



ADDIS ABEBA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT

**The Effect of Corporate Social Responsibility on Brand
Equity: The case of Awash Bank S.C**

By

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ID No:-GSE/1020/08

June, 2018

Addis Ababa

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Approved by the Board of Examiners

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Statement of Declaration

I, the under signed, declare that this submission is my own work, prepared under the advisee of Dr. Tewodros Mesfin. To the best of my knowledge and belief, it contains no material previously published or written by another person who has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, and all sources of material used for the research have been duly acknowledged.

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Statement of Certification

This is to certify that Selam Tekletsion Gebeyehu has carried out his research on the topic entitled “The Effect of Corporate Social Responsibility on Brand Equity; the case of Awash Bank S.C”. Its original work and suitable to submission for the award of Master’s Degree in Marketing Management.

Tewodros Mesfin (PhD)

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May, 2018

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List of Acronyms and Abbreviations

- AB S.C:** - Awash Bank Share Company
- AIC:** - Awash Insurance Company
- AMA:** - American Marketing Association
- ANOVA:** -Analysis of Variance
- BE:** - Brand Equity
- CBE:** -Commercial Bank of Ethiopia
- CSR:** - Corporate Social Responsibility
- CR:** - Corporate Reputation
- CRM:** - Cause-related marketing
- KAMSD:** - Kibre Aregawyan Migbare Senay Direjet
- MCA:** - Muday charity association
- MM:** -Mission marketing
- NGO:** -Non- Governmental Organization
- NBE:** -National Bank of Ethiopia
- OSRA:** - Oromo Self-Reliance Association
- PCA:** - principal component analysis
- RBV:** -Resource based view
- SPSS:** - Statistical Package for Social Science
- USA:** - United State of America

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ABSTRACT

This paper deals with analysis of Corporate Social Responsibility features and brand Equity. The purpose of the study was to find out the effect of Corporate Social Responsibility on brand Equity: the case of Awash Bank S.C. Accordingly, the research models were composed of three independent variables such as environmental responsibility, societal responsibility and stakeholder responsibility while there is one dependent variable which is brand equity. Furthermore hypotheses were developed to shown the effect of all the independent variables of corporate social responsibility on the dependent variable of brand equity. To this end, a structured 5-point Likert scale close ended questionnaire based survey was employed to collect data. For the customers of sixteen selected Awash bank branches regions found in Addis Ababa. More specifically 400 questionnaires were distributed and 376 (94 %) were returned back for analysis. The correlation analysis was illustrated to examine the relationship between those variables and effects of the factors was reported and analyzed by using multiples liner regression. Descriptive statistics also conducted in the research through the aid of Statistical Package for Social Science version 24 (SPSS). The findings of the study revealed that among the independent variables of environmental responsibility significantly affect brand equity of Awash bank. Concerning to societal responsibility the beta value as well as the p-value told that those factors positively and significantly affect brand equity of Awash bank. Another promising finding was also told that stakeholders responsibility are considered as a factor and which positively and significantly affect brand equity. Based on the finding, the researcher tried to forward a recommendation that management of Awash bank should focus and working on the above statistically significant factor in order to enhance and improve the bank image in the near future.

Keywords: *Corporate Social Responsibility, environmental responsibility, societal responsibility, stakeholder responsibility and brand equity.*

CHAPTER ONE

Introduction

1.1. Background of the study

Many corporations engage in socially responsible behavior as a part of their normal business operations. These activities include Philanthropy action toward the environment, social causes, and their communities. The concept of Corporate Social Responsibility (CSR) was first originated in USA since 1950 but became more prevalent in 1970s. Its movement has assembled great thrust over long period of time and today CSR is surfacing gradually and gaining acceptance by businesses across the world. (Srivastava, 2012).

Nowadays, CSR practices differ from country to country (Adams, Hill & Roberts, 1998) and between developed and developing countries (Imam, 2000). Banks increasingly recognize CSR thus, it promotes bank to endorse CSR strategies focusing on four main aspects including environment, society, marketplace and workplace. All of CSR sponsorship actions from bank are towards vulnerable groups and charitable non-profit organizations. Researchers and authors define Corporate Social Responsibility in different ways to (Fairbrass, 2011) explored Corporate Social Responsibility policy as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

The existing literature on corporate social responsibility (CSR) provides various definitions to (Sharma and Narwal, 2006) focuses in managing business crises by using CSR and they also state that environmental responsibility of CSR has expanded to involve substantially more than compliance with all applicable government regulations or even a few initiatives such as recycling or energy efficiency. Furthermore (Carroll, 1979) develop a well-known definition regarding the social responsibility of business by introduced three-dimensional conceptual model of corporate performance such as the economic, legal, ethical/ discretionary expectations that society has of organizations at a given point in time.

According to (Hoeffler and Keller, 2002) suggest 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 as well as reaction for CSR (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.

Mohr et al, (2001) begins by raising the question of “Do customer expect companies to be socially responsible?” and tried to answer by showing the CSR overall impact on buying behavior of the target customer. They also elaborate that corporate social responsibility (CSR) can benefit companies through promoting a positive public image while creating a workplace with satisfied employees, happy customers, and lower costs. It can be a win-win scenario for both the companies and their stakeholders.

Conducting research about this fields of study is important because (Godfrey, 2005) showing the relationship between corporate philanthropy with shareholder wealth; and he further stated that corporate social responsibility can help an organization in build brand equity, develop brand awareness, enhancing brand image, establishing brand credibility, evoking brand feelings, creating a sense of brand community, and eliciting brand engagement.

As Aaker, (1996) measured brand equity is 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 to that firm’s customers. He also associate brand equity with the following elements: brand loyalty, brand awareness, perceived quality, brand association, and other proprietary brand assets.

Studies made regarding the financial sector in Ethiopia witness its infancy and dominancy by the state owned Commercial bank. The government-owned Commercial Bank of Ethiopia (CBE) is the dominant commercial bank and accounts for almost for 70% of total assets of banks. As at end of June, 2017 the total asset of all private banks in Ethiopia stood at Birr 251.10 billion. During the same period, the total capital of all the private banks reached Birr 32.2 billion. It is worth to note the increasing contribution of the private banks to the total capital of the financial sector in the country. Over the last 12 years, the capital of private banks has increased on the average by

28.2% on annual basis. The banking sector is one of the major sources in financing the economy by providing loan to individuals, firms and the Government. (NBE, 2011-2017).

It is obvious that in today's competitive market environment, corporate social responsibility (CSR) represents a high profile notion that has strategic importance to all commercial Banks in Ethiopia. It is also clear that different campaigns promoting the bank's good works would help it to establish strong corporate citizens to promote the bank's good image and reputation among its competitors to capture the highest & dominant market place in its market share. More importantly, engagement in Corporate Social Responsibility program has a profound impact on the bank's customer related outcomes (NBE, 2011-2017).

Awash bank was established in Ethiopia after the renaissance of Ethiopia's private sector on November 10, 1994 by 486 founding shareholders with paid-up capital of birr 24.2 million as of June 30, 2016 and now the capital reached birr 2.6 billion as well as the number of shareholders grew over 3,500 respectively (Awash bank S.C, 2017).

According to the Awash Bank Marketing & Communications Directorate report (2017); 'Awash bank is the forefront in discharging its corporate social responsibilities since its inception. Corporate social responsibility is one of the core values of bank and sustainability is not only about building its businesses but also making sure that the bank is having a positive impact on the economic and social progress of the communities and the environment at large.'

Although the Awash bank has been devoting resource for CSR there is a gap to contribute for the development of brand equity of the bank. This study was tried to effort and investigated the link between CSR and brand equity.

1.2. Statement of the problem

By reviewing the theoretical justification it's clearly stated that the past research integrating corporate social responsibility programs as a component in building brand equity has become an important strategy for many businesses (Singh et.al. 2007). However, there is limited research concerning the enhancements of brand equity through CSR initiative as well as the links CSR activities and brand building (Chomvilailuk and Butcher, 2010). Similarly, there is also limited research studying the effects of CSR on corporate brand equity and marketing outcomes, (Hur, W., Kim, H. and Woo, J. 2013). The following theoretical, empirical and methodological gaps of

corporate social responsibility effect on brand equity are reviewed by different researcher as follow:-

Mc Donald and Rundle, (2008) associate CSR with banks customer satisfaction and further described as “the benefits of corporate social responsibility (CSR) for companies, including increased profits, customer loyalty, trust, positive brand attitude and combating negative publicity.” The methodology employed was ANOVAs which examine the prediction that a retail banking customer-preferred hierarchy of effects exists for both the CSR and customer-centric initiatives similarly (Mc Donald and Rundle, (2008) also found that given both the increasing investment in CSR strategies, and the fact that customer satisfaction mediates firm market value. Hsu, (2011) in his part tried to exhibit the advertising effect of CSR on corporate reputation and brand equity in case of Life insurance Industry in Taiwan, and in the finding; corporate social responsibility (CSR) initiatives can contribute to the formation of a positive brand image which may in turn help differentiate the company’s products or services. He also conclude that investment in CSR activities helps companies build moral capital and supports a company’s intangible assets such as corporate reputation (CR) and brand equity (BE).

As clearly observed that some of the studies which examine by different scholars have attempted to identify how CSR affects the overall organizational performance and provided empirical evidence. For instant (McGuire et al., 1988, Pava and Krausz, 1996); has explored the impact of corporate social activities on financial performance. On the other hand (Stanwick and Stanwick, 1998) tried to asses an empirical examination corporate social responsiveness by using environmental discloser index.

Similarly it’s possible to look into the conducted research in related with CSR activities that (Chomvilailuk and Butcher, 2010) performed an experiment with 219 customers in a Thai banking setting; findings showed that CSR programs made modest enhancements on brand preference. In another study, which stated by (Creyer, 1997) showed the influence of firms behavior on purchase intention of customers and concluded that mismanagement of CSR programs and activities can damage brand reputation that lead the company to evaluate negatively by all stakeholders and this study further describe about business ethics of a given companies.

Hoeffler and Keller, (2002) also contribute that sound and well-executed CSR programs could enhance customer-based brand equity by influencing users’ judgments and perceptions. In spite of extensive research on CSR, relatively few studies have investigated how different types of

institutions may influence the development and diffusion of corporate social responsiveness (Stanwick and Stanwick, 1998).

On the other hand (Fatma, M., et al, 2015) tried to investigate the effect of corporate social responsibility (CSR) initiatives on the two marketing outcomes - corporate reputation (CR) and brand equity (BE), based on the perception of consumers regarding banks in India.

The empirical results drawn from this study indicate that CSR activities have positive direct and indirect effects on CR and BE. Findings reveal that the indirect effects of CSR activities on CR are mediated by trust. CSR is understood as a multifaceted concept. The multifaceted characteristics of CSR show that CR and BE are the more practical reasons for engaging in CSR activities. On the other hand consumer trust may be viewed as an outcome of firm engaging in CSR activities. The strong link between CSR initiatives and CR provides evidence that a company engaged in socially responsible activities can expect various beneficial outcomes. (Fatma, M., et al, 2015).

In addition, when we observe the methodological gap is that many researchers used quantitative method to identify the relationship of CSR with other factors in the banking sector such as financial performance, bank reputation that (Theofanis Karagiorgos, 2010) is a striking example. Besides, (McWilliams & Siegel, 2001) designed an outline for corporate social responsibility model that shows what the firm's level of CSR would depend on. However, the prior research also raise an issue that measurement of CSR is still problematic, and previous literatures provides several methods for measuring corporate social activities that most of them have limitations (Turker, 2009).

When we see the practical justification in our countries Ethiopia; the researcher believe that utilization of corporate social responsibility resource in maintaining of brand equity is not well developed as well as much observed in many financial institutions. Indeed, now a day's Awash bank Marketing & communications directorate annual report reveal that the banks' discharge its corporate social responsibility by financing and supporting various disadvantage group of the society but the challenge is such CSR activities did not add value for brand development as well as brand equity of the bank. This study were contributed to the literature in the following way: first, prior research on relationship of corporate social responsibility and brand equity rarely discusses with its antecedents; second, as clearly examine by (Lai, et.al., 2010), the empirical

studies of industrial brand equity are still rare, limited understanding of the effectiveness of industrial branding. So the researcher tried to fill this gap by invest the effect of CSR on brand equity. In this first and most important step the researcher also tried to identify and delineate the theoretical and practical justification of research problem by showing adverse situations and limitations related to the effect of CSR on brand equity.

Therefore, this research were contributed towards filling the knowledge gap regarding the effect of corporate social responsibility on brand equity of the Awash bank by examined three relevant feature of CSR such as environment, society, and stockholder and also attempted to show their effect on brand equity.

1.3. Research question

In view of the problems, the central questions of this study were:

- ❖ What is the effect of corporate social responsibility (CSR) on brand equity in the case of Awash Bank?

Specifically, the following sub research-questions are raised that was further elaborated by adopting the conceptual framework:

- ❖ How does environmental feature of CSR affect the brand equity of AB?
- ❖ How does societal feature of CSR affect the brand equity of AB?
- ❖ How does stakeholder feature of CSR affect the brand equity of AB?

1.4. Aim and Objective of the study

The aim and objectives of the study are presented as follows:

1.4.1. Aim of the study

The major aim of this study is investigated how corporate social responsibility feature would have the effect on brand equity.

1.4.2. Objectives of the study

The objectives of the study are:-

- ❖ To examined the effect of environmental feature of CSR on the brand equity of AB.
- ❖ To determine the effect of societal feature of CSR on brand equity of AB.
- ❖ To analyzed the effect of stakeholder feature of CSR on brand equity of AB.

1.5. Scope of the study

Many researchers shows their effort to examine about the relationship between corporate social responsibility and brand equity by rising and linked with different variables such as economic, legal, ethical, and discretionary however this research paper will not consider those variable.

However, this study were merely intended to investigate how the frame work of three variables of CSR such as environmental, societal and stakeholder affect brand equity of Awash bank in Ethiopia. The data types were primarily quantitative nature. Meanwhile due to collected data the inherent weakness of the paper is that target respondents were expect from Awash bank selected branches in Addis Ababa.

1.6. Significant of the study

This study has been two basic importance's first, it deals with effect of corporate social responsibility on brand equity and the factors that affected the brand equity so that, it can serve as an input for policy decisions that enables the government and business society in establishing effective and efficient utilization of CSR and enhance their corporate business image. Second, this study has been some value in narrowing the unfilled gap in the existing literature and encourage other researcher in this area to provide as a reference and motivates them to go for further study.

1.7. Definitions of terms

CSR: - "CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit" (Jutterstrom and Peter Norberg, 2014).

CRM :- Cause-related marketing (CRM) is defined as the process of formulating and implementing marketing activities that are characterized by contributing a specific amount to a designated nonprofit effort that, in turn, causes customers to engage in revenue providing exchanges (Mullen, 1997).

Brand: brand is define as a name, term, sign, symbol, or design or a combination of these, that identify the products or services of one seller or group of sellers and to differentiate them from those of competitor (Armstrong, et al, 2015).

Brand equity:-brand equity is “a set of brand assets and liabilities linked to brand, its name and symbol that add to or subtracts from the value provided by a product or service to a firm and/or to that firms customers (Shocker and Aaker, 1993)

1.8. Organization of the study

The research organized in five chapters. The first part includes introduction, background of the study, statement of the problem, research question, aim & objective of the study, scope of the study and significance of the study. Chapter two contains related literature review which has both theoretical & empirical evidence based on content of the study and also tried to adopt conceptual framework. In chapter three the research design and methodology was briefly presented. Data presentation, analysis and discussion were reported on chapter four. And finally chapter five hold summary of findings, conclusion, recommendation, and area of further investigation.

CHAPTER TWO

2. Review of related Literature

2.1. Introduction

This chapter tried to deal with description of the chosen theoretical framework of corporate social responsibility, describing empirical study of independent variable of CSR such as environmental, societal and stockholder. Further tried to construct conceptual framework by exhibit the literature gap on the study.

2.2. Theoretical Review

2.2.1 An overview of Corporate Social Responsibility & Brand Equity

There are a variety of theories in the concept of CSR which are designed in different perspectives and which are contradicting each other. In practice, the following theories are frequently studied and adopted for CSR by reputable journals:-

2.2.2. Stakeholder Theory

Although there is evidence in previous decades, that (Freeman, 1984) integrate its concept to a strategic management construct. He clearly stated that there are two distinct versions of Stakeholder theory, the first would be an expanded version that includes all the groups that can affect or are affected by the decisions and actions of the company, and the second relates to a narrow version that relies on groups that put something in risk in relation to the company and that are necessary for their survival. In this version, activist groups and the environment are not considered legitimate stakeholders. The focus of this construct would be the decision-making management directed to the interests of different stakeholders. Fombrun, (2005) also advocate that company can use CSR as a mechanism to signal its positive image to the stakeholders.

2.2.3. Social Identity theory

A review of related literature reveals that Social Identity theory provides an explanation for the link between corporate social activities and employees' work attitudes. The theory proposes that people tend to describe their self-descriptions in a social context and classify themselves and others into different social categories (Ashforth and Mael, 1989; Dutton et al., 1994).

Social Identity theory also advocates that if employees perceive their organization as being a socially responsible member of society, the senses of belongingness to this favorable reputable organization can enhance their self-concepts (Smith et al., 2001).

According to the theory, it can be proposed that if an employee starts to be proud of being a member of a socially responsible organization, his or her work attitudes can be influenced positively (Ashforth and Mael, 1989; Dutton et al., 1994; Maignan and Ferrell, 2003; Peterson, 2004), briefly, claimed that an employee's enhancing social identity, as a result of being a member of a reputable organization, will affect his or her work attitudes.

2.2.4. Institutional theory

Institutional theory has been applied to CSR in a paper by (Jones, 1995). The author concludes that companies involved in repeated transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy, and ethical because the returns to such behavior are high.

This theory further suggests that firms do not make decisions regarding CSR purely on the basis of instrumental decision making, but that such decisions are framed vis-à-vis a broader social context. Institutional approaches have also been used to analyze environmental social responsibility. More specifically (Jennings and Zandbergen, 1995) analyze the role of institutions in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization.

2.2.5. Agency theory

An agency theory perspective implies that CSR is a misuse of corporate resources that would be better spent on value-added internal projects or returned to shareholders. It also suggests that CSR is an executive perk, in the sense that managers use CSR to advance their careers or other personal agendas. (Doh, J., Husted, B. and Yang, X. 2016).

2.2.6. Resource-based-view (RBV) theory

This theory was introduced by (Wernerfelt, 1984) and refined by (Barney, 1991), it presumes that firms are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. Moreover (Barney, 1991) maintains that if these resources and capabilities are valuable,

rare, inimitable and non-substitutable, they can constitute a source of sustainable competitive advantage.

Russo and Fouts, (1997) tested this theory empirically using firm-level data on environmental and accounting profitability and found that firms with higher levels of environmental performance had superior financial performance, which they interpreted to be consistent with the RBV theory.

NB. In this research paper the researcher give emphasis for social identity theories by raising the question of whether Awash bank provide conducive working atmosphere to its employee? Moreover stakeholder theory also applied to describe and strengthen the independent variables or stakeholder features of corporate social responsibility. By using institutional approaches the researcher tried to synthesize the effect of environmental social responsibility on brand equity of Awash bank.

2.2.7. The concept of corporate social responsibility

The concept CSR was referred to “the obligations of businessmen to pursue those policies, to make those policies, or to follow those lines of actions that are desirable in terms of the objectives and value of the society.” (Polychronidou et al., 2014). Corporate social responsibility (CSR) is known by a number of other names which include corporate responsibility, corporate social performance, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability” (Daan, 2011).

According to Wood, (1991) “the basic idea of corporate social responsibility is that business and society are interlinked rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes”. A societal expectation of corporate behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business.

In sum, CSR invokes and overlaps with a number of other concepts used to describe the relationship between business and society that help the company to strengthen its corporate power against the competitor by (Moon et al., 2006) including corporate social responsiveness. In addition to this (Wood, 1991) CSR as a tools of implementing corporate social performance rather (Clarkson, 1995) considered CSR as stakeholder management and the contemporary definitions of

CSR tend to reflect a narrowing of the term wherein society is replaced by more proximate stakeholders.

Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. As issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR (Moon. et al., 2006).

The review of literature provides a sufficient theoretical understanding to expect a link between CSR and organizational commitment. However, the concept of organizational commitment should be analyzed as well. Meyer and Allen, (1991) clarifies three components of commitment including affective, continuance, and normative component help for proper implementation of CSR program.

2.2.8. Corporate social responsibility (CSR) communication

As Morsing, (2006) stated that CSR communication is “designed and distributed by the company itself about its CSR efforts” and similarly (Kuruppu and Milne, 2010) mention the predominant aim of CSR communication is to positively influence the stakeholders’ perception of companies, for instant, their reputation, and thereby foster competitive advantages.

Overall, studies have shown that CSR communication has a positive influence on a firm’s financial performance (Orlitzky et al., 2003), can build brand equity (Hoeffler and Keller, 2002) and can foster competitive advantages (Porter and Kramer, 2002), customer loyalty and other positive post-purchase outcomes (Bhattacharya and Sen, 2003). Therefore, the rationale for the positive effects of CSR and its communication is straightforward: customers are more likely to be positively attracted to products or services provided by a firm that acts socially responsible, investors are more likely to buy their stocks, and potential employees are more likely to apply for jobs.

2.3. What Is Brand Equity?

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 or services of one seller or group of sellers and to differentiate them from those of competitors.” A brand is thus a product or service whose dimensions differentiate it in some way from other products or services designed to satisfy the same need (Twedt, D. 1974).

Brand equity is the added value endowed on products and services. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability the brand commands (Aaker's, 1996).

By defining brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category”, looks at customers’ cognitive process towards a brand, whereas he, in his article underscores the strength of a brand’s presence in the customer’s mind (Aaker, 1996).

2.3.1. The Effect of corporate social responsibility (CSR) on brand equity

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 as well as reaction for CSR (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.

When consumers cannot readily evaluate the product quality of experience products, a strong brand’s equity can provide a credible bond about product quality, increasing consumers’ expected quality (Wernerfelt, 1988) as well as reducing perceived risks (Montgomery and Wernerfelt, 1992).

Considering global brands’ scale and scope, their bonding effects on product quality should be much stronger compared to local brands. Furthermore, global brands offer direct economic benefits such as lowered costs of new product introductions and reduced cost of marketing across markets. Consequently, brand-driven multinationals will be more motivated to devote resources to protect their brands against potential losses.

According to Godfrey et al., (2009); and Werther and Chandler, (2005); threats to global brand equity may come from poor relationships with stakeholder groups such as employees, supply chain, environment or local community. Good CSR practices can create goodwill among stakeholders, improve stakeholder relationships, and thereby produce insurance-like protection on brands. They further add that; as the value of brand increases, the strategic importance of CSR as

a stakeholder relationship management tool should increase. In other words, global brands with higher equity should have greater incentives to invest in CSR activities.

2.4. Corporate social responsibility (CSR) model

According to Jones, (1983) cited by different researchers approach to CSR model in banks, there has been no pure form because it depends on different countries historic features and conceptual structure, methodological tools and managerial implication.

Empirically, there are different CSR models noticed from developed to developing countries such as America, British, Australia, China, and Malaysia. More particular, American model of CSR is the most common model in the world. In other words, charity and philanthropy are the major instruments for CSR and also is the main feature of the American model of CSR. By comparison, in the UK banking sector, CSR practice has often been affected by relevant stakeholders such as government, competitors and consumers (Jones, 1983). In this research paper lets tried to review one of the common CSR model as follow:-

2.4.1. Carroll's CSR Pyramid model

One of the main theorists of CSR today is (Carroll, 1979) stated that the “social responsibility of business involves society’s expectations with regard to organizations in the economic, legal, ethical and discretionary aspects philanthropic at some point in time”. As Carroll (1979) proposed this definition of CSR and underwrote it in a conceptual model divided into four dimensions: economic, legal, ethical and discretionary responsibilities. His main argument was that to engage in this proposal, managers or companies needed, first, a basic definition of CSR; second, an understanding of the issues in which CSR existed, or in today’s terms, the stakeholders to whom the company has bonds of responsibilities, relationships or dependence; and, finally, a description of the philosophy of these “responsibilities”. The author assumed that the main role of business was to produce goods and services for the society, emphasizing its economic function above all, and prioritize profits without hurting the principles of responsibility.

Carroll initially developed the CSP model that contained a three-fold purpose;

- (1) to define the essential aspects of CSR,
- (2) connect them to the relevant social issues and
- (3) Aid practitioners to choose a responsive corporate philosophy to address those issues.

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



Figure 1.1 Pyramid model of CSR adopted from Carroll, (1991).

Building a strong brand is the goal of many organizations because of the host of possible benefits that may result. To understand better how to build brand equity, several models and viewpoints of brand building have been put forth (Aaker, 1996). Essentially all the theoretical approaches in one way or another interpret branding effects in terms of consumer knowledge about the brand and how that knowledge affects consumer behavior.

Carroll, (1991) further argue that for organizations to survive in the current market, it is essential that they are engaged in initiatives focused on sustainability and social responsibility owing to the serious problems that human beings and companies have caused the planet. Among these problems, or negative externalities, the author highlight the intensive and uncontrolled exploitation of resources, environmental tragedies involving companies, mass layoffs caused by the implementation of technological equipment in industries or the shifting of their plants to more advantageous countries and many other aggravating implications of modern businesses.

Carroll, (1991) CSR pyramid was revised by (Schwartz and Carroll, 2003) by eliminating the existing hierarchy in the previous model. The authors have simplified the understanding of the relationships between dimensions while emphasizing the interrelationship among them. Another change is the repositioning of the philanthropic responsibility, which became part of ethics or economic dimensions, as philanthropic objectives often get confused with these two dimensions. In recent decades, the theory of CSR has been used widely as a foundation to mediate the relationship between business and society. 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).

There are some contradictory views concerning the legal dimension of CSR in the literature. Sims, (2003) stated that "'social responsibility' and 'legality' are not one and the same thing. CSR is often seen as acts that go beyond what is prescribed by the law." According to this perspective, it is not a CSR activity for a company to meet the legal requirements or pay its taxes. These activities should already be done by the companies. However, (Carroll, 1979) included legality to his model as a significant and complementary dimension of CSR. Since it is important to analyze the concept from a broader perspective and see how employees perceive the issue of legality, the definition of CSR in the current study encompasses this dimension as well. It is clear that no one wants to work in an organization which misleads public authorities as well. Therefore, if an organization meets the legal requirements, the employees may be proud of being its member.

2.5. Empirical Review

As we all know various scholars tried put their empirical evidence concerning the positive action of CSR for instant (Sen and Bhattacharya, 2001) examine the reaction of customer for CSR by categorized its activities , such as diversity initiatives, recycling programs, the use of green materials, support of community events and donations of money to charitable causes. Mohr et al. (2001) evaluate the customer expectation for the companies to be socially responsible and clearly categorized CSR in relation to the various stakeholders of the organization as well as societal marketing concept. The following determinant empirical evidence is considered as tools to answer the research question.

2.5.1. Corporate social responsibility Trend in banking industries

Rahman and Iqbal, (2013) had mentioned under the title “Corporate Social Responsibility Practices and Private Commercial Banks: a Case Study on Bangladesh” with the objective to focus the CSR practices of different private commercial banks in Bangladesh. The methodology used both primary and secondary sources for collecting the necessary data to conduct this study. The study reveals the importance of corporate social responsibility as a tool to gain competitive advantage, has positive impact on employees’ behavior, customers’ behavior and in establishing a bank’s image and may create reputation and long term interest by all the parties related to the bank. Odetayo, Adeyemi and Sajuyigbe, (2014) had conducted research under the title “Impact of Corporate Social Responsibility on Profitability of Nigeria Banks” with the objective of examines the effect of expenditure on corporate social responsibility on profitability of Nigerian banks and to investigate into whether or not there is a significant relationship between corporate social responsibility and profitability of banks. The methodology employed was used secondary data that were obtained from the financial statement of six sample banks quoted in Nigerian Stock Exchange. They had found the result of regression analysis showed that there is a significant relationship between expenditure on corporate social responsibility and profitability of six sampled banks. This study conforms to the stakeholders’ theory that explained organizations have responsibility to various groups of company stakeholders both internal and external and not just the owners of the company.

Polychronidou et al., (2014) explored the status of CSR in banks by recognizing CSR banks from all over the world and endorsing programs of educational, cultural, and environmental, as well as health initiatives. Besides, they implement sponsorship actions towards vulnerable groups and charitable nonprofit organizations. Similarly (Prior and Argandona, 2009) stated that banks and financial institutions are putting corporate responsibility into practice by using financial initiatives such as microcredit and microfinance schemes, ethical, social and environmental funds, low-income banking, and removal of barriers to credit access.

Narwal, (2007) studied that in India; the banking industry concentrates its CSR activities mainly on education, balanced growth, health, and environmental marketing, and incorporates customer satisfaction as a CSR activity. On the other hand in his study “In Lebanon, Byblos Bank focuses its CSR strategies on education initiatives, providing student scholarships to those in need and

donating to public schools,” while (Jamali and Mirshak, 2006) also added Audi Bank grants school scholarships and sponsors major festivals.

As Scholtens, (2008) tried to found that a review of 32 major banks in Europe, North America and the Pacific on multiple CSR indicators, including social conduct and environmental management, concluded that banks’ CSR performance has improved. On the other hand (McDonald and Rundle-Thiele, 2008) also argued that; despite the emphasis on CSR in the market place and the amount of funding that banks allocate to various CSR strategies, there has been scant investigation of retail banking customers’ reactions to different CSR initiatives.

Moreover (Rugimbana et al., 2008) added “how consumers view the corporate social action of the banking sector is still unclear due to the surprisingly limited amount of research evaluating consumer reactions to banks’ CSR activities. In an investigation of two types of social marketing on customers’ perceptions of service quality and perceived risk in the Taiwanese banking industry (Chang et al., 2008) found that public issue promoted social marketing had a stronger path to service quality and an even stronger negative path to perceived risk than revenue-related social marketing.

2.5.2. CSR initiatives effect on customer attitude and behavior

Despite the well-established link between customer attitude and behavior in the marketing literature, few studies have investigated attitude and behavior effects in CSR domains. Researchers that have investigated these effects include (Sen, 2006) who established that those aware of an actual corporate philanthropy initiative had more positive attitudes to the company and higher brand purchase and investment intent.

Similarly, (Wiggly, 2008) found that those exposed to a company’s CSR information had significantly more positive attitudes and stronger purchase intentions than those who were not exposed. This indicates a need to better understand the relationship between CSR, attitude and behavior.

2.5.3. Customers’ ranked preferences for CSR initiatives

According to Auger et al., (2006) in all countries, while humanitarian initiatives such as company concern for human rights, no child labor, employees’ safe working conditions received good ratings whereas environmental protection initiatives such as recycled packaging, no use of animal

by-products, use of recycled material are received low ratings. Therefore the researcher concludes that consumers placed humanitarian needs before environmental protection.

In the contrary (Maignan and Ferrell's, 2003) found that three country such as USA, France, Germany investigation of consumers' ranking of corporate stakeholder responsibilities, consumers in all countries believed that a company's customer responsibilities were paramount, compared to employees, the community, or investors.

2.6. Major feature of corporate social responsibility on brand equity

2.6.1. Environment feature of CSR that affects Brand equity

The empirical evidence (Cheung et al., 2009) points out that environmental component of corporate social responsibility have relevant impact on bank industries to enhance their brand equity and they indicated that implementing environmental CSR could benefit not only manufacturers but service providers with internal drivers (e.g. to communicate a "green" corporate image and thus enhance reputation). Similarly such ideas have been supported by (Marin and Ruiz, 2006) that successful environmental CSR performance can improve a service provider's reputation. Moreover they argued that, environmental CSR is easy to understand and highly recognized by general consumers and media. Based on the existing evidence the authors conclude that more focus will be put on protecting and sustaining the nation as well as global environment.

According to Laroche et al., (2001) the strong purchase intention by consumers seeking a more ecologically friendly lifestyle toward brands associated with environmentally friendly practices. Manufacturers who undertook an environmental CSR initiative experienced a significantly positive effect on consumers' purchase intentions and company evaluation.

The researcher who select environmental variable of CSR for banking case building brand equity is quite certain because (Marin and Ruiz, 2006) have found a direct association between a customer's attraction or liking for a bank and the bank's reputation for caring about CSR-related causes, such as environmental protection. (Chen, 2009) also added in support of the relation among CSR with brand equity, green trust as well as a company's green (environmentally friendly) brand image that was found to be positively associated with consumers' satisfaction.

The dominant driver for environmental CSR activity is government legislative policies, and business leader's desire to governments taking more active and leading roles to encourage and

even force greater environmental responsibility (Dummett, 2006). Furthermore (Cheung, et, al., 2009) summarized that a company's strong philosophy of developing and operating environmentally sensitive properties is a key contributor to its continued success, despite external challenges (e.g. Asian economic crises and competition). With supportive evidence from the literature, implementing environmentally focused CSR programs should yield more favorable brand preference by customers.

Clarkson, (1995) supported that "environmentally oriented CSR, such as the assisting of environmental activities and the incorporation of environmental sustainability into the business operations will strengthen brand image in consumers' minds." Similarly (Brown and Dacin, 1997) added that environmental CSR actions could enhance organizational performance and improve a corporate brand image. They also include that a company that cares about environmental protection and seeks to maintain the natural environment has enable to enhance its brand image.

As a result its possible hypothesizes:

H1. Corporate social responsibility which related to the environment (environmental CSR) has positively and significantly effect on brand equity of Awash bank.

2.6.2. Societal feature of CSR that affects Brand equity

CSR with respect to society refers to activity that contributes to society's well-being (Turker, 2008). As Mohr et al., (2001) determined that companies face increasing pressure both to maintain profitability and behave in socially responsible ways. Similarly (Murray and Vogel, 1997) claimed that corporate CSR activities that address social issues could predispose people to a more positive impression of the business. In support, an experiment using 293 undergraduate students concluded that corporate philanthropy activities increased corporate brand association (Ricks, 2005).

Singh et al., (2007) demonstrated that CSR behaviors intended to enhance social interests are positively related to brand image in a study involving several famous brands and a diversified group of citizens. Holcomb et al., (2007) study used content analysis to identify and describe social responsibility patterns in web sites, annual reports and CSR reports for the top ten hotel companies as listed in Hotels magazine.

The findings reveal that 80 percent of the hotel companies analyzed reported socially responsible activities relating to some form of charitable donations and promotion of well-being in society.

The reviewed literature also described that “after the 2004 Indian Ocean tsunami in Phuket, Thailand, many firms actively engaged in various activities to restore local communities through efforts that included raising funds, providing support for rebuilding homes and schools, sponsoring orphans and making sympathetic and encouraging public statements.” Those sincere and generous outreach activities significantly enhanced firms’ brand image and consumers’ as evaluated by (Henderson, 2007). Moreover, there is considerable similarity between the concepts of corporate social responsibility and corporate reputation (Hillenbrand and Money, 2007); perceived positive corporate reputation of the service provider has a significant positive impact on brand preference (Alamro and Rowley, 2011). As these previous studies relate to the possible link between societal CSR performance and brand preference, As a result it’s possible to hypothesize:-

H2. Corporate social responsibility which related to society (societal CSR) has positively and significantly effect on brand equity of Awash bank.

2.6.3. Stakeholders’ feature of CSR that affects brand equity

The following empirical review which focuses on stakeholders that CSR Company’s responsibility to act in ways that affect stakeholders positively and that go beyond its economic interest (Turker, 2008). The importance of CSR to stakeholders has previously been studied. Mohr et al., (2001) as mentioned, listed CSR to stakeholders as one of the two major CSR types. CSR activities have the potential value to strengthen the relationship between firms and stakeholders (Peloza and Shang, 2010).

According to Maignan and Ferrell, (2003) the nature of CSR communication activities concerns not only creates awareness for CSR and support for an image or a brand, but it is also a way of creating a bond between the company and its stakeholders. On the other hand (Creyer, 1997) found that corporate ethical behaviors (mainly related to stakeholders) were favored by customers and considered an important factor when making a purchase decision.

Sen, (2006) further argued that “It is important for banking companies to spend their resources on CSR initiatives in such a way that they lead to substantial benefits for stakeholders and society.” Which mean that when engaging in CSR activities, companies tend to gain a more positive perception and favorable attitude of its stakeholders.

The study demonstrated that consumers’ demand may be relatively more price inelastic for products produced by firms involved in ethical CSR actions. For example (Peloza and Shang,

2010) examined that the impact of CSR on companies' return on assets performance and found a positive impact when stakeholders such as managers and executives were studied. Stakeholders aware of a company's CSR activities reacted positively by purchasing its products, but also had more positive perceptions about the company's employment practices and investment behaviors (Sen, 2006).

Clarkson, (1995) describe that corporate social performance and stakeholders' satisfaction can be analyzed and evaluated effectively by considering management of a corporation's relationships with its stakeholders. Additionally (Torres et al., 2012) argued that CSR to various stakeholders has a positive effect on global brand equity. This particular study used panel data composed of 57 global brands from ten countries. In sum, the authors concluded that global brands that respect local communities' social responsibility values obtain strong positive benefits through the generation of brand equity, enhancing the positive effects of CSR toward stakeholders such as customers.

Consequently by summarized studies from (Clarkson, 1995, Mohr et al., 2001, Turker, 2008 and Torres et al., 2012) and applied their ideas to focus on the integrated domain (with several types of stakeholders, e.g. government, final customers, employees, suppliers and shareholders). As conclusions, there is strong evidence from the literature that there is a positive relationship between CSR to stakeholders and customers 'brand preference. Based on the above empirical proof it's possible to hypothesize that:-

H3. Corporate social responsibility which related to stakeholders has positively and significantly effect on brand equity of Awash bank.

2.7. The concept of Cause-related Marketing (CRM)

Mullen, 1997 elaborated that, the practice of advocating corporate social responsibility (CSR) in marketing communications activities is commonly known as cause related marketing with the purpose of formulating and implementing marketing activities and causes customers to engage in revenue providing exchanges. He further stated that CRM is a 'dramatic way to build brand equity as it creates the most added values and most directly enhances financial performance'. It (societal marketing) can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993).

2.7.1. Consumer Responses to Cause-related marketing CRM

According to Ross, Patterson, and Stutts, (1992) consumers tend to believe that companies sponsoring cause related marketing for being socially responsible. In addition, willingness to purchase a company's product is also positively influenced by the company's CRM activities (Smith and Alcorn, 1991).

On the other hand researcher refers to cause related marketing (CRM) from a conceptually different angle that that they calls 'mission marketing' (MM) integrates a non-commercial, socially redeeming system into a company's business plan and operations. Whether it is called CRM or MM, it is 'the ultimate brand contact, the manifestation of a company's mission and philosophy, which can drive communication campaigns and even strategy' (Duncan & Moriarty, 1997).

2.7.2. Trends in cause related marketing

Although some definitions of cause related marketing restrict the concept to those instances when a company promises to make a charitable contribution contingent on customers' purchases (Varadarajan and Menon, 1989) most define cause related marketing as corporate philanthropy organized around the marketing objectives of increasing product sales or enhancing corporate identity (DiNitto, 1989).

The researcher tried to examined the practical case of CRM that (Oldenburg, 1992) investigate over 4,000 corporations are believed to have cause related marketing programs, and in his studies stated that well publicized corporate cause related marketing programs include that of the Coors Brewing Company which has sponsored a five year, \$40 million program aimed at teaching five hundred thousand American adults in its market to read; the Stride Rite Corporation which sponsors mentor programs in public school systems to help educate the children who are a primary market for their shoes; MTV's promotion of voter registration among the young adults who make up its viewer base and Liz Claiborne, a manufacturer of women's clothing, sponsors a mammography initiative.

2.7.3. Cause Related Marketing and Corporate Social responsibility in the Privately Held Enterprise

Paul and Lydenberg, (1992) argued that although many corporations are interested in social responsibility, conflicts with other corporate goals can emerge and the means ends debate

continues. In order to justify support of non-profits from a corporate policy perspective, many large companies have recently refocused their social responsibility programs to include cause related marketing (Varadarajan and Menon, 1988). In addition Cause related marketing (also called joint venture marketing) links corporate identity with non-profits, good causes, and significant social issues through cooperative marketing and fund raising programs (Varadarajan and Menon, 1988). Although cause related marketing has now become a part of the marketing mix in many corporations, there is scant information on its prevalence among privately held companies. Little is known about how smaller organizations balance philanthropic motivations with those of corporate self-interest and adopt corporate contribution and cause related marketing programs as a result.

2.7.4 Benefits of cause related marketing

According to Rigney and Steenhuyson, (1991) benefits of cause related marketing which operate at a company level include an enhanced company image, a differentiated image (Shell, 1989), favorable attitudes by consumers about sponsoring companies (Ross, Stutts and Patterson, 1991), positive publicity (Nichols, 1990) and improved trade and sales force relations.

DiNitto, (1989) finding showed, 58% of consumers believe that buying from companies that make charitable contributions is important. In addition, 45% of consumers say they will switch brands to buy from such a company. In another study, almost 50% of consumers indicated they had purchased a product primarily because of their desire to support a cause, most consumers can recall at least one cause marketing.

2.8. Executing corporate social responsibility in Awash Bank

According to Awash Bank Marketing & Communications Directorate report, (2017); the bank have a well-designed CSR implementation framework which integrated with social, environmental and stakeholder decision making throughout a banks from the board of directors to front-line officials therefore intimately connected with effective corporate governance. A bank can reap optimal benefits for itself and its shareholders, and in turn for those who are affected by the firm's activities.

2.8.1. Awash bank CSR policy

According to Awash Bank Marketing & Communications Directorate report, (2017) a CSR policy is a road map for moving ahead on CSR issues. It also sets the banks' direction and scope over the long term with regard to CSR, allowing the bank to be successful by using its resources within its unique environment to meet market needs and fulfill stakeholder expectations.

Awash bank recognizes that corporate social responsibility is not merely compliance rather it's a commitment to support local non-governmental charity organization initiatives that measurably improve the lives of underprivileged societies. A CSR policy that identifies by the bank is listed as follow:-

- Promoting education, including special education & employment enhancing vocational skill especially among children, women, elderly and the different unable & livelihood enhancement project.
- Sponsoring health activities including provide support to hospital or health centers to fulfill treatment facilitates with more focus on to compact human immune deficiency and other diseases.
- Promoting gender equality, empowering women, setting up homes for women and orphans, & other facility for least disadvantaged citizens as well as measure for reducing inequities faced by socially and economically background.
- Ensuring environmental sustainability, ecological balance, protection of animal welfare, agro forestry, conversation of natural resource and maintaining quality of air and water.

According to Awash bank Marketing & communications directorate; the criteria's set to evaluate the profile & performance the local Non- Governmental Organization that were eligible to bank include; trustworthiness, the experience or age of the not for profit organizations, previous financial pledges from the bank, plans and action plans for the years ahead, previous contributions of the organizations to the socio-economic problems of the community in their operational area and fund raising capacity in the past both internally.

2.8.2. Major duty of Awash bank CSR initiative

Based on the data that obtained from (Awash Bank Marketing & Communications Directorate report, 2017); "the Ad-hoc committee established to relinquish corporate social responsibility (CSR) and has been able to engage in CSR by focusing on social, economic, stakeholder,

environmental and other initiative. As part of their endeavor, the bank extended its contribution in the form of donation, sponsorship to different governmental and non-governmental organization such as supporting the nation green movement initiative, funding to natural disaster victims, and support to different regional development programs, small farmers, and to charity organization.” As a result of this the bank has been able to gain wider reputation and goodwill among the general public. Beyond this recognition the bank strongly believe that such contribution will create development to the society and sustainable business opportunity for the bank as well.

“One of the remarkable opportunities for the bank to show its CSR commitment was on the occasion of the 20th anniversary of the formation of AB and AIC. To this end the sister companies had carefully selected eligible seven charity NGO’s and one individual and give them a total sum of birr 2.3 million as donation, and once again the benefit obtained through such engagement has been able to uplift the image of the bank in the eye of the society at large. As the result of this, the bank has been short listed for the final nomination award of the “2007 MELKAM BUSINESS TEKUWAM” by the YEBEGO SERA SHELAMIWOCH associations to its hold CSR commitment” (Awash bank monthly newsletter, 2017).

2.8.3. Main beneficiaries from Awash banks CSR creativities

Awash Bank has granted more than birr 10 million to the societies, stakeholders and environment that have got donation during the 20th anniversary Awash bank and Awash insurances well as in the budget year of 2016/17 as follows:-

Table 1. Main beneficiaries from Awash banks CSR initiatives

S/N	Name	Amount in birr
1	Ye Enat Wage Charity Organization	1,000,000.00
2	Back Lion Specialized Hospital	1,000,000.00
3	Oromo Self-Reliance Association (OSRA)	650,000.00
4	Ethiopian Heritage Trust	200,000.00
5	Eneredada Elderly Association	200,000.00
6	Tesfa Social & Development Association	270,000.00

7	The National Eye Bank of Ethiopia	400,000.00
8	stand for vulnerable Organization	350,000.00
9	Oromia Regional State	4,000,000.00
10	Muday charity association (MCA)	350,000.00
11	Abebech Gobena yehetanat kebekabe Limat Mahiber	150,000.00
12	Mekodenia Aregawiyan	600,000.00
13	Kibre Aregawyan Migbare senay Direjet (KAMSD)	500,000.00
14	Children Cardiac center	300,000.00
15	One simos Nesib Center	300,000.00
16	Nehemiah Autism Center	150,000.00
17	Sport clubs of Athlet Wami Biratu	150,000.00
18	Ababa Tesfaye Shalu & Artist Seleshi Demise	200,000.00

Source: - (Awash bank S.C, Issue No.9/July, 2017).

Cognizant of its significant contribution, the Bank has established a separate CSR & communication division under the Marketing & communications directorate. Consequently, the directorate has been developing policy & guideline to discharge its corporate & social responsibility in a coordinated manner. (Awash bank S.C, monthly newsletter, 2017).

2.9. Conceptual Framework

Based on the reviewing empirical literatures and the findings of previous researchers, the following conceptual framework (Research model) was developing.

H1. CSR which related to the environment (environmental CSR) has positively and significantly effect on brand equity of Awash bank.

H2. CSR which related to society (societal CSR) has positively and significantly effect on brand equity of Awash bank.

H3. CSR which related to stakeholders has positively and significantly effect on brand equity of Awash bank.

Independent variables

Dependent variables

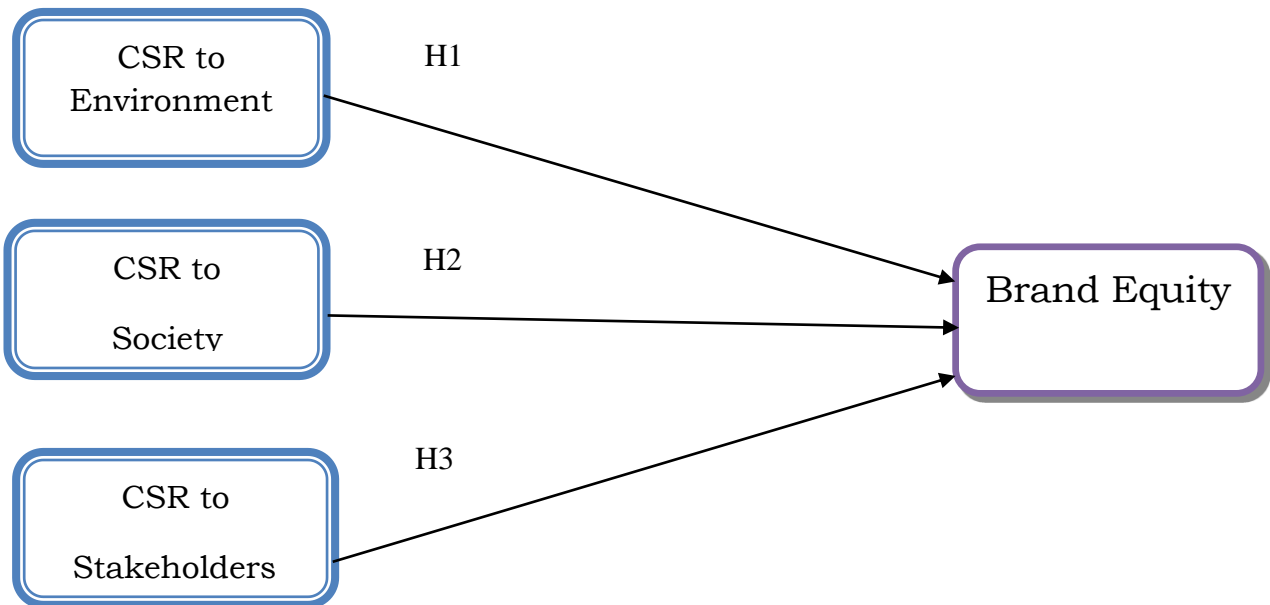


Figure 1.2 The diagram represent the relationship b/n components CSR and brand equity

Source: - Adopted from (Tingchi Liu, M.et al, 2014)

N.B. The above diagram of conceptual framework describes how component of corporate social responsibility variables had the effect on brand equity.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter explained in detail about the methodologies that were used to achieve the objectives of the study. Research approach and design, variables of the study, population and sampling techniques and data analysis techniques were also briefly discuss. Furthermore reliability and Validity tests of the research and ethical considerations are also take in.

3.1. Research Approach

The researcher used quantitative research by organized questionnaire for the selecting respondents. Adams, et al., (2007) stated that quantitative research method is defined as numeric collection of data that analyze using different types of statistical tools and largely independent of the researcher ideas. In this studies review of basic statistical outputs are summaries through cross- tabulation, numerical measures and tables are assessed.

This method would provide a measure of how many customers of Awash bank understand the effect of corporate social responsibility on brand equity. It also provides the researcher with the information of the strength of the customers feeling about the relation between corporate social responsibility and brand equity. The main reason to select this method is that it is the easiest to get information from large number of sample and also go with the objective of the study that is examining the effect of independent variables of CSR feature on the dependent variable that is brand equity. Deductive approach was also used to test the hypothesis after reviewed journals and other studies.

3.2. Research Design

As clearly classified by (Saunders, Lewis and Thornhill, 2000) research design as exploratory, descriptive and explanatory. Exploratory research approach has a primary objective to insight into and understanding of the problem situation tackling the research and descriptive research approach as a type of research that has a purpose to describe something.

In this study the researcher was used explanatory research design to examine the relationship between independent variable that is corporate social responsibility feature and dependent variable that is brand equity. Cross sectional method also used for gathered data from a population or a representative subset, at one specific point in time.

3.3. Variables of the study

The study had both dependent and independent variables. There is one dependent variable that is brand equity and three independent variables under corporate social responsibility feature that are environment, society, and stakeholder.

3.4. Sampling design

According to Sarantakos, (1997) a sample design is the framework, or road map, that serves as the basis for the selection of a survey sample and affects many other important aspects of a survey as well. One must define sampling frame that represents the population of interest, from which a sample is to be drawn.

3.4.1. Target Population

The general populations of the study were customers of Awash bank which locate in Addis Ababa.

3.4.2. Sampling frame

The list of target population is commonly help to determine the sample frame of the study. Accordingly from Awash bank South region in Addis Ababa Legehar, Finfine, Lideta and stadium branches, from East region Gerji , Gurd Sholla, Olompia and Bole branches, under North region Addis Ababa Arada Giorgise, Addisu Gebeya, Piassa and Churchile Road branches and under West region Alem bank, Autobis tera , Zenebe work and kolfe branches was selected.

3.4.3. Sampling technique

Sampling technique enables the researcher to study a relatively small number of units in place of the target population, and to obtain data that are representative of the whole target population (Sarantakos, 1997).

The study used probability sampling techniques which are stratified sampling to select the number of participants from each population of the Awash bank branches in order to minimize sample selection bias and ensuring certain segments of the population that are not overrepresented or underrepresented. The main reason to adopt this sampling technique is that stratification ensures to have adequate numbers of participants from each stratum so that they can examine differences in responses among the various strata (Leary, 2012). The researcher also used proportionate sampling technique to select representatives as per the total population by using the formula

developed by Krejcie and Morgan (1970). Furthermore, by using cluster sampling method sixteen branches among four regions are selected because the geographical distribution of branches of the bank are scattered.

3.4.4. Sample size

The sample size for this study was determined by using the formula developed by Krejcie and Morgan (1970) as follow:-

$$n_0 = \frac{Z^2 pq}{e^2} = \frac{(1.96)^2 (.5) (.5)}{(.05)^2} = 384$$

Where

n_0 = Sample size

e = Acceptable error

p = the estimated proportion (standard deviation) of an attribute that is present in the population, and q is $1-p$.

Z^2 = the abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, i.e. 95%)

The above sample size is the representative sample proportion at 95% confidence level and 5% precision when the population is large and unknown. With proportionate stratification, the sample size of each stratum is proportionate to the population size of the stratum. Strata sample sizes are determined by the following equation:

$$n_h = n^* (N_h / N)$$

Where n_h is the sample size for stratum h , N_h is the population size for stratum h , N is total population size, and n is total sample size.

3.4.5. Sampling procedure

As previously stated, the study used stratified sampling technique and divide the total population in two sixteen branches of the bank (strata groups) and the number of units that would be select for each stratum (i.e., the number of customers select) were vary in number. So in the following table that the researcher describes the sampling procedure.

Table 2. Sampling procedure basis of strata

No	Name of region	Name of Branches	Population (Number of customer)	Proportion (percentage)	Number of Sample size (in strata)
1	South Addis Ababa region	Legehar, Lideta Finfine, Studium	33,401	45%	170
2	East Addis Ababa region	Gerji, Gurd sholla Bole , Olompia	22,292	29%	113
3	North Addis Ababa region	Arada Giorgise, Addisu Gebeya, Piassa, Churchil road	15,253	20%	77
4	West Addis Ababa region	Alem bank, Zenebe work Autobis Tera, kolfe	4,701	6%	24
		Total	75,647	100%	384

Source: survey data, (2018)

3.5. Sources of Data

The sources of data are both primary and secondary.

3.5.1. Primary sources: -

The primary data was gathered from customers of Awash bank.

3.5.2. Secondary sources

Data collected from annual report of Awash bank, and manuals of the bank that contain contents of corporate social responsibility and brand equity that help to understand and define main concepts and theories which include in the study. Other sources that have been used for this study were website of the banks.

3.6. Data Collection Instrument

This study has been quantitative in nature and collected data through close-ended questionnaire. The questionnaire consists of two parts: Section one deals with the demographic profile of the respondent and Section two is concerned with those factors/ components of corporate social responsibility and aggregate features of brand equity. Basically the questionnaire was adopted from reviewing literature i.e., four-item scale of environmental CSR concerns from Holcomb et al. (2007) and “National Standards for Green Hotel (2010)”, four-item measure of societal CSR concerns from Clarkson (1995) and Holcomb et al. (2007) and three-item measure of CSR to stakeholders concern from Turker (2009) and Clarkson (1995). Each item were assessed on a five point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.7. Data Analysis Techniques

Method of data entry was statistical packages for social science version 24 (SPSS). The analysis method was reported through descriptive statistics. To test the hypothesis between the relationships of corporate social responsibility features and Brand equity multiple linear regressions are used by pretesting as well as considerations of the basic assumption and tested by using beta value and p-value. Moreover tables and figure were also used to ensure easily understanding of the analysis.

3.8. Reliability and Validity

According to Marczyk et al., (2005) reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error. Accordingly, reliability is usually expressed as a correlation coefficient, which is a statistical analysis that tells us something about the relationship between two sets of scores or variables (Marczyk et al., 2005). So to increase the reliability and to minimize the measurement error, the researcher adopting a standardized questionnaire in a consistent manner across all of the participants to take part in the study. To guarantee the face validity, pilot study was conducted by forwarded 30 questioners that helped the researcher to omit and simplify some jargon terms. Ideally, Chronbach Alpha was expecting over 0.70 to produce a reliable scale (Marczyk et al., 2005). Furthermore normality test were also conduct in order make sure that the data normally distributed for both corporate social responsibility and brand equity.

3.9. Ethical Considerations

The ethical considerations that the study applying is voluntary participation and harmlessness is that the respondents were fully informed about the procedures and risks involved in research and can easily withdraw from participation. Informed consent is that the respondents have full information about the study. Confidentiality and the researcher avoid bias and incorrect reporting.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter discussed the findings of the studies in accordance to the ultimate research objectives. Hence statistical testing of hypothesis and interpretation of the result were made by using SPSS version 24 software. Moreover, as stated in the previous part questionnaire were designed and distributed to the customers of Awash bank in Addis Ababa, and analyzed as follow:-

4.1. Response Rate

The proposed sample size were 384 but in order to enhance the response rate; total number of questionnaires distributed are 400 out of this 376 questionnaires were returned which yielding 94 percent response rate.

4.2. Descriptive Statistics

Table 3. Summary of Demographic Variables

	Variables	Frequency	Percentage	Cumulative percentage
Gender profile	Male	214	56.9 %	56.9 %
	Female	162	43.1 %	43.1 %
	Total	376	100 %	100 %
Age group	18-29	221	58.8%	58.8%
	30-49	131	34.8%	34.8%
	50-69	21	5.6%	5.6%
	above 70	3	0.8%	0.8%
	Total	376	100 %	100 %
Educational level	high school & above	59	15.7%	15.7%
	diploma	80	21.3%	21.3%
	degree	196	52.1%	52.1%
	masters	39	10.4%	10.4%
	other specify	2	0.5%	0.5%
	Total	376	100 %	100 %
	student	75	19.9%	19.9%

Working condition	business owner	212	56.4%	56.4%
	private	89	23.7%	23.7%
	Total	376	100 %	100 %
Service year in the Awash bank	1-5	200	53.2%	53.2%
	5-10	134	35.6%	35.6%
	10-15	31	8.2%	8.2%
	> 15 year	11	2.9%	2.9%
	Total	376	100 %	100 %

Source: - Study survey (2018)

The above tables summarize the demographic profile of the respondents. They are classified according to their gender, age group, and educational qualification, working status and the service year of the customer that they join to the bank are reported through descriptive statistics. Accordingly gender distribution tells about majority 56.9 % respondents were male while 58% of customers are between the ages of 18-29 years. In addition to this most of 56.4% respondents are business owner.

Table 4 Summary of Reliability Test of the study

S/N	Variables	No. of item	Cronbach's alpha value
1	Environmental responsibility	4	.735
2	Societal responsibility	4	.780
3	Stakeholder responsibility	5	.785
4	Brand equity	12	.804
Overall reliability			.894

Tables 4. Shows the Cronbach's alpha reliability statistics value of the scale for each predictor and outcome variables. Accordingly all variables results above suggested threshold of reliability test of > 0.7 which is statistically significant and the data are reliable.

4.3 Correlation Analysis

Correlation between component of CSR and brand equity

In this section, the researcher tried to accomplish the goal of the study through applying Pearson's correlation as it is the most widely used method of measuring the degree of relationship between the variables.

Table 5, Correlation analysis

		environmental	Societal	stakeholder	brand equity
environmental	Pearson Correlation	1	.440**	.380**	.336**
	Sig. (2-tailed)		.000	.000	.000
	N	376	376	376	376
Societal	Pearson Correlation	.440**	1	.443**	.403**
	Sig. (2-tailed)	.000		.000	.000
	N	376	376	376	376
stakeholder	Pearson Correlation	.380**	.443**	1	.525**
	Sig. (2-tailed)	.000	.000		.000
	N	376	376	376	376
brand equity	Pearson Correlation	.336**	.403**	.525**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	376	376	376	376

Correlation is significant at the 0.01 level (2-tailed).

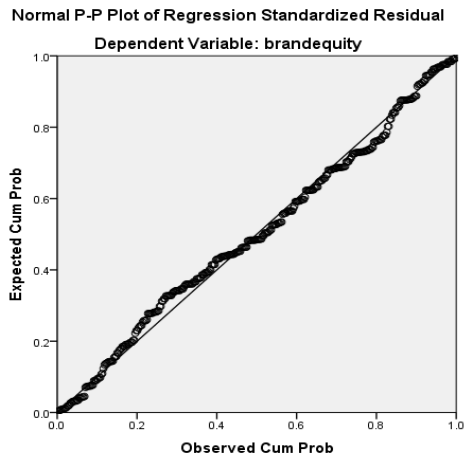
Table 5. Shows the Pearson correlation result with its significant level. When we see the correlation of environmental, Societal and stakeholder responsibility with brand equity they have a substantial Pearson correlation of $r=0.336$, $r=0.403$, $r=0.525$, and $r=0.440$. From this result we can conclude that the independent variables and dependent variables are significantly correlated.

4.3. Multiple Regression Analysis

4.3.1. Straightforward Assumptions for Multiple Regression Analysis

There are several assumptions that are required to provide valid results in regression. Before running the analysis, let's test some of the basic assumption of multiple liner regression which commonly forwarded as follow:-

Assumption 1. The relationship between the predictors and the outcome variable should be linear.



An example of model equation that is linear in parameters

$$Y = a + (\beta_1 * X_1) + (\beta_2 * X_2^2)$$

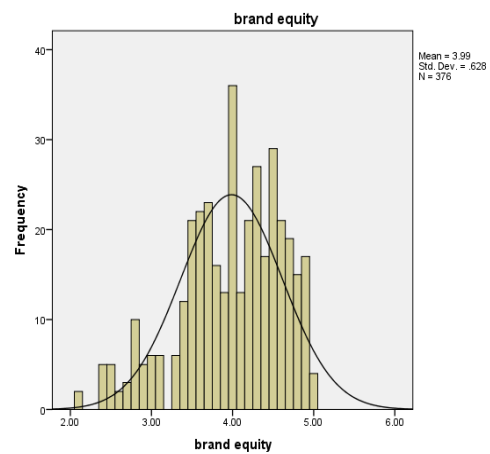
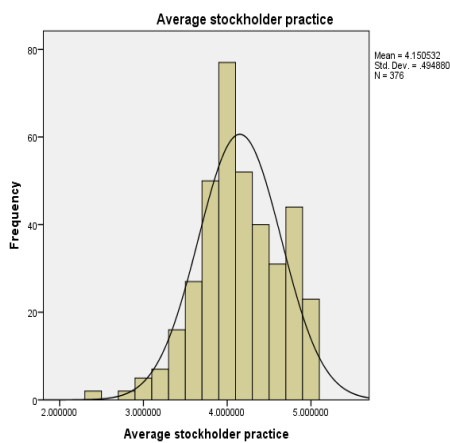
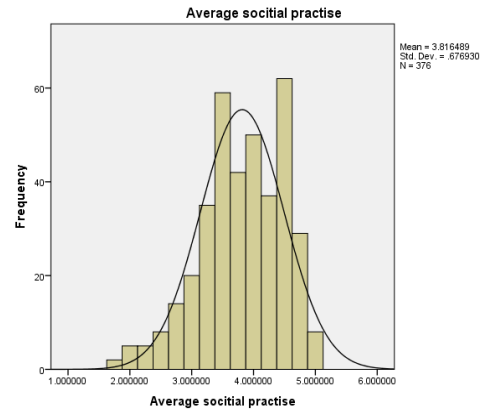
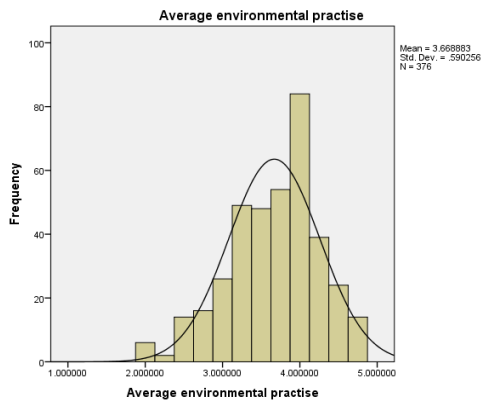
As we can see from the above figure there is linearity and all residual is close to the line that suggests assumption of linearity are met. Though, the X^2 is raised to power 2, the equation is still linear in beta parameters. So the assumption is satisfied in this case.

Assumption 2. The errors should be normally distributed technically normality is necessary only for the t-tests to be valid, estimation of the coefficients (errors are identically and independently distributed).

Table 5. Normality Test with Skewness with Kurtosis

	Environmental practice	Societal practice	Stockholder practice	Brand equity
N Valid	376	376	376	376
Missing	0	0	0	0
Skewness	-.493	-.529	-.296	-.653
Std. Error of Skewness	.126	.126	.126	.126
Kurtosis	-.011	-.071	.115	-.044
Std. Error of Kurtosis	.251	.251	.251	.251

Figure 4.1 Normality Test with Skewness with Kurtosis



The above histograms exhibit the parameter of testing the normal distribution of the data through kurtosis and Skewness where, kurtosis is a measure shape of the curve that how pick or flat our distribution and the suggested standard error should not exceed 0.3 and in our case the kurtosis value is not the problem which result 0.251. On the other hand skewness measure symmetry of distribution hence in perfect spreading skewness coefficient will be equal to zero. And negative values with less than negative one means that we have skewed data. Accordingly the absolute value of average environmental, societal, stockholder and brand equity practice skewness, is -.493, -.529, -.296, -.653 respectively implies the distribution is modernly skewed.

Assumption 3. There should not been Multicollinearity or no perfect correlation between independent variables.

Table 6. Checking for multicollinearity

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Variance Proportions		
					Average environmental practice	Average societal practice	Average stockholder practice
1	1	3.962	1.000	.00	.00	.00	.00
	2	.017	15.317	.13	.04	.94	.04
	3	.014	16.603	.11	.96	.02	.10
	4	.007	24.075	.76	.00	.04	.86

a. Dependent Variable: Brand equity

If we look at the collinearity diagnostics this can help us to check weather all variables are highly or perfectly correlated or not and if they are, it violating the rules and we have to take corrective measure. In our case the high values in variance proportions for independent variables indicate 0.96, 0.94 and 0.86 in different dimension while the rest value showed very low. Therefore we can be satisfied that we don't have any multi Collinearity or singularity.

Coefficients^a

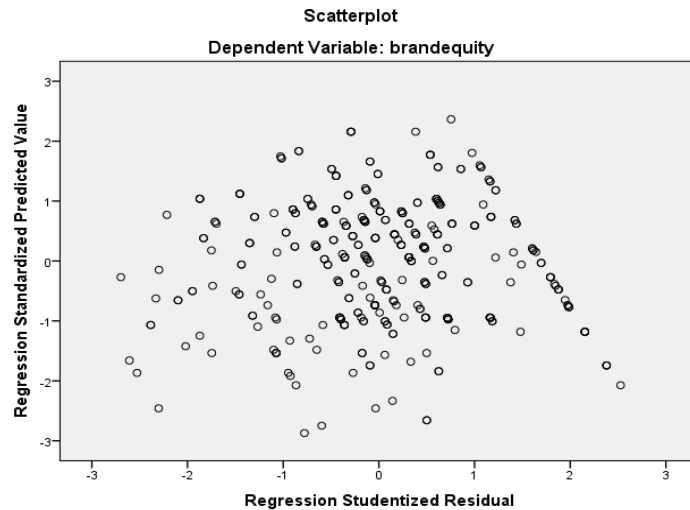
Model	Collinearity Statistics	
	Tolerance	VIF
Environmental responsibility	.764	.1.309
societal responsibility	.718	.1.394
stakeholder responsibility	.761	.1.313

According to different literature, collinearity is relatively easy to detect by calculating the tolerance or VIF (Variance Inflation Factor). A tolerance of below 0.10 indicates that (multi) collinearity is a problem. The VIF is just the reciprocal value of the tolerance. Thus, VIF values above ten indicate collinearity issues. According to this measurement none of the variables tolerance level is below 0.10 and their VIF above ten. So, there is no a multicollinearity problem with the variable.

Assumption 4. Homoskedasticity

It refers the variance of the errors which should be constant. To test for this, we plot the errors against the dependent variable (Mooi & Sarstedt, 2011).

Figure 1.2 Assumption of Homoskedasticity



When we look at the above scatter plot there is regression standardize residual in the Y-axis and regression standardize predicted value in the X-axis and the plot exhibit none of the point is outside of -3 to 3 either in both axis which indicates the responses seems concentrated in a specific area with some outliers hence, the errors are constant throughout the observations.

4.3.2 Multiple linear regression and partial correlation Analysis

According to different scholar regression analysis is one of the most frequently used tools in market research that allows to analyze relationships between independent and dependent variable. More specifically the regression model presents how much of the variance in the measure of brand equity is explained by the underlying variables of corporate social responsibility model.

Table 6. Model Summary and ANOVA

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.759 ^a	.575	.561	.58480

a. Predictors: (Constant), Environmental practice, societal practice, stockholder practice

b. Dependent Variable: Brand equity

The model of .575 R.square indicate that predictor variables have accounted for 57.5 % of variance in brand equity. The remaining amount is explained by other variables out of this model.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.931	3	15.984	59.438	.000 ^b
	Residual	48.630	142	.342		
	Total	114.561	375			

a. Dependent Variable: brand equity

b. Predictors: (Constant), Average environmental practice, Average societal practice, Average stockholder practice

Similarly, the ANOVA table shows the overall significance/ acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of (.000), which is less than $p < 0.05$. Hence all the above stated assumption helps to undertake multiple linear regressions.

Table 7. Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.838	.242		3.462	.001
	environmental	.108	.051	.103	2.108	.036
	Societal	.163	.046	.178	3.516	.000
	stakeholder	.510	.061	.407	8.299	.000

a. Dependent Variable: brand equity

4.4. Hypothesis Testing

In this section the suggested hypothesis are tested and the result is presented. The hypothesis was as follow:-

4.4.1. Environmental responsibility and Brand equity

H1. CSR which related to the environment (environmental CSR) has positively and significantly effect on brand equity of Awash bank.

The output of multiple linear regression of independent variable (environmental responsibility) with brand equity shows there is significant result at ($\beta = .103$, t-value and $p = .036$) indicate that

there is tangible evidence that environmental CSR has positively and significantly effect on brand equity of Awash bank. So it is proved that the hypothesis H1 is supported.

4.4.2. Societal responsibility and Brand equity

H2. CSR which related to society (societal CSR) has positively and significantly effect on brand equity of Awash bank.

The results in table shows that there is a positive effect of independent variable feature (societal CSR) on dependent variable (brand equity) at ($\beta = .178$, and p- value is <0.05) that the beta value shows the strength and direction of independent variable on dependent variable. The significance value is shown by “p” value. So it is proved that the hypothesis H2 is supported.

4.4.3. Stakeholders responsibility and Brand equity

H3. CSR which related to stakeholders has positively and significantly has effect on brand equity of Awash bank.

The finding in the above table shows that there is a positive and significant effect of independent variable feature (stakeholders CSR) on dependent variable (brand equity) at ($\beta = .407$ and p- value is <0.05). Hence the beta value shows there is higher strength of independent variable feature (stakeholder’s responsibility) on dependent variable (brand equity). The significance value is shown by “p” value. So it is proved that the hypothesis H3 is confirmed.

Table 8. Summary of Hypothesis Testing

No	Hypothesis Testing	Result	Reason
1	H1. CSR which related to the environment has positively and significantly effect on brand equity of Awash bank.	Supported	$\beta = 0.103$, $p = 0.36$
2	H2. CSR which related to society has positively and significantly effect on brand equity of Awash bank.	Supported	$\beta = 0.178$, $p = 0.000$
3	H3. CSR which related to stakeholders has positively and significantly effect on brand equity of Awash bank.	Supported	$\beta = 0.407$, $p = 0.000$

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Source: Survey result, 2018

4.5. Discussion on the finding

This section presents the findings of the study in line with the objectives of the study based on the analysis made and the results of this research also be further elaborated. The empirical findings are also combined with the theory in order to provide a wider perspective.

The result highlights that little is known about the demographic profile of the Awash Bank was analyzed through descriptive statistics. Accordingly, it was found that 56.9 % of the customers are male and most of the age distribution of respondents in the bank is the same or similar ranging in 18-29 which they are too youngster located in Addis Ababa. In addition a large amount of the respondents were educated once and also they are business men. Another parameter of the general information of respondents showed 53.2% of the respondents join or stayed the bank within five years.

With respect to the first objective, the result of the analysis indicates the relationship between environmental responsibility and brand equity by taking its weighted average mean and accordingly the outcome shows that there is a positive effect of environmental responsibility on brand equity at ($\beta = .103$, $p = .036$). This result is supported by the empirical evidence of (Clarkson, 1995) “environmentally oriented CSR, such as the assisting of environmental activities and the incorporation of environmental sustainability into the business operations will strengthen brand image in consumers’ minds.” Similarly (Brown and Dacin, 1997) verify that environmental CSR actions could enhance organizational performance and improve a corporate brand image. They also include that a company that cares about environmental protection and seeks to maintain the natural environment has enable to enhance its brand image. Accordingly, it is possible to accept the proposed hypothesis that the environmental responsibility is positively & significantly determining the level of brand equity.

Concerning to the second objective of the study, the result of the survey indicates that there is a positive effects of societal responsibility on brand equity at ($\beta = .178$, with the p - value of $.000$). Furthermore this result is maintained by the empirical evidence of (Singh et al., 2007) that CSR

behaviors which intended to enhance social interests are positively related to brand image in a study involving several famous brands and a diversified group of citizens. Moreover (Henderson, 2007) also evaluated in his studies, “many firms actively engaged in various activities to restore local communities through efforts that included raising funds, providing support for rebuilding homes and schools, sponsoring orphans and making sympathetic and encouraging public statements.” Those sincere and generous outreach activities significantly enhanced firms’ brand image and consumers’. Therefore it is possible to conclude and accept the proposed hypothesis that societal responsibility is positively & significantly determining the level of brand equity.

The third objective is related to the relationship between stockholders responsibility and brand equity. Consequently there is a positive and significant effect of (stakeholders CSR) on dependent variable (brand equity) at ($\beta = .407$, with p-value = .000). Additionally those finding result have strong evidence from the literature that; (Torres et al., 2012) suggest “CSR to various stakeholders has a positive effect on global brand equity.” In sum, the authors done that global brands that respect local communities’ corporate responsibility values obtain strong positive benefits through the generation of brand equity and enhancing the positive effects of CSR toward stakeholders. Therefore it is possible to conclude and accept the proposed hypothesis that stockholders responsibility is positively & significantly defining the level of brand equity.

In general based on the findings of this study the researcher tried to encounter the major aim of investigating how corporate social responsibility feature would have the effect on brand equity of Awash bank.

CHAPTER FIVE

5. SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

This chapter presents major findings, conclusions and recommendation obtained from the analysis and interpretations made at the pervious chapter and also limitation and implications for further research are forwarded.

5.1 Summary of Findings

Since its inception, in this study the researcher were set the major aim to investigate how corporate social responsibility components would have the effect on brand equity. The specific objectives were also established to analyze the effect of CSR feature such as environmental, societal, and stockholder on brand equity and particular emphasis was given for Awash bank S.C. In addition, the researcher also tried to answer the four research questions which stated as part of the introduction. For this matter, three hypothesis were formulated based on the above stated variables. As a result of this the data were collected through five Likert-scale questionnaire and the overall fit of the model was tested using the model summary and ANOVA table. Hence the major quantitative finding were undertaken as follow:

- ❖ The demographic result of the study indicates that 56.9 % respondents were male and the remaining 43.1 % were females. Regarding the respondents` age category, majority 58.8% respondents are between the ages of 18-29 years that shows that they are very youngster. The next higher groups of 34.8% respondents were within the age of 30-49 and 5.6% of them are reaches to 50-69 and the left over 3 are above 70 years.
- ❖ The study also indicates the educational background of the respondents. Accordingly, 52.1% of the total respondents were of first degree holders followed by diploma holders 21.3%. And only 10.4% were having masters holders and the total 15.7% were high school and below from the whole respondents and the last 0.5% are housewife.
- ❖ The present study confirmed the findings about working condition of the respondent through some selected Awash banks branch in Addis Ababa. In view of that half 56.4% respondents are business owner while 23.7% of them are run their private work and the remaining 19.9% are students.
- ❖ The other result observed from the study shows the connection of the respondents with the bank service and about 53.2% of the participants have year of service from 1-5 years,

followed by 35.6% customers with having length of service from 5-10 years and the other 8.2% are reached 10 to 15 years which they are very attached with the bank and the remaining 2.9% respondents are exist with bank above 15 years.

- ❖ The total reliability statistics of the scale for each variable such as of environmental responsibility, societal responsibility, stockholder responsibility and brand equity exhibits above expected standard by having reliability cronbach's alpha coefficient of 0.735, 0.780, 0.785 and 0.804 is a commonly over suggested threshold of reliability test. Similarly the overall reliability was being 0.894 and normal distribution of the data was conducted that the result showed no problems regarding kurtosis as well as having perfect spreading skewness coefficient for both corporate social responsibility components and brand equity.
- ❖ The Pearson correlation coefficient was computed for the purpose of determining the relationship between the independent variables of CSR feature and the dependent variable of brand equity. There was a positive and statistically significant relationship between the variables mentioned above. Accordingly the substantial Pearson correlation result $r=0.336$, $r=0.403$, $r=0.525$, and $r=0.440$. From this result we can achieved that the independent variables and dependent variables are significantly correlated.
- ❖ Regarding to the multiple liner regression result of environmental responsibility demonstrated that having the beta value of 0.103 and P- value of is 0.36; it is statistically significant that environmental CSR has positive effect on brand equity of Awash bank.
- ❖ Together, the present findings confirm that societal responsibility having the beta value of 0.178 p-value of < 0.05 also statistically significant that societal CSR has positive effect on brand equity of Awash bank
- ❖ This analysis found evidence for the collective practices of stakeholder responsibility in Awash bank indicate that having the highest beta value of practices is 0.407, and the P-value is 0.000; which is statistically significant and that has positive effect on brand equity of Awash bank.

5.2. Conclusion

This research paper has analyzed the effect of corporate social responsibility (CSR) on brand equity and it came up with a number of findings.

Based on the analysis of the result practitioners of Awash bank have been implemented meaningful strategy of internal management by undertaking the critical areas for corporate social responsibility activities. According to bank data Awash Bank has granted more than birr 10 million in the budget year for the corporate social responsibility activities particularly for those unprivileged societies in the Oromia region of the country.

These findings also showed fairly good picture of how the observed CSR feature contributed positively for maintaining and building brand equity of Awash bank. Accordingly the output of multiple liner regression told that all stated variable under environmental CSR have been statistically significant and properly implements in Awash bank. Hence those finding are supported by Clarkson, (1995) and Brown and Dacin, (1997).

With reference to societal responsibility the combined result now provides evidence that societal responsibility has positively and statically significant p-value which implies those respondent understand and agreed about Awash bank societal CSR performance. Likewise those judgment are maintained by Singh et al., (2007), Henderson, (2007) and Torres et al., (2012).

Another finding also revealed that there is a positive and significant effect feature stakeholders CSR towards brand equity of Awash bank. Consequently it's possible to conclude that value stakeholder's responsibility are relevant and conventional by respondent or customer of the bank. Hence those finding are confirmed by Torres et al., (2012).

5.3. Recommendations

From the findings of this study it was observed that there is a direct and positive relationship between corporate social responsibility features' and brand equity. Based on the finding and analysis of the study, the following recommendations were proposed:-

- ❖ The output of findings of this research indicate that Awash bank significantly discharge its environmental responsibility as expected standard. Hence the management should give much emphasis and upgrading of those statistically significant result in order to enhance the bank image.
- ❖ The discovery of this study also proved that societal responsibility have had significant p-value which implies those elements are properly undertaken in the bank. Consequently, its possibility forwarded a recommendation that in order to gain wider reputation and goodwill

among the general public Awash bank management should focus and improve its corporate social responsibility policy specially in connection those statistically significant result of societal responsibility.

- ❖ Finally from the beta value of this research we have seen that stakeholder's responsibility was the highest influencer of brand equity which indicate that all parameters of stakeholders are appropriate and performed within the bank. Therefore, its possibility forwarded a recommendation that management of Awash bank should give great concern by allocate CSR budget and execute stakeholder's responsibility in the bank.

5.4 Limitations and Suggestions for further Study

The study has limitations because it only considers three factors of corporate social responsibility such as environmental, societal and stakeholders. The study will be more decisive if it has considered additional of the variables of CSR similar to economic, legal, ethical and discretionary responsibilities which are stated in other journal. Furthermore this study only covered Awash bank in Addis Ababa. Future researches should include the same case in other banks as well as major cities of the country to make it more representative.

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Appendix I - English Questionnaire

Addis Ababa University School of Commerce

POST GRADUATE STUDIES DEPARTMENT OF MARKETING MANAGEMENT

Questionnaire for customers of Awash Bank S.C (AB)

Dear respondents

I (Selam Tekletsion) would like to express my deepest gratitude for your cooperation to express your real feeling in the questionnaire. This questionnaire is developed to examine your response towards corporate social responsibility. I am Masters of Art candidate at Addis Ababa University School of Commerce Conducting a research entitled “**Effect of Corporate social responsibility on brand equity: the case of Awash bank S.C**”. Finally I assure you that responses would kept confidential as well as the data would use for intended purpose only and you didn’t expect to mention your name in the questionnaire.

For more information please contact me via +251-910-74-02-02, or

E-mail address: - *selamtekletsion@gmail.com*

Part I: General Information

Directions one:-Please put a tick mark (√) on the appropriate responses category against each question.

1. Gender:

1. Male 2.Female

2. Age group:

1. 18-29 2. 30-49 3. 50-69 4 .Above 70

3. Educational Level . .

. 1 High school &above 2. Diploma 3. Degree
4. Masters 5. Others specify (.....)

4. Working Condition:

1. Student 2 Business owner 3. Private

5. For how long have you been customer with Awash bank?

1. Below 1 year 2. 1 -5 years
 3. 6-10 years 4. Above 10 year

Part II: Corporate social responsibility component

Directions two: The following questions are presented on a five point Likert you can use **X** mark the appropriate responses category against each question.

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5 . Strongly Agree

No	Environmental responsibility	1.Strongly Disagree	2 .Disagree	3..Neutral	4. Agree	5. Strongly Agree
1	Awash bank encourage projects which intended to protect natural & historical heritages					
2	Awash bank provide conducive working environment to its employee.					
3	This bank made modern building around different part of the region to enhance environmental image of the nation.					
4	Awash Bank play vital role in maintaining & planting trees around near branches.					
	Societal responsibility	1	2	3	4	5
5	Awash Bank offers a community-based banking service.					
6	The Bank plays a significant role in the involvement of the low-income community.					
7	Awash Bank sponsor various societal events and sport programs to the community.					
8	This bank assist those charity organization which involve in orphans protection.					
	Stakeholders responsibility	1	2	3	4	5

9	This Bank provides financial support to various stakeholders in the effort to reduce unemployment rate.					
10	Awash bank is closely working with different stakeholder based on mutual benefit.					
11	Awash Bank provide loan facility for different investor.					
12	Awash Bank employees and managers are well-disciplined.					
13	This bank have big contribution for the economic development of a nation.					
Brand equity						
14	When I think of banking service Awash Bank come to my mind quickly.					
15	I can recognize this bank very well among competing					
16	I am familiar with Awash bank brands.					
17	I am highly aware about Awash bank.					
18	The term “Awash” makes me to have a good feeling in my mind.					
19	I can remember Awash bank brand promises at any circumstance					
20	This bank has good image compared to other competing.					
21	I consider the company and people who stand behind the brand have the required expertise to deliver the service.					
22	I usually use Awash bank as my first choice.					
23	I recommend my partner to be used in this bank.					
24	I will keep on using in this bank as long as it provides me satisfied services.					
25	I never switch to another bank in the next time.					

Appendix II - Amharic Questionnaire

የአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ትምህርት ቤት

የድህረ ምረቃ የገበያ ጥናት ስራ አመራር ትምህርት ክፍል

በአዋሽ ባንክ በደንበኞች የሚሞላ መጠይቅ

ውድ የጥናቱ ተሳታፊዎች

በቅድሚያ ግዜዎን ሰውተው ትክክለኛና ታማኝ የሆነ ምላሽ ለመስጠት ፍቃደኛ በመሆንዎ ልባዊ ምስጋናዬን አቀርባለሁ። የዚህ ጥናት አላማ የማህበረሰባዊ ሀላፊነት በአዋሽ ባንክ ስምና ዝና ላይ የሚያሳድርውን ተፅዕኖ ለመለካት እንዲቻል የተዘጋጀ ነው። በተጨማሪ ይህ መጠይቅ ለሁለተኛ ዲግሪ ማሟያ ጥናት በመሆኑ የሚሰጡት መረጃ በሙሉ በሚስጥር የሚያዝ እና ለዚህ ጥናት አላማ ብቻ የሚውል በመሆኑ ስምዎንም ሆነ ማንነትዎን በመጠይቁ ላይ መግለፅ አይጠበቅብዎትም።

ለበለጠ መረጃ +251-910-74-02-02 ወይም (selamtekletsion@gmail.com) ሰላም ተክለዕዮን ብለው ሊያገኙኝ ይችላሉ።

ክፍል አንድ:-ከዚህ በታች ለተዘረዘሩት ጠቅላላ ጥያቄዎች የእርስዎን ምላሽ በሚገለፀው ሳጥን ውስጥ ብቻ ይህን ምልክት "√" ይጠቀሙ።

- 1. ፆታ ወንድ ሴት
- 2. እድሜ 18-29 30-49 50-69 ከ 70 በላይ
- 3. የትምህርት ደረጃ ሁለተኛ ደረጃና ከዚያ በላይ ዲፕሎማ
 ዲግሪ ማስተርስ ሌላካለ (.....)
- 4. የስራ ሁኔታ ተማሪ ተቀጣሪ የግል
- 5. በባንኩ መገልገል ከጀመሩ ስንት ግዜ ሆንዎት?
 5 አመት በታች ከ5- 10 አመት 10-15 አመት
 ከ15 አመት በላይ

ክፍል ሁለት፡- የማህበራዊ ሀላፊነትንና የብራንድ ግንዛቤን የተመለከቱ ጥያቄዎች

ማስታወሻ፡- ከዚህ በታች በሰንጠረዥ ለቀረቡት ጥያቄዎች ምን ያህል እንደሚስማሙ ወይም አንደማይስማሙ ለመግለፅ ከተሰጡት አማራጮች ውስጥ የእርስዎን አቋም የሚገልፀው ቁጥር ላይ የ X ምልክት ያድርጉ።

1. በፍፁም አልስማማም 2. አልስማማም 3. ገለልተኛነኝ 4. እስማማለሁ 5. በጣም እስማማለሁ

የማህበራዊ ሀላፊነት ግንዛቤ						
አካባቢያዊ ሀላፊነት		(1). በፍፁም አልስማማም	2 አልስማማም	3. ገለልተኛ ነኝ	4. እስማማለሁ	5. በጣም እስማማለሁ
1	ባንኩ በአካባቢ ጥበቃና ደህንነት ላይ የሚያተኩሩ ፕሮጀክቶችን ያበረታታል።					
2	አዋሽ ባንክ ለሰራተኞቹ ንፅህናው በተጠበቀና ለስራ ምቹ በሆነ ክፍል ውስጥ ስራቸውን እንዲከውኑ ከፍተኛ ጥረት ያደርጋል።					
2	ባንኩ በተለያዩ የሀገሪቱ ክፍሎች ዘመናዊ ህንፃ በማሰራት ለመልካም አካባቢያዊ የገፅታ ግንባታ የበኩሉን ድርሻ ይወጣል።					
4	ባንኩ በሚገኝባቸው ቅርንጫፎች አትክልቶችና ችግኞችን በመትከል ለአካባቢያዊ ስነ-ምህዳር ሚዛናዊነት ከፍተኛ ሚና ይጫወታል።					
ማህበራዊ ሀላፊነት		1	2	3	4	5
5	አዋሽ ባንክ በማህበረሰቡ ፍላጎት ላይ የተመሰረተ የባንክ አገልግሎት ይሰጣል።					
6	ባንኩ በዝቅተኛ የኑሮ ደረጃ ላይ የሚገኙትን የህብረተሰብ ክፍሎች ለመርዳት በሚደረገው እንቅስቃሴ ላይ የጎላ ድርሻ አለው።					
7	አዋሽ ባንክ የተለያዩ ማህበረሰብ ተኮር ዝግጅቶችንና የስፖርት ፕሮግራሞችን ለህብረተሰቡ ተደራሽ እንዲሆኑ ስፖንሰር ያደርጋል።					
8	አዋሽ ባንክ ወላጅ አልባ ህፃናትን ለሚረዱ በጎ አድራጎች ድርጅቶች አስፈላጊውን የፋይናንስ ድጋፍ ያደርጋል።					

	የባለድርሻ አካላት ሃላፊነት	1	2	3	4	5
9	አዋሽ ባንክ የስራ-አጥ ቁጥርን ለመቀነስ በሚደረገው ጥረት የበኩሉን አስተዋፅኦ በማድረግ ላይ ይገኛል።					
10	አዋሽ ባንክ ከተለያዩ ባለድርሻ አካላት ጋር በጋራ ተጠቃሚነት ላይ ያተኮረ የስራ ግንኙነት አለው።					
11	ባንኩ በንግድ ዘርፍ ላይ ለተሰማሩ ኢንቨስተሮች የብድር አገልግሎት ይሰጣል።					
12	የአዋሽ ባንክ ሰራተኞችና ስራአስኪያጆች በጥሩ ስነ-ምግባር የታነፁ ናቸው።					
13	አዋሽ ባንክ በሀገሪቱ የኢኮኖሚ ዕድገት የበኩሉን ድርሻ በመወጣት ላይ ይገኛል።					
	የብራንድ ግንዛቤ	1). በፍም አልሰ ማማም	2. አልሰማም	3. ገለልተኛነት	4. እስማማለሁ	5. በጣም እስማማለሁ
14	ስለ ባንክ አገልግሎት ሳስብ በመጀመሪያ ወደ አይምሮዬ የሚመጣው አዋሽ ባንክ ነው።					
15	ከሌሎች ተፎካካሪ ባንኮች ይልቅ የአዋሽ ባንክ መለያ ብራንድ በሚገባ ለይቼ አውቃለሁ።					
16	የአዋሽ ባንክ ብራንድ በማንኛውም ሁኔታ ጠንቅቄ አውቃለሁ።					
17	ስለአዋሽ ባንክ ከፍተኛ ግንዛቤ አለኝ።					
18	“አዋሽ” የሚለው ቃል ልዩ ስሜት ይፈጥርብኛል።					
19	የአዋሽ ባንክን የብራንድ ቃልኪዳን ሁልጊዜ አስታውሳለሁ።					
20	አዋሽ ባንክ ከሌሎች ጋር ሲወዳደር መልካም ገፅታ አለው።					
21	እኔ እንደማስበው ከዚህ ባንክ ጀርባ ያሉት ሰራተኞች የላቀ ተአማኒነት ያላቸው (ታማኞች) እንደሆኑ ነው።					

22	ከሌሎች ባንኮች ጋር ሲነጻጸር ሁሉም ቢሆን የእኔ ተቀዳሚ ምርጫ አዋሽ ባንክ ነው።					
23	ሌሎች ወዳጆቼን በአዋሽ ባንክ እንዲገለገሉ እመክራለሁ።					
24	ቀልጣፋና አስተማማኝ የባንክ አገልግሎት እስካገኘው ድረስ በአዋሽ ባንክ መገልገሉን አልተውም።					
25	በቀጣይ ጊዜ ወደ ሌላ ባንክ ፊትን አላዞርም።					

Appendix III - CSR Evaluation Format



Marketing and Communications Directorate

CSR Evaluation Format

Account Holder.....
 Request Organization with Address
 Date of Sponsorship RequestEvaluated Date
 Date of the Event
 Name of the program, Activities or events
 Reason for donation request

No	Evaluation Criteria	Weight	Score	Justification, if any
Relevance	The degree that the project deserve the Bank's CSR policy	20%		
	The extent that the project involve in solving social problem	50%		
	The number of beneficiaries from the project	10%		
	Benefit of the Bank			
	• Tangible: eg. Customer acquisition/customer recruitment)	10%		
	• Intangible: image Building	10%		
Total Score		100		

Major expected tangible benefit for the Bank listed in the project

Major expected intangible benefit for the Bank listed in the project

Major expected benefits for the society in general or part of the locale people the project designed.....

Jury Recommendation including cost or level of donation.....

Jury Members (Name, signature and Date)

1..... 2.....
 3..... 4.....

Review and comment by Mgr, Branding, promotion and com.....

Final Comment by Director, Mktng. and Com. Directorate

