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The Sustainable Competitive Advantage of Corporate Social Responsibility: The Mediating Role of Brand Equity

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Abstract: *Corporate Social Responsibility (CSR) is more than just a mere instrument for companies to present themselves as socially responsible. On top of everything, if executed properly, CSR enhances a firm's chance of gaining a competitive edge over the competitors. The purpose of this study is to verify the relationship between CSR and Sustainable Competitive Advantage (SCA). This study proposes a mediation model that links CSR to competitive advantage through Brand Equity. To achieve the study's objectives, data were collected through judgmental sampling technique from 267 customers of different banks of Bangladesh who are well-known for their CSR activities. Ten private banks of Bangladesh were selected as sources of sample respondents. The collected data were analyzed by structural equation modeling (SEM) so that all the relationship among constructs can be examined empirically. The result of this study represents the reliability and validity of CSR-BE-SCA model. The results also support the proposed hypotheses. The outcome reflects that CSR activities pave the way to develop sustainable competitive advantage where brand equity plays the mediating role between CSR and SCA. The practical implication of this study about the banks is that, through CSR programs, banks should focus on improving the brand equity. If the facets of brand equity (brand awareness, association, perceived quality and loyalty) can be enhanced through CSR then a bank will be able to capture the maximum outcome of any CSR program. Thus, a bank will be able to achieve tenable competitive edge over its competitors.*

Keywords: *CSR, Brand Equity, Sustainable Competitive Advantage, SEM.*

Introduction

Corporate social responsibility has been an extensively studied on concept in businesses. CSR is defined to be a company's "status and activities with respect to its perceived societal obligation" (Brown and Dacing, 1997). Doing the right thing for consumers or society always appears to have a positive after effect whether in firm performance or in

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enhanced brand equity thus socially responsible behavior of the businesses are rewarded with customer trust and credibility (Bhattacharya and Sen, 2004; Pivato, Misani and Tencati, 2007). Trust is considered to be a fundamental asset and companies engaged in CSR activities are more preferable and trustworthy than other firms who aren't paying attention (Maignan and Ferell, 2004). CSR catalyzes customers' willingness to positively evaluate the company when the particular firm is socially responsible. Investing in CSR initiatives tends to create positive moral capital which plays the role of an insurance against any kind of negative evaluations by stakeholders (Godfrey, 2005; Hur, Kim, Woo, 2013). The more a firm is perceived to be socially and ethically responsible, the greater the customers' enthusiasm to be identified and to support the firm (Lichtenstein, Drumwright and Braig, 2004).

Modern firms engage in CSR activities not only for complying with social values but also for their self-regard as CSR paves the way for increased competitiveness and improved stock market performance (Bansal and Roth, 2000; Drumwright, 1996; Klein and Dawar, 2004; Waddock and Smith, 2000). CSR is also linked to positive brand evaluations, brand choice and brand recommendation (Brown and Dacin, 1997; Drumwright, 1996; Sen and Bhattacharya, 2001; Klein and Dawar, 2004). However, CSR is said to have a spillover or halo effect in terms of non-routine purchase situation mainly when evaluating a new product (Klein and Dawar, 2004). From the marketing literature perspective, there are evidentiary support where customers' belief about a firm's CSR activities influence the outcomes such as brand preferences, brand loyalty and word-of-mouth and also enhance the customer brand metrics such as brand awareness, image, credibility and engagement (Hoeffler and Keller, 2002; Keller, 2003; Torres et al, 2012). In consideration of heightened competition and dwindling product differentiation, CSR initiatives bring on a new perspective into the businesses and they become less-imitable-instruments for invigorating relationship with end customers (Bhattacharya and Sen, 2004). The previous literature suggest that vast research have been conducted on these two respective areas but failed to form a definite connection between these two concepts. This particular study attempts to analyze the direct and indirect relationship of CSR and sustainable competitive advantage where brand equity acts as the mediator linking both the exogenous and the endogenous variable.

The previous literature regarding corporate social responsibility and sustainable competitive advantage suggest that vast research have been conducted on these two respective areas but failed to form a definite connection between these two concepts. Most of the studies were conducted just to identify the role of CSR in creating competitive advantage. Very often, it is seen that banks are just concerned about formulating a CSR program without any proper plan. CSR activities have a positive and direct impact on brand equity and image (Popoli, 2011) as well as CSR activities have been the mean to achieve competitive advantage (Porter and Kramer, 2002). The gap arises from the inadequacy of previously conducted research who failed to focus on the connection between these two where brand equity can act as an intensifier if plays the mediator role. This study hopes to bring to light the fact that CSR activities pave the way to achieve sustainable competitive advantage where brand equity strengthens the relationship between these two.

This current study develops a model of corporate social responsibility and sustainable competitive advantage that incorporates brand equity as a mediator to enhance this proposed relationship. A core proposition is that the effect of CSR on sustainable competitive advantage depends on the magnitude of brand equity in the banking context of Bangladesh. If this proposition is supported by the empirical data, this would (1) augment existing CSR and SCA models which focus mostly on their certain areas (2) help to explain how brand equity strengthens the relationship between these two, and (3) provide guidance to banks to keep appropriate CSR programs on place to help improve their corporate reputations.

The review of literature section outlines the theoretical foundation of this CSR-BE-SCA model and from there research hypotheses are formulated and the proposed framework is drawn to analyze the model (see Figure 1). The methodology section explains the research approach, sample design & the measurement scales, performs exploratory factor analysis and confirmatory factor analysis and assesses the fit of the general model to the empirical data. The paper concludes with results, a discussion comprising theoretical and managerial implications and suggested avenues for future research.

Objectives of the Study

The **general objective** of this study is to explore the mediating role of brand equity on CSR-SCA model.

Along with this, the **specific objectives** of this study are as follows:

- To estimate the effect of CSR on sustainable competitive advantage;
- To estimate how brand equity acts on CSR and SCA;
- To estimate the effect of CSR on brand equity and the consequential impact of brand equity on sustainable competitive advantage.

Review of Literature

Corporate Social Responsibility: In the modern times, both the global and domestic companies are recognizing the significance of social initiatives thus equally emphasizing on profitability and generating a commendable public image by shouldering social responsibility (Mozes, Josman, and Yaniv, 2011; Klein and Dawar 2004; Kang and Namkung 2017). Corporate Social Responsibility (CSR) is considered as both a tectonic academic construct and a pressing corporate agenda item (Harrison and Freeman, 1999; Sen and Bhattacharya, 2001; Waddock and Smith, 2000; Klein and Dawar 2004; Pivato, Misani and Tencati, 2007). The centrality of CSR revolves around an organization's commitment to operate within an economical and sustainable environment with a responsible attitude while maximizing social, economic and environmental value and consequentially addressing the stakeholders' interest and need. Implementing a CSR program is proven to generate a good relationship, most importantly a trusting relationship between the firm and stakeholders that causes stakeholders to become committed through actions such as customer loyalty, brand loyalty, capital investments, supplier investments and customer equity (Garbarino and Johnson, 1999; Maignan and Ferrell, 2004; Sen, Bhattacharya, and Korschun, 2006; Torres et al, 2012).

CSR has been studied for the last six decades by the researchers and practitioners yet there is no universally accepted way to define CSR (Silberhorn and Warren, 2007; Pivato, Misani and Tencati, 2007; Weber, 2008, Galbraeth, 2010; Kang and Namkung 2017). One of the first writers who mentioned CSR in his work is Keith Davis. He argued that firm should consider the outer issues beyond their profitability aspects (Caroll, 1979). During the 60s, CSR was meant to be the co-ordination between business and society. After that era, the stakeholders as well as environmental sustainability came into being included in the CSR definitions. One of the important definitions was provided by the Committee for Economic Development (CED) in 1971. This was a triple concentric definition of social responsibility. The first part articulated the basic responsibility, the intermediate part articulated the awareness to social interest and values and the final part urged firms to take responsibilities proactively to improve social environment. This integrated definition provides a holistic approach which includes the business, stakeholders, society and the environment at large.

Archie Carroll's definition of CSR (1979) has been consistently and empirically accepted and the notion constitutes four social responsibilities, namely economical, legal, ethical and discretionary. The economic responsibility revolves around profitability and growth, the legal responsibility articulates compliance with relevant laws, the ethical responsibility urges to do the right thing and the discretionary responsibility articulates the need to be proactive and act responsibly (Carroll, 1979). Thus, Carroll's conceptualization infer that some firms are reactive, some deny the obligation to function responsibly and other ones' act beyond what is necessary and what is desirable by society.

CSR generally refers to a company's way of doing things in an economically, socially and environmentally responsible way, acknowledging all the internal and external stakeholders in the environment. (Wartick and Cochran, 1985; Sen and Bhattacharya, 2001; Klein and Dawar 2004; Werther and Chandler, 2005; Pivato, Misani and Tencati, 2007). CSR is neither about philanthropy nor about volunteerism but about cultivating a socially responsible culture and ethos within the organization where people feel good by doing good. Corporate social responsibility in the local region, perhaps in the local community legitimize it as an instrument for societal improvement (Shaw 2007). It creates a laudable image for the large businesses when they actively engage in CSR activities geared to that specific region.

The contemporary businesses are moving toward CSR to create a good-natured aura around their reputation and gender mainstreaming is coming into play. According to Grosser and Moon (2005), ensuring gender mainstreaming should be an integral part of a firm's CSR policy and programs. Gender mainstreaming is more than just ensuring gender equity as it is both technical and political in that it tends to redesign the conventional organizational system and structure and develop new standards for men and women (Council of Europe, 1998; Grosser and Moon, 2005; Rees, 2002; Walby 2005). According to the UN convention of the Rights of Persons with Disability (2006), non-discrimination and to be able to choose and to work freely in a profession of their choice are considered to be basic human rights for the disabled (Grosser and Moon, 2005) and this perspective must be integrated in the CSR strategies by commercial and non-commercial organizations.

Sustainable Competitive Advantage (SCA): For companies to have a reputation as socially responsible, they must be proactive in their efforts and not reactive to political regulations and stakeholder demands. If a company does not act proactively, stakeholders may respond by creating awareness among other stakeholders for counter action or even to encourage other stakeholders to withhold important resources (Maignan and Ferrell, 2004; Smith 2007). To enhance their corporate image, firms tend to advertise their affection to public through CSR activities. With improved reputation of being socially responsible, these CSR activities provide a sustainable competitive advantage which is intangible, invaluable to the firm and not imitable by other competitors (Barney, 1991, Smith 2007). The impact of positive public image and brand image compound as the firm can expect not only increased ROI, but also greater stakeholder satisfaction, the attraction of new investors and trustworthiness. Thus, CSR activities manifest an enduring competitive advantage.

The attainment of SCA isn't an easy path as it is conceived (Coyne, 1986). Barney (1991) lists four essential requirements for a resource/skill to be a source of SCA: a) It must be valuable, b) It must be rare among a firm's current and potential competitors, c) It must be imperfectly imitable and d) there must not be any strategically equivalent substitutes for this resource/skill. Thus, the firm must provide better quality in all aspects than the competitors, dynamized with better managerial capability and stellar corporate image. Thus, it must have something which are imperfectly imitable and competitors have difficulties superseding the company's competitive advantage. (Barney 1991; Coyne 1986; Porter and van der Linde 1995, Chang 2011).

Brand Equity: Brand equity is a set of assets and liabilities associated with a brand (Aaker, 1991). Brand equity can be subtracted or added to the value provided by a product or service, thus it delivers value to customers as well as to a firm. There are different sources of brand equity. Through qualitative or quantitative research these sources can be traced to some extent. The qualitative ways to find the brand equity are free associations, projective techniques, Zaltman metaphor elicitation technique, neural research methods, ethnographies and experiential methods etc. Brand awareness and brand image are two quantitative methods of finding brand equity. (Keller, Parameswaran and Jacob, 2015)

There are five determinants of brand equity which facilitates the value creation both for the firm as well as customers. These five antecedents are brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets (e.g., patents, trademarks, supply channel relationships etc.). (Aaker, 1992) These are five brand equity assets which create value. Among the five brand equity assets, brand associations or image is the most appreciated facet of brand equity. (Aaker,1992)

Brand awareness is the familiarity of a brand or the extent to which a particular brand is known to the public (Aaker, 1991). As per Rossiter and Larry (1987), brand awareness is the consumers' ability to recognize the brand under unalike conditions. Keller (1993) conceptualized brand awareness as the function of brand recall and brand recognition. If a brand can be discriminated precisely as having been noticed and heard previously, then the brand is said to have recognition among its customers. When a customer can recollect the brand from memory is known as brand recall. (Keller, 1993) On the contrary, Seetharaman, Nadzir and Gunalan (2001) demonstrated brand awareness as the summation of four factors, namely, dominant, top-of-mind, recall and recognition. Here, dominant brand name denotes the customers' ability to think of the product category. And, top-of-mind means customers can call up the brand first. Seetharaman, Nadzir and Gunalan et. al. (2001) also pointed out that simply recognizing the brand is the weakest type of brand awareness. According to Aaker (1996), recognition may be the important aspect for a new or niche brand and for famous and established brand, recall and top-of-the-mind awareness is much more important than recognition.

According to Aaker (1991), brand association is anything "linked" in memory to a brand. Simply, brand association supposed to incorporate the essence of the brand for customers. Kotler and Keller (2015) defined brand associations as brand-related thoughts, feelings, perceptions, images, experiences, beliefs and attitudes of a customer regarding a specific brand. Among all the brand equity determinants, brand associations is the most acknowledged facet of brand equity and the last one, other proprietary brand assets, is generally of minor significance (Aaker, 1992). Different scholar articulated different aspects of brand associations. Like, Chen (2001) described the product associations of a brand from the view of functional and non-functional attributes of a product or service. Tangible characteristics are the functional attributes of an offering (Keller 1993, de Chernatony and McWilliam, 1989) whereas intangible aspects and symbolic facets of an offering are the non-functional attributes of a brand (Aaker 1991, Keller 1993). Social image of a brand is another dimension of brand association (Lassar et al. 1995). Social image implies how a particular social group cherishes the brand. Martin and Brown (1991) first included value in the brand equity model as one of the dimensions of brand association. Later different authors like Lassar et al. (1995), Feldwich (1996) used the value in their brand equity model. Martin and Brown (1991) also theorized that trustworthiness of a product is also one of the determinants which evaluate the vitality of a brand. Trustworthiness is the confidence which customers put on the brand (Lassar et al. 1995). Country of origin is another dimension of brand association which denotes the customer's perceptions of a particular offering's place, regions and country (Thakor and Kohli, 1996). Country of origin sometimes stored as a perception of quality in the mind of customers. Blumenthal and Bergstrom (2003) showed a relationship between corporate social responsibility and branding. McAdam and Leonard (2003) also mentioned that recently CSR became an instrument of corporate image and branding. Blumenthal and Bergstrom (2003) proposed that corporate irresponsibility is the recipe for brand disloyalty. The authors also mentioned that CSR is an investment rather than expenditure. CSR expedites the branding procedure through occupying a philanthropic personality in the mind of customer.

Perceived value can be considered as a "consumer's overall appraisal of the utility of a product or service based on perceptions of what is received and what is given" (Zeithaml, 1988). According to Zeithaml (1988), perceived quality is the customer's evaluation about an offering's overall perfection or supremacy that is different from objective quality. As objective quality of an offering is almost difficult to evaluate, customer only can perceive the quality of the offering through experience. Thus, perceived quality is the dimension which affects the brand equity not objective quality. Perceived quality can be the reason-to-buy (RTB) a particular product or service. Companies normally differentiate their quality through price, sales channels, line extension etc. (Aaker, 1991). Customers typically consider those issues when they perceive the quality of a certain product or service.

Brand loyalty can be defined as the degree of customer devotion towards a particular brand and this devotion is manifested through repeat purchases and other positive behaviors such as word of mouth marketing (Kotler and Keller, 2015). Customer loyalty demonstrates an imperative basis for developing a sustainable competitive advantage (Dick and Basu, 1994). According to Deigendesch (2009), an organization's success depends on brand and corporate social responsibility. Popoli (2011) proposes that CSR has positive and direct impact on brand equity and image.

Relationship among Variables: The relationship between social and economic goals for any business firm is supposed to have conflicting interests according to conventional thoughts. But recent studies suggest otherwise. They are far from being distinct & competing rather they are integrally connected (Porter and Kremer 2002). Thus CSR activities, if strategically arranged in place by the business firms, will reap the benefits of increased reputation which, in turn, leads to have a competitive edge over others (Porter and Kremer, 2002; Hoeffler and Keller, 2002). The competitive advantage, more importantly the sustainable competitive advantage that a firm desire to achieve over others is possible if only this is driven by brand policies through linking CSR activities (Popoli, 2011). Both Popoli and Hoeffler, in their respective studies, suggested that CSR activities resulted in increased brand equity and Porter suggested the strong relationship between social and economic goals which, in effect, supported the relationship between expenditure on CSR activities and acquiring competitive edge over other firms. All prior literature suggests that these constructs- corporate social responsibility, sustainable competitive advantage and brand equity all have their identifiable significance but no studies have ever mentioned relationship among these three constructs. On the basis of literature and the identified research gap in prior literature, the present study proposes that CSR activities have positive influence over sustainable competitive advantage through brand equity. Therefore, the three proposed hypotheses are:

H1: CSR has a positive relationship with brand equity.

H2: Brand equity has a positive relationship with sustainable competitive advantage.

H3: CSR has a positive relationship with sustainable competitive advantage.

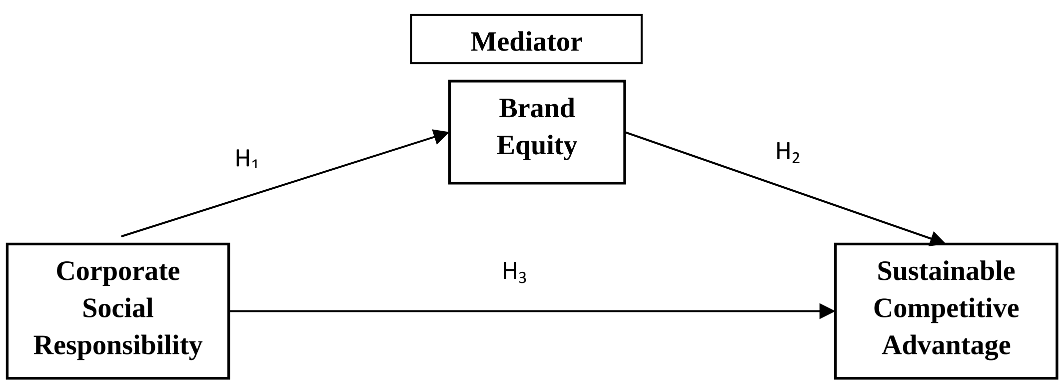

Figure 1: Theoretical mediation model of the CSR-CSA model. (Authors' Constructed)

Methodology

This study is basically both a qualitative and quantitative research in nature because the influence of CSR in creating sustainable competitive advantage with the help of mediating construct brand equity is examined through different secondary resources and collecting and analyzing data from primary sources. This is a descriptive research as the paper treads on areas of CSR and SCA with brand equity as a mediator.

The selected questionnaire was developed with 29 items split among three constructs those measure CSR, brand equity and SCA respectively. To measure CSR, the 12-items measure suggested by Galbrath (2010) were used. The SCA was measured with five-item scales which were adopted from Barney (2010) and Huang and Chang (2008). The mediator, brand equity, was measured with 12-item scales, adopted from Pappu, Quester and Cooksey (2005) and Yoo and Donthu (2001). A five (5) point Likart scale was used in preparing the questionnaire. Where, Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5.

The **Focus Group Discussion** was conducted due to numerous dimensions of corporate social responsibility, sustainable competitive advantage and brand equity. In order to sort out the relevant dimensions of this study, the researchers had to conduct a focus group discussion. Several researchers conducted researches on CSR, brand equity and sustainable competitive advantage. Galbreath (2010) identified 29 variables of CSR construct. In his study, Galbreath presented CSR as a multivariate construct which has 4 dimensions. Pappu et. al (2005) proposed 13 variables for 4-dimensional brand equity construct. Yoo and Donthu (2001) also characterized brand equity as a multivariate construct which contains 3 dimensions and 12 variables. Barney (2010) and Huang and Chang (2008) introduced the univariate construct to measure sustainable competitive advantage. They proposed 5 variables to measure SCA. So, the present study had to cover so many dimensions. FGD was conducted to find out the most relevant dimensions of this study which matches the studied industry. A focus group discussion with 10 clients from 10 different banks was conducted to find out the most relevant dimensions of the 29 items. The FGD helped the researchers to unravel the most relevant dimensions to proceed. The research proceeded further with surveying consumers of banks by administering a structured questionnaire. 267 respondents were selected for collecting data from ten (10) private banks of Bangladesh whose CSR activities are fully-fledged and right on place. As per Roscoe (1975), for non-probability sampling, 30-500 samples are acceptable. This study included only those bank clients who are doing business with that particular bank at least for the last three years.

The target population was the clients of the different banks of Bangladesh. In this study, judgmental sampling method was employed to select respondents. At first, ten (10) different private banks were selected based on their CSR activities and from each of the banks the respondents were selected on the researchers' judgment. The respondents were picked by justifying whether they are dealing with the bank for last three years. If they fulfilled the condition, then the observer selected them as the sample of this study. The approximate sample size was about 273 respondents which was determined through proper statistical method. Here, out of 273 respondents, six (6) didn't finish their questionnaire. The researchers omitted the incomplete responses. So, the final respondents came up as 267.

Statistical method was used to determine the sample size. Proportions sample size determination technique was used. Population proportion π was determined through pilot study. The researcher observed 50 samples and examined whether they have account with their banks for last three years. Among them, 23% have account with their banks for last three years. As a result, our population proportion π came out as 0.23.

Precision level or D= ±0.05, Population proportion or π= 0.23, Confidence level= 95%, Z value associated with the confidence level= 1.96. The equation for determining sample size is

$$n = \frac{\pi(1-\pi)z^2}{D^2} = \frac{0.23(1-0.23)(1.96)^2}{(0.05)^2} = 273$$

So, the final sample size of this research is 273 approximately. But we had to precede our study with 267 responses because of the six incomplete questionnaires. As the proposed model was a structured equation model, the collected data were analyzed through SPSS (version 20) and AMOS (version 20) software.

Data Analysis

Before conducting structured equation modeling to validate the measures, a reliability test was conducted using Cronbach's alpha for the scale items to ensure internal consistency (Cronbach, 1970). It has been taken in account that the coefficient tends to increase when the number of measures increases. This means that the coefficient could be artificially influenced if several items that measure exactly the same effect instead of measuring whole spectrum of a construct's dimensions (Malhotra and Dash, 2013). When conducting the CFA, it has been verified that two or more items do not measure the same dimension of one construct. The following table shows the descriptive statistics and Cronbach's alphas of the final constructs.

Table 1: Cronbach's Alpha result of three constructs

Constructs	No. of items	Cronbach's Alpha
CSR	9	.929
Brand Equity	5	.811
Sustainable Competitive Advantage	4	.783

EFA of the Model: The EFA was performed including all 29 items to measure the 3 constructs. The EFA was performed with SPSS including all items and using a Varimax rotation.

First part of the analysis is the KMO and Bartlett's test (Appendix B). The test shows that items are suitable for performing a factor analysis as the KMO value of .924 is larger than 0.7 and the items can be grouped into smaller set of underlying factors as the Bartlett's test significant value is .000 which is less than 0.05.

The next part of the exploratory factor analysis concerns the total variance explanation (Appendix B). The total variance explanation table shows that 64.989% of the variance is explained by 3 factors: factor 1, 45.298% which accounted for considerably more variance than the remaining three factors, factor 2, 13.360%, and factor 3, 6.331%.

Given the sample size of 267, factor loadings of .35 and higher are considered as significant for interpretive purposes (Hair, 2007). Using the threshold guidelines for the factor loadings, it is observed that the factor loadings of each item on its corresponding factors aligned to the objective of having a high loading on only a single variable. Overall, items loaded strongly on their intended factors except for lowest factor loading stood at 0.438. The Varimax method is used here as it is an orthogonal method of factor rotation that minimizes the number of variables with high loadings on a factor and enhances the interpretability of the factors (Malhotra and Dash, 2013). It is assumed that the three extracted factors are independent from each other. Based on these results, it is possible to group the items per extracted factors based on the factor loading indicators.

Reliability Test: The coefficient alpha varies from 0 to 1 and a value more than 0.60 is generally indicates satisfactory internal consistency reliability (Malhotra and Dash, 2013). All Cronbach's Alpha coefficients are higher than 0.60. Therefore, the items used to measure the constructs can be considered as reliable as their internal consistency is sufficient. The reliability measure ranges from 0.783 to 0.929, which shows satisfactory levels of internal consistency.

Validity of the Model: Here structured equation model (SEM) was conducted using AMOS statistical tool. A good model fit for SEM with all scales as free (unrestricted model) was found; χ^2 = 351.085, degree of freedom=131, p-value = 0.000. In this study it is found that the p-value is smaller than the significant level of 0.05, pointing the goodness-of-fit. So, the null hypothesis is rejected and it can be concluded that the observed proportions are significantly different from the specified proportions.

Fit indicators: In order to assess the fit of the model it is necessary to analysis other indicators. The most appropriate ones are the CMIN, the RMR, GFI, baseline comparison and the RMSEA values (Byrne, 2010).

The chi-square for the model is also called the discrepancy function, likelihood ratio chi-square, or chi-square goodness of fit. In AMOS, the chi-square value is called CMIN (Hair, Ringle and Sarstedt, 2011). The criterion for acceptable CMIN varies across researchers, ranging from less than 2 (Ullman, 2001) to less than 5 (Schumacker and Lomax, 2004). The observed value of CMIN is 351.085 with 131 degrees of freedom. The research CMIN/DF is acceptable because it is 2.680. RMR is a badness of fit measurement. According to Malhotra and Dash (2013), the lower the value of Root Mean Residual (RMR), the better the model fit and the value of 0.08 or less are desirable. According to some other researchers, RMR should be less than .08 (Browne and Cudeck, 1993) and ideally less than .05 (Stieger, 1990). Alternatively, the upper confidence interval of the RMR should not exceed .08 (Hu and Bentler, 1998). The study's RMR is .051, which indicates a good model.

GFI and AGFI are goodness of fit measurement. According to Malhotra and Dash (2013), higher values in the 0.90 range are acceptable for GFI and AGFI. Both the GFI and AGFI are .870 and .830 respectively in this study, which is close to 0.90 threshold level. So, it also indicates an acceptable model. The observed value of the CFI is at .923 which is considered as fitting for the model as it is greater than the threshold of 0.90 which is usually used. The observed value for the TLI is at .910 which is also greater than the threshold of 0.90 that indicates a good fit. Root mean square of approximation (RMSEA) values less than 0.08 indicates good fit (Malhotra and Dash, 2013). And here, the observed value is .079 which indicates an acceptable model fit.

As per all the results, it is found that all the important indicators of model fit met the criteria. For that reasons the model of this study can be considered as acceptable one.

According to Malhotra and Dash (2013), composite reliabilities of 0.7 or higher are considered good. In this study, it is found that composite reliabilities of all the three constructs are higher than 0.7. So, it can be said that, in terms of reliability, this model is satisfactory. AVE varies from 0 to 1 and an AVE of 0.5 or more signals satisfactory convergent validity (Malhotra and Dash, 2013). In this study, the AVE of CSR is 0.607, brand equity is 0.490 and SCA is 0.409. These are not satisfactory but considering all the goodness-of-fit, the results are acceptable.

Path diagram is used here to verify the relationship among three constructs namely CSR, SCA and Brand Equity.

Table 2: Standardized Regression Weights for the model (*significance at: p<0.05)

The Relationships of Constructs	**Standardized Estimate**	**C.R**	**p-value**	**Results**
H□: CSR → Brand Equity	.580	6.589	.000	Significant
H□: Brand Equity → SCA	.931	7.899	.000	Significant
H□: CSR → SCA	.065	0.978	.328	Not Significant

The ultimate structured equation model helped to test the hypotheses developed for this research. The path analysis and coefficients of the significance levels among the constructs depicts that CSR has positive and direct effect on brand equity ($\beta = .580$, $p<0.05$). The result of this study also reveals that brand equity has the positive and direct effect on sustainable competitive advantage ($\beta = .931$, $p<0.05$). But the hypothesis of having direct and positive relationship between CSR and SCA is rejected as the p-value is not significant here. CSR does not have any direct impact on SCA ($\beta = .065$, $p>0.05$).

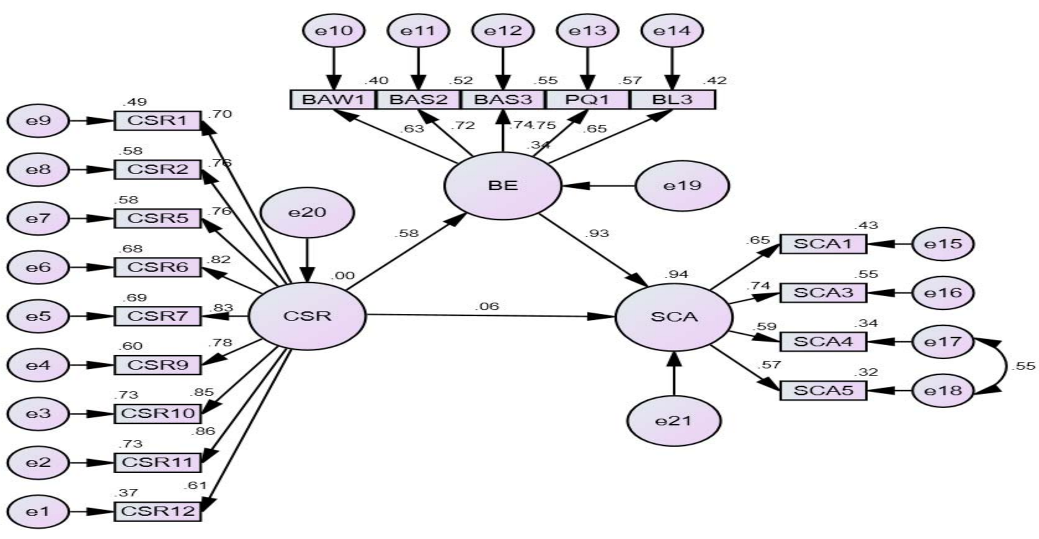

Figure 2: Path Diagram of the Mediation Model of CSR-SCA.

According to Hair, Ringle and Sarstedt (2011), R^2 value for endogenous latent variables in the structural model can be described as substantial, moderate, or weak respectively if the values are 0.75, 0.50, and 0.25. In this study, the R^2 values are 0.00, 0.34, and 0.94 respectively for CSR, brand equity and SCA. By comparing this study's result with those of Hair, Ringle and Sarstedt (2011), it can be said that the R^2 value of this study is weak for CSR construct, moderate for brand equity construct and strong for sustainable competitive advantage construct. But from Figure 2, it can be said that the convergent validity of CSR construct is satisfactory than those of brand equity and SCA.

Table 3: The Empirical Findings of Hypotheses

Hypotheses	Decisions
H_1: CSR has a positive relationship with brand equity.	Accepted
H_2: Brand equity has a positive relationship with sustainable competitive advantage.	Accepted
H_3: CSR has a positive relationship with sustainable competitive advantage.	Not Accepted

Discussion

The findings reveal that the constructs selected to measure CSR, brand equity and sustainable competitive advantages portray a satisfactory result in terms of validity and reliability. CSR is seen to act on sustainable competitive advantage via brand equity. The result of this study also supports the objectives of the study. The pivotal purpose of this study was to find the role of brand equity on CSR-SCA model. The study found that brand equity facilitates CSR program and thus creates sustainable competitive advantage for a company. Some constituents of brand equity notably enhance the competitive advantage of a firm. For example, if the CSR activities of a firm can be associated positively in the mind of customers then the firm will be able to capture the desired competitive edge for longer period of time. Sudden or less noticeable CSR activities can produce sudden hype within customers but well-planned and fruitful CSR can bring out more positive outcome for the company as well as for the customers.

Theoretical Implications: The potential contribution of this study is that it enhances knowledge regarding CSR and SCA by advocating the assertion that brand equity performs a mediating role in the link between CSR and SCA. CSR has been discovered to be a consequential input to brand equity and explain 58 per cent of its variance. The central focus here for the managers is that CSR is one of the major antecedents of brand equity. And, through increasing the brand equity, a company can achieve sustainable competitive advantage. But, achieving sustainable competitive advantage only through CSR, without increasing brand equity is kind of futile job for managers. In the study, it was found that brand equity has a positive and direct impact on SCA. Brand equity is found to an imperative input to SCA and explains about .93 of its variance.

As per Porter and Kramer (2002), philanthropy is the most cost-effective way for an organization to uplift its competitive context. But this study found a gap in this proposition. Obviously, corporate philanthropy or CSR (broader concept than philanthropy) improves a company's competitive context but without the help of brand equity it will be futile for any company to gain competitive edge.

Previously it was thought that brand trust and affect (Chaudhuri and Holbrook, 2001), brand experiences (Kumar, Beckman and Kim 2013), brand loyalty (Aaker, 1991), engagements, brand identifications (Albert and Merunka, 2013) are the major antecedents of brand equity. But this study found another dimension of brand equity, that is, corporate social responsibility. Economic, social, legal, and philanthropic activities not only positively impact brand image but also enhances the brand equity. If brand equity can be improved by CSR programs only then a company can expect to enjoy competitive advantage for long term.

Managerial Implications: The outcomes of this study have major implications for the higher authority of banks. The outcomes will provide the authority of banks a major breakthrough for improving brand equity during CSR. During CSR, companies should focus on improving the brand equity, which denotes increasing the brand awareness, associations, perceived quality and loyalty of the customer base. If these facets of brand equity can be enhanced through CSR then a bank will be able to capture the maximum outcome of any CSR program. Thus, a bank will be able to achieve competitive edge over its competitors. The final implication of this study is to drive CSR program in a way which will increase the brand equity of a company and competitive advantage will be derived through that brand equity.

When an organization formulates any CSR program, they must keep in mind that customers must be aware of this program. Awareness is not sufficient for the success of a CSR program. Customers must associate the contents of the program with the activities of the bank. In other sense, a bank's CSR activities must influence the social and economic goals of a society. If these two dimensions (awareness and association) of brand equity are ensured, a bank can expect its customers are positively evaluating the quality of the CSR program. As the CSR program is also impacting different aspects of a society, this may create a loyal customer base in return. Thus, the benefits of strong brand equity may provide sustainable competitive advantage for a bank.

A strong loyal customer base is considered to be a source of sustainable competitive advantage as this leads to market domination in that given category and also secure above average profitability. Thus, ultimately firms will be rewarded with the customers' share-of-pocket and share-of-mind, most importantly share-of-heart.

Limitations and Scope of Future Research: The study has used the non-probability sampling technique to select sample, so there is a scope of sampling error in the research. People are more or less biased toward their preferred banks. This research is based on the opinions and perceptions of the respondents so it is not like that which is inexpugnable. Finally, the number of banks is only ten; if it could be increased then the result would have been more generalized.

In this study, three constructs are used to measure interrelationship among CSR-BE-SCA. There are more other constructs like brand image, company reputation, customer-orientation and so on which also may have impact on sustainable competitive advantage. All of these limitations lead to opportunities for future research.

Conclusion

This study tries to enhance the understanding of the CSR programs and its proper management so that the banks can apply CSR programs to enhance the brand equity of their banks and thus achieving a sustainable competitive edge over their competitors. In this study, it has been found that a bank can achieve sustainable competitive advantage only when the bank will be use CSR to increase its brand equity. The major contribution of this study is that it enhances knowledge regarding CSR and SCA by advocating the assertion that brand equity performs a mediating role in the link between CSR and SCA. This study assesses the four parts of Carroll (1979) CSR dimensions economic, ethical, legal and discretionary. This study showed that a bank can only be socially responsible only when it is able to fulfill all the dimensions of Carroll's CSR model. A company that spends a lot amount of money on philanthropic activities doesn't mean it is socially responsible. A company has to fulfill all the criteria of Carroll's CSR dimension to be a socially responsible company. In case of sustainable competitive advantage, a company needs to provide better quality products and services than that of its competitors. Along with this, the company should have the best managerial capabilities to sustain in the market for long time. A better image and some secret sauce in the company's products and services will also help the company to achieve a sustainable advantage over its competitors. After all, creating brand awareness, association, perceived quality and loyalty through CSR program will help companies to occupy a unique position in the mind of customers. And, it will help companies to sustain in the marketplace for long time over competitors.

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Appendices

Appendix A (EFA)

KMO and Bartlett's Test:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.924
Bartlett's Test of Sphericity	Approx. Chi-Square	2.925E3
	df	153
	Sig.	.000

Total Variance Explained:

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.154	45.298	45.298	8.154	45.298	45.298
2	2.405	13.360	58.658	2.405	13.360	58.658
3	1.140	6.331	64.989	1.140	6.331	64.989
4	.753	4.183	69.172			
5	.695	3.860	73.032			
6	.623	3.459	76.491			
7	.573	3.185	79.676			
8	.523	2.906	82.582			
9	.472	2.624	85.206			
10	.434	2.408	87.614			
11	.400	2.222	89.837			
12	.354	1.969	91.806			
13	.330	1.834	93.640			
14	.279	1.548	95.189			
15	.238	1.322	96.511			
16	.229	1.273	97.784			
17	.218	1.210	98.994			
18	.181	1.006	100.000			
Extraction Method: Principal Component Analysis.						

Rotated Component Matrix:

Rotated Component Matrix[a]			
	Component		
	1	2	3
Economic_1	.649		
Economic_2	.734		
Legal_5	.737		
Legal_6	.817		
Ethical_7	.806		
Ethical_9	.787		
Discretionary_10	.858		
Discretionary_11	.863		
Differenciation_12	.624		
Well-known Brand		.582	
Recallability		.777	
Easily Imaginable		.813	
High Service Quality		.721	
Better Managerial Quality			.438
Better Corporate Image			.845
Difficulty in Imitating the Bank's CA			.840
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			