

ST. MARRY UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MARKETING MANAGEMENT



**THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON BRAND EQUITY: THE
CASE OF TEKHAFA TRADING PLC**

BY:

TEWODROS ESHETU

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTERS OF ARTS IN MARKETING MANAGEMENT**

PRINCIPAL ADVISOR – (PhD) GETIE ANDUALEM

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DECLARATION

I TewodrosEshetu, the undersigned, declare that this thesis is my original work, prepared under the guidance of **GetieAndualem (PhD)**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Tewodros Eshetu
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Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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ACKNOWLEDGMENT

Praises and thanks to the God for His showers of blessings throughout my research work to complete the research successfully.

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List of Acronyms and Abbreviation

CSR: Corporate Social Responsibility

CBBE: Customer based brand equity

FBBE: Firm based brand equity

ECONR: Economic dimension of CSR

ETHCR: Ethical dimension of CSR

LEGAR: Legal dimension of CSR

PHILANR: Discretionary / Philanthropic dimension of CSR

Abstract

Corporate social responsibility is becoming a tool for competitive positioning. It is the basis for brand choice among other advantages and therefore, described as a strategic tool in marketing. In spite of these observations, there appears to be a paucity of studies, linking corporate social responsibility to brand equity. Therefore, the purpose of this study is to examine the effect of corporate social responsibility on brand equity in the context of Tekhaf Trading Plc. Specifically the study examined how company's corporate social responsibility activities (economic, legal, ethical and philanthropic) related to building brand equity (brand awareness, perceived quality, brand association and brand loyalty). A conceptual framework developed based on a review of extant literature to depict the relationships among the study variables. This study employed descriptive case study research design to answer the research questions and used some qualitative information to know the current conditions of the companies with regard to corporate social responsibility and customer's perception towards it. The questionnaire administered to 384 samples of respondents using convenient sampling technique. The data were analyzed using descriptive statistics and multiple linear regressions model. The findings of the study showed that the overall corporate social responsibility practice of the company's makes a significant contribution to the company's brand equity. Moreover, legal, philanthropic and economic corporate social responsibility practice of the company has positive significant effect on brand equity. While, ethical corporate social responsibility practice has negative but insignificant effect on brand equity. Therefore, knowing that the practice valued by the customers and has a significant effect on the company's brand Tekhaf Trading Plc should consider publicizing its corporate social responsibility activities to the public via media outlets in more organized way in order to get the return from its good deeds.

Key Words: Corporate Social Responsibility, Brand Equity, Tekhaf Trading Plc.

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CHAPTER ONE

1. INTRODUCTION

This chapter bring into being by presenting brief background of the study which is followed by the statement of the problem which states the full picture to carry out this study. Succeeding the research questions, the objectives of the study, significance of the study, scope (delimitation) of the study, and organization of the paper are sequentially presented.

1.1. Background of the study

Recent business approaches advocate the importance of social responsibility to organizations operating in a competitive marketplace. Over the past decade, Corporate Social Responsibility (CSR) has received increased attention from numerous researchers, marketers and international organizational bodies. CSR has almost become a necessity for companies today where many practice it more extensively than ever (Sitkin, 2013).

Various definitions have been developed. 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” (Baker, 2008). The European Commission advocate CSR as “Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders” (Zerk, 2006).

Also, Lichtenstein et al., (2013) support CSR as the responsibility a company has towards itself and society while Palazzi and Starcher (2000) viewed from the stakeholder expectations. The definitions just created a very broad domain, of course, and include not only duties and actions directed at individuals, but also the ethics and how to improve the quality of life of the local communities and societies. One of the best known and most widely accepted definitions of CSR is by Carroll, who says that corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations (Carroll, 1991).

In today’s competitive service market environments CSR actions offer firms inimitable upper hand in enhancing their brand equity (Bhattacharya et al., 2009). The higher value of the brand in consumers’ minds results in more benefit for companies from consumers (Karbasivar&Yardel, 2011). According to

the American Marketing Association (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” (Fries, 2006). Also Keller (2008) defined Brand as creating and delivering a promise to target consumers. This promise can be about functional satisfaction, experiential enrichment, or aspiration fulfillment. Brand is a heart of a company which creates a perception about the company’s product or service in the mind of a consumer. One of the significant and important issues is to obtaining an appropriate position in consumers’ minds so as to gain the consumer loyalty. Among factors which are effective in this process are company’s brand and brand equity (Aaker, 1991).

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, consumer’s knowledge about a brand makes manufacturers/advertisers respond differently or adopt appropriately proficient measures for the marketing of the brand” (Ramachandran, 2010) Brand equity (BE) is a key marketing asset for companies because it can create a unique and needed tool for investigating the relationship between the firm and its stakeholders (Christodoulides & de Chernatony 2010). Another argument put forward by Trudel and Cotte (2009) is that consumers are more likely to pay higher prices for products and services from companies perceived as socially responsible. Brand equity is an added value that is created due to the brand name and knowing its dimensions can make a better understanding of the strengths and weaknesses of the brands in markets and it can make the comparison of a brand and its rivals easier. Brands which have higher equity can get the customer’s preferences and tendencies and result in higher level of sale. Therefore, in order to have a strong brand, it is wise that the factors affecting the brand performance be evaluated more precisely (Ho & Merrilees, 2008). This is to say a firm’s CSR engagements have the potential of creating customer-based brand equity for the firm. According to Keller (1993; 2003) customer-based brand equity include the dimensions of brand awareness, perceived quality, brand image or association and brand loyalty. Moreover, CSR is often proposed as a means to build positive attitudes towards companies among their consumers, and thus, firms could benefit more from spending on CSR activities if they understood the effect CSR can have on consumer behavior (Poolthong and Mandhachitara, 2009).

Lam, 2016 also confirmed the relationships between perceived service quality, trust and attitudinal loyalty with corporate social responsibility. CSR in this business sector (Tekhaf Trading Plc) also,

increasing the need for trust, as well as accountability and transparency that lead to it. Tekhaf Trading Plc as part of the community have to focus on the advantages of their customers, employees, shareholders and the society regarding their services and thereby contribute to the sustainable and stable economy in the country.

Tekhaf Trading Plc operates like any business institution and takes the leading business role in the country in terms of service quality, trust and attitudinal loyalty with corporate social responsibility for the imported and exported products.

Therefore, the purpose of this study is to investigate the effect of corporate social responsibility on brand equity in the context of Tekhaf Trading Plc in Addis Ababa. The results of this analysis help to provide a better understanding of the interaction effects of multi-dimensional CSR activities

1.2. Statement of the problem

It's globally accepted that brand is one of the most valuable assets of any business (Bharadwaj et al. 1993). There is also a growing consensus that corporate social responsibility (CSR) has crossed the line from being a business jargon to becoming a critical business function that have strategic importance as a brand building tool (McDonald and Lai, 2011; Bhattacharya et al., 2008) and increasingly becoming a common knowledge among marketing practitioners and scholars (Maon et al., 2009). One of the strategic tools that cause commitment and frequency of consumption, increasing economic value for shareholders and expanding economic activities beyond the geographic boundaries, is brand equity. Marketing management and CSR activities are arguably about building brand equity to satisfy the interest of customers and other key stakeholders (Kotler and Lee, 2005). Building brand equity (BE) presents firms with a host of benefits including sales growth, profitability and market share. Most scholarships on BE generally consider "branding effects" in relation to consumer knowledge (CK) about a given brand and how this acquired knowledge affects consumer behaviour (Aaker 1991) Keller (1993).

The key objective of the organizations is to sustain it to achieve the competitive advantage in the economic market (Aguilera et al., 2007). The mechanism of corporate social responsibility is necessary for the company's survival and productivity, as well as the essential competitive success (Porter and Kramer, 2006). Willingness to invest in corporate social responsibility is not a cost or constraint, but a

source of competitive advantage (Yoo, 2015). Effective use of corporate social responsibility and brand management can distinguish a company from its competitors and create competitive advantage (Craig, 2003). Corporate social responsibility can reflect corporate social features for distinguishing its product (RajanVaradarajan and Menon, 1998). With increasing competition and the emergence of phenomena such as global markets, domestic industries of each country need to increase their competitive advantages in order to survive in this competition.

Given the importance of brand equity and social responsibility for companies, to investigate how and to what extent the corporate social responsibility creates value for the brand, is essential (Iranzadeh, Ranjbar and Poursadegh, 2012). The review of literature on CSR & Brand Equity suggests Carroll's CSR model (Economic responsibility, Legal responsibility, Ethical responsibility and Discretionary (philanthropic) responsibility) to the financial sector and the framework developed by Akar, 1996 offers a comprehensive theoretical framework to examine the impact of CSR on Brand Equity. Brand Equity is perceived from the customers because the factors which lead to brand equity are all measured from customer's perception like brand loyalty, brand awareness, brand association, trust and the perceived quality.

While scholars in the field highlighted Brand Equity happens when the customer knows about the brand and holds some great, solid and unique brand associations in memory (Boga, et.,al., 2015). Brand Equity is primarily achieved through the creative deployment of the elements of the marketing mix (Kotler, 2003). Notwithstanding, scholars have also highlighted the potential of CSR activities in eliciting favorable responses from target customers (Kodua, 2015). The pursuance of Brand Equity within the customers is thus considered a critical marketing decision as it borders on firm competitiveness, survival and profitability.

There hasn't been much research carried out on corporate social responsibility on brand equity in the context of Ethiopia. Findings of a research carried out in the business industry in the context of our country revealed that "there is no positive and direct relationship between the four dimensions and brand equity, however the inter correlations between corporate social responsibility and brand equity were significant and positive. This research explored the most influential factors that are behind corporate social responsibility of Tekhaf Trading Plc and it was done in such a way that it could give an insight to the major determinants that have an impact on the brand equity of the company operating in

Ethiopia. This study measures the different variables which determine the CBBE of Tekhaf Trading Plc there will be a clear understanding of the market.

The motivation behind this study is the fact that the company is currently a strong brand supplied by Tekhaf Trading Plc which is in stiff competition with other suppliers. This study will help to take a larger share of the market over its rivals. However, it has not been clear which factors of corporate Social responsibility have a strong influence on brand equity. Employing the concept of CBBE to address their customers' needs will in turn increase their sales volume and market share in this very competitive market.

The study attempted to investigate philanthropic and non-philanthropic domains of CSR in the business activity. The finding shows that though Tekhaf trading plc is making efforts in the CSR areas, still there are gaps in implementing well planned CSR and making disclosure. The fact that none of the studies looked at the relationship between corporate social responsibility and brand equity in the business industry on Tekhaf Trading Plc that just dominates the business sector depicts a research gap.

Therefore, this study aimed at investigating the effect of corporate social responsibility activities on brands equity in the business industry in the case of Tekhaf Trading Plc

1.3. Research questions

1.3.1 Main Research Question

Does corporate social responsibility contribute positively to brand equity in the case of Tekhaf Trading Plc?

1.3.2. Sub-research Questions

- I. How does the company's economic CSR activity contribute in building brand equity in the case of Tekhaf Trading Plc?
- II. How does the business's ethical CSR activity enhance brand equity in the case of Tekhaf Trading Plc?
- III. How does the Tekhaf Trading Plc legal CSR activity contribute to the company's brand equity?
- IV. How does the company's discretion or philanthropic CSR activity contribute to build brand equity in the case of Tekhaf Trading Plc?

1.4. Objectives of the study

1.4.1. General objective

The broad objective of this study is to investigate the effect of corporate social responsibility on brand equity in the case of Tekhaf Trading Plc.

1.4.2. Specific objectives

- I. To examine the effect of Tekhaf Trading Plc CSR activities on brand awareness.
- II. To examine the effect of the company's CSR activities on perceived qualities of its service.
- III. To investigate the effect CSR activities of the company on brand association.
- IV. To examine the effect of the company's CSR activities on brand loyalty.

1.5. Scope of the study

This study laid emphasis on assessing the effect of Corporate Social Responsibility on brand equity in the case of Tekhaf Trading Plc at Addis Ababa. From the perspective of Carroll (1991) Corporate Social Responsibility includes four categories of social obligations which all responsible companies demand it. These include economic, legal, ethical and philanthropic responsibilities of that business have towards society at any given point in time (Carroll, 1991). Carroll argued that the total responsibility of business should entail the simultaneous fulfillment of economic, legal, ethical and philanthropic dimensions by the company. Therefore, this study focused on investigating these CSR responsibilities positively relates to the brand of the company. When looking effects of corporate social responsibility, the study was limited to its effect on the brand by omitting its benefit to the society and the environment.

Time and financial constraints are also affected the concentration area of the research. Therefore, the study was limited to Addis Ababa as a majority of CSR philanthropic activities of the company are being performed in the city by considered only the CSR activities which have done three years back to the present.

The study employed mixed research design with quantitative approach based on questionnaire survey and descriptive and inferential analysis, and for the measurement of CSR the model developed by Carroll (1991) was used. The four dimensions of CSR are Economic responsibility, Legal responsibility, Ethical responsibility and Discretionary responsibility. For the measurement of Brand Equity, the Aaker's Brand Equity Framework developed by Aaker (1996) was used. Aaker formed his brand equity model around the four categories of brand assets such as Brand loyalty, Brand awareness, Perceived quality and Brand associations.

1.6. Significance of the study

This study was intended to explore the effect of CSR on brand equity, and examine if CSR is worth the enormous investment by a profit-making organization like Tekhaf Trading Plc. Even if the issue of Corporate Social Responsibility has been addressed during the last decades by various scholars from all over the world, a specific research has not been made which relates to business sectors like Tekhaf Trading Plc. Therefore, this study pays attention to Tekhaf Trading Plc in relation with influence of CSR on BE.

The major significance of the study includes the following:

The idea of corporate social responsibility is relatively new to the business world. From a practical perspective, consumers are becoming more expectant of companies conducting their business in a socially acceptable way. Therefore, the study has importance to the company because at present, competition in the business sector involves non-monetary factors as many business organizations offer similar services in the same markets and the study of CSR as tools of socially responsible business is very essential. It will contribute to the development of brand of the company by creating positive image if it is properly implemented; In addition, business managers have identified that infusing CSR as a strategic tool creates competitive advantage for their business.

Also, it will add to the knowledge and methodology of conducting research on the field; and it fills some part of the information gap of the issue to top management and other external end users.

1.7. Limitation of the study

It is clear that corporate social responsibility is important for organizations, and the literature review showed that CSR, if done properly, could result in a good reputation in building brand equity.

There are limitations with regard to sample size and sampling techniques that were used. The research was limited by the fact that a small sample of participants that were selected through convenience sampling technique and it won't fully represent the behavior of the entire population.

Moreover, since the majority of the respondents that were willing to fill the questioners are educated, relatively young and a relatively high-income group, generalization to other groups might not be applicable. People who have lower education, older age and lower income might demonstrate a different behavior. Thus, the external validity of the research might possibly be low. Although, a study incorporating a wider range of factors, which are related with companies, marketing strategy and other extraneous variables, might yield a better understanding of consumers brand choice.

Respondent's bias and subjectivity are also expected to be a limitation since our society is not well acquainted with researches and their purpose. Moreover, unwillingness of consumers to participate in the study and negligence of some respondents to respond to the questionnaire appropriately might affect the validity of the study findings. Thus, further and more comprehensive study will be needed to fully understand this area of research.

1.9. Organization of the study

The study comprised from five chapters. The first chapter is the introductory part of the study. The second chapter is about review of related literature s. The Research Methodology was described in the third chapter. The collected data were analyzed, presented and interpreted in the fourth chapter. And, the last chapter, chapter five included the summary, conclusion and recommendation of the study.

CHAPTER TWO

2. LITERATURE REVIEW

In this chapter different concepts focusing on theoretical and empirical evidences about CSR are reviewed in light of the objectives of the study. The themes include the role of business in CSR that business companies exercise and conceptual definitions by different authors are included.

2.1. Theoretical and conceptual review

2.1.1. Definitions and Concepts of CSR

The concept of Corporate Social responsibility has been developed through time and defined by different scholars at different times because of its wider scope and the growing attention of the concept by practitioners. The following are among the various definitions proposed by these scholars and summarized as follows;

CSR was first used and defined as a concept by Bowen (1953): CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Holme& Watts (2000), also stated the view of Corporate Social Responsibility as the commitment of businesses to meaningfully contribute to the society by being ethical and through the development of the economy. A lot of the ambiguity behind CSR seems to derive from the lack of universal definition to the subject because CSR is a social construction it cannot be universally defined; rather it is something best understood in its specific context (Bimir, 2016, p. 4-5).

De Schutter (2008, p. 204) further suggested that the confusion is about the subjects many perspectives; hence, from what side of the relationship is CSR viewed.

(1) “CSR may refer to an understanding of the role of business in society. Business in this sense means socially responsible by owing duties not only so its shareholders but also the stakeholders in its environment”. (2) “CSR may refer to a way of regulating business activities. It manifests a shift from the imposition of top-down obligations under the threat of legal sanctions, to the reliance on incentives and voluntary initiatives as a way of orienting the activities of the corporation”. (3) “CSR may refer as an alternative to regulating business itself. Here it appears as a code word for abandoning certain questions that might be target to regulatory approaches to market mechanisms” (De Schutter, 2008, p.204).

European Commission defines CSR as a concept whereby companies observe social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Lai, 2015). The concept is for those organizations that have decided to pass the minimum legal requirements and risks of collective agreements to consider social needs (Filizöz&Fisne, 2011). In a more general definition, corporate social responsibility is defined as the ways in which a business seeks to align its values and behavior along with the values and behavior of its various stakeholders. Different groups affected by the actions of an organization, are called "stakeholders". Stakeholders of a business include employees, customers, suppliers, governments, interest groups (e.g. environmental groups), competitors, partners, communities, owners, investors and the wider social groups that business operations can have an impact on them (Chatterji et al, 2009). Carroll (1991) has identified a pyramid model that includes four categories of social obligations which all responsible companies demand it. These include the responsibilities of economic, legal, ethical and philanthropic.

From the perspective of Carroll (1991), economic responsibilities include duty to satisfy consumers through high-value products as well as to create enough profits to investors. This sector includes the main goal of business and entrepreneurship which is to produce goods and services and have profitability. For more profitability, firms should have strong competitive position in the market and increase the share value. Legal or statutory responsibility requires that companies while acting in their economic obligations observe laws and regulations. This includes government regulations that businesses are required to obey them. Companies should follow these legal requirements to increase profitability. Moral responsibility refers to a variety of business practices and ethical norms that are expected to be followed, even if they are not codified in law. This section of the pyramid shall determine the expectations of the stakeholders.

2.1.2. Corporate Social Responsibility Theories

In the literature on corporate social responsibility, there are different theories developed by different writers. This encompasses the, Carroll's Pyramid, stakeholders' approach and Shareholder Management Theory.

A) Carroll's CSR Pyramid

Carroll initially developed the CSR model in response to Friedman's critique and the overall responsibility confusion among academics and managers. The CSR model contained a three-fold purpose; (1) to define the essential aspects of CSR, (2) connect them to the relevant social issues and (3) aid practitioners to choose a responsive corporate philosophy to address those issues (Carroll, 1979, p.500).

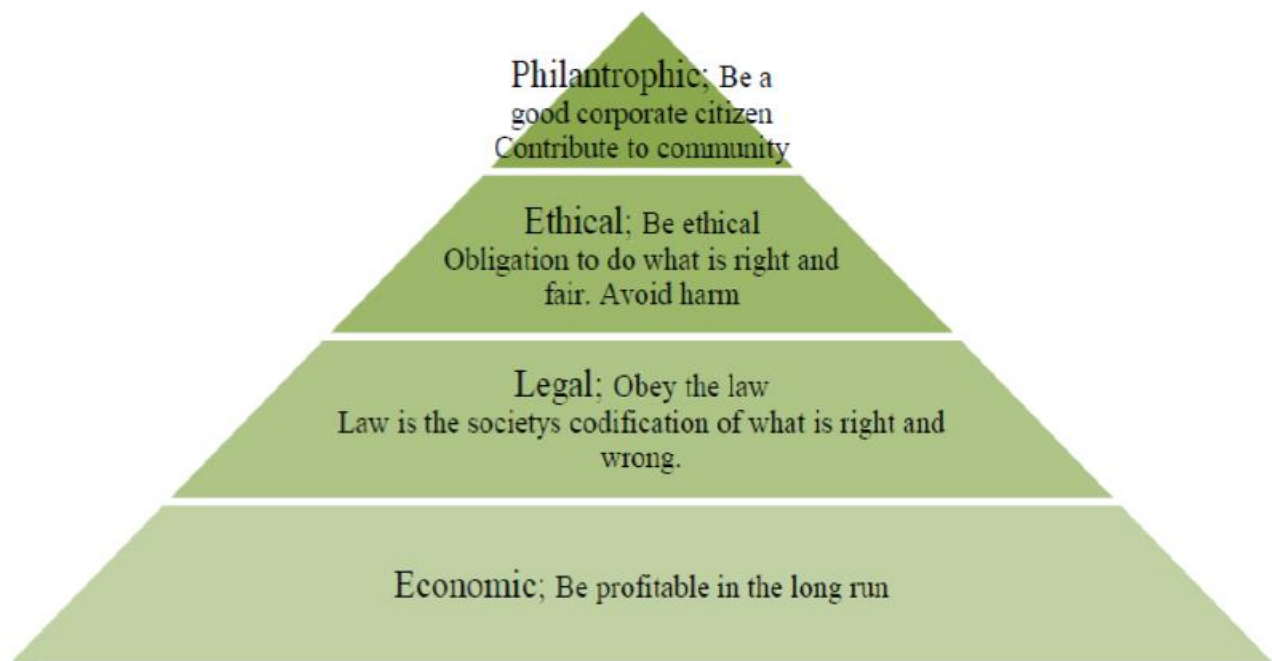


Fig 1: The pyramid of Corporate Social Responsibility, Carroll, 1991

In 1991 the CSR model was further developed and depicted in a pyramid model that addressed the four responsibilities that businesses have towards society at any given point in time (Carroll, 1991). Carroll argued that the total responsibility of business should entail the simultaneous fulfillment of economic, legal, ethical and philanthropic dimensions by the company.

Economic Responsibility; According to Carroll (1991) the bottom responsibility of a company is to produce “goods and services that the society wants and sell them at a price that society thinks represents their true values”, this eventually benefits the company with profits. Profits serve as return on investments to owners and shareholders resulting in jobs and fair pay for workers. However, according to Schwarz & Carroll (2003, p.509) company actions fall outside the economic dimension if;

1) they are not intended to maximize profits, 2) they are engaged in activities without economic value to the company.

Legal Responsibility; According to Carroll (1991, p.40) because society has granted companies to assume the productive role, they must always keep in mind that expectation exists for them to fulfill their economic mission within the framework of legal requirements. Carroll (1991, p.41) concluded that this was part of the social contract between business and society. Regulation is determined by statutes, and its aim is to minimize risk and ensure safety and confidence in the financial system. In practice, statutes are supplemented by the compliance with the guidance of various supervisory bodies and trade associations, which is signified by the compliance function (Decker & Sale, 2009).

Ethical Responsibilities; According to Carroll (1991) ethical responsibilities overcome the limitations of law concerning the difficulty to legislate morality. Although the two first categories shall always embody ethical behavior, there are activities and practices that are expected by the society but not covered by legislation. Carroll (1991) emphasized the focus on solitariness - that society keeps expectations of business over and above the legal requirements. The codes of ethics that embody voluntary constraints also include the basic principles of integrity, fair conduct, respect and transparency in the financial sector. The ethical values and expectations of stakeholders are most apparent in the stakeholder dialogue, which puts communicative ethics into practice. Decker and Sale (2009) draw attention to the fact that the compliance approach, which is aimed at compliance with statutes, often does not favor the establishment of ethical business practices and business culture.

Discretionary (Philanthropic) Responsibilities; According to Carroll (1991, p.42) the last obligation concern responsibilities that society has no clear-cut message for business, it is up to the individual company's judgment and choice. From this perspective business is expected to contribute to enhanced quality of life in society. The difference between ethical and philanthropic responsibilities is that the latter is not regarding moral and ethics (Carroll & Buchholtz, 2003). Decker and Sale, (2009) stated, it cannot be interpreted through external expectations; it is a voluntary activity; however, it has become common practice among companies, contributing to the better reputation of the financial sector. There is a need for the endorsement of social expectations in CSR that are more directly linked to the company's business activities and clientele (Lentner, 2011).

B) Stakeholders Theory

The core of the stakeholder theory steps away from the shareholder capitalism orientations that see business as an instrument for profit maximization (Freeman et al, 2010. p.2). It presents an alternative that has been very suitable in regard to the parallel development of corporate responsibility and sustainability in the business community. The stakeholder theory concerns how to manage a business effectively while creating shared value between a company and its surroundings.

According to Lee (2008) in Emil and Dennis (2013), the development of CSR has been inspired and propelled by the notion of stakeholder theory. The rational connection between CSR and stakeholder theory is that if CSR explains what responsibilities business ought to fulfill, the stakeholder concept addresses the question of to whom business should be accountable to.

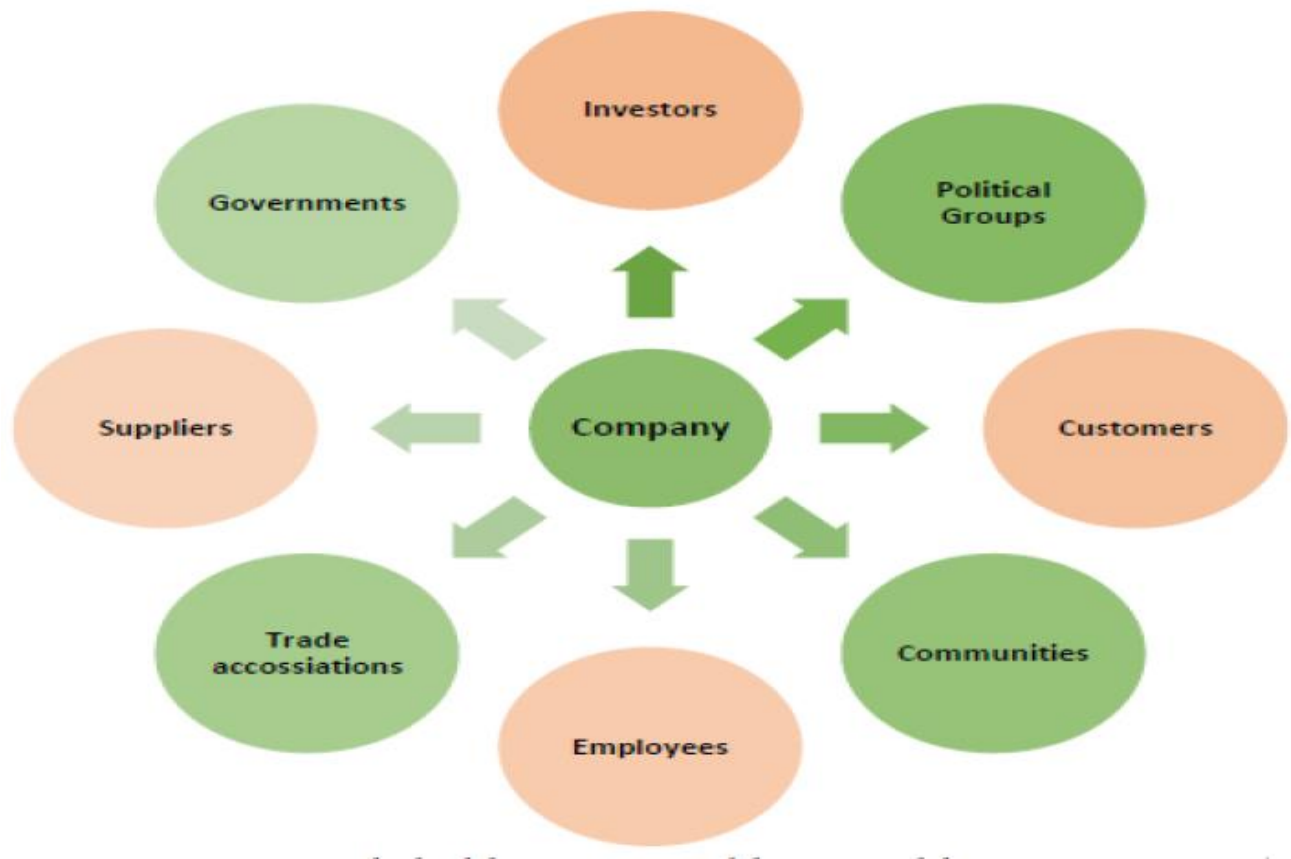


Figure 2.2; Company Stakeholders, inspired by Donaldson & Preston, (1995)

C) Shareholder Management Theory

In contrast to the stakeholder theory, this theory focuses on profit as the major objective of the firm in conducting CSR activities and business firms have main responsibility for the maximization of profit but without ignoring human rights. This theory does not consider moral actions and companies are motivated to engage in corporate social programme only as long as they gain profit from these programme and it is based on give and take kind of one of the company's action. Companies may contribute to social activities but with the main motive of securing their maximum profit from their businesses processes (Freeman & Harrison, 1999. p. 480). Here government actions and regulations are important in order to minimize irresponsible social actions.

2.1.3. Factors influencing CSR adoption in organizations

Tekhaf Trading Plc through corporate social responsibility is giving back to the community to improve the communities in which they operate. To achieve this, they have opted to value-based business practices as drivers to CSR initiatives. Milanovic et al. (2009) presents the following as the key drivers of CSR. Business ethics defines how a company integrates core values – such as honesty, trust, respect, and fairness – into its policies, practices, and decision making. Business ethics also involves a company's compliance with legal standards and adherence to internal rules and regulations. Effective Human Resources Management is the most important and critical to a company. The business process of the company is not just limited to the operations internal to the company but to the entire supply chain involved in goods and services. If anyone from the supply chain neglects social, environmental, human rights or other aspects, it may reflect badly on the company and may ultimately affect business heavily. Thus, a company should use its strategic position to influence the entire supply chain to positively impact the stakeholders.

The products and services of a company are ultimately aimed at the customers Nzovah (2012). The cost and quality of products may be of greatest concern to the customers but these are not the only aspects that the customers are concerned with. With increased awareness and means of communication, customer satisfaction and loyalty would depend on how the company has produced the goods and services, considering the social, environmental, supply-chain and other such aspects.

For a company meeting legal requirements does not comprise CSR but it includes engaging in a way that goes beyond mandatory requirements and delivering environmental benefits. This would include,

but not limited to, finding sustainable solutions for natural resources, reducing adverse impacts on environment, reducing environment-risky pollutants/emissions as well as producing environment-friendly goods Moan and Swaen (2008). A major stakeholder to the business is the community in which the company operates. The involvement of a company with the community would depend upon its direct interaction with the community and assessment of issues/risks faced by those living in the company surrounding areas. This helps in delivering a community focused CSR strategy making positive changes to the lives of the people and improving the brand-image of the company. Involvement with the community could be both direct & indirect – through funding and other support for community projects implemented by local agencies.

2.1.4. CSR in the business industry

Ethical sales behaviors were proven to help in building strong trust and customer relationships (Hansen and Riggle, 2009).

Business activity affects the whole society and thus entrepreneurs should carry out such activities that would be consistent with the social objectives and values (Bowen 1953) and it is a view not only to the personal interest of the company, but also to the willingness to take the responsibility for social matters (Rabiański 2011).

CSR is a great tool to strengthen the company's position in the market (Handelman, Arnold 1999) by presenting a positive and ethical corporate image in the local community (Sen, Bhattacharya 2001). Ethics of the company comes directly from the idea of corporate social responsibility and sustainable development. Responsible and sustainable company targets to include ethical standards into strategy and to use them in a conscious way (Paliwoda-Matiolańska 2009).

2.2. Definitions and Concepts of Brand Equity

The most important and valuable definition of brand equity have been proposed by Aaker (1991) and Keller (1993) that is more commonly used definition in the literature. Aaker (1991) has defined brand equity as a set of five groups of assets and responsibilities of company that are attached to the name or symbol of the brand, and raise or reduce the value of a product or service for a company or for consumers. Aaker (1991) defines brand equity as a set of elements which create value for products, businesses and consumers. These elements include brand names, logos and etc. From the perspective of Keller (1993), brand equity is different reactions of consumers to the brand. Branding has been in

marketing literature for centuries as a means to distinguish the company's goods from competitors' goods (Keller 2008).

In 1992 Blackston started to build a definition for brand equity. He acknowledged that “a brand is the consumer’s idea of a product” and a consumer is an active participant in creating brand equity. Berry (2000) divided brand equity assets into two dimensions: brand awareness and brand meaning. He did not form his own definition of brand equity, but he used Keller’s definition from 1993. Burmann, Jost-Benz and Riley (2000) had slightly 13 different approach to brand equity; “present and future valorization derived from internal and external brand-induced performance”. They focused on the value created by brand-related performance. They used five dimensions of brand equity assets: brand benefit clarity, perceived brand quality, brand benefit uniqueness, brand sympathy and brand trust. The first three dimensions concern functional brand equity attributes and the last two are focusing more on emotional attributes.

According to Gill et al. (2007), association creates a value and feeling about brand that distinguishes it from other brands. Consumers may also remember a sign of the product consumed in their family which it is not necessarily the name of the product and can be the shape of the packaging, design or specific pictures or any other thing that can be associated in minds. Also, awareness of consumer and a relationship with a strong positive associative is considered as an advantage for the brand.

2.2.1. Conceptual domain of consumer-based brand equity

There are numerous proposals for classification and dimensions of brand equity that the first and the most famous are presented by Aaker (1991). The present research conceptualizes brand equity in accordance with Aaker (1991) and Keller (1993) based on consumer perceptions. The following sections provide a description of the four dimensions of consumer-based brand equity examined in our study:

Aaker (1991), defined from the perspective of the consumers brand equity includes five dimensions of brand awareness, brand association, perceived quality, brand loyalty and other assets related to the company. Usually the first four dimensions are considered in the analysis of consumer-based brand equity and the fifth factor is posed as a communication channel between the company and other factors as an indirect relationship with the consumer. Keller (1993) is of the first people who presented assumptions on brand equity from the perspective of consumers with an emphasis on its perceptual

dimensions. Keller assumed that brand equity depends on brand knowledge and the basis of comparison with a similar product.

Brand loyalty: This is a major component of brand equity. Aaker (1991, p. 39) defined brand loyalty as: “the attachment that a customer has to a brand”. Loyalty to the brand is a position that demonstrates how likely a Customer may turn to other brands, especially when that brand creates a change in the price or other aspects of product (SeyedJavadein& Shams, 2007). Brand loyalty can be defined as the customer’s positive attitude towards a brand, the brand’s commitment and his intention to continue to purchase that brand in the future (Kim et al., 2003).

Perceived quality: This is another important dimension of brand equity (Aaker, 1991). Aaker (1991) defines perceived quality as customer’s perception of overall quality of product or service according to his own purpose compared to other options. Perceived quality has been defined as the consumer judgment about significance and preference of a product with respect to its purpose and in comparison, with other similar products in the market (SeyedJavadein& Shams, 2007). Perceived quality is not the actual quality of the product but the consumer’s subjective evaluation of the product (Zeithaml, 1988, p. 3).

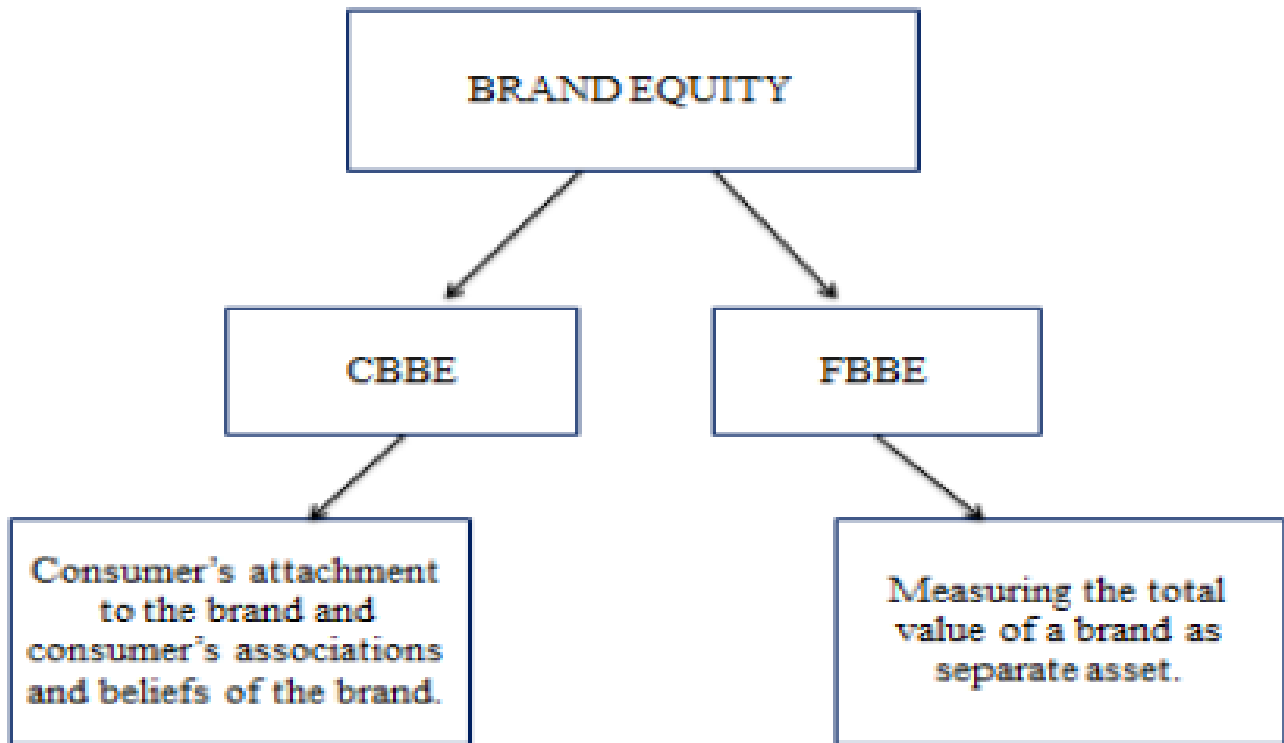
Brand awareness: This refers to the strength of a brand’s presence in consumers’ minds. Brand awareness is an important component of brand equity (Aaker, 1991; Keller, 1993). Aaker (1991) states that brand awareness can be defined as consumer’s ability to identify or recall a brand in a specific product category. For example, remembering a certain brand like Coca-Cola. Brand awareness is the ability of potential buyer to detect and recall that a brand is a member of a certain product category. High brand awareness and brand association leads to creating a distinctive image of the brand (SeyedJavadein& Shams, 1386).

Brand association: Brand association is everything associated with the brand in mind (Aaker, 1991) and may include consumer mentality, product characteristics, uses, associations related to company, brand personality and symbols (Keller , 1993). Brand associations are believed to contain “the meaning of the brand for consumers” (Keller, 1993, p. 3). While a brand may derive associations from a range of sources, brand personality and organizational associations are the two most important types of brand associations, which influence the brand’s equity (Aaker, 1991).

2.2.2. Perspectives of Brand Equity

There are two different approaches to the concept of brand equity represented in figure 2.1: a firm-based brand equity (FBBE) and customer-based brand equity (CBBE). The distinction between these perspectives is depending on the actors, measures and the final aim of using brand equity (Atilgan, Akinci, Aksoy&Kaynak 2009). FBBE measures the total value of a brand as a separate asset (Christodoulides& de Chernatony 2010). Atilgan et al. (2009) point out that FBBE uses product-market outcomes, such as price premiums, market share and relative price, as well as financial-market outcomes, such as brand's purchase price and discounted cash flow of licenses and royalties. CBBE perspective focuses on customer's mind set of a brand. It is considered as a driver of increased market share and profitability of the brand and it is based on market's perceptions, that is, consumers' associations and beliefs (Christodoulides& de Chernatony 2010).

Figure.2.3 Perspectives of Brand Equity



Source: Christodoulides, G. & de Charnatony, L. (2010)

This thesis is focusing on customer perspective of brand equity. According to Gronroos (2007), customer-based brand equity is used to describe the value that brands create to customers. Conceptualizing brand equity from the consumer's perspective is useful because it suggests both

specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Tekhaf trading plc also enables managers to consider specifically how their marketing program improves the value of their brands (Tuominen 1999).

Customer-based brand equity refers to the tremendous value inherent in a well-known brand name. It actually represents a product's positioning in the minds of consumers in the marketplace. (Yasin, Noor & Mohamad 2007) It also gives important insights for companies of why and how the brand is creating more value to consumers than the competitor's brand and why their brand is chosen over the competitor's brand.

2.3. Empirical Reviews on Corporate Social Responsibility and Brand Equity

Today, organizations know that CSR is linked to their reputation and brand identity (Holding and Pilling, 2006). Manhaimer (2007) stated that customer loyalty is linked to brand equity. This means that there is a possible relationship between CSR and loyalty through brand equity. CSR efforts by a company can enhance its brand equity and thus the overall consumer loyalty. Van Heerde, Gupta and Wittink (2003) also suggested that loyalty can be impacted by brand equity and these two factors in turn can be driven by CSR initiatives.

A study by Lai et al. (2015) entitled the impact of the corporate social responsibility on the performance of the brand revealed that the company's activities and reputation effectively impact the industrial brand equity and performance. In a study of Lai et al., the brand equity includes brand loyalty, perceived quality, brand awareness, brand association and the satisfaction of the brand. A study by Tuan (2014) aimed to analyze the relationship between corporate social responsibility, leadership and brand equity in a hospital in Vietnam, showed that interactive leadership is in relationship with company's legal and economic responsibility.

The aim of research assumed to identify factors that distinguish a company as socially responsible. It has been shown that for respondents, the most important activity should be ethical, i.e. good and fair treatment of employees and customers by the company. Ethics thus becomes the foundation of CSR, which should be developed through mutual concessions based on the law that functions in a given society. Without this there is no ethics and ethical standards in the company activity (Rabiański 2011).

Supporting charities is one of the most important factors that affect the recognition of the company as a socially responsible business. This is consistent with principles of functioning within CSR, as it is

recommended that companies to keep balanced policy in order to increase their benefits, but also to reduce and even to eliminate damages resulting from their activities by investing in social infrastructure, such as building schools and hospitals. These activities are aimed at balancing the effects of business activity through a positive impact on the society, in which they functioning. Lack of such approach can result in a lack of public acceptance for the company's operations, cut it off from resources, and consequently its liquidation (Walsh et al. 2003, Frederick 2006). An important factor prominent in research is the support the activities related to environmental protection by businesses. In well-developed countries there is a high willingness to support initiatives for sustainable development of society, including activities related to ecology. It is a sign of a highly developed awareness of taking care of natural and ecologically clean environment, which is necessary for the proper functioning of people. A greater interest in environmental protection among younger respondents is shown, which is confirmed by a negative correlation between age and perception of environmental qualities (Johnson et al. 2004).

The choice of employers' problem indicated that amount of proposed wages and employee's opinion on atmosphere at work was focused greatly by respondents with primary and vocational education levels. An important problem for the respondents is the ability to upgrade their professional qualifications through training courses organized by employer. The study has also raised the problem of the company's brand, which when choosing an employer, the greatest attention was paid by respondents with primary and vocational education degree as well.

Being socially responsible means for individuals and organizations to manifest ethical behavior and to demonstrate sensitivity to the social, cultural, economic, and environmental issues. It is confirmed that the implementation of these behaviors is beneficial for the functioning of businesses. For example, the Asia-Pacific CSR Group was established to support activities related to environmental protection and human resources in this region of the world (Gautam, Singh 2010). Also, companies in the aviation industry have incorporated CSR into their business structures due to the negative impact of its operation on the environment, and the issue concerned the limitation of pollutants emission and the importance of Corporate Social Responsibility of enterprises in business 123 *Oeconomia* 13 (2) 2014 noise reduction (Cowper-Smith, de Grosbois 2011). Executives believe that CSR creates a competitive advantage for their businesses, thereby increasing its market share (McWilliams, Siegel 2001).

Today, corporate social responsibility is no longer seen as a moral responsibility of business people, but as a strategic resource that aims to improve the efficiency of functioning between society and corporation (Lee 2008). Despite the voluntary of CSR introduction, it is not quite voluntary concept, because CSR is a contemporary need for a long-term and stable business development (PARP 2012).

Poolthong and Mandhachitara (2009) believe that CSR is a powerful tool in building customer perceived quality and brand effect, sometimes referred to as attitudinal loyalty. Positive effect of CSR on consumers' attitudes towards the firm and its products has been confirmed in several marketing studies. Employee commitment, brand image, customer loyalty and market share are some of reported positive consequences of the relationship between CSR and brand effect (Berens et al., 2007; Ginsberg and Bloom, 2004).

Riaz, (2010) shows clear evidence that CSR has profound impact on brand awareness, brand image, brand value and brand loyalty. CSR is also linked with the process of creating brand equity. He clearly mentioned that CSR needs to be improved in the Pakistani markets and showed the evidence that brands with a very strong CSR profile are seen as safe investment. He finishes by saying that CSR might be the only solution to sustain brands and achieve brand equity status.

Esmailpour and Barjoei, (2016) investigated the influence of social responsibility and corporate image on their brand equity. Employed applied research in terms of aim and descriptive-exploitative in terms of data collection and the study population consists of all consumers of Morghab food industry (Yekoyek) in Bushehr. The sample size is estimated to be 384. The results show that corporate social responsibility has a significant positive impact on corporate image and brand equity. In addition, corporate image positively influences brand equity.

Mallin (2009) argues that socially responsible companies are expected to integrate economic, social and environmental concerns into their business strategies and activities beyond their compliance with the law. Mallin explains that social responsibility is not corporate philanthropy. This is because companies can be philanthropic but fail to be ethical or law abiding.

Siltaoja (2009) explains that economic responsibility requires organizations to be profitable to meet the customers' needs, while legal responsibility is the requirement to work within the legal framework of the business and observe the rules and regulations within the jurisdictions of the business. On the contrary, ethical responsibility refers to following the moral standards in carrying out business while

discretionary responsibility refers to the companies' voluntary actions to benefit the society in which they operate in by improving the quality of life of the citizens Siltaoja (2009).

According to Asongu (2007) Ethical CSR, involves 'avoiding societal harm' which is an obligation. Wilkinson et al. (2008) explain that ethical CSR is the moral, mandatory fulfillment of a corporation's economic, legal and ethical responsibilities regardless of the benefit accrued to the business.

Kitchin, (2003) states in his article about the CSR using brand explanation he defined CSR in a very broad sense and then related it with brand. He explained brand as a trust and a gap between brand and trust in different models and suggested how to close these gaps in order to create CSR. In the end, he stated that the biggest challenge to be faced is to change people's thinking. People are the system, only they can change themselves.

Vassileva, (2001) states the relationship of firm's CSR activities with corporate branding focusing on customer's viewpoint shows the impact of CSR activities on corporate brand. In the findings, it showed that the commitment to CSR activities is highly appreciated.

2.4. Conceptual framework and Hypothesis of the study

2.4.1 Conceptual framework of the study

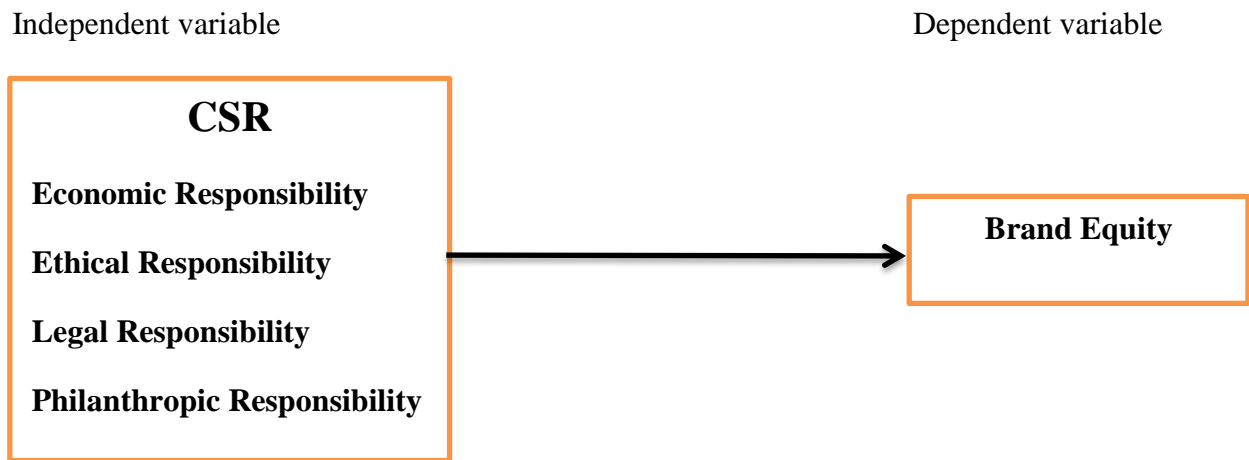
The focus of CSR research has shifted from "why" to "what" to "how", i.e., to adopt CSR practices that are most compatible to business strategy to bring about maximum outcomes for both the firm and the society (Lai, Chiu, Yang & Pai 2010 cited on Tadess, (2017)). Strategically, integrated CSR activities may have a strong impact on brand equity, but only if companies realize the potential of their responsible actions and know how to utilize it (Hoeffler & Keller 2002). The synthesis of the conceptual framework presented below depicts how CSR activities have their effects on brand equity.

By identifying the basic variables on the research subject and creating a relationship between them through theoretical and empirical literature background, conceptual framework and model of this study was designed. In the conceptual model of research, dimensions of brand equity are extracted from Aaker model (1991) which includes perceived quality, brand awareness, brand association, brand loyalty and the corporate social responsibility model is extracted from Schwartz & Carroll model (2003) which contains the ethical, legal and economic corporate social responsibilities. The review of literature on CSR & Brand Equity suggests that the above framework offers a comprehensive theoretical framework to examine the impact of CSR on Brand Equity.

The proposed associative relationships among the four consumer-based brand equity dimensions of brand awareness, brand associations, perceived quality and brand loyalty. It is envisaged that consumers' perception of quality will be associated with their brand loyalty. The more brand loyal a consumer is, the more he/she is likely to perceive the brand as offering superior quality and vice versa. Similarly, the more favorable association's consumers have towards a brand, the more their loyalty and vice versa. Consumers who hold favorable associations towards a brand are also likely to develop favorable perceptions of quality and vice versa.

Brand awareness in the present study has been defined as consumer's ability to recall that the brand is a member of the product category. Consumers' brand awareness is likely to be high when they have strong associations for the brand and when they perceive the quality of the brand to be high and vice versa. Similarly, consumers' perception of quality of a brand is likely to be high when they have strong association with the brand and vice versa. The conceptual framework of this research is provided in the figure (2.4) below.

Figure 2.4 the conceptual framework of the study



Source: adopted and modified from Aaker, D. A. (1991). *Managing brand equity*.

2.4.2 Hypotheses of the study

The following hypothesis are formulated to be tested based on empirical review of the literature

- H-1: Economic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.
- H-2: Ethical corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on its brand equity.
- H-3: Legal corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.
- H-4: Philanthropic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter explains and gives the way on the research design, the population of the study, Sample and Sampling Techniques, source of data and data collection methods, data analysis techniques, operational definition of the variables used in this research.

3.1. Description of the Study Area

The study based on a company with a well-known CSR in the country. In this research, the effect of Tekhaf Trading plc activity on its brand equity from its customer's perspective in Addis Ababa was studied.

3.2. Research Approach

There are two approaches that can be employed in the research studies namely Quantitative and Qualitative, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study (Ghauri and Kjell, 2005). Quantitative approach involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics (Geoffrey, et. al., 2005). To achieve the aforementioned objectives, the study adopted quantitative research approach.

This study employed quantitative case study method to answer the research questions and used some qualitative information to know the current conditions of Tekhaf Trading plc with regard to CSR and customer's perception towards it.

The quantitative approach was applied by collecting data using questionnaires from the Tekhaf Trading plc customers to identify the effect of CSR on brand equity.

3.3. Research Design

Since the aim of the study is to investigate the effect of corporate social responsibility on brand equity, explanatory research design was followed. This type of research aims at for instance, explaining social relations or events, advancing knowledge about the structure, process and nature of social events, linking factors and elements of issues into general statements and building, testing or revising a theory (Jhon, et al., 2007).

3.4. Population and Sample

3.4.1. Population

The population for this study is all consumers' who have direct or indirect contact to the company. According to the company, customers are not only one who uses the product but also all individuals who know about the company. But, for this research the target population was the company customers who approached to the company to use any of the products the company offers during the data collection period.

3.4.2. Sampling

The target population of this research is customers of Tekhaf Trading plc in Addis Ababa. The samples were selected using convenient sampling.

3.4.3. Sample Size Determination

Because of the large number of the sample unit, unspecified geographical place of the targeted population and cost constraint, Cochran sampling formula was employed to draw the sample from the population.

The representative sample size was determined by using estimation method given by Cochran sampling formula (1963) cited in Israel (2003) as: $n = (1.96)^2 \times P \times (1-z) / (1-z)^2$

n = the sample size which will be drawn

e = level of precision or sometimes called sampling error (is ranges in which the true value of the population would be estimated).

P = population proportion

z = level of confidence

The sample was drawn from maximum variability of the population ($P=0.5$) with 95% level of confidence with 5% precision level.

Therefore; $n = 1.962 \times 0.5 \times 0.05 / 0.052 = \underline{\underline{384}}$ was the predetermined sample. The researcher allocated my questioner using random sampling procedure from the organization's 3-year customer list and the researcher contacted them physically from the company office and outside.

3.5. Source and Methods of Data collection

For proper achievement of the objectives of the study; the researcher used both primary and secondary data sources. The primary data includes the data to be gathered through close ended questionnaires and unpublished internal company's report. The secondary data were gathered from journal documents and the website of the company. The primary data was collected from customers through questionnaire and the questionnaires are structured in close ended type and responses to the questions measured on a five Likert rating scale where. strongly (SA)=5 ,Agree (A)=4, Neutral (N)=3 ,Disagrees (D)=2 Strongly Disagrees (SD)=1.

The questionnaires were distributed physically in person to the participants. Questionnaires are a device consisting of series of question dealing, with someone psychological, social education etc. Questionnaires save time, money and efforts of researcher and give freedom to respondent feel free, and confidentiality, note this fact the researcher got reliable information and the questioner could be standard to all respondent (Pro. YalewEndawoke 2017). And the company website to get secondary data published and unpublished document those are company procedures, monthly and annual report of Tekhaf Trading Plc.

3.6. Data Analysis Method

In this study all participants and data collected remained confidential and identities of respondents remain anonymous. Moreover, the privacy of all respondents was respected in the reporting of this research. No details of individuals will be involved in this research.

In the stage of collecting data, each participant was provided with an information sheet at the beginning of the research questions explaining the purpose of the research prior to each questionnaire.

After the data was cleaned, it was tested to meet the assumptions of multivariate analysis. The data analysis method begins with the profiling of respondents which includes demographics, response rate and missing data. Secondly, the explanatory data analyses were conducted, which includes descriptive statistics and normality checking. The reliability and validity of the variables then be checked using a couple of different methods.

The first part involves developing finalized components to represent CSR. The CSR variables were tested for correlation between each of variables, as well as commonality using an exploratory factor analysis (Cavana et al., 2001, p.439). A principal component analysis using VARIMAX rotation used

to determine the relevant components to keep for the regression and cross-loaded variables were deleted.

Finally, to examine the influence of CSR on brand equity, a multiple regression was performed on the finalized independent CSR components and the dependent brand equity component. The multiple regressions generate the percentage variance the independent variable can explain of the dependent variable (Cavana et al., 2001, p. 432). The regression coefficients were observed to determine effect of CSR on brand equity. The standardized regression coefficients of each independent variable compared to see which CSR component that had the greatest effect. Data analysis was performed by using STATA 16 software which is very fit for my thesis paper by providing range of analysis to create variables and subs setting data in a simple & straight forward.

3.7. Validity and Reliability of Research instrument

3.7.1. Validation of research instrument

In order to establish the validity of the study instrument the researcher consulted with the university supervisor on whether there was a causal relationship between the independent and dependent variables of the study. The researcher was also self-administer the questionnaire and explained the instrument concepts to the respondents, which enhanced its face validity as recommended by Greener (2008) to encourage and motivate respondents to participate in the study. In addition, the researcher conducted principal factor analyses to validate the measurement of these constructs separately. Factors were extracted using covariance matrices and Varimax rotations to help interpret the initial factor patterns. The factor loading were providing evidence of the factorial validity of the scales. The results indicate that all five of these items load nicely onto a single factor (see appendix II). The factor loadings of lower specified value – in this case, 0.5 – displayed to make the factor loading output easier to interpret.

3.7.2. Reliability of research instrument

Before the final empirical analysis were conducted, the researcher conducted a pilot test among 10 members of the target population that were excluded from the final sample respondents in order to identify inconsistencies with the research instruments in regard to the research questions and research techniques which will be then adjusted and modified. The data tested for its reliability using Cronbach's alpha the most common measure of scale reliability test. The value for Cronbach's Alpha (α) started from 0.70 is the accepted value (Nunnally, 1978).

The test conducted again for the final analysis on the data collected from the sampled respondents. The overall internal consistency of 26 items was tested and the result showed the high Alpha value ($\alpha=0.7829$ see table 3.1 below). Thus, it concluded that the questionnaire was reliable and consistent, because the Alpha value again greater than 0.70.

Table 3.1 Reliability Statistics

ITEM	OBSERVATION	NO. OF	SIGN	ALPHA
ECONOMIC CSR	384	3	+	0.7402
ETHICAL CSR	384	3	+	0.7396
LEGAL CSR	384	3	+	0.7130
DISCRETIONARY CSR	384	4	+	0.8314
BRAND EQUITY	384	13	+	0.7131
TOTAL SCALE		26		0.7829

Source: own survey results (2021)

CHAPTER FOUR

4. DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1. Introduction

This chapter presents the data analysis and discussion of the research findings. The data analysis done with the help of Statistical Package for Social Science (STATA 16.0). The demographic profile of the study sample, their attitude towards the company CSR practice and analysis of its effect on its brand equity through its dimensions have been describe using descriptive and inferential statistics. To test hypothesis and achieve the study objectives, different inferential statistics employed. Pearson's correlation was use to see the strength of association between the dependent and independent variables. Linear regression model was also employee to test hypothesis and achieve the study objective that focuses on examining the impact of the company CSR practice on its brand.

4.2. Descriptive Analysis

4.2.1. Demographic Profile of Respondents

The table 4.1 given below describes the general findings regarding the respondents age, sex, and level of education. From the respondents 250 (65.1%) were males and 134 (34.9%) were females. Here the shares of males are higher than females. The majority of the ages of respondents are fall in the age of 34-41 (130, 33.5%) and 26-33 (118, 30.73%) and the rest falls in the age of 42-50 (88, 22.92%) and 18-25 (48, 12.5 %) respondents. Here, the majority of the respondents are in the age of 26-50 (336, 87.5 %) years but, unfortunately, no respondents who are aged above 50 years.

In terms of the level of educational background, most respondents have university degree (214, 55.7%), (158, 41.1%) and (12, 3.1 %) respectively followed by college diploma and primary level. The academic qualification and age of respondents expected to enhance the quality of the data, as they are likely to understand the questioner and forward their view accurately.

Table 4.1 Demographic Profile of Respondents

		Frequency	Percent	Valid Percent
GENDER	Male	250	65.1	65.1
	Female	134	34.9	34.9
	Total	384	100.0	100.0
AGE	18-25	48	12.5	12.5
	26-33 years	118	30.73	30.73
	34-41 years	130	33.85	33.85
	42-50 years	88	22.92	22.92
	Total	384	100	100
EDUCATION LEVEL	University degree	214	55.7	55.7
	college	158	41.1	41.1
	Primary	12	3.1	3.1
	Total	384	100.0	100.0

Source: own survey results (2021)

4.1.2 Descriptive Statistics of Variables

One statistical approach for determining equivalence between groups is to use simple analyses of means and standard deviations for the variables of interest for each group in the study (Marczyk, Dematteo and Festinger, 2005). The mean indicates to what extent the sample group averagely agrees or does not agree with the different statement. The lower the mean, the more the respondents disagree with the statement. The higher the mean, the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from a single sample.

On the questionnaire, the respondents were asked to measure their level of perception about the Tekhaf Trading plc CSR activities. The above CSR aspects from the questionnaire were analyzed at 95% confidence interval for mean. The mean scores of each CSR activities and customer perception were calculated as well as the mean scores of each item under these questions. On a 5point scale for 16

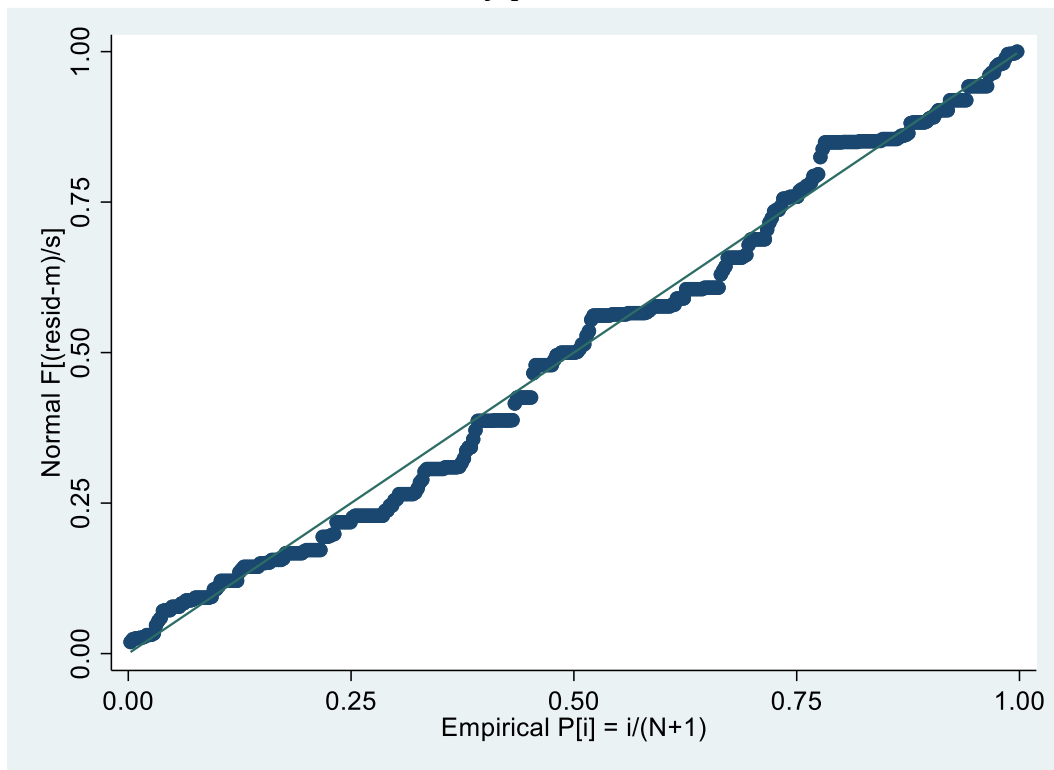
4.3. Multiple Regression Diagnosis Test

Multiple regression techniques give researchers flexibility to address a wide variety of research questions (Hoyt et al., 2006). Since the analyses based upon certain definite conditions or assumptions, it is imperative that the assumptions be analyzed (Sevier, 1957). The assumptions of Multiple Regression that identified as primary concern in the research include linearity, independence of errors, homoscedasticity, normality, and collinearity.

4.3.1. Assessment of Normality

In order to test the normality of data, Pnorm plot check of normality of residuals are more exacting methods to spot deviations from normality, and are relatively easy to interpret as departures from a straight line (Keith, 2006). The Pnorm plot for the model suggested that the assumption of normality of the residuals has been met (see table 4.4 below).

Table 4.4 standardized Normality plot of residuals



Source: own survey results (2021)

4.3.2. Assessment of Homoscedasticity

For the regression, output of the model Breusch-Pagan/Cook-Weisberg test for Homoscedasticity conducted to test for homogeneity of variance and a P-value of greater than 0.05 were acceptable. As the result revealed in table 4.5 below and, for the model is greater than 0.05 the critical value, shows homogeneity of variance across the model.

Table 4.5 Heteroscedasticity test

```
. estat hettest
```

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of braneq

```
chi2(1)      =      0.12
Prob > chi2  =      0.7310
```

Source: own survey results (2021)

4.3.3. Assessment of Multi-col-linearity

Multi-col-linearity exists when there are strong correlations among the predictors and the existence of R-values. Variance Inflation factor (VIF) greater than 10 in the correlation matrix are the causes for the multi-col-linearity existence (Field, 2009). Tolerance is a statistic used to indicate the variability of the specified independent variable that is not explained by the other independent variables in the model.

Table 4.6 Multi-col linearity test

```
. vif
```

Variable	VIF	1/VIF
legar	2.97	0.337086
econr	2.13	0.470221
ethicr	1.89	0.529171
philanr	1.12	0.896691
Mean VIF	2.02	

Source: own survey results (2021)

4.3.4. Model Specification

There are a couple of methods to detect specification errors. The ovtest performs test of regression model specification. It performs a regression specification error test (RESET) for omitted variables. Below we can see the p-value of ovtest is greater than .05, which indicates the model free from specification error (www.idre.com). Therefore, we do not reject the HO (see table 4.8 below).

Table 4.8 Model Specification Test

```
. estat ovtest
```

Ramsey RESET test using powers of the fitted values of braneq

Ho: model has no omitted variables

F(3, 376) = 1.63

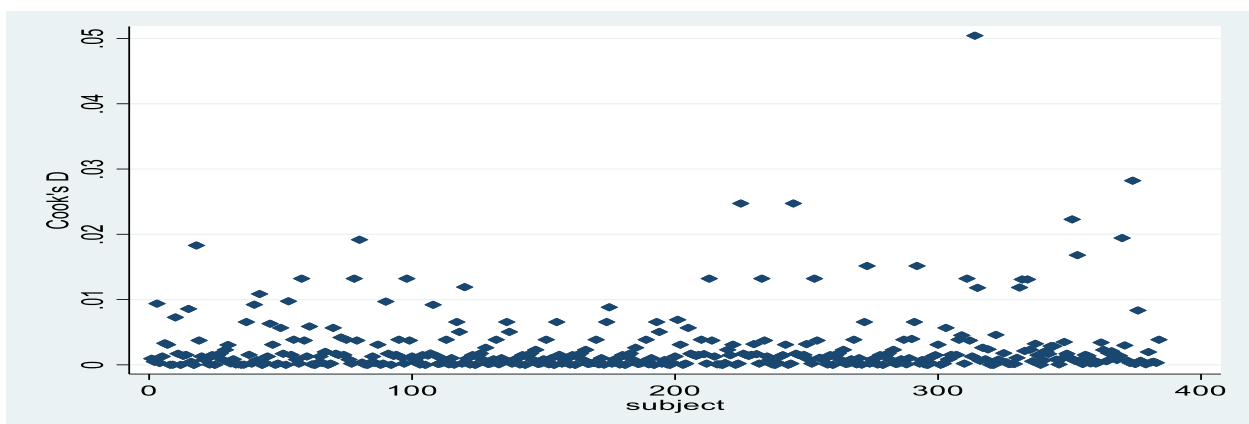
Prob > F = 0.1823

Source: own survey results (2021)

4.3.5. Influential Cases

Our final assumption is to check for Outlying, Leverage and Influential points. This contains the Cook's Distance statistic for each participant. Any values over 1 are likely to be significant outliers, which may place undue influence on the model, and should therefore be removed and your analysis rerun. In this case, no such instances have occurred.

Table 4.9 Cook's Distance



Source: own survey results (2021)

4.4. Model Estimation

The regression result that obtained by regressing, the brand equity in identifying economic, ethical, legal and discretionary CSR components. The regression result explores the necessary indicators of brand equity by using the variables identified in the model. As indicated in the model summary (table 4.10) the appropriate indicators of the variable used to identify the brand equity explored. That is, the value of R square used to identify how much of the variance in the dependent variable (brand equity) identify by the model. The larger the value of R square, the better the model is.

The overall contribution of economic, ethical, legal and directional CSR components to the brand equity accounted for 58% (R² = 0.5782) of the variation in the building brand equity, the rest 42% are other variables not included in this study.

Table 4.10 Model Estimation

. regress braneq econr ethicr legar philanr

Source	SS	df	MS	Number of obs	=	384
Model	53.7117075	4	13.4279269	F(4, 379)	=	129.90
Residual	39.1778785	379	.103371711	Prob > F	=	0.0000
				R-squared	=	0.5782
				Adj R-squared	=	0.5738
Total	92.889586	383	.242531556	Root MSE	=	.32151

braneq	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
econr	.1656192	.0293882	5.64	0.000	.1078349	.2234034
ethicr	-.2628563	.0462283	-5.69	0.000	-.3537523	-.1719604
legar	.4765525	.048531	9.82	0.000	.3811288	.5719762
philanr	.260314	.0275587	9.45	0.000	.2061269	.3145012
_cons	1.19206	.1432932	8.32	0.000	.9103104	1.473809

Source: own survey results (2021)

$$BRAND\ EQUITY = 1.19206 + 0.1656192 * ECONR + -0.2628563 * ETHICR + 0.4765525 * LEGAR + 0.260314 * PHILANR$$

Moreover, the model summary also shows the significance of the model by the value of F-statistics (P = .000) and F = 129.90 which implies that there are strong relationship between the predictors and the outcomes of the regression variables. Best fit the model to predict contribution of CSR for the building of

brand equity in the context of Tekhaf Trading plc. The Coefficients or beta (β) sign also shows the positive or negative effect of the independent variables coefficient over the dependent variable.

Therefore, based on the coefficients of the independent variable (sign) all the four CSR components (economic, ethical, legal and discretionary) have positively related with the dependent variable (brand equity). Based on the statistical significance of the independent variable over the dependent variable at $P=0.000$ level of significance the variables (economic, legal and discretionary) has significantly positively contributed for the dependent variables. The variables (ethical CSR component) significantly but negatively contributed for the dependent variables. Thus, this implies discretionary, legal and economic CSR components are the most important determinants of brand equity in which the company should give more emphasis in its CSR activities.

4.5. Discussion of Major Findings

This discussion is essential to provide more clarification on the above results. This study aimed at finding out if there is a possibility to use corporate social responsibility activities to maximize customers-based brand equity of Tekhaf Trading plc. Therefore, this study confirmed to us that the CSR activities could also use to make significance and positive influence on building brand equity of companies in this sector.

The researcher projected certain factors that could influence the customers-based brand equity. This discussion in this section centered on the findings from Hypothesis Test that answers the research question. The following hypotheses test conducted based on the regression results obtained from model estimation from table 4.10.

H1: Economic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.

The first hypothesis implies that there is relationship between economic CSR activity and brand equity. The positive beta sign and a statistically significant result of economic responsibility related with the brand equity ($\beta = 0.1656192$, $P>0.05$) support the proposed hypothesis. The result is consistence with prior studies (Lai et al. 2015), Lam (2016), Rosemary (2013) and Tadess (2017).

H2: Ethical corporate social responsibility activities of Tekhaf Trading Plc have a negative and significant influence on its brand equity.

The second hypothesis implies that there is relationship between ethical CSR activity and brand equity. The negative beta sign and a statistically significant result of ethical responsibility related with the brand equity ($\beta = -0.2628563$, $P>0.05$). The codes of ethics that embody voluntary constraints also include the basic principles of integrity, fair conduct, respect and transparency in trade sector. The ethical values and expectations of

stakeholders are most apparent in the stakeholder dialogue, which puts communicative ethics into practice. Decker and sale (2009) draw attention to the fact that the compliance approach, which aimed at compliance with statutes, often does not favor the establishment of ethical business practices and business culture.

H3: Legal corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.

The third hypothesis implies that there is relationship between legal CSR activity and brand equity. The positive beta sign and a statistically significant result of legal responsibility related with the brand equity ($\beta = 0.4765525$, $P < 0.05$). The result is consistent with prior studies (Tadess 2017).

H4: Philanthropic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.

The final hypothesis implies that there is relationship between philanthropic CSR activity and brand equity. The positive beta sign and a statistically significant result of philanthropic responsibility related with the brand equity ($\beta = 0.260314$, $P < 0.05$). The result is consistent with other prior studies (Wolde, (2014), Bimir, (2016), Esmaeilpour and Barjoei, (2016), Saeidnia&Souhani (2013), Riaz, (2010)). There was an apparent shift in social expectations towards the general domains of CSR. There is a need for the endorsement of social expectations in CSR activities that are more directly link to the company's business activities and clientele (Lentner, 2011).

In general, the result of regression analysis, the finding shows that 58% of the customer-based brand equity is accounted for CSR practice of the company. Different researches showed that CSR has a significant effect on the company's brand equity building in developed countries (Fischer & Fredholm, 2013, Sharif, 2012). Judy, 2014 found that CSR is an important variable to be considered in customer loyalty, Murali (2012) in his study indicated that there is positive relationship between CSR and customer loyalty (Reman et al, 2012), (Reza et al, 2014) in their study show that the CSR variables can slightly improve the brand preference.

The finding of this thesis also confirmed the positive relationship between CSR and brand equity. These finding may not be exhaustive of the research in this field because other factors beyond CSR may affect brand equity but it may give a good picture of how CSR contributed positively for maintaining and building customer-based brand equity.

Table 4.11 Summery of Hypothesis

Hypothesis of the study	Beta and P-Value	Result /accept or reject
<i>H1: Economic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.</i>	$\beta = 0.1656192,$ $P < .05$	Accepted
<i>H2: Ethical corporate social responsibility activities of Tekhaf Trading Plc have a negative and significant influence on its brand equity.</i>	$\beta = -0.2628563,$ $P > 0.05$	Rejected
<i>H3: Legal corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.</i>	$\beta = 0.4765525,$ $P < 0.05$	Accepted
<i>H4: Philanthropic corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on brand equity.</i>	$\beta = 0.260314,$ $P < 0.05$	Accepted

CHAPTER FIVE

5. CONCLUSSION AND RECOMMENDATIONS

This chapter aims to review the problem of the research and conclude the findings with regard to the objectives of the study. Recommendations that focus on how the problem addressed are also included in this chapter. In addition, suggestion for future researches made at the end of this chapter.

5.1. Conclusion

The Concept of CSR provided the backbone for the entire study as it served as independent variable by Carroll's Pyramid and stakeholders approach recognizes the importance of various stakeholders, this study focused on the customer as the most important stakeholders in the discussion of customer-based brand equity.

The review of literature on the impact of Corporate Social Responsibility on Brand Equity showed that the studies produced varying results. Although many studies concluded that relationship existed but the relationship was not directly interlinked with Corporate Social Responsibility and Brand Equity. The researcher identified four categories that influence or impact consumer's perception of Corporate Social Responsibility and Brand Equity.

The descriptive result showed, Tekhaf Trading plc made tremendous CSR activities. However, the practice is not meant to attract customers. The support the company has contributed to the society is not disclosed to the public. That is why almost half of the respondents were not aware of the CSR practice of the company but they value the practice. Thus, it is believed that unable to publicizing CSR activities is the major reason that lead to losing some group of the society. But, now a day the company seems to understand the value of publicizing its good deed to the society. Though, the company is begins publicizing its CSR activities through its own TV and radio programs.

Findings collected by questionnaire analyzed with STAA 16.0 software to check the reliability, Correlation and Regression between Corporate Social Responsibility and Brand Equity. Although Corporate Social Responsibility does have a direct impact on Brand Equity but they are somehow, interlinked with each other. The result showed that Corporate Social Responsibility and Overall Brand Equity with a Cronbach's Alpha of 0.7829 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.

The regression analysis predicts Overall Brand Equity very well with the value of 0.5782 (R). R square has a value of 0.5782, which means 58% of change in Brand equity comes only through Corporate Social Responsibility. The p-value or the sign value is (.000).

This study initiated to examine the effect of Corporate Social Responsibility practice on brand equity as a case study on Tekhaf Trading plc Internationally, many corporations attempt to use responsible business initiatives as a marketing tool and try to attract socially and environmentally conscious customers through related marketing and branding (Knight 2007 cited in McKinley 2008). Tekhaf Trading plc contributes a lot in CSR activities of the country socially and environmentally by giving value to the society as a corporate citizen. Nevertheless, it is not known whether it has gotten the publicity it deserves and the return from its good deeds.

More specifically, in this study customers' awareness towards the company's CSR practice and its effect on building of its brand equity through its dimensions (awareness, perceived quality, association and loyalty) assessed. The study also found that CSR practice of the company significantly related with the company's brand equity.

Based on the results of regression analysis indicated that close to 58% of variation on brand equity explain by CSR practice of the company. The linear regression model (Beta coefficients) also tested the proposed hypotheses through its dimensions. The result shows that economic, legal and discretionary coefficients of the predictor variable are statistically and positively significant at less than five percent; while the rest one variables ethical components of CSR are negatively statistically significant at less than five percent. Our hypothesis wants to test H-2: Ethical corporate social responsibility activities of Tekhaf Trading Plc have a positive and significant influence on its brand equity but the finding of our result showed that significantly but negatively affect brand equity. So that based on the hypothesis to be tested we will reject the H-2 hypothesis.

Our hypothesis which means the regression analysis result of the proposed hypothesis looks like the following.

16.6% of brand equity significantly explained by economic CSR practice of Tekhaf Trading plc.

-26.3% of brand equity significantly explained by ethical CSR practice of Tekhaf Trading plc.

47.7 % of brand equity significantly explained by legal CSR practice of Tekhaf Trading plc.

26.0 % of brand equity significantly explained by discretionary CSR practice of Tekhaf Trading plc.

5.2. Recommendations

Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence Tekhaf Trading plc activity on building of the company's brand. The recommendations made under are based on the objectives accordingly:

Strategically integrated CSR activities have a strong impact on brand equity. The company should realize the potential of its responsible actions and perform its CSR activities in more structure and organized manner to have a maximum economic impact.

It is a good chance of getting socially and environmentally conscious. Tekhaf Trading plc CSR activity should be well structured and strategically focused in a way the company can get a return for its good deeds. Therefore, the company should work more on publicizing those activities instead of concealing it. By doing so, the public will begin to show understanding and appreciation of the efforts and contribution of the organization.

Legal and Philanthropic CSR activity is the most common and important type of CSR activity pursued by the Tekhaf Trading plc. In terms of the specific types of CSR initiatives and its importance or impact on the various dimensions of brand equity, the results were interesting. For creating brand equity, economic, philanthropic and legal emerged the most important. Thus, a company aiming at achieving enhanced brand awareness and loyalty need to pursue more activities that are economic, legal and philanthropic. For enhanced brand image and quality perceptions among customers, the result suggests that Legal, Philanthropic and economic types of CSR initiative that holds the greatest potential among all the four types of CSR initiatives.

According to the survey result, communication on CSR activities and tangible positive outcomes should be done to customers and the public, which will help the company, had better understand the contribution its making. In addition, other similar companies will be motivated to do so. It is believed that unable to publicizing CSR activities is the major reason that lead to losing some group of society. The company should give due attention on publicizing its CSR activities though different medias as well as on its web page.

The donation made based on the request of different social and humanitarian organizations after review of their proposal. The company should explore potential areas that necessitate donation by itself. This will make the company to contribute more in corporate social responsibility activities to the society that will intensify awareness of its effort to the society. In general, the company's CSR activities need guided by clearly defined policy.

This research can further be explored by considering other types of CSR (like strategic type). Future research studies might fruitfully investigate by including socially and demographically different group of people by increasing the sample size.

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Appendices

Appendix I

ST MARRY UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MARKETING

Dear Sir/Madam,

I am pleased to inform you that am a graduate student at ST. marry University pursuing a Master's Degree in marketing management. As partial fulfillment to the completion of the Masters of marketing management, I am conducting a research to examine the effect of corporate social responsibility on brand equity: the case of Tekhaf Trading plc.

The information provided will remain confidential and used only for purposes of academic research. Please note that any information you give will treated with utmost confidentiality and at no instance will used for any other purpose other than for this project. Your name will not be disclosed within the final report of this research project. I will be happy to share the findings of the study with you.

PART I

Demographic Information of respondent

The information given here by the respondents will be held in utmost confidentiality and will be used for research purposes only.

1. Sex Male Female

2. Age

18 -25 years 26-33 years 34-41years 42-50years

Above 50

3. Your Educational Background

Secondary school College Diploma university Degree
 Maters

PART II

Instructions: Please indicate with a (√) to the statement with a rating on the scale of 1 to 5. (1= strongly disagree, 2 = disagree, 3 = Neutral, 4 = agree, 5 = strongly agree)

No.	ITEMS	1	2	3	4	5
	CSR					
1	The company tries to provide affordable service to its customers					
2	The company always tries to improve its commercial activities					
3	The company tries to treat fairly and as equals its customers					
4	The company tries to respect the laws and procedures in its activities					
5	The company tries to have a code of ethics and procedure in order to respect it.					
6	The company try to behave ethically with customers					
7	The company involved in Discretionary (Philanthropic) Responsibilities					
8	The company tries to make donations or participate in social causes					
9	The company tries to sponsor cultural or educational events					

10	The company tries to improve the quality of life of the most vulnerable populations					
11	The company tries to consider social aspects for improving its management					
12	The company tries to sponsor activities in favor of the environment					
13	The company tries to recycle waste properly					
14	The company tries to use its natural resources rationally					
	Brand equity					
15	I trust the quality of services from this company					
16	The company services would be of very good quality					
17	The company services offer excellent features					
18	Some characteristics of the company brand come to my mind quickly					
19	I can recognize the company brand quickly among other brands					
20	I am familiar with the company brand					
21	The company brand has very unique brand image, compared to competing brands					
22	I like the brand image of the company					
23	I like and trust the company, with its business services					
24	I consider myself to be loyal to the company					

25	When using company services, the company would be my first choice					
26	I will keep on using the company as long as it provides me better services					
27	I would love to recommend the company to my friends					

THANK YOU FOR TAKING YOUR TIME TO PARTICIPATE IN THE SURVEY!

Appendix II

Validity check

Factors loading

```
. factor ecr etcl leg dpr beq, blank (.5)
(obs=384)
(collinear variables specified)
```

```
Factor analysis/correlation          Number of obs   =       384
Method: principal factors           Retained factors =         2
Rotation: (unrotated)              Number of params =         9
```

Beware: solution is a Heywood case
(i.e., invalid or boundary values of uniqueness)

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.96553	3.92571	1.0008	1.0008
Factor2	0.03982	0.03982	0.0101	1.0108
Factor3	0.00000	0.00000	0.0000	1.0108
Factor4	-0.00000	0.04289	-0.0000	1.0108
Factor5	-0.04289	.	-0.0108	1.0000

LR test: independent vs. saturated: $\chi^2(10) =$. Prob> $\chi^2 =$.

Factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Uniqueness
ecr	0.9984		-0.0001
etcl	0.7816		0.3749
leg	0.9984		-0.0001
dpr	0.6033		0.6199
beq	0.9984		-0.0001

(blanks represent $\text{abs}(\text{loading}) < .5$)