

**Company has a Significant Effect on Brand Equity due to CSR – An Empirical Analysis
on Bonanza Company**

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Abstract

To have a sustainable business growth as well as have brand equity, so many companies are focusing on Corporate Social Responsibility (CSR) in Pakistan. These companies are also contributing to the development of society. The research aims to discuss the significant effect of brand equality due to corporate social responsibility which is the empirical analysis of Bonanza Company. In this research, the correlation between brand equality and CSR has been addressed in details. The research revolves around the various variables. The independent variables are; Brand Organization, Brand Awareness, Brand Loyalty, overall brand equality as well as Perceived Quality, whereas the Brand Equity is a dependent variable. The data was collected by doing a survey through questionnaire by applying the quantitative research methodology engaged in CSR activities focusing Bonanza Company. The research has revealed it does have a strong correlation between brand equity due to CSR activities. It is concluded that a company does have significant effect on brand loyalty due to CSR and has attained a sustainable growth in the contemporary world of business competition.

Keywords: Brand Equity, Significant Effect, Corporate Social Responsibility (CSR), Brand Loyalty & Perceived Quality.

Introduction

This section is evolved around various sub-heads that brief about the research aim of my study. The section also talks about the research objectives and questions. The rationale of the research study has also been briefed in this section. The purpose of the research is a core part of this part as I aim to discuss the effect of brand equity due to CSR focusing on Bonanza Company.

Study Background

The Corporate Social Responsibility is the place an organization deals with its business exercises so as to give long haul economic, social advantages to the general public and is engaged with the prosperity of the general public (Carroll, 1999).

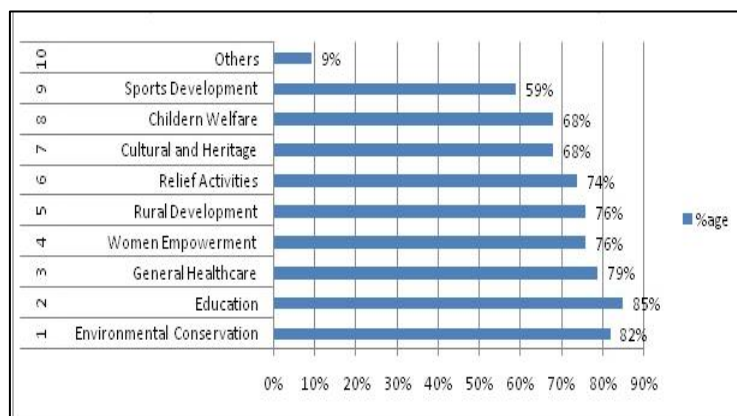


Figure 1-Preferred areas of CSR activities done by different companies towards Brand

Equity

The Figure 1 shows the preferred areas of CSR activities done by different companies. According to these reports under study, the most preferred areas of spending remained Education, Health, Environment and Disaster relief. These findings have been warranted by almost all the reports under study. CSR commitment is essential to the by and large plan of

action, and it has an all-encompassing shape (Carroll & Shabana, 2010). Figure 2 shows the driving forces of CSR in Pakistan.



Figure 2-Driving forces of CSR in Pakistan accelerating Brand Equity

Table 1: Top 25 public limited companies by CSRs

Stakeholder group	Stakeholder's concern	Nature of responsibility
Employee	Job security, career progression and remuneration	Economic, legal and ethical responsibility
Stockholder	Dividend, capital gain, good governance	Economic, legal and ethical responsibility
Customer	Better product, replacement & warranty	Legal and ethical responsibility
Lender	Payment of dues on time	Legal and ethical responsibility
Supplier	Payment of dues on time and fair trade	Legal and ethical responsibility
Local community	Sponsorship, job availability	Philanthropic responsibility

The CSR volunteer guidelines of Securities and Exchange Commission of Pakistan (SECP) (2013) encourage businesses to spend at least 1% of their total profit on CSR activities.

The Table 1 provides a snapshot of where the top 25 companies are standing in terms of their

CSRs for philanthropic activities in the light of SECP (2013) guidelines. Figure 3 shows how much has been invested by the companies towards CSR activities for the sake of brand equity;

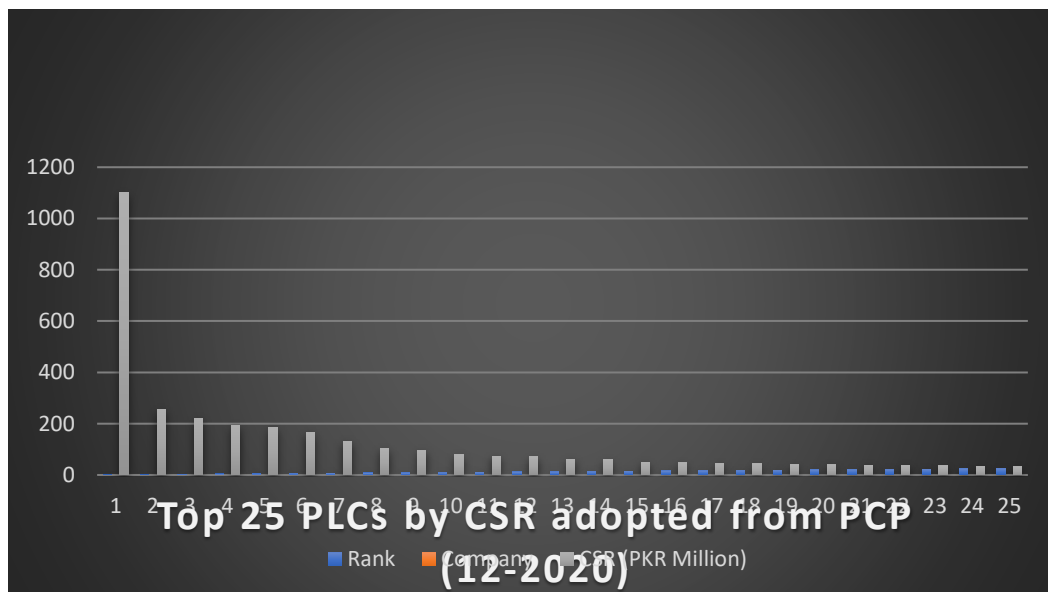


Figure 3-Top 25 PLCs by CSR adopted from PCP (12-2020)

Source: (Adopted from: PCP Corporate Philanthropy, 2012)

The analytics suggests that overall, the top 25% companies in Pakistan are not spending the minimum benchmark of 1% of the total profit as underlined by the SECPs CSR guidelines towards CSR activities (See Appenix-1 for details).

Research Aim

The aim of my research study is to discuss the significant effect of brand equity due to CSR by analysing the Bonanza Company.

Research Objectives

Following are the main objectives of research such as;

1. To discuss the latest CSR initiatives taken by Bonanza company towards brand equity.
2. To evaluate the perception about CSR from the consumer's point of view.

3. To analyse the correlation between brand equity and CSR with respect to the brand organization, brand loyalty, brand awareness as well as the perceived quality.

Research Questions

Following are the main research questions of my research;

1. What are the CSR activities taken by Bonanza Company towards sustainable growth?
2. Does CSR lead to brand recognition and create brand loyalty?
3. What is the consumer perception about SCR initiatives?

Research Variables

My research variables are around dependent and independent variables. The dependent variable is brand equity. The independent variables are Brand loyalty, Brand awareness, Brand organization, and Perceived quality and Brand Loyalty.

Research Methodology

Statement of Problem

The purpose of this investigation is to find out the direct relationship between Corporate Social Responsibility and Brand Equity. All the investigation is done from the Pakistani Companies who are involved in the CSR activities and are currently active in these activities. An investigation is also done on Pakistani consumers who to some extent are aware of the CSR activities and their brands.

Research Hypothesis

H1: The Company does have a significant effect on brand equity due to CSR.

H2: The Brand Awareness does have a significant effect on brand equity due to CSR.

H3: Brand Loyalty does have a significant effect on brand equity due to CSR.

H4: Perceived Quality does have a significant effect on brand equity due to CSR.

H5: Organizational Brand does have a significant effect on brand equity due to CSR.

Sampling & Subject

I have used a “Random sampling method” because it is a type of probability sampling method where the sample is taken from a group of people easy to contact or to reach by applying the quantitative research methodology. My sample size is around 350 target audience who are well aware of the Bonanza brand.

Research Instruments

Since my research is on significant effect of brand equity due to CSR, so I have used quantitative research methodology. In the questionnaire, the questions are mostly based on multiple choices such as "strongly disagree, disagree, neutral, agree and strongly disagree" close-ended questions are asked, but in interviews, the questions are mostly asked "open-ended questions" are asked to the interviewee.

Data Analysis

The data is based on primary as well as secondary. The primary data was collected through a “Scaled questionnaire” disseminated to 350 target consumers as well as the secondary data was collected from Bonanza company’s some of the representative to get to know their practices about CSR along taken from the literature review.

Significance of the Study

The research is solely done for academic purposes that will enhance my personal as well as professional skills which are based on the significant effect of brand equity due to CSR. It

may help out the other students or readers to get to know about brand equity and its effect due to CSR.

Limitation of the Study

There are various limitations of the research study that has challenged my research some of them are the following;

1. Financial limitations
2. Availability of the limited confidential data
3. Constant guidance required due to lack of technical knowledge
4. Time management issues due to the current pandemic situation prevailed all around the world.

Review of Literature

Definition of CSR

World Business Council for Sustainable Development defines Corporate Social

Responsibility (CSR) as *“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 of the local community and society at large”*.

Perceived CSR

McWilliams et al., (2006) have additionally investigated the subject of the job of CSR and expressed that CSR exercises are centred around the network and purchasers. It has been broke down by the creators that CSR exercises increases the value of the notoriety and altruism of the organization, give worker and consumer loyalty, and devotion to the organization. Lindgreen and Swaen (2010) have given knowledge of the job of CSR and personality remarkable quality on the purchaser conduct.

Definition of Brand

As defined by the American Marketing Organization (AMA) defines a brand 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 other sellers” (Maurya & Mishra, 2012).

Branding is just barely giving the brand name to an item. However, it additionally empowers the organizations to separate themselves among the contenders. The brand is just the reflection of an organization since it speaks to every single movement which the organization attempts (Balmer & Gray, 2003).

Brand Equity

“Brand equity refers to the marketing outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. In other words, consumers knowledge about a brand makes manufacturers/advertisers respond differently or adopt appropriately adept measures for the marketing of the brand” (Shocker & Aaker, 1993).

Brand Awareness

The brand awareness means that how much the consumers get to know about the particular brand that they are associated with it. (Huang & Sarigöllü, 2012) attempted to break down the effect of CSR exercises on the firm.

Brand Loyalty

Brand loyalty is the impression of brand value. Brand loyalty shows the worry and repurchases intention of a client towards an item and administration. Brand loyalty is a long-haul achievement. It proffers the motivation to purchase and produce positive emotions. Buyers

use brand organizations to process, sort out, and accumulate data in memory which encourages them to settle on buy choices (Chaudhuri & Holbrook, 2001).

Perceived Quality

Perceived quality can be characterised as the client's view of the general quality or predominance of an item or administration concerning its proposed reason, comparative with options. Perceived quality is initial, a discernment by clients.

Organizational Brand

An organization is one of the bases of separation and expansions. It regularly concurs that brand organizations are for the most part, brought about by visual impressions. It is the tactile impressions that identify with more than 66% of upgrades which arrives at the cerebrum and causes musings which permits an individual to relate an item or a brand to an image in his psyche (Batra, Ahuvia, & Bagozzi, 2012) ; (Eisenberger, Huntington, Hutchison, & Sowa, 1986).

Factors Responsible for Brand Equity

I have grouped out these factors and will be explaining in this section how they are interconnected and, their role, importance and how they contribute towards brand equity. The critical factors are; Customer's Loyalty, Image of the Brand, Brand Organization, Brand Awareness and Aspirations about the Brand.

Questionnaire Analysis

This is a critical part of my research on brand equity. The questionnaire contains around 14 core questions related to brand equity due to CSR activities which has been distributed to around 500 designated audience as per the sample size of my data collation and 151

responses have been received so far (As shown in the below figure-4-6).

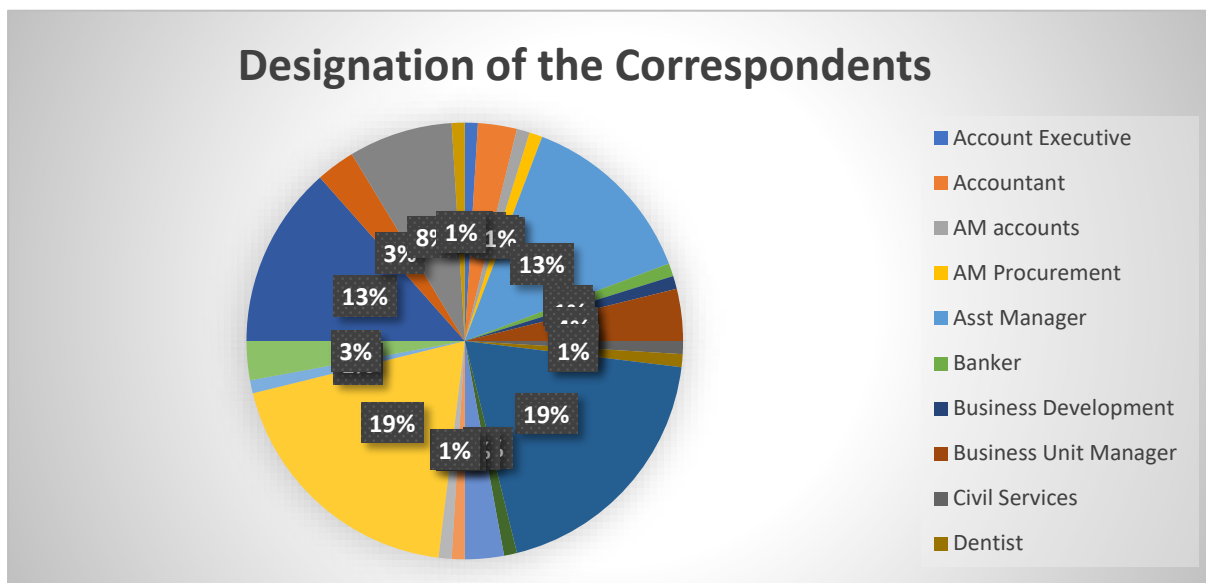


Figure 4-Designation of Correspondents

Age

151 responses

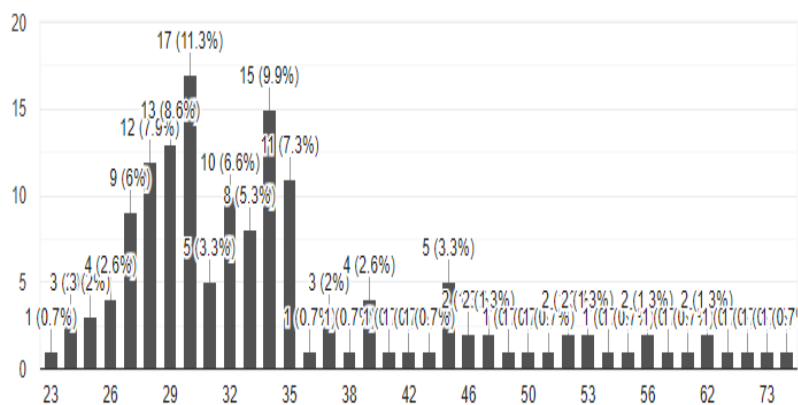


Figure 5-Age bracket of Correspondents

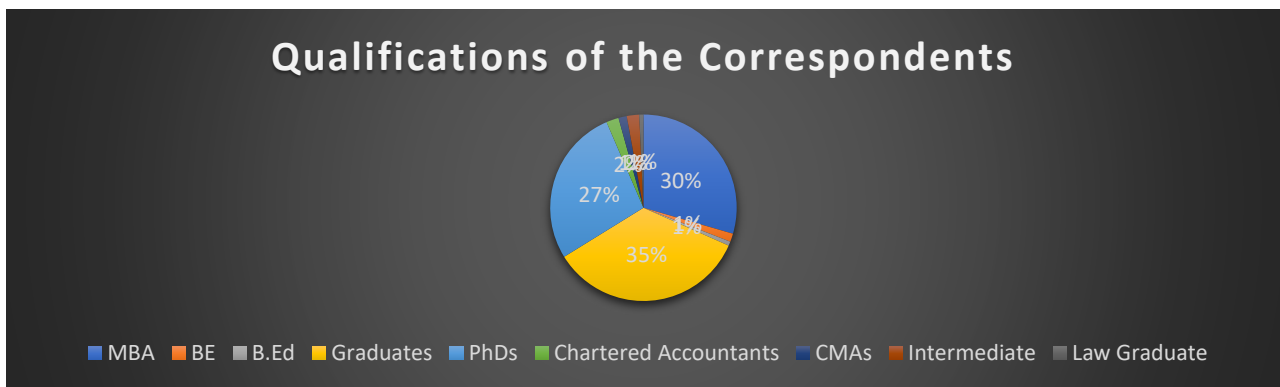


Figure 6-Qualification Scale

As discussed earlier, the main question was asked, “How do you rate the impact of a Brand’s Equity due to Corporate Social Responsibility performed by Bonanza Company” and it consisted of fourteen factors / variables such as; social well-being, image of the brand, customer’s loyalty, promotional campaign, enhanced corporate sales, brand awareness, aspirations about the brand, perceived quality about the brand, corporation contributions related to corporate social responsibility (CSR), long-term success due to brand equity, ethical business practices, brand organization, managing corporate CSR budget and business growth as well. The first factor of this section is “Customer’s Loyalty” related to the question “How you rate the impact of a Brand’s Equity due to Corporate Social Responsibility performed by Bonanza Company.” Licker-scale consists of “Very High, High, Average, Low and Very Low.” 74 responses out of 151 (49%) were in favor of “Very High” that customer loyalty is important and rated very high by the correspondents. It shows that it is critical factors for the company related to brand equity due to CSR performed by Bonanza Company. 42.2% (64) correspondents were in favor of “High”, only 13 (8.6%) were gone Neutral and only regarding the said question. The second factor of this section is Image of the Brand. As shown in the below figure-6, 40 responses out of 151 were in favor of “Very High” (26.5%)

opted by the correspondents. Although, the image of brand is important factor for the brand equity, the survey result shows that 68.9% correspondents opted the option “High” (104 responses) rated on the scale. There were only 7 responses in favor of Neutral option (4.6%) correspondents were in favor. The survey result reveals that the Image of the brand is critical factor for the success of brand equity due to CSR activity. The third factor of this section is Brand Organization.

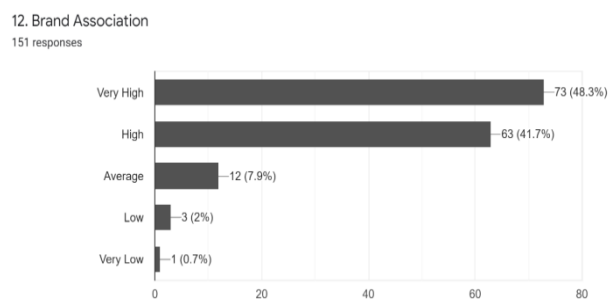


Figure 7- Survey Score of Brand Organization

As shown in the below figure-7, 73 (48.3%) correspondents opted the option “Very High” whereas 63% opted the option “High” (41.7%), 12 correspondents (2%) were Average when the question was Brand organization was asked only one correspondent opted the option “Very Low” (0.7%) regarding the importance of brand organization.

The fourth factor of this section is Brand awareness 69 responses out of 151 were in favor of “Very High” (45.7%) opted by the correspondents as shown in Figure 8.

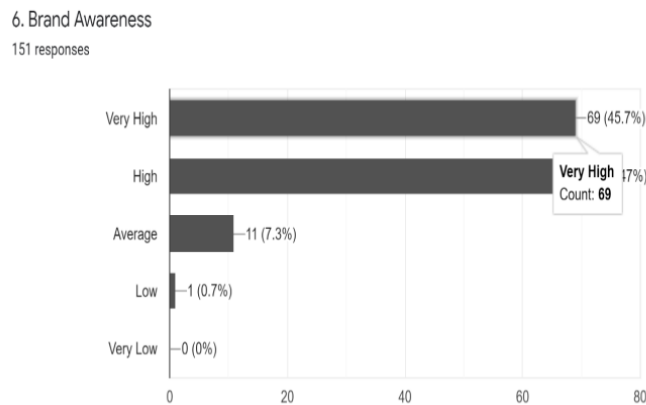


Figure 8- Survey Score of Brand Awareness

Although, the brand awareness is important factor for the brand equity, the survey result shows that 69 correspondents opted the option “High” rated on the scale. There were only 7 responses in favor of Average option 11 responses (4.6%) correspondents were in favor. Only 1 correspondent (0.7%) were opted the option “Low”. The survey result reveals that the brand awareness is critical factor for the success of brand equity due to CSR activity.

The fifth and last factor of this section is “Aspirations about the Brand.” It is termed as, “An aspirational brand is a term in consumer marketing for a brand or product which a large segment of its exposure audience wishes to own, but for economic reasons cannot.” It is as important as brand loyalty, brand organization and brand awareness among the target audience, and it is interlinked with these critical factors as well. Figure 9 shows that 62 correspondents (41.1%) were in favor of opting the option “High” when the question was asked about the importance of Aspiration of the Brand. 51.7% (78 correspondents) were in

favor of selecting the option “High” whereas 8 (5.3%) were opted the option “Average”, 2 correspondents (1.3%) opted the option “Low” as well as only one correspondent (0.7%) thought that aspiration of the brand has less importance and opted the option of “Very Low.”

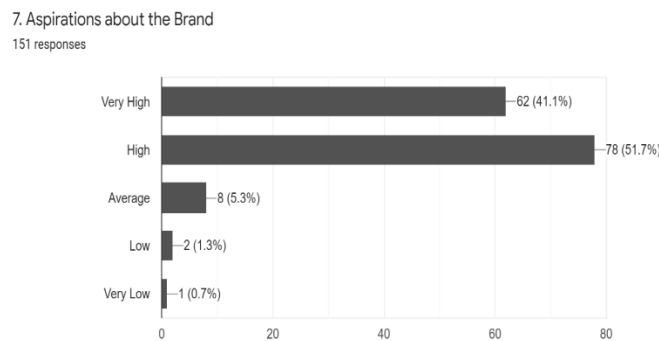


Figure 9- Survey Score of Aspiration of the Brand

Significant Impact of CSR activities On Brand Equity

I have grouped out these factors and will be explaining in this section by one how they are inter-connected and their role, their importance and how they contribute towards brand equity due to CSR activities for Bonanza Company. The critical factors are; Social Well-being, Promotional Campaign, Perceived Quality, Ethical Business Practices, Corporate Contribution and CSR budget.

Questionnaire Analysis

The first factor of this chapter is “Social well-being” related to the question “How do you rate the impact of a Brand’s Equity due to Corporate Social Responsibility performed by Bonanza Company.” Licker-scale consists of “Very High, High, Average, Low and Very Low.”

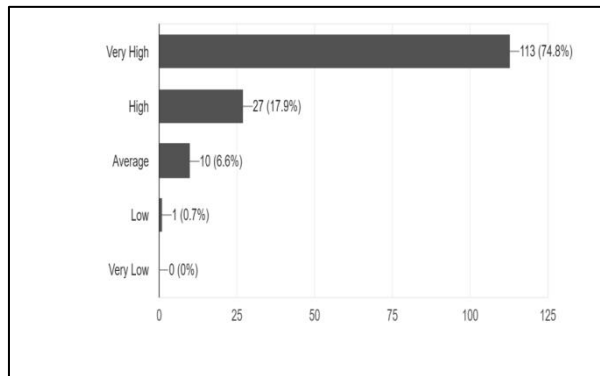


Figure 10 Survey Score of Social Well-being

As shown in Figure 10, 113 responses out of 151 were in favor of “Very High” that social well-being is important and rated very high (74.8%) by the correspondents. It shows that it is critical factors for the company related to brand equity due to CSR performed by Bonanza Company. 17.9% correspondents were in favor of “High”, only 6.6% were gone Neutral and only 0.7% were opted the option “Low” regarding the said question (As shown in the figure-10).

As shown in the Figure-11, 74 (49%) of the respondents of the survey believe that “Promotional Campaign” are “Very High” for the brand equity. There is some correspondent who think that Promotional Campaign is less important as well compared with aspiration of

the brand. However, 62 (41.1%) correspondents opted the option of “High” when this question asked kept in the front of the target audience.

4. Promotional Campaign

151 responses

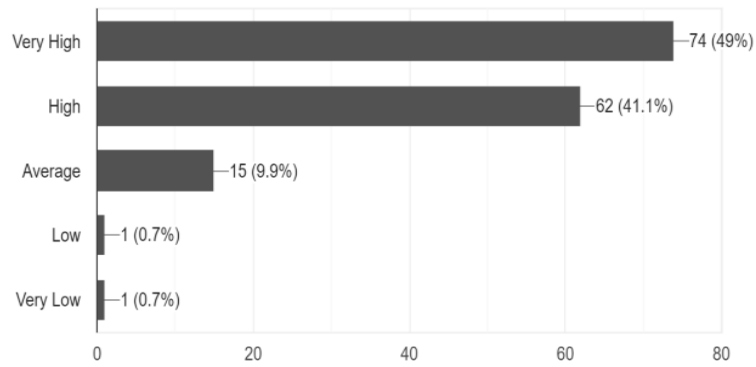


Figure 11- Survey Score of Promotional Campaign

As per Figure-12, (9.9%) selected the option of “Average” whereas as one & one correspondent believe that it is does have significant effect on brand equity due to CSR activities.

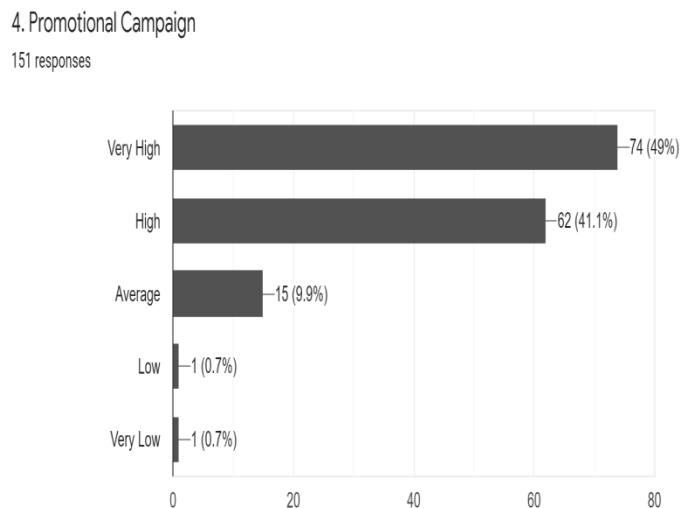


Figure 12- Survey Score of Promotional Campaign

“Perceived Quality” is the third factor of section two. The survey results are shown in figure-13 shows the importance of brand equity’s significance due to CSR activities. 70 (46.4%) correspondents believe that perceived quality is critical for the brand equity and they opted the option of “Very High” whereas 68 (45%) were also in favor of selecting the option “High” for the perceived quality. There were only 11 (7.3%) who selected the option

“Average” whereas only one 2 (1.3%) selected “Low” towards the perceived quality related to the significant effect on brand equity due to CSR activities.

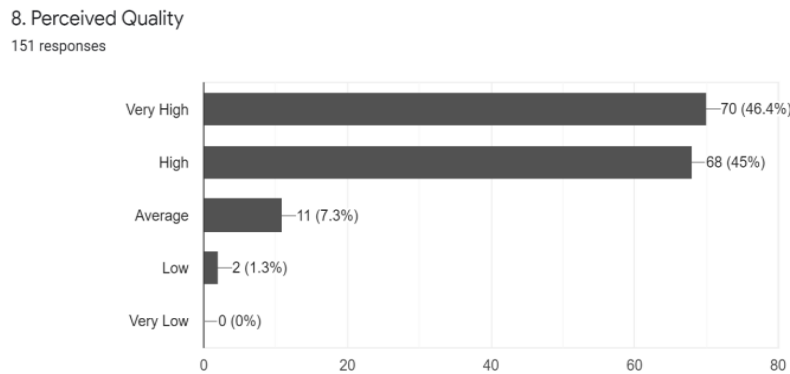


Figure 131- Survey Score of Perceived Quality

As shown in Figure-14, more than 55 correspondents were in favor of opting the option “Very High” as they believe that the ethical business practices are key practices for the company who has significant effect on brand equity due to CSR activities. 77 (51%) were also in favor of opting the option “High” whereas 13 (8.6%) correspondents were not convinced about the ethical practices are critical for brand equity. There are some correspondents who were not in favor of ethical business practices (2, 1.30%) and one correspondent was totally disagreed with my research question and opted the option of “Very Low.”

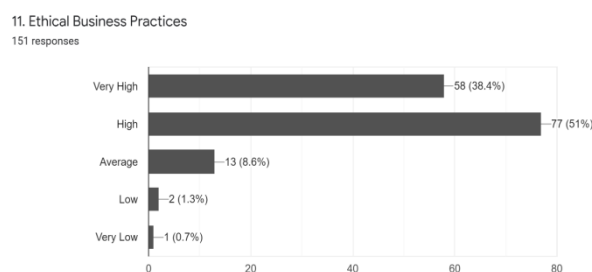


Figure14-Survey Score of Ethical Business Practices

Corporate Contribution is the fifth critical factor of my research question toward the effectiveness of brand equity due to CSR activities. As shown in the figure-15, 64 correspondents (42.4%) and 42 (47.7%) were in favor that company must have corporate contribution towards the activities of CSR for the effectiveness of brand equity. 13 (8.6%) correspondents were those who selected the option of “Average” and one & one correspondent were not convinced about the corporate contribution towards the significant effect of brand equity due to CSR activities.

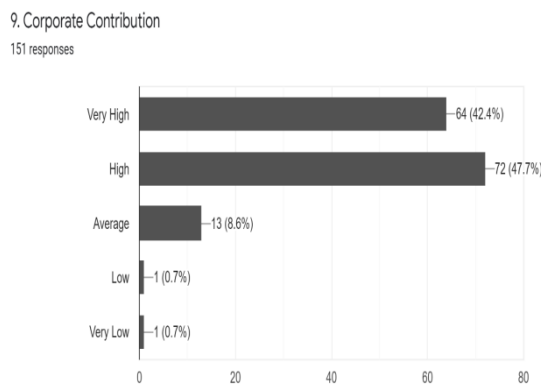


Figure 15-Survey Score of Corporate Contribution

CSR budget is the last factors towards the end of this section. As shown in the figure-15, 64 correspondents (42.4%) think that CSR budget is critical for the significant of brand equity as well as 70 (46.4%) correspondents were also convinced about the idea of CSR budget.

Figure 16- Survey Score of Perceived Quality 11 correspondents (7.3%) were quiet and opted the option of “Average” when the same question was asked to them. 4 (2.3% and 3 (2.0%) were not convinced about CSR budget at all.

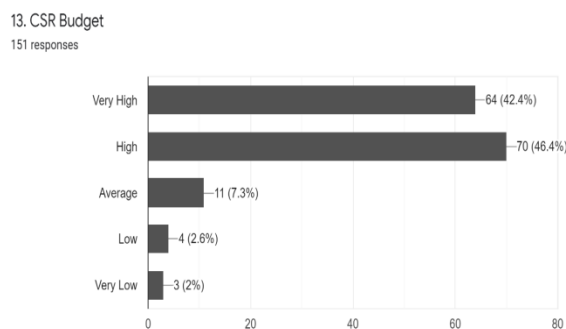


Figure 16-Survey Score of CSR Budget

Driving Forces for a Sustainable Growth

I have grouped out these factors and will be explaining in this section how they are inter-connected and, their role, importance and how they contribute towards brand equity. The factors are; Enhance Corporate Sales, Long-term Success & Business Growth.

Questionnaire Analysis

One of the core factors of corporate sustainability is “how to enhance the corporate sales” for the company? As shown in the figure-17, 65 (43%) correspondents were believed that CSR activities are the driving forces for enhancing the corporate sales that leads to brand equity as well. 20 (13.2%) were opted the “Average” option when the same question was asked to them. Only one correspondent (.07) was not convinced and selected the option of “Very low” regarding the importance of CSR activities towards the enhancement of corporate sales.

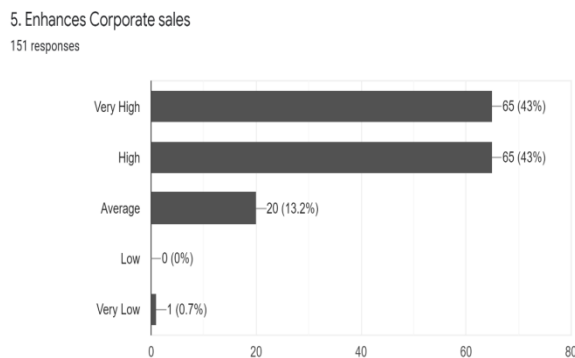


Figure 27-Survey Score of Enhances Corporate Sales

Long-term Success for the company is lied under the umbrella of CSR activities that does have a significant effect on brand equity of Bonanza company. 64 (42.4%) and 76% (50.3%) correspondents were fully convinced that the company can enhance the chances of long-term success if it intends to invest in CSR activities towards the significance of brand equity. 10

(6.6%) correspondents had mixed feelings as well as only one correspondent (0.7%) was not convinced about the idea of CSR activities.

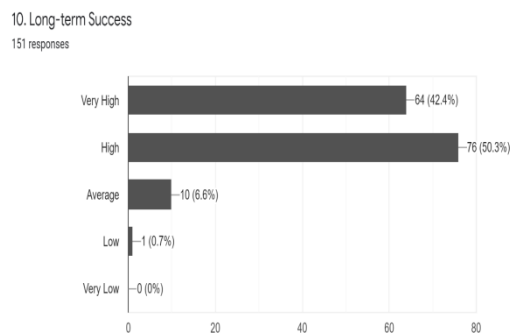


Figure 18-Survey Score of Long-term Success

Business growth is the last factor of this section that talks about how it is critical for the sustainability of the company. Figure19 shows 65 (43%) and 70 (46.4) correspondents were fully convinced that the business growth can be availed if the company gets invested in the

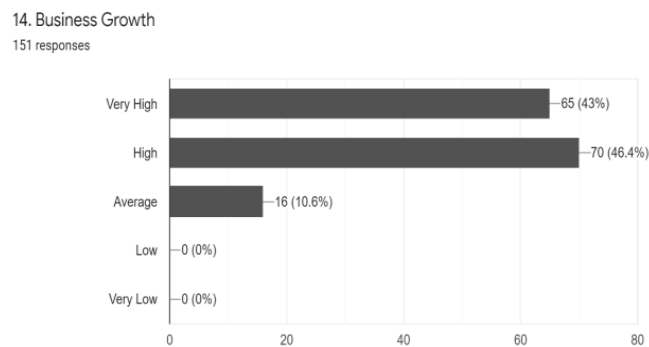


Figure 19-Survey score of Business Growth.

corporate social responsibility activities in order to see a significant effect on brand 16 (10.6%) correspondents were baffled about the sustainability of the business growth.

Conclusion & Recommendations

In order to measure the brand equity, five elements such as brand awareness, brand organization, brand equity, perceived quality and customer's loyalty were taken into consideration. This study is confined to customers only and it does not include other important stakeholders. This study emphasized that companies should undertake CSR activities without expecting anything in return from the society. Corporate Social Responsibility and Brand Equity are dynamic in nature therefore, this research is not conclusive. In fact, it opens a new dimension for further research and it is recommended that more variables should be probed and empirically tested to further investigate correlation between Corporate Social Responsibility and Brand Equity for the sustainability of the company.

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Appendix 1

Table 1-Top 25 PLCs by CSR adopted from PCP (12-2020)

Top 25 PLCs by CSR adopted from PCP (12-2020)				
Rank	Company	Profit before tax	CSR (PKR Million)	Percentage

1	Pakistan Petroleum Ltd.	64,529	1,100	1.7
2	Habib Bank Ltd.	34,891	254.9	0.73
3	Fauji Fertilizer Company Ltd.	31,021	220	0.71
4	National Bank of Pakistan	23,258	192.8	0.83
5	Lucky Cement	8,324	184.5	2.22
6	Mari Petroleum	1,402	164.4	11.37
7	Pakistan Services Ltd.	1,156	131	11.33
8	Allied Bank Ltd.	16,146	103.5	0.64
9	Fauji Fertilizer Bin Qasim Ltd.	6,469	95.2	1.47
10	Bestway Cement Ltd.	3,934	78.9	2.01
11	Nestle Pakistan Ltd.	7,978	73.7	0.92
12	Engro Corporation Ltd.	1,438	72	5.01

13	J.D.W Sugar Mills Ltd.	548	61.3	11.19
14	Pakistan State Oil	13,674	59.6	0.44
15	OGDCL Pakistan	133,083	50.2	0.04
16	Jahangir Siddiqui & Co. Ltd.	2,360	47.2	2
17	Faisal Bank Ltd.	1,840	44.6	2.42
18	Indus Motor Company Ltd.	6,312	43.1	0.68
19	Pakistan Tele Communication Ltd.	11,006	40.2	0.37
20	Bank Alfalah Ltd.	6,783	39.2	0.58
21	IGI Insurance Ltd.	-414	38.4	0.928
22	Arif Habib Corporation Ltd.	3,994	37	0.93

23	United Bank Ltd.	28,410	35.1	0.12
24	Habib Metropolitan Bank Ltd.	5,041	33.4	0.66
25	The Hub Power Company Ltd.	8,580	32.2	0.38