INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE

04th International Conference on Marketing, Technology & Society 2020

The Effect of CSR Reputation in Shaping Brand Image

Supriya Chouthoy[1]
Roshan Kazi[2]

Abstract

When an organisation incorporates CSR into its day to day functioning, the reputation that it earns helps it to shape the brand image for the organisation. This research paper reviews existing research done on similar topics relating to an organisation's CSR, its reputation as well as the brand image. A conceptual paper, with a focus on empirical research, the authors looked at addressing a gap in the literature of exploring how CSR Reputation can help shape brand image. This aspect helped formulate the hypothesis of the study. Data for the research came from a primary data collection exercise done across a sample of 541 respondents in Pune city. The respondents were asked about the brand image being shaped by the CSR reputation that 6 FMCG brands enjoyed. The study provides a new outlook on how a brand can strengthen the brand image of the company by performing CSR initiatives.

Keywords: Corporate Social Responsibility; Corporate Reputation; Brand Image; Branding

1. Introduction

Companies today cannot just exist to fulfil the objective of providing returns on capital invested by their shareholders. They do have to connect to a higher calling, that of a higher social purpose. Some brands even go a step further and build the social cause into their business model. Many resources and initiatives are created to deepen the link with a social purpose. Hence this study explores the impact that corporate reputation earned because of performing corporate social responsibility would have on the Image of the Brand. Through the review of the literature, it became apparent that earlier studies conducted on CSR and Brands had understudied this aspect. Therefore, the authors attempted to bridge this gap with a research study which looked at getting a more in-depth understanding between these two topics.

2. Literature Review

A few organisations begin social initiatives to transform their reputation (Zhang et al., 2013). This reputation then goes along to help them improve their brand image (Šontaitė-Petkevičienė, 2015). It has also been seen that brand image evolves and helps build trust. Before we proceed to understand the term "Brand Image" it would make sense to understand the American Marketing Association (AMA) 's the definition of a brand. As per this definition, a brand is defined 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 competitors" (Kotler & Keller, 2012). A brand's image is the growing evaluations made by its publics over some time of the firm by its stakeholders. CSR is known to create "brand insurance" and if done well can stand out against the competition. When the organisation falls in line with stakeholder supposition, the reputation it earns help build trust and this often leads to enjoying a positive brand image. This symbiotic growth increases the long-term importance of CSR, which, in turn, helps build stronger relationships and trust with its stakeholders (Werther & Chandler, 2005). Authors Blombäck and Scandelius, (2013) studied how corporate heritage can effectively influence messages that are being designed to share the organisation's CSR communication strategies (Morsing and Schultz, 2006; Schmeltz, 2012; Du et al., 2010) with the firm's stakeholders. This study was able to statistically prove that the existence of the element of corporate heritage can positively influence the organisation's brand image as portraying it to be a trustworthy brand. The above is further only possible when the firm's key principles include fundamentals of social or environmental responsibility (Blombäck & Scandelius, 2013)

[1] *Asst Professor, Flame University, Pune supriya.chouthoy@flame.edu.in*
[2] *Professor and HOD, Allana Institute of Management Sciences, Pune drroshankazi@gmail.com*

Gap Analysis

The literature reviewed considered various aspects concerning CSR. These studies looked at the impact of CSR on brand image, CSR defined the ethical conduct of the brand, the element of how charitable acts performed by them impacted consumers and contributed to shaping a brand image. This study looked at addressing the area of how CSR reputation can lead to influencing the brand image of the brand in question.

Hypothesis

Fundamentally, relationships between the brand and consumers have a motive: they enhance and help create meanings in a person's life. CSR reputation of a brand helps consumers relate to a brand and can change their self-concept about consuming. In a scenario such as this CSR initiative and the image gained through this reinforce self-concept (Fournier, 1998). Research and investigational simulations have shown that there exists a crucial beneficial relationship between brand image and customer commitment to the brand. As per Vazquez-Carrasco and Foxall (2006) society wellbeing, confidence in the brand and its image, all have a powerful impact on customers and a positive impact on customers' loyalty. It has been realised through various studies that customer satisfaction is one of the critical motives for a customer to be faithful to a brand (Upamannyu & Sankpal, 2014). Subsequently, brands that build a CSR reputation based on the actions they perform for their various communities a considerable constructive influence on brand image. Based on this, the following hypothesis was proposed where CSR reputation as the independent variable and brand image was the dependent variable.

H1: CSR Reputation and Brand Image are significantly related.

3. Methodology

Sample Size

To test our hypotheses, we depended on the Stratified Random Sampling method. The authors collected the data across cross-section business owners, students, working professionals (employees), homemakers and others. This study considered a sample of 541 consumers and data collection done during the period from May 2015 to October 2015. The researcher personally interviewed the respondents to gather their responses about 6 FMCG brands that implement CSR initiatives in India.

The Validity of The Construct

To test the scales of the constructs, we generated the Alpha value. The following table shows that alpha value for CSR Reputation and Brand Image was above the threshold mark of 0.7. The value derived indicated that we could go ahead with the study. The composite reliability for CSR Reputation is above the threshold of 0.6 (composite reliability is an alternative to Cronbach's alpha since alpha is said to underestimate reliability). As per Nunnally (1967), a score above .5 is adequate for basic research. (Peterson, 2013).

Table 1
Construct validity

Construct	No. Items	Cronbach's Alpha
CSR Reputation	4 Items	0.705 *(Good)
Brand Image	4 items	0.782 *(Good)

Scale for Measurement

The Likert scale of measurement was used. There was the independent variable of CSR reputation and the dependant variable of brand image. These two constructs were measured by the responses to several items, posed as questions to the respondents. The ratings on a 5-point scale adopted for the study was: 1 indicating Strongly agree and 5 indicating "Strongly disagree" ("don't know/neutral" available as an additional alternative).

4. Analysis

The analysis was conducted with canonical functions for each dataset using IBM SPSS 24.0. Initially, Wilks lambda was used to conclude whether the canonical correlations between the predictor variable and the criterion variable were statistically significant. Wilks' lambda directly evaluates the amount of change or variance in the combination of the criterion variables, which is not justified by the predictor variable. Wilks' lambda values range between 0 to 1 and smaller the Wilks' lambda value, the better its effect in defining a good model. Subsequently, standardised canonical coefficients and canonical correlation 2 coefficients were used to describe the relationship between the variates.

Table 2

To Study the Inter-Dependant Relationship Between CSR Reputation And Brand Image

			Canonical Correlations				
	Canonical Correlation	Eigenvalue	Wilks Statistic	F	Num D.F	Denom D.F.	Sig.
1	.624	.639	.579	19.964	16.000	1628.980	.000
2	.219	.050	.949	3.163	9.000	1299.766	.001
3	.058	.003	.996	.473	4.000	1070.000	.756
4	.011	.000	1.000	.062	1.000	536.000	.804

In the above values Wilks = .579

Fx (16, 1628.98) = 19.964

P=0.000. Since P-value is less than the level of significance, the null hypothesis is rejected. Hence there exists a significant statistical relationship between CSR Reputation and Brand Image.

Table 3

Standardised Canonical Coefficients for Covariates (Independent Variable)

	Set 1			
Variable	1	2	3	4
CSRR1	-.189	.927	.495	-.269
CSRR2	-.177	.250	-1.170	-.260
CSRR3	-.236	-.702	.334	-.785
CSRR4	-.686	-.267	.372	.875

CSRR4 – "I believe brands like Tata Tea, ITC Ltd, Surf, Whisper, Horlicks and Nestle that practice CSR are concerned about the best interest of society and contribute to the wellbeing of its people" has the strongest association with CSR Reputation with factor loading = -.686) followed by CSRR3 – "I can distinguish brands with CSR activities from other competing brands" (factor loading = -.236), successively CSRR2 – "I believe that brands that perform CSR activities are honest firms" with factor loading = -.189 and lastly we have CSRR1 – "My respect for brands that do CSR activities grows every time I hear of their efforts in that direction" with factor loading = -.177).

Table 4

Standardized Canonical Coefficients (Dv)

	Set 2 Standardized Canonical Correlation Coefficients			
Variable	1	2	3	4
BI1	-.720	-.780	.176	.322
BI2	.032	.654	.618	.976
BI3	-.134	.306	-1.300	-.019
BI4	-.393	.245	.501	-1.113

BI1 – "I praise brands like Tata Tea, ITC Ltd, Surf, Whisper, Horlicks and Nestle that practice CSR in public" has the strongest association with Brand Image with factor loading -0.720, followed by BI4 –"I can relate to brands which perform strong CSR activities" with factor loadings = -0.393, then by BI3 – "I believe the brands like Tata Tea, ITC Ltd, Surf, Whisper, Horlicks and Nestle that practice CSR offer and market

quality products and services" with factor loading = -0.134 and lastly BI2 – "CSR activities raise the profile of a brand in consumers' minds" with factor loading = 0.032.

Discussion and Analysis - CSR Reputation and Brand Image

Using Canonical Correlation Analysis for the two variables of the first hypothesis gave us a Wilks Lambda value of .579. This indicated a reasonable contribution to the model (since smaller values closer to 0 are preferred). The P =0.000 value, was less than the level of significance, which gave us reason to reject the null hypothesis and accept the alternate hypothesis, which stated that CSR reputation and brand image are significantly related. The canonical correlation function gave a value of .624, which denoted that the interrelationship of CSR reputation with brand image was significant, and they both shared variance of 38.9%.
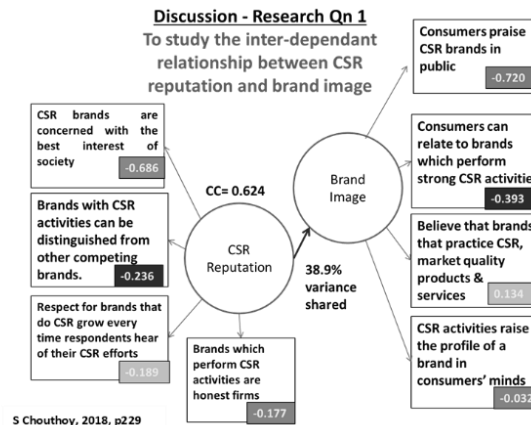
Figure 1

Canonical Correlation Analysis of The Two Constructs of The Study

Item Values and Canonical Correlation

Canonical Correlation = .624

Squared CC = .389

This indicates that both the variables share 38.9 % of the variance.

Independent / Predictor Variable – CSR Reputation Factor Loadings

The CSR reputation factor loadings indicated that CSR reputation was best measured by the item which stated that brands which practice CSR are concerned about the best interest of society and contribute to the wellbeing of its people. This was followed by the statement where consumers expressed that they could distinguish brands with CSR activities from other competing brands. Subsequently, the item which stated that respect for brands that do CSR activities grow every time the respondents heard of their efforts in that direction and the belief that brands which perform CSR activities are honest firms, were the last two items which measured the CSR reputation construct.

5. Conclusion

Brand image tends to touch the brand loyalty of consumer (Andreassen & Andreassen, 2000). Brand image is said to be a sum of brand connotations that consumers recollect of the brand. Brands' socially responsible conduct is an element that allows consumers to form attachments towards a brand. Practically speaking an organisation that performs CSR creates value for itself, which then, in turn, creates collective value for society and communities it works with (S Chouthoy & R Kazi, 2016). To conclude, while trying to identify company initiatives on which managers can shape the brand, the authors found models which could also be replicated as pathways to help CSR initiatives develop, maintain and support brand image. By intentionally working on its CSR initiatives, every organisation can make the most of its benefits to people and the environment, generate social value and realise the motivations of its many communities, as well as help, create a positive brand image for itself in the marketplace.

6. References

1. Andreassen, T. W., & Andreassen, T. W. (2000). Antecedents to satisfaction with service recovery. *European Journal of Marketing*, *34*(1), 156–175. https://doi.org/10.1108/03090560010306269
2. Blombäck, A., & Scandelius, C. (2013). Corporate heritage in CSR communication: A means to responsible brand image? *Corporate Communications: An International Journal*, *18*(3), 362–382. https://doi.org/10.1108/CCIJ-07-2012-0048
3. Fournier, S. (1998). Consumers and Their Brands: Developing Relationship Theory in Consumer Research. *Journal of Consumer Research*, *24*(4), 343–353. https://doi.org/10.1086/209515
4. Kotler, P., & Keller, K. L. (2012). *Marketing Management* (14th ed.). Prentice Hall. https://doi.org/10.4135/9781452229669.n2040
5. Saunders, M. N. K., Thornhill, A., & Lewis, P. (2015). Understanding research philosophy and approaches to theory development Learning. In *Research Methods for Business Students* (Issue 5th edition, pp. 122–161).
6. Šontaitė-Petkevičienė, M. (2015). CSR Reasons, Practices and Impact to Corporate Reputation. *Procedia - Social and Behavioral Sciences*, *213*, 503–508. https://doi.org/10.1016/j.sbspro.2015.11.441
7. Upamannyu, N. K., & Sankpal, S. (2014). Effect Of Brand Image On Customer Satisfaction & Loyalty Intention And The Role Of Customer Satisfaction Between Brand Image And Loyalty Intention Council For Innovative Research Council For Innovative Research. *Council for Innovative Research Peer Review - Journal of Social Science*, *Vol 3*, *No*(February), 274–285.
8. Werther, W. B., & Chandler, D. (2005). Strategic corporate social responsibility as global brand insurance. *Business Horizons*, *48*(4), 317–324. https://doi.org/10.1016/j.bushor.2004.11.009
9. Zhang, N., Zhou, Z., Su, C., & Zhou, N. (2013). How do different types of community commitment influence brand commitment? The mediation of brand attachment. *Cyberpsychology, Behavior and Social Networking*, *16*(11), 836–842. https://doi.org/10.1089/cyber.2012.0456