

Does Corporate Social Responsibility (CSR) Reinforce Brand Equity? Evidence from Truely Essential

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Abstract--- *The purpose with which the study was undertaken is to identify if there is any relationship between corporate social responsibility and brand equity, to identify the relation between two variables, we have used chi-square test. Truely essential company has conducted CSR activity for the wellbeing of the society where they are operating. On the other hand, to know that the society those who are benefited through CSR activity conducted by Truely essential company are loyal to the company. For this study we have collected the primary data from company as well as customer or society those who are benefited from CSR activity. From chi-square test we came to know there is no significant relation between CSR activity and brand equity. We collected the data from 50 respondents in Mysore using random sampling method. This study tells that CSR activity and brand equity are two different facts of the company where CSR activity helps the customer to identify the brand or company but it is not necessary to buy the products.*

Keywords--- *Corporate Social Responsibility, Brand Equity.*

I. INTRODUCTION

CSR

It is defined in the section 135 of companies act 2013. The organization takes all the inputs (people, place, and fund) from the society so it is their responsibility to give back to the society considering the wellbeing of the public by the way of conducting some activities. It is mandatory to contribute for their society from their part of their profit, it is not compulsory to all the organization but the one whose turnover is exceeding more than ten billion in the financial year or net worth exceed more than five billion or net profit exceed more than fifty million. The organization which comes under any of the criteria's they should form CSR for the betterment of the society and also to sustain for long time/period.

The company should form the committee to perform CSR activities that consist of three members, their work is to decide the activities which is to be performed, which benefits the customer as well as the society, and to decide the amount to be incurred for the activity, it recommends the BOD to take decision regarding CSR policies and it also monitors it. Schedule VII has mentioned some of the CSR activities which promote education, removal of poverty, women empowerment, gender equality or vocational training. The company's act says that minimum 2% of average net profit of last three financial years should be spent on the CSR activities.

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II. BRAND EQUITY

Adding something into the brand which attracts the customer, which stands in their preference, is called brand equity. In other word it is creating a brand to attract the customer.

Brand equity helps to differentiate their branded products with other products. It gives unique identification to the brand by receiving positive impacts from the customers. Company can create the brand equity by giving the customer what they want by understanding their needs and the customer should feel worthwhile paying for the product and expect the good quality one.

Example:

When it comes to tooth paste ‘Colgate’ brand stands first, that is how the Colgate Company has created a brand.

Once the company has created a brand it helps to produce or go for more innovative products. It won’t be a burden if they are planning to launch a new product of that brand. Once if the customer has the trust towards the brand, they will definitely try those products. This is how they have to create the brand.

III. LITERATURE REVIEW

- **BALACHANDRAN (2004)** the study has been conducted on “**CSR as a determinant of market success**” The author says the company is expanding day by day in different country due to globalization. The business process has been changed and there is a huge computation between each company. Customer is also trying to purchase company product which give good impact on social responsibility. Therefore, CSR activities play an important role in market success.
- **ARTI YADAV (2015)** this study explains the “**CSR and branding: a relational overview**” according to this study CSR activity is carried out by some of the organization due to their unethical practices that is been followed by the organization. In order to increase their brand image of their organization or products the company carry out CSR activities based on their policy that is been emphasis by the company law board and also to create good image in the minds of stakeholders.
- **TIAGO MELO & JOSE IGNACIO GALAN (2010)** the study is based on “**The effects of CSR on brand value**” This study explains that CSR activities does not create tangible competitive advantages to the company’s brand value. The financial contributions of a company towards CSR activities will depend upon the size of the organization.
- **DAVID HAN-MIN WANG(November 2015)** this study explain “**the effects of corporate social responsibility on brand equity and firm performance**” where no other study is conducted on his social responsibility. This study uses quantile regression and structural equation modeling to find out the linkage among the factors of Taiwanese high tech for the period of 2010-2013 it is conducted to find out brand equity and positive qualities of the company. But this study says that there is no relation between CSR activity, brand equity and firm performance.
- **J.J.RIVERAE.BIGNE (September2016)** This study deals with the “**effects of corporate social responsibility perception on consumer satisfaction with the brand**” This study focus on customer

satisfaction which have a direct effect on consumer satisfaction, according to the finding it shows that there is both positive and negative relationship between CSR activity and customer satisfaction. The finding suggests that the direct relationship can be creating from brand attitude. This finally shows the evidence of satisfaction and firm performance throw market share and productivity of the firm.

- **FAHAD IQBAL IN FEBRUARY 2013** studied about the “**impact of corporate social responsibility activities on brand equity**” This study conducted on mainly examine brand equity and find out relationship between brand equity and CSR activity. It also examines the perception of customer towards CSR activity and this study was mainly conducted to find out the sustainability of CSR activities to identify the brand recognition and brand equity.
- **DANIELS REESE MENSAH (January 1, 2017)** the study is about “**Building brand equity through the influence of corporate social responsibility (CSR): a case study of Hollard insurance Kumasi**” CSR plays an important role in building the brand equity. This study says that the brand building can be effectively done through proper implication of CSR activities, this can be helpful in creating positive relationship with people’s mind.

IV. OBJECTIVES

- To study the CSR activities conducted by Truely essential company.
- To know the benefits that is gained by the stakeholder of Truely essential company.
- How CSR activities taken up by Truely essential company that helps in developing the brand equity.

V. HYPOTHESIS

H_0 = There is no significant relation between CSR activity and brand equity.

H_1 = There is a significant relation between CSR activity and brand equity.

CSR activity create positive relationship between company and society			
	Observed N	Expected N	Residual
D	14	12.5	1.5
E	26	12.5	13.5
F	7	12.5	-5.5
G	3	12.5	-9.5
Total	50		

Test Statistics	
	CSR activity create positive relationship between company and society
Chi-Square	24.400 ^a
Df	3
Asymp. Sig.	.000

A. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 12.5.

Calculated value of Chi square is 24.400

Degree of freedom is 3.

Since the calculated value is less than table value the null hypothesis H_0 is accepted. and the alternative hypothesis H_1 rejected.

Therefore, there is no significant relation between CSR activity and brand equity.

VI. METHODOLOGY

Questionnaire scheduled is the tool used to collect the data from the respondents selected as sample from the beneficiary population. The researcher's selected the sample using Random Sampling Method for its primary source of information.

Mysore city is the area of the study selected and the year 2016-2017 is taken for the period of study in which the company conducted the CSR activity.

Chi-square and the Percentage Analysis methods are used as the Primary statistical tools for the study.

VII. ABOUT COMPANY AND ITS CSR ACTIVITIES

Truly essentials have considered the serious health issue causing by Mosquitoes. They have launched Mosquito armour gel which is natural and chemical free. Through CSR activities they are promoting Healthy living habits in the society. They have organized 'Care to Care' Campaign that is for every tube of Mosquito Armour Aloe Gel, Truly Essentials will give away one to the needy to reduce Dengue in Mysuru. Every week they were distributing the number of units to Slums, Schools, Colleges, Villages, etc, towards forming a Healthy Society.

VIII. ANALYSIS AND KEY OUTCOMES

1. 86% of respondents strongly agree that CSR activities is important for our society as it helped to reduce the dengue disease and remaining 14% of respondents agree that it helps them to protect from dengue.
2. Respondents agree that company extend social wellbeing activities throw CSR concept. 6% of respondents strongly agree because as they were the beneficiary of the CSR activities of the selected company. 82% agreed, 10% somewhat agree as they were the part of the program extended as CSR activities and 2% were neutral as they were not much benefited from the program.
3. 14% of customer are of strongly agree opinion about awareness of the CSR activities done by TRUELY ESSENTIAL company as they receive product which helped in eradication of dengue, 46% of customer are agree that they are aware as they have received the dengue cream as a part of CSR activities, 30% customer are somewhat agree as they are not much beneficiary of the end-dengue program and the remaining 10% are neutral as they are not much aware about the usefulness of the end-dengue program.

4. 86% of customer strongly agree that they can quickly recall the symbol or logo of the company after CSR activities as they were participated and beneficiary of the activity, 12% will somewhat agree and the rest 2% are neutral.
5. 4% of people strongly agree that company provides full information about the product extended to customer as a part of CSR activities as the came to know about the usefulness of the product, 22% of people are agree for this statement as the company try to extend awareness about that product among the people, 32% of people will somewhat agree as it provides information about the prevention of dengue disease, 30% of people are neutral as the information given by the company is not much effective, 12% are disagree about this statement as the information and the product is not much useful for them.
6. 8% of respondents agree that they will prefer a company brand which involve in CSR activities as they feel that they are contributing towards the development of the society when they purchase the product, 28% of respondents somewhat agree as they are influence by the features of the product which is promoted by the CSR activity, 36% of respondents are neutral as it is not necessary to buy products after CSR activities, and the remaining 28% of respondents are disagree to prefer as they purchase the product based on the price and the quality.
7. 6% of people strongly agree that CSR activities create positive relationship between company and society as it tried to followed by allied product of the selected company, 14% agree to reduce the cost and methods to reduce the dengue it could develop goodwill in the minds of respondents, 52% somewhat agree because it help the company to get into the minds of the people for the good work done by the company and the rest 28% of people are neutral as they feel that the company is trying to create the awareness about the disease as well as they are indirectly promoting their product to customer.
8. 28% of respondents agree that CSR activities gives a positive impact on public lifestyle by providing prevention for the dengue disease, 28% of respondents somewhat agree as they can protect themselves when they are aware about dengue, 42% of respondents choose neutral as they think that CSR activity is just creating the awareness but it does not impact on the lifestyle of the public and the remaining 2% of respondents will disagree as they think that the company is just trying to promoting their product.
9. 2% of customer strongly agree that customer and public are kept in mind before taking up CSR activities as they were benefited from that product, 32% of customer agree for this statement because the company is trying to reduce the problem (dengue) faced by the society, 18% of customer are somewhat agree for this statement as they believe that they are focusing on particular part of the society, 46% of customer choose neutral as they feel customer and public is kept in mind as well as that the company has to compulsory contribute 2% of profit in conducting CSR activities, and the rest 2% will strongly disagree.
10. 12% of respondents agree that TRUELY ESSENTIAL company has created brand image by doing CSR activities as it motivate the society to buy the product, 40% of respondents somewhat agree that the company has created brand image as it increase the trust on the product, 38% of respondents choose neutral for this statement as they are influence by the quality of other product and the remaining 10% will somewhat disagree about this statement because they feel that substitute product will offer better features.

11. 6% of customer strongly agree that the CSR activities will really benefited them as they are benefited from protecting themselves from dengue, 22% of customer will agree that CSR activities benefited them by creating the awareness to reduce dengue, 12% of customer somewhat agree that CSR activities benefited them as it tries to solve the problem, 34% of customer says that CSR activities are neutral, and the rest 26% of customer somewhat disagree because Mosquito aloe gel give protection only for dengue problem but not cure the dengue.
12. 2% of people strongly agree that company behaves ethically and honestly with its customer in extending CSR activities as they believed that the trust among the customer to the company increases, 24% of people agree if the company is ethical then the customer will loyal towards the company or product, 14% of people somewhat agree as they believe that it increase the brand image, 58% of people neutral as they feel that the company is just trying to promoting their product through CSR activities and the rest 2% of people will somewhat disagree as they believe that CSR activity is done only to reduce tax .
13. 22% of respondents agree that they will be loyal to the company after getting benefited from CSR activities extended by the company as they believe that they are contributing something towards the development of the society, 18% of respondents somewhat agree about this statement as they are somewhat influence by the CSR activity and they feel that they should be loyal towards the company, 42% respondents have chosen neutral as they are not concern about the CSR activity they only see the features of the product, 12% of respondents are somewhat disagree as customer prefer other brand product which gives same benefit, and the rest 6% of respondents disagree because the customer prefer cheap and quality product.
14. 10% of people agree that the company would be their first choice while purchasing as they are influence by the quality of the product, 28% of people somewhat agree that this company will be their first choice as the product have good feature which help in protecting of dengue, 52% of people are neutral for this statement as the people feel that it is not necessary to purchase the product which involve in CSR activity, and the remaining 10% of people disagree as the information in the CSR activity is only about the aloe gel but not the other products therefore they are not aware about the other product offered by that company.
15. 20% of customer agree that they will buy other brand if this brand is available/not available in the shop as they are influence by the brand of the other products, 24% of customer somewhat agree to this statements as we came to know the satisfaction gained by the customer by this product, 52% of customer are neutral as the customer prefer the commodity which is available at their time of requirement, and the remaining 4% of customer are disagree.
16. 2% of respondents strongly agree that they will recognize this company/brand among their competing brand as they have created the brand image in the minds of customer, 86% of respondents agree that they will recognize because most of the customers are satisfied with the CSR activities conducted by the company as it provide the information about the end-dengue program ,12% of respondents somewhat agree that they will recognize the company/brand among competing brand as they are directly influence by the CSR activities.
17. 6% of respondents strongly agree that CSR activities increases the level of trust you have in the brand as they are satisfied with the commodity provided for them while conducting CSR activity, 20% agree for this

statement as they feel that the products will be useful for them because it is made up with natural raw material for production, 26% somewhat agree for this statement as the company has tried to increase the social welfare of the society it has created a since of trust among the customer, 44% of respondents chose neutral because they feel CSR activities has helped in creating some brand image but it cannot built trust as it only gave prevention and the remaining 4% strongly disagree as the CSR activities provide information only about the prevention of dengue.

IX. CONCLUSION

The study started with a positive note that there is a positive relationship between CSR activity and brand equity and helps in continuing customer loyalty to the company. Through the progress it was identify that there is more relationship between the customer loyalty and CSR activity undertaken by the company. It was observed that CSR activity have helped customer to identify the products belonging to a particular company but not necessary to motivated towards procurement of goods and services, even being an activity that has really contributed for positive change in the society but does not serve quality products and services and vice versa. To conclude, it shows that CSR activity contribution and brand equity are two different fact of a company.

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