

The impact of corporate social responsibility on brand equity - Study case on Mobilis Telecommunication Company -

تأثير المسؤولية الاجتماعية للشركات على قيمة العلامة التجارية
- دراسة حالة على شركة موبيليس للاتصالات -

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Abstract : The purpose of this research is to find out about the impact of corporate social Responsibility activities on Brand Equity by examining the correlation between corporate social Responsibility and Brand Equity.

Brand Equity being a dependent variable in this research is measured by its dimensions like Brand loyalty, Brand awareness, Brand Association, Perceived Quality and independent variable corporate social responsibility toward stockholders, environment, customer, and local community. Telecommunication companies in Algeria are doing CSR activities in order to provide sustainable social development benefits to the society in which they operating, A case study of leading Telecommunication Company Mobilis was conducted. Results showed that social responsible activities of a firm enhance the brand equity and that there is a very strong correlation between CSR and Brand Equity, Mobilis Company is investing and managing their CSR initiatives for the well being of the society.

Keywords: Corporate Social Responsibility (C Sr), Brand, Brand Equity (Be), Mobilis Telecommunication Company.

ملخص : تهدف الدراسة الى التعرف على مدى تبني شركة موبيليس للاتصالات لمفهوم المسؤولية الاجتماعية و التعرف على تأثيرات المسؤولية الاجتماعية لهذه الشركات في بناء قيمة علامتها التجارية، حيث تم اتباع المنهج الوصفي التحليلي لبيان النتائج، أجريت دراسة الحالة على عينة تتكون من 338 فردا قاموا بالإجابة على الاستبيان المقترح.

وقد أظهرت النتائج ان تبني المسؤولية الاجتماعية لها أثر إيجابي على بناء قيمة العلامة التجارية.

الكلمات المفتاح : علامة تجارية، قيمة العلامة التجارية، مسؤولية اجتماعية للشركات، شركات موبيليس للاتصالات.

1. Introduction:

Recently, there has been an increase on the emphasis of corporate branding as potential source of sustained competitive advantage by means of CSR. In addition, more and more researches are paying attention on how companies implement CSR to produce benefits as much as possible to firms and society.

the present research seek to investigate the impact of corporate social responsibility on building brand equity ;therefore this work undertakes to determine whether corporate social responsibility has a significant impact on building brand equity or not. And it seeks to find ultimately a model which studies the linkage between corporate social responsibility and brand equity.

Research objective

The objective of this project is to explore and measure the effects of corporate social responsibility on building brand equity theoretically and empirically.

Therefore, the objectives of this study are:

- Deeply understanding of brand equity concept employ in marketing.
- To analyze the perception of customers regarding social responsibility.

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- To find out the existing corporate social responsibility activities initiated by telecommunication companies in Algeria.
- To determine the relationship between corporate social responsibility and brand equity.

Research questions

The central research question that this study aimed to answer is; “**what effect does corporate social responsibility have on brand equity in Mobilis telecommunication company**”

Sub questions:

- What is the major benefit of CSR in the development of brand equity?
- How CSR affects Environment and what is the subsequent on the competitive advantage of the company and its brand equity?
- How CSR affects Labor and what is the subsequent on the competitive advantage of the company and its brand equity?

How CSR affects Local Community and what is the subsequent on the

- competitive advantage of the company and its brand equity?
- How does Mobilis Telecommunication Company use corporate social responsibility to build brand equity in Algerian market.

These factors will help to identify the relationship between CSR and brand equity.

Research Hypotheses

The first hypothesis is **there is no significant impact on the adoption of social responsibility to build the brand equity of Mobilis Telecommunication Company.**

The first main hypothesis is based on a set of sub-hypotheses, which are:

- First Hypothesis: There is no significant impact of liability towards shareholders on the value of the brand of Mobilis Telecommunication Company.
- Second Hypothesis: There is no significant impact of responsibility towards the environment on the brand equity of Mobilis Telecommunications Company.
- Third Hypothesis: There is no significant social responsibility to customers on the brand equity of Mobilis Telecommunication Company.
- Sub-Hypothesis four: There is no significant social responsibility to the local community for the brand equity of Mobilis telecommunication company.

Structure of the paper

This paper will start with a brief background. Moreover, the research problem, research objective, and research hypotheses are also presented in the introduction part. The theory discussion will be based on corporate social responsibility background, and we focus on general overview of brand equity. finally we choose Mobilis telecommunication Company as case study.

Methodology part will discuss the chosen research approach and method in this study. By clarifying the assumption of this paper, the descriptive and analytical method will be applied. By using questionnaire survey, the collected data will be used in the empirical analysis and discussion subsequently, by using SPSS as statistical method, the collected data will be analyzed. Based on the data analysis, it will be clear discussed the relationship between the corporate social responsibility and brand equity.

2.Theoretical framework:

2.1 corporate social responsibility:

The terms CSR can be understood from their three words: “Corporate” which covers the large spectrum of businesses, “Social” refers to the local community with which they interact and finally by incorporating “Responsibilities” that are intrinsic on both sides of these relationships. Hence, CSR is nothing but corporate in its widest sense and on many levels, to include all stakeholders and constituent groups that maintain an ongoing interest

in the organization's operations along with the society within which it operates.(Selarka, 2016)

Actual meaning of corporate social responsibility (CSR) is about “doing the right things right” In fact, Peter Drucker (1970) defined social responsibility as: “The commitment of the business organization toward the society”¹ This definition focuses on the relationship between the organization and the society. It is considered as a contract in which the business organization commits to serve the needs of the society and commits to guarantee its welfare

Corporate social responsibility is defined too as “a concept where companies integrate their social and environmental concerns in business operations and in their interaction with their stakeholders on a voluntary basis.” this definition is stipulated by the EU Commission (2006)².

“Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.” (Kotler & Lee, 2005)³, this definition, corporate social responsibility (CSR) is something that is carried out in order to make a contribution to society.

A review of the literature states that CSR is a concept with multiple meanings generated by different ways of defining the term.

Thus, Alexander Dahlsrud gathered the definitions of CSR and submits them to a constant analysis intended to identify their common issues and particularities. The analysis showed that there are a number of 5 dimensions which focus the entire range of meanings of the concept. The dimensions identified in 37 definitions of CSR proposed in the literature by 27 authors between 1980-2003, are presented in the following table:(Dahlsrud, 2008)⁴

Table 01: A summary of definitions in the corporate social responsibility literature

Definition source	Definition	Dimensions
Jones, 1980	CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership	Voluntariness Stakeholder
Frederick, Post, Davis, 1992	Corporate social responsibility can be defined as a principle stating that corporations should be accountable for the effects of any of their actions on their community and environment	Stakeholder Social Environmental
Reder, 1994	An all encompassing notion, [corporate] social responsibility refers to both the way a company conducts its internal operations, including the way it treats its work force, and its impact on the world around it	Stakeholder Social Environmental
Hopkins, 1998	Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation	Voluntariness Stakeholder Social
World Business Council for Sustainable Development, 1999	The commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life	Stakeholder Social Economic
Khoury G, Rostami J, & Turnbull JP. 1999	Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship	Stakeholder Social Environmental Economic

	and financial performance	
Kilcullen & Kooistra, 1999	CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state	Voluntariness
Woodward-Clyde, 1999	CSR has been defined as a „contract“ between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in an acceptable manner	Stakeholder
World Business Council for Sustainable Development, 2000	CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large.	Voluntariness Stakeholder Social Economic
Business for Social Responsibility, 2000	Business decision making linked to ethical values, compliance with legal requirement and respect for people, communities and the environment	Voluntariness Stakeholder Social Environmental Economic
Piacentini, MacFadyen, Eadie, 2000	CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities	Voluntariness
Commission of the European Communities, 2001	CSR is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment	Voluntariness Social Environmental
Marsden, 2001	CSR is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is an act of philanthropy. A social responsible corporation is one that runs a profitable business that takes account of all the positive and negative environment, social and economic effects .	Social Environmental Economic
McWilliams & Siegel, 2001	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law.	Voluntariness Social
Pinney, 2001	CSR or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts	Social
UK Government, 2001	CSR recognizes that private sector’s wider commercial interest require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectorial and local factor.	Voluntariness Stakeholder Social Environmental Economic
Foran, 2001	CSR can be defined as the set of practices and behaviours that forms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority and towards civil society	Stakeholder Social Environmental
Van Marrewijk, 2001	Companies with a CSR strategy integrate social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple performances.	Stakeholder Social Environmental Economic
Jackson & Hawker, 2001	CSR is how you treat your employees and all your stakeholders and the environment	Stakeholder Social Environmental
Commission of the European Communities, 2001	CSR is about companies having responsibilities and taking actions beyond their legal obligations and economic/ business aims. These wider responsibilities	Voluntariness Social Environmental Economic

	cover a range of areas but are frequently summed up as social and environmental-where social means society broadly defined, rather than simply social policy issues. This can be summed up as the triple bottom line: i.e., economic, social and environmental.	
Lea, 2002	CSR is about business and other organisations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organisations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.	Stakeholder Social Environmental Economic
IBLF, 2003	Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success	Voluntariness Stakeholder Social Environmental Economic
Business for Social Responsibilities, 2003a Voluntariness Stakeholder	Social responsible business practices strengthen corporate accountability, respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates.	Social Environmental Economic
CSRwire, 2003	CSR is defined as the integration of business operations and values, whereby the interest of all stakeholders including investors, customers, employees and the environment are reflected in the company's policies and actions.	Voluntariness Stakeholder Environmental Economic
Ethics in Action Awards, 2003	CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit.	Stakeholder Social Environmental Economic
Global Corporate Social Responsibility Policies Project, 2003	CSR can be defined as business practices based on ethical values and respect for workers, communities, and the environment.	Voluntariness Stakeholder
Indian NGOs.com, 003	CSR is a business process wherein the institution and the individuals within are sensitive and careful about the direct and indirect effects of their work on internal and external communities, nature and the outside world.	Stakeholder Social Environmental Economic
Andersen, 2003	CSR broadly to be about extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature	Stakeholder Social Environmental
Van Marrewijk, 2003	Corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.	Stakeholder Social Environmental Economic
Strategies, 2003	CSR is generally seen as the business contribution to sustainable development, which has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, and is generally understood as focussing on how to achieve the integration of economic, environmental and social imperatives	Social Environmental Economic

Source: adapted from (Dahlsrud, 2008)

2.2 brand equity

Brand equity composed of two terms, brand and equity? Let us understand what it means brand is 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 competition”, as has been cited by the American Marketing Association. However this definition of a brand is not totally approved of for its inadequacy of describing the other intangible components of brand, such as brand image, its ability to create certain amount of awareness, reputation, prominence, and so on in marketplace (Keller,1998.)⁵

Thus, the function of the brand was two fold:

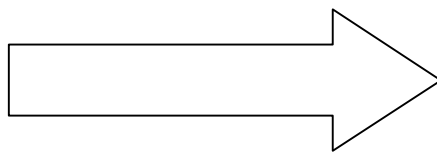
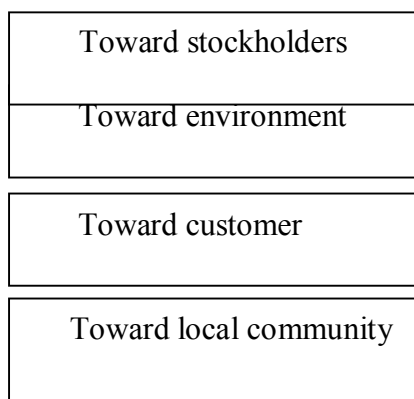
1. to identify the goods and services ;
2. to differentiate from the competition

brand equity is a set of brand assets and liabilities inked to band, its name and symbol,that ad to or subtract from the value provided by a product or service to a firms and/or to that firm’s customers (Aaker, D 1991)⁶.

3.research analytical framework:

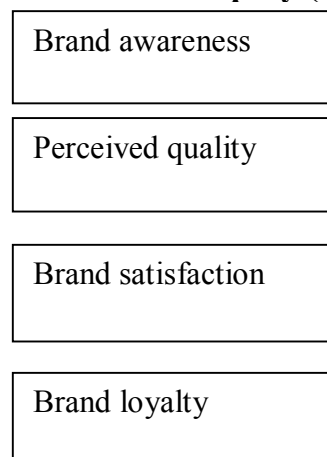
Dependent variable
variable

Corporate social responsibility (CSR)



Independent

Brand equity (BE)



Source: Aaker, D. A. (1991), and student’s own

Data collection:

Overall, the questionnaire was designed a survey including all constructs of the conceptual model to text or investigate the hypotheses; the questions are based on previous theoretical discussion.General speaking, this survey questionnaire consists of 5sections. The first section is designed to acquire the respondents demographic information. The second section is using 5 point likert-type scale form “strongly agree” to “strongly disagree to measure the four dimensions of corporate social responsibility effect on four dimensions of brand equity with a 40 items.

Analyze and discussion:

In this research, Statistical Package for Social Science programs (SPSS) 19.0 is used for the data analysis. The methods used in data analysis are including descriptive analysis, factor analysis, and multiple regression analysis. Descriptive analysis is used to summarize the characteristic of respondents. Factor analysis is conducted to determine the factor underling the four variables of corporate social responsibility that affect on overall brand equity and each dimensions of brand equity. Finally, multiple regression analysis is applied to determine whether brand equity dimensions affect on corporate social responsibility.

5 Hypothesis Testing:

Table 02: The Mean and Standard Deviation of questionnaire items

	Items	Mean	Std deviation
1	Foundation works to highlight the distinct image in the area of its business	3.72	0.761
2	Foundation seeks to increase its sales volume	4.11	0.953
3	Institution tries to maximize the profit of its shareholders	3.19	1.170
4	Foundation provides earnings reports with full transparency and clarity	2.68	1.022
5	The institution and its shareholders believe in the importance of community participation	3.08	0.91
6	Enterprise is involved in protecting the environment	3.03	1.257
7	Enterprise linking environmental performance with its objectives that seek to achieve	2.65	1.151
8	Foundation supports environmental protection programs (afforestation, ocean cleanup campaigns ...)	2.83	1.159
9	The institution, through the environment protection program, is trying to increasing the awareness of members of the community	2.88	1.043
10	Foundation contributes to solving some of the environmental problems	2.73	1.170
11	Foundation is dedicated to provide high quality services to its customers	3.93	0.822
12	The organization provides services to its customers with reasonable prices	3.48	1.148
13	Enterprise interested in its customer's proposals	2.96	0.811
14	The Foundation interested to customer's complaints	3.09	1.049
15	Enterprise sell its services to the customer's credibility	3.29	0.911
16	Enterprise makes contributions for the benefit of the Algerian society	3.54	0.822
17	Foundation contributes to providing material support for the establishment of national and religious events of the community	3.43	0.954
18	The organization is keen to build a positive relationship within community members	3.46	0.851
19	Foundation seeks to win the confidence of the Algerian individual through continuous interest in serving the members of the community	3.53	0.960
20	The institution is trying to consolidate its image in the mind of individuals as a citizenship foundation	3.69	0.835
21	My best choice, trader services despite the availability of other traders	3.61	0.790
22	I choose the trader sign from my perception of it	3.40	0.873
23	My conviction should be high when choosing trader services	3.33	1.037
24	It possessed the necessary information on the trader services	3.07	1.002
25	I can distinguish a trader sign quickly compared with other dealers	3.92	0.987
26	I have a good relationship with the dealer mark	3.24	0.987
27	The trader left a good impression about the services provided	3.40	0.825
28	The trader Gives me special deals compared with the rest of the competitors	3.11	1.292
29	Trader gives great care of me	2.99	1.154
31	I will keep the relationship with the institution the maximum possible time	3.49	0.963
32	Form, image and icon of the dealer shows the quality of its services	3.42	0.957
33	Decorative agency trader largely reflects the quality of its services	2.93	1.069
34	The agency staff, of my trader, have a great ability to deal with my queries	3.18	0.913
35	Agency staff trader have rapid response when dealing with me	3.22	0.913
36	I feel great satisfaction toward the trader	3.49	1.060
37	I have great confidence on the dealer services	3.58	0.659
38	Willing to pay a higher price in exchange for the trader services	3.33	0.844
39	Recommend the others (relatives, friends, and acquaintances) using the client services	2.49	1.128
40	Ready to continue the subscription with the client services in the future	3.43	0.999

Reliability of Brand Equity and CSR

Table 03: Reliability test results:

Variables	Number of questions	Alpha cronbach
Responsibility toward stockholders	5	.853
Responsibility toward environment	5	.696
Responsibility toward customer	5	.872
Responsibility toward local community	5	0.682
Brand awareness	5	.759
Brand association	5	.633
Perceived quality	5	.642
Brand loyalty	5	.683
	$\Sigma = 40$	0.777

Source: student's own' according to the output of SPSS.19

Cronbach's Alpha being a reliability coefficient and indicates how positively items are correlated. A value close to 1 indicates the strength of reliability in this test. Cronbach's alpha .777 indicates that there is higher internal consistency reliability of Brand Equity

Hypothesis Testing

Regression analysis in this study is used to determine whether the independent variables explain a will be significant variations in the dependent variable and whether a relationship exists. If $\text{sig} \leq 0.05$, that means the hypothesis is supported and can be used to make predictions, however, if $\text{sig} > 0.05$, it means the hypothesis is rejected.

Table 04: Hypothesis Testing

	B	T	Sig	Confirm / Reject
Reliability	1,338	6,835	,000	
Axe1	,369	8,619	,000	Confirm
Axe2	-,157	-5,457	,000	Confirm
Axe3	,086	1,895	,059	Reject
Axe4	,256	6,373	,000	Confirm

Source: student's own' according to the output of SPSS.19

As clear in the table(04) the four dimensions of corporate social responsibility including responsibility toward (stockholders, environment, customer, and local community) are positive relationships with brand equity in Mobilis Company.

4. Conclusion:

Although many studies concluded that relationship existed but the relationship was not directly interlinked with Corporate Social Responsibility and Brand Equity. In our research, we tested our findings collected by questionnaire method with SPSS software to check the reliability, Correlation and Regression between Corporate Social Responsibility and Brand Equity. Although Corporate Social Responsibility does not have a direct impact on Brand Equity but they are somehow, interlinked with each other. In our results, it showed that Corporate Social Responsibility and Overall Brand Equity (Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality) with a Cronbach's Alpha of **0.777** is highly reliable whereas, the correlation between Corporate Social Responsibility and Overall Brand Equity with a significance level of 0.000 shows that they are highly correlated with each other.

This framework proves that there is a positive impact of Corporate Social Responsibility on Brand equity which leads us to **reject** our null hypothesis

H₀: There is no impact of Corporate Social Responsibility on Brand Equity

Recommendations:

Based on what came in the theoretical and analytic study, we have suggested the following recommendations :

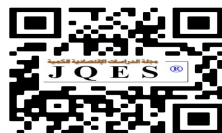
- The practices of social activities that done by Mobilis within the concept of social responsibility and transfer these activities and practices to a platform that practiced within the framework of plans and detailed programs .
- Restructuring activities of the social responsibility which done by the researched company within the organizational structure and create organizational unit for activities of the social responsibility and linked directly with the supreme administration through the use of advisory staff specialized studying and decomposition organizational structure of the company ,and determine the site of the social responsibility .
- Diversify the social practices and activities that done by the Mobilis within the framework the social responsibility that achieved satisfaction and loyalty the owners of interest either from inside the company or outside.
- The development of the role that played by Mobilis in service its local society by guiding some its investments toward projects with social tincture contributing in providing jobs and this help in the limit of unemployment and develop the cultural ,social and sports aspects .
- Make type of balance is necessary in response to the needs and expectation the owners of interest internal and external ,because prevail respond to the needs and expectations of one of the outskirts of stakeholder at the expense of party last ,may not lead to the desired results of the social and economic performance.
- The need of the operator Mobilis disclosure full more information on the activities of social carried out during the year ,and what the consequent social costs be registered and classifieds clearly and accurately like the economic costs which spend by the company over its different activities and this in books and records of the company ,then presented in reports and financial lists published in the media .So ,the members of society assess the Social role of the company.
- The government must have positive attitude and practices towards the companies that bear the social responsibility through legislations or procedures which allow exemption the company from taxes or other facilities for their social contributions ,and these legislations must have the ability in the control of the social performance of the companies.

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