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ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

THE CONTRIBUTION OF CORPORATE SOCIAL
RESPONSIBILITY ON BRAND EQUITY: THE
CASE OF BANK OF ABYSSINIA.

*A Thesis Submitted to The School of Graduate Studies in
Partial Fulfillment of Masters of Arts Degree in Marketing
Management*

BY

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June, 2019

Addis Ababa

DECLARATION

I, the undersigned, declare that this research is my original work, prepared under the guidance of Dr Getie Andualem. All sources of materials used for this research have been duly acknowledged, the researcher further confirm that the research has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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June, 2019

CERTIFICATE

This thesis has been submitted to Addis Ababa University, School of Commerce for examination with our approval as university advisors.

Advisor

Signature

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Abstract

This study was conducted with an objective of identifying contribution of corporate social responsibility on brand equity in bank of Abyssinia. To address this objective, economic, legal, ethical and philanthropic responsibilities were used as independent variables. This study used both descriptive and explanatory research designs. Purposive and random sampling methods were used. Data were collected from primary sources through questionnaire analyzed through both descriptive and inferential methods. The descriptive analysis was conducted by using mean and standard deviation. On the other hand, inferential analysis was conducted by using linear regression method by using OLS method. This study has identified the significant effect of the all independent variables used in the study. Based on the findings the researcher recommends that bank to improve corporate social responsibility to increase the band equity.

Keyword: corporate social responsibility, brand equity

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate social responsibility can increase firm value in a variety of ways; facilitating the design of innovative products; attracting labor; attracting and retaining customers; reducing manufacturing costs; and providing reputation insurance in a crisis (Porter & Kramer, 2002).

Although corporate social responsibility is an essential concern for most company as well as firms and their managers. Therefore, Corporate Social Responsibility is one thing that comes to mind is that some organizations use CSR as a marketing tool in its broadest sense, and are mostly concerned with their profits and not with the underlying social value based on ethical considerations. Other organizations do however conduct their business in a manner that reflects ethical concern but the real concept of Corporate Social Responsibility is where a company manages its business activities in order to provide long term sustainable social benefits to the society and is involved in the well-being of the society (Iqbal, 2013).

Broad concept of Corporate Social Responsibility is explained by different authors. 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).

Corporate social responsibility (CSR) is defined as the organization’s commitment to operate in an economically and environmentally sustainable manner (Carroll, 1991). At the same time, it recognizes the interests of all its stakeholders such as its employees,

customers, creditors, suppliers and the government. It is also defined as the firms' corporate initiative to evaluate and be accountable for its effects on the environment and impact on social welfare. According to Porter & Kramer (2002), corporations can achieve an enhanced competitive advantage by providing corporate social initiatives (CSI)/corporate social responsibility actions, as these provide "social and economic goals into alignment. It also enhances the company's long-term business prospects by providing long term benefits to its current and future consumers/customers through the CSR activities (social, environmental and cultural). Another benefit of doing CSR is to have an enhanced corporate image, as defined by the society's general impressions of a firm's distinct collection of symbols (Barnett et al. 2006).

Nowadays brand is not only an efficient tool for managers in competitive markets, but also a strategic necessity that helps organizations in creating more value for customers and creates sustainable competitive advantages. Valuation of brands is possible through the concept of brand equity. Brand equity is the added value that an organization obtains by its brand name. Factors such as perceived quality, tendency to pay higher prices, brand popularity, and differentiation are some of the constituent elements of brand equity. Creating a powerful brand over time instead of short-term strategies has been taken into consideration by many organizations. Many such organizations have defined the strengthening of their brand and its byproducts as a major part of their business strategy. As Esmailpour (2016) argued Corporate social responsibility measures help that company to distinguish their products and services by creating a positive brand image and to maintain corporate name.

The banking industry has been started in Ethiopia since the 1900s and plays an important and active role in the financial and economic development of a country. Many new trends have appeared and been widely shared among the bank firms, including the trend for Corporate Social Responsibility (CSR) in banks. However, CSR is a new concept in developing country like Ethiopia (Dakito, 2017).

Therefore this research aims to investigate the contribution of CSR and its dimensions (economic, legal, ethical) on brand equity among the Bank of Abyssinia customers in Addis Ababa.

1.2. Statement of the Problem

Bank of Abyssinia is privately owned banking firm in the Ethiopia. Corporate social responsibility (CSR) is one the core values of Bank of Abyssinia (BoA). To this end, the Bank promotes business practice that gives utmost care to the community's well-being and improved living condition through lending its hand to various national priority projects and other social and economic initiatives by different entities.

CSR has been implemented and developed with some remarkable projects such as construction of Ethiopian Grand Dams, lend its hand to the establishment of Ethiopian Women Traders Associations, etc. However, due to the fact the CSR has just been developed recently, there are such limitation. Bank of Abyssinia has done most of the CSR projects.

In the light of the main theme of this study which is about to give such calculation of the contribution of CSR on brand equity, the main research problem is predicting the possible contribution of CSR on the brand equity of Bank of Abyssinia in Addis Ababa. But as Dakito Alemu (2017) noted there were no specific studies have done about CSRs in Ethiopia context, particularly in the banking industry. therefore, this study has was conducted to identify the CRS practices in BOA and its effect on brand equity of the bank.

And yet much has been written about the impact of CSR in other sector not much research has been done to establish both the role and nature of CSR on brand equity in banking industry in a developing country like Ethiopia (Frehiwot Samuel 2016, Asnakech Getnet 2013, Kidist and others, 2014). In addition, Previous studies like that of Melese (2014), specifically assesses the bank's culture of fulfilling tax obligations required by the law and the practice of responsible lending. But it is not comprehensive enough to understand contribution of CSR on brand equity.

On the other hand, to the knowledge of the researcher there are no studies conducted in identifying the contribution of CSR and its dimension on brand equity specifically in the case of Bank of Abyssinia. Therefore, the researcher intends to fill this literature gap of

lack of studies about CRS in banking industry by identifying the contribution of CSR on brand equity the case of Bank of Abyssinia in Addis Ababa, Ethiopia.

1.3. Basic research questions

- What is the effect of economic responsibility on brand equity in Bank of Abyssinia?
- What is the effect of legal responsibility on brand equity in Bank of Abyssinia?
- What is the effect of ethical responsibility on brand equity in Bank of Abyssinia?
- What is the effect of philanthropic responsibility on brand equity in Bank of Abyssinia?

1.4. Objectives of the Study

1.4.1. General objectives of the Study

The general objective of the study is to investigate the contribution of corporate social responsibility on brand equity the case of Bank of Abyssinia.

1.4.2. Specific objectives of the Study

- To identify the effect of economic responsibility on brand equity in Bank of Abyssinia;
- To examine effect of legal responsibility on brand equity in Bank of Abyssinia;
- To analyze effect of ethical responsibility on brand equity in Bank of Abyssinia; and
- Find out the effect of philanthropic responsibility on brand equity in Bank of Abyssinia.

1.5. Significance of the Study

This study has a significant to the study of CSR and its contribution on brand equity since it has identified the influencing dimensions of CSR towards the brand equity. It is likely that such dimensions as economic, legal and ethical responsibilities which are among the core dimensions of CSR do not necessarily enhance the brand equity. Otherwise, CSR performed directly to the primary stakeholders“ shows positive effect on

the brand equity. The findings of this thesis may benefit the bank, government and other policy makers concerning the role they play towards the operations in the banking sector. This way they may be in a position to improve or come up with new policies that guide them towards effective operations of stakeholders in the banking sector. Other than adding to the body of knowledge on what is known about CSR, the relationship of it towards a brands equity as well as performance will be identified. In this case, the study will go a long way in creating a foundation for further research that may benefit future scholars.

1.6. Scope of the Study

Conceptually, this study has an objective of identifying the contribution of CSR and its dimensions (economic, legal, ethical and philanthropic) on brand equity among the Bank of Abyssinia customers. The bank now boasts above 300 domestic branch networks, of which 145 branches are in Addis Ababa. From 145 branches in Addis Ababa, the researcher has conducted study in the 10 branches of bank that have higher branch grade. Therefore, the scope of this study was limited on the study of contribution of CRS on brand equity in the case of Bank of Abyssinia in Addis Ababa and do not cover all banking industry in Ethiopia. Regarding the research design, this study has used only questionnaire as instrument of data collection.

1.7. Definition of Terms

“Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”(Fauset, 2006).

Corporate Social Responsibility (CRS) is also related with “...the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.” (Fauset, 2006).

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)

Brand Equity is becoming a burning issue in the business sector because brand equity is an asset of the company which builds a strong brand among their competitors and can increase a financial value of a brand.

“Brand equity refers to the marketing outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. In other words, consumers’ knowledge about a brand makes manufacturers/advertisers respond differently or adopt appropriately adept measures for the marketing of the brand.”(Ramachandran, 2010) 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.

1.8 ORGANIZATION OF THE STUDY

The study has five chapters. In the first chapter is the introductory part of the study. In the second chapter is about review of related literatures. The Research Methodology is described in the third chapter. The collected data is analyzed, presented and interpreted in the fourth chapter. And, the last chapter, chapter five includes the summary, conclusion and recommendation of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

2.1.1. Stakeholder Theory

The stakeholder theory was first introduced by R. Edward Freeman in the book *Strategic Management: A Stakeholder Approach*, wherein he identifies certain groups that have a direct effect or interest on the corporations. According to this theory, the companies will obtain long-term value over time if they proactively give attention on serving the interest of a broad group of stakeholders such as the customers, government, trade unions, political and social groups and environmentalist. According to Donaldson and Preston (1995), one of the features stakeholder theory is that it is instrumental, which means that it establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals. By this feature, the stakeholder theory provides the idea that corporations have higher awareness in connecting the ethical aspect, which is focused on the said stakeholders, and its corporate strategy, which is geared towards accomplishing its respective business nature. This theory suggest that although the stakeholders are dependent on these corporations in order to satisfy their needs and wants, it should be worth noting the these businesses are also dependent on these stakeholders as they are the ones who consume their products and help sustaining the business operations. The relationship between the corporations and the stakeholders is symbiotic in nature. Given this theory, corporations such as banks should provide meaningful actions in order to satisfy the needs and welfare of the different stakeholders in the society and not just focus their attention in generating sales and minimizing expenses (Martinuzzi, 2012).

From a stakeholder viewpoint, companies are at the center of various social groups demands. According to Martinuzzi (2012), CSR is considered as an attempt to realize these various expectations, needs and demands. Every marketing manager should find a philosophy based on asocial responsibility and code of conduct. Given the definition of

social marketing, managers should have an insight beyond the adherence to the deemed legal and legitimate; an insight that is built on personal dignity, corporate conscience and long-term provision of welfare for consumers. A clear and responsible philosophy will help the marketing managers to deal with the many complex issues posed by marketing and other human activities (Kotler, 1991).

According to Maon et al. (2009), the concept of stakeholders is central to CSR practice. Empirical investigations of the subject of CSR have yielded interesting perspectives of which stakeholder theory appears to be the most popular (see Reverte, 2009; Bhattacharya and Sen, 2009; Brickson, 2005; Carrol, 2004). Stakeholder theory has contributed to the understanding of CSR and provides a management tool to facilitate CSR. Stakeholders refer to those “groups and individuals who can affect, or are affected by the achievement of an organization’s mission.” The whole thesis of stakeholder theory is that organizations should endeavor to take into consideration the needs, interests and influences of peoples and groups who either impact on or may be impacted by the policies and deeds (Frederick et al., 1992) of the organization. Stakeholders thus, are any group or individual who is affected by the achievements of the organization’s objectives (Freeman, 1984). The crust of stakeholder theory is mainly about building long lasting beneficial relationship (Wilson, 2001). Other usefulness according to Luoma-aho (2007) is that stakeholders’ assessment and expectations has a role to play in shaping an organization’s reputation and giving it legitimacy. Fassin(2008) identified three types of firm’s stakeholders whose needs must engage the attention of

the firm. The real stakeholder group include shareholders, customers, employees, business partners, and communities. The stake watchers- include employees and workers union, consumer associations, investor associations protecting the interest of shareholders; and activists watching the stake of the community and the environment.

The stake keepers is another group who are removed from the active real stakeholders: the independent regulators, who have no stake in the firm but have influence and control. They impose regulations and constraints, while the firm has little reciprocal direct impact

on them. Although a company may have several stakeholders, this study focuses on the customer stakeholder group in line with the study's objective which is to ascertain the relationship between CSR and customer based brand equity.

2.1.2. Legitimacy Theory

In business definition, such man (1995) defined the term "legitimacy" as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. According to Deegan and Unerman (2006), if an organization wants to survive in a society, it has to legitimize its activities in the eyes of the society. The theory suggests that companies and businesses do not exist in isolation; it has to have a mutual bond with the society in order to exist. They need to operate and function within the norms and ethics of the society to be perceived as an important part of it (Deegan, 2009). The companies and businesses need know and understand the needs and expectations of the society pertaining to its health, safety, education, environment, etc. Once these expectations have been addressed and met by the corporations, the society can now view these corporations as legitimate component of the society; corporations will obtain continued existence once they were able to cater to these expectations (An et al. 2011). The legitimacy theory suggests that a corporation cannot sustain its existence once their level of legitimacy in the society is not well enhanced or strengthened.

CSR and legitimacy theory are two sides of the same coin. Scholarly contributions such as Moir, (2001) and Suchman (1995) explain that firms CSR initiatives are meant to do three interrelated things. The assertion from these scholars is that first, organizations embark on CSR to gain legitimacy. The second reason is to maintain legitimacy, and finally to achieve legitimacy, in a given market or society. Legitimacy theory states that organizations can only secure their existence if they are perceived as operating within the values and norms of the society. According to Farache and Parks (2010), legitimacy for the organization is based on the idea that there is a social contract between business and society in which society allows the company to operate as long as it behaves in accordance with society's norms and values. In other words, legitimacy is threatened when a company's behaviour is perceived as not in accordance with society's

norms. Ferrel et al. (2002) stated that the objectives of companies' actions are to maximize the positive impact on stakeholders and minimize the negative impact.

It is important to note that legitimacy theory on its own may not adequately explain CSR. It is thus critical to identify the seeming interdependence or the interrelationship between legitimacy and the stakeholder theory which are both necessary constructs for understanding CSR. In order to gain legitimacy therefore, a company may disclose its CSR activities to its stakeholders (Hinson et al., 2010). Thus, the pursuit of legitimacy would require a company to first engage in CSR. Secondly, the firm discloses the CSR information in order to portray a socially responsible image and thirdly receive a stamp of legitimacy from the targeted stakeholders. This is why Patten (1991) advised companies dealing directly with consumers to take issues of community involvement seriously. In support of this position Clarke and Gibson (1999) emphasised that CSR can be better understood as a means of reinforcing both reputation and legitimacy. They argued that CSR provides an opportunity to communicate to stakeholders the congruence of the organization with societal concerns.

From the foregoing, it is reasonable to argue that CSR can lead to legitimacy for the firm; and that the achievement of legitimacy creates the basis for achieving customer-based brand equity (CBBE).

2.1.3. Organizational Identity Theory

Like the stakeholder and the legitimacy theories described above, organizational identity theory is considered useful in this study as it provides useful explanations on why firms practice CSR. Organizational identity describes firm culture, history, structure, characteristics, status, and reputation with competitors, customers, and society at large which is formulated and cemented over time (Brown et al. 2006; Scott and Lane 2000). It comprises both internal and self-reflective components as well as the external activities (Gioia et al. 2000), which provides a rich perspective about identity as the organizational response function. Identity also involves all that is central, distinctive, and enduring about a firm (Albert and Whetten 1985), conveyed through mission, vision, actions, and association of the firm's values and goals (Brickson 2005). Put simply, identity involves both how internal constituents and

stakeholders see the firm and how external constituents and stakeholders see it (Gioia et al. 2010; Sen et al. 2006; Voss et al. 2006). According to organizational theory, firms also morph to reflect institutional preferences and socially desirable characteristics of competitors and other constituencies that they observe in the market place (Handelman and Arnold 1999). Driven by the external aspirational components of their identity, firms use isomorphic behaviour to attain legitimacy in the face of normative pressures (Grewal and Dharwadkar, 2002). Thus, consumers value companies and brands that exceed legal and social expectations (CSRwire 2009; Trudel and Cotte 2009).

2.1.4 Financial contribution of CSR

CSR and financial performance have a strong relationship and there is a large amount of research conducted on the two factors (Prado-Lorenzo, Rodriguez-Dominguez, GallegoAlvarez & Garcia-Sanchez, 2009; Margolis & Walsh, 2003; Sharp & Zaidman,2009). There is also a consensus that more research is required in this area. CSR has demonstrated both a negative and positive impact on financial performance, with different literature dictating different results (Peters & Mullen, 2009).

Barnea and Rubin (2010) viewed CSR from two perspectives, one being that if firms over invest in CSR activities they typically decrease shareholder value in the company; the other being that CSR investment creates positive publicity and helps serve social agenda. The view of CSR varied based on the self-serving behaviors of the managers themselves. Ultimately, CSR activities involve greater financial commitment but benefit is a development of brand and consumer relationships in the long term.

Foote, Gaffney and Evans (2010) state the impact CSR has on organisational performance is difficult to analyse, as various studies have found positive, negative and neutral impact as well as a variety of definitions for performance. Foote et al. (2010) identified there is no overall scale for measuring CSR activities which means varied results for empirical studies conducted on CSR. Competitive, or organisational advantage, has an impact on financial performance. Organisational advantage can be obtained when the strategy developed for CSR is tailored to the organisation or region. Incorporating CSR into business policies can

also reap a competitive advantage (Ogrizek, 2001), part of this strategy needs to involve balancing financial goals and sustainability of CSR endeavors. Wagner (2010) suggests corporate social performance can lead to enhanced innovation in an organisation, which can lead to a competitive edge. Wagner (2010) took into account CSR as a means to achieve corporate social performance and concluded performing well in CSR leads to innovation in an organisation.

Godfrey et al. (2008) determined that building moral capital through CSR activities could prove a good way to preserve economic benefits that organisations have gained. This presents an alternative to the concept of CSR directly effecting financial profit. In contrast, Brilius (2010) suggests economic crisis condition can cause firms equity to decline and when this occurs sustainable development (i.e. CSR activities) can experience a downturn. There are a number of studies that examine the use of CSR to attract employees and influence levels of organisational commitment. Job seekers found companies with higher CSR involvement more attractive, as it was perceived these companies had greater diversity and employees were more valued (Albinger & Freeman, 2000). Organisational commitment was investigated by Brammer et al. (2007) and Turker (2009), who studied organisational commitment in relation to CSR and commitment levels of employees in CSR orientated organisations respectively.

Russo and Perrini (2009) concluded that stakeholder views have a large impact on the decisions of large firms in relation to CSR activities. Similarly, Piercy and Lane (2009) propose the support a company receives from investors and the strength of business relationship are prominent factors in the implementation and success of CSR efforts. According to Pivato et al. (2008), people in authority in business are now recognizing CSR as important.

The buying of shares and the impact on organisational financial performance can be affected by the activities organisations are involved in. Adam and Shavit (2008) state investments have increased over time in organisations that consider the social needs of the market and operate best practice policies. There is also indication that organisations that are socially responsible can positively change investor attitudes by having a greater social responsibility ranking (Adam &

Shavit, 2008). Ranking companies in relation to a social responsibility could motivate organisations to participate in CSR to improve image in the market.

Branding is used to differentiate one product or service from another using a symbol, name or design (Pride et al., 2006, p.208). Branding can be used for customers to identify a product or service, making the introduction of new products into the market easier, whilst building brand equity, or the value a company can leverage off the brand. More importantly whilst branding makes it easier for consumers to identify products, it also makes it easier to develop brand loyalty (Pride et al., 2006, p.209). Although brand loyalty will vary depending on the item and consumer, brand trust is a major component to loyalty; consumers have faith in the product or service they are purchasing. Dunn and Davis (2004) state one of the greatest challenges CEOs can address is managing consumer loyalty effectively. Whether trust can be affected by external actions of the company rather than the performance of the product or service is what this study aims to research.

CSR and branding have a number of linkages, specifically through trust, corporate reputation and consumer attribution. Gurhan-Canli and Fries (2009) developed a corporate social responsibility and brand-related outcomes model. Gurhan-Canli and Fries (2009) suggest that both consumer characteristics, such as awareness of CSR programmes and personal judgment and company characteristics such as reputation are factors influencing branding outcomes. The branding outcome would include evaluation of the company, brand and product, in which brand trust would be considered. Fit between the CSR activities and the company and brand itself also impacts on the way consumers perceive the CSR activities (Ellen et al., 2000; Yoon et al., 2006).

Delgado-Ballester and Munuera-Aleman (2005) suggest that brand equity can be developed through brand trust. Brand trust must be maintained not only to foster consumer loyalty and brand equity, but to create a sustainable competitive advantage (Delgado-Ballester and Munuera-Aleman, 2005).

Marin and Ruiz (2007) suggest CSR has direct influence on a company's identity attractiveness; this identity can both attract new consumers and influence marketing power for that company. Attractiveness is strongly affiliated with the awareness of a specific brand.

Bhattacharya and Sen (2004) suggest CSR awareness is a stumbling block for most companies, who can only get the benefits from CSR once consumer awareness is increased. De Los Salmones et al. (2005) state the possibility that the perception of CSR influences the valuation of individual services as well as goods, as the concept of perceived quality can apply to both service and goods.

Kitchin (2003) expresses that the responsibility in CSR is brand responsibility and that it is in fact the brand that has the social responsibility. The brand relies on brand promise and relationship to the stakeholders to convey the CSR efforts. Kitchin (2003) concludes CSR activities are not considered a separate entity from a brand or company, but part of everything. Brand learning gaps can only be decreased by further cultural understanding into the needs of society on behalf of the companies participating in CSR (Kitchin, 2003).

Maignan, Ferrell and Hult (1999) suggest CSR has general positive consequences for business, but there is limited research on the impact from a marketing perspective. In terms of how, when and for which specific consumers CSR initiatives work best, there are scarce studies (Sen & Bhattacharya, 2001). There is however, a few studies exploring the connections between CSR and corporate name and status can provide an influence on brand equity.

Some studies have suggested that firms experience various bottom-line benefits for pursuing social responsibility objectives. Murray and Vogel (1997) for instance concluded that multiple programmes of socially responsible business practices led to improved attitudes towards the firm. It has also been revealed by Sen and Bhattacharya (2001) that CSR activities by firms enhance how consumers evaluate such firms. Generally, scholars and advocates of CSR have argued that customers who are exposed to a firm's CSR activities develop stronger attitudes and purchase intentions than those who

were not exposed (Sen et al., 2006; Wigley, 2008). In other words customers who are exposed or have knowledge of a firm's CSR initiatives are likely to develop positive attitude towards the firm and its brand. This is to say that CSR initiatives of firms can enhance brand awareness, brand image, perceived brand quality, and brand loyalty among customers (Keller, 1993). Although extant literature has mentioned several benefits of corporate social responsibility, these benefits can broadly be grouped into six key bottom-line benefits. These benefits include: increased sales and market share, strengthened brand positioning, enhanced corporate image and clout, increased ability to attract, motivate, and retain employees, decreased operating costs, and increased appeal to investors and financial analysts (Kotler and Lee, 2005). As a researcher I will discuss these benefits in detail.

2.1.5. Dimensions for CSR

Carroll (1991) identified four dimensions for CSR. The CSR concept has encompassed economic, legal, ethical and philanthropic (discretionary) activities of business performance at a given point in time, without any hierarchic order (Carroll, 1979; Carroll, 1991). Carroll (1979) claimed that the economic category was the most important within social responsibility, and the other three were ranked in the following decreasing order of importance: legal, ethical and philanthropic.

Economic Responsibility

On the basis of this dimension, organizations should be committed to earn profit as possible and it is essential to maintain a high level of operating efficiency and a good competitive position. This component is considered as the base of other components and the company is required be profitable.

Legal responsibility.

On the basis of this dimension, organizations should be law abiding and comply with different local, state and federal regulations and it is important to provide goods and services to fulfill the legal obligations. According to legal responsibility, the organization is required to obey law.

Ethical responsibility.

On the basis of this dimension, organizations need to do what is expected ethically or morally and acknowledge and respect the evolving new ethical/moral norms and it is important to recognize that corporate ethical behavior and integrity go beyond regulations and laws.

Philanthropic responsibility

This responsibility is placed at the top of the pyramid. Business enterprises should be good corporate citizens by showing their goodwill to the society. On the basis of this dimension, organizations need to work in a way consistent with the charitable and philanthropic expectations of society and contribute in voluntary activities. Philanthropic responsibility is different from ethical responsibility. Philanthropic responsibility is not a social necessity like ethical responsibility. If corporations are not philanthropically responsible, they are not regarded as unethical. This responsibility is an organization to be a good corporate citizen.

2.2 Empirical study

2.2.1 CSR influences on brand equity

Moore (2001) postulated that the various literature reviews have shown the positive relation between CSR and brand equity of the enterprises; however, there is not any thorough study focusing on exploring the relationship between CSR and brand equity in the B2B context. Thomson (1995) showed that when firms doing the charity work or make contribution to the public welfare, their brand spirit would be enhanced. Creyer and Ross (1997) proved that there is a positive link between CSR performance and the attitude of the consumers toward the brand. A more structural study was done by Wu et al (2007) who examined the impact of CSR on brand equity by dividing brand equity into three aspects: perceived quality, purchase intention and brand loyalty. Another line of study relates to the link between CSR and brand's financial performance. According to Orlitzky et al (2003), there are two theorized ways through which the financial performance of the brand may be affected by CSR. The first way is through the enhancement of the firm competencies and capabilities. The second way is through the

reputation improvement among the stakeholders. Another preliminary study was done by Jian et al (2012) who tried to discover the impact of CSR on enterprise brand equity. These authors suggested eight aspects in which CSR impact the brand equity. These aspects reflect two separate facets of the CSR impact on brand equity. According to Jian et al (2012), such aspects that have positive impact on the enterprise brand equity are environmental CSR, energy saving responsibility, CSR towards the staff, and CSR towards the creditors and supplier. Keller and Lehman (2001) suggested the connection between CSR and brand equity on three aspects: financial, market and customer-related performance in short-term and long-term. To this extent, such value generated from the CSR policies, CSR activities and performance would probably contribute to both of these three aspects. In a broader sense, such value can be derived from the interactions between the stakeholders and the brands because when the brand represented by the firm interact with stakeholders, such value is generated through the fulfillment of the stakeholder's expectations, particularly when the firms try to generate value to build up strong brand capital the social responsible behaviors play a significant role (Brickley et al, 2002).

2.2.2 CSR, brand image and brand equity

The National Association of Marketing Teachers, a predecessor of the American Marketing Association (AMA) adopted the first official definition of marketing in 1935. AMA adopted the definition in 1948, and again in 1960 when the association revisited the definition and decided not to change it. This original definition stood for 50 years, until it was revised in 1985 to: Marketing is the process of planning and executing conception, pricing, promotion and distribution of goods, ideas and services to create exchanges that satisfy individual and organizational goals.

This definition views marketing as a transaction between the provider and the receiver of the product, where the provider satisfies the goals of the receiver and obtains some type of compensation in return. The definition emphasizes the four components of the marketing mix (the four Ps). It should be noted that the definition goes beyond commercial transactions and includes for example politics (where the product is a political candidate or political platform rather than goods and services) and charities

(where a sense of purpose or doing-right is received in exchange for monetary contributions). The 1985 definition remained unchanged for nearly 20 years, until it was changed in August 2004 to:

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

The change of definition reflects a shift in perspective in several ways. The new definition signifies a move from transaction orientation to emphasis on value for the customer, which implies a focus on end-result instead of exchange. The new definition is also more focused in the sense that it targets the customer and highlights that marketing should be customer-centric rather than focus on brand/product or any of the other components of the marketing mix. In addition, the introduction of stakeholders implies a shift from a dyadic perspective (i.e. organization and individual) to a triadic perspective (i.e. organization, customers and other external stakeholders) (Terje ,2008).

The concept of CSR is blurred, fuzzy (Lantos, 2001) and characterized by three major challenges. Firstly, the definition and dimensions of CSR vary. In a marketing context there is still no clear definition of what social responsibility of marketing is (Carrigan and Attalla, 2001). Lack of definition implies that investigation of CSR in marketing easily holds a myopic view with a focus on limited dimensions of CSR (Maignan and Ferrell, 2004). Different conceptual entities restrict comparison and integration of definitions. Whereas some scholars focus on businesses in general, others apply the individual firm or the decision maker as unit of analysis. Some are normative while others hold an instrumental perspective focusing on benefits (Maignan and Ferrell, 2004).

Furthermore there is a tendency to focus on very limited aspects and dimensions of CSR in empirical studies of CSR (Maignan et al., 2005). This perspective thus represents a shift from what Armstrong (1977) refers to as the manager's "stockholder role" to a "stakeholder role", with implications for the likelihood of irresponsible acts. The legitimacy of social responsibility is a second challenge when applying the marketing context. Its legitimacy is highly debatable when, for example, publicly held companies

undertake “social responsible” activities that might restrict profits (Lantos, 2001), and disagreement in how social responsibility is actually achieved (Carrigan and Attalla, 2001). Crook (2005) argues that governments, which are accountable to all citizens, are the proper guardians of the public interest, while the proper business of business is business. His argument is that managers, acting in their professional capacity, are not competent to concern themselves with the public good. They lack the democratic credentials and their day jobs should leave them no time to even think about it. Finally, the corporate benefit of CSR can be questioned, which is both affected and affects the precision of the construct. Studies of CSR reveal little about implementation and likely benefits of CSR (Maignan et al., 2005). Some even claim that most customers pay little heed to ethical considerations in their purchase decision-making behavior (Carrigan and Attalla, 2001), and raise the dilemma that customers of today seem to reward unethical behavior and penalize ethical business behavior (Titus and Bradford, 1996; Carrigan and Attalla, 2001).

The CSR construct embraces two dimensions of decision making, responsible and irresponsible acts. The seminal work of Armstrong (1977) introduces “social irresponsibility” as a more useful mode of addressing “social responsibility”. The vast majority of studies, however, apply corporate social responsibility (CSR) in addressing both responsibility and its negation. The CSR construct includes at least three aspects of the relationship between the company and the society: How the conduct of business reflects ethical considerations, how the business operations affect the environment, and finally, the extent to which the operations interfere with established social and human rights (Vaaland and Heide, 2005).

Lantos (2001, 2002) suggests three archetypes of CSRs namely, ethical, altruistic and strategic. Ethical CSR constitutes a minimum level of responsibility to society, and implies that the company avoids harm or social injuries even to exceed the formal legal duties if necessary. Altruistic CSR corresponds with Carroll’s (2000) philanthropic responsibilities and aims at contributing to the good of various social stakeholders, even if the cost of those activities sacrifices company profit. Strategic CSR implies fulfilling philanthropic responsibility, but with the company’s benefit in terms of positive publicity

and goodwill as core driver. Activities sustaining strategic CSR are assumed to improve corporate image and increase motivation and loyalty primarily among employees and customers, but also others such as suppliers and retailers (Lantos, 2002). In a marketing context, strategic CSR is particularly relevant because of its focus on company benefits in relation to stakeholder groups (e.g. customers). By inspecting the variety of CSR definitions we observe emphasis on; first, corporate benefit (e.g. Lantos, 2002), second, stakeholders (e.g. Donaldson and Preston, 1995; Jones, 1995; Wood and Jones, 1995), third, concern for both responsible and irresponsible acts (Armstrong, 1977), fourth, ethical, environmental and social phenomena (Vaaland and Heide, 2005). Based on these characteristics and the most recent AMA definition of marketing, we propose the following definition: Corporate social responsibility is management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit.

In recent decades a research stream has developed in the field of investigating the effect of CSR on marketing of the organization (Maignan, 2001; Garcí'a de los Salmones et al., 2005). In fact, CSR has become an important component of corporate marketing strategies (Pirch et al., 2007; Poolthong and Mandhachitara, 2009). Basically, companies are willing to invest in corporate social responsibility because of the relationship that exists between CSR and brand image and equity. It is also important to satisfy all stakeholders and ensure that they are pleased with the company's business (Hampf and Lindberg-Repo, 2011).

Corporate social responsibility is an effective, controllable, and informed way to influence brand trust (Barnes, 2011). The most clear connection between CSR and marketing is through their implication for the firm's reputation (Baghi et al., 2009). Engaging in CSR provides a good brand image and reputation. Publicity that is created from CSR activities will help people to remember the organization (Selvarajh et al., 2012). CSR influences consumers' brand recommendations, brand choice, and positive brand and product evaluations and consequently leads to the firm's economic benefits (Sen and Bhattacharya, 2001; Kleina and Dawarb, 2004). Based on Lozano (2015) some of the external motivations to engage in CSR are: help to enhance corporate

and brand reputation; improve customer satisfaction; and help to improve trust outside the company (i.e. with consumers, suppliers, business partners, etc). In addition, different studies have been undertaken about the determinants of brand equity (Atilgan et al., 2005). Research has shown that brand image influences brand equity (Biel, 1992; Faircloth et al., 2001; Lee et al., 2011; Porral and Lévy-Mangin, 2015). Building, maintaining and strengthening the brand image will create a positive position in customers' mind and increase their overall satisfaction (Sondoh Jr et al., 2007). Also, a good brand image increases the customer loyalty and generates the positive word-of-mouth (Martenson, 2007).

The 1980s marked a turning point in the conception of brands. Management came to realize that the principal asset of a company was in fact its brand names. Several articles in both the American and European press dealt with the discovery of 'brand equity', or the financial value of the brand. In fact, the emergence of brands in activities which previously had resisted or were foreign to such concepts (industry, banking, the service sector, etc) vouched for the new importance of brands. This is confirmed by the importance that so many distributors place on the promotion of their own brands.

For decades the value of a company was measured in terms of its buildings and land, and then its tangible assets (plant and equipment). It is only recently that we have realized that its real value lies outside, in the minds of potential customers. In July 1990, the man who bought the Adidas company summarized his reasons in one sentence: after Coca-Cola and Marlboro, Adidas was the best-known brand in the world (Kapferer, 2008).

In the last two decades, research on brand equity or the value with which a brand name endows a product (Farquhar 1989) has flourished. Within this stream of research, numerous studies have examined the value brands create for investors and manufacturers and ultimately also for consumers (for relevant reviews, see Keller and Lehmann 2006).

In line with Aaker (1991, p. 15), who explicitly takes into account that brands create value For all members of the value chain, we define BE as "a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firms customers".

Brand building literature interprets branding effects in terms of consumers' "mindsets" toward the brand (i.e. what they know and how they feel about the brand), as well as how those mindsets affect their behavior (Aaker and Joachimsthaler, 2000; Keller and Lehmann, 2003). In this light, Hoeffler and Keller (2002) suggest that corporate societal marketing programs can affect brand equity by building consumer awareness, enhancing brand image, establishing brand credibility, evoking brand feelings, creating a sense of brand community, and eliciting brand engagement. Studies further show that CSR programs can result in favorable evaluations (Brown and Dacin, 1997), stronger consumer identification (Sen and Bhattacharya, 2001), and increased customer satisfaction (Luo and Bhattacharya, 2006). Thus, these positive consumer mindsets resulting from CSR initiatives may generate rewards in the form of brand equity. Erdem and Swait (1998) propose that firms can use brands as market signals to inform consumers about product attributes (e.g. product quality) and ensure that product Corporate social performance and claims appear credible. The authors find that the credibility of a brand as a signal can increase perceived quality, decrease perceived risks associated with a product, and increase consumer expected utility. In turn, the increase in consumer expected utility may enhance brand equity. CSR scholars propose that firms' social activities send a signal of a non-self-serving orientation, which may generate positive attributions or moral capital for a firm (Godfrey, 2005; Godfrey et al., 2009). The CSR-based moral capital leads to increased brand credibility among customers (Luo and Bhattacharya, 2009). Thus, CSP may positively affect brand equity by enhancing the credibility of brands as market signals.

According to Keller (1993, 1998), brand image creates from perceptions of consumers about the brand associations, such as strength, uniqueness, favourability ... of a brand. Therefore, brand image occurs when the consumers hold some positive brand associations in memory and favourable response, in turn, can lead to enhance revenues, lower costs and greater benefits for the company. Such Keller's conceptualisation is shared by numerous scholars and brand image is considered one of major influencing factors in a number of conceptual models of customer-based brand equity (CBBE) (Dowling, 1988; Lassar et al., 1995; de Ruyter et al, 2000;

Kazoleas et al., 2001; Hatch et al., 2003; Konecnik et al., 2006; Lin, 2008; Wu et al., 2009; Bravo, 2009; Pinar et al., 2010, 2012; Ghantous et al., 2013.

According to Do HoaiLinh et al.,(2017), Banks have different characteristics compared to other commercial or trading companies because banks are financial intermediaries. Bank performance depends on trust and credibility of its customers. Its brand is different from brands of other companies providing non-bank products or services. Its brand image focuses on the overall assessment of customers to the bank, rather than an assessment of one or several products and services. The overall brand image is contributed by many factors related to the bank's structure and operations, reputation and personnel, building and developing its brand.

According to Hardwick (1997), the weakness of financial brands mainly stems from the high intangibility of the services they provide. It is the fact that consumers decide to purchase products not only depending on the product quality, but also the services and intangible benefits added to these products. The relevance of branding increases with offer's intangibility (Brady et al., 2005). Since, the value of brand image is difficult to assess and its influence on customer behavior, especially customer's intention to choose the bank to deal with needs to study thoroughly.

Recently, the bank's services are fairly common, standardized and most of the banks have the ability to imitate products and services of each other. Therefore, the brand plays an important role in attracting customers to the bank. The bank has to build its different, unique brand and place its brand positioning in the minds of consumers. Besides, O'Loughlin (2005) found that the bank has to face a lot of difficulties in highly competitive markets and the product and service characteristics that can be easily imitated in many cases. Strong corporate associations can positively affect customers' perception about the brand differentiation (Chen, 2006). The difference is the central element in building a brand. Strong brand image is the different, unique brand, reflected in mind and the perception of the customer.

The experimental studies on bank image shows that the elements created visual impression of bank image are different and change over time due to changing in

banking technology and services. Grönroos (1998) suggested that the reputation and credibility are the two main components measured the bank image. Pina (2009) identifies the six components constituting the bank image, including services offered, service accessibility, global impression, corporate social responsibility, location and personnel.

Most of studies on bank image analyzed the variables related to the types of services provided by the bank, service accessibility, branch appearance, personnel and the bank's reputation (Heerden, 1995; LeBlanc, 1996).

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. According to Aaker (1991) 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 etc. From the perspective of Keller (1993), brand equity is different reactions of consumers to the brand.

There are numerous proposals for classification and dimensions of brand equity that the first and the most famous one is presented by Aaker (1991). From the perspective of Aaker (1991), from the perspective of the consumers 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.

2.3 Conceptual Framework

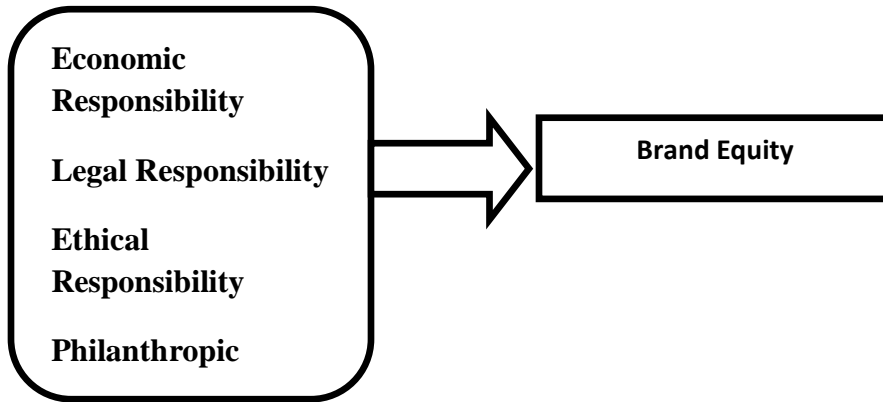


Figure 2. 1 Conceptual Framework (Own Design, 2019)

CHAPTER THREE

METHODOLOGY

3.1 Description of Study Area

The present-day Bank of Abyssinia was established on February 15, 1996 (90 years to the day after the first but defunct private bank was established in 1906 during Emperor Menelik II) in accordance with 1960 Ethiopian commercial code and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. BOA started its operation with an authorized and paid up capital of Birr 50 million, and Birr 17.8 million respectively, and with only 131 shareholders and 32 staff. The bank now boasts above 300 domestic branch networks, of which 145 branches are in Addis Ababa and the remaining 159 are established in bankable towns all over the country. It has over 5,825 employees and, most importantly, over 1,012,177 customers and works with known money transfer agents such as Western Union, Express Money, Ria International, Transfast, Dahabshiil, MoneyGram, KAAH and Ezremit (BOA 2017/18).

3.2 Research Approach

The three methods that are commonly implemented in a research are quantitative, qualitative and mixed, 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 (Creswell, 2005). Creswell (2005) asserted that quantitative research is a type of educational research in which the researcher decides what to study, asks specific, narrow questions, collects numeric (numbered) data from participants, analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner. Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2009). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data (Creswell, 2009). Therefore,

in terms of methods, this research has employed quantitative method only while conducting the study.

3.3. Research Design

This study has used survey research using a questionnaire to collect relevant data. The questionnaire depend on survey type of research method useful since the objective of the study is to analyze the contribution of CSR on brand equity the case of Bank of Abyssinia. To this end the study has implemented explanatory analysis. Before conducting the explanatory analysis, the study has employed descriptive analysis to identifying the perception of the customers. therefore, this study was conducted by using both descriptive and explanatory analysis.

3.4. Population and Sample Technique

The study investigated the contribution of corporate social responsibility on brand equity in the case of Bank of Abyssinia. The bank has 304 branches in Ethiopia with total population of over 1,012,177 customers. But this study is limited to Addis Ababa. therefore, it focuses on customers of the bank in Addis Ababa. in Addis Ababa, there 761, 553 customers of the bank in 145 branches.

Alreck & Settle (2005) states that sample size is determined after considering statistical precision, practical issues and availability of resources. According to Lowler (1984) there is no a single precise way for the determinations of sample size hence there are a number of inadequacy for deciding on sample size. Malhotra & Peterson(2006) stated that, the larger the sampling size of a research, the more accurate the data generated. Sample size for the study was determined by Yemane (1967) formula based on a 95% desired confidence level and a 5% desired level of precision both for managerial and non-managerial positions.

$$n = \frac{N}{1 + Ne^2}$$

Where: - n = Sample size

N = population size,

e = level of precision, e=0.05

therefore, the sample size is determined to 400.

There are two different types of sampling techniques which consist of probability sampling and non-probability sampling. Thus, the researcher has used both Convenience and non-probability sampling in this study to collect the data from Abyssinia Bank customers at branch who are using the bank serve.

From each branch, the researcher has used total of 40 customers by using a convenience sampling based on their willingness to spend some time in filling the questionnaire. This has sampled 400 sample respondents.

3.5. Data Source and types

In this study, the researcher has used both primary and secondary data sources. Primary data was collected from customers of BOA in different branches. With regarding of the secondary source of data, data was collect from manuals, annual reports, bulletins, websites and other relevant reference materials from BOA.

3.6 Data Collection Procedures

The primary data was gathered using questionnaire. The researcher has distributed the questionnaire to sampled respondents. For the purpose of this study a quantitative methodology involving both close-ended and open ended questionnaire is used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. The Likert-type scale method was used a range of responses: “strongly disagree”, “disagree”, “Neutral”, “Agree”, and “Strongly Agree”, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensures that the research study illustrates the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to assess research hypotheses.

3.7 Method of Data Analysis

After the data are collected both descriptive and inferential statistical techniques were employed to analyze the data. The data was analyzed using SPSS version 23. The statistical tools were aligned with the objectives of the research. Inferential statistics is

particularly the regression analysis that shows interdependence of independent variables and dependent variable was used based on ordinary least square (OLS). A regression analysis is important to see how different CSR dimensions affect brand equity. Thus, both the strength of the relationship between variables and the influence of independent on dependent variable and statistical significance were assessed.

3.8 Validity and Reliability Test

3.8.1 Validity

Bryman & Bell (2007) defined validity as how much any measuring instrument measures what it is intended to measure. They also suggest that the important issue of measurement validity relates to whether measures of concepts really measure the concept or not. There are several ways of establishing validity such as content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity. This study addressed content validity through the review of literature and adapting instruments used in previous studies. the data collection instrument was adopted from Maignan. I., Ferrell. O.C. and Hult. G (1999), Marin and Ruiz (2006) Poemring and Dolniar (2009) Sen and Bhattacharya (2001).

3.8.2 Reliability test

Nunnaly (1978) stated that reliability is the consistency of a test, survey, observation, or another measuring device. The level of reliability of the instrument indicates the consistency of the variables. Cronbach's alpha is an index of reliability associated with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 is a more reasonable value. Therefore, the reliability of the questionnaire was analyzed by using Cronbach's alpha statistics.

As it is indicated in the table 3.1 below, all Cronbach's alpha indexes are above 0.7 suggesting that the variables are consistent to customer relationship marketing of the bank.

Table 3. 1 Reliability Test

Variable	Cronbach's Alpha	N of Items
Economic responsibility	.737	6
Legal responsibility	.703	5
Ethical responsibility	.727	5
Philanthropic responsibility	.774	4
Brand equity	.791	4

Source: Survey, 2019

As it is indicated in the table 3.1 above, all Cronbach's alpha indexes are above 0.7 suggesting that the variables are consistent to measure .

3.7 Ethical consideration

Every person involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was not caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn was acknowledged.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

This study was conducted with an objective of identifying the effect of CSR on brand equity Abyssinia bank. The study data was collected through questionnaire from customers of the bank. This chapter presents the result of data analysis and detailed discussion on the results. The chapter has different sections; demographic information of the respondents, descriptive analysis, correlation and regression analysis. A sample of 400 questionnaires were distributed to 10 branches of the bank in Addis Ababa. A total of 311 questionnaires were returned from the respondents fully filled. This study was conducted with 77.75% response rate which is indicated as an excellent level.

4.2 Demographic Information of the Respondents

Table 4. 1Demographic Information about respondents

Variables	Category	Frequency	valid percent
Sex	Male	167	53.7
	Female	144	46.3
Age group	18-25	50	16.1
	26 - 33	199	64.0
	34 - 45	54	17.7
	Above 45	8	2.6
Academic Qualification	Primary school	10	3.2
	High school	18	5.8
	Certificate	38	12.2
	Diplomas	72	23.2
	First degree and above	173	55.6

Source: Survey, 2019

As shown in Table 4.1 below, the majority 167 (53.7%) of the respondents are males, and 144 (46.3 %) are females. With regard to age of the respondents, 50 (16.1%) of the

respondents are in the age category of 18-25 years, 199 (64%) of the respondents are in the age category of 26 to 33 years, 54 (17.7%) of them are in the age category of 34-45 years, 8 (2.6%) are in the age category of above 45 years. Therefore, the result shows that majority of the service users were within the range of 26-33 age groups. from this the researcher infers that the bank is mainly preferred by younger people.

Considering to the educational level, the lion's share 173 (55.6%) of respondents were bachelor degree holders, followed by those respondents who have diploma which accounts to 72 (23.2%). The respondents who have certificate were account to 38 (12.2%) and with regard to high school were 18 (5.8%) while the least proportion of respondents who accounts 10 (3.2%) were with educational qualification of primary school completers. Therefore, the compositions of the respondents revealed that majority of them were degree holders and above. From this the researcher infers that the bank is mainly preferred by more educated customers.

Table 4. 2 Frequency of using service and duration since account opened

Variables	Category	Frequency	valid percent	Cumulative Percent
Frequency in a month	1-3	158	50.8	50.8
	4-6	135	43.4	94.2
	More than 6	18	5.8	100
Customer	Less than one year	18	5.79	5.79
	1-3 years	119	38.20	43.99
	4-6 years	126	40.51	84.5
	7-9 years	24	7.8	92.3
	More than 10 years	24	7.7	100

Source: Survey, 2019

Customers were asked how frequently they visited the branch to get service. Accordingly, their response shows that 158 (50.8%) of the respondents visited the bank 1-3 times monthly this group might have wanted services related to salary and money transfer services, 135 (43.4%) of the respondents visited 4-6 times a month, 18 (5.8%) visited

more than 7 times within a month these categories includes traders and firms cashier to deposit and withdraw a cash.

In terms of type of account respondents use majority of the respondent are saving account users represent 253(81.3%) of the clients and the users of current and fixed deposit account comprises 31(10 %) and 27 (8.7%) respectively. This indicates most of customers are interest earners and least number of customers was users of non-interest bearing current account.

4.4 Descriptive Analysis

This section presents descriptive analysis on study variables. It is analyzed by using mean and standard deviation. Mean score is interpreted according to Andorson (2013) mean score range; 1-1.5 strongly disagree, 1.51 to 2.5 disagree, 2.51 to 3.5 neutral, 3.51 to 4.5 agree and 4.51 to 5 strongly agree.

4.4.1 Economic Responsibility

Table 4. 3 Economic Responsibility

	N	Mean	Std. Deviation
This bank tries to obtain maximum long term success with customers	311	3.5788	1.09812
The bank provides quality products	311	3.8714	0.93473
The bank ensures customer satisfaction	311	4.1479	0.92142
The bank has ability to deliver what it promises.	311	4.2669	0.92431
The bank is a successful organization	311	4.3473	0.85853
The bank is responsive to the complaints of its customers	311	4.2926	0.93044

Source: Survey, 2019

All mean scores of indicators of the economic responsibility of the bank are at the range of agree, above 3.51. this indicates that bank tries to obtain maximum long term success with customers' bank tries to obtain maximum long term success with customers, bank

provides quality products, bank ensures customer satisfaction, bank has ability to deliver what it promises, bank is a successful organization and bank is responsive to the complaints of its customers. mean value for statement that the bank tries to obtain maximum long term success with customers has lowest mean score in the group of economic responsibilities.

4.4.2 Legal Responsibility

Legal responsibility indicators are presented in table 4.4 below.

Table 4. 4 Legal Responsibility

	N	Mean	Std. Deviation
The bank respects the norms defined in the law	311	4.006	1.1359
The is concerned to respect and protect its natural environment	311	4.0514	0.99219
The bank abides by good moral principle in conducting business.	311	4.1736	0.90985
The bank has diversified workforce	311	4.1801	0.89788
There is no discrimination in the service delivery	311	4.2186	0.95230

Source: Survey, 2019

As it is depicted in table 4.4 above, all mean values for the indicators of legal responsibility are above, 4.00 suggesting the respondents agree on the existence of the legal responsibility in the bank. from this the researcher infers that the bank respects the norms defined in the law, the is concerned to respect and protect its natural environment, the bank abides by good moral principle in conducting business, the bank has diversified workforce, and there is no discrimination in the service delivery.

4.4.3 Ethical Responsibility

Level of practice of ethical responsibility in the bank is presented by using mean and standard deviation. Table 4.5 below shows ethical responsibility of the bank.

Table 4. 5 Ethical Responsibility

	N	Mean	Std. Deviation
The bank ensures honesty and quality in all its services	311	3.7363	1.10771
The bank has good code of conducts.	311	3.8521	1.0634
The bank is trustful company	311	4.1897	0.86100
The bank register and resolve complaints from customers,	311	4.3376	0.82217
This bank behaves ethically and honestly with its customers	311	4.4662	0.79392

Source: Survey, 2019

As presented in a table 4.5, mean score for ethical responsibility indicators is at a range of agree. This shows that the bank ensures honesty and quality in all its services, the bank has good code of conducts, the bank is trustful company, the bank register and resolve complaints from customers, and bank behaves ethically and honestly with its customers. The minimum mean is computed for statement that the bank ensures honesty and quality in all its services with the value of 3.73. This suggests that the bank comply the ethical responsibility as perceived by the customers.

4.2.4 Philanthropic Responsibility

Description about the philanthropic responsibility is presented in table 4.6 below.

Mean value for all indicators is above 4.00 suggesting that the customers agree on the existence of philanthropic responsibility in Bank of Abyssinia. This indicates that the bank participates in local community activities, the bank gives financial support to local community activities and projects (e.g. charitable donations), The bank provides

sponsorship for activities that support the society, and the bank is concerned to improve general wellbeing of society.

Table 4. 6 Philanthropic Responsibility

	N	Mean	Std. Deviation
The bank participates in local community activities	311	4.1576	0.97597
The bank gives financial support to local community activities and projects (e.g. charitable donations)	311	4.1929	0.94087
The bank provides sponsorship for activities that support the society	311	4.3087	0.93734
This bank is concerned to improve general wellbeing of society	311	4.3666	0.88027

Source: Survey, 2019

4.2.5 Brand Equity

Brand equity is the dependent variable of the study. customer response on brand equity is presented in table 4.7 below.

Table 4. 7 Brand Equity

	N	Mean	Std. Deviation
Makes sense to use this bank instead of other	311	3.6881	1.07275
Prefer to use this bank even have same features	311	4.064	1.0906
Prefer to use this bank if another is as good	311	4.1254	1.0034
Seems smarter to use this bank if another is not different	311	4.0997	1.07149

Source: Survey, 2019

Mean value for the indicators of brand equity is in the range of agree from 3.68 to 4.12. this suggests that the customers prefer the bank to other banks, prefer to use this bank

even have same features, prefer to use this bank if another is as good as the bank, and the Seems smarter to use this bank if another is not different.

4.5 Regression Analysis

4.5.1 Multicollinearity test

Gujarati (2004) states that multicollinearity problem arises when there is a linear relationship among explanatory variables that the result could not obtain estimates of all parameters. This causes large variance and standard error with a very low t- ratio and wide confidence interval. Different methods are often suggested to detect the existence of multicollinearity problem. Variance inflation factors (VIF) technique used for continuous explanatory variable and contingency coefficient (CC) method is used for dummy variables. For continuous variables, if the value of VIF is 10 and above, the variables are said to be collinear. Similarly, if the value of CC greater than 0.75, the variables said to be collinear.

Table 4. 8Multicollinearity test

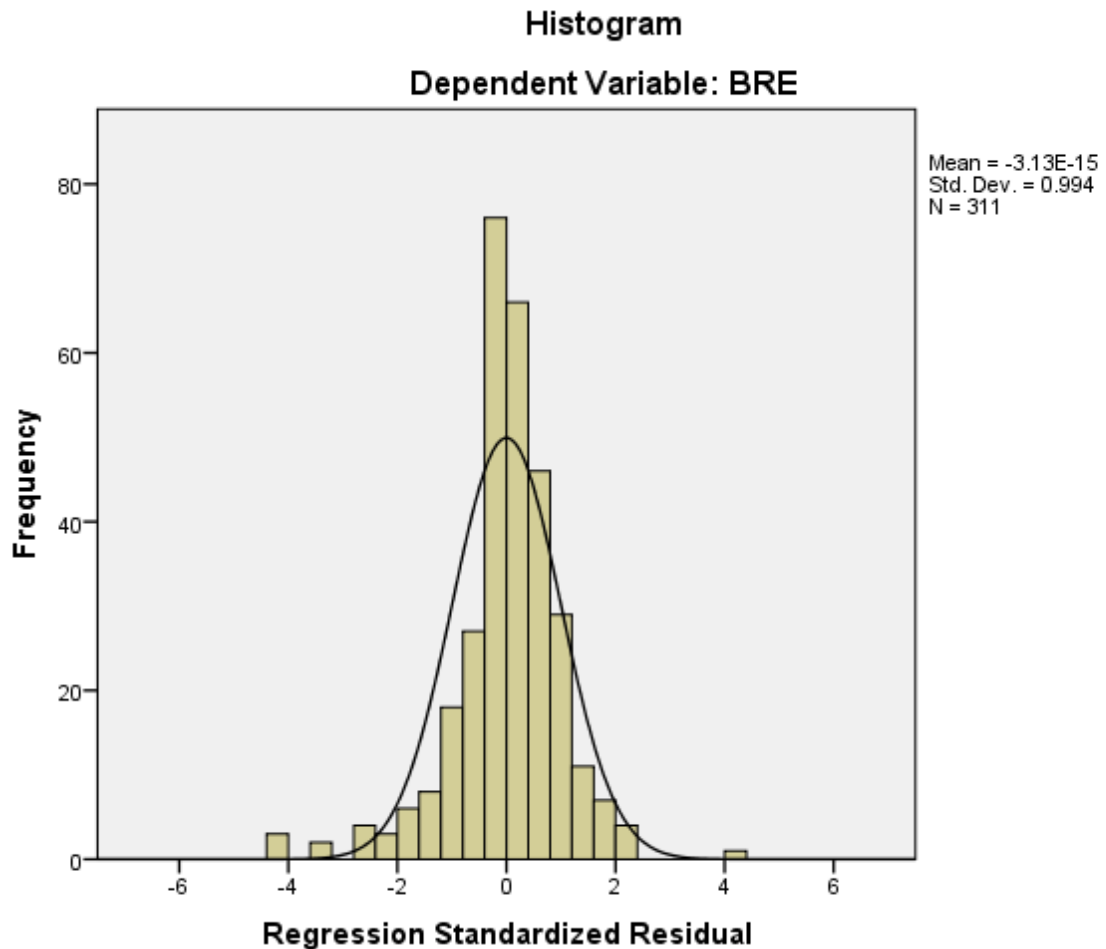
Model		Collinearity Statistics	
		Tolerance	VIF
1	ECR	.639	1.565
	LGR	.605	1.652
	ETR	.657	1.522
	PHR	.714	1.401
a. Dependent Variable: BRE			

Source: Survey, 2019

To detect the problem of multicollinearity the VIF technique is used prior to executing the regression analysis. As presented in the table 10, the values of VIF are well below 10 and suggesting that there is no problem of multicollinearity among the study independent variables.

Residual Normality Test

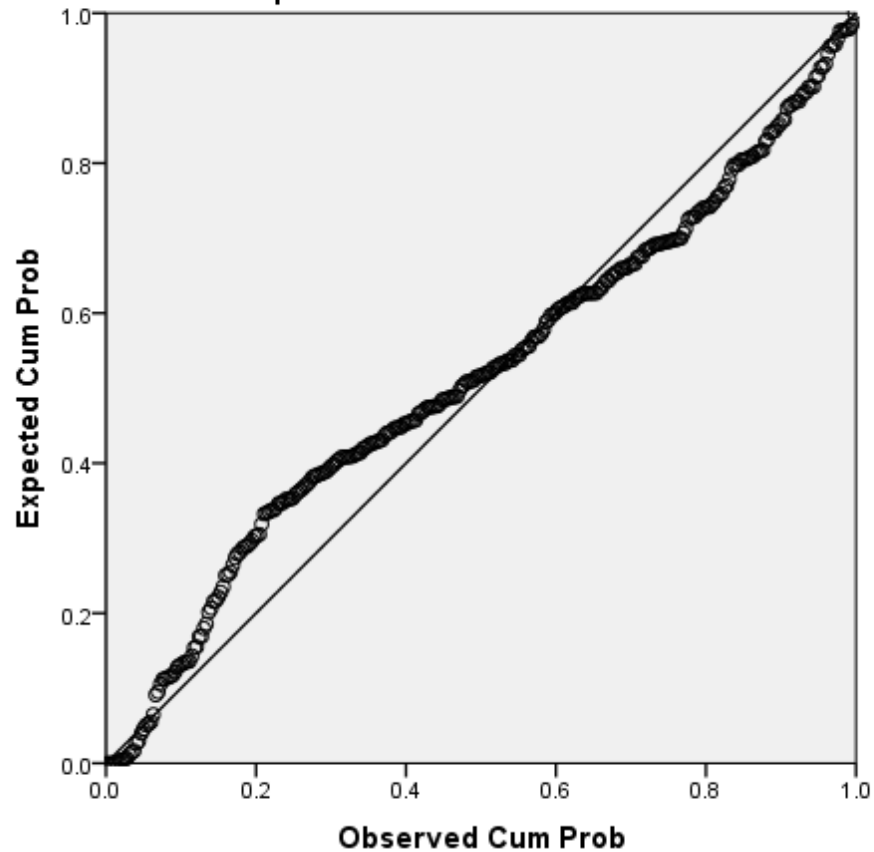
One of the classical linear regression models assumptions is the error term should be normally distributed or expected value of the error term should be normally distributed or expected value of the errors terms should be zero ($E(UT)=0$). The researcher used histogram to identify normal distribution of residuals and the result indicates that standard residuals are a little bit far away from the curve, many of the residuals are fairly close more to the curve and the histogram is bell shaped. This implies that the majority of scores lie around the centre of the distribution (so the largest bars on the histogram are all around the central value). Therefore, this indicates that the residuals are normally distributed.



Linearity test

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: BRE



As it is shown in the figure 4.2, the P-P plot of residuals reveals no large deviation in the spread of the residuals that almost all residuals lay on the linear straight line. Therefore, this indicates that the relationship between the independent variables and the dependent variable is linear.

Model Summary

Table 4.9 below presents the summary of the OLS model that is used to estimate the effect of social responsibility of brand image.

Table 4. 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.671 ^a	.450	.443	.55804

a. Predictors: (Constant), PHR, ECR, ETR, LGR

The model summary is used to identify overall effect of CSR on brand equity. As it is shown in the table, R squared is 0.443 suggesting that 44.3% variation in dependent variable is explained by independent variables used in the model. This implies that 44.3% variation in brand equity is affected by CSR.

Table 4. 10 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.006	4	19.502	62.624	.000 ^b
	Residual	95.291	306	.311		
	Total	173.297	310			

a. Dependent Variable: BRE
b. Predictors: (Constant), PHR, ECR, ETR, LGR

Source: Survey, 2019

In addition, this analysis is used to identify appropriateness of the model in estimating effect of service quality on customer satisfaction and overall significance of the dimensions of CSR on brand equity. The researcher used multivariate linear regression method to run regression analysis. F-statistic is significant at 0.01 indicating that the model used is appropriate to estimate the effect of independent variables in the model on the dependent variable. In addition, the significance of the model indicates that CSR significantly affects brand equity.

Table 4. 11 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.304	.272		-1.121	.263
	ECR	.274	.064	.228	4.301	.000
	LGR	.180	.061	.160	2.938	.004
	ETR	.271	.060	.235	4.491	.000
	PHR	.300	.061	.247	4.919	.000

a. Dependent Variable: BRE

Source: Survey, 2019

The effect of individual independent variable on the dependent variable is presented in table above. The specific objectives are addressed and research hypotheses were decided based on this table. All variables used in the model are positive and statistically significant implying that they have significant positive effect on brand equity of the bank.

The researcher summarized the study hypotheses in table 4.11 based on results from table 4.11 above. The researcher summarized hypotheses for alternative hypotheses by using p-value.

4.5 Hypothesis testing and discussion of results

Table 4. 12 Hypothesis Summary

No	Hypotheses	Sig	Decision
Hypothesis 1	Economic Responsibility has positive effect on brand equity in Bank of Abyssinia.	0.000	Accepted
Hypothesis 2	Legal Responsibility has positive effect on brand equity in Bank of Abyssinia.	0.004	Accepted
Hypothesis 3	Ethical Responsibility has positive effect on brand equity in Bank of Abyssinia.	0.000	Accepted
Hypothesis 4	Philanthropic Responsibility has positive effect on brand equity in Bank of Abyssinia.	0.000	Accepted

Source: Survey, 2019

This study has identified that economic responsibility has significant positive effect on brand equity of Bank of Abyssinia at significance level of 1%. This suggests that complying the economic responsibility that include creating maximum long term success with customers, providing quality products, ensuring customer satisfaction, delivering what it promises, success organization and responsiveness to the complaints of its customers, resulted on brand equity.

Legal responsibility has significant positive effect on brand equity of the bank at 1%. this suggests that legal responsibility of the bank has resulted on brand equity for the bank. from this the researcher infers that improving legal responsibility compliance results on higher brand equity that bank respects the norms defined in the law, the is concerned to respect and protect its natural environment, the bank abides by good moral principle in conducting business, the bank has diversified workforce, and there is no discrimination in the service delivery.

Since ethical responsibility is statistically significant at significance level of 1%, the researcher cannot accept the null hypothesis that ethical responsibility does not affect brand equity instead reject the null hypothesis and accept alternative hypothesis that ethical responsibility has positive effect on brand equity. The bank ensures honesty and quality in all its services, the bank

has good code of conducts, the bank is trustful company, the bank register and resolve complaints from customers, and bank behaves ethically and honestly with its customers that positively affects the brand equity.

Philanthropic Responsibility has positive effect on brand equity at 1% in Bank of Abyssinia since the bank participates in local community activities, the bank gives financial support to local community activities and projects (e.g. charitable donations), The bank provides sponsorship for activities that support the society, and the bank is concerned to improve general wellbeing of society.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

This study was conducted with an objective of identifying the contribution of corporate social responsibility on bank equity of Bank of Abyssinia. Based on the finding of the study, the following conclusions are drawn.

Corporate social responsibility significantly affects the brand equity of Bank of Abyssinia. It has about 44% of contribution on brand equity.

Economic responsibility has positive effect on brand equity of the bank at 1% through complying the economic responsibility that include creating maximum long term success with customers, providing quality products, ensuring customer satisfaction, delivering what it promises, success organization and responsiveness to the complaints of its customers.

Legal responsibility has positive and significant effect on brand equity at 1%. Improving legal responsibility compliance by respecting the norms defined in the law, abiding moral principle in conducting business, having diversified workforce, and no discrimination in the service delivery has positive role on brand equity of the Bank of Abyssinia.

Ethical responsibility has significant positive effect on brand equity of Bank of Abyssinia at 1% that bank ensures honesty and quality in all its services, has good code of conducts, it is trustful company, register and resolve complaints from customers, and behaves ethically and honestly with its customers.

Philanthropic responsibility has positive contribution to brand equity of Bank of Abyssinia at 1%.

5.3 Recommendations

Based on the conclusions reached, following recommendations are provided to Bank of Abyssinia.

Since corporate social responsibility has positive and significant effect on brand equity, the bank is recommended to improve corporate management on social responsibility to earn loyal customers and retain the existing customers.

Economic responsibility of the bank must be improved to build brand equity banks. The bank is recommended to create stronger partnership with customers, providing quality new and existing products that ensures customer satisfaction, improve financial performance of the bank and responsiveness to the complaints of its customers.

Further the bank is recommended to improve legal responsibility by respecting the law, abiding moral principle, and having diversified workforce.

Ethical responsibility has significant positive effect on brand equity. Therefore, it is recommended to be more ethical in the view of the current and potential customers by good code of conducts, the bank is trustful company.

Since philanthropic responsibility has significant positive effect on brand equity, the researcher recommends corporate governance the bank to involve social activities that highly develop brand equity.

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Appendix 1: Survey Questionnaire

I am a Postgraduate student in Addis Ababa University. As partial fulfillment for the Masters of Marketing Management, I am conducting a research study on **The Contribution of Corporate Social Responsibility on Brand Equity the Case of Bank of Abyssinia** in Addis Ababa.

Therefore, I would appreciate if you could spare a few minutes of your time to answer the following questions. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Your assistance will be highly appreciated and thank you in advance.

Yours faithfully,

Helen Arega

Part 1. General Information of Respondents

1. Gender

- Male
- Female

2. Age

- 18 up to 25
- 26 up to 50
- above 50

3. Education:

- High school and below
- TVET/Diploma
- University degree
- Master Degree and above

4. in what frequency in a month do you use the service

- 1-3
- 4-6
- More than 6

5. for how long have you been customer of the bank

- Less than one year
- 1-3 years
- 4-6 years
- 7-9 years
- More than 10 years

Part two: Dimensions of Corporate Social Responsibility

Indicate your level of agreement on following statements by selecting in appropriate box to your response; where SD = strongly disagree, D=disagree, N=neutral A=agree and SA = strongly agree

Economic responsibility	SD	D	N	A	SA
This bank tries to obtain maximum long term success with customers					
The bank provides quality of products					
The bank ensures customer satisfaction					
the ability to deliver what it promises.					
The bank is a successful organization					
is responsive to the complaints of its customers					

Legal responsibility	SD	D	N	A	SA
The bank respects the norms defined in the law					
The is concerned to respect and protect its natural environment					
The bank abides by good moral principle in conducting business.					
The bank has diversified workforce					
There is no discrimination in the service delivery					

Ethical responsibility	SD	D	N	A	SA
The bank ensures honesty and quality in all its services					
The bank has good code of conducts.					
The bank is trustful company					
The bank register and resolve complaints from customers,					
This bank behaves ethically and honestly with its customers					

Philanthropic responsibility	SD	D	N	A	SA
The bank participates in local community activities					
The bank gives financial support to local community activities and projects (e.g. charitable donations)					
The bank provides sponsorship for activities that support the society					
This bank is concerned to improve general wellbeing of society					

Brand equity	SD	D	N	A	SA
Makes sense to use this brand instead of other					
Prefer to use this brand even have same features					
Prefer to use this brand if another is as good					
Seems smarter to use this brand if another is not different					