

**Corporate Social Responsibility  
and  
its effects on Brand Trust**

AUT Business School

A thesis submitted to Auckland University of Technology in fulfillment of the  
requirements for the Masters of Business

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## TABLE OF CONTENTS

LIST OF FIGURES .....	iv
LIST OF TABLES .....	iv
ATTESTATION OF AUTHORSHIP .....	v
ACKNOWLEDGEMENTS .....	vi
CHAPTER ONE: INTRODUCTION .....	1
1.1 Problem Orientation .....	1
1.2 Background to the Research Problem .....	3
1.3 Research Question and Justification .....	5
1.3.1 The problem addressed in this research is: .....	5
1.3.2 Definitions .....	5
1.3.3 Main Bodies of Theory .....	6
1.3.4 Conceptual Framework .....	7
1.2Justification for Research .....	8
1.5 Research Methodology .....	9
1.6 Outline of the Thesis .....	10
1.7 Delimitations .....	11
1.8 Conclusion .....	12
CHAPTER TWO: LITERATURE REVIEW .....	13
2.1 Introduction .....	13
2.2 Corporate Social Responsibility .....	14
2.2.1 CSR Definition .....	14
2.2.2 Corporate Strategy .....	15
2.2.3 Leadership .....	17
2.2.4 Financial Benefits of CSR .....	20
2.3 Research on CSR Relationships .....	22
2.4 Stakeholders and Shareholders Relationships with CSR .....	24
2.4.1 Stakeholders .....	24
2.4.2 Shareholders .....	25
2.5 Measurements of CSR .....	26
2.5.1 Ethics and CSR .....	26
2.5.2 CSR and the Environment .....	27

2.5.3 Economic Performance and CSR.....	28
2.5.4 Employees and CSR.....	29
2.6 CSR and Brand Trust .....	31
2.6.1 Consumer Attributions and Corporate Reputations .....	32
2.6.2 Corporate Reputation and Trust in relation to CSR .....	34
2.6.3 Cause marketing and Trust .....	35
2.7 Brand Trust .....	37
2.7.1 Brand Trust Measurement.....	37
2.7.2 Brand Trust Associations .....	37
2.8 Conclusion .....	39
CHAPTER THREE: METHODOLOGY .....	40
3.1 Introduction.....	40
3.2 Research Problem .....	41
3.3 Research Approach .....	42
3.4 Survey Research Method .....	43
3.4.1 Sample.....	44
3.5 Questionnaire Design.....	46
3.5.1 Questions and Scale Measurement .....	46
3.5.2 Company Scenario .....	49
3.5.3 Questionnaire format.....	50
3.5.4 Pretesting the Questionnaire .....	50
3.6 Data Collection .....	51
3.7 Summary of Research Design.....	53
3.8 Data Preparation.....	54
3.8.1 Data Coding and Entry.....	54
3.9 Data Analysis Methods .....	55
3.10 Ethical Considerations .....	56
3.11 Conclusion .....	57
CHAPTER FOUR: DATA ANALYSIS .....	58
4.1 Introduction.....	58
4.2 Profile of Respondents .....	59
4.3 Exploratory Data Analysis .....	60
4.3.1 Descriptive Statistics.....	60
4.3.2 Normality .....	63

4.3.3 CSR Mean Comparisons .....	63
4.4 Measurements of Reliability .....	66
4.5 Exploratory Factor Analysis .....	69
4.5.1 Appropriateness of using EFA .....	69
4.5.3 Extraction of Variables .....	70
4.6 The Effects of CSR on Brand Trust .....	75
4.6.1 Regression Coefficients .....	76
4.6.2 Tolerance Levels .....	76
4.6.3 Regression Coefficients for Luxor A .....	77
4.6.4 Regression Coefficients for Luxor B .....	78
4.6.5 Tolerance Levels for Luxor A and Luxor B .....	78
4.7 Conclusion .....	79
CHAPTER FIVE: CONCLUSIONS AND IMPLICATIONS .....	81
5.1 Introduction .....	81
5.2 Overview of the Study .....	82
5.3 Discussion of Findings .....	84
5.3.1 CSR Factor Analysis .....	84
5.3.2 CSR Mean Score Differences .....	86
5.3.3 CSR effects on Brand Trust .....	87
5.4 Theoretical Implications .....	89
5.5 Managerial Implications .....	91
5.6 Limitations of Study .....	92
5.7 Future Research Suggestions .....	93
5.8 Conclusion .....	95
REFERENCES .....	96
APPENDICES .....	110
APPENDIX A: ETHICS APPROVAL FORM .....	110
APPENDIX B: PARTICIPANT INFORMATION SHEET .....	112
APPENDIX C: COMPANY SCENARIOS .....	115
APPENDIX D: QUESTIONNAIRE .....	117

## **LIST OF FIGURES**

Figure 1.1 CSR effects on Brand Trust

Figure 3.1 Research Design Summary

## **LIST OF TABLES**

Table 3.1: Quota Sampling Age Groups

Table 3.2: Data Collection Time Periods

Table 4.1: Descriptive Statistics

Table 4.2: T-Test Mean Comparisons for Corporate Social Responsibility

Table 4.3: Reliability Measure for All Interval-Scaled Variables

Table 4.4: Corporate Social Responsibility Dimensions and Variables

Table 4.5: Brand Trust Dimension and Variables

Table 4.6: Regression Output

Table 4.7: Regression Output Luxor A

Table 4.8: Regression Output Luxor B

## **ATTESTATION OF AUTHORSHIP**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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Aimie-Jade Barnes

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## ABSTRACT

Research identified that corporate social responsibility (CSR) has had a positive impact on consumer behaviour, but even so little was known about these effects (Sen & Bhattacharya, 2001). The limited amount of research on CSR and consumer behaviours to date has determined that CSR affects consumers both indirectly and directly, through company evaluations and purchase intentions, but the effects are varied (Sen & Bhattacharya, 2001). Research into trust specifically in a brand context is limited (Delgado-Ballester, 2004) and the relationship between CSR and brand trust specifically needs to be investigated.

This research investigates the relationship between CSR and brand trust, as well as the variables that best represent CSR. The study empirically measured CSR using an adapted scale based upon Turker's (2009) CSR scale and a brand trust scale developed by Delgado-Ballester and Munuera-Aleman (2001). The data for the study was collected in a mall-intercept survey undertaken in Botany Town Centre.

The findings showed that two components represented CSR which were legal & employee and ethics & economic. As these components represent CSR, it would indicate there are different areas that both represent CSR and effect brand trust. In the multiple regression analysis, the legal & employee component was the most influential component for the overall data and the socially responsible company.

CSR explained a 22% variance on brand trust. The variance of brand trust that is explained by CSR in regards to the socially responsible company is greater than the variance explained by the less socially responsible company. The more socially responsible the company the larger percentage effect CSR has on brand trust.

Overall this study explores the linkages between CSR and brand trust. This study provides a foundation for further research and identifies several important implications for the leaders of organisations to consider in terms of CSR investment and the effects on brands within their portfolio.



## CHAPTER ONE: INTRODUCTION

### 1.1 Problem Orientation

This thesis investigates two areas of marketing, corporate social responsibility (CSR) and brand trust. Research that specifically considers CSR and consumer brand trust (hereafter brand trust) and the relationship between the two, has not been investigated to a great extent. Research does suggest there is a positive relationship between CSR and consumer attitudes (Creyer & Ross 1997; Ellen, Mohr & Webb, 2000) but the relationship between brand trust and CSR has not been researched in-depth. This thesis expands this area by conducting further exploratory research into the relationship between CSR and brand trust.

Consumer trust is an asset, which companies can use to generate positive outcomes in every consumer relationship or transaction. Coinciding with this is different levels of trust (Pivato, Misani & Tencati, 2008). Harnessing trust in a business-to-consumer relationship influences the attractiveness of a brand or company and possibly increases the positivity towards line extensions. Corporate social responsibility could in turn be used to influence brand trust and positive association.

CSR has become an increasingly important issue in business (Duarte, 2010; De Los Salmones, Crespo & Del Bosque, 2005). The emergence of CSR has led to the investigation of CSR in relation to many other aspects such as community, loyalty and consumer-company fit (Pelozo & Shang, 2011).

Organisations can actively promote CSR aspects of operations in order to enhance positive reputation, combat bad reputation or change consumer attributes towards the brand or company. CSR can also be used as a means for organisations to attract quality employees (Albinger & Freeman, 2000) and differentiate from competitors while building positive reputations (Ellen, Webb & Mohr, 2006).

The development of positive reputations and consumer attributions by an organisation serves two purposes, to improve economic gains and address sincere social concerns (Ellen et al., 2006). An example of a company that has used CSR to help develop brand image is the Haagen-Dazs ice cream company. Haagen-Dazs chose a cause to support that had specific fit

to the product of ice cream, which was preserving honey bee populations. A large majority of the ingredients come from products which use honey bees as a means of pollination. Haagen-Dazs developed special 'bee-built' flavours to raise money for saving bee populations while increasing awareness of the honey bee issue (Haagen-Dasz, n.d.). Whether CSR will influence brand trust, as with company reputation and employee attraction, needs to be determined.

Firstly, chapter one outlines the background to the research problem, followed by the main bodies of theory and contributions made by the research. Secondly, a conceptual framework to the study is illustrated followed by a justification for conducting the research. Thirdly, the study methodology is described followed by an outline of the thesis and delimitations of the study. Lastly, the chapter will be concluded.

## 1.2 Background to the Research Problem

Sen and Bhattacharya (2001) identified market polls suggested that CSR had a positive impact on consumer behaviour, but even so little was known about the effects of CSR on the consumer. A limited amount of research has been conducted on CSR and consumers to date. Sen and Bhattacharya (2001) investigated CSR and consumers and determined that CSR affects consumers both indirectly and directly, through company evaluations and purchase intentions, but the effects are varied. Ellen et al. (2006) suggest that consumer trust in a company is an intervening factor in the intended effects of CSR activities, both good and bad. The relationship between CSR and brand trust specifically needs to be investigated.

CSR aids the building of brand equity, especially when there is a consistent commitment to CSR efforts in the long term by an organisation. One example is the company SalesForce.com who donate 1% of company profits, 1% of employee time and 1% of equity to other charities (BBC News, 2006). The SalesForce.com policy also attracts a committed and high achieving team of employees. In order to build this brand equity, consumers need to have faith in the company commitment to CSR.

The purpose of CSR is to promote an image and enhance reputation, but trust helps maintain long term relationships with the consumer (Delgado-Ballester & Munuera-Aleman, 2001). CSR can influence corporate reputation positively, but does little to combat negative reputation in the long term (Yoon, Gurhan-Canli & Schwarz, 2006; Ellen et al., 2006). The reputation an organisation has involves an element of trust of behalf of the consumer.

Consumer trust is a major component of brand loyalty, which reduces a consumers desire to switch products. Organisations aspire to have loyal consumers, in order to reduce the costs associated with obtaining new clients as well increasing consumer fulfilment in terms of product offering.

An issue organisations have is determining which CSR activities to participate in, especially when incorrect fit between a cause and a company can have a negative effect on consumer perceptions. If consumers suspect the company is participating in CSR for self-centred means, it also creates negative perceptions (Ellen et al., 2006). If a company could determine specific activities to be involved with in order to influence trust towards a brand, which fits in

with the company image, this could provide an important channel for creating positive consumer associations to foster customer loyalty.

## **1.3 Research Question and Justification**

### **1.3.1 The problem addressed in this research is:**

*What effects does Corporate Social Responsibility have on Brand Trust?*

I conclude that two factors representing CSR have some effect on brand trust. These two factors are a combination of ethics and economic aspects and a combination of legal and employee aspects.

### **1.3.2 Definitions**

Turker (2009) defined four major aspects to CSR, environmental, internal employment, ethical and legal. Each aspect covers a range of sponsorship, donation, work/life balance and environmental questions. Although these aspects were used in this study, the definitions of CSR vary greatly and this is important to note. A broader definition can include a variety of CSR aspects such as philanthropy (De Los Salmones et al., 2005; Godfrey & Hatch, 2006; Piercy & Lane, 2009). The development of a broad definition is important, as a variety of aspects could affect brand trust.

For the purpose of my research, the definition of CSR provided by the European Commission (cited in Piercy & Lane, 2009, p.1) will be used: “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. Wood’s (1991) definition includes social policies and programmes, as well as relating outcomes to the societal relationships an organisation develops.

Policies and programmes are a part of business operations as per the European Commission definition, with interaction with stakeholders meaning the same as societal relationships. The European Commission definition was selected as it combines both the social and environmental topics of CSR, along with business operations which includes strategy, employees and stakeholders. This definition considers the impact of CSR to not only consumers but other individuals and organisations, while highlighting that CSR is a voluntary practice.

### **1.3.3 Main Bodies of Theory**

CSR can have an effect on an organisation and the consumer in different ways, as demonstrated by the following literature.

De Los Salmones et al. (2005) determined that the only effect social responsibility had on consumer loyalty was indirectly through the service valuation. Pomeroy and Dolcinar (2009) concluded that a majority of consumers were not aware of CSR methods in use by the organisation and in most cases were not being provided with the proper information for their needs, even though the organisation considered CSR communication important.

Duarte (2010) found although managers have differing values in regards to specific CSR activities to engage in, the overall evaluation was that the managers encouraged CSR and believed in it, which was reflected in the organisational culture. However, Duarte's (2010) study was an exploratory study and would benefit from some further research. Pivato et al. (2008) found a positive correlation between trust in organic products and trust in private label organic products, which effected brand loyalty. The CSR activities also impacted positively on brand trust.

Becker-Olsen, Cudmore and Hill (2006) discovered the better the fit and motivation between the company and the cause, the more positive thoughts were associated with the company. Timing was important, the more proactive the company was in CSR activities, the more positive the association, including purchase intention.

### 1.3.4 Conceptual Framework

The conceptual framework is based upon Turker (2009), with adapted corporate social responsibility aspects. CSR is a multidimensional subject and for the purpose of this study, the CSR aspects include employees, ethics, economics and legal factors. These factors are explored to determine if any effects are apparent on consumer brand trust.

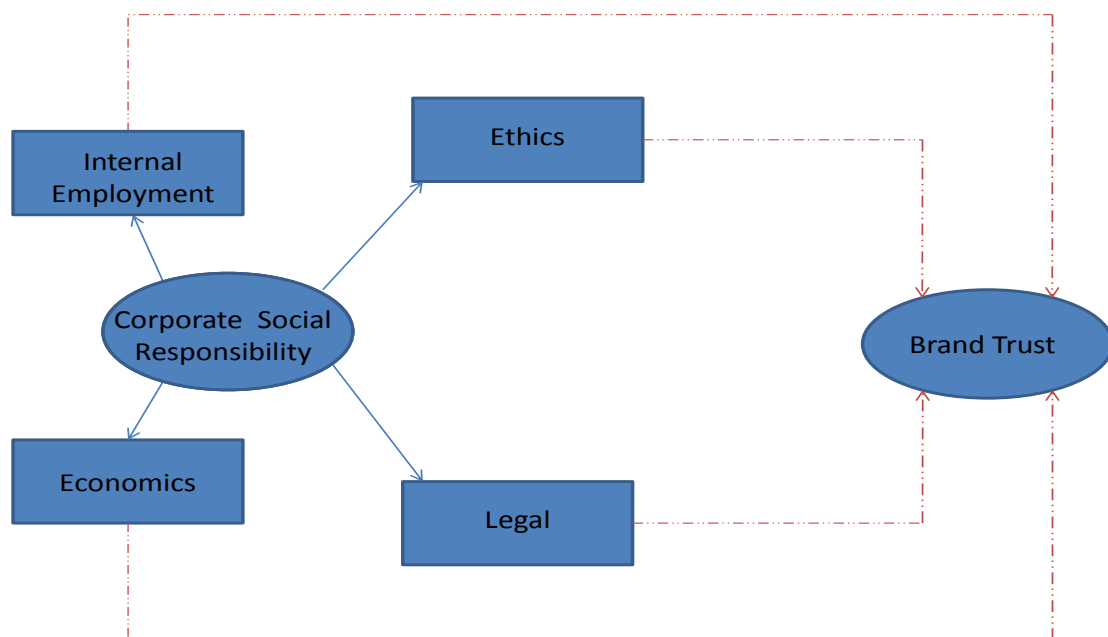


Figure 1.1 CSR effects on Brand Trust

## 1.2 Justification for Research

Brand trust in relation to the general brand context has not been fully explored (Delgado-Ballester, 2004). CSR activities and the effects on consumer brand perception have not been covered extensively and in some cases mixed findings were apparent in the research (Gurhan-Canli & Fries, 2009). Research that has been previously conducted has placed brand trust in a brand loyalty focus and prior to Delgado-Ballester (2004) there was not a current trust scale in the brand setting that existed.

CSR is used for brand building purposes through the marketing and brand promotion of positive activities, such as sponsorship of an event or donation to a charity (Gurhan-Canli & Fries, 2009). Brand building can include cause-related marketing, which highlights social activities to promote a brand directly through marketing. Cause-related marketing activities include sponsorship of events and philanthropic efforts such as monetary donations to charitable organisations.

Through brand building, CSR can affect brand identity, involving brand influence, which includes values, traits and objectives (Curras-Perez, Bigne-Alcaniz & Alvarado-Herrera, 2009). Brand trust has a strong relation with satisfying individual consumer needs and consumer satisfaction in particular can influence brand attractiveness (Curras-Perez et al., 2009). CSR can be used as a tool to influence feelings, enhancing consumer trust and ultimately increase brand attractiveness.

CSR is an important concept for businesses, if it was found to have an effect on brand trust it may encourage more engagement in CSR activities. Further information on the CSR and trust relationship could benefit businesses by identifying specific activities that could be undertaken to strengthen trust with consumers. The relationship between brand trust and CSR could unleash untapped potential in businesses. The benefit of this research is the ability to conduct exploratory research in an area which has not been fully explored.



## 1.5 Research Methodology

The methodology for this study is positivist, following Turker's (2009) approach. A positivist approach distinguishes between theory and research and the researchers role is to test theory (Bryman & Bell, 2007, p.154). The basis of the strategy for investigation is a survey. Questionnaires can provide accurate data from which conclusions can be easily drawn. Many previous studies investigating CSR and the relationships with different areas have used questionnaires (e.g. corporate associations, Ellen et al., 2006; CSR initiatives, Pomeroy & Dolcinari, 2009). Other methods include analysing financial and market reports against CSR activities and interviews.

In addition, personally administering questionnaires when face-to-face has many benefits, including, ability to build rapport, provide clarifications to any questions asked by participants and collecting surveys directly after completion (Cavana, Delahaye & Sekaran, 2001, p.243). Participants can also remain anonymous when questionnaires are used.

The method of data collection is a mall-intercept survey in which every third shopper entering or leaving the main entrance of the shopping complex, Botany Town Centre, will be selected and approached to fill in a questionnaire. Sudman (1980) suggests it provides an unbiased sample by sampling at shopping mall entrances. A quota sampling method will be used, in which 100 participants across multiple age groupings will be chosen.

This study is a field experiment and is exploratory. Every third shopper that consents to participate and fulfils an age quota, will be given a company scenario with either a socially responsible (Luxor A) or non-socially responsible (Luxor B) hypothetical company on which to base the questionnaire answers.

Once the data is collected it will be cleaned and tested to meet the assumptions of multivariate analysis. The analysis will be on the four separate components of CSR (employees, ethics, economics and legal) as independent variables and the dependent variable of brand trust. As it is an exploratory study, correlations between data as well as a Cronbach Alpha test will be analysed. An exploratory factor analysis will be used to test the reliability and validity of the data (Cavana et al., 2001, p.439).

A multiple regression will be applied to the overall results as well as the separate company results. Regression compares the effect the CSR (independent variables) had on brand trust (dependent variable). The methodology will be covered in detail in chapter three.

## **1.6 Outline of the Thesis**

Chapter one discusses the background of the study, methodology and thesis structure. Chapter two will be a review of both past and current literature surrounding corporate social responsibility, branding and brand trust. Chapter two also includes the empirical findings from the major literature related to CSR.

Chapter three, methodology, will cover research procedures such as sample and method of data collection, ethical considerations and method of data analysis. Followed by chapter four which includes a description of the subjects surveyed, patterns found in the data, extraction of the final components and the analysis results.

Lastly, chapter five will make final conclusions on the research and overall findings. Chapter five includes conclusions on the relationship between CSR and brand trust and implications for managers. Limitations to the study will be outlined and opportunities for further research will be discussed.

## **1.7 Delimitations**

The study was limited to one shopping centre, namely Botany Town Centre, in East Auckland. The suburb of Botany has a large population of immigrants and mixed cultures, which provides a sample which is more likely to cover different ethnic groups. A larger immigrant population leads to a greater chance of variety of participants, as well the ability to target different age groups.

The study does not provide room for any other individual interpretation towards CSR and brand trust such as an interview approach would. However, using the survey method allows both the measurement scale of CSR to be tested and is a good basis for exploring the research question.

## **1.8 Conclusion**

The relationship between CSR and consumers needs further investigation (Sen & Bhattacharya, 2001). This study seeks to enrich this research area by investigating the relationship between CSR and brand trust. There is an opportunity for businesses to harness CSR to help develop consumer loyalty, by gaining insight into ways to invoke trust, a key component of loyalty. Although the problem stands that as long as companies have no proof that CSR may improve brand perception, namely trust, it may be an opportunity wasted.

A definition for CSR has been chosen that represents all relevant sections presented in this study, including employees and stakeholders. Although other definitions have been identified, each of them contributes to a multidimensional approach to CSR.

The method for the study is a questionnaire, obtained through a mall-intercept method, which can provide accurate information while providing anonymity to the participants. Delimitations to the study include the area of location that was chosen and the method for data collection.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

To quote Porter and Kramer (2002, p.3), “When corporations support the right causes in the right ways...they set in motion a virtuous cycle”. But the question is, does this virtuous cycle simply support a company’s bottom line or are there further marketing benefits? Supporting the right causes through corporate social responsibility (CSR) may have benefits to a brand and this chapter discusses both CSR and brand.

This chapter covers a wide range of topics relating to both corporate social responsibility (i.e. strategy, cause marketing and stakeholders) and branding, including the connections that occur between the two. Firstly, a general CSR background is discussed which includes defining CSR, corporate strategy, leadership, stakeholders and importantly, CSR and financial performance. The literature demonstrates the influence of CSR and the ideal conditions for CSR implementation. Secondly, empirical evidence supports the topic discussed. Thirdly, different measurement areas of CSR are described.

The measurement section includes a discussion on the relationship between CSR and employee, ethics, economics and environmental backgrounds. A variety of literature covering aspects such as organisational commitment and CSR, ethical reasoning and economic performance is examined. Fourthly, linkages between branding and CSR are examined, highlighting consumer attributions and consumer reputations as important factors. Fifthly, brand trust is examined. Lastly, a conclusion is made.

## **2.2 Corporate Social Responsibility**

CSR has received increasing attention, in business settings and the media (De Los Salmones et al., 2005; Pivato et al., 2008). However, Sen and Bhattacharya (2001) concluded the effects of CSR on consumer behaviour and brand attitudes have been limited. Although research does suggest consumers are affected in a positive way by CSR (Ellen et al., 2006; Creyer & Ross, 1997). Delgado-Ballester and Munuera-Aleman (2004) also suggest there has been limited analysis of brand trust in terms of consumers. Further research on the impact of CSR and brand trust specifically is required. CSR could have direct impact on brand trust, appealing to the emotive side of consumers by making the brand or company appear caring and reliable, but there needs to be more supporting evidence.

CSR is a powerful tool for leaders to use in strategy. However not all firms will achieve the same positive outcome. This is because the execution (leadership), support (employee) and exploitation (cause-related marketing communications and branding) of CSR activities are not the same in every organisation (Brown, 1998; Sen & Bhattacharya, 2001).

This section includes definitions, strategy, leadership and financial performance in relation to CSR. Firstly, definitions of CSR will be discussed, it is important to decide on a definition prior to completing the research to identify which areas contribute to CSR.

### **2.2.1 CSR Definition**

CSR is the concept of organisations promoting, participating and initiating social programmes in order to address an issue or concern in the wider community. A broad definition, including multiple dimensions such as philanthropy and stakeholders, is favoured by academics (De Los Salmones et al., 2005; Godfrey & Hatch, 2006; Piercy & Lane, 2009). The definition of CSR has developed over time from the 1950s to the present. Literature from the 1980s onwards presents fewer set definitions and further research into CSR (Carroll, 1999).

Porter and Kramer (2002) described CSR as a form of corporate philanthropy, which can be combined with economic benefits to provide a form of competitive advantage. Although, Godfrey and Hatch (2006) suggest socially responsible actions and the wider concept of CSR have no clear association.

Carroll (1999) examined a series of CSR definitions across the decades. One original 1950s definition suggests CSR refers to policies or decisions of businessmen that reflect value and objectives in society. The definition includes businessmen, or the employee, who is also a stakeholder. The definition examined in Carroll (1999) included policies and decisions, which is similar to business operations and strategy. In contrast though, this early definition of CSR does not include all stakeholders.

Wood (1991) defined corporate social performance, an alternative theme of CSR, as principles of social responsibility, policies, programmes and the relationship outcomes. Wood's (1991) definition includes both stakeholder relationships and CSR strategy in regards to the creation of social programmes and policies; these are similar topics of CSR covered by the earlier definitions.

The definition outlined in chapter one by the European Commission incorporates both social and environmental concerns while considering business operations and stakeholders. The European Commission definition was selected as it combines both the social and environmental aspects of CSR, along with business strategy, stakeholders and employees. The definition that is used in this study is, as provided by the European Commission (cited in Piercy & Lane, 2009, p.1) will be: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

### **2.2.2 Corporate Strategy**

Strategy is the long term vision and goals for an organisation. CSR can involve long term participation and support from an organisation which needs to be integrated into a strategy. There is emphasis placed on incorporating CSR into corporate strategy for companies (Cruz & Pedrozo, 2009). Cruz and Pedrozo (2009) suggested three dimensions that must be

addressed in order to incorporate CSR successfully into strategy. These are governance (including communication with stakeholders), ethics and learning (increasing awareness of CSR and information). Cruz and Pedrozo (2009) also suggest there is little research into CSR and multinational corporations. Further investigation is needed on the impact of different organisational structures and the effectiveness of CSR implementation. Having a flexible and strategic process when it comes to implementing environmentally focused policies could help a company compete; business leaders need to create the flexibility to respond to different environmental situations and develop policies proactively (Dwyer, 2009).

Godfrey, Merrill and Hansen (2008) suggest that CSR could have ‘insurance-like’ properties in relation to risk management. The good reputation a company develops from CSR can help counter the bad publicity and shareholder impact from a negative event, which means less impact on the brand. Reputation is affiliated with consumer attributes and has an effect on brand trust. Godfrey et al. (2008) found institutional CSR created goodwill towards stakeholders and had significant impact. Companies that participate in CSR can be considered as being less risky and more economically secure (Menz, 2010). Menz (2010) determined the risk premiums, or the expected monetary return on a risky asset, for socially responsible companies were higher, all other things equal. Investors were also less concerned with CSR ratings in terms of risk compared to credit ratings.

There are a number of factors that affect the ability to develop competitive advantage (De Sousa Filho, Wanderley, Gomez & Faranche, 2010; Sharp & Zaidman, 2009) which could include organisational values, stakeholder relationships and management decisions; CSR can affect all these aspects. CSR can be strategically managed in order to produce competitive advantage for companies. Sharp and Zaidman (2009) suggest CSR can be considered a solid strategy on which to develop an advantage. Quairel-Lanoizele´e (2011) concluded competitive advantage is obtainable as long as the CSR strategy cannot be imitated and suggest different strategies for CSR based upon the type of competitive environment. Competitive advantage can be gained through CSR by increasing company reputation and positive association, as well as attracting better equipped employees (De Sousa Filho et al., 2010). CSR activities can attract quality employees and this can provide a competitive advantage for an organisation (Albinger & Freeman, 2000; Greening & Turban, 2000; Backhaus, Stone & Heiner, 2002).



A CSR strategy, similar to a general strategy, is a long term plan developed in terms of specific activities and investments aligned with the organisation. A CSR strategy is a sustainable plan that builds upon a brand (Ogrizek, 2001). Strategy development for CSR can differ from general strategy development when it comes to communication; a more informative style is required rather than persuasive (Sharp & Zaidman, 2009). A CSR strategy can be contingent on the size of the organisation; large organisations in relation to small-medium enterprises (SMEs) would have different views on CSR activities. Social capital, the generation of good will in the marketplace, could be a bigger focus for larger organisations that are less independent than SMEs (Russo & Perrini, 2009).

Vilanova, Lorenzo and Arenas (2008) suggest that CSR is not yet considered a main component of corporate strategy; rather that reputation and image maintenance, which incorporates consumer trust, drives companies to develop a CSR focused strategy. Employees are a component of image maintenance, Brammer, Millington and Rayton (2007) propose if an organisation wishes to influence commitment and performance of staff, the company should consider employees in the long term strategy.

The strategy of the organisation is executed by the managers and leaders in the organisation, and leadership has important affiliations with CSR. The review thus far has covered a definition of CSR and incorporating strategy, the next sections examine leadership and financial performance in relation to CSR.

### **2.2.3 Leadership**

Corporate social responsibility is initiated and maintained by the leadership in an organisation. Murillo and Loranzo (2006) identified SMEs internal communication from management to employees as one of the best ways to transmit CSR policies, the communication included introduction packs and internal meetings. Policies developed by personnel managers could help develop a nurturing environment for CSR actions; this could also be the case for HR managers and development of better policies for employees. Managers can contribute to the effectiveness of CSR campaigns, Angus-Leppan, Metcalf and Benn (2010) suggest leadership styles are not only influenced by employee CSR practices, but the personal values of the leader and what is perceived as an appropriate style.

Manager's moral actions may reflect in socially responsible decisions (Wood, 1991). Management in an environmentally responsible capacity could be effected by organisational structure, innovation capability, human resources, cost savings and competitive advantage as these can all influence change in the organisation (Lee, 2009). Research into CSR strategy via business leader's opinions and customer perceptions of company activities provides the opportunity for future investigation.

Personnel-organisational fit is a concept which can effect participation of the managers (Duarte, 2010), the more comfortable the manager feels within the organisation can influence their commitment to change and implementation of CSR practices. This suggests the greater the fit of the managers and the organisation, the more impact the manager may have on CSR activities.

Leadership styles can influence the decision making process towards CSR programmes. Angus-Leppan et al. (2010) suggests that leadership styles are conflicting based on individuals and whether CSR programmes are explicitly or implicitly acted out. Angus-Leppan et al. (2010) propose that a specific type of leadership, namely transformational leadership, could be the key to effectively leading and delegating in CSR activities. Sen and Bhattacharya's (2001) research suggested that managers need to be concerned with the company being perceived as socially negligent after concluding that all consumers reacted badly to negative CSR issues, where as only certain consumers reacted well when a company was in a positive light to social issues.

Another leadership theme is green management, which integrates with CSR. Haden, Oyler and Humphreys (2009) highlighted a challenge in defining green management, just as there are issues defining CSR itself. Green management involves using an environmental management system to improve business. Haden et al. (2009) developed the following green management definition:

Green management is the organisation-wide process of applying innovation to achieve sustainability, waste reduction, social responsibility, and a competitive advantage via continuous learning and development and by embracing environmental goals and strategies that are fully integrated with the goals and strategies of the organisation.

(p. 1052).

The green management definition is similar to the European Commission's (cited in Piercy & Lane, 2009, p.1) definition of CSR in terms of social and environmental causes, while innovation, goals and strategy would be considered business operations. In contrast, the green management definition combines the concepts of innovation, competitive advantage and continuous learning. These concepts are both associated with leadership and strategy towards CSR programmes. Learning and development in the organisation is directed by top management in that organisation, including the development of policies and strategies.

Green management and cause-related marketing are both related to CSR. Cause-related marketing (CRM), or cause marketing, is the practice of using marketing communication such as advertising, packaging and promotion, to inform consumers of the organisations corporate socially responsible activities, including affiliations with causes (Bronn & Vrioni, 2001). Bronn and Vrioni (2001) state the purpose of CRM is to attract consumers wanting to make a difference in society through consumer purchasing. CRM is a means to influence trust and feelings. However, Nan and Heo (2007) offer an alternative concept, that the basic function of CRM is to donate selected funds to social causes when a consumer buys a product.

Although green management and cause-related marketing have a different focuses, they are both voluntary and it is at a company's discretion to disclose participation in these activities. It is the voluntary nature which is highlighted as the main base for building a brand (Gurhan-Canli & Fries, 2009).

Maignan & Ferrell (2004) suggest open door superior policies and facilitation of meetings on different employee levels to build commitment to CSR. A variety of factors should be considered by decision makers including ethics and social responsibility, especially in regards to the environment (Molina-Azorin, Claver-Cortes, Lopez-Gamero & Tari, 2009). Currently, outputs seem to be the main focus of management practices which can create problems associating CSR and competitiveness as it is the processes, including stakeholder management, that are important (Vilanova et al., 2008). Determining the correct CSR policies is difficult when definitions can vary and different industries or organisations consider different factors of CSR more important than others.

Leaders of an organisation develop policies and a strategy that best suit the company, including CSR activities; the strategy and commitment from managers then impacts on the financial performance of the organisation. Financial performance and CSR are discussed in the next section.

#### **2.2.4 Financial Benefits of CSR**

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

Prado-Lorenzo et al. (2009) suggested that businesses that have a positive financial situation are more likely to reveal good news about social activities. Margolis and Walsh (2003) confirms that from 109 empirical studies of CSR and links to financial performance, 54 demonstrated a positive relationship and only 7 a negative one, leaving 48 with no correlation. This means an organisation is more likely to achieve a positive financial outcome, or no change, when participating in CSR activities.

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

Foote, Gaffney and Evans (2010) state the impact CSR has on organisational performance is difficult to analyse, as various studies have found positive, negative and neutral impact as well as a variety of definitions for performance. Foote et al. (2010) identified there is no overall scale for measuring CSR activities which means varied results for empirical studies conducted on CSR.

Competitive, or organisational advantage, has an impact on financial performance. Organisational advantage can be obtained when the strategy developed for CSR is tailored to the organisation or region. Incorporating CSR into business policies can also reap a competitive advantage (Ogrizek, 2001), part of this strategy needs to involve balancing financial goals and sustainability of CSR endeavours. Wagner (2010) suggests corporate social performance can lead to enhanced innovation in an organisation, which can lead to a competitive edge. Wagner (2010) took into account CSR as a means to achieve corporate social performance and concluded performing well in CSR leads to innovation in an organisation.

Godfrey et al. (2008) determined that building moral capital through CSR activities could prove a good way to preserve economic benefits that organisations have gained. This presents an alternative to the concept of CSR directly effecting financial profit. In contrast, Brilius (2010) suggests economic crisis condition can cause a firm's equity to decline and when this occurs sustainable development (i.e. CSR activities) can experience a downturn. The financial performance, strategy, leadership the associations with CSR has been discussed. The next section outlines important empirical evidence that has been examined.

### **2.3 Research on CSR Relationships**

In this section the empirical evidence discussed in this literature review is summarised, the full descriptions of the main bodies of literature are available in chapter one. Conceptual and empirical CSR scale development was conducted by Turker (2009), the Turker (2009) scale was adapted for this study. Branding and CSR has some conceptual work basis, Gurhan-Canli and Fries (2009) examine ideas around company activities towards CSR and consumer characteristics such as familiarity and personal characteristics.

Pivato et al. (2008) investigated the consumer trust and CSR realm, but although hypotheses were developed, the findings are based on other literature and not an empirical study. There is empirical evidence relating to brand and consumer behaviour in reference to CSR such as Becker-Olsen et al. (2006) and Pivato et al. (2008). Specifically relating to brand loyalty and consumer valuation of services, De Los Solmones et al. (2005) conducted a survey to investigate the effect that selected company's socially responsible activities had on the consumer's service evaluation.

Other research investigates leadership, culture and strategy (Angus-Leppan et al., 2010; Sharp & Zaidman, 2009; Duarte, 2010; Lee, 2009). Strategy relies on leadership for execution and the development of a culture that fosters CSR initiatives. Cruz and Pedrozo (2009) used case studies to investigate green management. Yu, Ting and Wu (2009) investigated 'greenness' of firms directly influencing financial performance in relation to SMEs and large corporations. Sen et al. (2006) had the only field study identified, which explored stakeholder relationships in relation to CSR.

There are a number of studies that examine the use of CSR to attract employees and influence levels of organisational commitment. Job seekers found companies with higher CSR involvement more attractive, as it was perceived these companies had greater diversity and employees were more valued (Albinger & Freeman, 2000). Organisational commitment was investigated by Brammer et al. (2007) and Turker (2009), who studied organisational commitment in relation to CSR and commitment levels of employees in CSR orientated organisations respectively.

Pelozo and Shang (2011) identify several studies investigating CSR in single and diffuse activities involving a range of other subjects such as business practices, philanthropy, products, fit and consumers. Vlachos, Tsmakos, Vrechopoulos and Avramidis (2009) and Castaldo, Perrini, Misani and Tencati (2009) investigated trust, with organisational reputation as a regulating factor, when assigning consumer attributions to brand or company.

In order to test conceptual ideas, empirical investigation is conducted. For this particular study, variables from Turker's (2009) conceptual measurement scale for CSR was used. The Turker (2009) scale was developed from multiple areas including legal, environment, employee and ethics and has been adapted and applied in the data analysis. Turker (2009) conducted empirical research in order to develop a 21 factor variable list, but the scale has not been tested in a wider CSR context. An adaptation of Turker's (2009) scale is used as it provide a multidimensional representation of CSR, which can help determine which dimensions will have an effect on brand trust.

## **2.4 Stakeholders and Shareholders Relationships with CSR**

Stakeholder and shareholder groups are a main priority, especially in public companies, when developing company strategy. Stakeholder groups include consumers, employees and the government. Shareholders are considered by the organisation when choosing CSR activities; they provide the benchmarks for social activities as the organisation needs to keep shareholders content to maintain financial performance, while attracting more consumers. The important relationship between CSR and both stakeholders and shareholders is examined in this section.

### **2.4.1 Stakeholders**

Piercy and Lane (2009), De Los Salmones et al. (2005) and Godfrey and Hatch (2006) identify stakeholders as important in relation to CSR. Conceptual theorists have suggested that research into CSR can be made operational, especially to examine marketing benefits of CSR on stakeholder relations (Maignan & Ferrell, 2004). Russo and Perrini (2009) state that social capital explains SMEs approach to CSR more appropriately, where stakeholder theory explains the CSR approach by large organisations. Larger organisations CSR approach can include different individuals as well as consumers. The differences in strategy and ethical considerations between CSR and SMEs are other areas for development. Russo and Perrini (2009) concluded that stakeholder views have a large impact on the decisions of large firms in relation to CSR activities. Similarly, Piercy and Lane (2009) propose the support a company receives from investors and the strength of business relationship are prominent factors in the implementation and success of CSR efforts. According to Pivato et al. (2008), people in authority in business are now recognising CSR as important.

Sen, Bhattacharya and Korschun (2006) concluded that CSR influences stakeholders into purchasing brands as well as strengthening the overall relationships. Implementing CSR to foster stakeholder relationships is important, as individual stakeholders such as shareholders and employees may have multiple relationships with the company (Sen et al., 2006). Stakeholders need to be informed of organisational policy or goals, the communication increases stakeholder's confidence in the company's actions (Bansel & Roth, 2000). Stakeholders are important to consider in CSR implementation. Walton and Rawlins (2010)



even suggest using the topics important to stakeholders as a tool to measure CSR such as employee well-being and economic performance.

#### **2.4.2 Shareholders**

Sjostrom (2010) suggests that shareholders can provide a benchmark for organisational social activities. In contrast, Arvidsson (2010) suggests that focus has moved from shareholder value to CSR efforts after corporate scandals (i.e. companies employing child labour). Shareholder value can be built by CSR activities giving 'insurance' protection for companies in bad times, meaning the positive reputation, which would foster brand trust and loyalty, can help reduce the bad effect of a negative event (Godfrey et al., 2008).

Hsieh (2009) determined that managers should make decisions on the overall happiness of society (through CSR activities), sometimes at the expense of shareholder interests. This idea does not consider shareholders as a main benchmark for CSR as suggested, but simply an addition to the main societal responsibilities of an organisation. Godfrey and Hatch (2006) identified shareholder capitalism for an organisation as negative when considered in relation to the CSR-CFP (corporate financial performance). Shareholder capitalism for an organisational strategy focuses on the manufacture of economic goods to contribute to social welfare and this has a negative effect on the CSR-CFP relationship (Godfrey & Hatch, 2006).

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

## **2.5 Measurements of CSR**

This study uses an adaptation of Turker's (2009) CSR scale. Turker (2009) used stakeholders as a basis for building the CSR scale from Wheeler and Sillanpaa's (1997) typology. Turker's (2009) scale covers legal, economic, environmental, employee and ethical components.

There is literature that points to the difficulty of measuring CSR, especially since the conceptual scales are yet to be translated into empirical study in most cases (Walton & Rawlins, 2010; Turker, 2009; Maignan & Ferrell, 2004). Murillo and Lozano (2006) state CSR scales differ depending on the size of organisation and the motivation for social practices. Older literature suggested three principles of CSR including legitimacy, public responsibility and managerial direction (Wood, 1991) but more recently, CSR scale concepts have grown to include internal and external company factors such as employees, law and environment (Turker, 2009). Murillo and Loranzo (2006) suggest CSR practises and the way CSR is measured is a by-product of overall company culture, which is reflective of the organisations leadership and overall strategy towards CSR. The following sections discuss the relationship between CSR and ethics, economic, environment and employees as variables drawn from these areas were used to represent CSR in the final scale.

### **2.5.1 Ethics and CSR**

Ethical decision making in leadership and in regards to the environment is an important part of CSR. Agatiello (2009) states ethics is made up of role, responsibilities and interactions between people. However, the foundations of each of these principles are different depending on the practice and the person (Frederiksen, 2010). Sharp and Zaidman (2009) suggest that CSR decisions can be divided into two groups, from an ethical and moral basis or from a business orientation. Although, Quairel-Lanoizele'e (2011) propose demand for 'virtue' is weak in the business world but the expectation for ethical and responsible company behaviour is still strong.

Agatiello (2009) advise there needs to be a rigid structure for making ethical decisions for environmental strategy. Similarly, Sharp and Zaidman (2009) conclude that CSR decisions need to be governed by strict rules. Ethical decisions are now valued as major responsibilities

for corporations and these corporations have a duty to environmental conservation. Frederiksen (2010) discussed the moral frameworks for ethical decisions and concluded that utilitarianism would dictate the best CSR action; this creates the most happiness for majority of stakeholders. Bansel and Roth (2000) support the idea of involving stakeholders in important decisions. Duarte (2010) concludes the creation of an organisational identity that supports ethical decision making can help mould a culture that supports CSR activities by highlighting sustainability, environment, ethics and transparency.

Creyer and Ross (1997) advocate that the behaviours a company engages in can affect the way the consumer views a product, consumers may even be more willing to reward good ethical behaviour by actions such as paying a higher price for a product. However, Carrigan and Attalla (2001) suggest stating ethical firm behaviour will be rewarded with purchase intention is neither straightforward nor simple.

Creyer and Ross (1997) discovered if consumers perceive no difference between companies offering a similar product, it may be the marketing manager promoting the ethics of the firm that sways the purchase decision. CSR by definition is an ethical behaviour, but the actual definitions of 'ethical' and 'unethical' need to be determined. Carrigan and Attalla (2001) suggest consumers are more informed in this modern age and may have less sympathy with causes they feel they can not relate to. However, Ardivsson (2010) discovered businesses fundamentally engage in CSR activities and communication to avoid negative impacts rather than proactively wanting to help society. The reactive response directly influences corporate reputation and brand building. Ethical decision making and ethical projects are closely associated with the environment and making environmental responsibility decisions under CSR. Environment is discussed in the next section.

### **2.5.2 CSR and the Environment**

The connection between being environmentally responsible and benefiting through financial rewards has been investigated. However, this reflection on financial performance does not take into account consumer perceptions, only consumer end spending. Yu et al. (2009) and Hassel, Nilsson and Nyquist (2005) state research has not found a correlation between positive environmental performance and positive financial performance. In contrast, Molina-

Azorin et al. (2009) conclude that a majority of literature suggests that environment has a positive impact on financial performance, although there were mixed results.

However, when citing market value or the price at which an asset would reach at auction, Cohen, Fenn and Naimon (1995) and White (1996) concluded market value for those companies operating in 'green' investments is positive. Dowell, Hart and Yeung (2000) even suggested having a firm environmental policy that was internationally used led to higher market values. The environmental aspect of CSR is important as it relates to leadership strategy of the organisation and whether the company has sophisticated environmental policies. Environment support is directly affiliated with green management, which includes sustainability and economic profit (Haden et al., 2009). The economic (specifically social performance) aspect in relation to CSR is discussed next.

### **2.5.3 Economic Performance and CSR**

Social performance measures organisational fulfilment of social goals and economic performance of firms, which affects financial performance. Parket and Eilbirt (1975) in Ullman (1985) discovered a positive correlation between social performance and economic performance. However, the measurement of social performance may not be valid, since CSR was not a highly researched concept in 1975 when the research was conducted. Ullman (1985) considered social performance an important aspect for organisations with several studies comparing CEP pollution performance index and economic performance such as stockholder returns and stock price change. Although a positive correlation was discovered, some studies found no correlation between the social performance and economic performance. The studies Ullman (1985) analysed did not appear to have any branding linkages. A modern study could determine whether the pollution index had impact on the perception of brand.

Prado-Lorenzo et al. (2009) researched the social disclosure of green house emissions and concluded that a company's environmental activities will directly impact on economic performance. Prado-Lorenzo et al. (2009) support the decision of organisations participating in CSR activities, stating that higher levels of social disclosure in regards to environmental activities results in the ability to leverage in the market. The overall economic performance of

the company includes financial performance and market share, both of which can be impacted by CSR activities. For this study, the economic construct is composed of both environmental and economic questions, as social performance is closely related to environment by concepts such as pollution control and waste reduction. Employees are another factor that impact on the social and economic performance of an organisation. The importance of employees in relation to CSR is discussed in the next section.

#### **2.5.4 Employees and CSR**

Employees were used as a concept in the CSR scale by Turker (2009), the questions surround employee development and work-life balance. By including the view point of employees, Turker's (2009) scale provides a more well-rounded view of CSR with important implications for businesses.

Florea and Florea (2010) suggest workplace policy could reflect CSR motives in companies, with increased efficiency and less tolerance of unethical behaviour. The alteration of workplace policy could enhance the environmental commitment and influence consumer perceptions. This connects employees to environment under the title of CSR. The impact CSR activities will have on employee commitment is important to consider when implementing CSR.

Incorporating employees into the organisational strategy, with CSR efforts, could be an effective way for employees to maintain connection and identification with their firm (Kim, Moonkyu, Lee & Kim, 2010). Kim et al. (2010) states that CSR improved employee-company identification, mainly through CSR participation by employees. Another theme is to investigate is whether employees overall happiness at work and the participation of the company in CSR activities has an association. Walton and Rawlins (2010) suggest transparency of organisation and good corporate leadership in regards to employees can also be used to produce happier employees.

Employee attraction is important along with happiness of employees in regards to organisational activities. Albinger and Freeman (2000) considered the support of employee participation and diversity as a major attraction for potential employees. Similarly, Kim et al.

(2010) concluded employee-company identification was highly effected by the way employees perceived outsiders to view their organisation, the more positive the outsiders viewed the organisation, the more the employee identified with it. Sharp and Zaidman (2009) support this view, stating CSR activities not only require money but employee involvement and commitment.

Brammer et al. (2007) conclude that employee perception of CSR can effect commitment to the firm. Brammer et al. (2007) also suggest the effect of CSR activities companies participate in equals that of job satisfaction when it comes to commitment. This is important, especially when altering employee performance in the work place. There is still importance being placed on the communication of CSR practices to both employees and consumers themselves. Turker (2009) suggested that employees consider the participation in CSR by an organisation necessary for a good working environment; this can include career development and training.

Similarly, Greening and Turban (2000) suggest employees are more likely to pursue and accept jobs in firms that have involvement in CSR. Albinger and Freeman (2000) support these findings, concluding that firms with a high corporate social performance have a higher attraction for job seekers. Companies participating in CSR attract a quality work force that ultimately helps develop a competitive advantage. Greening and Turban (2000) state potential employees are more likely to view companies participating in CSR activities positively, because of perceived diversity and positive environment within the organisation. Backhaus et al. (2002) expanded on the Greening and Turban (2000) study by concluding that women valued firm CSR activities more important than men and that diversity and community relations both played different, but active parts, in employee ratings of organisations. Greening and Turban (2000) and Backhaus et al. (2002) both considered employee involvement as a significant definer of corporate social performance.

The four aspects of ethics, environment, economic and employee outlined the importance of the factors and the relationship to CSR, as well as each other. The following sections discuss different aspects of CSR and brand such as consumer attributions, the development of company reputations and the role of trust in corporate reputations and in cause marketing.

## **2.6 CSR and Brand Trust**

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

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

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

### **2.6.1 Consumer Attributions and Corporate Reputations**

The awareness of CSR in general provides influence on attitude, attribution and purchase decisions (Pomeroy & Dolcinar, 2009; Ellen et al., 2006; Yoon et al., 2006). Similarly, Maignan (2001) suggests further study to identify at which point consumers are aware of the CSR efforts a company has undertaken. This is associated with leadership ability in the corporation and the need to communicate CSR activities (cause marketing included) while developing an appropriate direction or strategy (Morlin-Azorin et al., 2009; Murillo & Loranzo, 2006). Marin and Ruiz (2007) suggest CSR has direct influence on a company's identity attractiveness; this identity can both attract new consumers and influence marketing power for that company. Attractiveness is strongly affiliated with the awareness of a specific brand.

Pelozo and Shang (2011) suggest that product-related CSR means higher levels of consumer awareness. Du, Bhattacharya and Sen (2007) found evidence to suggest that a brand that positions itself as a CSR brand can improve consumer awareness levels, in contrast to a brand that just engages in CSR activities. This may be due to the consumer being directly exposed to the CSR information. Bhattacharya and Sen (2004) expressed that CSR activities had greater influence on outcomes internal to a consumer, such as awareness and attributions, which are easier to target than external outcomes such as purchase behaviour. Bhattacharya and Sen (2004) suggest CSR awareness is a stumbling block for most companies, who can only get the benefits from CSR once consumer awareness is increased. De Los Salmones et al. (2005) state the possibility that the perception of CSR influences the valuation of individual services as well as goods, as the concept of perceived quality can apply to both service and goods.

Affiliated with consumer awareness, corporate reputation is another area that could be influenced by CSR activities (Yoon et al., 2006; Ellen et al., 2006). Yoon et al. (2006) identified suspicion in consumers as a factor influencing positive or negative attribution to the company. Bhattacharya and Sen (2004) also identified corporate reputation as moderating consumer suspicion. If a company has a good reputation the consumer will act favourably to event sponsorship even if there is not perceived fit between the event and the company. If the consumer suspects the reason for the CSR activity is for an ulterior motive, other than legitimately helping a cause then there will be a negative response. Bhattacharya and Sen's



(2004) findings imply that consumers are aware of CSR activities and the legitimacy of these activities in relation to the company. Likewise, Ellen et al. (2006) states decisions made for CSR activities that display self-centred motives or are for stakeholder benefit can receive negative feelings from consumers, impacting on consumer trust.

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

Cultural perspectives in regards to branding and CSR have been explored to a small extent. Little is known about public relations practices and culturally specific CSR to date (Kim & Kim, 2010). Other studies have not considered a cultural approach, this could impact on the brand trust perspectives as different cultures may consider different practices as more trustworthy.

Other empirical studies support the relationship between CSR and brand performance. Lai, Chin, Yang and Pai (2010) concluded that both CSR and corporate reputation had a positive effect on brand equity in the industrial sector. The brand equity also included brand loyalty and brand awareness. Brand equity can help adjudicate a relationship between brand performance and CSR.

Biloslavo and Trnavcevic (2009) suggest using websites to communicate 'green' corporate identity. In each case of 20 Slovene companies, green reputation was used in an attempt to create a lasting competitive advantage. All the companies presented information about social responsibility through green messages and supporting the environment, but it did not translate to a distinct advantage for each company such as consumers purchasing more products (Biloslavo & Trnavcevic, 2009). Websites that communicate green messages and convey corporate social responsibility need to be combined with activities that consumers can see, thus reducing the amount of scepticism from the consumer.

Curras-Perez et al. (2009) state that CSR helps construct a brand with personality that can be differentiated by consumers, while fulfilling their needs. However, effectiveness of CSR can often be hard to measure (Pivato et al., 2008). CSR activities are mainly associated and compared to financial gains. Godfrey and Hatch (2006) identified extensions beyond profit for CSR activities, but there has not been any empirical evidence to date. This study plans to add exploratory empirical evidence to the CSR and branding relationship.

De Los Salmones et al. (2005) concluded although social responsibility has become popular in recent years, there have been few studies conducted towards CSR in reference to consumer behaviour and attitudes. Maignan, Ferrell and Hult (1999) suggest CSR has general positive consequences for business, but there is limited research on the impact from a marketing perspective. In terms of how, when and for which specific consumers CSR initiatives work best, there are scarce studies (Sen & Bhattacharya, 2001). There is however a few studies exploring the connections between CSR and corporate reputation and reputation can provide an influence on brand trust. The relationship between reputation and brand trust is explored in the next section.

### **2.6.2 Corporate Reputation and Trust in relation to CSR**

CSR, specifically the building of corporate reputation, has several connections with brand trust. Castaldo et al. (2009) explored the missing links between CSR and brand trust and concluded when ethical or social values are apparent in a product positive CSR associations are assumed. Castaldo et al. (2009) also suggest consumers develop trust in organisations with strong reputations, which can deliver the promises on their products. However, each stakeholder will develop trust in a different way to different CSR activities and policies (Castaldo et al., 2009). This could be the difference between an environmental policy and an employee policy.

The most important aspect in Castaldo et al. (2009) concluded that trust could result in the success or failure of a socially responsible organisation. Where the social reputation of a company is developed enough to evoke trust, this can influence consumer choices and thus help develop a competitive advantage. Investment in social reputation and CSR initiatives

should be combined with product lines that have good fit to appeal to a variety of stakeholders (Castaldo et al., 2009).

Trust is depleted when consumers become suspicious about corporate activities. Vlachos et al. (2009) revealed that suspicious consumers are more affected by negative CSR attributions and this directly influences trust and buyer intentions. Companies that exhibit high service quality can in turn reduce the negative effects ill-fitting CSR activities can have on trust. Vlachos et al. (2009) also suggest that trust may be a mediating factor between CSR and financial performance.

Vlachos et al. (2009) identified giving benevolently through CSR increases loyalty and likewise profit-motivated giving is seen to reduce consumer loyalty. A trust mechanism can moderate the effect to which the consumer feels loyalty (Vlachos et al., 2009). This is an alternative thought to trust simply being a part of brand loyalty; it may be a mediating force in itself for consumers to assign attributions, but it requires further investigation.

The trust that a consumer places with a brand has effects on, and builds, brand loyalty (Pivato et al., 2008; Keller, 2008; Chaudhuri & Holbrook, 2001). De Los Salmones et al. (2005) state brand loyalty can be build through service evaluation. This section covered corporate reputation and the connections to CSR and brand trust, the next section explores cause marketing and the association with brand trust.

### **2.6.3 Cause marketing and Trust**

Cause-related marketing, or CRM, is considered an aspect of CSR (Godfrey & Hatch, 2006; De Los Salmones et al., 2005). Keller (2008) states CRM is connected to building brand awareness and image, including feelings and credibility towards a brand, affecting brand trust. De Los Salmones et al. (2005) identified CSR as an important marketing tool for services marketing and this has an effect on consumer loyalty. In contrast, Nan and Heo (2007) state that CRM can create a positive image of the company itself, but not necessarily the brands they offer. Godfrey and Hatch (2006) state that CRM produces an overall positive response from consumers, while considering the moral obligation to shareholders, however, CRM activities can still be viewed as negative by consumers.

CRM is used to relate CSR activities to the organisation. Becker-Olsen et al. (2006) describe fit, in a marketing context, as the perceived link between a cause and the firm's brand or strategy. Becker-Olsen et al. (2006) state high levels of perceived fit between cause and social activities enhance consumer attitudes towards brands as consumers view the activity as appropriate. Nan and Heo (2007) suggest the simple practice of CRM provides favourable consumer attitudes compared to when an organisation has no CRM, regardless of whether there is fit between the cause and the organisation. Porter and Kramer (2002) conclude there is number of companies that give small donations to causes, without having a focused strategy or cause to align with, which is a mistake. Social and economic convergence should occur, between the social causes and the overall outcomes to produce competitive advantage (Porter & Kramer, 2002). CRM and the activities CRM promotes (CSR activities) have an effect on consumer attributions and attitudes. Consumer attitudes include trust in that brand. The next section describes brand trust specifically and discusses brand trust associations.

## **2.7 Brand Trust**

The definition of brand trust varies across the literature, but ultimately relies on relationships. Delgado-Ballester (2004) defined brand trust as confident expectations of a brand's reliability and intentions in situations that may represent some risk to the consumer. The Delgado-Ballester (2004) brand trust definition was chosen for this study as it combines different aspects of brand trust while highlighting confidence and risk. Delgado-Ballester and Munuera-Aleman (2005) concluded from examining literature that confidence and risk are integral components of a brand trust definition. Brand trust means that the consumer should be confident that will receive a good outcome in purchasing a brand rather than a bad or fearful outcome. In contrast, Curras-Perez et al. (2009) describe trust as understanding relationships and how to build on them.

### **2.7.1 Brand Trust Measurement**

Delgado-Ballester and Munuera-Aleman's (2001) brand trust scale introduces multiple aspects of trust including help, interest and perceived value. Delgado-Ballester and Munuera-Aleman (2001) developed a scale where trust is represented by a set of characteristics that consider both intentions and consistency towards consumers, with a view towards the development of customer loyalty. This measurement of brand trust is applicable across a variety of products and services. After highlighting the small amount of literature available regarding brand trust, Delgado-Ballester (2004) developed a measurement of brand trust which considers both brand reliability and brand intentions.

### **2.7.2 Brand Trust Associations**

Delgado-Ballester and Munuera Aleman (2005) state that brand trust has not been studied to a large extent, and much of the research conducted is theoretical or conceptual. This study aims to add empirical research to the brand trust realm.

Organisations use trust to gain a positive outcome in business-consumer relationships (Pivato et al., 2008). CSR can help brand identity influence, including values, traits and objectives (Curras-Perez et al., 2009). Curras-Perez et al. (2009) conclude that trust has a strong relation

to satisfying individual needs and in particular it can influence brand attractiveness. With this knowledge, CSR may be used to induce feelings that enhance consumer trust and ultimately make a brand more attractive.

Keller's (2008) CBBE model emphasises brand feelings as a major component in brand building which includes social approval and self-respect. Brand trust is an important social response as it describes social approval for a brand and self-respect, alluding to pride associated with purchasing a trustworthy brand. Brand feelings affect resonance, the loyalty consumers feel towards a brand. Ultimately, loyalty can help businesses build a solid consumer base and help generate profit, so brand trust is important for building loyalty.

Brand trust has strong affiliations with brand loyalty, enhancing a consumer's attachment to a brand. Delgado-Ballester and Munuera-Aleman (2001) state trust is a major variable of maintaining long term relationships with the consumer. Chauduri and Holbrook (2001) suggest both brand loyalty and commitment are associated with the consumer relationship that has been developed by brand trust. Brand loyalty is a major goal for an organisation. Ahluwalia and Kaikati (2009) state performance of products is a key factor in developing brand loyalty, the development of trust occurs through demonstrated product reliability. The right fit between a brand and CSR activity could potentially provide for a value-based connection, relying on customers being attracted the value behind the product (Ahluwalia and Kaikati, 2009).

Chauduri and Holbrook (2001) outline product level controls (product characteristics) that affect both brand trust and brand effect in their model of brand loyalty and brand performance. Product level controls include both utilitarian and hedonic values (representing two sets of values used to evaluate product categories) and CSR could fit into these values as consumers can use CSR as a means to evaluate products. This study would identify whether the corporate level controls, that is, the investment in CSR will have a direct affect on brand trust. The next section will conclude the findings of this literature review and how this study seeks to expand on the areas that have been explored.

## 2.8 Conclusion

Overall there is positive reaction to both CSR and CRM and the effects it has on business (Pivato et al., 2008; Nan & Heo, 2007; Keller, 2008; Curras-Perez et al., 2009). This positive reaction should create a positive effect towards brand feelings and trust, for consumers of products and services of companies that engage in CSR activities. However, there is still many “should”, “might”, “could” in view of CSR and the effect on consumers and this creates opportunities for further research.

A large number of studies into corporate social responsibility are conceptual, with integrative frameworks combining ideas such as stakeholder views of CSR (Maignan & Ferrell, 2004; Russo & Perrini, 2009). Empirical evidence is required to demonstrate the abilities of CSR and the best way to measure CSR. As previously mentioned, this study is empirically testing an adapted scale based on Turker (2009).

Gurhan-Canli and Fries (2009) suggest branding outcomes are influenced by consumer characteristics, such as awareness of CSR programmes and brand, personal judgement and company characteristics. Although there is limited research on brand trust (Delgado-Ballester, 2004) and on the end consumer in general (Sen & Bhattacharya, 2001), there is the opportunity to explore the relationship between CSR and brand trust. The literature has presented a research gap. This study’s aim is to contribute to empirical evidence that can relate CSR to brand trust, where the link has been assumed but limited hard data is available.

Ultimately, if this study can contribute to the evidence that suggests supporting external causes could be beneficial to a brand, then more businesses may have higher regard for CSR. The current study may highlight areas of CSR that have not have been considered by businesses before, such as employees and legal issues. These issues can impact on strategy, leadership and financial performance. The next chapter will discuss the methodology of the study, including the final scales that were chosen to represent CSR and brand trust, the format of the research and the sample.

## **CHAPTER THREE: METHODOLOGY**

### **3.1 Introduction**

This chapter begins by describing the methodology used in this study, followed by the research method which describes survey formation, CSR and brand trust measurement scales and sample. The method is a mall-intercept survey in which 100 participants will be chosen using a quota sampling method. Every third person entering the mall entrance will be approached until the quota is filled, each consenting participant will be given an information sheet and scenario to read, followed by the questionnaire to complete.

Key pieces of literature, identified in chapter two, provide the basis for the questionnaire in this study. Turker (2009) was used as a basis for this study's CSR scale. Turker's (2009) CSR scale was constructed from CSR conceptual ideas and then refined with data testing. Questionnaire design is followed by data preparation and proposed analysis methods. Lastly, ethical considerations are explained and a conclusion to the chapter is given.

Descriptive statistics will be analysed for brand trust and CSR, as well as mean comparisons for the CSR variables. Reliability and variability will be tested by exploratory factor analysis, followed by a linear regression on the final CSR components and brand trust component. Data analysis is reported and discussed in chapter four.



### **3.2 Research Problem**

The goal of an organisation is to build strong brands in the market and foster long term relationships with consumers (Delgado-Ballester & Munuera-Aleman, 2005). The problem centres on businesses participating in CSR operations in order to influence brand while there has not been full investigation into the effects of CSR on the consumer, specifically consumer trust and by association consumer loyalty. The question this study seeks to answer is: What effects does corporate social responsibility have on brand trust?

This study is exploratory, exploring the relationship between CSR and brand trust. A hypothesis is an informed statement which is specifically tested in research (Bryman & Bell, 2007, p.88). It is also important to note that hypotheses are not as common in quantitative research as implied (Bryman & Bell, 2007, p.88). As there is limited research on CSR and brand trust, there was no informed hypothesis created. The exploratory, or inductive, process allows opportunity for future research by creating a foundation from which to form hypotheses. The two different scenarios used for the questionnaire, one being a socially responsible company and the other a non-socially responsible company, allows the impact of CSR onto brand trust to be analysed from two perspectives without making assumptions.

### **3.3 Research Approach**

Research approach describes and justifies the methodology for data collection. The research uses quantitative data collection in the form of a survey. This provides the opportunity to use scales of measurement already developed in terms of CSR and brand trust.

A quantitative approach was taken as it is highly structured and the questions representing CSR can be precisely analysed to determine which effect brand trust. Quantitative research is associated with exploring connections between variables (Bryman & Bell, 2007, p.426). Quantitative research is appropriate to use under a positivist paradigm and natural science approach, which helps explain the links between theory and research (Bryman & Bell, 2007, p.154). Natural science aims to explain the natural world and positivist research uses precise, objective measures (Cavana et al., 2001, p.8), which makes a quantitative method ideal.

### **3.4 Survey Research Method**

The following section discusses the survey method and sampling design and size. Although there are many survey methods that could have been chosen, due to time constraints and the need to access a variety of age groups, a mall-intercept survey was determined the best method.

The survey method has both advantages and disadvantages. Postal or email questionnaire methods can lead to lower response rates and there is no opportunity for participants to ask questions, thus a face-to-face survey is most favourable.

Mall-intercept surveys are more flexible, have a lower cost and gain access to a large number of the population, however, it is prudent to consider the disadvantages before deciding on the specific method of collection (Bruwer, Haydem & Norbert, 1996). The advantages are the ability to speak face-to-face and maintain a rapport with the participants, which could mean a higher response rate. Mall-intercept surveys can also mean greater flexibility, lower cost and more control for the researcher (Hornik & Ellis, 1988).

Turker (2009) used an exploratory survey to generate items for the CSR scale, these items were then refined through group discussion. A second pilot survey was then used to examine the validity of the scale. A survey method is therefore appropriate to test the CSR scale in this study that was adapted from Turker (2009).

Sudman (1980) suggests it provides an unbiased sample by sampling at shopping mall entrances, provided different locations are chosen. The unbiased sample is possible because different stores attracting different socio-economic groups are scattered across a mall (Sudman, 1980). However, Sudman (1980) suggests time intervals and gender must be considered. The ideal time frame for the data collection to occur is between 2-3 weeks (Sudman, 1980). The data for this study was collected over a two week period and at different time intervals.

Every third shopper entering or leaving the main entrances of the shopping complex, Botany Town Centre, will be selected and approached to fill in a questionnaire, following the mall-

intercept survey method. A scenario for a hypothetical company will be given to participants, half receiving the scenario of a socially responsible company (Luxor A) and half receiving the scenario of a non-socially responsible company (Luxor B). The scenario describes the activities each organisation participates in, being investment into society or investment back into the company research and development, representing Luxor A and Luxor B respectively. Each company scenario describes the same brand, which is environmentally responsible, with recyclable packaging and no chemicals.

### **3.4.1 Sample**

This section will cover the sampling design and size and justify the choices made. Botany Town Centre was chosen as the mall to conduct the survey at because there are a variety of ethnicities present in the Eastern area, while it was cost effective for the researcher.

The sample was composed through quota sampling. Quota sampling involves selecting groups to complete questionnaires that are representative of the general population (Bryman & Bell, 2007, p.201). Quota sampling allows a smaller number of people to be surveyed and be representative of a larger number.

Quota sampling was used as it can represent different categories of people in society (Bryman & Bell, 2007, p.201). Quota sampling also provides a cheaper and timelier means to conduct surveys (Sudman, 1966). Quota sampling can be useful in exploratory work or when developing new measures and from there new theory can be generated (Bryman & Bell, 2007, p.202). The CSR scale developed has not been previously used in an empirical study, so it is appropriate to use a quota sampling method for the data collection.

The sample was made up of 100 participants ranging from 21-60 years of age, with equal numbers of men and women. Table 3.1 shows the age groups being surveyed. A sample of 100 in size means that the benefits of increased sample size can be seen (more accuracy) while taking into account time and resources available (Hair, Black, Babin & Anderson, 2010, p.10), meaning a smaller difference in results will be more prominent. Hair et al. (2007, p.10) suggest a greater sample size can make the data overly sensitive, while a smaller sample could provide no general application ability. However, this study does not seek

general applicability, but to first determine which component can represent CSR, while monitoring the effect on brand, which makes a 100 sample size ideal for an exploratory study.

Every third person walking through main entrances at Botany Town Centre is selected and approached. Once the participant had consented, they can complete the questionnaire. If after being approached the participant declines, the selection process continues.

**Table 3.1: Quota Sampling Age Groups**

Age	Quota	
	Male	Female
21-30	15	15
31-40	15	15
41-50	10	10
51-60	10	10

The questionnaire is composed of the company scenario and the main answering booklet. In the sample, 50 of the participants were given the socially responsible scenario and 50 participants were given the non-socially responsible scenario on which to base the questionnaire answers. The division between two scenarios means data analysis can be conducted on both the socially responsible and non-socially responsible organisations to determine the individual effect upon brand trust.

### **3.5 Questionnaire Design**

Questionnaire design describes the scales of measurement for CSR and brand trust, explains the company scenarios that were used and pretesting process for the questionnaire.

#### **3.5.1 Questions and Scale Measurement**

The data collected was based on five main constructs, brand trust (the dependent variables) and the elements of corporate social responsibility (the independent variables) being employees, legal, economic and ethical.

A seven-point Likert scale was used to answer questions under each section of CSR. The three components of CSR were originally defined as legal (following the law), economic (serve the needs of society) and ethical (acting ethically) by Geva (2008). However, another component of internal employment was identified by Turker (2009). The environmental component will be titled economic as it includes variables that represent the environment and the needs of society. Each component includes individual questions in areas such as fair employee treatment, promotion of well-being of society and environmental protection (Turker, 2009).

Turker (2009) used three stages to develop a CSR scale. Firstly, Turker (2009) used Wheeler and Sillanpaa's (1997) typology to develop a conceptual framework, the areas chosen to develop included stakeholders such as society, customers and employees. Secondly, the items in these areas were enriched and expanded using scales in previous literature. Thirdly, an exploratory study was then conducted to find extra items to add to the CSR scale; this consisted of a questionnaire, comprised of eight open ended questions that were given to a selection of 269 business professionals in different organisations in Turkey. The data collected was then split into different dimensions. Finally, an academic group discussion resulted in a 42-item scale. After a validity check and correlation analysis 21 components were identified by Turker (2009) to represent CSR in the first exploratory factor analysis, an adapted scale consisting of 19 variables from Turker's (2009) 21 variables was chosen for this study.

In the adapted 19 item CSR scale two variables consisting of the company encouraging employee voluntary activities and non-governmental organisations working in problematic areas were removed. These points were removed as they were not compatible with the employee questions involving needs, balance and skills, or any of legal, economic or ethics questions. It is important to note that Turker's (2009) CSR scale was developed from the organisational perspective and not the consumer. Refinement of variables was conducted based on survey feedback from business professionals in a range of organisations.

A seven-point Likert scale (1 strongly disagree – 7 strongly agree) was used to answer questions. The 19 questions that have been chosen to represent CSR are:

#### Employee Variables

1. This company supports employees who want to acquire additional education
2. This company's policies encourage the employees to develop their skills and careers
3. This company has flexible policies to provide good work-life balance for employees
4. The management of the company is primarily concerned with employees need and wants
5. The managerial decisions related with the employees are usually fair

#### Ethical Variables

6. This company provides full and accurate information about its product to consumers
7. This company respects consumer rights beyond the legal requirements
8. Customer satisfaction is highly important for this company
9. This company emphasises the importance of its social responsibilities to society
10. This company contributes to campaigns and projects that promote the well-being of the society

#### Legal Variables

11. This company endeavours to create employment opportunities
12. This company always pays its taxes on a regular and continuing basis
13. This company complies with legal regulations safely and promptly

14. This company would co-operate with its competitors on social responsibility projects
15. This company avoids unfair competition

#### Economic Variables

16. This company implements special programs to minimise its negative impact on the natural environment
17. This company participates in activities which aim to protect and improve the quality of the natural environment
18. This company targets sustainable growth which considers future generations
19. This company makes investment to create a better life for future generations

Brand trust will be constructed of six questions. The Delgado-Ballester and Munuera-Aleman (2001) scale was chosen as it represents all aspects of trust, including help, interest and perceived value. Delgado-Ballester and Munuera-Aleman (2001) developed a scale that considers trust as represented by a set of characteristics that consider both intentions and consistency towards consumers. The scale also provides an organisation with specific characteristics that can be fostered to promote brand trust. The brand trust questions are:

1. Bliss will offer me a product with a constant quality level
2. Bliss will help me solve any problem I could have with the product
3. Bliss will offer me new products I may need
4. Bliss will be interested in my satisfaction
5. Bliss will value me as a consumer of its products
6. Bliss will offer me recommendations and advice on how to make the most of its products



### 3.5.2 Company Scenario

A scenario is used as the basis for answering the survey as it can be used to directly compare socially responsible and non-socially responsible company actions. Two fictitious companies manufacturing the same 'Bliss' brand, which is socially responsible, are used as a base scenario for the questionnaire. 50 participants will receive the socially responsible company (Luxor A) questionnaire and 50 will receive the non-socially responsible company (Luxor B) questionnaire.

The Bliss brand is described as a very successful line of body care products. The Bliss line of body care products is made without any nasty chemicals, natural ingredients, being GE free with recyclable packaging. Bliss is also described as not testing on animals. The socially responsible and non-socially responsible company are both described as New Zealand owned companies that produce a range of household cleaners, laundry and body care products.

The socially responsible company (Luxor A) has products described as certified GE free. Luxor A is against animal testing and strive to produce all of its products in recyclable packaging. The non-socially responsible company (Luxor B) is described as using a range of ingredients and both plastic and paper packaging.

In product manufacturing, the non-socially responsible company is described as investing increasing amounts of money into lab testing to improve on products and because of this they do not put any money into social activities outside the company. In contrast, the socially responsible company invests in a non-profit organisation called Do Some Good, in which a small percentage of profits fund socio-economic community projects.

Palm oil usage is an environmental issue explained in both scenarios, where natural rainforests are being destroyed to produce palm oil plantations. The palm oil environmental issue is a modern issue that is affecting companies currently, which is why it was chosen for this scenario. The non-socially responsible company is described as using palm oil to make products more affordable and making limited information available to the public. The socially responsible company also uses palm oil, but chooses to buy from certified sustainable companies and makes all information available to the public.

Fictitious companies are used so participants have no pre disposed ideas about the companies and can be completely objective. It was also important not to associate the non-socially responsible organisations with any negative connotations to influence participant answers. The two scenarios can be viewed in Appendix C.

### **3.5.3 Questionnaire format**

In this section the questionnaire format is discussed. The questionnaire began with the scenario which the participants read, whether they receive the socially responsible (Luxor A) or non-socially responsible (Luxor B). Following the scenario is five brand trust questions and then the remaining 19 CSR questions. The questions were answered with a seven-point Likert scale, numbered 1-7 (strongly disagree to strongly agree) complete with the meaning of each number at the top of each page to avoid confusion.

### **3.5.4 Pretesting the Questionnaire**

After constructing the questionnaire, a pre-test was done, giving the questionnaire to a convenience sample. The purpose of this pre-test was to reduce confusion on the respondent's behalf, ensuring all items were understood and wording was appropriate (Bolton, 1993).

The convenience sample consisted of ten people ranging in age from 20-55 years old and both male and female. The response was favourable with the group concluding both scenarios were understood and the questions were straight forward.

### 3.6 Data Collection

After the questionnaire was finalised, permission was sought to gain access to Botany Town Centre so the data collection could begin and the data collection times were finalised. Permission was granted from the Botany Town Centre management team via email after the research purpose and benefits had been explained to them. The data was collected in August 2010 over a period of three weeks.

As per Sudman’s (1980) advisement, the data collection will be conducted across different days of the week and varying time periods to reach a higher variety of shoppers. The variation in time targets different age groups, younger ages being more accessible on the late shopping nights, while older ages are more accessible during a weekday. The time periods are outlined in table 3.2.

**Table 3.2: Data Collection Time Periods**

Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
9am – 11.00am						1 hour	
11.00am - 1.00pm					1 hour		
1.00pm - 3pm							1 hour
3pm – 5pm			1 hour				
5pm- 7pm				1 hour			
7pm- 9pm					1 hour		

Every third shopper approached that is appropriate to the quota sample is given a participant information sheet to read. The information sheet outlines the format of the study, potential benefits of the study and addresses participant confidentiality. The participant then decides whether they wish to take part in the study. By completing the questionnaire, the participant gives consent. The researcher will be in close proximity to the participant should they need to clarify anything while filling in the survey. Each questionnaire will then be checked after completion to make sure there were no missing answers.

### 3.7 Summary of Research Design

After covering the survey and data collection methods in detail. Below is summary of the research design process.

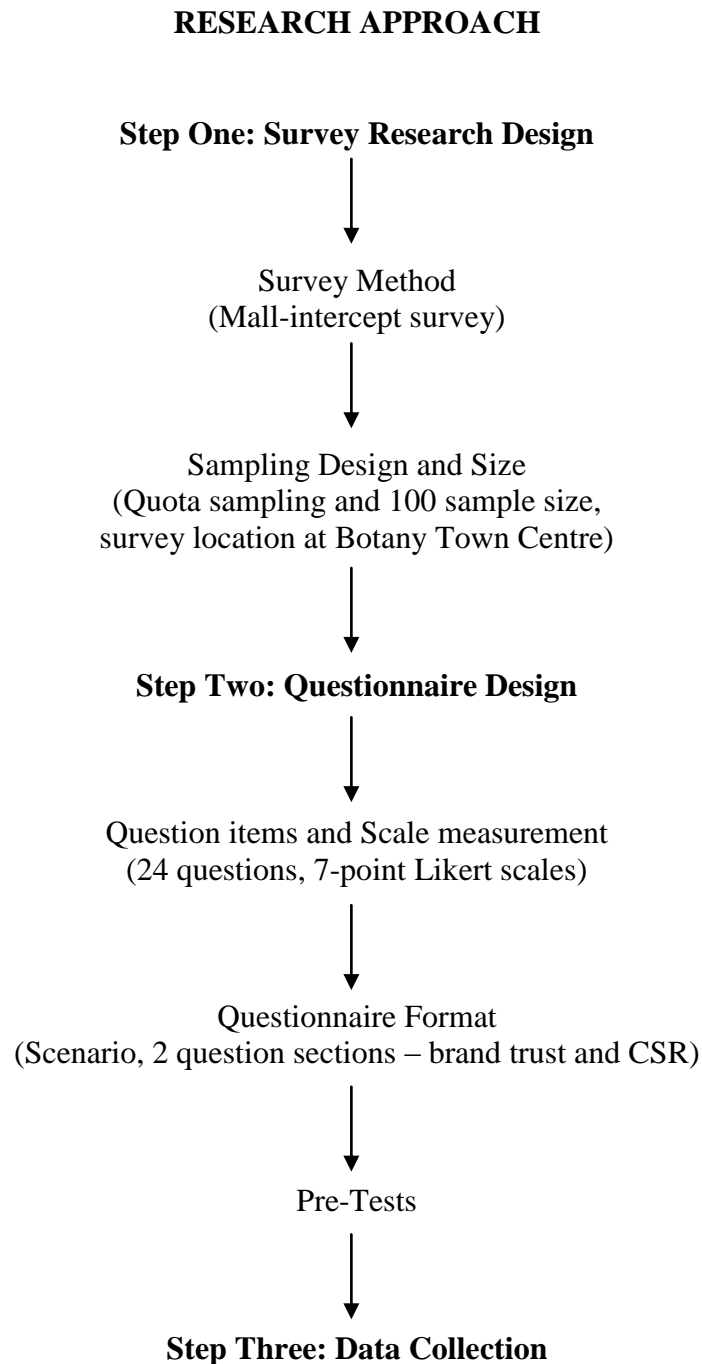


Figure 3.1 Research Design Summary

### **3.8 Data Preparation**

After the 100 completed questionnaires are collected, the data coding and preparation can begin. In this process the hard copy data will be transferred into a form suitable for data analysis.

#### **3.8.1 Data Coding and Entry**

In the data coding process all the data will be entered into SPSS software. It can then be checked for mistakes to make sure there is a clean data set. Each questionnaire will be given a number code according to whether it is a Luxor A or Luxor B scenario questionnaire. Numbers 1-50 will be Luxor A and 51-100 will be Luxor B. Each answer will be given a code response, namely 1-7 for the 1-7 scale responses participants can choose from. The SPSS programme will be used for the data analysis and all data will be entered using a table format.

### **3.9 Data Analysis Methods**

After the data was cleaned, it was tested to meet the assumptions of multivariate analysis. The data analysis method begins with the profiling of respondents which includes demographics, response rate and missing data. A simple *t*-test to compare the means of both the socially responsible and non-socially responsible company will be performed.

Secondly, the exploratory data analysis will be conducted, which includes descriptive statistics and normality checking. The reliability and validity of the variables will then be checked using a couple of different methods.

The first part involves developing finalised components to represent CSR. The CSR variables will be tested for correlation between each of variables, as well as communality using an exploratory factor analysis (Cavana et al., 2001, p.439). A principal component analysis using VARIMAX rotation will then determine the relevant components to keep for the regression and cross-loaded variables will be deleted.

Finally, to examine the influence of CSR on brand trust, a multiple regression will be performed on the finalised independent CSR components and the dependent brand trust component. The multiple regressions generate the percentage variance the independent variable can explain of the dependent variable (Cavana et al., 2001, p. 432). The regression coefficients will be observed to determine effect of CSR on brand trust. The standardised regression coefficients will each be compared to see which CSR component had the greatest effect.

### **3.10 Ethical Considerations**

The following aspects of protection, participation and partnership demonstrate the ethical consideration towards the Treaty of Waitangi.

This research protects all the participants involved as it does not cause indirect or direct harm to the participants or researcher. The participation is voluntary and consent is required. All the information is anonymous, which protects the participant's confidentiality. Participants can come from a range of cultural backgrounds and have the right to decide their own actions.

The core role of participation is to provide equal opportunities for all the people involved in the research process. The participant's role in this instance is to complete a questionnaire. In this research, a mall intercept survey will be used at different times of date so there is equal chance of different people being picked in the sample. Participants will not be asked to approve data or otherwise do anything beyond the questionnaire completion.

Partnership represents a shared decision making process. In this research the participants have the decision to voluntarily participate and withdraw at any time. To maintain the partnership, participants are able to contact the researcher at any time via email to ask questions. The researcher will at all times respect the individual participant and ensure all inquiries are answered to the best of their knowledge.

The surveys are anonymous and confidential, there is no privacy issue. There was no obligation for a participant to complete the survey, or if after reading the information sheet they do not wish to participate, that was accepted. Lastly, no personal questions or details were asked of the participants. This research gained low-risk ethical approval from the AUT Ethics Committee in October 2010.



### **3.11 Conclusion**

The methodology was positivist, testing an adaptation of Turker's (2009) CSR scale. This study is a quantitative approach which supports the exploratory testing of the scale variables. The method of a mall-intercept survey to collect the quantitative data was chosen as it provides a good basis for data collection for an exploratory study and aids quota sampling. The quota sampling was split equally between genders and across age groups between 21-60 years of age. The questions in the survey were based on previously developed measurement scale by Turker (2009) and Delgado-Ballester and Munuera-Aleman (2001), being CSR and brand trust respectively. Participation in the research study is confidential, at the participant's discretion and participants can withdraw at anytime. After the data is collected, it will be prepared and cleaned, followed by a data analysis. Data analysis includes an exploratory data analysis, followed by reliability and validity testing by exploratory factor analysis and lastly, a multiple regression to determine which CSR components, if any, had the greatest effect on brand trust. The next chapter will examine the results of the data analysis.

## **CHAPTER FOUR: DATA ANALYSIS**

### **4.1 Introduction**

In this chapter, the data analysis explores the effects of CSR on brand trust. The CSR components, based on an adaptation of Turker's (2009) scale, will each be analysed against the brand trust component.

This chapter examines the profile of respondents, including demographics and response rates. Secondly, the data analysis begins with an exploratory analysis of mean and standard deviation and normality testing. The normality testing is followed by reliability testing, factor analysis and a multiple regression. Finally, a conclusion will collate the chapter findings.

The research question to be answered is: What effects does CSR have on brand trust? The data analysed throughout this chapter provides a foundation for the conclusions. The conclusions and implications, both theoretical and managerial, will be discussed in further detail in chapter five.

## **4.2 Profile of Respondents**

This section discusses the demographics of respondents and response rates.

As each third shopper was approached at the designated Botany Town Centre entrance way, a range of different ethnicities had the opportunity to fill in the survey. Quota sampling was used, as it provides the opportunity to test new measurements of items (Bryman & Bell, 2007, p.202). For this study, the demographic observed in the sampling was age groups. Participants were continually approached until each age group was filled equally of both men and women.

The response rate of the survey was hard to measure as it was a two person data collection at the mall, including busier time periods such as a Friday night. The response rate was not as high as expected as many potential participants approached did not understand the language or were below the target age of 20.

### **4.3 Exploratory Data Analysis**

This section covers descriptive statistics of the data including mean scores and standard deviations.

#### **4.3.1 Descriptive Statistics**

The mean, or central tendency of the data and standard deviation, or the average amount of variation from the mean (Bryman & Bell, p. 360), can help give an overview of the way participants are answering the questions. The scale of measurement for this study was a 7-point Likert scale, which ranged from 1-3 (disagreeable range), 4 which was neutral and 5-7 (agreeable range).

Table 4.1 outlines the mean, S.D., skewness and kurtosis of brand trust and the CSR components of employee, economic, legal and ethics. The skewness and kurtosis of the variables will be discussed in the next section.

Turker (2009) used descriptive statistics to analyse the age range of respondents, education levels and which sector the employee was working in (i.e. manufacturing, education). The data in the descriptive statistics described trends in the participants completing the survey, rather than CSR itself. Therefore, the exploratory data analysis conducted on age, education and sector by Turker (2009) can not relate to the descriptive statistics in this study.

Over the 25 items in 5 components, the means ranged from 3.85-5.20. The standard deviation rates are between 1.22 and 2.03. The brand trust variable mean ranged from 4.4-5.2. Luxor A and Luxor B had the same 'Bliss' brand which is a socially responsible brand. The participants on average gave a slightly positive rating to brand trust, being in the 4.40-4.89 range, except for, interest in satisfaction as a consumer (5.20) and value as a consumer of products (5.11) which were positive. The lowest rated item described the offering of new products from the brand and the highest rated item, although only slightly positive, was the interest in satisfaction as a consumer.

The employee items ranged in mean from 3.85-4.27. The item described as being concerned with employees developing their careers and skills had the highest mean at 4.27. The item which describes the management of the company being primarily concerned with employee needs and wants averaged at 3.85, which was the lowest score. The remaining items had a

range of 4.05-4.19, the items described work-life balance, managerial fairness and employees acquiring additional education.

Ethics items ranged from a mean of 4.62-5.18. There was a slightly positive view of customer satisfaction being important for both companies with a mean of 5.18. The item that describes the company respecting consumer rights beyond the legal requirements had the lowest mean at 4.62. In the range of 4.64-4.83, the remaining items outlined the company providing accurate information, emphasising the importance of societal responsibility and the company promoting well-being of society.

The legal items ranged in mean from 4.17-4.81. The item that asks whether the company complies with legal regulations safely and promptly had a greater positive reaction than the other items at 4.81. The items describing paying taxes regularly, co-operating with competitors and avoiding unfair competition have means of 4.50, 4.46 and 4.25 respectively.

The economic items ranged in mean from 4.72-4.82, which reflects positivity. This company participates in activities which aim to protect and improve the quality of the natural environment, was viewed as a slightly more positive item at 4.82. The lowest mean was the item describing the company as implementing special programs to minimise the impact on the natural environment at 4.72. The remaining items concerned investing in future generations with a mean of 4.82 and ensuring sustainable growth for future generations with a mean of 4.77.

**Table 4.1: Descriptive Statistics**

<b>Construct</b>	<b>Variables</b>	<b>Mean</b>	<b>S.D.</b>	<b>Skewness</b>	<b>Kurtosis</b>
Brand Trust	Bliss will be interested in my satisfaction	5.20	1.39	-0.78	-0.21
	Bliss will value me as a consumer of its products	5.11	1.31	-0.32	-0.83
	Bliss will offer me recommendations and advice on how to make the most of its products	4.89	1.36	-0.29	-0.74
	Bliss will offer me a product with a consistant quality level	4.84	1.21	-0.62	-0.01
	Bliss will help me solve any problem I may have with the product	4.43	1.21	-0.32	-0.44
	Bliss will offer me new products I may need	4.40	1.16	-0.01	0.19
Employees	This company's policies encourage the employees to develop their skills and careers	4.27	1.50	-0.33	-0.60
	This company supports employees who want to acquire additional education	4.19	1.50	-0.30	-0.50
	This company has flexible policies to provide good work-life balance for employees	4.19	1.38	-0.19	-0.25
	The managerial decisions related with the employees is usually fair	4.05	1.36	-0.09	-0.09
	The management of the company is primarily concerned with employees needs and wants	3.85	1.50	0.00	-0.69
Ethics	Customer satisfaction is highly important for this company	5.18	1.47	-0.69	-0.02
	This company provides full and accurate information about its products to consumers	4.83	1.66	-0.37	-0.91
	This company emphasises the importance of its social responsibilities to society	4.80	1.86	-0.34	-1.10
	This company contributes to campaigns and projects that promote the well-being of the society	4.64	1.93	-0.50	-1.06
	This company respects consumer rights beyond the legal requirements	4.62	1.52	-0.47	-0.26
Legal	This company complies with legal regulations safely and promptly	4.81	1.48	-0.55	-0.11
	This company always pays its taxes on a regular and continuing basis	4.50	1.49	-0.55	0.09
	This company would co-operate with its competitors on social responsibility projects	4.46	1.70	-0.40	-0.57
	This company avoids unfair competition	4.25	1.46	-0.09	-0.32
	This company endeavours to create employment opportunities	4.17	1.36	-0.32	-0.08
Economics	This company participates in activities which aim to protect and improve the quality of the natural environment	4.83	2.02	-0.58	-0.95
	This company makes investment to create a better life for future generations	4.82	1.74	-0.59	-0.66
	This company targets sustainable growth which considers future generations	4.77	1.82	-0.55	-0.74
	This company implements special programs to minimise its negative impact on the natural environment	4.72	2.04	-0.39	-1.21

### **4.3.2 Normality**

Normality is an important assumption of multivariate analysis. Normality refers to the shape of the data distribution and testing that the items do not vary too much from the normal distribution (Hair et al., 2010, p.71). Too much variation from the normal distribution can cause negative impact on the data analysis.

The two aspects that are being tested in normality are skewness which is whether the shape is in balance and not sloping positively or negatively, and kurtosis, being whether the curve is peaked or flat (Hair et al., 2010, p.71). The skewness for this data sits between -1 to 1 which is in the acceptable range. As kurtosis is also in the acceptable range, this means the data is normal.

### **4.3.3 CSR Mean Comparisons**

Mean comparisons for the data collected for both Luxor A and Luxor B were analysed through a *t*-test. The mean comparison for the CSR components is important to examine as the scenario developed for this questionnaire is based on CSR involvement of the two companies.

In the employee component, the item describing the company supporting employees that want to acquire additional education had the biggest mean variation between the two companies. The mean for the socially responsible company was 4.46, in contrast to the non-socially responsible companies mean at 3.92. While supporting employees was the item with the highest mean for the socially responsible company, the highest mean for the non-socially responsible company was the item describing the organisations concerns with employee skills and career development. The lowest means for both companies was the item that describes the management of the company being concerned with employee needs and wants, at 3.92 and 3.78.

The non-socially responsible company was rated lower on the ethics component than the socially responsible company. The highest rated item for the non-socially responsible company was customer satisfaction being important to the company at 5.08, which is slightly positive. All items were rated 5.02 and higher for the socially responsible company, which

means that company gave a positive impression in regards to ethics. The highest ranked item for the socially responsible company concerned participating in projects that helped the well-being of society at 5.66, which was also the lowest item for the non-socially responsible company at 3.62. This may be because the scenario stated Luxor A was directly involved with a societal project. The lowest rated item for the socially responsible company involved respecting consumer rights beyond the legal requirements at 5.02 which is still slightly positive.

In the legal component, the highest ranked item for the socially responsible company concerned the company participating with competitors on social responsibility projects at 4.88. Again, this may be due to the fact the Luxor A scenario explicated stated the company participates in social projects. The item describing the company paying taxes regularly and on time had the highest mean for the non-socially responsible company at 4.62. The lowest ranked item for the socially responsible company was the company avoiding unfair competition at 4.32, while the lowest mean for the non-socially responsible company was the company creating employment opportunities at 4.00. The legal component had the closest ranked means of all the CSR components.

The most noticeable mean differences between the socially responsible and non-socially responsible company is on the economics component. All the items under economics were viewed as a 5.60-5.80 for the socially responsible company, with participating in activities which aim to protect and improve the quality of the natural environment the highest mean at 5.80. In contrast, the non-socially responsible company has a mean range of 3.68-4.04. The item describing the company investing for future generations was the highest rated item for the non-socially responsible company at 4.04 and was also the lowest ranked for the socially responsible company at 5.60. The lowest ranked item for the non-socially responsible company described participation in activities which aim to protect and improve the quality of the natural environment, at 3.68. The scenario for Luxor B describes the company as using both plastic and paper in packaging production and not sourcing from sustainable palm oil sources, which may have influenced the answer to the this question.



**Table 4.2: T-Test Mean Comparisons for Corporate Social Responsibility**

Corporate Social Responsibility	Luxor A	Luxor B
EMP This company supports employees who want to acquire additional education	4.4600*	3.9200*
EMP This company's policies encourage the employees to develop their skills and careers	4.3600	4.1800
EMP This company has flexible policies to provide good work-life balance for employees	4.2800	4.1000
EMP The managerial decisions related with the employees is usually fair	4.2200*	3.8800*
EMP The management of the company is primarily concerned with employees needs and wants	3.9200	3.7800
ETH This company contributes to campaigns and projects that promote the well-being of the society	5.6600*	3.6200*
ETH This company emphasises the importance of its social responsibilities to society	5.6400*	3.9600*
ETH This company provides full and accurate information about its products to consumers	5.5200*	4.1400*
ETH Customer satisfaction is highly important for this company	5.2800	5.0800
ETH This company respects consumer rights beyond the legal requirements	5.0200*	4.2200*
LEG This company would co-operate with its competitors on social responsibility projects	4.8800*	4.0400*
LEG This company complies with legal regulations safely and promptly	4.8600	4.7600
LEG This company always pays its taxes on a regular and continuing basis	4.3800	4.6200
LEG This company endeavours to create employment opportunities	4.3400	4.0000
LEG This company avoids unfair competition	4.3200	4.1800
ECO This company participates in activities which aim to protect and improve the quality of the natural environment	5.8000*	3.8600*
ECO This company implements special programs to minimise its negative impact on the natural environment	5.7600*	3.6800*
ECO This company targets sustainable growth which considers future generations	5.6800*	3.8600*
ECO This company makes investment to create a better life for future generations	5.6000*	4.04000*

#### **4.4 Measurements of Reliability**

Reliability tests the consistency of items when using multiple measurements of a variable (Hair et al., 2010, p.125). This helps measure the stability of the data. Separate variables should each measure the same construct and should be highly correlated (Hair et al., 2010, p.125). If the separate variables are not contributing to the overall construct they may be measuring something else, which makes the data unreliable (Bryman & Bell, 2010, p.163).

Reliability is measured by Cronbach's Alpha and inter-item and item-to-total correlation. The item-to-total correlation represents the correlation of the item to the total item and the inter-item correlation outlines the correlations between the individual items. Item-to-total correlations should surpass 0.50 and inter-item correlations should be greater than 0.30 (Hair et al., 2010, p.125) Cronbach's Alpha expresses the average of all split-half reliability coefficients (which can measure the reliability of the scale) and a Cronbach's Alpha of 0.7 and above is considered acceptable, where a scale between 0 (being no internal reliability) and 1 (being greatest internal reliability) is present (Bryman & Bell, 2010, p.164).

**Table 4.3: Reliability Measure for All Interval-Scaled Variables**

Construct	Variables	Cronbach's Alpha	Correlation		
			Item-to-total	Inter-item	
				Min	Max
Brand Trust	Bliss will value me as a consumer of its products	0.816	.664	0.297	0.619
	Bliss will be interested in my satisfaction		.657		
	Bliss will help me solve any problem I may have with the product		.560		
	Bliss will offer me recommendations and advice on how to make the most of its products		.558		
	Bliss will offer me new products I may need		.528		
	Bliss will offer me a product with a consistent quality level		.510		
Employees	This company supports employees who want to acquire additional education	0.924	.841	0.636	0.813
	This company's policies encourage the employees to develop their skills and careers		.811		
	This company has flexible policies to provide good work-life balance for employees		.795		
	The managerial decisions related with the employees is usually fair		.795		
	The management of the company is primarily concerned with employees needs and wants		.770		
Ethics	This company emphasises the importance of its social responsibilities to society	0.899	.833	0.481	0.88
	This company contributes to campaigns and projects that promote the well-being of the society		.798		
	This company provides full and accurate information about its products to consumers		.757		
	This company respects consumer rights beyond the legal requirements		.744		
	Customer satisfaction is highly important for this company		.642		
Legal	This company avoids unfair competition	0.875	.801	0.424	0.757
	This company complies with legal regulations safely and promptly		.760		
	This company always pays its taxes on a regular and continuing basis		.731		
	This company would co-operate with its competitors on social responsibility projects		.629		
	This company endeavours to create employment opportunities		.622		
Economics	This company participates in activities which aim to protect and improve the quality of the natural environment	0.958	.919	0.797	0.924
	This company targets sustainable growth which considers future generations		.905		
	This company implements special programs to minimise its negative impact on the natural environment		.900		
	This company makes investment to create a better life for future generations		.876		

As demonstrated in table 4.3, each construct has a Cronbach's Alpha above 0.7, item-to-total correlations all exceed the recommended 0.5 level and the inter-item correlations are all past the passable level of 0.3 (Hair et al., 2010, p.125). Although brand trust has a minimum inter-item correlation of 0.297, it has been accepted as is close to the 0.3 mark and all the items are needed to test the different areas of brand trust.

## **4.5 Exploratory Factor Analysis**

An exploratory factor analysis was used to determine validity of the data and check that variables were loaded onto the right constructs. Validity refers to the issue of ensuring the measurement variables for a concept accurately measure that concept (Bryman & Bell, 2007, p.164). Validation of any factor analysis is essential to provide definition to a structure that binds the variables together (Hair et al., 2010, p.139). Firstly, the appropriateness of using a factor analysis needs to be determined. Secondly, examine the amount of factors to extract and lastly, analyse the separate factor loadings.

### **4.5.1 Appropriateness of using EFA**

Appropriateness of using a factor analysis is determined through a correlation matrix which encompasses: A Bartlett's Test of Sphericity, which examines the correlation matrix, and the Kaiser-Meyer-Olkin Measure of Adequacy (KOM MSA). KMO MSA measures appropriateness of factor analysis through degree of inter-correlations between variables (Hair et al., 2010, p.104). In Bartlett's Test of Sphericity, a significant correlation would be accepted at  $<0.05$ , and a significant KOM MSA must exceed 0.5, although a value of over 0.8 is considered most favourable (Hair et al., 2010, p. 104).

The first correlation matrix of CSR which was composed of employee, legal, economic and ethics constructs, before the cross-loaded factors were removed, resulted in a KMO MSA of 0.903 and a Bartlett's level of .00 which is again significant. This indicates a confidence level above 95% (Cavana et al., 2007, p.415). The final factor analysis, after cross-loaded variables were removed (which will be explained in the next section) also passed factor analysis appropriateness with a KMO MSA of .840 and a Bartlett's value of .00. The correlation matrix for the brand trust construct had a KMO MSA output of 0.845 and a Bartlett's value of .00, which indicates it is appropriate for factor analysis.

#### ***4.5.2 First Principal VARIMAX Rotation and Removed Variables***

The rotation of the factor analysis for CSR was conducted. VARIMAX rotation was chosen as it gives clean sets of components from the variables. The VARIMAX rotation explains the separate variables that are forming on each of the retainable components, and the aim is to check whether each variable is loaded on the appropriate component.

The original factor analysis with VARIMAX rotation on all 19 CSR variables resulted in cross-loading on five of the variables, which resulted in them being deleted for the final factor analysis. In order to be significant the variable must have a factor loading of between 0.3 and 0.4 minimum, with 0.5 being necessary for practical significance (Hair et al., 2010, p.118). Any variables that cross-loaded above 0.4 were deleted. Cross-loading factors need to be deleted as the overall goal is to achieve high association with one specific component (Hair et al., 2010, p.135).

The factors that were deleted were: Customer satisfaction is highly important for this company with a loading of 0.480 on factor 1 and 0.524 on factor 3. The company respects consumer rights beyond the legal requirements with a loading of 0.544 on factor 1 and 0.545 on factor 3. This company avoids unfair competition with a loading of 0.495 on factor 2 and 0.589 on factor 3. This company would co-operate with competitors on social responsibility projects with a loading of 0.606 on factor 1 and 0.595 on factor 3. This company always pays its taxes on a regular and continuing basis with a loading of 0.488 on factor 2 and 0.727 on factor 3.

#### **4.5.3 Extraction of Variables**

Next the criteria to determine which factors to extract from the data were considered. The criteria included latent root criterion, scree plots and principal variance analysis.

Firstly, a latent root criterion was observed, meaning if the eigenvalue was above 1.0 this is considered significant. However, when the number of factors is below 20, such as it is with the CSR variable, there can be a tendency to extract too few variables, so the scree plot maybe the more reliable option (Hair et al., 2010, p.109). Secondly, the scree plot can be used to determine amount of factors. The scree plot maps the latent roots (eigenvalues) against the number of factors in the extraction (Hair et al., 2010 p.110), this results in a graphical represent of the data where you can determine significant factors in the first few dot

plots on the graph before an inflection point where the curve levels off. Lastly, factors that meet a percentage variances explanation, of which the threshold is 60% of variance explanation, are considered acceptable to retain (Hair et al., 2010, p.109).

Communality of the final variables describes the amount of total variance a single variable has with the other variables included in the analysis (Hair et al., 2010, p.92). Communality is used to assess factor loadings and a communality above 0.5 is considered acceptable and significant (Hair et al., 2010, p.119).

### *Corporate Social Responsibility*

The final principal component matrix, in table 4.4, uncovered two significant components to retain. Component 1 had an eigenvalue of 8.001 which is above the recommended level of 1.0 and had a percentage variance explanation of 40.4%, which although below the recommended 60%, a percentage variance has no absolute percentage cut off (Hair et al., 2010, p.109). Also, the scree plot had this component as the first major plot on the graph, which means it should be retained.

Component 2 had an eigenvalue of 2.477 which is again over the recommended 1.0 level. There was a percentage variance explanation of 74.8%, which is above the recommended 60% level. Also, the scree plot plotted this component as the second most important and above the inflection point which makes it retainable.

The communality levels for the CSR variables are all above 0.5, they are all significant as well as loading cleanly on component 1 and component 2. The selection criterion confirms these two components are acceptable to represent corporate social responsibility. Component 1 was made up of a combination of ethics and economic variables, where component 2 was made up of a combination of legal and employee variables.

Turker (2009) conducted a final factor analysis on 21 variables, which loaded across 4 factors. These factors were: CSR to society, natural environment, future generations and non government organisations, employees (work-life balance, development of skills and careers), customers (legal rights, full and accurate information) and government (taxes, complying with legal regulations).

**Table 4.4: Corporate Social Responsibility Dimensions and Variables**

Variable	Component		Communalities
	1: Ethics & Economic	2: Legal & Employee	
This company supports employees who want to acquire additional education		.849	.78
This company's policies encourage the employees to develop their skills and careers		.855	.76
This company has flexible policies to provide good work-life balance for employees		.826	.74
The management of the company is primarily concerned with employees needs and wants		.829	.71
The managerial decisions related with the employees is usually fair		.859	.77
This company provides full and accurate information about its products to consumers	.749		.68
This company emphasises the importance of its social responsibilities to society	.822		.76
This company contributes to campaigns and projects that promote the well-being of the society	.855		.81
This company endeavours to create employment opportunities		.632	.54
This company complies with legal regulations safely and promptly		.646	.51
This company implements special programs to minimise its negative impact on the natural environment	.893		.84
This company participates in activities which aim to protect and improve the quality of the natural environment	.919		.88
This company targets sustainable growth which considers future generations	.916		.87
This company makes investment to create a better life for future generations	.870		.83
Eigenvalues	8.001	2.477	
Cummulative % Variance	40.40%	74.84%	



### *Brand Trust*

The brand trust variables all loaded on one component in table 4.5, with an eigenvalue of 3.13 and a percentage variance of 52.26%. The communality on the variables of constant quality level and offering new products are below the 0.5 significant level. However, there is strong significant loading onto the one brand trust component and the communality levels are close to 0.5, which means the component is retained. The variables were evaluated for possible deletion, but the main objective is to have a structure with conceptual support (Hair et al., 2010, p.120) and each of these variables are important aspects to brand trust.

**Table 4.5: Brand Trust Dimension and Variables**

Variable	Component	
	Brand Trust	Communalities
Bliss will offer me a product with a consistent quality level	.659	.43
Bliss will help me solve any problem I may have with the product	.705	.50
Bliss will offer me new products I may need	.675	.46
Bliss will be interested in my satisfaction	.788	.62
Bliss will value me as a consumer of its products	.793	.63
Bliss will offer me recommendations and advice on how to make the most of its products	.704	.50
Eigenvalues	3.13	
Cummulative % Variances	52.26	

#### 4.6 The Effects of CSR on Brand Trust

After the final exploratory factor analysis which generated a dependent component of brand trust and two components which represented the independent variable of CSR (made up of the two components from the final VARIMAX rotation that passed the reliability and validity analysis), a regression was performed to explain the relationship between the two factors. The multiple regression helps understand how much of the variance in the dependent variable is explained by the other descriptors (Cavana et al., 2007, p.432).

Factor scores were used to generate the final variables for the regression and this provides several advantages over summated scales. Factor scores are composite measures of each factor based on factor loadings of each item on that variable (Hair et al., 2010, p.127). By default these compose the independent components that represent CSR.

Factor scores represent all items loading on the one factor; it is considered the best method for data reduction and avoids complications caused by multicollinearity (Hair et al., 2010, p.128). Summated scales require further reliability and validity checks than factor scores when used in research.

A multiple regression was used to plot the independent variable of CSR, composed of the two ethics & economics and legal & employee components, against the dependent variable of brand trust. The regression analysis results for both companies together are in table 4.6.

**Table 4.6: Regression Output**

Variables	Standardized Coefficients		
	$\beta$	<i>t.</i>	<b>Sig.</b>
Ethics & Economic	0.221	2.487	0.015
Legal & Employee	0.432	4.865	0.000
<b>R2</b>	0.235 = 23.5%		
<b>Adjusted R2</b>	0.220 = 22%		
<b>p value</b>	0.000		

The model can be written as:

$$\text{Brand Trust} = 0.221 (\text{EE}) + 0.432 (\text{LE}) + \alpha$$

Where,

EE = Ethics & Economic

LE = Legal & Employee

$\alpha$  = Constant

#### **4.6.1 Regression Coefficients**

The significance level is under the desired 0.05 level for both the independent factors, which means that the confidence level is above the 95% mark. The *t*. value is above the +1.96 mark, which determines it has significant effect on the dependent variable (Cavana et al., 2007, p.435). Thus both independent variables that represent CSR are suitable to predict variance in the dependent variable of brand trust.

The beta values demonstrate which variable has the most variation effect in brand trust. The 0.432 beta value of legal & employee shows that this variable has much greater effect in the variation of brand trust for CSR than ethics & economics. The coefficient of determination indicates the percentage of total variance of brand trust that is explained by CSR, in this case it is 22%.

#### **4.6.2 Tolerance Levels**

Tolerance and VIF (Variance Inflation Factor) both measure multicollinearity. Multicollinearity addresses the way in which independent variables correlate with themselves as well as the dependent variable. Ideally, they would have high correlation with the dependent variable, but none between themselves (Hair et al., 2010, p.200). The VIF is 1 in this instance, which equals a tolerance level of 1 which means there is no collinearity. The

VIF is the inverse of the tolerance level and can influence the estimation of standard error in the coefficients (Hair et al., 2010, p.200).

A regression analysis was then conducted using the separate companies, examining the effect CSR had on brand trust from the perspective of the socially responsible company and the non-socially responsible company.

**Table 4.7: Regression Output Luxor A**

Variables	Brand Trust Luxor A		
	Standardized Coefficients		
	$\beta$	<i>t.</i>	<b>Sig.</b>
Ethics & Economic	0.472	4.524	0.000
Legal & Employee	0.581	5.576	0.000
<b>R2</b>	0.496 = 49.6%		
<b>Adjusted R2</b>	0.475 = 47.5%		
<b>p value</b>	0.000		

#### 4.6.3 Regression Coefficients for Luxor A

The regression coefficient for Luxor A are significant at the 0.05 level for both the independent variables. Both independent variables that represent CSR are suitable to predict variance in the dependent variable of brand trust. The beta values demonstrate which variable has the most effect on brand trust. The legal & employee component had a greater effect on Luxor A with 0.581 beta value.

The percentage of total variance of brand trust that is explained by CSR in regards to Luxor A, the socially responsible company, is 47.5%. This is significantly higher than the variance explained in brand trust for Luxor B.

**Table 4.8: Regression Output Luxor B**

	Brand Trust Luxor B		
Variables	Standardized Coefficients		
	$\beta$	<i>t.</i>	<b>Sig.</b>
Ethics & Economic	0.300	2.216	0.032
Legal & Employee	0.241	1.779	0.082
<b>R2</b>	0.178 = 17.8%		
<b>Adjusted R2</b>	0.143 = 14.3%		
<b>p value</b>	0.010		

#### 4.6.4 Regression Coefficients for Luxor B

For Luxor B only the ethics & economics variable was significant as the *t.* value was above the +1.96 mark (Cavana et al., 2007, p.435). The legal & employee item on Luxor B is only marginally significant at  $p < 0.10$ , which means ethics & economics is the only item to predict on the brand trust of Luxor B.

In contrast to Luxor A, the ethics & economics variable has a slightly greater effect at 0.300 for Luxor B. Luxor B had a significantly lower variance explanation for brand trust at 14.3%. These findings are interesting, as it could be interpreted as the more socially responsible the company is the greater effect CSR will have on variance in brand trust.

#### 4.6.5 Tolerance Levels for Luxor A and Luxor B

The individual socially responsible and non-socially responsible regression analysis results are examined in table 4.7 and table 4.8. Tolerance and VIF (Variance Inflation Factor) both measure multicollinearity. The VIF is above 0.1 for both Luxor A and Luxor B in this instance, being 1.14 and 1.046 respectively, which equals a tolerance level of over one and that means there is no collinearity. The tolerance level is also below 10, which is considered acceptable.

## 4.7 Conclusion

This chapter discussed the profile of research respondents, exploratory data analysis to give a general view of the CSR and brand trust variables, factor analysis to determine the variables to retain for the final components and the final regression which determined the variance of brand trust that CSR explained.

The exploratory data analysis included a general overview of data through descriptive statistics analysis and checking for normality of the data. The interval-scaled questions all had responses in the 1-7 Likert scale range.

The reliability and validity of the data was analysed through exploratory factor analysis. The reliability test showed a majority of components had a Cronbach Alpha above 7, an item-to-item correlation above 0.5 and an item-to-total correlation of above 0.3, proving within acceptable levels. Brand trust was the only component slightly under the item-to-total correlation at 0.297, but as these levels are a rule of thumb this was acceptable (Hair et al., 2010, p.125).

The validity of the scale was tested through an exploratory factor analysis as the variables passed the test for appropriateness of EFA. A principal VARIMAX rotation was conducted in the first EFA, in which five cross-loaded variables were removed, leading to a final rotation forming two clean components to represent CSR, being both ethics & economic and legal & employee. The final components for CSR passed acceptable levels for eigenvalues, scree plots and communality. The communality levels were slightly below the significant 0.5 level for the brand trust component on two items, but due to the significant loading on one component all the variables were retained.

The overall multiple regression showed that CSR explained a 22% variance in brand trust. The regression for both Luxor A and Luxor B showed a large difference of influence on brand trust, with the socially responsible company having a 45.7% variance explanation for brand trust and the non-socially responsible company having a 14.3% variance explanation on brand trust. The findings imply that the more an organisation participates in socially responsible activities, the more influence is maintained on brand trust. The difference may be due to the marketing and promotion of CSR, thus consumers are more informed. The

implications of this study, both theoretical and managerial, as well as conclusions from the findings are discussed in the next chapter.



## **CHAPTER FIVE: CONCLUSIONS AND IMPLICATIONS**

### **5.1 Introduction**

The current study investigates corporate social responsibility and the effects on brand trust. This chapter covers the conclusions and implications from this study. This chapter begins with an overview of the study, followed by a discussion of the findings and the theoretical and managerial implications. Limitations of study and areas for future research are discussed. This chapter then provides an overall conclusion for the thesis.

## 5.2 Overview of the Study

This study focused on the marketing topics of corporate social responsibility and branding, specifically brand trust. This study aimed to explore CSR and the impact on brand trust, while determining which variables best represent CSR for consumers.

Empirical research has explored the relationship between CSR and financial performance, organisational performance, leadership and consumer attributes. CSR is linked to corporate strategy, leadership and financial performance, each of these concepts influencing one another. These general foundations of business are important for fostering CSR in the organisation and ultimately affecting the way the consumer views that organisation.

The purpose of CSR is to promote an image and enhance reputation, but trust helps maintain long term relationships with the consumer (Delgado-Ballester & Munuera-Aleman, 2001). Consumer trust is a major component of brand loyalty, which reduces a consumers desire to switch products. Consumer loyalty allows companies to maintain a strong financial position by reducing costs associated with continually attracting new consumers to a brand.

Brand trust has not been explored to a great extent in a general brand context, nor has there been a large amount of empirical evidence obtained (Delgado-Ballester & Munuera-Aleman, 2005). However, there is research to suggest there is a positive relationship between CSR and consumer attitudes in general (Ellen et al., 2000). Delgado-Ballester (2004) suggests that a brand-consumer relationship is associated with brand personality, allowing consumers to have relationships with a brand. CSR could then influence these consumer relationships.

This research gap prompted this study's exploratory research into the effects of CSR on brand trust, as well as testing an adapted CSR scale, originally developed by Turker (2009). The exploration between CSR and brand trust was important to determine which CSR components would have the largest effect on trust. This study also tested an adapted scale that encompassed a larger range of CSR variables previously not included (i.e. employees). The aim was to contribute to CSR and branding literature while supporting the literature that establishes CSR as having a positive effect on the consumer. If CSR's positive effects can be substantiated, awareness and integration of CSR into everyday practices and policies can be occurring.

The scenarios in this study aim to investigate views towards two separate companies of different backgrounds in regards to CSR and brand trust. The socially responsible company was described as sourcing sustainable and natural goods and donating to social projects. The non-socially responsible company was described as placing finances back into internal research, not sourcing sustainable materials and not donating to social projects. The two scales used for both CSR and brand trust were an adaptation of Turker's (2009) CSR scale and the brand trust scale from Delgado-Ballester and Munuera-Aleman (2001).

The two different hypothetical scenarios, one scenario for a socially responsible company (Luxor A) and the other for a non-socially responsible company (Luxor B) allowed the relationship between CSR and brand trust to be analysed from two perspectives without making assumptions. The Luxor companies were described as both New Zealand owned companies that produce a range of household cleaners, laundry and body care products.

The 'Bliss' brand that was used in the scenario was the same for both Luxor A and Luxor B, however, the companies themselves differed. The socially responsible company participated in a social programme, as well using natural products, recyclable packaging and no animal testing. The non-socially responsible company used both plastic and paper packaging, participated in research and development and no social programmes.

The brand Bliss was used for both scenarios and was a socially responsible brand manufactured without chemicals, animals testing and in recyclable packaging. This study is exploratory, exploring the relationship between CSR and brand trust. The exploratory nature creates the opportunity for future research by creating a foundation from which to form hypotheses; as such the study had no set hypothesis as no set theory was being tested.

A quantitative research approach was chosen, allowing exploration into the connection between two variables (Bryman & Bell, 2007, p.426). The method for this study was a mall-intercept survey, using quota sampling. For the sample, 100 participants were surveyed, 50 of the participants received the socially responsible scenario and 50 received the non-socially responsible scenario. Multivariate technique (EFA) led to the development of the final CSR components and a multiple regression analysed the effect the final CSR components of legal & employee and ethics & economics on brand trust.

## 5.3 Discussion of Findings

### 5.3.1 CSR Factor Analysis

The CSR scale used for this study was adapted from Turker (2009). A VARIMAX rotation was conducted for the exploratory factor analysis which produced some cross-loaded items. Cross-loaded items were removed in both this study and the Turker (2009) study after which the final factors representing CSR remained. In Turker's (2009) final scale there were four factors representing CSR on which the remaining items loaded. In this study the items loaded onto two final components. This section describes the items that were deleted, loaded significantly and which final components represented CSR.

The studies both have cross-loaded legal items, two of which were the same. In Turker's (2009) 21 item scale the items deleted were, this company endeavours to create employment opportunities, this company avoids unfair competition and this company would co-operate with competitors on social responsibility projects. The legal items that were cross-loaded and deleted in this study were, this company avoids unfair competition, this company would co-operate with competitors on social responsibility projects and this company pays taxes on a regular basis.

Turker (2009) states the legal dimension was added to the CSR scale to avoid narrowing the concept in the initial CSR scale development. In both studies, the legal dimension had the highest number of cross-loaded variables. There was no significant literature discussing legal issues and CSR in chapter two. This indicates that only certain aspects, if any, in terms of legal issues may be important for the representation of CSR.

Every item from both the economics and employee constructs were retained in the study. The employee items loaded with the remaining legal items onto the legal & employee final component of CSR. Turker's (2009) final loading matrix also retained every employee variable cleanly loaded onto one factor. The employee items described employees developing their careers, employee needs, flexible policies, fair managerial decisions and ability to acquire additional education.

These findings suggest that employees are an important component to CSR and including employee variables in a CSR measurement scale is wise. Greening and Turban (2000) and Backhaus et al. (2002) identified employee involvement as a defining factor of corporate

social performance. Particularly, the managerial investment into employees can increase both commitment and participation in CSR activities.

Employee involvement is important for CSR activities, as well as financial investments (Sharp & Zaidman, 2009). The support of employee participation and diversity by an organisation is also a major attraction for potential employees (Albinger & Freeman, 2000). Employees are an important component of CSR and by supporting and consulting them in regards to CSR activities, new employees can be attracted in the process.

All the economics items loaded along with the remaining ethics items (after two cross-loaded items were removed) onto a final component of ethics & economics. The ethics items that were removed described the company respecting consumer rights beyond legal requirements and customer satisfaction being highly important to the company. In contrast, Turker (2009) retained these items in one of the final factors representing CSR.

The economics variables contained items describing sustainability for future generations and preserving the natural environment. Economics offers the most representation for the second component of CSR (ethics & economic). Research concluded that caring for the environment has a positive impact on financial performance, although there was mixed results (Molina-Azorin et al., 2009). It can be suggested that both employee and economics items offer a greater representation of CSR.

### 5.3.2 CSR Mean Score Differences

The means of the socially responsible (Luxor A) and non-socially responsible (Luxor B) companies were compared. The economics and ethics components had significant mean variations between the two companies. The non-socially responsible company was rated lower on the ethics component than the socially responsible company. The item describing customer satisfaction being important to the company was the highest mean for the non-socially responsible company at 5.08, which is slightly positive. The lowest ranked item for the non-socially responsible company described a company that participated in campaigns to promote the well-being of society at 3.62, which was also the highest ranked item for the socially responsible company at 5.66. However, as Frederiksen (2010) suggests, the foundations of ethical principles are different depending on the practice and the person. Although the interpretation of ethical behaviour can vary depending on the participant, the results still indicated that the socially responsible company rated higher on ethics overall.

In the economics component, all items had a mean between 5.60-5.80 for the socially responsible company. The highest mean for the socially responsible company was the item describing company participation in activities which aim to protect and improve the quality of the natural environment at 5.80. In contrast, the non-socially responsible company had a mean range of 3.68-4.04. The highest rated item for the non-socially responsible company described the company investing for future generations at 4.04 and although this item ranked as the lowest mean for the socially responsible company at 5.60, it was still a positive response.

### 5.3.3 CSR effects on Brand Trust

The analysed data from both the socially responsible and non-socially responsible company suggested corporate social responsibility had a significant but small effect on brand trust. Previous research suggested consumers are affected in a positive way by CSR (Ellen et al., 2006), but this finding suggests there are other areas that affect consumer trust other than CSR as demonstrated in the overall regression.

The two components that represented CSR were legal & employee and ethics & economic. The data analysis discusses the creation process. The variables of employee and economics offer the most representation for CSR, combined with items from both ethics and legal to make the final components. This suggests a multidimensional scale is appropriate for CSR measurement. De Los Salmones et al. (2005) suggested a broad definition for CSR, with multiple aspects, which this study confirms.

Interestingly, the most descriptive component of CSR was legal & employee, which included the company promoting employee opportunities, developing employee skills, encouraging work-life balance and the company complying with legal regulations. Judging by this finding, focusing on employee communication and development is a good strategy for companies in the future. Employee commitment and involvement towards CSR programmes is a key component (Sharp & Zaidman, 2009), which could explain the representational power of employees for CSR.

Greening and Turban (2000) concluded specific corporate social performance dimensions such as employee relations and concern for the natural environment, may be more crucial than others. The significant clean loadings for all items in the final components for both economics, with a focus on the environment, and employees with a focus on managerial relations and opportunities for employees, justifies the importance of these dimensions.

The individual impact of CSR on brand trust were then analysed for both Luxor A and Luxor B. The CSR for the socially responsible company (Luxor A) had a large effect on brand trust that was statistically significant at 47.5%. CSR for the socially responsible company was represented by both components, but the legal & employee had a larger effect than the ethics & economic component.

The total variance explained by CSR on brand trust for Luxor B, the non-socially responsible company was much smaller at 14.3%, but still significant. In contrast to Luxor A, the ethics & economic component represented CSR for the non-socially responsible company, as the legal & employee component was not significant. This finding demonstrates that the greater engagement a company has in CSR activities, the greater the effect CSR has on brand trust. The participants were explicitly told the socially responsible company participated in a social project, this communication of the CSR activities would have impacted on brand trust. CSR efforts need to be communicated effectively both internally and externally to receive the benefits (Maignan et al., 1999).

Organisations that do not engage in CSR have other factors that impact on consumer trust which can include continued product satisfaction to build trust in a brand. CSR is an informed, controllable and effective way for organisations to influence brand trust in order to build a brand, rather than relying on product purchasing alone.

Turker (2009) tested original CSR items in a pilot survey of business professionals in Turkey to refine variables and produce a final CSR scale. It is an important point to mention in the final conclusions as the items of CSR that were considered important to business professionals, from an organisational perspective, would be different to members of the general population, who would answer from a consumer perspective. Participants in this study were members of the general public and ultimately answered the survey from the perspective of a consumer. Different components of CSR such as employee treatment and caring for the environment will be important to different stakeholders. Piercy and Lane (2009) suggest the support from these business relationships is important to overall success and implementation of CSR.



## 5.4 Theoretical Implications

The CSR scale variables based on Turker (2009) explored the four areas of legal, employee, economic and ethics. The actual definition of CSR varies based on different theoretical literature, but a broader, more encompassing definition is favoured (De Los Salmones et al., 2005; Godfrey & Hatch, 2006; Piercy & Lane, 2009). This study helps justify a multidimensional perspective for CSR with the inclusion of employee and legal variables.

A majority of the investigation into the relationship between CSR and employees has been through employee perceptions towards a company (Albinger & Freeman, 2000; Greening & Turban, 2000; Backhaus et al., 2002). The employee component for this study contained items addressing support of employees and concern about employee well-being by the organisation. All employee variables were used to develop the final legal & employee component, which offered the greatest representation of CSR on brand trust in the overall analysis. A suggestion would be that employee treatment by an organisation, as well as employee perceptions of that company's CSR activities should both be considered.

This study also has theoretical implications for brand trust and the general consumer-brand relationship. The research into brand trust in a general brand context has not occurred to a large extent and much of the research remains conceptual in nature (Delgado-Ballester & Munuera-Aleman, 2005). This study contributed to the area by researching brand trust in a consumer context and used a brand trust scale that was tailored to measure brand trust in relation to consumer loyalty. There has been little development into a brand trust scale in a wider context (Delgado-Ballester, 2004). This study provided further testing for the brand trust scale by Delgado-Ballester and Munuera-Aleman (2001) and it proved a valid representation of brand trust.

There is limited research on the consumer in reference to brand trust. The data collected in this study was conducted on members of the general population, which were used to represent general consumers. Turker's (2009) CSR scale was refined using a pilot survey on business professionals.

In terms of developing marketing and consumer behaviour theories, this study helps identify the importance of the correct marketing of CSR in order to produce benefits. As suggested, the more a company participates in socially responsible programmes, the greater effect they will have on consumer trust. This could also be expanded in terms of the effect on other consumer attributes.

## **5.5 Managerial Implications**

This study has several important implications for company managers and business owners. It has identified CSR as an important concept when it comes to developing brand trust and could help provide some guidance as to the more important aspects of CSR, for example, fit between cause and organisation. The development of CSR programmes is conducted and approved by the leaders of the organisation. Managers also determine the extent to which CSR is incorporated into the long term strategy of the organisation. Business managers could begin by investing in socially responsible activities, both internally and externally as CSR had a small, but significant effect on brand trust.

The strongest emphasis for managers should be placed on providing a supporting and nurturing environment for employees, as determined by the employee and ethics variables being the most descriptive for CSR. This could include offering employees better work-life balance or training and development programmes.

The more socially responsible the company the larger percentage effect CSR has on brand trust. This suggests that managers that choose to participate in helping social causes can begin to accelerate the development of brand trust faster than relying on products or services alone to build trust. In contrast, although CSR explains a small amount of variance in brand trust for the non-socially responsible company, there other factors effecting brand trust that are undetermined, meaning money could be spent in areas of the business offering little development to the business-consumer relationship.

The concept of brand trust from a managerial perspective is important, or should be considered as such. This study on brand trust helps develop insight into consumer and brand relationships, which are considered one of the most important relationships by organisations. Delgado-Ballester (2004) concludes on a managerial level, the leverage of consumer and brand relationships is an important management practice. Trust is a part of the consumer and brand relationship and helps consumers develop a strong bond with a brand.

## **5.6 Limitations of Study**

It is important to outline the limitations of this study. Previous delimitations outlined that one mall was used as the location for data collection. Although this mall provided a location with a large number of mixed ethnicities and ages, this method did not allow for individual interpretation. A qualitative methodology could be tested, to explore descriptive reasons for individual consumers favouring one company above another, depending on whether they participate in socially responsible activities or not. The use of qualitative method would be used with existing companies rather than fictitious companies, which could provide more applicable data in terms of managerial implications.

This study was conducted on members of the general public and Turker's (2009) research to refine the CSR scale was conducted on business professionals in Turkey. The limitation is that the study was conducted solely from a general public perspective. The research could have been conducted on both business professionals and the general public, as both these stakeholders can be consumers.

The sample size that was used for data collection was 100 participants. The sample was smaller due to it being exploratory research, as well as the limitations in resources including researchers to collect data. Although this was taken using quota sampling, which allowed for a wider range of age groups and 50/50 gender splitting, it would be interesting to conduct the study again with a larger sample number. A larger sample size could be significant from a data analysis perspective, as a larger sample could identify relationships between components that have smaller significance (Hair et al., p.174) or produce different final components to represent CSR.

## 5.7 Future Research Suggestions

Future research can be conducted from the findings in this study. Turker (2009) identified that the CSR scale that was developed needed to be used in empirical study to test whether it could be representative of CSR. Although this study provided an initial exploratory observation into an adapted version of the scale, further research using the scale in different application contexts can help refine it further.

A broader, multidimensional definition of CSR is favoured by academics (De Los Salmones et al., 2005; Godfrey & Hatch, 2006). However, the specific definitions and measurements of CSR vary and a range of stakeholders may not be considered. There is an opportunity to test further dimensions of CSR on brand trust, with variables that have been identified as being important to different stakeholder groups.

Brand equity can be developed by brand trust (Delgado-Ballester & Munuera-Aleman, 2005). The CSR scale developed in this study could be applied to other aspects of brand equity other than brand trust, such as awareness and reputation. Yoon et al. (2006) examined the advertising of CSR activities from companies with bad reputations, although the information was not encouraging for companies with bad reputations, as consumers were often suspicious, the influence of advertising CSR activities with a company with a good reputation had not been explored.

Leadership and CSR is an area for further development. Leadership is also closely associated with strategy and employees in the organisation. Although Angus-Leppan et al. (2010) examined the different leadership styles for the implementation of CSR activities; there was a gap when investigating leadership styles on the external activities of CSR rather than maintaining the internal activities.

Further research should be conducted into perceptions of stakeholders in terms of both internal and external CSR activities. Sen et al. (2006) was identified as the only study to analyse stakeholder relations specifically in terms of CSR. This research could develop information in terms of important CSR goals or activities for organisations, depending on which stakeholders the organisation wanted to influence.

Further research could be conducted into the relationship between CSR and philanthropy, which is concerned with donating to social causes. Philanthropy could be developed as another component of a CSR scale, specifically relating to money donations, to examine the impact on branding.

Greater analysis of employee and legal attitudes, as that component explained the majority of CSR effect on brand trust, is required. CSR also explained a small amount of variance for brand trust for the non-socially responsible company and further research needs to be conducted to determine what other areas may affect brand trust.

## 5.8 Conclusion

CSR in general has a vast amount of literature linking it to different aspects of a business such as financial performance, reputation and strategy. However, research into CSR and brand trust is very limited. The research into brand trust in a general brand context is also limited (Delgado-Ballester, 2004). Acknowledging the limited amount of research in these topics areas, this study sought to investigate the relationship between brand trust and CSR, while examining the significant components to represent both constructs.

This study empirically measured CSR using an adapted scale based upon Turker's (2009) CSR scale and a brand trust scale developed by Delgado-Ballester and Munuera-Aleman (2001). The method used was a mall-intercept survey undertaken in Botany Town Centre, with a total of 100 qualifying questionnaires collected. The data analysis was a multivariate method composed of a factor analysis, independent *t*-test and multiple regressions. In terms of the final components that were developed to represent CSR, the legal & employee construct was the most descriptive for CSR, for both the overall regression and socially responsible company individual regression.

Finally, the study concludes that CSR has a larger effect on brand trust for the socially responsible organisation. The results suggest CSR provides an opportunity for companies to develop stakeholder relationships, while companies already participating in CSR should communicate CSR effectively in order to receive the benefits. Further investigation into the impact of CSR on different consumer characteristics is imperative for developing research into consumer and brand relationships. Further research into the brand trust, CSR and the consumer-brand relationship is suggested. Despite the limitations, this study has provided a foundation for further investigation into both corporate social responsibility and brand trust while examining the connections between the two concepts.

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## APPENDICES

### APPENDIX A: ETHICS APPROVAL FORM



# MEMORANDUM

## Auckland University of Technology Ethics Committee (AUTEC)

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To: Mark Glynn  
From: **Madeline Banda** Executive Secretary, AUTEC  
Date: 22 September 2010  
Subject: Ethics Application Number 10/230 **Corporate social responsibility and its effects on brand trust.**

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Dear Mark

I am pleased to advise that a subcommittee of the Auckland University of Technology Ethics Committee (AUTEC) approved your ethics application at their meeting on 16 September 2010. This delegated approval is made in accordance with section 8.1 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 11 October 2010.

Your ethics application is approved for a period of three years until 21 September 2013.

The subcommittee suggests that the applicant may obtain better results if the participants are given the option of listening to the scenarios, either in prerecorded form via something like MP3 players, or read on the spot by a person.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through <http://www.aut.ac.nz/research/research-ethics/ethics>. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 21 September 2013;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/research/research-ethics/ethics>. This report is to be submitted either when the approval expires on 21 September 2013 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEK is notified of any adverse events or if the research does not commence. AUTEK approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEK grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz) or by telephone on 921 9999 at extension 8860.

On behalf of the AUTEK and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely



Madeline Banda

**Executive Secretary**

**Auckland University of Technology Ethics Committee**

Cc: Aimie-Jade Barnes [aimie.barnes@gmail.com](mailto:aimie.barnes@gmail.com), Philippa Gerbic

# Participant Information Sheet



## Date Information Sheet Produced:

2<sup>nd</sup> September 2010

## Project Title

Corporate social responsibility and its effects on brand trust

## An Invitation

I am inviting you to participate in this questionnaire being undertaken by Aimie Barnes, a Masters student at AUT. This research will contribute to the completion of my Masters of Business degree.

Participation is voluntary and you may withdraw at any time without any consequences. Your questionnaire also remains anonymous.

## What is the purpose of this research?

The purpose of this research is to determine whether corporate social responsibility (CSR) has an effect on consumer's brand trust.

## How was I identified and why am I being invited to participate in this research?

I am interviewing customers at Botany Town Centre. Every third shopper walking in the entrance is being approached for participation.



## **What will happen in this research?**

You will read a short situation about a company who produces household cleaner and body care products, and its leading brand which is body care products. You will then answer a questionnaire based on this story.

## **What are the discomforts and risks?**

There are no discomforts or risks. All information is anonymous and confidential. You will not be expected to answer any personal questions, but simply give your opinion on the way you view the company given in the situation description.

## **What are the benefits?**

There are three main benefits: company, customer and research. You will help contribute to an area that has very little research and by doing so will help determine whether CSR is important for companies. If it was discovered to have an effect on brand trust it may encourage more engagement in CSR activities. It could benefit businesses by identifying specific activities that could be undertaken to strengthen trust with consumers.

## **How will my privacy be protected?**

All questionnaires are anonymous and confidential. All data will be stored in locked office WU301 at AUT.

## **What are the costs of participating in this research?**

The cost of participating is 5 to 10 minutes of your time.

## **How do I agree to participate in this research?**

By completing the questionnaire you are consenting to participating in the research.

## **Will I receive feedback on the results of this research?**

No, but a copy of my thesis will be at the AUT library.

## **What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, *Mark Glynn*, [mark.glynn@aut.ac.nz](mailto:mark.glynn@aut.ac.nz)

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, *madeline.banda@aut.ac.nz* , 921 9999 ext 8044.

## **Whom do I contact for further information about this research?**

### **Researcher Contact Details:**

Aimie Barnes, *aimie.barnes@gmail.com*

### **Project Supervisor Contact Details:**

Mark Glynn, *mark.glynn@aut.ac.nz*

Approved by the Auckland University of Technology Ethics Committee on 16<sup>th</sup> September 2010, AUTEK Reference number *10/230*.

## **APPENDIX C: COMPANY SCENARIOS**

**Read the following scenario and answer the questions on the company Luxor.**

### **Luxor A**

Luxor is a New Zealand owned company that produces a range of household cleaners, laundry and body care products. The products are certified GE free. Luxor is against animal testing and strives to produce all of its products in recyclable packaging.

Luxor also owns the brand “Bliss”. Bliss is a very successful line of body care products. The Bliss line of body care products is made without any nasty chemicals, is GE free and has recyclable packaging. The Bliss line is inspired by nature and has a high percentage of natural ingredients. Bliss products contain no animal fats and are not tested on animals.

In product manufacturing Luxor do not use any harsh chemicals and put increasing amounts of money into lab testing to enhance eco-science and improve their products.

Palm oil usage has become an issue as natural rainforests in Indonesia and surrounding areas are being cut down to make way for palm oil plantations. Although Luxor use palm oil, Luxor buy exclusively from a certified sustainable palm oil company. Luxor is one of only two NZ companies on the Roundtable on Sustainable Palm Oil (RSPO). Luxor is completely transparent with all information and make it available to the public on their website.

Luxor founded a non-profit organisation called Do Some Good, in which a small percentage of profits fund socio-economic community projects. Current projects include an urban eco village (where communities are encouraged to grow their own produce) to help promote sustainable living.

**Please complete the following questions on the scenario. Answer based on what you think the company would be involved in.**

**Read the following scenario and answer the questions on the company Luxor.**

## **Luxor B**

Luxor is a New Zealand owned company that produces a range of household cleaners, laundry and body care products. Luxor uses a variety of ingredients in making its products. The packaging used is both plastic and paper.

Luxor also owns the brand "Bliss". Bliss is a very successful line of body care products. The Bliss line of body care products is made without any nasty chemicals, is GE free and has recyclable packaging. The Bliss line is inspired by nature and has a high percentage of natural ingredients. . Bliss products contain no animal fats and are not tested on animals.

In product manufacturing Luxor put increasing amounts of money into lab testing to improve their products; because of this they do not put any money into social activities outside the company.

Palm oil usage has become an issue as natural rainforests in Indonesia and surrounding areas are being cut down to make way for palm oil plantations. Luxor uses palm oil in its products to make its products more affordable. Luxor makes limited information available on their public website about their products.

**Please complete the following questions on the scenario. Answer based on what you think the company would be involved in.**



**What activities do you think Luxor would be involved in from what you read?**

This company supports employees who want to acquire additional education

1      2      3      4      5      6      7

This company's policies encourage the employees to develop their skills and careers

1      2      3      4      5      6      7

This company has flexible policies to provide good work-life balance for employees

1      2      3      4      5      6      7

The management of the company is primarily concerned with employees need and wants

1      2      3      4      5      6      7

The managerial decisions related with the employees are usually fair

1      2      3      4      5      6      7

This company provides full and accurate information about its product to consumers

1      2      3      4      5      6      7

This company respects consumer rights beyond the legal requirements

1      2      3      4      5      6      7

Customer satisfaction is highly important for this company

1      2      3      4      5      6      7

This company emphasises the importance of its social responsibilities to society

1      2      3      4      5      6      7

This company contributes to campaigns and projects that promote the well-being of the society

1      2      3      4      5      6      7

This company endeavours to create employment opportunities

1      2      3      4      5      6      7

This company always pays its taxes on a regular and continuing basis

1      2      3      4      5      6      7

