A Study of the Impact of Corporate Social Responsibility on Brand Performance
(Case Study: KalehDiary Products Industry, Mazandaran Province, Iran)

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ABSTRACT: With increased competition and rapid changes in technology and also increase in customers' power and choice, the companies are successful which are able to more properly understand the expectations and values of customers and effectively identify and respond to it. Therefore, the present paper attempts to analyze the impact of corporate social responsibility (CSR) on brand performance in Kaleh Dairy Products in Mazandaran. This study is a descriptive-analytical type and and on a measurement and field basis, and it is applied in terms of objective. The study statistical community includes all the customers of Kaleh Dairy Products in Mazandaran which the size of the sample includes 221 customers and they were selected by a simple random regular sampling method. The study also investigates the relationship between corporate social responsibility on the brand performance (including the relationship between social responsibility and reputation, social responsibility and brand equity, social responsibility and loyalty to brand and brand performance). To collect data, the questionnaire specially designed for diary products customers who at least once consumed such products was administered. Data analysis and hypotheses test were conducted using confirmatory factor analysis and path analysis using software LIZREL. The findings indicated that social responsibility has a positive and significant impact on the brand performance, which to study the effectiveness of corporate social responsibility on brand performance, some variables such as intermediary firm reputation, brand equity and brand loyalty is necessary.

Keyword: corporate social responsibility, corporate reputation, brand equity, brand loyalty, brand performance.

INTRODUCTION

One necessity of economic development and prosperity in different countries is paying attention to the aspects of commercial life. Ethical conduct by government officials and corporate executives lead to the dynamism and stability of a healthy economy. The corporate social responsibility aims to provide a method for organizations to perform at their business places and meet community demands, and commercial, legal, social and ethical expectations (Venous, 2005).

With increased competition and rapid changes in technology and also increase in customers’ power and choice, the corporations are successful which are able to more properly understand the expectations and values of customers and effectively identify and respond to them (Wang et al. 2004). Given the considerable impact of social responsibility on business performance, the present paper seeks to investigate social responsibility factors affecting corporate brand performance. Industrial firms produce their products through creating value for customers due to the impact of globalization and information technology on environment (Cretuand Brodie, 2007). In particular, the study investigates the impact of marketing relations of big firms, customers’ view on products, social accountability level and the impact of society on firms’ reputation, brand equity and brand loyalty, which all of these variables...
affect brand performance (Balmer & Greyser, 2002). Therefore, based on the above, the current paper undertakes to determine whether social responsibility has a significant impact on brand performance through the variables such as brand equity, brand loyalty or not, and it seeks to find ultimately a model which studies the relationship between the mentioned variables with effective indicators.

Research literature
corporate social responsibility

Corporate social responsibility is an open and transparent business practices; it is the method based on moral values and respect to staff, community and environment. Corporate social responsibility is scheduled because it is the result of stable values for society in general and for shareholders more specifically (Omidvar, 2006).

In fact, corporate social responsibility is an obligation beyond legal and economic requirements in which company considers ethical issues and participation in economic development while improving the quality of the labor force in a broader scale namely community and manages its business process in a way that will have positive effects on society (Carol, 1979). In other words, companies are trying to create a balance between the interests of different beneficiaries and also their social, economic, social performance (Shauki et al, 2008).

Social responsibility is "organization voluntary commitment to fulfill transparent and non-transparent duties that society has inflicted on the shoulders of company" (Falck, Heblich, 2007). Social responsibility is composed of two dimensions: "commitment" to the community and "positive helping" of community (Mizuo, 2008).

Corporate credibility or reputation

Erdem & Swait raised the credibility of brand; considering signalling theory, they were able to examine the brand equity according to the customer. The credibility and perceived value of a brand are often perceived as two important features which marketers require it to adopt and establish a distinguished brand. The brand credibility means perceived trust in ability and desire to consistently deliver what is promised, and provides company and customer with a high benefit (Erdem & Swait, 2009).

Relationship between CSR and corporate reputation or credibility

Mac Williams and colleagues (2006) cited that CSR should be considered as a strategic investment and as a tool to maintain reputation and credibility for company (Mac Williams et al, 2006, p 13). On the other hand, they consider the enhanced reputation of the company as an external and acquired drive for companies that follow corporate social responsibility (Fombrun, 2005).

Brand equity

Brand equity is defined as the brand values added to a product and similar definitions have been proposed by researchers such as Aaker (1991), Keller (1993), and Yovodontom (2001). The idea of value added is related to the company’s success because when equity is created for the company, it leads to more profit and less cost than once without the brand value (Agarwal 1997, p 239) and (Aaker, 1996, 108), (Keller 2003, p 110) and (A.Myers, 2003, p 42). Brand equity is a multidimensional concept that includes brand loyalty, brand awareness, perceived quality and brand associations (Aaker and Joachimsthaler, 2000).

The relationship between corporate social responsibility and brand equity

The literature describes CSR research as a corporate activity and situation which is followed by considering social obligations or its minimum shareholders (Brown and Dacin, 1997). Due to the positive effects of participation and the role of CSR and the negative effects of CSR abuse, most companies today focus on issues of CSR and actively participate in CSR activities. Jones (2005) in the cyclic model of brand equity states that the brand equity results from creative relationship between brand and its customers, i.e. more realization of customers’ expectations, higher worth of brand equity. The social responsibility is as one expectation which is cited more than other factors (Jones, 2005, p 25).

Brand loyalty

Brand loyalty is customers’ tendency to choose a product or a business among other products for a specific need (Novo, 2004). Jayawardhen states that preliminary approaches regarding customer loyalty focus on repeated purchase or possible repurchase" (Jayawardhen et al, 1997).
Brand Performance

The proper functioning is the key to organization's success. Indicators such as profitability, survival, growth and ability to achieve goals and competitive capabilities can be seen as the result of good performance (Daft, 1995, p 76). Some scholars, such as Hygens and Vinkenzhave contasted organizational success to brand performance. They believe that brand performance is an outcome of organizational behavior (Brickley et al, 2002, p 26).

Relationship between CSR and brand performance

CSR enhances financial performance through improved relationships with its key stakeholders. This enhancement could be examined from two aspects of cost and revenue (Beurden and Gossling, 2008, p. 71). Enhanced cost is the result of the promoted trustful relations between the two parties, and increased revenue results from the strong relationships between shareholders which attracts new customers and investment, enables companies to pay excessive rates (Barnett, 2008, p. 796).

The study conceptual model

Theoretical framework is a conceptual model that is based on theoretical relationships among a number of factors that have been identified as important issues in the research. According to the definitions provided and the previous studies, the effect of social responsibility is investigated through some variables such as corporate reputation, brand equity, brand loyalty and brand performance.

![Diagram](image.png)

Figure 1. The study conceptual model
Source (Chi-shiuulai et al, 2010)

The study hypotheses

Hypothesis 1: there is a positive and significant relationship between corporate social accountability and brand performance.
Hypothesis 2: there is a positive and significant relationship between corporate social accountability and corporate reputation.
Hypothesis 3: there is a positive and significant relationship between corporate social accountability and brand equity.
Hypothesis 4: there is a positive and significant relationship between corporate social accountability and brand loyalty.
Hypothesis 5: there is a positive and significant relationship between corporate social accountability and brand performance.
Hypothesis 6: there is a positive and significant relationship between firm's social accountability through brand equity and brand performance.
Hypothesis 7: there is a positive and significant relationship between firm's social accountability through brand loyalty and brand performance.
METHODOLOGY

The current study is applied in terms of objective and also descriptive-analytic and measurement- and field-based in terms of data collection. To study the relationship between social responsibility and brand performance, multi-variable regression test is used, and to identify the above mentioned variables factor analysis is applied. Also, to test the relationship between the questions and variables, to estimate obtained standardized factorial loads and to assess factorial validity, confirmatory factor evaluation is used. Finally, to investiaget the impacts between the study variables, structural equations model and in particular path analysis technique using software LIZREL is utilized. The study statistical community is composed of 100,000 customers and buyers of Kallehdiary products in Mazandaran. The sample was selected using simple random methods, which 221 customers were chosen by such methods.

The study main data collection tool was the questionnaire data by Likert spectrum which is sepcllay designed for the customers of Kallehdiary products. To assess the study validity, its Chronbakh was measured which amounted to 0.8955. And this shows the validity of the questionnaire questions.

Findings

Confirmatory Factor Analysis

The hybrid social responsibility model

The model estimation results (model fit) suggest the suitability of the indicators. Considering LISREL output, chi-square value is divided by the degrees of freedom 1.73, which is less than 3. The P-value is equal to 1.000 which is less than 0.05, and RMSEA is equal to 0.058 which is less than 0.08. AGFI, GFI, NFI are equal to 0.84, 0.93, 0.92, respectively, indicating that the fit is relatively high.

Hybrid corporate reputation model

The model estimation results (model fit) suggest the suitability of the indicators. Considering LISREL output, chi-square value is divided by the degrees of freedom 0.000, which is less than 3. The P-value is equal to 0.0969 which is less than 0.05, and RMSEA is equal to 0.000 which is less than 0.08. AGFI, GFI, NFI are equal to 0.91, 0.97, 0.96, respectively, indicating that the fit is relatively high.
Models of brand equity

The model estimation results (model fit) suggest the suitability of the indicators. Considering LISREL output, chi-square value is divided by the degrees of freedom 1.616, which is less than 3. The P-value is equal to 0.0075 which is less than 0.05, and RMSEA is equal to 0.053 which is less than 0.08. AGFI, GFI, NFI are equal to 0.91, 0.99, 0.98, respectively, indicating that the fit is relatively high.

Brand loyalty

The model estimation results (model fit) suggest the suitability of the indicators. Considering LISREL output, chi-square value is divided by the degrees of freedom 1.73, which is less than 3. The P-value is equal to 0.0969 which is less than 0.05, and RMSEA is equal to 0.058 which is less than 0.08. AGFI, GFI, NFI are equal to 1.00, 1.00, 0.97 respectively, indicating that the fit is relatively high.
**Brand performance model**

The model estimation results (model fit) suggest the suitability of the indicators. Considering LISREL output, chi-square value is divided by the degrees of freedom 0.000, which is less than 3. The P-value is equal to 1.000 which is less than 0.05, and RMSEA is equal to 0.000 which is less than 0.08. AGFI, GFI, NFI are equal to 0.92, 0.98, 0.96 respectively, indicating that the fit is relatively high.

**The study hypotheses**

To examine the study hypotheses, the structural equations model is drawn and after considering the fit of the model and obtaining standardized regression weights, their significance is studied. If the significance level is less than 0.05, there is a significant relationship and if it is higher than 0.05, there is not any significant relationship.
THE HYPOTHESES RESULTS

Table 1. Results of hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Research hypotheses text</th>
<th>Path Coefficient</th>
<th>Significance coefficients (t-value)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>there is a positive and significant relationship between corporate social accountability and brand performance.</td>
<td>0/169</td>
<td>0/013</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>there is a positive and significant relationship between corporate social accountability and corporate reputation.</td>
<td>0/190</td>
<td>0/010</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>there is a positive and significant relationship between corporate social accountability and brand equity.</td>
<td>0/206</td>
<td>0/010</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>there is a positive and significant relationship between corporate social accountability and brand loyalty.</td>
<td>0/310</td>
<td>0/010</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>there is a positive and significant relationship between corporate social accountability and brand performance.</td>
<td>0/041</td>
<td>0/005</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>there is a positive and significant relationship between corporate social accountability through brand equity and brand performance.</td>
<td>0/061</td>
<td>0/007</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>there is a positive and significant relationship between firm's social accountability through brand loyalty on brand performance.</td>
<td>0/093</td>
<td>0/006</td>
<td>Not Rejected</td>
</tr>
</tbody>
</table>

CONCLUSION

One of the main results of this study is meeting its main goal, i.e. "to investigate the relationship between CSR corporate social responsibility and brand performance". For this purpose, the dimensions of social responsibility were studied and seven major hypotheses proposed which constitute the main hypotheses of the study. The study findings indicate that corporate social responsibility has a significant and positive impact on brand performance, which to examine the impact of corporate social responsibility on brand performance, some variables such as firm reputation, special brand value and brand loyalty are necessary. The policymaking center of social
responsibility within each organization acts as an internalized and self-regulated unit by which the business activities are supervised, activities’ observance of the spirit of law, moral standards and international norms are insured. The purpose of firm’s social responsibility is to encourage corporations to take responsibility and to exert a positive social impact on environment, consumers, employees, communities, stakeholders and all other members of the public sphere. In addition, corporate reputation depends on its intangible and valuable assets in which morality and social responsibility play significant roles. Although the main objective of the organization is increasing efficiency and profit, to succeed in the information age and globalization, the social expectations and moral judgments must be responded effectively, and such expectations must be combined with economic goals to make it possible to achieve higher objectives. The observance of business ethics and social responsibility through increased legitimacy of an organization affects the benefits resulting from increased pluralism and increasing income, profitability and improved competitive success. Leaders and organizations’ managers' loyalty to ethical principles, considering the legality of the actions of organization form employees’ view, the emphasis on universal ethical principles, the formulation of an organizational ethical charter, taking appropriate actions which are consistent with the wishes and sensibilities of society, ethics training programs for managers and employees are among the measures that managers can do in this regard.

Suggestions

The effect of social responsibility on brand performance is created through the impact of the firm’s reputation and brand equity. If the distributor wants to improve its financial performance through fibrand, managers have to make efforts to enhance the firm’s reputation and prevent it being undermined. Because firm’s reputation will be established in long term, but may be easily hurt or destroyed. In addition, the purpose of the company is earning more profit. And to earn the maximum profit, the managers must consider long term efforts. As the attitudes and perceptions of consumers on social responsibility activities provide the context of brand equity, the managers are encouraged to pursue social responsibility activities, so as to make their customer adopt a positive view to them. Also, to achieve organizations’s objectives and organizational excellence, the managers must pay special attention to social responsibility based on standard social values and make serious efforts to enhance brand equity. So that the structure of the brand equity for the customers is composed of four functional components: product, distribution services, support services and firm. So to increase brand equity, managers can further progress through paying greater attention to these four components and achieve an acceptable social status among consumers. In today’s turbulent and competitive world, in addition to paying special attention to the issues within the organization, the problems related to society must be considered. And by the supply of high quality goods and services and continuous improvement of production processes, social responsibility to customer can be fulfilled.

REFERENCES


