

## Utilizing Corporate Social Responsibility to Strengthen Brand Equity

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### ABSTRACT

This research aims to analyze and evaluate the role of using Corporate Social Responsibility (CSR) in strengthening a company's brand equity. Utilizing CSR has become a major focus for companies that want to improve their brand image in the eyes of consumers and society. This research uses qualitative analysis methods with descriptive methods. The research results show that effective implementation of the Corporate Social Responsibility (CSR) program provides significant benefits in strengthening a company's brand equity. Active participation in CSR activities not only improves a company's reputation in the eyes of consumers, but also differentiates the brand from competitors, builds close relationships with consumers, and increases customer loyalty. In addition, engagement in CSR also helps companies manage reputational risks related to social and environmental issues, while ensuring compliance with relevant CSR regulations and standards. Thus, CSR has an important role in establishing a strong and responsible brand image, which ultimately supports a company's long-term growth and sustainability in a competitive market.

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**Keywords:** Utilizing, corporate social responsibility (CSR), brand equity

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### 1. INTRODUCTION

Nowadays, developments in time and technology have given rise to intense business competition which occurs in every type of industry. Not only competing on a national scale, many companies also compete on a global scale (Audina et al., 2022). This global business can not only create opportunities for companies but also create pressures for companies (Agustina & Pratomo, 2019). Companies compete with each other to gain a competitive advantage in competition in this global business, the aim is to maximize the profits obtained. In its activities, the company will greatly influence the surrounding environment, both in the production process and distribution of its products. There are two environments that influence company operations, namely the general environment and the specific environment (Sumarni & Soeprihanto, 2010).

Nugraha & Agustina (2020) explained that a company must have a sense of responsibility for preserving the environment and society in carrying out all its activities. With the emergence of these problems, a new awareness has emerged of the importance of implementing a "corporate social responsibility" program or what we usually know as CSR. Companies can use Corporate Social Responsibility (CSR) as a strategy to create competitive advantage (Zaman et al., 2014) and is considered a key factor that supports company survival in a competitive market (Anggio et al., 2022).

Companies have begun to use CSR activities not only to benefit society but companies also inject their personal values (strategy) into corporate decisions (Chin, Hambrick & Trevino, 2013). There are two reasons why CSR is receiving increasing attention: first, companies increasingly understand that CSR is the key to business success, and

second, non-profit organizations need support, and this encourages companies to participate (Lichtenstein et al., 2004). CSR can also be used to build long-term relationships with stakeholders (Naqvi et al, 2013).

Corporate social responsibility (CSR) has been considered a powerful public relations tool to enhance mutually beneficial relationships with stakeholders (Gora, 2019). Literature shows that CSR activities can be translated into a good corporate reputation from the perspective of various stakeholder groups (Hanum & Fazrah, 2023). CSR is an important element in building and maintaining a profitable corporate reputation and is considered an important strategic resource in a company's competitive advantage (Jaelani, 2021). CSR activities help companies build moral assets and support the company's intangible assets such as brand equity (Afifah et al, 2021).

Company brand equity can increase the success of marketing programs, one of which can make it easier when companies collaborate with other companies (Hur, Kim, & Woo, 2014). A company will have big problems when its brand equity is low. For marketers, companies will find it difficult to collaborate with other companies (Lai, Chiu, Yang, & Pai, 2010) and for customers, brand equity cannot provide value in strengthening their understanding of information processes, cannot foster confidence in purchasing, and difficulty in achieving satisfaction (Nurwulandari et al., 2022).

This research aims to comprehensively examine and analyze how the use of CSR can strengthen a company's brand equity. The important role of CSR in creating added value for brands has become the focus of attention of academics and business practitioners. Through in-depth analysis of CSR practices and brand equity, it is hoped that this research can provide useful guidance for brand managers, business practitioners and company stakeholders in designing and implementing effective CSR strategies, which in turn will strengthen the brand's position in the market and create sustainable positive impact on society and the environment.

## **2. LITERATURE REVIEW**

### **Corporate Social Responsibility (CSR)**

According to Daniri (2008), Corporate Social Responsibility (CSR) is a concept where companies integrate social and environmental concerns in business operations and in interactions with stakeholders voluntarily which leads to sustainable business success. According to Euis Rosidah (2018), Corporate Social Responsibility or social responsibility is a concept that organizations, especially (but not only) companies, have various forms of responsibility towards all their stakeholders, including consumers, employees, shareholders, communities, and the environment in all aspects of company operations which include social economic and environmental aspects. According to Untung (2019), Corporate Social Responsibility is the commitment of a company or business world to contribute to sustainable economic development by paying attention to corporate social responsibility and emphasizing a balance between attention to economic, social and environmental aspects. It can be concluded that Corporate Social Responsibility or social responsibility is an action carried out by a company as a sense of corporate responsibility for the impact caused by company operations, on society and the surrounding environment where the company is located.

### **Brand Equity**

Brand equity is defined by Aaker (2012) as a set of brand assets and liabilities related to a brand, its name and symbol, which increase or decrease the value provided by goods and services to a company or customer. Shimp (2013) defines brand equity as a brand value that produces high brand awareness and strong, favorable, and possibly unique brand associations that consumers remember about a particular brand. Rangkuti (2014) defines brand equity as a collection of assets related to a name, brand or symbol. Based on several definitions of brand equity above, it can be concluded that brand equity is a collection of intangible assets, liabilities and the totality and subjective brand perception that can increase or decrease the value of goods and/or services to the company or to consumers.

## **3. RESEARCH METHODS**

The author's research method is descriptive qualitative research. Using people as research subjects, qualitative inductive analysis techniques, directing research objectives to find theories that prioritize processes rather than results, and choosing a set of criteria that characterize qualitative research. The aim of research design is to write the validity of the data. Research subjects agreed with the findings (Sugiyono, 2011). Sugiyono (2011) defines qualitative research

methods as techniques used to examine the condition of natural objects (Natural Setting). The researcher is an important tool in qualitative research.

#### 4. RESULT AND ANALYSIS

Corporate Social Responsibility (CSR) serves as a strategic approach that has a broad impact on a company's overall performance. Specifically, it is anticipated to enhance the value and reputation of the brand. Previously, this was regarded as a means of enhancing individuals' standard of living by demonstrating social responsibility towards diverse facets of society, including hunger, poverty, the environment, and employees' work-life. However, this has now acquired significant importance and has emerged as a competitive advantage for organisations. This contributes to the development of brand equity by establishing a favourable perception among consumers.

Presently, stakeholders are primarily concerned with the brand's ability to fulfil the expectations and standards set by consumers and society at large. In the age of digitalization and extensive information availability, feedback from the market and industry has gained significant importance in establishing the fundamental reputation of a brand. Social media, being a potent communication medium, has emerged as a platform for contemporary consumers to acquire comprehensive information regarding a certain product or service, thus exerting a substantial influence on brand perception and corporate image.

The significance of brand equity as a valuable asset for an organisation is growing as it is directly connected to the company's reputation. Hence, doing a comprehensive analysis of brands and their equity is becoming more crucial for firms, since enhancing brand equity can indicate progress and effectiveness in marketing endeavours. The crucial elements for consumers to comprehend and identify the brand design are consistency and coherence in brand manifestation.

An influential brand reputation is a crucial basis for establishing enduring brand equity. It is crucial to acknowledge that the connection between brand reputation and brand equity can be enhanced by specific mediating elements, with Corporate Social Responsibility (CSR) playing a critical role. By implementing carefully strategized corporate social responsibility initiatives and endeavours, firms can enhance their standing and perception within society, hence bolstering their brand equity. In addition to this progress, global corporations are now recognising more and more that corporate social responsibility is not only crucial for establishing powerful brands, but also for addressing the social requirements and ambitions of the local community. Nevertheless, it is crucial to acknowledge that firms typically exhibit socially responsible conduct solely when they perceive the business's growth potential.

The daisy-wheel brand equity concept states that brand equity is linked to the satisfaction of stakeholder expectations. Socially responsible behaviour is a crucial expectation. Companies have employed Corporate Social Responsibility (CSR) as a strategic instrument to fulfil the expectations of diverse stakeholders, including non-governmental organisations (NGOs), consumers, and the media. Hence, the implementation of Corporate Social Responsibility (CSR) practises and the establishment of a positive corporate reputation contribute to the formation of stronger emotional perceptions towards the brand, ultimately resulting in the growth of brand equity.

Modern consumers prioritise business identities that can effectively match their CSR ideas and practises with their personal belief systems and values. Consumers in this situation not only engage with their experience of consuming, but also have a tendency to associate themselves with a brand's corporate social responsibility programmes that benefit the broader community. Favourable impressions of corporate social responsibility (CSR) initiatives can greatly influence socially and environmentally conscious consumers, enhancing the brand's appeal to this particular group of consumers.

Furthermore, CSR initiatives can serve as a clear indication to consumers that the company possesses advanced expertise in manufacturing exceptional quality products or services, hence bolstering the company's brand reputation. Furthermore, a study conducted by Hur and his colleagues provides supplementary evidence that the application of corporate social responsibility (CSR) has a direct and positive impact on enhancing a company's brand equity. Hence,

it is imperative for contemporary corporations to guarantee active engagement in corporate social responsibility (CSR) initiatives as a fundamental component of their strategy to establish and uphold a robust brand reputation.

Amidst the prevalence of social media in today's interconnected business landscape, adherence to corporate social responsibility (CSR) standards has become imperative for organisations to uphold their reputation and sustain their competitiveness in the market. Due to evolving consumer perception, brand equity is no longer fixed, but can vary rapidly. Therefore, corporate social responsibility (CSR) operations are becoming more robust as a significant tool for firms and their stakeholders, particularly customers. Companies prioritise customers as crucial stakeholders due to their potential to enhance company brand equity by acknowledging corporate social responsibility. This, in turn, can lead to increased earnings and goodwill in the future. Consequently, corporate social responsibility (CSR) initiatives have been acknowledged as a means for corporations to enhance their standing, ultimately leading to a boost in corporate brand value.

From the above, it can be seen that effective implementation of the Corporate Social Responsibility (CSR) program can provide a number of significant benefits to strengthen a company's brand equity. Some of the main benefits include:

1. Reputation Improvement:

Through CSR programs that are carefully designed and implemented consistently, companies are able to gain a strong reputation in the eyes of consumers and the public. This good reputation directly contributes to strengthening brand equity, cementing the company's brand image as a caring and responsible entity. Such a strong reputation not only reflects the company's commitment to social and environmental responsibility, but also builds a positive emotional connection between the brand and consumers. In this way, the company can expand its loyal customer base and attract new consumers who are interested in the social and environmental values espoused by the brand.

Strengthening brand equity resulting from a good reputation through effective CSR initiatives also brings long-term benefits. In addition to increasing a brand's appeal in a competitive market, solid brand equity allows a company to maintain higher prices and expand market share. Consumers tend to have more trust in brands that have a strong CSR reputation, which in turn strengthens customer loyalty and provides opportunities for the development of new products or services. Thus, the integration of CSR in brand strategy not only strengthens the relationship between companies and consumers, but also drives companies' long-term growth and sustainability in increasingly complex markets.

2. Competitive Differentiation:

In the midst of increasingly fierce competition in the market, CSR initiatives that are implemented consistently and with significant impact can become a crucial differentiation factor for a company's brand. Sustained engagement in positive and beneficial CSR activities can provide a competitive advantage that differentiates the brand from competitors in a crowded market. By demonstrating a real commitment to social and environmental issues through CSR, companies can strengthen the appeal of their brands, attract the attention of consumers who are increasingly concerned about corporate social responsibility, and build closer relationships with long-term customers.

Apart from being a strong differentiation factor, consistent CSR initiatives also play an important role in building long-term consumer loyalty. Consumers tend to be more loyal to brands that demonstrate a commitment to social and environmental concerns, because they feel emotionally and morally involved with the values espoused by the brand. Thus, CSR activities that are well integrated and have a positive impact not only strengthen the brand image, but also expand the loyal customer base and reduce the risk of losing customers due to intense competition in the market. This makes CSR a strategic instrument that not only increases brand differentiation, but also builds a solid foundation for long-term business growth.

3. Increased Attractiveness to Employees:

A sincere commitment to corporate social responsibility not only impacts a company's image in the eyes of consumers, but also plays a critical role in attracting and retaining top talent in today's competitive labor market. When companies demonstrate a clear commitment to social and environmental issues through CSR activities, they create an image as a caring and responsible workplace. This directly increases the company's appeal as a

desirable place to work for passionate professionals, who tend to seek a work environment that aligns with their personal values.

By creating a work environment that engages in beneficial social and environmental activities, companies can increase employee satisfaction and strengthen internal brand identity. Employee involvement in CSR programs can build a sense of ownership of company values, create a strong team spirit, and motivate employees to contribute positively to the company's brand image and sustainability. Employees who feel involved in the company's efforts to fulfill its social responsibilities tend to feel more motivated and enthusiastic, which in turn results in higher productivity, better employee retention, and a better company reputation in the labor market.

4. Responsive to Consumer Expectations:

In an era where consumer awareness about social and environmental issues is increasing, companies' active participation in CSR programs is becoming increasingly important. Through well-integrated CSR initiatives, companies can meet the expectations and values of consumers who are increasingly concerned about these issues. By demonstrating a clear commitment to social and environmental responsibility, companies can build closer relationships with consumers, create strong emotional bonds based on shared values, and strengthen brand proximity to consumers' hearts and minds.

Through active participation in CSR activities, companies can increase consumer trust in their brands. Consumers tend to have more trust in brands that demonstrate a real commitment to social and environmental issues, as this reflects a congruence in values between the company and consumers. By strengthening trust, companies can expand their loyal customer base, attract new consumers who are attracted to the values espoused by the brand, and create a strong bond between the brand and consumers. In addition, active involvement in CSR also encourages the creation of stronger brand loyalty, because consumers tend to choose brands that not only provide quality products or services, but also demonstrate a clear commitment to social and environmental responsibility.

5. Risk Management and Regulatory Compliance:

Through proactive CSR activities, companies have the opportunity to effectively manage reputation risks related to social and environmental issues. By responding proactively to these issues through well-planned CSR initiatives, companies can reduce the likelihood of controversies or crises that could damage their brand image in the eyes of consumers and society at large. Thus, proactive CSR activities help companies build protection against potential reputation risks that could arise due to non-compliance with social and environmental standards expected by consumers and society.

Apart from the benefits in managing reputation risk, compliance with relevant CSR regulations and standards also helps companies reduce legal risks that may arise due to violations of applicable regulations. By ensuring that their business activities are in line with established CSR principles, companies can reduce the possibility of legal sanctions or lawsuits that could harm their brand image and business sustainability. Through compliance with CSR regulations, companies also strengthen their brand image as socially and environmentally responsible entities, which in turn builds consumer and societal trust and expands their loyal customer base.

## 5. CONCLUSION

Corporate Social Responsibility (CSR) has a significant role in strengthening a company's brand equity. Through effective CSR implementation, companies are able to obtain various strategic benefits, ranging from increasing reputation and competitive differentiation to increasing employee satisfaction and consumer trust. Active participation in CSR activities also allows companies to manage reputational risks associated with social and environmental issues, while complying with relevant CSR regulations and standards. With increasing consumer awareness of social and environmental responsibility, consumers tend to place more value on brands that demonstrate a clear commitment to these issues. Active involvement in CSR activities can fulfill consumer expectations and values, which in turn builds close relationships, increases trust, and strengthens brand loyalty. In the midst of increasingly fierce competition, a consistent and impactful CSR strategy can be an important differentiation factor for a company's brand, help in managing reputation risks, and strengthen the brand's image as a socially and environmentally caring and responsible entity. Therefore, implementing CSR in brand strategy not only generates short-term benefits, but also contributes to a company's long-term growth and sustainability in an increasingly complex and diverse market.

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