

**CORPORATE SOCIAL RESPONSIBILITY  
A KEY FOR BUILDING A STRONG BRAND IN GHANA**

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**Abstract**

*In recent years, the increased application of technology has increased competition and crowded markets with little product differentiation. Hence, the public is now vigilant on what firms are saying about their corporate social responsibility (CSR) and what they are doing in practice. Undoubtedly, in Ghana, the Media, Civil Society and Government are increasingly admonishing businesses to be socially responsible, to the extent that business stakeholders are now more interested in protecting their reputation and brand image and by promoting business sustainability through making conscious efforts to maintain their corporate social responsibilities. The study is aimed at examining Corporate Social Responsibilities as a tool for building a strong brand image of an organization. A survey method was used in which data was collected through questionnaires. The results established that CSR influences consumers' perception of the company positively and also gives an appealing image to the company. The results further showed that customers consider CSR as an important factor in buying decision making and are a bit more willing to buy from a company which is actively involved in CSR.*

*Keywords: Corporate social responsibility, Brand image, Brand equity, Brand positioning, Ghana*

**INTRODUCTION**

Most corporations are formed to undertake business activities with a view to making profit. In view of this, corporations have been criticized as being driven by motives that militate against concerns for the common good (Atuguba and Dowuona-Hammond, 2006). With the advent of the era of globalization and cut-throat competition, the nature of the business environment in Ghana is increasingly becoming competitive especially in the fast moving consumer goods (FMCG) and telecommunication sectors which are agreed to be the most competitively intense

industries. The current CSR debate is evidenced by the opportunity to leverage CSR in brand building activity. The recent economic crises makes being a responsible business worth noting hence, companies are investing more than ever on the CSR activity and making organizational change to support it.

A study conducted by Pohle and Hittner (2008) show that corporate social responsibility (CSR) has not only risen recently to prominence as a serious discipline, but in an IBM Global Survey conducted to gauge how deeply the CSR issue has penetrated the core of the corporation and its strategies and operations, 68% of the 250 world business executive responded focusing on CSR activities to create new revenue streams. According to Godfrey, Merrill and Hansen (2009), a strategy based on the satisfaction of community interests has two beneficial effects. Thus, a direct effect on brand equity, given that satisfying the interests of the community is a way to improve a firm's credibility of being an institution with an ethical stance to all stakeholders and such gained reputation has a direct brand value of its own. The other effect is indirect and comes as a reinforcing mechanism. Logsdon and Wood (2002) believe that the reinforcing mechanisms generate trust coming from the application of visible CSR practices towards secondary stakeholders. Therefore, corporate social responsibility is not a new concept in Ghana, however, what is new is the shift in focus from making profits to meeting societal challenges and taking advantage to build strong brand equity.

The study has the following objectives (I) To establish how corporate entities in Ghana, with particular reference to multi national's use CSR programmes as a tool to build a strong product brand. (II) To ascertain the impact of CSR activities on the brand's image in Ghana and (III) To assess the impact of CSR on consumer choice of products.

The paper is divided into five sections. The first part deals with the background of the study. The second part concentrates on review of related literature. The third part discusses the methodology for the study. The fourth part deals with data analysis and discussion of results and the final part concentrates on managerial implications.

## **LITERATURE REVIEW**

Corporations are critical actors in the political, economic, social and cultural development of all countries (Atuguba and Dowuona-Hammond, 2006). Businesses are not divorced from the rest of society. Corporate Social Responsibility (CSR) popularity is growing day by day, as more and more companies around the globe are turning their focus towards the sustainability of the environment and society at large. Companies now have come to realize that for their future to be successful is dependent upon the sustainability of the environment and society to which they belong and in which they exist.

How companies behave affects many people not just shareholders, and so a company should be a responsible member of the society in which it operates. World Business Council for Sustainable Development (2011) defined corporate social responsibility (CSR) as the continuing commitment by businesses to behave ethically and contribute to general socio-economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The modern concept and form of CSR has appeared through a transition that started during the early twentieth century (Rahman, 2011). The definitions show that CSR is nothing new at a conceptual level; business has always had social, environmental and economic impacts, and is concerned with stakeholders; be they the government, customers or owners, and deals with regulations. This has been managed through established patterns developed over many years. However, at an operational level, the story is different. Due to globalization, the context in which business operates is changing at an increasingly rapid pace. New stakeholders, cultural barriers and different national legislations are putting new expectations on business and altering how the social, environmental and economic impacts should be optimally balanced in decision making. Thus, in such a context, CSR management tools are needed, in addition to the previously established patterns, to develop and implement a successful CSR strategy. The public is watchful now more than ever before on what firms are saying about their corporate social responsibility and what they are doing in practice. Undoubtedly, in Ghana the media, civil society and Government are increasingly admonishing businesses to be socially responsible, to the extent that business stakeholders are now more interested in protecting their reputation and brand and by promoting business sustainability through making conscious efforts to maintain their corporate social responsibilities.

Brand building has traditionally concentrated on finding untapped customer opportunities and then devising externally focused strategies. Aaker and Joachimsthaler (2000) mentioned that within the traditional branding model, the goal was to build brand image; a tactical element that drives short-term results. Brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. The value directly or indirectly accrued by these various benefits is often called brand equity (Keller, 2003). A basic premise of brand equity is that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. A strong brand allows customers to have a better perception of the intangible product and services. Also they lessen customers' perceived monetary, safety and social risks in purchasing services which are hard to ascertain before purchase. Strong brands offer a lot of advantages such as reduced competition, larger brand loyalty and good brand image.

Nowadays a brand is not considered just as logo but it is more likely taken as a carefully scored experience which is supported by huge marketing budgets, action and cultured mindset. A positive brand image helps to increase numerous outcomes such as customers contentment, service superiority, loyalty and repurchasing intention (Lai, Griffin & Babin, 2009). Therefore, much of the marketing struggle is focused on building up perceptions about the brand in the memory of a consumer. CSR could be a beneficial for building a positive brand image and building consumers' positive attitudes so it is a key source of competitive advantage. Endorsing brand image with the help of CSR initiatives assures positive comments and eventually has a positive impact on the brand because a firm is crystal clear about its external communications as well as internal practices (Naqvi Raza et al, 2013).

Social identity theory and consumer-company identification research suggest that consumers would embrace the more positive and distinctive identity of a company that engages in CSR, thus enhancing their own self-consistency and self-esteem (Bhattacharya and Sen, 2003).

In the past, CSR activities in Ghana were mainly in the domain of the mining and timber sectors. Today, a surprising number of companies regard corporate social responsibility as a platform for building a strong brand, growth and differentiation. Interestingly, the service sector has also taken a center stage or position in CSR to influence consumers' perception of the intangible services and build positive brand image. There is an increased emphasis on aligning philanthropic activities with the business strategic goals. Taking the telecommunications companies for instance, MTN Ghana sees CSR as a business strategy tool it uses to fulfil its obligation of addressing the health, education and agricultural needs of Ghanaians. The brand has therefore mandated its full labelled CSR department- MTN Foundation, to develop strategies that will help drive this agenda. The company's focus is mainly on sustainability and aligning its projects to the Millennium Development Goals.

The interventions such as renovations of the Korle-Bu Hospital Maternity section, provision of ten ICT learning centres in ten regions of Ghana, an intervention that seeks to improve teaching and learning in selected schools in the Northern region, provision of twenty boreholes in communities in the Upper West Region and the refurbishment of the Kpedze Health Centre in the Volta Region (MTN Ghana Foundation CSR records, 2012). They are investing significantly in publicizing their CSR initiatives with the objective of strengthening relationships with key stakeholders.

## **METHODOLOGY**

This research attempts to explore the impact of CSR on branding. According to Siegle (2007), generalizations, predictions or causal explanation often aimed at quantitative research, while contextualization, interpretation and understanding are more connected to qualitative research. However, to be objective and make generalizations about how a group of individuals think of initiatives that companies engaged in, it is important to use a quantitative method that is more suitable and yields data which are easily translated into statistical measures, to make comparisons, generalizations that give good overview of the population.

The study employed both qualitative and quantitative methods because it needs to analyze data in connection to people's behaviour, views, understanding, lived experiences and interpretations that are socially constructed and also make generalizations about how a group of individuals think of CSR initiatives that companies are involved in.

The questions were carefully designed to ensure better results; the layout of the questionnaire was clear, the purpose of the survey was explained to the respondents and information confidentiality was established prior to every interview. Primary data was collected from interviews conducted with this instrument. The questionnaire was divided into two parts; the first part dealt with CSR initiatives and the impact on consumers' behaviour. Questions relating to consumer behaviour, brand imagery and impact of CSR initiatives have been formed into attributes or statements with Likert-style rating scale. The respondents were asked to respond by showing the extent to which they agree or disagree with each statement or attribute.

### **Sampling Frame**

The survey focused on consumers in Accra, the capital city of Ghana. Accra has a cosmopolitan nature with people of all socio-economic classifications, varied psychographics and lifestyle can be found in the city. Five suburbs of Accra were selected through a multi-stage random sampling technique. The sample size was 150 respondents.

The study location was segmented into a number of mutually exclusive but exhaustive sectors based on the population density factor. Within the selected sectors, interviewers were deployed into different streets where they selected the respondents using random starting points. The Right Hand Rule- that is taking the right turn at every junction was followed when an interviewer got to a junction.

One respondent; mainly the heads of the households or purchases decision-maker within the selected household were interviewed in each household. A household for the purpose of this survey is defined as the number of individuals living under the same roof and having a common feeding arrangement.

## Data Collection

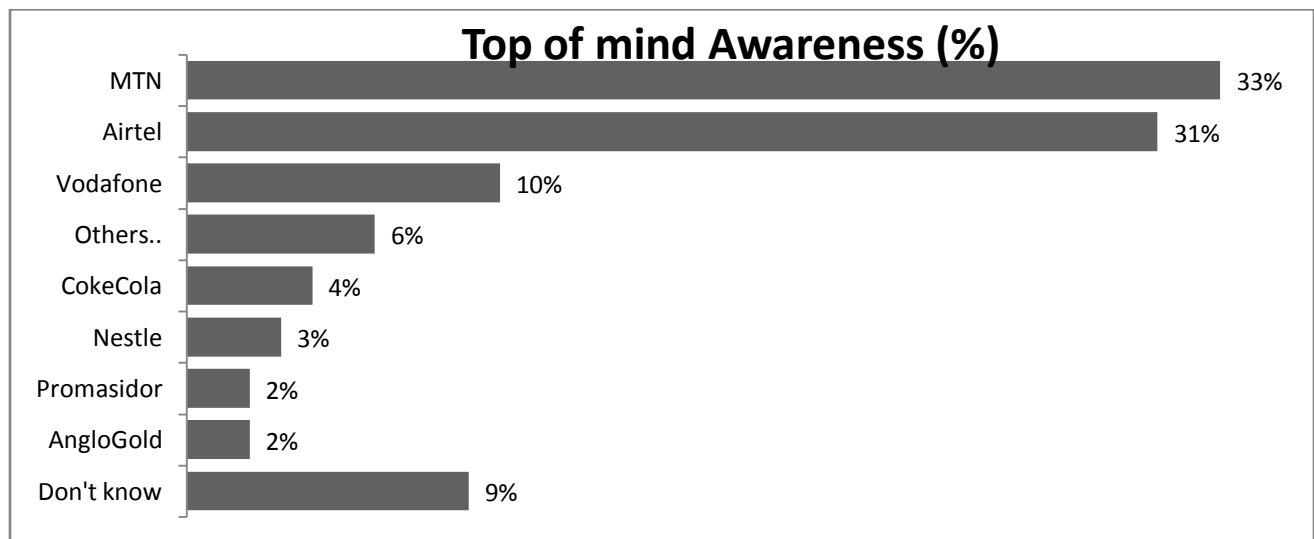
In this study, the researchers engaged four interviewers who assisted in the data collection. Prior to the fieldwork, the interviewers were given two days training on the scope of the study, the sampling technique, the questionnaire structure and its administration. A total of 150 consumers were captured in the survey. However, some uncertainties occurred while collecting the information, data editing and validations resulted in 100 valid questionnaires for consumers were used for this analysis.

## ANALYSIS AND DISCUSSION OF RESULTS

### Brand Equity from the Customer Perspective

Keller (2003) introduced Customer-Based Brand Equity (CBBE) model, which approaches brand equity from the perspective of the consumer and it could be an individual or an organization. His model is based on the premise that the power of a brand lies in what customers have learnt, felt, seen and heard about the brand as a result of their experiences over time. Two questions were used to measure brand awareness i.e. top of mind brand and other spontaneous mentions/recognition recall. Brand awareness, as mentioned is treated as respondents' ability to recall brands that are involved in CSR.

Figure 1: Awareness of Companies involved in CSR



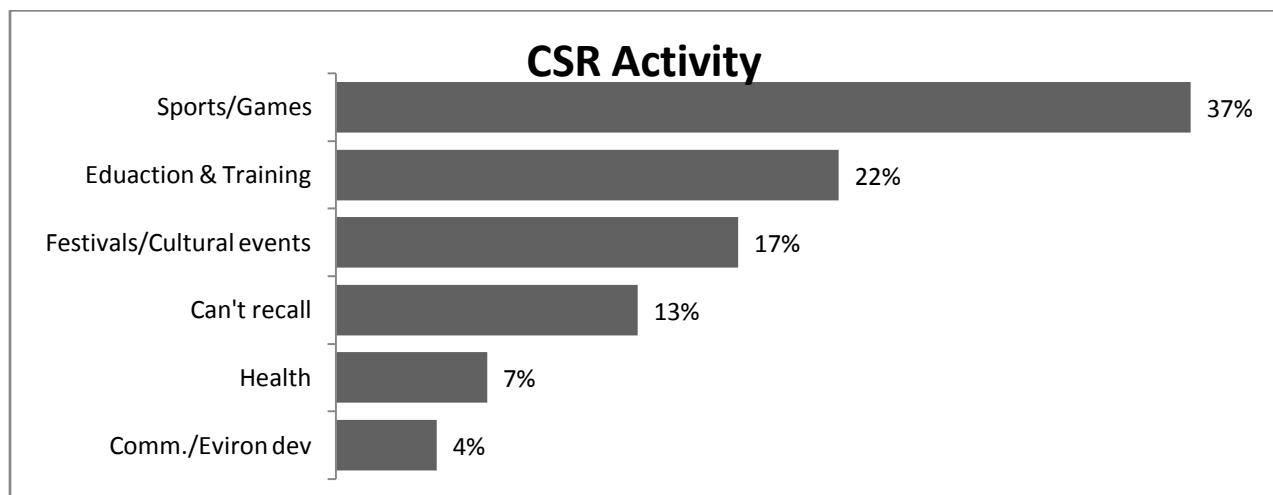
The Chart indicates that majority of the respondents are familiar with CSR activities from the Telecommunications companies. Surprisingly, three networks come first in the mind of respondents despite the fact that some other companies also undertake gigantic CSR initiatives in Ghana. MTN came up with 33% of the share of mind; it was followed by Airtel with 31% and Vodafone in the third slot with 10%. Top of mind (TOM) awareness of companies/brands

involved in CSR did not favour the food manufacturing brand in Ghana at all. Promasidor and Anlogold had only 2% share of mind by TOM. On the premise of Keller's CBBE model, that the power of a brand lies in what customers have learnt, felt, seen and heard about the brand, this research shows that Promasidor and AngloGold gained low brand equity through CSR.

### CSR Initiatives and Content

One key hindering factor which affected the content and magnitude of CSR is too many requests, which sometimes force companies to split their resources amongst many competing demand. A survey by GTZ in 2009 among some companies in Ghana showed that CSR initiatives revolve around a few major areas: health, 43.75%; cash donations 25%; education, 25%; environment, 18.75%; capacity building, 18.75%; company products, 12.25% and events sponsorship, 6.25%.

Figure 2: CSR Initiatives

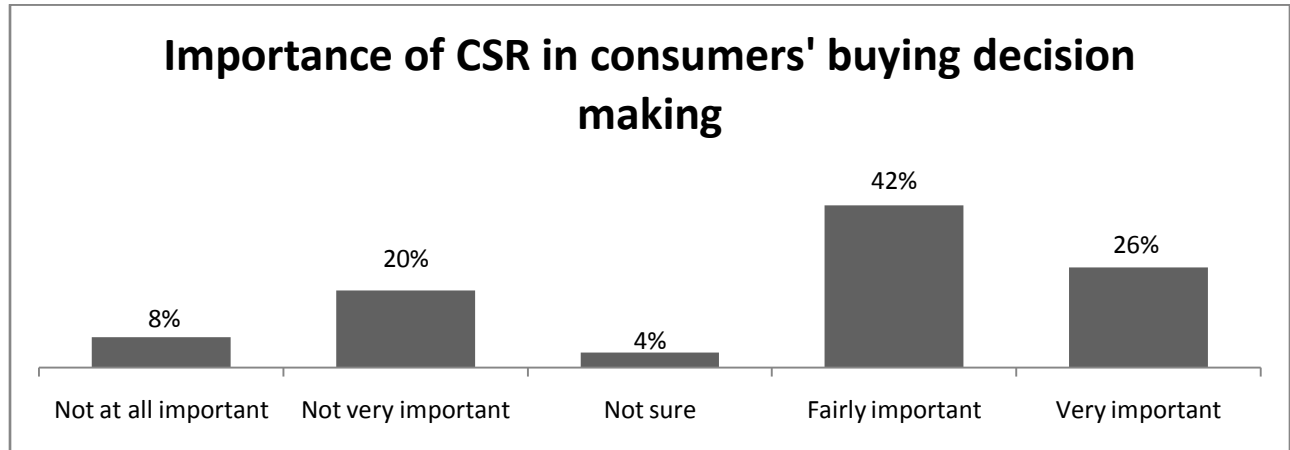


The Chart indicates that majority of the respondents see MNC involved in Sports and Games (37%) more than any other CSR areas. The brand is believed to have done 22% initiatives in education, 7% in the health area and only 4% in community and environmental development. This is contrary to the GTZ findings which put health as the most important CSR.

### Consumer Disposition: Attitudes towards CSR and Businesses

One of the firm's most relevant stakeholders is its customers. According to Bhattacharya and Sen (2003) social identity theory and consumer-company identification, research suggest that consumers would embrace the more positive and distinctive identity of a company that engages in CSR, thus enhancing their own self-consistency and self-esteem The public attitudes towards business have become transformed over the years.

Figure 3: Importance of CSR in purchase decision-making

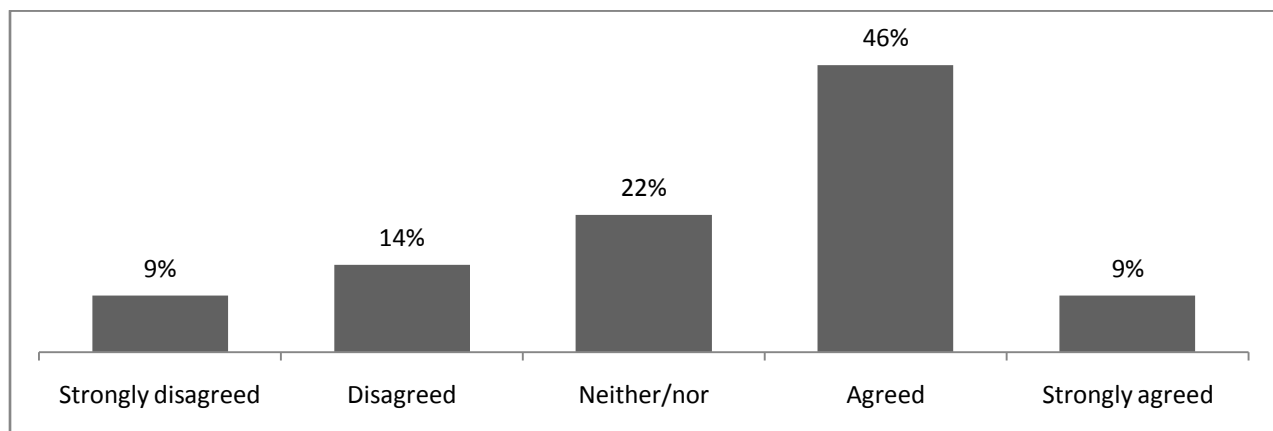


In examining the importance of CSR in purchase decision making, the result shows that 26% of the respondents consider CSR as very important factor in their purchasing decision making. To majority 42% it is fairly important and only 8% see it as not at all important. Undoubtedly, the public is watchful now more than ever before on what firms are saying about their CSR and what they are doing in practice. This is in line with the social identity theory which proposed that attitudes are moderated by demographic, situational, environmental, and psychosocial factors (Jackson et al., 1996; Platow et al., 1997).

### Influence of CSR on Brand Image and Equity

To search for evidence of a broader or more comprehensive understanding of how CSR impacts the brand building, respondents were showed some statements that described people's dispositions towards companies involved in CSR. They indicated the extent to which they agree or disagree with these statements. This helped gauge and ascertain the impacts of CSR on the brand building efforts of companies

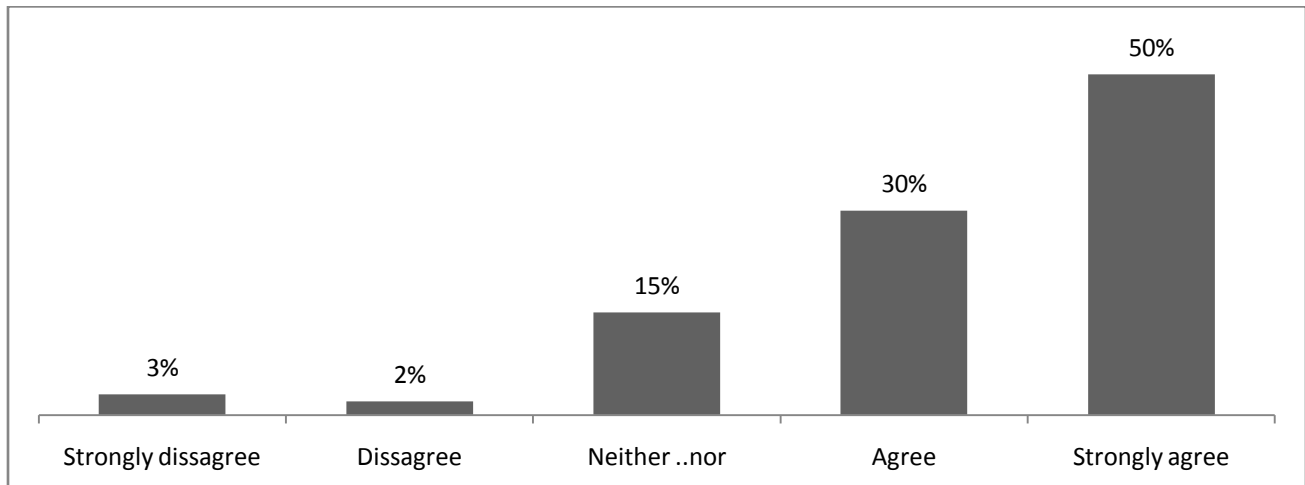
Figure 4: Statement- "CSR gives an appealing and leadership image to the company"





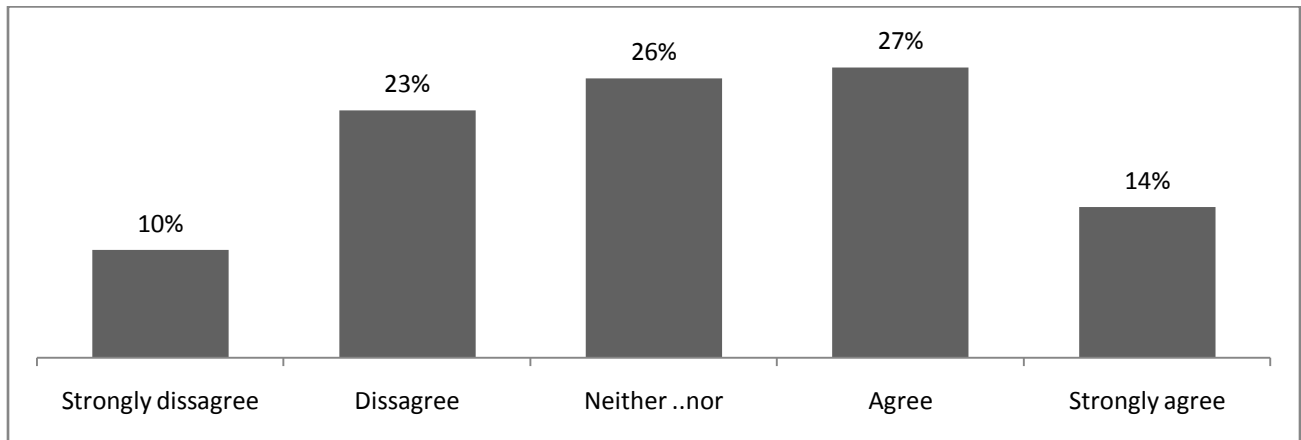
The result on the first statement above indicates that CSR gives the respondents a more appealing and leadership image/view of companies, is that 46% answered that they agree, 9% strongly agree, 9% answered that they do not agree at all and 14% only disagree. A sizeable 22% were indifferent. The tendency is therefore that CSR gives to some extent a more positive image of the company, a very convincing result.

Figure 5: Statement- *“Information about company’s CSR influences my perception of the company positively.”*



The result on the statement, if a company’s CSR information would give the respondents a more positive view of the company? 50% answered that they agree completely or strongly agree and only 5% answered that they do not agree at all. The inclination is therefore that information about company’s CSR influences consumers’ perception of the company positively.

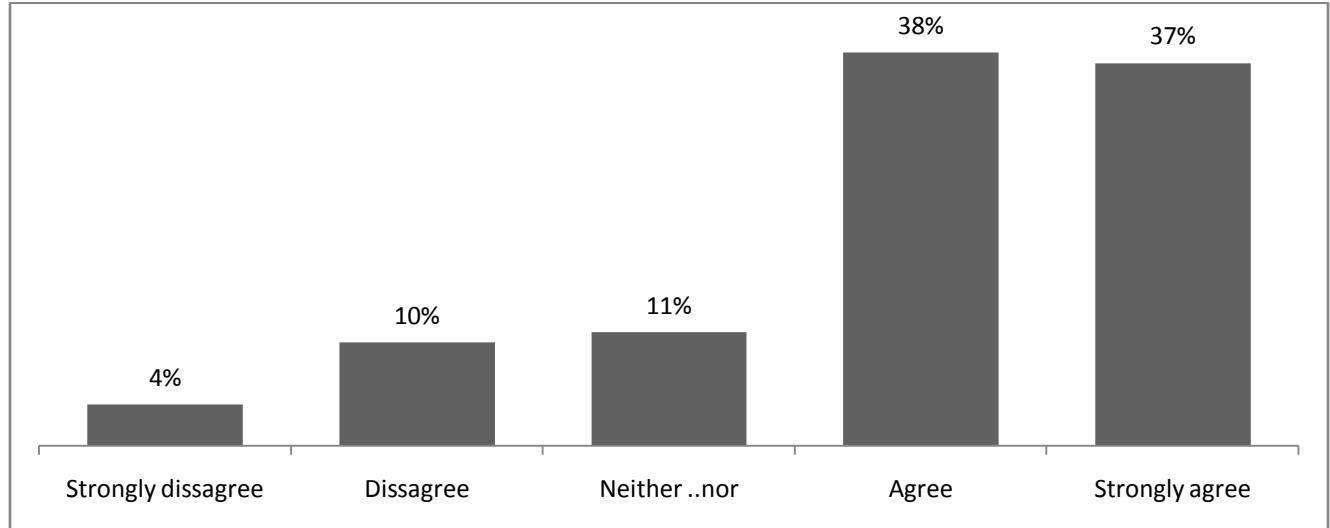
Figure 6: Statement- *“CSR activities increase my willingness to buy from the company”*



Overall, only 14% were willing to buy more of products from a socially responsible company. Comparing this result to that of how information about company's CSR influences consumers' perception of the company positively, the result is a bit less positive. For this question 41% confirmed agreement, with only 14% agreeing completely and 27% agreed. 10% answered that they do not agree at all or strongly disagree; another difference is that more respondents, 26% answered that they would not be affected at all.

The potential benefits from CSR are; strengthened brand positioning and preference, increased traffic and consumer loyalty. The respondents also get a bit more willing to buy from the company, but not as clear as the answer in the first question. One possible reason for this is that, the company may say that they care about a specific cause; however they do not show that they are actually doing something for the cause, except telling the consumers to act. This alternative demonstrates a sense of care for a cause, which make the respondents more positive towards the company. What could make the consumers a bit skeptical though, and not make them even more willing to buy from the company, is that if the company is not doing more themselves and instead encouraging consumers to take action.

Figure 7: Statement- *"It is important that companies inform their customers about what they are doing for the society"*



From figure 7, it shows that 37% of the respondents strongly agreed that it is very important for companies to inform the society about their CSR. To minority 4% it is less important and this group believes it is Government's duty to check the CSR activities.

Figure 8: Statement-“Trust the information companies publish about their CSR activities”.

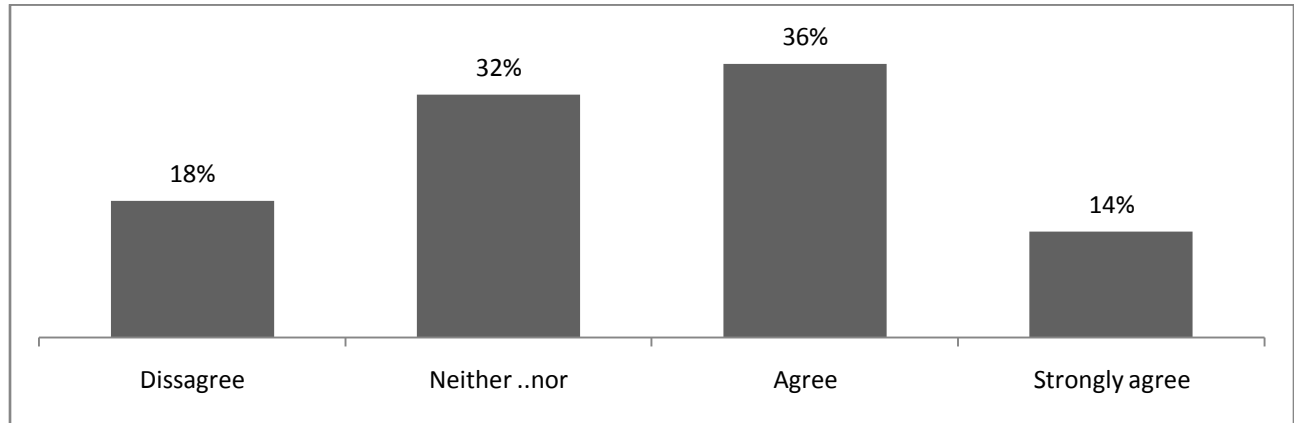


Figure 8 shows that 14% of the respondents strongly agreed that they trust information companies published on their CSR initiatives. Majority 36% trust these information and minority 18% somewhat disagreed and believed Government agencies and the public must scrutinize the information.

### Brand Image and Positioning

Brand positioning is one of the oldest marketing topics. Building a brand is also creating a positive brand image that links strong, favourable and unique associations to the brand in the mind of a person.

Figure 9: Consumer Perception of CSR on Company reputation

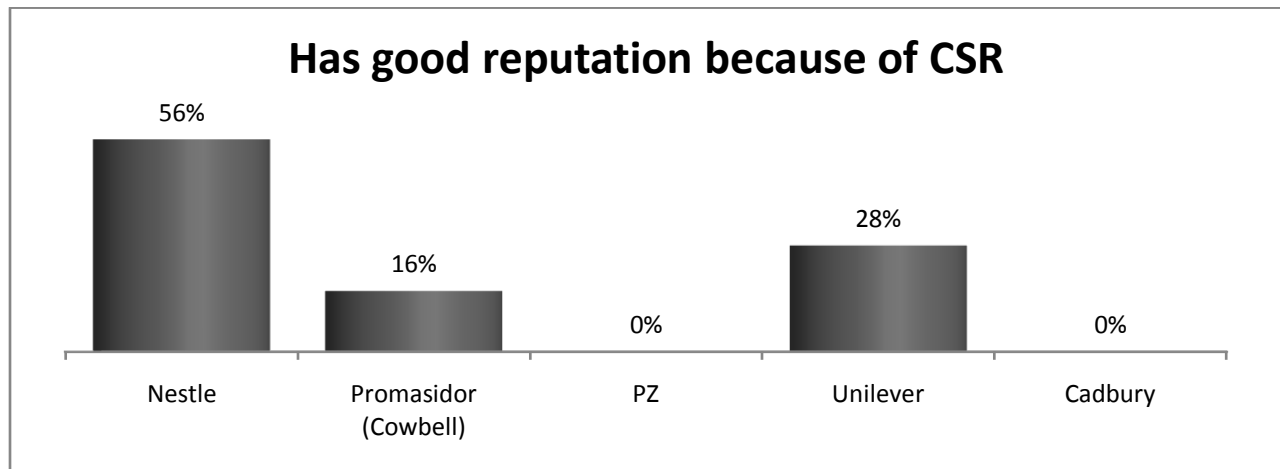


Figure 9 shows Nestle prominent in the reputation endorsement with 56% of the respondents strongly agreed that the brands/company’s CSR initiatives have given it reputable status among the food manufacturing companies. Unilever has 28% share and Promasidor had 16%. The worst performers are PZ and Cadbury.

## Net Promoter Score

According to Reichheld (2003), Net-Promoter Score (NPS) is a loyalty metric that tracks how customers represent a company to their friends and associates. Reichheld argues that this consumer representation is free marketing that greatly influences business growth.

The mechanics: By asking one simple question — *“How likely is it that you would recommend [company] to a friend or colleague?”*

Customers respond on a 0 -10 point rating scale and are categorized as follows:

- Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth.
- Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

To calculate a company's NPS, percentage is calculated of the customers who are Promoters and subtract the percentage who are Detractors.

Table 1: Net Promoter Score

Scale	0	1	2	3	4	5	6	7	8	9	10	Total
Responses	0	5	5	5	6	0	0	25	22	22	10	100
Percent	0%	5%	5%	5%	6%	0%	0%	25%	22%	22%	10%	100%

### NPS = Promoters (P) – Detractors (D)

$$\Rightarrow \text{NPS} = 32\% - 21\%$$

$$\text{NPS} = 11\%$$

Brand's efficiency of growth engine by customer advocacy is 11%. In other words, 11% of the respondents are advocates exhibiting loyalty to particular products - they not only repeat purchase but also tell others about it. An advocate promotes the business on the company's behalf.

## CONCLUSION

CSR is definitely today's word, at least to the “outsiders” of the companies. As McIntosh et al. (2003, p. 10) put it, “the behaviour of corporates has never been more under the spotlight”. Corporations are investing more and more to different CSR actions. Many studies have shown that CSR plays a role in consumers' brand and product evaluations, over and above economic or rational considerations such as consumer behavior attributes (Klein and Dawar, 2004).

The results of Klein and Dawar (2004) indicate that CSR is directly and strongly affecting firm's performance through improved consumer brand evaluations. Also poor social responsibility records will decrease credit of the firm from the view point of consumers. A survey by GTZ in 2009 among some companies in Ghana showed that CSR initiatives revolve around a few major areas: health 43.57%, cash donations 25%, education 25%, and environment 18.75%, capacity building 18.75% and company products 12.25% and events sponsorship 6.25%.

From the study, health and environment forms the least CSR activities which is contrary to the findings of GTZ, 2009. Most of the CSR activities were geared towards sports and other games. CSR has a strong influence in the purchase decisions of consumers and thus gives positive brand image.

### **Managerial Implications**

Corporate social responsibility has now become part of consumers' indicators when making purchases of goods. Therefore, the study has a lot of implications for companies.

One, the study revealed a positive correlation between CSR and consumer perception of the company and will give an appealing image to the company's brand. Previous researchers have also found that there is a positive relationship between CSR activities and corporate reputation (Curran, 2005; Wang, 2008). Therefore, business organizations should communicate CSR activities to appropriate stakeholders in order to obtain the benefits of enhanced reputation.

Two, it is noteworthy that, apart from good quality products and services, CSR creates competitive advantages for a company by building brand awareness, establishing brand credibility, enhancing corporate image and stimulating brand affinity.

### **Limitations of the Study & Future Research**

The study has some major limitations. Firstly, the study focused on customers in the Greater Accra Region of Ghana. The views of other customers in Ghana have not been captured. Future researchers should extend the study to cover customers in other regions in Ghana to give the study a broader insight. In addition, future researchers interested in this area should also look at the importance of corporate social responsibility on buying decision by gender.

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