



Corporate Social Responsibility and Its Impact on Brand Building: Special Reference to Employees of Selected Companies in Nepal

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Authors' contributions

This work was carried out in collaboration among all authors. Authors MKTM and AP designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript.

Authors DRB and RP managed the analyses of the study. Author SKS managed the literature searches. All authors read and approved the final manuscript.

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ABSTRACT

This study identifies the impact of corporate social responsibility (CSR) and its impact on the branding of the company. Many business companies in Nepal have integrated CSR and philanthropic activities into day-to-day operations. The realization of social responsibility has led them to share their profit with humanity and getting engaged in various areas of social well-being. The result shows employees perceive a significant association on the branding of the company especially in the areas of social/community service, ethical, health, environmental and education activities.

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1. INTRODUCTION

There are countries with developed laws about Corporate Social Responsibility (CSR) which require organizations to work in a socially responsible and calculated manner [1,2]. Such practices have helped not only to sustain the environment but grow the businesses as well [3,4]. Yet in most of the nations around the world, CSR is seen mostly from the voluntary perspectives with companies being incentivized and in some cases nudged towards it but very rarely forced to donate [5,6,7].

The new industrial enterprise act entered in force as some of its provisions force small, medium and large industries with transactions over rupees 150 million to spend at least one per cent of their annual profits in CSR activities [8–11]. If they fail to do so, they will be subject to a penalty of 0.75 per cent of their annual turnover [8,12]. Similar provisions have been made in the laws governing banking and financial institutions [13]. Business people are eagerly waiting for the publication of the rules and regulations governing CSR implementation.

The greater the contribution of companies in CSR fund, the lesser will be their disposable income. Investors seek predictability and security in any potential investment destination [4,14,15, 16]. When there is a degree of political stability, the government introduces new legislation, it is natural for investors to start exploring alternative destinations [6,17]. Nepal Rastra Bank (NRB) has also issued a circular for banks and financial institutions to contribute at least 1 per cent of their net profit to various CSR activities [8,12]. Some school of thought said CSR activities are sustainable only when done with the best interest of all the stakeholders [12,18,19]. Market-awarded social responsibility for business is more guaranteed than the government-mandated one [20,21].

Giving is an “unspoken moral obligation” felt by corporations, although (in some cases) image branding and trust-building are the big motivators [22]. Voluntary CSRs must be happening because they are mutually beneficial to both the shareholders and society. Companies try to align CSR with company's objectives to create a win-win situation. Branding, in this context, involves using social responsibility to create that differentiation. Instead of a specific name or a

logo, it uses an entity's social responsibility program, which is demonstrated through various relevant actions. These actions will then establish the company's presence in the minds of the consumers and the general public, as a whole.

The media pays more attention to them and they become instrumental in letting a wider audience know about the company's “good works”. The objective of the study is to find out the importance of sound CRS and its implication for brand building of Nepalese companies.

2. MATERIALS AND METHODS

The study was conducted among the employees of the different companies of Kathmandu valley in Nepal. In Nepal, companies are categorized into 9 groups. These are banks, development bank, the insurance company, finance company, hotel, trading company, hydropower company, processing and manufacturing companies and other categories. In the first stage, from the Kathmandu valley, All the companies and their CRS activities were listed. In the second stage, a proportionate sampling was adopted to select the different companies namely Yeti airlines, Dabur Nepal, Standard chartered bank, Asian paints and Ncell. In the third stage, simple random sampling was adopted to collect the 204 participants among the listed employees from five companies. The ethical approval was taken from the institutional ethical review board, Om Parkash Jogender Singh University (OPJS University) and informed consent were taken from participants before interviewing.

It contained the 13 factors namely CSR social/community service, ethical CSR activities, CSR health activities, CSR environmental activities, CSR education, customer's performance, brand association/ identity, brand position/relationship, brand awareness, brand perceived quality, brand knowledge, brand loyalty and organizational brand value which consisted total of 65 statements (5 in each factors) for identifying the impact of CSR on branding from employee's perspectives. Collected data handled properly and stored in both soft and hard copies. The frequency and percentage analysis were one of the popular statistical measures which are used in our descriptive analysis. The detailed analysis of the collected data was performed which is based on

the research objectives and hypothesis. A factor analysis, regression analysis, ANOVA and t-test were used to examine the research hypothesis. Based on the findings of the study, necessary interpretations and conclusions were drawn. The data were analyzed through Statistical Packages for Social Science (version 16).

2.1 For Qualitative Study

The in-depth interview (IDI) was done with the manager, director, supervisor and head of the selected companies. The 15 IDI was done based on the perception and ethical ideology of companies for CSR activities and their impacts on their brand buildings. The study also highlights the employees' perception of companies' ethical ideology and the practices of CSR. Transcribe and translation of IDI was done within the same day using audio record and notes taken during the interview. Developed transcripts were discussed thoroughly with the research team to identify confusing issues that need further exploration during IDI. The issues that need clarification or exploration were covered in the following interviews. Field notes were taken to keep written account what researcher hears, sees, experiences and thinks in the course of IDIs. Field notes were taken to supplement the audio record to ensure real-life depiction of the IDIs in the papers.

IDIs were transcribed in the Nepali language from the notes taken and audio recorded during the discussion of the interview. Nepali transcriptions were then translated to English and were thoroughly checked for consistency. In the first round, researchers screened all the transcripts to create possible codes for the transcript. In the second phase, researchers thoroughly read the transcripts line by line to capture the real essence of data through open codes. This was done using highlighting and comment functions in Microsoft Word. Open codes thus assigned to the transcript were taken to MS Excel. Intensive analysis of codes in terms of their meaning was done by the team of

researchers and any patterns, relationship or similarities among those codes were assessed. Similar codes were grouped to reduce and narrow down the data. Broader codes thus developed through grouping together of similar codes were called as axial codes. Quotations that were clear and express ideas that were relevant and interesting in terms of the purpose of the study were selected to cite as verbatim while presenting the findings.

3. RESULTS AND DISCUSSION

3.1 Socio-demographic Variables

We have collected the responses from those employees who were working in the selected five different companies. A total of 204 employees from various sites of Kathmandu valley were considered. The demographic profile of the participants was analyzed and results are presented below (Table 1).

The majority 135(66%) participants were male followed by 69(34%) female who was working in the selected companies of Kathmandu. Less than half 90(44%) of the participants were the employees who were working Ncell company followed by 44(23%) from Asian paints, 24(12%) from Standard Chartered Bank, 23(11%) from Dabur Nepal and 14(10%) from Yeti airlines. (Table 1).

3.2 Reliability Analysis

According to Nunnally (1978), a reliability score of 0.7 indicates relatively moderate reliability and a reliability score of 0.9 and above indicates higher reliability. Cuieford (1976) also considered a Cronbach's α of 0.7 or higher to signify that the responses were highly reliable. As all factors in this study scored higher than 0.7, the set was reliable and stable and internal consistency was good. The reliability scores of 65 different scales in this study are 0.899 (Cronbach's Alpha). (Table 2).

Table 1. Employees of selected companies (n=204)

Company name	Male		Female		Total	
	F	%	F	%	F	%
Yeti airlines	14	6.9	6	2.9	20	9.8
Dabur Nepal	15	7.4	8	3.9	23	11.3
Standard Chartered Bank	14	6.9	10	4.9	24	11.8
Asian paints	30	14.7	17	8.3	47	23.0
Ncell	62	30.4	28	13.7	90	44.1
Total	135	66.2	69	33.8	204	100.0

Table 2. Reliability test

Statements	Cronbach's alpha
A. CSR social/community service	
Committed to donating to charity	0.899
CSR also means giving back to society and helping people	0.899
Poor CSR activity can harm the organizational brand value	0.898
Consults the community before embarking on CSR activities	0.896
Recruitment policies that favour the local communities in which it operates	0.901
B. Ethical CSR activities	
Practices ethical business	0.901
As far as I know, they do not encourage child labour	0.894
Transparent to stakeholders	0.900
Values of female employees	0.893
Adverts are ethical	0.895
C. CSR health activities	
CSR activity Health line TV show	0.901
Continue the Health line TV show	0.894
CSR programmes organized to contribute to brand building	0.900
Team up with health organizations	0.893
Help with rural health in Nepal	0.895
D. CSR environmental activities	
Involved in waste reduction in society	0.900
Involved in the reduction of air pollution	0.897
Considers environmental impact when developing new products	0.900
The service provider uses environmentally friendly packaging	0.893
CSR means environmentally responsible and green	0.895
E. CSR education	
Communicate its CSR activities through all available channels	0.900
I heard of Vodafone CSR activities through TV	0.897
CSR activities should be communicated to all stakeholders	0.900
Give more scholarships to needy students	0.898
Build schools for communities in Nepal	0.896
F. Customers performance	
Resolves customer complaints promptly	0.901
Supplies clear and accurate information and labelling about their products and services	0.901
Committed to providing value to customers	0.894
Quality services and fair price	0.900
The company should be customer-oriented	0.893
G. Brand association/ identity	
The higher the level of brand image the higher the organizational brand value increases	0.895
Profit maximization is the main driver of CSR activity	0.901
Raises the profile of the brand in a consumer's mind	0.898
Easily identify the brand	0.896
I want to be associated with this brand	0.901
H. Brand position/relationship	
Occupies a good position amongst network providers in Nepal	0.901
Offers value for money compared with other brands	0.894
Claim to be the most reliable network in Nepal is true	0.900
I like my relationship with the Vodafone brand	0.893
I would like to continue the relationship with these brand	0.895

Statements	Cronbach's alpha
I. Brand awareness	
I am aware of these products and services	0.901
Provides full and accurate information about its products to customers	0.894
I can recall these adverts easily	0.900
I can recognize these brands among other telecommunication products	0.901
CSR creates brand awareness	0.894
J. Brand perceived quality	
Products are of high quality	0.901
Has good service quality	0.894
I am willing to pay more for products from companies which practice more CSR	0.900
I like the professionalism of the staff	0.901
Stands for quality	0.894
K. Brand knowledge	
I can quickly recall the symbol or logo of brands that practice CSR activities	0.901
Is a well-known brand in Nepal	0.894
Is known for reliability	0.900
The symbol stands for brands	0.901
CSR makes the brand well known	0.894
L. Brand loyalty	
CSR activities do affect my choice of brand	0.894
If other networks provide the same service, I will still choose Vodafone	0.901
CSR activities increased the level of trust I have in the brand	0.894
If the price is slightly higher than other brands, I will still choose these brands	0.894
Brands perform well	0.894
M. Organizational brand value	
CSR activities add values to the organization	0.901
I am willing to buy shares in these brand	0.894
I will recommend relations to invest	0.901
The brand has a great future in Nepal	0.894
Share value is likely to increase in future	0.896

Table 3. Principal Component Analysis (PCA) on the component of CRS activities

PCA on the component of ORS	Component values
CSR social/community service	0.069
Ethical CSR activities	0.976
CSR health activities	0.976
CSR environmental activities	0.783
CSR education	0.716
Customers performance	0.928
Brand association/ identity	0.037
Brand position/relationship	0.976
Brand awareness	0.923
Brand perceived quality	0.923
Brand knowledge	0.923
Brand loyalty	0.539
Organizational brand value	0.388

3.3 CSR and Factors Influencing CSR

The social responsibility is also an ethical framework that encompasses that obligation to

perform their duties, to maintain a state of equilibrium between the economy and the society. To reinforce its brand promise Standard chartered bank was working for CSR on different activities as 'Believing in Life' and 'Green Your Flight' campaign. CSR is not just a means of giving to society. CSR is the backbone of any company. It is a strategy to do business and do business ethically. Stakeholder management is very important in today's global business environment.

"Without support from stakeholder and without supporting stakeholder and I don't think any business in today's changing and competitive environment can sustain."

- A Manager of the company

3.4 Factors that Lead to the Improved Performance of the Various Brands

The participants reveal that the corporate social responsibility improves a company's public

Table 4. Scoring between the PCA component (n = 204)

PCA on the component of ORS	Mean	Std. deviation	t	Mean difference	Lower	Upper
CSR social/community service	28.0637	4.42350	90.614	28.06373	27.4531	28.6744
Ethical CSR activities	26.5049	3.23694	116.952	26.50490	26.0580	26.9518
CSR health activities	26.5049	3.23694	116.952	26.50490	26.0580	26.9518
CSR environmental activities	25.1324	4.63836	77.390	25.13235	24.4920	25.7727
CSR education	25.1618	3.06712	117.173	25.16176	24.7384	25.5852
Customers performance	27.2108	2.64662	146.847	27.21078	26.8454	27.5761
Brand association/ identity	27.7157	3.39915	116.458	27.71569	27.2464	28.1849
Brand position/relationship	26.5049	3.23694	116.952	26.50490	26.0580	26.9518
Brand awareness	27.4559	2.16625	181.027	27.45588	27.1568	27.7549
Brand perceived quality	27.4559	2.16625	181.027	27.45588	27.1568	27.7549
Brand knowledge	27.4559	2.16625	181.027	27.45588	27.1568	27.7549
Brand loyalty	28.3333	4.00328	101.087	28.33333	27.7807	28.8860
Organizational brand value	27.8824	2.78028	143.237	27.88235	27.4985	28.2662

*95% Confidence Interval of the difference

image, improves a company's profit margins, goodwill, trust and a good reputation.

"CSR is a way to show society that we are doing business ethically and we are supporting the society rather than just only focusing the profit. We follow stakeholder theory in our business i.e. customers are very important. Due to the globalization of business and education, the perception of the business has changed in the recent past and has engaged more towards the society and other CSR related activities."

- A manager of Chaudhary Group

"Social responsibility also sets the companies apart from their competitors, but only when done right. Businesses treat their reputation as their brand, and the best way to nurture their good reputation is to put more efforts in improving their corporate social responsibility."

- A supervisor of the company

"The corporation is a creature of the state. It is presumed to be incorporated for the benefit of the public. It receives certain special privileges and franchises, and hold them subject to proper government supervision".

- Ahead of the selected companies

4. CONCLUSION

The higher the credit rating has a corporate, the better the scores of corporate governance and

corporate social responsibility are expected. Perhaps the most important ingredient in using social responsibility to improve your brand is sincerity. There must be truth in the press releases and media coverage that your CSR activities generate. The result from this study has provided the evidence and motivation to companies in Nepal to take a serious view in the implementation of good governance and thus contribute more to the corporate social responsibility. This study has proven the importance of the corporate governance characteristics in influencing the level of the CSR initiatives for the Nepalese companies. The study has also proved that regulatory guidelines are not sufficient. Therefore, regulatory bodies should focus more on these two components. CSR activities have effects of reducing agency costs by eliminating the information asymmetry between internal and external stakeholders. Companies can fundamentally improve their social responsibilities with the public announcement of proper financial reports and investment risks. Corporate governance is a key element of the internal control system, which is also critical to provide timely and reliable corporate financial information for outside investors.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is no conflict of interest between the authors and producers of the products because we do not intend to use

these products as an avenue for any litigation but the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by the personal efforts of the authors.

CONSENT AND ETHICAL APPROVAL

The ethical approval was taken from the institutional ethical review board, Om Parkash Jogender Singh University (OPJS University) and informed and written consent were taken from participants before interviewing.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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