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Effects of Corporate Social Responsibility on Customer Brand Choice in Baltic Region: Mediating Role of Product Involvement Level

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Abstract

The purpose of this study is to investigate how CSR initiatives of company influence customer brand choice. This research primarily deals with how CSR initiatives of the firm effects consumer buying behavior and purchase criteria in different product categories. The study provides a solution to effectively link CSR with elements of brand equity. Specific research objectives include: (1) evaluating consumer understanding of CSR concept; (2) CSR influence on consumer brand choice in low involvement and high involvement product categories; (3) CSR effects on different elements of brand equity. This study establishes theoretical framework, research design, interpretation of results and finally proposes a model for effective CSR initiatives in line with customer involvement level with a product. Quantitative research method—a survey is used to collect data. The questionnaire was derived based on Christopher A. Noe, using 5-point Likert scale. The sample size is 57 students of business studies from two main universities in Latvia. Descriptive and inferential statistics are used to analyse the data. Results indicate that CSR initiatives have significant influence on customer brand choice in case of high involvement products and little influence on customer decision in case of low involvement products. Results also indicate that CSR has positive effects on some elements of brand equity, while little or no effects on others. Consumer perception and evaluation of four different types of CSR initiatives—legal compliance, environmental protection, transparency and participation in voluntary projects vary significantly in their purchase decision. Finally, it is also revealed that some industries in Baltic region have poor corporate image in terms of CSR initiatives.

KEYWORDS: CSR and brand equity, CSR effects on consumer buying behavior, CSR and product involvement level; Customer perception of CSR; CSR in Baltic region.



Introduction

The increased global competition and growing concern for society and environment among stakeholders, has put business under immense pressure to find the ways of participating in sustainable development and corporate social responsibility initiatives. The topic of CSR and sustainability issues has become the central piece of corporate managerial practices in today business environment. The stakeholder like customers increased awareness of environmental protection further drive the importance of CSR. However, implementing CSR initiatives comes at heavy cost to business entity in the short- run. That is the reason CSR poses a big challenge for organizations to strategically plan and execute voluntary projects, which benefits both, the society and business. Building a strong brand equity is the ultimate goal of every brand manager either at micro level firm or giant MNCs. In this context, a major problem businesses face is the poor planning, integration and execution of CSR initiatives in line with brand equity. This research aims measuring the impact of CSR initiatives on different elements of brand equity proposed by Aaker (1991, 2001). The research is an effort to reflect on the efficient planning and execution of CSR initiatives in line with brand building activities. There are three main tasks in this study, which are as follows. Firstly, investigating how customers in Baltic region think of CSR. Consumer perception and understanding level of CSR initiative helps all level firms to decide which CSR initiatives to pursue and why. Organizations can better devise such initiative by understanding consumer perception and awareness of CSR. Secondly, given the complexity and significant difference in consumer purchase criteria in different product categories (Njuguna Reuben Kinyuru, et.al, 2015). This research explore the difference in consumer buying behavior and their purchase criteria of different product categories with regard to CSR initiatives. For this research purpose, low involvement and high involvement product categories are used to measure the influence of CSR initiatives on customer brand choice. Baltic region is adopting to CSR initiatives to comply with Western European standards in retail services as well as manufacturing. The final task of this study is to investigate relationship between different elements of brand equity and CSR. This research takes into accounts four elements of brand equity i.e. awareness, brand image, differentiation and loyalty. This research aims to investigate the influence of corporate social responsibility (CSR) on customer brand equity in general, and more specifically with respect to low involvement and high involvement products. Customers use different criteria when purchasing low involvement products (functional brands) and high involvement products (emotional brands). This research is highly significant because it investigates CSR effects on customer brand equity and ultimately its influence on financial performance of the company. The principal concern of the previous studies on CSR remained focused on the moral (Perter Drucker 2008), social (Freeman 1970), and economic (Milton Friedman 1970) justification of CSR and balancing conflicting interest of stakeholders (Carroll 1999, Archie Carroll 1991, Frank 1945, Eric Rhman 1946 and Edward Freeman 1984).

In the past, most of the research remained focused on the topic of CSR effectiveness and its financial outcome. Instead, investigating its empirical relationship with corporate marketing outcomes (e.g., brand equity, consumer attitudes, and consumer loyalty) (Brunk, 2012; Hur et al., 2014). This is the gap, that is why this research pays attention to analyze the impact of CSR on brand equity and CSR influence on customer decision when buying (a) low involvement products (LIP) e.g shampoo, toothpaste, toilet papers etc. and (b) high involvement products (HIP) e.g car, mortgage, and luxury items etc. This research also aims to discuss which types of CSR activities influence most customer decision. Key research questions around which this study revolves: How does CSR effects customer brand choice? When customers give importance to CSR initiative? Thus, we merely investigate CSR at product level rather at corporate level (Brunk, 2010a; 2011; Singh et al., 2012). Corporate social responsibility has been widely debated topic in the

history of modern management theory. CSR has not only gained the attention of social scientists but the world leaders, governments, media and social activist as well. Notable names, who contributed in the field of CSR includes Howard R. Bowen (1953), Peter Drucker (2006), Carroll (1999), Archie Cardle (1974), Archie Carroll, (1991), Frank (1945), Eric Rhman (1946) and Edward Freeman (1984). A recent example of debates on sustainability have been witnessed at Cop21 meeting held in Paris in 2015, where a large number of multinational companies including Apple, Coke, Goldman Scachs, Google, Microsoft and Walmart pledge to invest more than \$140 billion in efforts to reduce carbon emission(*wall street journal*, Nov 17, 2015). Today, businesses are facing many challenges of modern management including corporate social responsibility (Naami et al., 2011). Some managers view CSR as an extra cost to business, while others believe it is an integral part of business strategy. Therefore, David Chandler (2017) concluded that "It would be incorrect to view CSR as optional add on and chose to ignore it. He further argued that companies exist to create value but how they create the value and for whom they create it. Of course, the answer is the society, and this puts CSR at the central position and an integral part of business strategy. It is the manager's jobs to keep balance among competing interest of the firm's different stakeholders. If we ignore CSR, then what kind of society are we shaping?"

Literature Review

Defining Corporate Social Responsibility

Corporate social responsibility is defined as "ongoing commitment by business to behave ethically and contributes to economic development, while improving the quality of life of its employee and that of community within which it operates as well as society as large", (Institute for Corporate Culture Affair, 2005). Organizations interact with society to achieve their goals. Some organization emerge to do social good in the society, not to seek profit. In early 1950, debates on the role of organization in the society became more systematic when Howard R. Bowen published a book, *Social responsibility of Business* (1953). It is still a hallmark contribution in the field of CSR (Carroll, 1999). Debates on CSR further gained a turning point when Archi Carroll presented a four-layered model of corporate social responsibility (Carroll, 1979). According to Carroll and Buchholtz (2000), CSR encompasses economic, legal, ethical and philanthropic expectation that a society places on organization at a given point of time. This definition provides a structure to various social responsibilities, but fails to explain how to resolve conflicts among competing stakeholders. According to Freeman stakeholder theory requires managers to demonstrate broader view of responsibility. Freeman's definition is still widely adopted in high quality management journals (Samantha Miles, 2012, p.295). Frank (1945) argued that manager has a duty "to act as a balancing wheel in relation to three groups of interest of owners, of employee, and of public, all of whom have a stake in the output of industry". Other scientists including Post, Preston, and Sachs (2002, p.8) give a narrow definition of stakeholders that ties the group or an individual more directly to the operations of the firm. Another popular term, sustainability, has been widely utilized, and interpreted substantially in different ways (Dobson, 1996). The term, sustainability is commonly used in relation to sustainable development, which is defined as meeting the needs of present without compromising the ability of future generations to meet their own needs(World Commission on Environment and Development, 1987).

Stakeholder Theory

Stakeholder theory is very popular and influential in CSR debates indeed (Stark, 1994). Stakeholder theory enjoys the central position in the strategy (e.g. Carroll, 1989; Donaldson and Preston, 1995; Harrison and St John, 1996; Useem, 1996; Campbell, 1997; Harrison and Freeman, 1999). It was first developed and presented by Edward Freeman in 1984. He defines stakeholder

as “any group or individual who can affect or affected by the achievement of organizational goals”. Stakeholders are all those who are related to the activities of an organization in some way. Evan and Freeman (1993) provide a more precise definition that is based on two principles; first, the principle of corporate right, which means organization has an obligation not to violate the rights of others, and second, corporate effect, which means companies are responsible for effects of their action on others. Social and economic objective of organization are always in conflict. Freeman (1970) argue against CSR when such actions are carried out in self-interest and profit maximization of the firm under the guise of CSR. Milton Friedman (1970) Nobel Prize winning economist states that the only way the firms can benefits most to the society is when it focuses on profit solely. “The corporation” he wrote in his book *capitalism and freedom*, “is an instrument of stockholder who owns it. If corporation makes a contribution, it prevents the individual stockholder from deciding how he should dispose his funds.” Friedman concludes charitable contribution should be made by individual stockholder- or, by extension, individual employee-not by corporation. Friedman puts- organizational social responsivity comes at the expense of economic result. In contrast, on drawing of Immanuel Kant’s ethics theory, employees, supplier, or local community is not only treated as means but also as an end in themselves (Evan and Freeman (1993). Organizations do not operate in isolation and they benefit from the society.

Moral justification of SCR also emphasized by the great social scientist, Peter Drucker (2008), expressing his views-, profit for firm is like oxygen for person but if the objective of life is only about breathing then you are really missing something. Therefore, the efficient manager must keep the balance among the conflicting interest of external and internal stakeholders. This suggests that, definitions, therefore, can evolve with passage of time and on the expectation of a society. However, Polonsky et al. (2003) argued that there are “no universally accepted definitions of stakeholder theory or even what constitutes a stakeholder” (p. 351). Alexander Dahlsrud (2006) identified at least five dimensions of CSR, which are derived from various published definitions: environment, social, economic, Stakeholder and voluntariness. The variance in definitions is due to the need of the time in the given society and cultural aspect. CSR is different things to different people at different time in different economic conditions.

Ethics and CSR

Here it is important to draw attention of an audience to the issue that responsibility and ethics are two different things. Ethic is a much broader concept and has five distinct core values including responsibility, honesty, respect, fairness, and compassion. Therefore, ethical argument for CSR is based on two philosophical approaches- consequentialist reasoning (outcome orientation) and categorical reasoning (process orientation). (Mark S. Schwarst & Archie B. Carroll, 2003).

Measuring CSR

Simon Zadek (2004) proposed a model that helps managers evaluate which issue in CSR is the most critical, in other words, poses the greatest potential risk and opportunity. Zadek, first identified five stages of organizational learning: *defensive* (to deny responsibility), *compliance* (to do minimum required), *managerial* (integrating CSR into management practice), *strategic* (to embed CSR with strategy and planning), and *civil* (promoting CSR practices industry wide). Secondly, he combines these five stages of learning with four stages of intensity (latent, emerging, consolidating, and institutionalized) in order to measure sensitivity of social issue.

Defining Brand Equity

Brand equity is defined as “the additional value that accrues to a firm because of the presence of the brand name that would not accrue to an equivalent unbranded product” (Keller and Lehmann,

2006, p. 745). Keller (1998) defined brand equity “the differential effect that brand knowledge has on consumer response to the marketing of that brand”. In other words, it means brand has positive differential effects on the mind of consumer and they react more favorably to the brand offering. Brand equity from customer perspective takes into account consumer knowledge, familiarity, and associations with the brand (Dollatabady & Amirusefi 2011; Washburn & Plank, 2002). It represents the difference between overall brand preference and multi-attributed preference based on objectively measured attribute levels (Park & Srinivasan, 1994) and overall quality and choice intention (Agarwal & Rao, 1996). Keller (1993) presented a multidimensional model called CBBE, which later evolved into the CBBE pyramid: brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance. Brand equity definitions have evolved, and include the added value of a name, which can expand to include a broad set of attributes that drive customer choice (Faircloth, Capella, & Alford, 2001) and the relationships between consumer brand perception, brand preference and brand choice (Kim, Jin-Sun, & Kim, 2008). Aaker (1991, 2011), contribution to the concept of brand equity itself is landmark. He grouped it into five categories: perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets such as patents, trademarks and channel relationships which have been widely adopted to measure customer-based brands equity. Keller (1993, 2002) focused on awareness and association. Other authors (Barwise, 1993; Yoo & Donthu, 2001; Yoo, Donthu, & Lee, 2000) also investigated the formation of brand equity and the suggested same dimensions and concluded that those dimension are positively related to brand equity. Konecnik and Gartner (2007) suggest that these dimensions have influence on three component of attitude: conative, affective and cognitive.

CSR as Source of Competitive Advantage

Many researcher concludes that brand equity is an important driver of financial performance (Aaker, 1991; Srivastava & Shocker, 1991; Keller, 1993; Gerzema et al., 2007). Similarly, wide range of study advocate that there is direct relationship between CSR and competitive advantage of firm. (Porter and Kramer, 2002). Porter argues that investment in philanthropic aspect creates long-term competitive advantage. Willingness to invest in corporate social responsibility is not a cost or constraint, but a source of competitive advantage (Yoo, 2015). A large body of investors consider CSR and ethical factors into their investment decisions (Rivoli, 19995, Tylor, 2001). Investors can excludes companies with undesirable or negative features or adopt companies with certain positive features (Cowe, 2002). Hoeffler and Keller (2002) suggest that corporate societal marketing can affect brand equity by building consumer awareness, enhancing brand image, establishing brand credibility, evoking brand feelings, creating a sense of brand community, and eliciting brand engagement. Studies further show that CSR programs can result in favorable evaluations (Brown and Dacin, 1997), stronger consumer identification (Sen and Bhattacharya, 2001), and increased customer satisfaction (Luo and Bhattacharya, 2006). Effective use of corporate social responsibility and brand management can distinguish a company from its competitors and create competitive advantage (Craig, 2003).

Research Method

Reason for empirical research methods- survey and experimental, both are natural science base approach to social science. Smith (1998) points out that the key element of natural science or positivist approach is their belief that social science can measure, social phenomena. Bryman and Cramer (1990:3) advocated and explained the quantitative research process. In this research, data is collected through quantitative survey form using a 5-point Likert scale. The questionnaire was derived based on the instrument developed by Christopher A. Noe with some modifications. Sample size is 57 business students of two main universities in Latvia. The sample characteris-

tics shows male and female ratio of 36.8% and 63.2% respectively. Among age group 72.2 % are less than 35 years and remaining 22.8 % are between 35-55 years old. In occupation, students accounts 57.9%, managers 7%, skilled worker 21.1%, business owners 10.5% and other 3.5%.

Research Hypotheses

Theory or concept is translated into variables so that it can be measured easily and this is called operationalization of concepts (Bridgman, 1927, Hirschi, and Durkheim, 1992). Hypothesis is a premise or claim that researcher want to test and it very often takes form of relation between two or more entities. It allows the researcher to think systematically about envisaged research problem and structure their research plan accordingly (Simon J. Yates 2001). Following hypotheses are developed for this study. LIP denotes as low involvement products and HIP as high involvement products.

- 1 Ho: CSR effect on customer decision is not dependent on the product involvement level
Ha: CSR effect on customer decision is dependent on the product involvement level
- 2 Ho: CSR does not have significant influence on consumer brand choice in case of LIP
Ha: CSR has a significant influence on consumer brand choice in case of LIP
- 3 Ho: CSR has significant influence on the customer decision in case HIP
Ha: CSR does not have significant influence on customer decision in case of HIP
- 4 Ho: CSR has a positive impact on all elements of brand equity
Ha: CSR does not have positive impact on all element of brand equity.

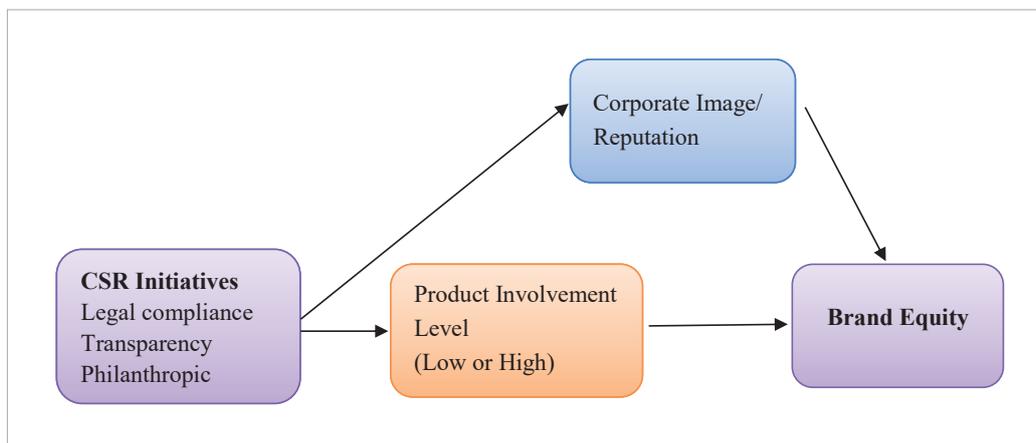


Figure 1

CSR-brand equity model: role of product involvement as mediating factor

Coronbah's Alpha test was performed to check inter data reliability. Coronbah's Alpha values for all the items were found greater than 0.7, which mean high degree of reliability exists between all subscale items.

First, it is found that consumer awareness of CSR is not so high and it is just above an average with the mean =3.09, std.d =1.19. Independent sample t-test also indicates that no gender (male and female) differences exist regarding awareness level of CSR. $r = (57)$, $p\text{-value} .323 > .05$

The results regarding customer's evaluation of four types of CSR initiatives and their relative importance in purchase decision vary significantly with the highest mean values- 4.9 for "information transparency", 4.3 for "compliance to legal requirements", 3.7 for "environment protection" and 3.4 for "corporate philanthropy". Results clearly suggest that customer give very high im-

Results and Discussion

portance to provision of full and correct information, while little or low value to corporate philanthropy. Customer view environmental protection as important but not critical one. It is clear from the results that customers are more concerned about compliance requirements rather participation in voluntary projects that promotes well-being of the society. This is contrary to our assumption that company participation in philanthropic projects enhance corporate image and increase brand loyalty. Corporate philanthropy does not have significant influence on consumer purchasing decision but this does not mean that it does not improve goodwill of the company. This could be the possible case of ineffective execution of philanthropic activities. This is consistent with Michael E. Porter and Mark R. Kramer (2003) who argue that corporation that can demonstrate significant impact on social problem will gain more credibility than those that are merely big givers.

Spearman's rho test of correlation were performed to check the relationship between "customer awareness of CSR" and "relative importance of CSR types". A positive relationship exist between CSR awareness and concern for environment protection. $r(57) = .357, p < .01$. Correlation is significant at 0.01 alpha level. A negative relationship exist between CSR awareness and concern for corporate philanthropy. $r(57) = -.036, p < .01$.

Therefore, mere philanthropic act alone are not sufficient motivation. They should have clear focus and ability to project positive image of organization and for this managers needs to think how they can enhance effectiveness of corporate philanthropy.

Spearman's correlation test were also performed to analyze the impact of CSR on customer decision. It was found that the subscale "CSR importance in purchase decision" has significant relation with subscale "CSR effects on low involvement product" $r(57) = .436, p > .01$. Correlation is significant at 0.01 alpha level. Similarly, spearman's correlation test show that subscale "CSR importance in customer purchase decision" is significantly correlated with "high involvement product" subscale. $r(57) = .536, p < .01$. Correlation is significant at 0.01 alpha level. It is clear from the results that CSR effect on low involvement products is not significantly high as compared with high involvement products. Although CSR effects customer decision in both product cases but with different intensity.

Descriptive statistics in table 1.0 clearly shows that CSR effects on customer brand choice of high involvement and low involvement products are not the same. So we can conclude that CSR has strong influence on customer brand choice in case of high involvement products i.e. expensive and luxury items, in contrast, it has not significant influence on customer decision in case of involvement products i.e. less expensive and daily use items.

Table 1
CSR effects on
customer brand
choice of LIP and HIP

	CSR effects on low involvement products	CSR effects on high involvement products
Valid	57	57
Missing	0	0
Mean	3.16	3.42
Median	3.00	4.00
Mode	4	4
Std. Deviation	1.031	1.034

Therefore, based on these results, we can draw conclusion that CSR influence on customer brand choice is dependent on product involvement level. Similarly, CSR has significant effects on customer decision in case of high involvement products and little influence in case of low involvement products.

The relative importance of CSR in customer purchase criteria is also measured and it is found that customer give more importance to CSR when purchasing high involvement prod-



Figure 2

Relative importance of CSR in customer purchase decision

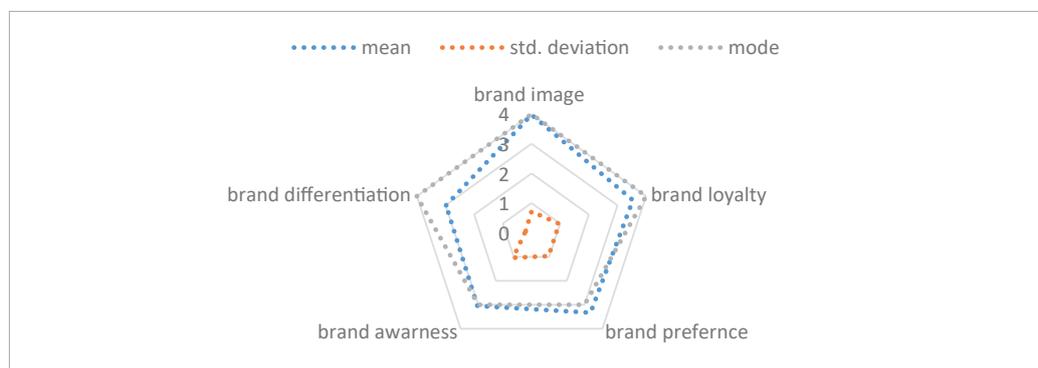


Figure 3

CSR effects on elements of brand equity

uct with mean value of 3.4 compared to mean value 3.12 for low involvement product. These results are consistent with previous findings to support our research premise.

Further results revealed that CSR effects on brand equity are not the same and vary across different elements of brand equity. For instance, CSR effects on brand image are high with mean= 3.98, std.d =.719 followed by brand loyalty (mean =3.54, std.d =.965); brand preference (mean= 3.33, std.d 1.042); brand awareness (3.05, std.d= 1.042) and brand differentiation (mean=2.98, std.d = 1.96). As the results indicate that CSR has strong effects on brand image and brand loyalty; while moderate effect on consumer brand preference. On other hand, CSR fails to strengthen awareness and differentiation elements. In others words, customers cannot easily recall, recognize and differentiate the CSR practicing brand from others. Previous studies shows that effective use of corporate social responsibility and brand management can distinguish a company from its competitors and create competitive advantage (Craig, 2003). Firstly, reason for weak effects of CSR on some elements are due to inefficient management of CSR program. Secondly, this is also worth mentioning that CSR initiatives does necessarily results into strengthening of all the elements of brand equity. Because CSR programs are carried out at limited scale and thus, get little attention of the target audience. Researcher in the past have also argued that "CSR effectiveness does not means every corporate expenditure will bring a social benefit or social benefit improve competitiveness" (Michael E. Portter and Mark R. Kramer, p33)

As consumer behavior is complex to measure, so is the brand loyalty. It is hard to predict the actions of consumers in multi- stimuli response environment. Acid-test ratios of CSR and brand loyalty suggest that consumer preference and choice of CSR practicing brand is conditional. CSR is not the primary factors in customer brand choice; it should be coupled with other source of competitive advantage.

Figure 4
CSR brand loyalty
sensitivity map

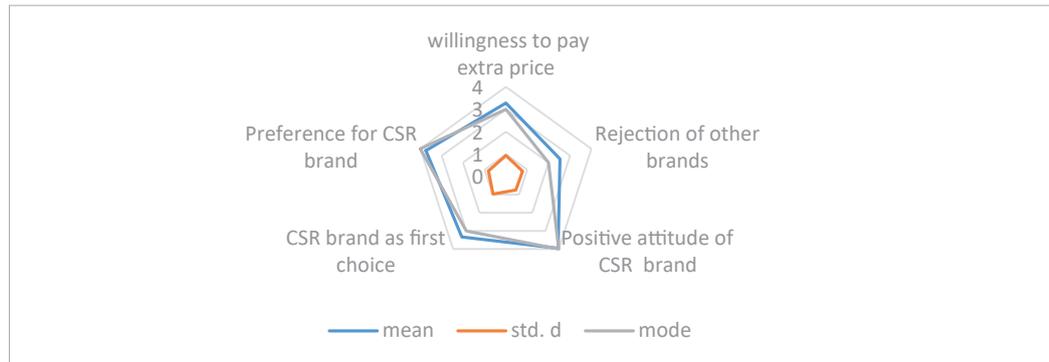


Figure 5
Customer perception of
CSR and industry

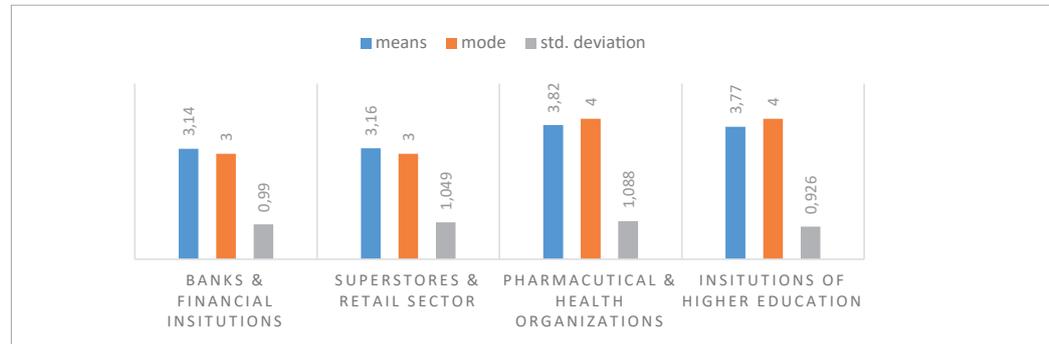


Fig 4 shows us that customer has strong positive attitude and preference for CSR practicing brand but at the same time, they are less likely to reject other brands. Price is important factor in customer decision-making process and they are not willing to pay premium price for CSR practicing brand. Among two similar options, customer gives preference to CSR practicing brand but customer do not choose CSR practicing brand as first choice. We can infer from these findings that CSR offers customer brand preference and positive brand attitude. Managers needs to embed CSR with other brand benefits to gain maximum advantage. As CSR alone is not sufficient motivation to buy the product. In other words, CSR image cannot be substitute for better price and quality, while customer can sacrifice CSR for better price and quality in purchasing decision.

In this part, we discuss customer perception of CSR and certain industries in Baltic region. Customers have just an acceptable view of organizational good conduct and ethics. It means customer perception of organizational good conduct is not so high. Customers generally believe that most organization do not follow all the legal and ethical requirements which benefits the society with mean= 3.11, mode=4, std.d=.976. Customer also fairly believe that CSR is used as tool to get customer sympathy and maximize profit in the name of society well-being with mean score= 3.60, mode=4, std.d=.799.

Fig 5 shows customer CSR perception of four difference industries- banks, pharma& health, superstore and higher education institutions. At first, customer ranked pharma and health industry high on CSR initiatives (mean=3.82) followed by higher education institutions (mean=3.77) superstores (mean=3.16) and banks & financial institution (mean=3.14). Last two industries have poor perception in term of CSR and needs to take initiatives to improve customer perception.

Conclusions

Adrain Cadbury (2002), said, there is no conflict between social responsibility and efficient and profitable use of scarce resources. CSR provide an effective mechanism to create, preserve, and improve the company's reputation and brand image. CSR has positive effects on brand equity

and provide competitive advantage to the company. There are enough evidence to suggest that CSR influence on brand choice is dependent on customer involvement level with product. Hence, product involvement level plays a mediating variable role in CSR effects on brand equity. CSR has greater impact on customer decision in case of expensive and luxury items than less expensive and daily use items. Customer value most the information transparency and legal compliance of the company than participating in corporate philanthropy. Environmental protection initiative is also an important factor in shaping customer perception of CSR. All the financial institutions and superstores in Baltic region need to adopt CSR in strategic planning and brand building activities.

Based on the findings of this study, following suggestions are proposed for management and industry in Baltic and other European countries. Firstly, organizations need to focus on transparency of information and provide customers full and accurate information. Because customers value this aspect in their purchase decision. Secondly; manager needs to identify real need and clear objective to participate in voluntary project promoting society well-being. Managers also requires effective management of CSR program to get maximum benefits of it. Mere participation in corporate philanthropy without analyzing intended outcomes results into waste of resources. Thirdly, superstore and banking sectors needs to adopt CSR in order to improve consumer negative perception in this context. At fourth, management should embed CSR at strategic as well as operational level. Integrating CSR at micro level (product) may bridge gaps in brand equity and provide strong competitive advantage. Finally, high involvement products like fashion and luxury brands could face great challenges regarding CSR. They cannot simply avoid CSR and need a strategy to respond quickly to issues like sustainability and environmental protection, ethical conduct and fair business practices in order to gain sustainable competitive advantage and brand differentiation.

Recommendations

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Notes for contributors

General Requirements

The article should be prepared by *Microsoft Windows* operational system *Microsoft Word* text editor. The author submits the paper by registering to www.eis.ktu.lt

The suggested length of the article is ~4000–8000 words.

The structure of the article should correspond to the general requirements of research papers. It should clearly present the research problem, the aim, research methods, results and discussion, conclusions, references, according to the American Psychological Association 6th edition system used in the journal. Presented papers will be reviewed by two experts.

5. If you are referring to some authors in the paper, the name of the author and the year of publication should be indicated in the text and a full list of references provided at the end of the article.

Structure of the article should be as follows:

- _ Title of the article;
- _ Full name of the author;
- _ Abstract in English (approximately 1500–2000 printed characters);
- _ Keywords (5–7);
- _ Introduction;
- _ Theoretical background/literature review;
- _ Methods;
- _ Results and discussion;
- _ Conclusions;
- _ References;
- _ Date of submission (year, month);
- _ Information about the author.

Submitting the paper, the following data about the author (no more than 600 printed characters) should be presented separately:

- _ Name, surname;
- _ Scientific title and the title referring to a research field or trend;
- _ Area of research interests;
- _ Author's working place, its address and e-mail.

Requirements for the Preparation of an Electronic Form of an Article

Text. An article shall be submitted according to the sequence specified in the general requirements of the article. The text of the article shall be submitted in A4 format (210 x 297 mm), using only the necessary text formatting, 11 pt. Times New Roman text font and 14 pt. Times New Roman font in Bold for article headings.

Illustrations. Text in the tables and charts shall be written in 9 pt. font, using single line spacing. Tables and charts shall be numbered and have titles.

Tables, charts and illustrations shall be submitted in separate files (not only in Word software). If illustrations are prepared using Excel software, it is necessary to provide open operational files of illustrations. The photo resolution shall not be less than 300 dpi.

References

The list of references is presented in one column (10 pt) according to the alphabet. References (not less than 25 resources, wide use of ISI (<http://www.isinet.com/isi>). Here are some basic reference forms (*journal article; working papers; book; book chapter; the internet address*).

Journal article:

Broner, F., Didier, T., Erce, A., & Schmukler, S. L. (2013). Gross Capital Flows: Dynamics and Crises. *Journal of Monetary Economics*, 60(1), 113–133.

Working papers:

Artige, L. & Nicolini, R. (2006). *Evidence on the Determinants of Foreign Direct Investment. The Case of Three European Regions* (No. 07) (p. 33). Retrieved from <http://www2.ulg.ac.be/crepp/papers/crepp-wp200607.pdf>

Book:

Daugeliene R. (2011). ES ekonomine integracija: priezastys, raida, perspektyvos (p. 281). KTU: Technologija.

Book chapter:

O'Neil, J. M., & Egan, J. (1992). Men's and women's gender role journeys: Metaphor for healing, transition, and transformation. In B. R. Wainrib (Ed.), *Gender issues across the life cycle* (pp. 107–123). New York: Springer.

Internet Access:

European Commission. (2013). TARIC Consultation methodology. Retrieved December 14, 2013, from http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&Taric=&EndPub=&MeasText=&Area=RU&Regulation=&LangDescr=&MeasType=&SimDate=20131025&StartPub=&OrderNum=&GoodsText=&Level=&Expand=true