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Explaining the effect of corporate social responsibility on brand trust (Case study: Pegah Fars Company)

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Abstract

The concept of social responsibility is becoming more and more important as one of the responsibilities of the organization. This concept is now considered not as part of the legal responsibilities of organizations but as a tradition. The purpose of this study is to explain the effect of corporate social responsibility on brand trust in Pegah Fars company. In this study, corporate social responsibility includes four dimensions (employees, ethics, law and economics). For this purpose, a research questionnaire was distributed among 70 samples from the statistical population, which is all employees of Pegah Fars Company. The research method was descriptive-correlational. To answer the questions and test the research hypotheses with Smart-PLS software, the method of structural equation analysis and path analysis using partial least squares (PLS) method was used. The results showed that among the dimensions of corporate social responsibility, three dimensions (employees, ethics and economics) have a positive and significant effect on brand trust, but the law dimension of social responsibility has no significant effect on brand trust.

Keywords: corporate social responsibility, ethics, employees, law, economy, brand trust

1- Introduction

Today, building a strong brand in the market is one of the main goals of companies and organizations. This is because benefits such as higher sales and revenue, as well as greater ability to respond to competitors' threats, create a barrier to competitors' entry and make customers less sensitive to more competitors' efforts. In this direction, one of the concepts considered to build a strong brand is brand loyalty. Companies with more loyal customers have a competitive advantage. Therefore, it is obvious that one of the attractive marketing concepts for researchers is brand loyalty and examining related factors such as brand trust and customer feelings about the brand, which has been addressed in various studies (Matzler et al., 2008).

Corporate social responsibility is a dimension of community development that expresses values and is the basis for understanding the stability of relationships between organizations and communities in real life

(Vinhardet & Andriukaitiene, 2014). Therefore, managers in today's organizations can not be indifferent to this position, because corporate social responsibility is a challenge in management and due to the fact that corporate social responsibility is associated with business practices (Lozano, 2008). It is in this context that the concept of corporate social responsibility becomes important and is introduced in the studies of the organization.

Corporate social responsibility is considered to be the next important and important factor in building a strong brand for a company. In crowded markets, companies are trying to achieve a unique business position that can differentiate them from competitors in the minds of consumers. Corporate social responsibility can also play a role in building customer stability and honesty based on distinct ethical values, and this is important because customers are more likely to be identified with the values of the companies they interact with (Hillestad et al., 2010). Polonsky & Jevons (2006) argue that companies that understand how to use corporate social responsibility in their brand operations will certainly gain significant advantages over their competitors. In addition, analysts believe that a more socially responsible organization will perform better in business. However, this general idea has been challenged, and it is not really clear which corporate social responsibility measures can create a higher specific value for the brand than other corporate social responsibility measures. In fact, there is a gap in our understanding of the relationship between contemporary corporate social responsibility trends and their implications for the organization.

Corporate social responsibility is used for brand building purposes through marketing and brand promotion of positive activities, such as supporting an event or donating to a charity (Gurhan-Calin & Fries, 2009). Brand building can include goal-oriented marketing, which highlights social activities to promote a brand directly through marketing. Marketing activities include supporting events and humanitarian efforts such as donating money to charities.

Trust in the brand has a strong relationship with satisfying the personal needs of the customer. And customer satisfaction in particular can affect brand attractiveness (Crruas Perez et al., 2009). Corporate social responsibility is an important concept in business, if it is perceived as having an impact on brand trust, it will encourage more engagement with corporate social responsibility activities. More information about corporate social responsibility and the relationship with trust can be beneficial by identifying specific activities that can benefit the business to boost consumer trust. The relationship between brand trust and organizational social responsibility can unleash the potential of a business. Therefore, this study seeks to determine which of the dimensions of corporate social responsibility affects brand trust?

For this purpose, the hypotheses of this research can be summarized as follows:

1- The social responsibility of the company has a positive and significant effect on the trust of the brand in terms of internal employees.

2- The company's social responsibility has a positive and significant effect on brand trust in terms of ethics.

3-The company's social responsibility has a positive and significant effect on brand trust in terms of law.

4- Corporate social responsibility has a positive and significant effect on brand trust from the economic point of view.

To test the above hypotheses, the conceptual model shown in Figure 1 has been used. In this model, employees, ethics, law and economics are mentioned as components of corporate social responsibility.

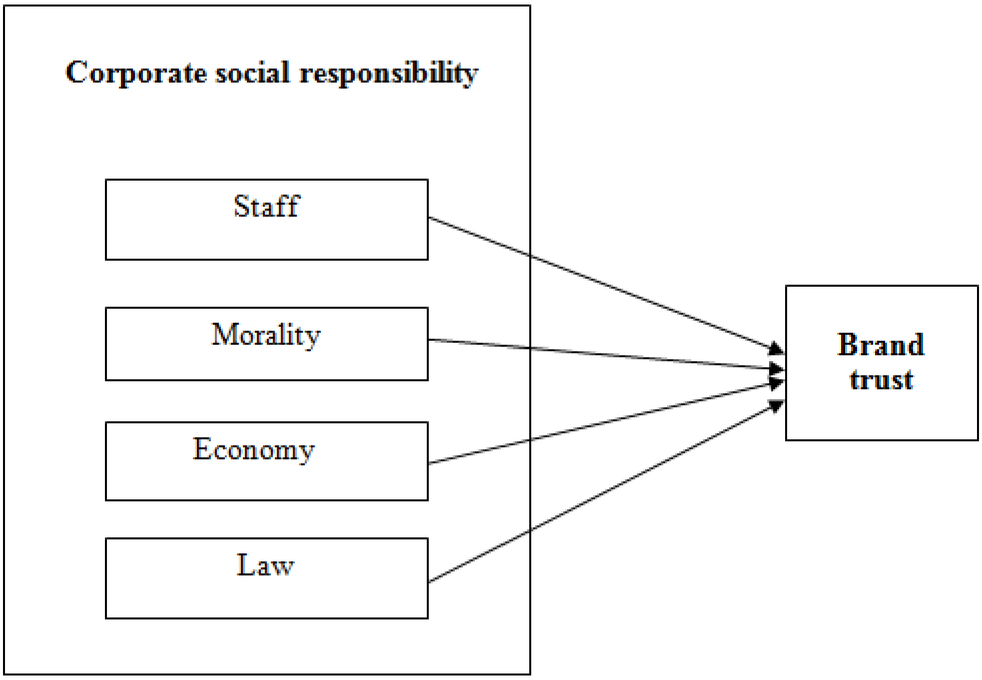

Figure 1: Conceptual model of research

2- Theoretical foundations

2-1- Corporate social responsibility

The formation of the issue of social responsibility dates back to the early decades of the twentieth century, when companies such as Ford and Carnegie began to establish non-profit organizations to develop society. Corporate social responsibility received more attention in the 1950s and 1960s when companies were asked questions about their role in society and several theories were proposed in this decade (Clark, 2000).

The initial definitions of corporate social responsibility date back to the 1950s (Carroll, 1999). The first attempts to present a better and more accurate idea and image began in the 1960s. The three researchers at the time were Davis, Frederick, and McGuire. Davis was the first to point to the power of organizations and social responsibility. He defined the social task of the company as the decisions and behaviors of the firm, the reasons for which are at least beyond the boundaries of the organization. Failure to balance power and social responsibility can ultimately lead to corporate decline. Frederick sees the corporate social task as a means to improve the socio-economic well-being of society, but McGuire did more comprehensive research in this area in an article entitled Community Business, which transcends the concept of social commitment beyond corporate economic and legal commitment. Know (Walker, 2007).

Many corporate social responsibility advocates argue that social responsibility activities represent a higher ethical standard for managers. The desire to work honestly and do the right thing can also have a positive effect on corporate financial reporting (Kim et al., 2014).

In short, the term corporate social responsibility refers to the emergence of a movement that seeks to incorporate environmental and social factors into corporate business decisions, business strategy and accounting with the aim of increasing social and environmental performance alongside economic dimensions so that Be useful to the business unit, community, and environment (Mc Kinley, 2008).

Corporate social responsibility is an evolving concept that is seen as a way for companies to integrate their social, environmental and economic concerns into values, cultures, decisions, strategies and operations in a transparent manner. As a result, develop better practices for participation, welfare and community improvement (Turker, 2009).

Many definitions of social responsibility focus on the concept of corporate voluntary action that reflects ethical values, legal requirements, and their goal is to improve social or environmental conditions (Kim et al., 2014).

Attempts by academics and professionals to achieve a satisfactory and acceptable definition have failed, and there is still no clear agreement on the definition of corporate social responsibility. A comprehensive definition of corporate social responsibility seems impossible, because corporate social responsibility has different meanings for each company depending on their level of development, awareness and ambition. Despite the relatively strong literature on corporate social responsibility, corporate social responsibility is a broad and complex concept that is constantly evolving, embracing a variety of attitudes and ideas, and its conceptual scope and boundaries in practice due to lack of definition. Strong and comprehensive operations are highly controversial, and to date, there is no generally accepted single definition of corporate social responsibility (Godfrey & Hatch, 2007).

Corporate social responsibility, according to the model presented by Barrins (2011) has the following dimensions.

1. Economic dimension: Since the primary responsibility of any business is to make a profit, in the economic dimension, which is the most important dimension of social responsibility, the primary organizational goals and economic activities are considered.

2. Legal dimension: The second dimension of social responsibility is formed by determining a series of laws and regulations by legal authorities and obliging organizations and citizens to observe them and move within the framework of these laws and regulations. This dimension is also called social commitment.

3. Ethical dimension: Organizations are expected to respect the values, norms, beliefs and convictions of others, like other members of society, and to consider ethical matters in their activities. This dimension is called social accountability.

4. Employee dimension: This dimension includes the expectations and policies of senior managers at the macro level, because managers and agents of organizations are expected to have a comprehensive approach to put public interests at the forefront of their decisions (Barrins, 2011).

2-2- Trust in the brand

Throughout the marketing literature, trust is mentioned as an essential component for building successful relationships (Garbario & JOhanson, 1999). So without trust there will be no relationship with stability. In fact, trust is the only useful and powerful tool of a company's communication marketing (Delgado & Muneura, 2005). Due to the nature of trust, it can be considered as a belief, desire (will) or assumption (Chaudhuri & Holbrook, 2001). It is believed that trust exists when one party has full confidence in the credibility and correctness of the exchanged partner (Morgan & Hunt, 1994). Therefore, trust in the credibility and integrity of the parties to the exchange helps individuals to be committed to a relationship. Like other similar relationships, trust is one of the most important factors in increasing commitment and promoting branding relationships (Bowden, 2009; Erkmen & Hancer, 2014). Therefore, trust in the brand by employees can increase commitment to the brand.

In order to better understand the formation of trust, Lewicki and Bunker (1996) proposed the theory of developing trust in their trust model over time. According to this model, there are three types of trust: trust based on fear, trust based on knowledge and trust based on cognition. In particular, trust is formed through these three stages over time and introduces cognitive trust as a high level of trust in relationships. Also, cognitive trust is based on shared emotional interests and values. Because brand commitment is also defined as the physiological interest of employees in the brand (Burmann & Zeplin, 2005), employee trust in the brand increases when employees become more interested and committed to the brand.

3- Research methodology

Methodologically, this research is a correlational research. The present study is a descriptive research based on how to obtain the required data and in terms of research classification according to their purpose. This research is applied in terms of type and descriptive-survey method.

In this research, in order to compile the basics, definitions and theoretical concepts, library resources including existing scientific documents, books and articles were used. Also, a valid questionnaire was used to collect the data needed to test the research hypotheses. The Barrins (2011) questionnaire was used to measure research variables.

The questionnaire of this research was subjected to the judgment of several experts and professors of business management and marketing working in universities for content validity. Those 30 questionnaires were distributed in the statistical community and at first it was not possible for the respondents to understand a number of questions. The data collection tool was used.

The statistical population of the present study is all employees of Pegah Fars Company and the research population is limited and their number is 90 people. Sampling method In this study, the available sampling method was unlikely. One of the characteristics of the partial least squares (PLS) method is to test the hypotheses and analyze its insensitivity to the number of samples. According to some researchers, the minimum sample required to perform PLS analysis (partial least squares method) is the maximum value obtained from the following two rules (Barclay et al., 1995):

1) 10 times the number of indicators of the measurement model for a structure that has the highest index (representative-item) among the measurement models of the main research model, in which the highest index for the structure of customer experience (brand trust) is 6 and Therefore, according to this rule, the number of samples is estimated to be ten times 60.

2) 10 multiplications in the most relationships in the structural part of the main research model (maximum number of variables that directly predict a variable) that is related to a variable. According to the research model, the highest relationship (number of direct predictor variables) belongs to the independent variable of social responsibility of the company and is equal to 4, based on this rule, the sample size is estimated at 40.

By comparing the above two rules and selecting the maximum number, the minimum required sample can be estimated at 60. Due to the possibility of the researcher having access to more samples and preventing the risk of reducing the number of samples due to non-return or unusability of some questionnaires, 80 questionnaires were distributed to conduct this research, of which 70 questionnaires are suitable for analysis. Was considered statistically.

4- Data analysis

In this research, structural equation modeling has been used with the help of partial least squares method and PLS software to test the hypotheses and accuracy of the model. PLS is a variance-based approach that requires fewer conditions than similar techniques to structural equations such as LISREL and AMOS. Its main advantage is that this type of modeling requires fewer samples than LISREL. It is also considered as a powerful method in situations where the number of samples and measurement items is limited and the distribution of variables can be uncertain. PLS modeling is done in two steps. In the first stage, the measurement model should be examined through validity and reliability analyzes and confirmatory factor analysis, and in the second stage, the structural model should be examined by estimating the path between variables and determining the model fit indices.

4-1- Step 1: Measurement model

The measurement model test is related to checking the validity and reliability of measuring instruments.

4-1-1- Validity

To evaluate the convergent validity, AVE (average variance extracted) and CR (composite reliability) were used. The results of this criterion for the dimensions of the six research variables are shown in Table (1). Composite reliability higher than 0.7 and mean variance higher than 0.5 are two necessary conditions for convergent validity and correlation of structures. As can be seen from Table (2), all composite reliability values are higher than 0.7 and the values of mean variance are higher than 0.5, and this confirms that the convergent validity of the present questionnaire is acceptable.

Table 1: Results of mean variance extracted from research structures

Variable / Criterion	Brand trust	Staff	Morality	Economy	Law
AVE	0/534	0/601	0/600	0/592	0/535
CR	0/851	0/0857	0/857	0/812	0/821

In the divergent validity part, the difference between the indices of one structure and the indices of other structures in the model is compared. This is calculated by comparing the AVE root of each structure with the values of the correlation coefficients between the structures. To do this, a matrix must be formed in which the principal diameter values are the square matrix of the AVE coefficients of each structure and the lower values of the principal diameter are the correlation coefficients between each structure and other structures. This matrix is shown in Table (2). As can be seen from Table (2), the AVE root of each structure is greater than the correlation coefficients of that structure with other structures, which indicates that the divergent validity of the structures is acceptable.

Table 2: Comparison matrix of AVE root with correlation coefficients of structures (divergent validity)

	Brand trust	Staff	Morality	Economy	Law
Brand trust	**0.730**				
Staff	**0.713**	**0.775**			
Morality	**0.688**	**0.599**	**0.775**		
Economy	**0.705**	**0.715**	**0.517**	**0.770**	

Law	**0.699**	**0.672**	**0.627**	**0.469**	**0.732**

4-1-2- Reliability

In addition to Cronbach's alpha coefficient, which is presented in Table 3 and confirms the appropriate reliability of the questionnaire, the PLS method was used to evaluate the reliability of the questionnaire. The PLS method uses index reliability. The reliability of the index is also measured by measuring the factor loads by calculating the correlation value of the indices of a structure with that structure, which if this value is equal to or greater than 0.6, confirms that the reliability in The case for that is an acceptable measurement model. However, if the value of the factor load between a question and the relevant dimension is less than 0.6, that question can be removed from the model and subsequent analyzes. As can be seen in Figure (2), all values of factor loads between structures and questions are greater than 0.6, which shows a high correlation.

Table 3: Cronbach's alpha coefficient

Research structures	**Brand trust**	**Staff**	**Morality**	**Econom y**	**Law**
Cronbach's alpha	0/783	**0**/822	**0**/780	0/791	0/713

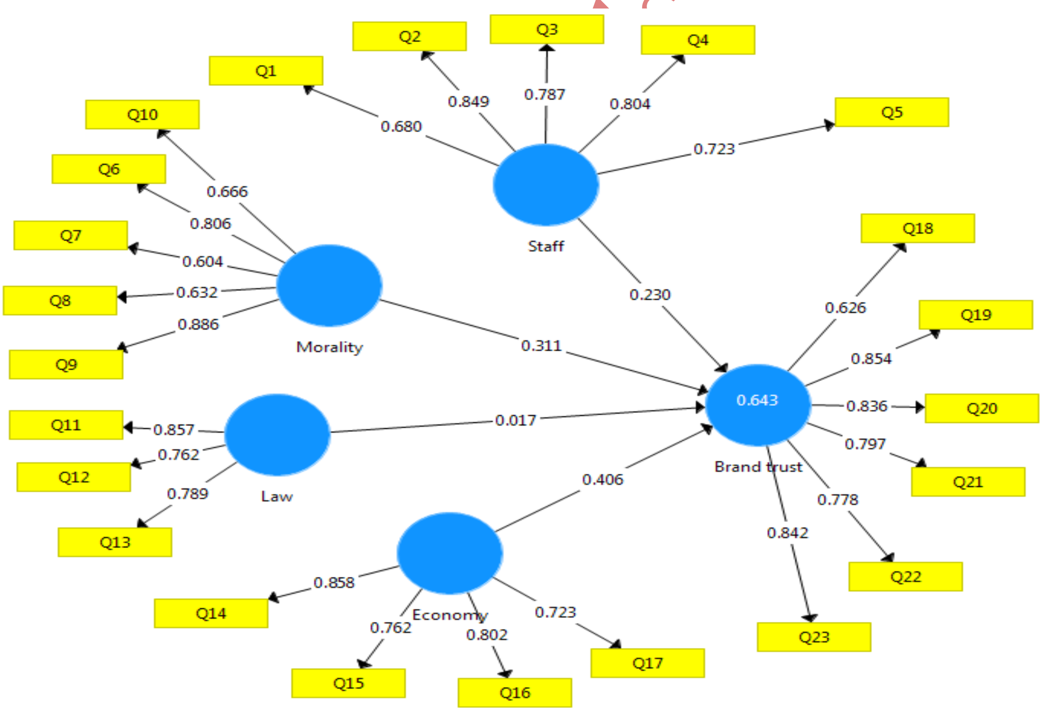

Figure 2: Software output - test model of the research (path coefficients and operating loads)

4-2- Second stage: structural model and testing of hypotheses

Structural model test, which is related to testing research hypotheses and the effect of hidden variables on each other. To confirm the research hypotheses, the Bootstrapping command of Smart PLS software was used, which shows the output of t-coefficients (Figure 3). When the values of t in the range are more than +1.96 and less than -1.96, it indicates the significance of the relevant parameter and subsequently confirms the research hypotheses.

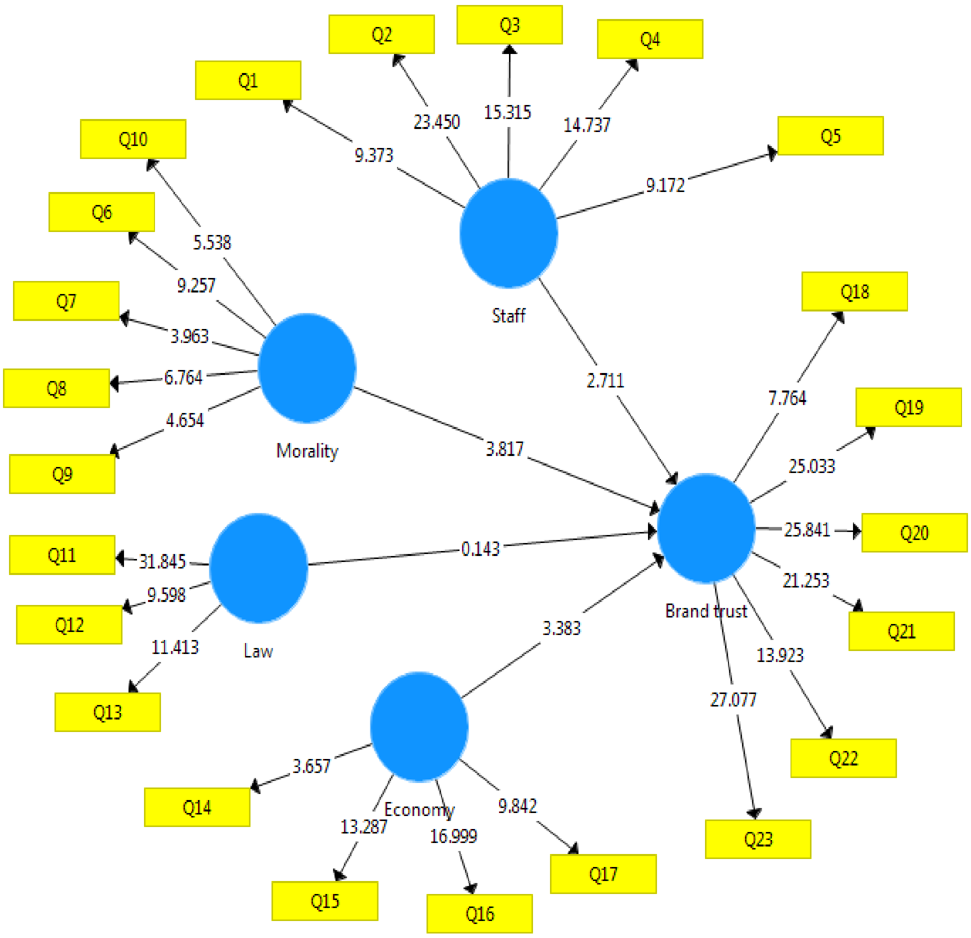

Figure 3: Software output - coefficients t

4-3- Methods of evaluating shaping models

One way to evaluate shaping models is the coefficient of determination (R2). The coefficient of determination (R2) examines what percentage of the variance of a dependent variable is explained by the independent variable (s). Therefore, it is natural that this value is equal to zero for the independent variable and greater than zero for the dependent variable. The higher this rate, the higher the coefficient of effect of the independent variables on the dependent. According to the model determination coefficient, it can be said that the dimensions of corporate social responsibility have been able to explain 0.64 of the variance variance of brand trust; Researchers have introduced three values of 0.19, 0.33 and 0.67 as the criterion values for weak, medium and strong values of R2. Based on this, it can be concluded that the model has a high predictability's residual value is related to the forecast error and can include other factors affecting brand trust.

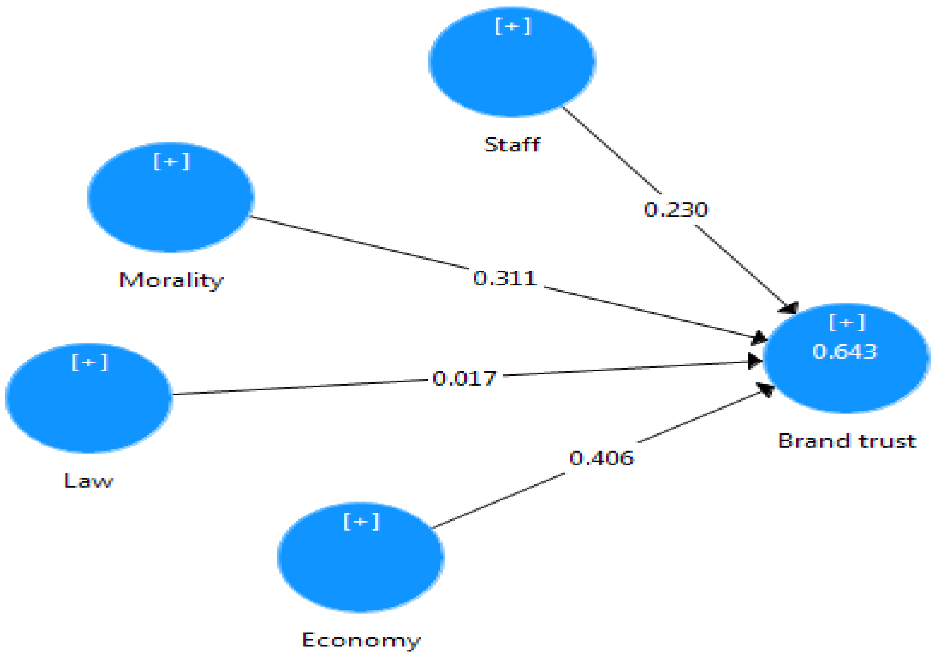

Figure 4: Evaluation of Shaping Models

4-4- Answer to research hypotheses

Hypothesis 1: The social responsibility of the company from the perspective of internal employees has a positive and significant effect on brand trust.

According to the results obtained from the path coefficient and t-statistic, the company's social responsibility has a significant effect on brand trust from the perspective of internal employees (t-statistic is outside the negative range of 1.96 to positive 1.96). According to the path coefficient, it can be said that the effect of corporate social responsibility from the perspective of internal employees on brand trust is positive and significant, because the path coefficient obtained is positive. Therefore, with the increase of social responsibility of the company in terms of internal employees, trust in the brand increases and with its decrease, trust in the brand decreases.

Hypothesis 2: Corporate social responsibility has a positive and significant effect on brand trust in terms of ethics.

According to the results obtained from the path coefficient and t-statistic, the company's social responsibility has a significant effect on brand trust in terms of ethics (t-statistic is out of the range of negative 1.96 to positive

1.96). According to the path coefficient, it can be said that the effect of corporate social responsibility in terms of ethics on brand trust is positive and significant, because the path coefficient obtained is positive. Therefore, with the increase of social responsibility of the company in terms of ethics, trust in the brand increases and with its decrease, trust in the brand decreases.

Hypothesis 3: Corporate social responsibility has a positive and significant effect on brand trust in terms of law.

According to the results obtained from the path coefficient and t-statistic, the company's social responsibility has no significant effect on brand trust in terms of law (t-statistic is in the range of negative 1.96 to positive 1.96).

Hypothesis 4: Corporate social responsibility has a positive and significant effect on brand trust from the economic point of view.

According to the results obtained from the path coefficient and t-statistic, the company's social responsibility has a significant effect on brand trust in terms of economy (t-statistic is out of the negative range of 1.96 to positive 1.96). Considering the path coefficient, it can be said that the effect of the company's social responsibility in terms of economy on brand trust is positive and significant, because the path coefficient obtained is positive. Therefore, with the increase of corporate social responsibility in terms of economy, brand trust increases and with its decrease, brand trust decreases.

Table 6: Direct effects, t-statistic and the result of research hypotheses

hypothesis	Standardized path coefficient β	statistics T	Meaningful	No rejection or Reject
Corporate social responsibility in terms of internal employees → Trust the brand	0.230	2.711	Sig<0.05	approved
Corporate social responsibility in terms of ethics → Trust the brand	0.311	3.817	Sig<0.05	approved
Corporate social responsibility by law → Trust the brand	0.017	0.143	Sig>0.05	rejection
Corporate social responsibility in terms of economics → Trust the brand	0.406	3.383	Sig<0.05	approved

5- Conclusions and suggestions

According to the results of the research, the company's social responsibility in terms of internal employees has a significant effect on brand trust. Employees are an important part of an organization's social responsibility, employee involvement in the organization's social responsibility activities is as important as financial investments (Sharp & Zidman, 2009). Employee participation support and diversity on the part of an organization is also a major attraction for potential employees. Judging from these findings, focusing on employee communication and improving its development is a good strategy for companies in the future. Employee involvement and implementation of corporate social responsibility programs is a key sector that can show the ability of employees to perform corporate social responsibility is a key sector (Barrins, 2011).

The results also show that the company's social responsibility has a significant effect on brand trust in terms of ethics. Ethical dimension is one of the dimensions that understands the relationship between the business unit and society in terms of moral values. This leads to corporate social responsibility from an ethical perspective, and companies must accept social responsibility as a moral obligation. It is assumed that it seeks to achieve a good society and emphasizes the ethical requirements in the relationship between the company and society. The main approaches of these theories are normative stakeholder theory based on Friedman (1984). Stakeholder attitudes deal with all groups that are affected by the company's operations, and it is believed that companies should create value for their stakeholders, and therefore, identifying and managing key stakeholders is very important. Ethics indicate that the company respects consumer rights beyond legal requirements, and customer satisfaction is very important to the company.

According to the research results, the company's social responsibility in terms of economy has a significant effect on brand trust. In general, enterprises have been formed as economic units in societies to achieve a better economy, and the production of services and goods for members of society is the first and most obvious goal of enterprises. And therefore, the primary role of firms is to produce the goods and services that society expects of them, and this process leads to the production of profits for the firm, which sometimes changes this view and attitude to the goal of maximizing the firm It is a profit. Economics included items that described the stability of future generations. Therefore, the economics of social responsibility can be a good justification for gaining trust.

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