign	Mobilink	11%
12	Sms Donation Campaign	Mobilink, Telenor, Warid, Ufone Zong	14%,5%,14%,10%,3%
13	“Hum Bolein Azadi Ki Zuban”	Mobilink	39%
14	Emergency Response Program	Telenor	8%
15	Student Entrepreneur Program	Zong	16%
16	Taleem for all	Warid	3%

Though much has been said and done on Corporate Social Responsibility and brand image; but still there is not enough work done to see the relationship of these two variables. For marketers it’s an “every-day” challenge to cope with the issues related to customer and organization relationship. Although there is agreement among theorist and researchers about the impact of Corporate Social Responsibility on brand which part of brand is get more influence of Corporate Social Responsibility activities. In this reference, this research has provided extremely valuable findings on how Corporate Social Responsibility impacts the brand image of the organization. The results of the study strongly support the main hypothesis which is “There is a positive relationship between Corporate Social Responsibility and Brand Image”. The correlation value of Corporate Social Responsibility and brand image is 80.4% which indicates that the relationship between Corporate Social Responsibility and brand image is very strong. Study also proves that all the four dimensions of Corporate Social Responsibility, Economic, Legal, Ethical, Philanthropic, has more effect on the types of brand associations. Which means Corporate Social Responsibility activities just not only improve the image and associations of product related attribute but it also effects the non-product related attributes; Brand personality, user imagery etc. Here one finding is of important consideration, that philanthropic responsibilities have the 53.4% relationship with the favorability of brand image which means if the corporation is indulge in philanthropic responsibilities it has a very good influence on favorability of brand image. According to the results of the study all the dimensions of Corporate Social Responsibility have almost equal importance. So, if the organization wants to build its image as to be good in Corporate Social Responsibility, it has to score high in every dimension of Corporate Social Responsibility. Because leaving out one type of responsibilities may lead to disapproval from customer.

Results have confirmed that the large numbers of people are not aware of Corporate Social Responsibility. Among the 400 respondents only 180 were aware of Corporate Social Responsibility which is the 45% of total sample. But it is also clear from research results that Corporate Social Responsibility awareness depends on the education level. The more educated the people are, the more aware they are of Corporate Social Responsibility. So one reason of low rate of Corporate Social Responsibility awareness in Pakistan is low literacy rate.

One of the main objectives of the research was to find out which Corporate Social Responsibility campaign, run by Telecom organizations, are more famous. The top five famous campaigns are: “Easy Paisa” by Telenor, “Apna PCO” by Mobilink, “Kyaderta he” song campaign by Telenor, “Hum Bolain Azadiki Zuban” by Mobilink, “Karo Mumkin” by Telenor. “Easy Paisa” has been number one in awareness as 69% respondents are aware of it. While “Apna PCO” by Mobilink is on number two with 41% awareness. It is evident from primary as well as secondary research that firms operating in Pakistan care about social well-being of society in which they operate and thus contribute towards improvement of living standards via taking good care of their employees, establishing environment friendly practices and offering better health and educational facilities to masses. [7] These practices help the firms to build up a positive brand image for the organizations and thus help them in increase of sales volume as well as market share for both individual products and as an organization. [20]

One of the major thing which is not cover in this research is the finding the level of development of Corporate Social Responsibility in Pakistan. Pakistan is the developing country so it is possible that the Carroll's Corporate Social Responsibility Pyramid might have different priority in its levels as compared to other developed and developing countries.

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