



The effects of Philanthropy Social Responsibility on Brand Personality and Creation Corporate Brand Equity in SMEs (A Case Study in IRAN)

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Abstract: The Purpose of this study is to arising understanding and the role of Corporate Social Responsibility in branding and improve corporate personality and creation corporate brand equity in SMEs. This paper category as an applied research considering its aim and it is descriptive and correlation survey research considering its data collection based on field study in Tehran SMEs industrials using a sample with 92 size, this study examines the effects and relationships between latent variables by six hypothesis. The results show that brand equity and personality are predicted by Philanthropy corporate Social Responsibility of SMEs. Of course, total effect of the philanthropy corporate social responsibility is more than other variables on corporate brand equity.

Keywords: Philanthropy Corporate Social Responsibility (PCSR); Brand Personality (BP); Corporate Reputation (CR); Corporate Brand Equity (CBE); SME

I. Introduction

In the early second decade of the 21st century, many of the well-known companies of the world have been damaged by the economic and financial crisis. The consequences of this crisis have increased distrust among the customers of companies. This situation has obligated reviewing the marketing policies of businesses. Kotler et al. [18] in their theory titled "Marketing 3", believed that the marketers should consider the people as complete human with mind, heart and soul instead of seeing them only as consumers; therefore, the customers are not only looking for satisfying their functional and emotional needs by choosing the products and the services, but also they are looking for satisfying their spirit needs (values). Thus, during the economic crisis, considering the human spirit or the values of stakeholders have found more connections with the consumers' life and the companies have been able to distinguish themselves by their values [18]. One of the main values, which have attracted the attention of the consumers and other stakeholders, is "Corporate Social Responsibility" which on the consumers' viewpoint is one of the most important ethical values in the market. Because, it has two consequences: The internal consequences (Awareness, Attachment and Attitudes) and other, the external consequences (Purchase, word of mouth and loyalty) ([5], [9]). Hence, the relation between CSR and a brand may be considered as foundation for developing the characteristic and values of the brand and these values are created by differentiation between the market and the firm levels on the product [23].

Now, two key problems of small businesses are lack of real understanding of small corporate social responsibility on the competitiveness [30] and, branding [23] emphasizing on brand alignment with the desires and values of stakeholders in society. As per the evolution of social responsibility, there are three approaches toward social responsibility: "Classical approach, the approach of accountability, and general approach". The question is that: are the small businesses able to achieve equity in branding by social responsibility within the framework of moral values with the general approach? The other issue is the role and importance of ethic-oriented social responsibility during crisis with general approach toward achieving personality of company/brand and appropriate corporate reputation along with customers need and values. Hence, to fill this gap, this study intends to study social responsibility reinforcement strategy as an important and effective value for improving perception and behavior of buyers of industrial products. Therefore, this study aims to answer the question that whether PCSR (ethic-oriented) is able to create brand equity for small businesses by mediating corporate personality and reputation; another question is that "Does the social responsibility (ethic-oriented) result directly in creation of corporation brand equity?" And finally, the study discusses the relationship between education levels and PCSR in the corporation.

II. Literature review

Corporate social responsibility- 21st century should be known as the century of social issues considerations and answers. Hence, improving CSR, potential advantages will be created, including optimization of

communications and relations with consumers and other stakeholders; positive evaluation of product and brand and finally, selection and recommendation of goods exchanges [23]. Because, on one hand, selecting and deciding on a brand at the market is a mental process [33]; and on the other hand, CSR and Sustainable development are two aligned and parallel concepts in the corporation [14]. Carroll in his study titled "social responsibility pyramid of firms", has been divided the social responsibility into four components, including economic needs, observance of general rules and regulations, observance of business ethics and Philanthropy responsibilities [6]. Considering the Carroll's model, this research defines social responsibility as "Philanthropy social responsibility"; and also, he has interpreted the Philanthropy social responsibility in their studies as "good citizen"; i.e. the firm's participation in various activities that decreases social problems and improves quality of peoples' life in the society.

Brand personality- Today, Brand personality is one of the most fascinating and exciting concepts in marketing; because it has a very important role in creating a strong corporate brand [27]. The review of the related literature shows that "Martineau" [25] is one of the first researchers who discusses the concept of brand personality, but most researchers believe that the definition of Aaker ([2],[13]) from the brand personality are the most comprehensive and prestigious: "A set of human characteristics associated with a brand" [24]. In addition, Abratt and Kleyn [3] state that corporate brand personality can be defined in terms of the human characteristics or traits of employees of the corporation as a whole and will reflect the values, words and actions of all employees of the organization

Reputation- Company reputation is an important factor in businesses success [28], because it shows that how much positive and acceptable experiences the stakeholders have on the previous performance and behavior of the organization, i.e. "organization's ability to meet the expectation of all its customers" ([28], [29]).

Corporate brand equity- Many researchers attribute to Keller [12] and Aaker [1] the main activities to develop and build the brand equity concepts and scales [17]. Aaker [1] defines brand equity concept as "a set of brand assets (or liabilities) linked to a brand's name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers". Aaker believes brand equity includes: brand loyalty, brand awareness, perceived quality, brand association and other brand-related assets. Besides, Keller [16] discusses the brand equity from the corporate point of view and based on customer (CBBE) and defines it as: "the differential effect of brand knowledge on consumer response to the marketing of the brand". Table1 explains briefly researches about relationships between these variables.

Table1- Literature Review

Authors	Relationship	Results
Lee and kang [21]	The impact of brand transgressions (immoral behaviors) on consumer-brand relationship with mediation of brand personality and consumer loss	The negative perception of the customers towards the brand or lack of attention to customers' moral values has negative effect on brand personality.
Worcester [34], Hsu [15] and Lai et al. [20]	Social responsibility and reputation	They have positive Relationships.
Hsu [15] and Lai et al. [20]	Social responsibility and corporate brand equity	They have positive Relationships.
McCorkindale [26], Lin [22] and Valette-Florence et al. [32]	Brand personality and corporate brand equity	They have positive Relationships.
Worcester [34]	Brand personality and corporate reputation	They have positive Relationships.
Lai et al. [20]	Corporate reputation and brand equity	They have positive Relationships.

III. Methodology

Hypotheses- This study has six Hypotheses. They are:

- H₁: The perception of buyers about the activities related to social responsibilities of providers has positive effect in providers' brand personality.
- H₂: The perception of buyers about the activities related to social responsibilities of providers has positive effect in providers' corporate reputation.
- H₃: The perception of buyers about the activities related to social responsibilities of providers has positive effect in providers' brand equity.
- H₄: The providers' Brand personality has positive effect in providers' brand equity.
- H₅: The providers' Brand personality has positive effect in providers' corporate reputation.
- H₆: The providers' corporate reputation has positive effect in providers' brand equity.

Also, Research population includes all purchase managers of small and medium companies in the foodstuff sectors in the industrial town of Tehran in 2012 having less than 50 employees who play a major role in the buying process. The Sampling is done stochastically; and data of this research is collected by e-mails and by preparing a standard questionnaire. E-mails are sent to 130 industrial companies acting in the field of foodstuff in industrial towns of Tehran and during four weeks, complete information was collected from 92 companies (%70.08). In order to evaluate the reliability of latent variables, the indexes of Cronbach's alpha more than 0.7 [7], composite reliability (CR) more than 0.6 [4] and Average Variance Extracted (AVE) more than 0.5 [10] are used. Of course, all of variables have appropriate reliability except for brand personality ($\alpha=0.52$). In order to achieve good reliability in the brand personality, due to its load factor, two variables of "Aggressiveness and Simplicity" are removed; since, their factor loading are less than "absolute 0.5". Thus, the reliability of the final table will be as follows (Table 2).

Table 2-Measurement Model and Reliabilities results

Latent variables	Numbers	Factor Loading	Cronach's Alpha	AVE	CR	Reference
Philanthropy Corporate Social Responsibility	4	PCSR1	0.736	0.682	0.895	Singh et al. [11]; and Salmones et al. [31]
		PCSR2	0.834			
		PCSR3	0.835			
		PCSR4	0.891			
Corporation Reputation	4	CR1	0.852	0.762	0.927	Kuenzel et al. [19]; and Lai et al. [20]
		CR2	0.839			
		CR3	0.879			
		CR4	0.918			
Corporate Brand Equity	3	CBE1	0.831	0.752	0.666	Davis et al. [8]
		CBE2	0.855			
		CBE3	0.759			
Brand Personality	3	RES	0.911	0.823	0.739	Geuens et al. [12]
		ACT	0.899			
		EMO	0.762			

IV. Statistical Analysis of Data

Demographic sample analysis - According to descriptive analysis, all respondents (92 persons) are men, 26 persons (%28) of them are under 30 years old, 34 persons (%37) are between 30 and 40 years old, 21 persons (%23) between 40 and 50 years old and 11 persons (%12) upper than 50 years old. 11 persons (%12) hold high school Diploma and associate degree, 77 persons (%84) hold bachelor's degree and 4 persons (%4) holds postgraduate degree. 7 companies have less than 15 personnel, 68 companies have between 15 and 30 personnel and 17 companies have between 30 and 50 personnel.

Hypotheses test- The study uses Smart pls2 software for testing the hypotheses. Because, major advantages of the software PLS is the ability to analyse data with small size of the sample. The results are presented in Table3. "T-Value" of all paths is upper than the standard rate of absolute 1.96 and it shows significant and positive relationships between variables.

Table 3- Hypotheses Test results

Path	β	R^2	T-value	Hypothesis
Social Responsibility $\rightarrow$ Corporation Reputation	0.505	0.584	4.836	supported
Brand Personality $\rightarrow$ Corporation Reputation	0.316		2.721	unsupported
Social Responsibility $\rightarrow$ Brand Personality	0.719	0.697	13.38	supported
Social Responsibility $\rightarrow$ Brand Equity	0.454	0.517	3.756	supported
Corporation Reputation $\rightarrow$ Brand Equity	0.263		2.559	supported
Brand Personality $\rightarrow$ Brand Equity	0.203		2.038	supported

As Shown in Table4, Philanthropy corporate Social Responsibility has the greatest total effect (0.792) on corporate brand equity among the variables; this effect is both direct and indirect. The second effective variable is brand personality (0.286) and finally, the third effective variable is corporate reputation which has only direct effect (0.263) on corporate brand equity.

Table 4- Total effects of PCSR on OBE

Dependent variables	Independent variables	Effect		Total
		Direct	Indirect	
Corporate Brand Equity (CBE)	PCSR	0.454	$(0.505 \times 0.263) + (0.719 \times 0.316 \times 0.263) + (0.719 \times 0.203) = 0.338$	0.792
	BP	0.203	$(0.316 \times 0.263) = 0.083$	0.286
	CR	0.263	--	0.263
Brand Personality (BP)	PCSR	0.719	--	0.719
Corporate reputation (CR)	PCSR	0.505	$(0.719 \times 0.316) = 0.227$	0.732
	BP	0.316	--	0.316

V. Conclusions and Recommendation

- Philanthropy corporate Social Responsibility has the greatest total direct and indirect effects on corporate brand equity based on research model.
- The second effective variable on corporate brand equity based on research model is brand personality.
- The third direct effective variable on corporate brand equity based on research model is corporate reputation.
- There are positive correlations between social responsibility, brand personality and corporate reputation with corporate brand equity; brand personality with corporate reputation; and Philanthropy corporate Social Responsibility with brand personality and corporate reputation.
- There is the highest correlation belongs to PCSR and corporate brand equity.
- There is the lowest correlation belongs to corporate reputation and brand personality.
- Results of correlation test confirm the results of partial least squared (PLS) test.
- Results of correlation test confirm the hypotheses and show the positive and significant relation between research variables.
- Results of hypotheses' test show that all hypotheses are acceptable based on paths analysis and it shows significant relationships between variables. The result of first research hypothesis emphasis the results of Lee and kang findings [21]. The result of second research hypothesis emphasis the results of Worcester findings [34], Hsu [15] and Lai et al [20]. The result of third research hypothesis emphasis the results of Hsu [15] and Lai et al [20] findings. The result of fourth research hypothesis emphasis the results of McCorkindale [26], Lin [22] and Valette-Florence, Guizan and Merunka [32] findings. The result of fifth research hypothesis emphasis the results of Worcester findings [34]. The result of sixth research hypothesis emphasis the results of Lai et al findings [20].
- Results show that appropriate effect of level of education on social responsibility.
- Results show that CSR increases by choosing purchase managers with higher level of education and corporate can benefit more equity and personality.

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