Master’s degree thesis

LOG950 Logistics

Impact of Corporate Social Responsibility on Brand Equity: The Case of Greencarrier AS

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Supervisor: Mr. Teryokhin Sergei

Number of pages including this page: 96

Molde, May 24, 2016
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Preface

This master thesis marks the end of my two years as a student at Molde University College. These two years as a master student in Logistics – Supply Chain Management has been among the most memorable time in my life.

During the process of completing this thesis, I have received guidance, direct, help and support from various people to whom I have to thank.

First of all, I would like to express my gratefulness to my supervisor, Mr. Teryokhin Sergei. Without your kind guidance, help and assistance I would not have the courage and motivation to complete my master thesis. His quick responses and very helpful advises are the strong basis for me to build up my master thesis. Even though my master thesis was done in a short time since I changed the topic a little bit late, I was still able to complete my work on time thanks to the precious guide and feedback from Mr. Teryokhin Sergei. I would like to wish you the best of luck to your PhD degree. I believe that you will make it successfully.

Secondly, I would like to thank Prof. Arnt Buvik who had allowed me to change the topic, helped me in finding the supervisor for my master thesis and been a very helpful assistant to all of the master students. Without your help, I and other students would not be able to complete the course.

Thirdly, I am expressing my gratefulness to Ms. Christina Thulin – the Brand Management and Executive Support of Greencarrier Sweden – the PIC of the CSR policies and strategies of Greencarrier, as well as Mr. Kåre Thuesen – the General Director of Greencarrier Norway. Thank you for your time and for the valuable information and data you provided. I would not be able to accomplish this master thesis without your kind support.

Last of not list, I want to thank my family and all of my friends who have encouraged me in completing this study. Thank you for always being besides me when I needed.
ABSTRACT

Corporate social responsibility is no longer a new concept for both theorists and practitioners. In both manufacturing and service sectors, the concept of CSR is becoming a trendy strategy particularly for sustainability of the business. The concept of CSR can be viewed from different perspectives and in different field of study. Controversial discussions towards the concept of CSR has made the term become more and more popular both literature and practice in different fields. Among these fields, the studies for the impact of CSR on brand equity has gained considerable attention from the researchers particular from the marketing scholars. However, most of the available literature has focused on examining the relationship between CSR and brand equity in the consumer markets. Very little knowledge has been developed towards how CSR influences the brand equity in the business-to-business (B2B) environment. Particularly, in the B2B service sectors, particularly in logistics industry, the CSR-brand equity relationship still has much spaces for deeper researches. This is the inspiration for this study which is aimed at predicting the impact of CSR on the brand equity in the specific case of Greencarrier AS Norway – a logistics firm belong to the Greencarrier Group (Sweden). Even though the group has adapted and implemented the CSR, Greencarrier AS Norway has performed only one CSR activity which is very minor. To this extent, this study is done to give the prediction of the outcomes of CSR implementation and its effect on brand equity for Greencarrier AS Norway. This is the single case study qualitative research which adapts the inductive research approach and uses the semi-structured interview to collect the necessary data and information. The analysis of the collected data and information would be used to answer the research questions and hence achieve the research objectives.

Key words: corporate social responsibility, brand equity, CSR chain, consumer-based brand equity,
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1. INTRODUCTION

1.1 Research background

The logistics industry has been advanced since the 1950s and developed to become one of the most competitive industries in the world (Tseng et al, 2005). Many new trends have appeared and been widely shared among the logistics firms, including the trend for CSR in logistics. CSR is not a new concept, rather it has been becoming more and more important for businesses. According to D’Amato et al (2009), businesses in the modern time is being called to take the responsibilities for their operations impact on the society and the natural environment. In addition, the requirement for sustainability principles to be applied to the way companies do business has become more intense. Particularly in the logistics industry, according to Leon and Juan (2014) the new context of the logistics industry has emerged with the new concept of logistics social responsibility which requires logistics firms to no longer base on the commercial strategy for competitive advantages, rather firms should have to integrate CSR into their corporate strategy for the purpose of sustainability. Hence, various logistics firms have realized the importance of CSR and started to plan, implement and develop CSR policies and activities. As suggested by Hovi and Eidhammer (2013), in order to be socially responsible, particularly in terms of environmental protection and logistics efficiency, logistics firms in Norway can base on such measures such measures that reveal the CSR performance. Greencarrier is not an exception. CSR can be studied in various field, one of the popular research field related to CSR is marketing study, especially the studies regarding CSR and its impact on brand equity (Abdolvand and Charsetad, 2013). This research topic will be repeated in this study with special reference to the case of Greencarrier AS Norway, a freight forwarding firm originated from Sweden.

1.2 Research problems and research questions

In brief, Greencarrier is one of the largest privately owned logistics firm in the Nordic region. CSR has been implemented and developed since 2011 with some remarkable projects such as Hearts to Heart, Sport for All, etc. However, due to the fact the CSR has just been developed recently, there are such limitation. Most of the CSR projects have been done by Greencarrier Headquarter in Sweden. Meanwhile, Greencarrier Norway has not applied any CSR projects meaning that their CSR strategy has not been clearly defined. In the light of the main theme of this study which is about to give such prediction of the impact of CSR on brand equity, the main research problem will be predicting the...
possible impact of CSR on the brand equity of Greencarrier Norway when the firm implement Greencarrier Spirit. This research problem is then broken down into three research questions as follow:

Research question 1: What are the specific features of the internal and external environment in which Greencarrier Norway is operating?

Research Question 2: How can Greencarrier Spirit be applied at Greencarrier Norway?

Research question 3: What are the possible impact on brand equity when Greencarrier Norway implements the Greencarrier Spirit?

1.3 Research structure
The next part (part 2) is the literature review which will go through some relevant literature. In addition, I will base on the available literature to offer my concept of CSR chain basing upon the stakeholder theory, the dimensions of CSR and the basic models of CSR. Part 3 will the research methodology, research design, research approach and research methods to collect the data for this study. The next part which is part 4 will present the analysis of the collected data. After that, discussion related to the analysis and answer to the research question will be presented in part 5. Finally, the conclusion, limitation and recommendation for further research will follow the discussion part.
2. LITERATURE REVIEW

2.1 Introduction

CSR has become more and more popular in both theory and practice. CSR was said to be rooted to the 1910s when Henry Ford – founder of Ford Motor – directed the company “to do as much as possible for everybody concerned” (Wang, 2015). The term “for everybody concerned” is closely linked to the concept of stakeholder’s interest which is the key component of the later popular stakeholder theory. The practice of Ford Motor can be said to be the initiator of the CSR in business which then raised the new trend in both literature and practice to exploit the new perspective of the business – the CSR. It is believed that the work of Bowen (Social Responsibilities of the Businessman, 1953) was the first work to discuss the relationship between businesses and the society (Carroll, 1979; Wartick and Cochram, 1985). CSR is sometimes mistaken as the marketing tool by businesses and it was generally perceived that CSR is simply a marketing tool used by firm to enhance their brand image. However, it was argued by various scholars that CSR should be separated from marketing and probably should not be considered as a marketing aspect. Rather it is one of the most important strategic aspects for the sustainable development of the organization. Arguments for and against the term CSR has made the definition of the term become a controversial issue. According to Reinhardt et al (2008) it is rather challenging to identify a consistent and sensible definition of CSR in the available literature. The fundamental problems in the studies of CSR is that companies have been dramatically trying to define and integrate CSR into various aspect of their businesses, but still there is not any universally accepted definition of CSR and there are also numerous disagreements in the ideal meaning of CSR (Ismail, 2011; Sriramesh et al, 2007). In fact, the CSR concept, especially in the marketing context, has remained blurred in the literature due to three reasons: the various definitions and views of CSR, the legitimacy of the social responsibility, and the little knowledge of CSR benefits and implementation (Abdolvand and Charsetad, 2013).

2.2 The basis of CSR

2.2.1 Definition of CSR

Bowen (1953) is among the first scholar to define the term CSR. According to Bowen (1953), CSR was defined basing upon the social obligation view. The social obligation view by Bowen (1953) indicates that CSR is the “obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are
desirable in terms of the objectives and values of our society”. This definition of CSR by Bowen (1953) has been considered as the vanguard of the modern literature of the CSR (Sriramesh et al, 2007; Ismail and Nooriani, 2011). In the context of the 1960s and 1970s when consumers grew the suspicion and distrustfulness of the businesses and the government due to the suspicious of adulterants in the food and the dangerous defects in the products, the study by Bowen (1953) lit up the evolution of the corporate social responsiveness and corporate social performance. Since the definition of Bowen (1953), many researchers have defined CSR in various ways which are basically based on two representative theories: the agency theory and the social exchange theory. The agency theory is closely linked to the stockholder theory, and the social contract theory indicates that firms have the social contract which requires businesses to take their roles to develop the society. To this extent, the two distinct trends of defining the CSR have been shaped: the first one was then usually referred to the stockholder theory, and the second one is related to the stakeholder theory. For example, Elhauge (2005) defined CSR as the activities which company take to sacrifice the profit for the social interest. To this extent, the view of Friedman is a good argument against the definition of CSR by Elhauhge (2005). This definition implies that firms must go beyond the contractual and legal obligation in the voluntary manner in order to be, for instance, environment friendly, community friendly, etc. However, the notion of sacrifice of the profit can be debated by the firms that adapt the shareholder’s view of the CSR. These firms would probably argue that the main responsibility they have is towards the shareholders who show great interest to the profit. For the shareholders, a sacrifice of the profit for the social interest would be considered as the improper act of the managers. Crowther and Aras (2008) suggested a three-level definition of CSR which mostly deals with the relationship between the entities. At the global level, CSR is defined as how the relationship between the firms, the governments and the citizens is formed or should be formed. At the local level, CSR is concerned with the relationship between the corporations and the local society. In the smaller context, the definition of CSR concerns with the relationship between a corporation and its stakeholders. To this extent, CSR at different level would be characterized by the different types and level of the relationship among the entities in the business environment. Even though this definition of CSR takes into account different level, the main theme of this quote does not necessarily clarify which dimensions of CSR should the relationship is oriented. In terms of CSR dimensions, in the study of Dahlsrud (2006) who examined the 37 most commonly searched definitions of CSR on Google,
the author identified five dimensions which were shared among the examined definitions.

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<td>“cleaner environment”</td>
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<td>dimension</td>
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<td>The social dimension</td>
<td>The relationship between business and</td>
<td>“contribute to a better society”</td>
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<td>business</td>
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<td>The voluntariness</td>
<td>Actions not prescribed by law</td>
<td>“based on ethical values”</td>
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Table 1: Five dimensions of CSR

Many of the suggested definitions of CSR fall into these five dimensions. For example,

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the World Business Council for Sustainable Development defined CSR (1999) as the “ethical behavior of a company towards society” which requires firms to act responsibly in their relationship with the stakeholder (stakeholder dimension); McWilliams and Siegel (2001) defined CSR as the “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (social dimensions, voluntariness dimension); Kotler and Lee (2008) defined CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (social dimensions, economic dimensions); Homburg et al (2013) defined CSR as the voluntary consideration of the firms toward the concerns of the stakeholders (Stakeholder dimension). To the same sense, the AU Commission (2002) defined CSR as the “concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholder on a voluntary basis”. All of these definitions of CSR fall into the five dimensions of CSR above. Hence, it can be stated that definitions of CSR vary depending on the perspective of the scholars. From marketing studies, as mentioned previously, CSR, especially CSR report, is sometimes used as the marketing tool in the marketing toolbox which contributes a great deal to the brand equity (Sweeney and Coughlan, 2008). According to Maignan and Ferrel (2004), CSR in marketing field originates from social marketing in which the social duties are attached to the role of marketing. In fact, the 1985 definition of marketing by the American Marketing Association (AMA), which had not changed for almost 20 years, was eventually revised in 2004. The new definition of marketing by AMA highlights the customer centricity and it takes into the new perspective which is the triadic perspective (both internal and external stakeholders are important). Abdolvand and Chasetsad (2013) proposed the definition of CSR which is the “management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefits”. This definition is greatly concerned with the strategic CSR in marketing context (Lantos, 2001, 2002) which involves in the corporate benefits relating to the stakeholder groups. Even though this definition captures the relevance aspects of CSR and its relation to such marketing aspects as brand equity in the cause-and-effect manner, it does not take in and reveal the linkage between the independent stakeholders (variables), and does not necessarily reflect the CSR concept in the B2B context. Actually, in the B2B context, there might be different facets of CSR compared to the consumer markets. For example, CSR on the voluntary basis such as voluntary
management of the environmental impact from operations may become a contractual obligation required by the customers to the suppliers. On the other hand, throughout the supply chain, the chain-effect of the CSR in the network relationship passing through from the supplier to the customer has not been literally mentioned in the literature. From internal context, shareholders are likely to be the focus of the firm because producing and maintaining the profitability is the shared goal from the management to the employees. Meanwhile, in the external context, other stakeholders are important in terms of sustainability of the business. To this extent, in order to come up with the more relevant definition of CSR for this study, I would examine the two most discussed theories contributing to CSR – the stockholder theory and stakeholder theories. In addition, the three basic models of CSR are also examined to clarify the nature of CSR and the boundary assumptions.

2.2.2 SHAREHOLDER THEORY, STAKEHOLDER THEORY
Milton Friedman has had a notable contribution to the development of the CSR concept. According to Fleming (2013) the ideas of Milton Fried of the CSR is the representative of the neoliberal ideology of the corporation and the work of Milton Friedman is the response to the growing attention from both scholars and practitioners to the development of the bottom line rationality incorporating the social and ethical consequences. According to Milton Friedman, the only social responsivity of the firm is to generate the profit for the shareholders. Friedman is likely to be affected by the profit-driven theme of CSR. In particular, Pour et al (2014) stated that Friedman (1970) was the first scholar in the profit-driven CSR theme researcher who found that there was a negative relationship between the CSR activities and the financial performance of the firm. Vance (1975) supported Friedman (1970) by using the stock returns as the measure of the financial performance of the companies and found that in this studies of the fourteen firms which performed socially responsibly one of the fourteen firm had worse performance than the before mentioned market indexes. To some extent, such studies like that of Vance (1975) would have challenged the later researches for the relationship between CSR and the firm performance. This perspective is a reflection of the work of Friedman (1970) who argued in favor of the shareholders. To this extent, the principle-agent theory is in effect because according to Friedman, the management is chosen by the stockholders, or the owners; as such, the management board has the responsibility to allocate and use the resources to increase the profits for the owners. Because the
resources, as defined in the economic terms, are scarce, any activities that disturb the firm from making and increasing the profit from the scarce resources would cause the firm performance to experience an adverse influence. Therefore, the negative relationship between the CSR activities and the financial performance would basically make sense in a way that CSR activities would use the scarce resources to result in the negative financial performance of the firm, or decrease the profits in the eyes of the stockholders. Actually, the managers were considered to be the agents who have the control rights while the shareholders were the principles who have the ownership rights. To some extent, the socially responsible activities by the managers were thought to be the personal interest of the managers who manipulate their control rights over the ownership rights of the funds of the shareholders. As the result, the socially responsible activities by the managers would probably cause harms to the shareholder’s values. In fact, Hetherington (1973) stated that “there is no reason to think that shareholders are willing to tolerate an amount of corporate non-profit activity which appreciably reduces either dividends or the market performance of the stock”. This statement stresses that shareholders are strictly concerned with their interests, and managers as the agents of the shareholders would encounter barriers from their principles when trading-off the profit and the social values. To this extent, the study of Vance (1975) is once again in effect. This point of view has been challenged by various scholars and practitioners who argue for the positive relationship between the CSR activities and financial performance of the firms. From the perspective of the shareholder’s values and profit maximization, the aspect of brand equity was left unfocused.

A conflicting view to the shareholder primacy is the stakeholder theory. Stakeholder has in fact affected a great deal of the literature and the practice of CSR. The stakeholder approach to CSR is usually adapted by the firms who chose to not only act in the interest of the shareholders but also to meet the requirement and satisfy other groups of stakeholders such as the suppliers, customers, etc. Stakeholder theory, in contrast to the stockholder theory, indicates that firms should not only care for their stockholders but they should have to take into consideration of other stakeholders such as the employees, the government, the society, etc. According to Raupp (2011), the stakeholder theory can provide the scholars and practitioners an operationalization of the complex society concept in the way the such groups in the society are focused. One of the main contributors and initiators to the stakeholder approach is Edward Freeman who consider
stakeholder thinking and CSR similar to each other or even as the same thing. Basically, as Freeman defined (1984), a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. This definition has been updated by the author himself (Freeman, 2001) stating that “stakeholders are those groups who are vital to the survival and success of the corporation”. This latest version of the definition of stakeholders offer a wider range of the groups and emphasize the role of these groups to the survival ability and the success of the firm. Along with the development of the stakeholder theory, there are different trends and approaches in the researches on stakeholder theory. As suggested by Donaldson and Preston (1995) and mentioned in various works, there are three different lines of studies relating to the stakeholder which are usually confused. The first line is the instrumental stakeholder theory, which is the study of the systematic relationships between the stakeholder management and the achievement of various corporate governance goals such as financial performance goals. Donaldson and Preston (1995) suggested that this systematic relationship is often designed as the economic performance and usually measured using the profitability, growth, etc. The second approach to the stakeholder research is descriptive research which studies in what way the firms and the stakeholders interact. Scherer and Patzer (2011) suggested that the descriptive form of the stakeholder theory describes the firm as a nexus of the heterogeneous interests by addressing the stakeholders’ concerns and expectations in the relative decision process. The third line is the normative approach to stakeholder theory which prescribe what the managers have to do. As Donaldson and Preston (1995) suggested, the normative theory should be the core of the stakeholder theory because stakeholders show the legitimate interests toward the firms and these interests of the stakeholders have intrinsic value. To this extent, the relationship between the firm and the stakeholders should not be tightened in only the contract but it should be also based on the moral commitments. However, Freeman (1984) argue that this idea of Donaldson and Preston (1995) separate between the economic aspects and ethical aspects of the stakeholder theory. To this extent, Freeman (1984) proposed the distinction between the primary and secondary stakeholders which, according to Freeman, is the key tenet of the stakeholder theory. Even though the stockholder theory has been challenged by various studies, I would argue that stockholder theory and stakeholder theory are simultaneously important in terms of CSR implementation. To this extent, I would base on the idea of Freeman in separating the primary and the secondary stakeholders. Primary stakeholders are defined as those who
involve directly to the market exchange and are those without whom the corporate cannot survive (Clarkson, 1995). Primary stakeholders include suppliers, customers, employees. Secondary stakeholders are those who do not involve directly in the market exchange of the firm and who “influence or affect, or are influenced or affected by the corporation”. Secondary stakeholders include the community, other non-profit organizations, etc. To this extent, Homburg et al (2013) who examine the CSR in B2B context proposed that there are two facets of CSR related to the two types of stakeholders. Primary stakeholders are concerned with the CSR engagement, which is about the CSR activities targeted at the primary stakeholders. Meanwhile, philanthropic facet of CSR is targeted at the secondary stakeholders. In the internal business environment of the firms, employees and shareholders should be the most important ones. However, these stakeholders would have different interest. The same situation happens for the secondary stakeholders. As such, in practice, priority of the responsibility in terms of CSR would probably affect the CSR policies and strategies of the corporations. To this extent, such models of CSR would be in place. The following part goes through three basic models of CSR.

2.2.3 Three basic models of CSR

a. CSR concentric circles

![CSR Concentric Circle Model](image)

Figure 1: CSR Concentric Circle Model

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The CSR concentric circle model was originated to the concentric circles by the Committee for Economic Development in 1971. The model stresses the core role of the economic goals of the business. The inner circle of the model is the economic responsibility which reminds the firms of the classical view of the CSR – “the social responsibility of the business is to increase profits”. However, Geva (2008) postulated that economic responsibility is not only about making the profit to satisfy the shareholder, rather the model implies about profit which is gained from the business must also bring about the constructive results to the community and the society. To this extent, the outer circles including the legal responsibility, ethical responsibility and philanthropic responsibility would add up to the “onion” of this CSR model. It can be stated that, the outermost layer implies the dimension of voluntariness, while the other layers imply the obligations of the business. Moreover, this model also draws on the integration of the responsibilities, which is based on the theoretical assumption that firms have the incurred obligation to work for a better society. To this extent, the different types of responsibilities are positioned in the inclusion system with the economic circle as the core. In this model, the philanthropic responsibility is just the integral part of the CSR. Geva (2008) suggested that the material implication of this model is instead of guiding the managers through the multiple objectives. Managers adapting the concentric circles model are likely to consider each of the responsibilities in direct relation to the general objective of the social welfare.

b. CSR pyramid

The CSR pyramid was suggested by Carroll (1983, 1991) who defined CSR as the strategy which requires that the conduct of the businesses have to be “economically profitable, law abiding, ethical and socially supportive”. The CSR pyramid is shown in figure 2.
As suggested by Carroll (1979), firms were historically pressured by only the economic and legal responsibilities. However, it is not to say that the ethical and philanthropic responsivities are absent. In the later research by Carroll in 1991 when the author first presented the CSR pyramid model, it was suggested that the ethical and philanthropic functions have always existed but the importance of these aspects were realized by businesses lately. The four-part conceptualization of CSR model by Carroll has become durable and been widely cited in the literature (Nalband and Kelabi, 2014). It can be argued that that the economic responsivity is emphasized is related to the shareholder theory of CSR and is line with the study of Friedman in the way that economic effects are the most crucial aspect of CSR. To this extent, the role of the organization to produce the economic benefit to the shareholders is the basis for adapting other responsibilities. According to Geva (2008), the theoretical assumption of the CSR pyramid has the narrow scope of the responsibilities because the model entails that the other responsibilities rely upon the economic responsibilities implying that that in order to be socially responsible, firms need to be profitable and maintaining a strong competitive position. Windsor (2001) reviewed the model and stated that the economic and legal responsibilities are required by the society, while the ethical responsibility is socially expected, and the

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philanthropic responsibility is the desire of the society towards the firm. According to Geva (2008), in practice, the legal, ethical and discretionary responsibilities may be put on hold if the firm cannot acquire the acceptable profit, or the business is in bad situation. In other words, the pyramid of CSR indicates the allocation of the resources. The firms are to be achieve a certain level of profit, and thereafter to fulfill the other responsibilities. The proportion of the allocated resources decreases from bottom to top (the largest priority is given to the economic responsibilities, and the smallest proportion is given to the philanthropic responsibilities).

c. CSR intersecting circles
The intersecting circles model of CSR was proposed by Schwartz and Carroll in 2003. The intersecting circles model suggests the interrelationship between the responsibilities and reject the hierarchical orders of the responsibilities as shown in the CSR pyramid. As described by Geva (2008), the general idea behind the intersecting circles model of CSR is that all responsibilities are equally important, no responsibilities are prima facie more significant compared to the others. To this extent, the economic responsibilities are no longer the most fundamental duties of the firms like that in the other two models. The scope of responsibilities is split leading to the failure of the intersecting model in giving the normative guidance for the manager in the decision making. Responsibilities are likely to compete with each other because the total CSR in this model implies the disjunction of the different categories of the responsibilities. Despite the drawbacks, this model of Schwartz and Carroll (2003) if viewed from the managerial perspective has the advantage of flexibility in terms of interpretation. To this extent, a wide range of managerial types can use this model in different ways of interpretation (Geva, 2008).
2.3 CSR in logistics

Instead of employing the 4Ps or 7Ps strategy, firms in the current business environment have been turning to the 4Rs (reliability, responsiveness, resilience, and relationships) which are considered to provide the real added value to firm business. Especially, according to Leon and Juan (2014), logistics have the key role in all of the four aspects of the new 4Rs strategy. The term logistics social responsibility (LSR) has been developed as the application of CSR in the logistics industry has become more and more popular. One of the early definitions of LSR was proposed by Carter and Jennings (2000) who defined the LSR as “the socially responsible management of the supply chain from a cross-functional perspective”. This definition entails two aspects: the socially responsible management of the supply chain and the cross-functional perspectives. As Cruz (2009) suggested, each stage of the supply chain interacting in the network also cause impacts on only to the network but also to the context in which the firms are operating. It was suggested that the CSR is to be encompassed throughout the supply chain and each firm in the supply chain should adapt the network approach to CSR investment which ultimately results in the lower individual investment in CSR. The cross-functional perspective can relate to the nature of the supply which include various

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factors such as material flows, information flow, supporting services, etc. sailing from the suppliers to the customers. Along with the stakeholder’s engagement and the transparency, LSR requires a set of activities including transportation, purchasing management, packaging, warehousing management and reverse logistics (Ciliberti et al, 2008). The cross-functional perspective is therefore important when approaching the LSR because these activities involve in different aspects of the supply chain.

According to León and Juan, logistics and transportation (LT) make huge impact to the various dimensions of the society including economic, environmental and social aspects. As such, modern LT no longer only cares for the management of the transportation and storage of the physical goods. Rather, a more holistic view of the LT considering the management of the course of supply, product, sales, environment, etc. is identified in the literature and practice. In fact, the Council of Supply Chain Management Professionals (2013) redefined the terms logistics management indicating that the management of the inbound and outbound logistics goes on until the after-sales and after-delivery stage of the supply chain. There have been also many scholars studying the CSR in logistics activities. From the supply chain perspective, Rosi et al (2013) postulated that monitoring the supplier’s activities throughout the downstream logistics is crucial to the reputation of the supply chain. As the result, the LSR practices proposed by Ciliberti et al (2008) are primarily involved in the management of the supply from purchasing to delivering and reverse logistics. Miao et al (2012) proposed five main dimensions of the sustainable logistics management. These dimensions include selection of the suppliers, product delivery to the customers, environmental protection, humanity to the employees, and philanthropic aspects. These five dimensions are relatively closed to the dimensions of CSR given in the previous parts. It is likely that the LSR dimensions do not take into consideration the economic aspect of the logistics. Logistics costs play an important role in the cost structure and hence to the profitability of the firms, and hence should be of great interest to the shareholders. However, the economic dimension was not mentioned in the work of Miao et al (2012). Another framework of sustainable management of logistics was proposed by the Global Reporting Initiative (2006). This framework also focuses on the environmental and social impact resulted in the maritime sectors, and once again did not focus on the economic dimension of the LSR as an important part of the CSR dimensions. To the same sense, Liu and Goh (2015) suggested that CSR in logistics comprises of three main responsibilities which the logistics have to take: responsibilities
to the environment, responsibilities to the society and responsibilities to the employees. Comparing to the models of the CSR, these economic responsibilities are not mentioned as part of the LSR. Instead, the other facets (legal, ethical and philanthropic) are more focused in LSR. The merging of the term green logistics also indicates a strong trend in the market demanding for the socially responsible logistics operations and management. Green logistics has appeared in considerable studies regarding the sustainable development of the logistics firms. According to Srisorn (2013), green logistics was the response to the world concern of the global warming, the increasing carbon dioxide emission from the metabolic in the transportation sectors which also include the damage caused by packaging to the environment. Green logistics, according Wu and Dunn (1995) and Thiell (2011), green logistics include five practices which are green transport, green warehousing, green packaging, green procurement, and waste management. These practices arise from the care for the environment from the logistics firms and then become a trend in the logistics markets. This trend is gradually developed to the requirements and, from the perspectives of the customers and the society, the necessary conditions for the logistics firm to operate in the market and to achieve the sustainable development. For example, as reported by Srisorn (2013), in the United States, Europe and Japan, such trade barriers have been developed in order to select the logistics suppliers that have the green logistics systems.

From the aspect of the logistics firms, I would argue that the LSR can be considered as an investment for the sustainable development. As an investment, LSR has both benefits and risks. The benefits of the LSR have been discussed in various literature, particular with relation to the sustainability of the business. However, such risks may occur. The investment in the LSR may be considerable which may not generate the immediate return. Instead, LSR investment would bring about long-term development and helps the firm to accommodate the brand image and enhance the brand equity from the eyes of the customers. However, profitability risk related to the LSR investment is critical because shareholders would complain about the reduced profits. To this extent, the economic dimension of the CSR is of great important and should not be left unfocused. On the other hand, the CSR in the supply chain is likely to have the chain effect initiated by the customers. It can be argued that society is the main influencer of the logistics CSR, but to some extent, customers are those who directly pressure the firms to make the moves in the CSR policies and to be socially responsible. Hence, I would propose the term CSR
chain as described in figure 4.

The CSR Chain in the B2B context

Figure 4: Suggested model of CSR chain

In order to come up with a more appropriate framework of CSR in this study, I would propose the so-called CSR chain. This framework is based mainly on the stakeholder theory and built upon the combination of three basic models of the CSR.

As suggested in the three models of CSR, the four common responsibilities of the firms are economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibilities. Each of the categories contains various aspects of the responsibilities that the firms must bear. For example, in the economic dimensions, from the shareholder approach, shareholders seem to be the main focus of the CSR and the main responsibility of the firm is to be profitable. To this extent, firms would probably focus on maximizing the profit from its business operations. However, benefit is mostly generated from the transaction with the selling market, or the customers who are the primary stakeholder. On the other hands, the legal dimension entail that the firms need to act in accordance with the law, and the law covers almost all aspects and can relate to various stakeholders (customers, employees, shareholders, creditors, etc.). Each dimension involves in both external and internal environment of the company. As such, I would argue that these responsibilities can be categorized as internal and external responsibilities of the firms. Internal responsibilities of the firms deal with the internal market or the company itself. If the company is viewed as the market, employees can be considered as the customers, or the internal customers. As such, the firm is likely to have all kinds of responsibilities
towards its internal customers. They need to be economical responsible for the employees (wage), legally responsible (working contract), ethically responsible (human rights), and philanthropically responsible (support the employee’s personal problems). On the other hand, the internal responsibilities also include the duty to be profitable (economic responsibilities) because the interests of owner of the firm (shareholders) should be met. The external responsibilities are those held by the firms as an entity in the society. External responsibilities also cover the four dimensions like those in the three basic models. The firms must be economically responsible by contributing to the economy development of the society, being legally bounded, acting ethically to the community and the environment, and doing philanthropic activities. To this extent, the internal responsibilities should exist throughout the life of the operations. The external responsibilities, on the other hand, are likely to be achieved by the firms basing on the context in which the firm is operating. These external responsibilities can be both compulsory or trendy.

The starting point of the CSR chain is the customer. The B2B customers through its inquiry would require the focal firms to have such CSR activities or achieve certain level of CSR performance. From the customers, the CSR requirements can be perceived by the customers or certified by a trust-worthy organization. For instance, the customers of a 3PL may require the company to not use the child labor in any of its activity because they think that this act is not ethical (and also illegal), this is the perceived requirement. Meanwhile, the customers also require the supplier to achieve the ISO 26000:2010 to become the business partner (certified). The requirements can be both measureable or unmeasurable. The CSR requirements from the customers are taken by the focal firm. These requirements will be partially passed on to the suppliers. This process is similar to the inquiry process from the customers. In response to the requirements, the suppliers provide prove of meeting the CSR requirements to the focal firms. And at the final stage of the CSR chain, the CSR requirements are met, controlled by the focal firms and then communicated to the customers. CSR chain can be, to some extent, similar to the supply chain in the way that the activities are flown back-and-forth along the chain. Hence, such flows as material flow, document flow, information flow and even cash flow are to be well managed throughout the different stages of the supply chain. The CSR chain entails the following aspects:
• Supplier selection.
• Socially responsible purchasing
• Internal and external responsibilities.
• Matching between the customer’s requirements and the supplier’s performance.
• Communication among the supply chain.
• Risk reduction.

The difference between this framework and the available literature of CSR is that this model is more customer centric but still include the society aspect into the CSR. The problems of the narrow scope of responsibilities in the CSR pyramid as well as the disadvantage of hierarchy of the responsibilities do not occur in this model. This is due to the fact that the dimensions of CSR are not separated but are viewed upon distinct environments of the firms. Moreover, the problems of priority of the responsibilities and opportunism behavior of the manager from the intersecting model would be limited because the separation of the working environment implies that the management should have to maintain the CSR performance for the benefits of the firms without opportunistically taking advantage of the vaguely defined CSR policies. Finally, unlike the concentric circle model of CSR which considers the economic responsibilities as the core, in this case the economic responsibilities are equally important in both internal and external environment and are to be executed along with other responsibilities. It may be argued that this model sets aside the voluntariness dimension of CSR since the focal may only start doing CSR once the requirements from the customer are received. However, the internal responsibilities and external responsibilities of the firm imply that voluntariness should exist to fulfill the expectation of the various stakeholders.

2.4 Brand equity

2.4.1 Brand equity definition

Brand equity comes from the marketing literature when researchers try to examine the relationship between the customers and the brand (Wood, 2000). Later, the concept of brand equity became a popular debating issue in both marketing and accounting literature. According to Chirani et al (2012), the shift into two fields of researches (marketing and accounting) is because researchers usually define the term brand equity basing on two main approaches. The first approach is based on the financial concepts which focuses on estimating the value of the brand in terms of financial measures. To this extent, the brand
is considered as an asset appearing in the balance sheet; hence, the brand as an asset would be used for accounting purposes and for evaluation in case of merger and acquisition for example (Lane, 1993). On the other hand, the second approach to definition of brand equity is based on the customer viewpoint. To this extent, such aspects as customer’s perception, attitudes or feelings about the brand are incorporated in such related researches (Banjamin and Vithala, 2005). In the same sense, Feldwick (1996) identified three classifications of the meaning of brand equity. These classifications include:

- Brand equity as the total value of a brand as an independent asset (separable asset). In this case, the brand is viewed from the accounting approach and shown in the balance sheet.
- Brand equity as the measure of how strong the consumers are attached to the brand. In this case, the brand is viewed from the measurable aspect of the consumer’s attachment to the brand.
- Brand equity as the description of consumer’s associations and beliefs towards the brand. In this case, the brand equity is viewed from the various viewpoints of the consumers. To this extent, Aaker (1992), Lassar et al, (1995) and Berry (2000) postulated that the asset-based perspective of the brand equity also includes the intangible properties of the brand adding the value to the brand.

The brand, in both approaches, can be anything related to the name, symbol, term, sign or the combination of both of these items which can differentiate one firm from the others (Aaker, 1991). Another issue related to the brand equity is the debate about the loyalty. Aaker (1991) argued that loyalty is a component of brand equity, but van Riel et al (2005) debated that brand equity leads to the loyalty because brand equity influences the customer’s behavior to repurchase, and maintain the relationship with the brand and to recommend the brand to others.

There have been numerous suggested definitions of brand equity in the literature. For example, Farquhar (1989) defined brand equity as “the added value endowed by the brand name”. This definition relates to the wide range of aspects because the term added value can be viewed from various aspects. Rangaswamy et al (1993) defined brand equity as the residual value which is not to be explained by the measured attributes of the brand.
Aaker (1996) defined brand equity as “a set of brand assets and liabilities linked to a brand’s name and symbol that add to or subtract from the value provided by a product or service to a firm and/or that firm’s customers”. According to the brand equity model of Aaker (1992, 1996), brand awareness is the key determinant of the brand equity. As Aaker defined (1996), brand awareness is the ability of the customers to recall and recognize the brand. However, most of the definitions of the brand equity are based on the consumer goods context and are retrieved from the product branding perspective. In this context, Keller (1993) suggested one of the most cited definition of brand equity, which is the consumer-based brand equity (CBBE). According to Keller (1993), the CBBE is the “differential effect of brand knowledge on consumer response to the marketing of the brand”. It means that the brand knowledge, which is the customer’s memory and associations attached to the brand, is that starting point of the CBBE implying that firm is to form the customer’s thinking and feeling about the product or service through which the marketing of the brand is executed.

There is another perspective of brand equity apart from the consumer-based, which is the firm-based brand equity (FBBE) (Feldwick, 1996). Feldwick (1996) mentioned the FBBE in the first classification of the brand equity, which is the total value of the brand in the financial terms. In a more detailed manner, Simon and Sullivan (1993) suggested that the firm-based definition of the brand equity considers the brand equity as an asset to the firm which increases the cash flow. According to Shimp (2010), the firm-based viewpoint of the brand equity concentrates on examining the outcomes when a firm strives to enhance the brand’s value to its various stakeholders. To this extent, the brand value and brand equity are equated in the way that the consequences of the effort to improve the brand equity or to increase the brand value possibly include increasing brand loyalty, increasing market share, being able to increase the premium prices, and increase revenue premium. It can be stated that the FBBE mostly addresses the financial benefits brought to the firm by the brand. It is likely that the literature has focused more on the CBBE because the CBBE gives the deep insight into the consumer behavior which can be used to develop the accordingly action strategy. However, distinct from the product and consumer market, the B2B brand equity represents a different facet of the literature of brand management.
2.4.2 Brand equity in B2B context

B2B brand equity is one of the most intriguing facet of the brand equity concepts. Recalling the definition of brand equity by Aaker (1991) stated that brand equity is the set of brand assets and liabilities, this definition is said to be applicable in B2B markets, however, this definition of brand equity does not reflect the interrelationship between the different dimensions of brand equity (Coric and Jelic, 2015). According to Gordon (1993), the traditional perspective of the brand equity entails that the B2B brand equity is formed by the brand awareness, brand associations, brand loyalty and perceived quality. In the same sense, several scholars have suggested that the core dimensions of the B2B brand equity are the perceived quality and brand loyalty (Hutton, 1997; Mitchell et al, 2001; Bendixen et al, 2004). Also, there are many suggested model for measuring the brand equity such as the Brand Asset Valuator (Asikala, 2013), Millward Brown Brand Dynamics. In most of the scarce literature of the B2B brand equity, the CBBE of Keller (1993) is the starting point of analysis and is considered as the most comprehensive model to examine the B2B brand equity. The assessment of the CBBE model would reveal the contrast of brand equity in consumer market and B2B market. Some scholars such as Kotler and Pfoertsch (2006) have used the Keller’s CBBE model to explain the branding process in the B2B market and found that the power of a business brand is measured in the brand equity. The CBBE of Keller (1993, 2001, 2003) is shown in figure 5 below.

Figure 5: Keller’s Consumer-based Brand Equity Model (Keller, 1993, 2001, 2003)

The CBBE of Keller suggests the four steps to build a strong brand from identify the brand to brand relationship. These four steps comprise of a number of the so-called “brand-building blocks” including brand salience, brand performance, brand imagery,
consumer judgements, consumer feelings, and consumer brand resonance. The four steps of the CBBE model are briefly described as:

- 1st step: brand identity is to be ensured (Kuhn et al, 2008). Firms that can achieve the brand identity are able to pursue the brand salience, or brand awareness. In the CBBE model, Keller concentrates on the perceptions and assessment of the individuals towards the brand equity. Meanwhile, in the B2B context, some factors have been left out in the CBBE model. Likewise, it can be stated that products or service in the B2B context also have such factors as image, association and perceptions of value like, but different from the consumer market these perceptions and associations are directly contacted via the sales force of the firms. Particularly, the distribution network plays an important role in building the brand equity because in the B2B context the focal firm is heavily dependent on the distribution network in terms of industrial markets branding (Rosenbroijer, 2001). An intermediary organization retailing the service from the suppliers to the customers involves its business operations in various parties and operates in a complex system in which different members of different departments possess different needs. When making the purchase from certain suppliers, different members of the department will consider the buying criteria and alternative suppliers in the different ways. To this extent, the CBBE model of Keller does not take the other influencers in consideration other than the individual perceptions of the brand and individual assessment of the brand equity.

- 2nd step: creating the brand meaning. As suggested in the model, there are two types of brand meaning, which are brand performance and brand imagery. In brand performance, the product or service is the heart of the brand equity because it is the main influencer to the consumer’s experience with the brand. Brand imagery is related to the extrinsic properties of the products or service which meet the psychological or social needs of the consumers (Keller, 2003). The concept of brand performance relates to the functional aspect of the brand, which is linked to the tangible brand associations. Meanwhile, the image-related or the abstract of the brand is the intangible brand association. To this extent, the linkage between the tangible and intangible brand association would create the brand meaning (Kuhn et al, 2008). According to Keller (2003), the functional attributes comprise of (1) primary ingredients and supplementary features, (2) product durability, reliability and serviceability, (3) service effectiveness, efficiency and
empathy, (4) style and design, (5) price. The image-related associations comprise of (1) user profiles, (2) purchase and usage situations, (3) personality and values, (4) history, experience, heritage. In the B2B context, the CBBE model is likely to ignore the supporting services and other factors such as profitability, market share and reputation (Kuhn, 2008). These are the important factors of the brand value in the B2B context (Low and Blois, 2002). In addition, such aspects as performance level, quality, reliability and service are so important in the B2B context but these have not been recognized in the CBBE model. In the case of a pure intermediary service firm (a firm that does not own any operating assets and only retails services from supplier to customers), these aspects are of great important to the brand value and hence brand equity of the firm, and these aspects are not only evaluated by the B2B customers basing only on the products or services but also basing on the sales force (Lorge, 1998).

- 3rd step: how the customers respond to the brand. In other words, brand responses expose the customers’ opinions and evaluations of the brand which are drawn upon the brand meaning. Two facets of the brand responses are brand judgements and brand feelings. Brand judgements relate to the opinions and evaluations of the customers towards the brand, and the brand feelings are the emotional responses and reactions of the customers towards the brands (Keller, 2003). According to Keller (2003), in terms of brand judgement, customers would pay attention to four aspects including brand quality, brand creditability, brand consideration, and brand superiority. In terms of brand feeling, Keller (2003) identified six types of brand feeling including warmth, fun, excitement, security, social approval, and self-respect. In the B2B context, contrasting to the individual level of the CBBE model, the brand responses are characterized in the corporate level. According to Mudami (2002), at the corporate level brand responses are more focusing on the risks and risk-reduction related to the brand rather than the benefits. To this extent, Mitchell (1995) and Mudami (2002) suggested that top and reputed brands have the advantage in brand responses because firms often relate these brands to low-risk when making the purchasing decision.

- 4th step: brand relationship. By gaining the positive brand responses, firms can achieve the intense and active loyalty relationship from the customers towards the brand – brand resonance (Keller, 2003). There are four categories of the brand resonance. These categories include behavioral loyalty (for i.e., repeated
purchases), attitudinal attachment (for i.e., customers describes the brand as their favorite one and buy the products from that brand out of necessity), sense of community (for i.e., the brand has wide identification in the community which initiates the feeling of kinship or affiliation from those associated to the brand), and active engagement (for i.e., customers are willing to invest their resources such as time, money, etc. to the brand-related website). In the B2B context, customer loyalty is also important. However, different from the consumer markets, the role of customer loyalty is more intense in the B2B market because one single customer lost can lead to great impact on the business performance of the firm. To this extent, Gordon et al (1993) stated that when firms make changes to a single product or service, their customers may change their perceptions towards the whole offerings and eventually lead to the change of the suppliers.

In short, from the CBBE model, it can be stated that in the B2B market, the distribution network which is also the value distribution network of the firm is of great importance. In this context, direct communication highlights the role of the firm representatives (sales and purchasing employees) who influence the perception and associations of the suppliers/customers towards the brand. Risk reduction is more focused in B2B brand equity compared to benefits associated to the business brand. The B2B transactions are more complex than the transactions in B2C. As such, the risks, uncertainty from the B2B transactions would probably lead to the concerns of the business customers towards which brand to choose to have the lowest level of risks. To this extent, firms with strong brand equity would be more preferable in the B2B markets. The role of brand loyalty in B2B market is more intense in the B2B context. Brand loyalty is in fact built upon such factors as brand awareness and positive brand responses. To this extent, from the supply chain viewpoint, I would argue that the value of the brand to the customers is the main influencer to the brand equity in the chain effect manner. Brand equity is perceived and evaluated from the customer viewpoint and delivered/communicated to the customers via the representatives of the firms (the sales force). However, the value of the brand is relied not only from the focal firms’ operations and sales force, instead the brand value is acquired and built up from a chain process starting from the supplier. For instance, in case of the intermediary service retailer, the firm without any operating assets would have to build up its brand value depending on its supply chain. Such value from the brand awareness achieved by the supplier would be used as part of the brand building process.
of the focal firm. In addition, the brand performance and brand imagery of this kind of company is the supply chain process itself since the firm relying on the brand awareness of the supplier retail the service of the suppliers to meet the psychological or social needs of the customers. Finally, the brand loyalty of the customers is also affected in the chain effect. In case the supplier does not provide the acquired value, the services supplied by that brand may cause the customers to reconsider the business with the focal firm, hence negatively affect the brand loyalty of the customers. Basing on the CBBE model of Keller applied in the B2B context, throughout the six brand building blocks, I would argue that the value brought to the customers by the brand is the most important factors that influence the six blocks from brand salience to brand resonance.

2.5 CSR impacts on brand equity
There have been considerable studies of the relationship between CSR and brand equity, and to the best of my knowledge, literature has yielded positive relationship between these two variables. Moore (2001) postulated that the various literature reviews have shown the positive relation between CSR and brand equity of the enterprises; however, there is not any thorough study focusing on exploring the relationship between CSR and brand equity in the B2B context. Most of the literatures have focused on the impact of CSR on some aspects of brand equity. For example, Naqvi et al (2013) studied the impact of CSR on the brand image in the fast-moving-consumer-goods industry in Pakistan and found that CSR has positive impact on the consumer’s perception by enabling the firms to adapt the triple bottom-line approach to business (environment, economic, society). They also suggested that CSR initiatives also contribute to the endorsing brand image by generating the positive comments from the customers. Thomson (1995) showed that when firms doing the charity work or make contribution to the public welfare, their brand spirit would be enhanced. Creyer and Ross (1997) proved that there is a positive link between CSR performance and the attitude of the consumers toward the brand. A more structural study was done by Wu et al (2007) who examined the impact of CSR on brand equity by dividing brand equity into three aspects: perceived quality, purchase intention and brand loyalty. Some scholars have found that there are changes to the purchase intention from the consumers when price and quality are no longer the only requirements from the consumer; instead, such factors as brand association, brand reputation, or brand image are also considered when consumers make purchase decision (Cretu and Brodie, 2007, Henseler et al, 2011). To this extent, the Study of Lai et al (2010) showed that in
the B2B business, CSR influenced brand equity in the context of industrial purchasing. Another line of study relates to the link between CSR and brand’s financial performance. According to Orlitzky et al (2003), there are two theorized ways through which the financial performance of the brand may be affected by CSR. The first way is through the enhancement of the firm competencies and capabilities. the second way is through the reputation improvement among the stakeholders. Another preliminary study was done by Jian et al (2012) who tried to discover the impact of CSR on enterprise brand equity. These authors suggested eight aspects in which CSR impact the brand equity. These aspects reflect two separate facets of the CSR impact on brand equity. According to Jian et al (2012), such aspects that have positive impact on the enterprise brand equity are environmental CSR, energy saving responsibility, CSR towards the staff, and CSR towards the creditors and supplier. The CSR dimensions that were found not having significant impact on brand equity include performing the responsibility of employment and promote fare, responsibility of social development, consumer responsibility, and performing the laws and business ethics responsibility. This study has marked a significant contribute to the study of CSR influencing brand equity since it has identified the influencing dimensions of CSR towards the brand equity. It is likely that such dimensions as legal and social responsibilities which are among the core dimensions of CSR do not necessarily enhance the brand equity. Otherwise, CSR performed directly to the primary stakeholders shows positive impact on the brand equity. Keller and Lehman (2001) suggested the connection between CSR and brand equity on three aspects: financial, market and customer-related performance in short-term and long-term. To this extent, such value generated from the CSR policies, CSR activities and performance would probably contribute to both of these three aspects. In a broader sense, such value can be derived from the interactions between the stakeholders and the brands because when the brand represented by the firm interact with stakeholders, such value is generated through the fulfillment of the stakeholder’s expectations, particularly when the firms try to generate value to build up strong brand capital the social responsible behaviors play a significant role (Brickley et al, 2002). In this study, the value which is generated from this process of interaction between the firm and the stakeholders in relation to the CSR requirements and performance is the adapted due to the fact that, from the CSR chain model, the interaction between the firm and its external and internal environment would create the value contributing to the brand equity. To the best of my knowledge, most of the studies of CSR-brand equity relationship have been done in the B2C context, very
little knowledge regarding this phenomenon in the context of B2B has been made. Hence, basing on the CSR model and brand equity literature adapted in this study, I would suggest the way in which such value is created from the CSR and impacts on the brand equity.

Since the brand equity is defined as the perceived value of the brand from the customer viewpoint in this study, I would propose the explanation of how the process of forming and developing the value using the proposed CSR chain. In the CSR chain, customer centricity is an important facet in the CSR chain because accumulated and developed value is initiated and aimed at the customers. Basing on the assumption that customer centricity implies that customer is the starting point of the brand value creation process, the value of a brand in achieving the CSR requirements is initiated by the customers. In other words, the value proposition of the brand is perceived and signaled to the focal firms via the CSR requirements.

As a chain, the brand equity value is initiated by the customers via the CSR requirements to the focal firms. These are considered as the required values which, from the viewpoint of the customers, can relate to such dimensions as perceived quality, brand association, financial, market, risk reduction, etc. As described above, these requirements are received, processed and transferred to the upstream logistics. The interaction between the focal and the suppliers and the customers would generate such values (accumulated and independent) and these values are added to the customers from the suppliers. Such values can be derived from the following sources:

**Figure 6: How CSR impact brand equity in the CSR chain**
• Requirements met: through the supplier section process of the customer, the focal firm passing the test and meet the requirements (both contractual and non-contractual) would probably gain certain values to the brand. I would call this kind of value the completive or order qualifier value because it gives the focal firm the competitive advantage over the competitors and mark the brand as the qualified to the perception of the customers.

• Network: the value generated from the network reveals the scope of the supply chain and the nature of the interaction between the focal firms and its supply chain partners. Particularly, value derived from the network would contribute a great deal to the brand identity stage of the brand equity building. For example, the focal firm as a pure service retailer would rely on its sub-contractors whose brand identity also devotes to the total brand value of the focal firms.

• Communication: communication within the chain is rather important because this is the information transmission process. Such information regarding the CSR performance and the matching with the requirements and supplies would create the value in the mind of the customer regarding the brand. Moreover, such aspect and speed of response, quality of information, creditability of the information, etc. will also

• Associated risk: as stated by Mudami (2002), in the B2B context, customers are more likely to concern more about the risk associated with the brand, particularly in the stage of brand responses. Building upon the chain of the CSR value, the brand equity is accommodated by the value generated from the CSR of not only the focal firm but also the whole network of the firm. To this extent, the issue of transparency, information symmetry and management of the supplier’s tiers are of great important because these aspects represent the ability to integrate the CSR of the focal firm and its supplier.

• CBBE steps: it is likely that the value generated from the CSR chain would affect every steps in the CBBE model from brand identity to brand resonance.

2.6 Theoretical framework
In this section, the relevant theoretical framework to solve the research problem of this study will be presented. The theoretical framework of this study is shown in figure 7.
As presented in the previous parts, the two aspects of CSR which are internal and external responsibilities are offered basing upon the dimensions of the CSR suggested by Dahlsrud (2006), A and retrieved from the three basic models of CSR. As I assume the firms operate in two types of markets which are internal markets and external markets, the interaction between the firms and the stakeholders in these two markets involve in a series of social responsibilities which are categorized in the three models of CSR. These two aspects of CSR exist and affects the firms through the so-called CSR chain which I suggest. The CSR chain is similar to the supply chain in the way that the value generated from CSR activities and policies are created and transferred back-and-forth the chain in a chain effect. The customer centricity is highly emphasized in the CSR chain because, as I assume, the internal and external responsibilities of the firm exist during the life time of the firm. However, in the B2B context, the connection and relations between business partners are important, and the network play a crucial role in value creation and certainly in the brand equity building. Hence, the CSR is offered basing mainly upon the stakeholder theory, supply chain mapping and the dimensions of CSR. Throughout the literature review, it can be stated that the brand equity is greatly affected by the value created from the CSR activities when firms interact with their stakeholders. Basing on the CBBE of Keller (1993, 2001, 2003), the value created from the CSR chain is added to each stage of the brand equity building, and hence through this way the CSR chain will impact on the brand equity.

In order to achieve the main purpose of this study, which is to give the such predictions regarding the outcomes of the implementation of CSR activities in Greencarrier Norway.
basing on the CSR initiatives of Greencarrier Norway, this theoretical framework will play as the basic discipline to analyze and predict the result of CSR implementation in Greencarrier Norway.
3. Research methodology

3.1 Introduction

Research methodology, according to Saunders et al (2009), is usually used interchangeably with the term research methods. In fact, these are the two contrasting terms. As Saunders et al (2009) explained, research methods refer to the research techniques in collecting the data. These techniques include survey questionnaire, interview, observation, participation, etc. Meanwhile, research methodology refers to the process of how the research is undertaken. To this sense, Saunders et al (2009) suggest a framework for research process identifying steps in research methodology to execute the research, which is shown in figure 8.

Figure 8: Research process

Following the research process suggested by Saunders et al, the following parts will present the major aspects of the research methodology for this study. These aspects include research design, research approach and research method.

### 3.2 Research approach

Research approach is concerned with the extent to which the researcher is clear about the theory from the literature review. In other words, the research approach involves in whether testing the theory or building the theory (Saunders et al, 2009; Wilson, 2014).

There are two usually discussed research approach in business research, which are the inductive research approach and deductive research approach. A brief comparison between inductive and deductive approach is shown in figure 9. Inductive research approach relates to building the theory. As described by Saunders et al (2009), researchers who adapt the inductive research approach are concerned with getting a sense of what is going or understanding the context. Inductive researchers would probably make sense of the collected to form the theory. To the same sense, Crowther and Lancaster (2008) stated that inductive approach implies that theories can be developed through the observed data and information. Rose et al (2015) added that inductive approach suits to such researches in which the researchers do not know or have very little knowledge of the prior theory. Both Saunders et al (2009), Rose et al (2015), Crowther and Lancaster (2008) agree that the inductive approach can be applied in the flexibly structured research because inductive approach researchers focus on understanding the problem which can be explained in various alternative ways. And flexibility is said to be the greatest advantage of inductive approach.

In contrast, deductive research approach is reverse to inductive research. As described by Saunders et al (2009), deductive research approach is about testing the theory using a five-step research process. These five steps include (1) developing the hypothesis from the theory, (2) breaking down the hypothesis into the operational terms (3) testing the operational hypothesis, (4) examining the outcomes of the hypothesis testing in order to confirm the theory or to acquire further modification of the theory, and finally (5) the theory is to be modified basing upon the findings of the analysis if necessary. According to Creswell and Clark (2007), deductive researchers work with the top-down approach.
meaning that the starting point of the research is the theory and the testing the theory via the hypothesis to add or contradict to the theory. As Wilson (2014), Crowther and Lancaster (2008) suggested, the deductive researchers use the more structured framework than the inductive approach. The foremost advantage of the deductive approach is that the reliability is ensured by the highly structured methodology. To this extent, it is stated that the deductive approach is usually adapted in the quantitative research (Saunders et al, 2009; Rose et al, 2015).

<table>
<thead>
<tr>
<th>Deduction emphasises</th>
<th>Induction emphasises</th>
</tr>
</thead>
<tbody>
<tr>
<td>scientific principles</td>
<td>gaining an understanding of the meanings humans attach to events</td>
</tr>
<tr>
<td>moving from theory to data</td>
<td>a close understanding of the research context</td>
</tr>
<tr>
<td>the need to explain causal relationships between variables</td>
<td>the collection of qualitative data</td>
</tr>
<tr>
<td>the collection of quantitative data</td>
<td>a more flexible structure to permit changes of research emphasis as the research progresses</td>
</tr>
<tr>
<td>the application of controls to ensure validity of data</td>
<td>a realisation that the researcher is part of the research process</td>
</tr>
<tr>
<td>the operationalisation of concepts to ensure clarity of definition</td>
<td>less concern with the need to generalise</td>
</tr>
<tr>
<td>a highly structured approach</td>
<td>researcher independence of what is being researched</td>
</tr>
<tr>
<td>the necessity to select samples of sufficient size in order to generalise conclusions</td>
<td></td>
</tr>
</tbody>
</table>

Figure 9: Deductive approach VS inductive approach

In this study, I would adapt the inductive research approach. This is because I am trying to build up the theory which I suggest from the literature rather than testing the available theory. Such analysis of the collected data which is used to answer the research question would support me in building up the theory of CSR and its impact on brand equity in one specific context. By adapting the inductive research approach, I would focus on understanding the problems using flexibly structured study and focus on a small groups of informants. In addition, no hypothesis will be made and the main focus is to understand the context of the issue and build up the theory basing upon the collected data. According to Dahlberg and McCaig (2010), the choice of inductive or deductive approach does not determine whether the quantitative or qualitative method is adapted. However, Straus and

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Corbin (1998) postulated that inductive approach is quite popular in the qualitative data analysis.

### 3.3 Research design

According to Saunders et al (2009), the research design is a general plan to answer the research questions and is closely linked to the research objective. Research design, according to Yin (2003), guides the research in identifying and specifying the relevant data to be collected and how the data should be collected and analysis. To this extent, Saunders et al (2009) suggested that researchers should differentiate between research design and research strategies. Research design involves the general plan for the study while research strategy concerns more about the techniques to collect and analyze the data. Perri 6 and Bellamy (2012) suggested that trade-offs happen among the various virtues of the research designs, and the starting point of the research design is to decide whether the inductive or deductive or both of these approaches will be adapted. Concerning the data, in this study will use the empirical data through a real-world case study. Ellram (1996) particularly referred to the logistics research and offered the basic research design shown in table 2.

<table>
<thead>
<tr>
<th>Type of data</th>
<th>Primarily quantitative</th>
<th>Primarily qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Empirical</strong></td>
<td>Survey data, secondary data, statistical analysis</td>
<td>Case study, participant, observation, ethnography. Limited statistical analysis, non-parametric.</td>
</tr>
<tr>
<td><strong>Modelling</strong></td>
<td>Simulation, linear programming, programming (linear, mathematical), decision analysis.</td>
<td>Simulation, role playing</td>
</tr>
</tbody>
</table>

Table 2: Basic research design

As shown in table 2, this study is primarily qualitative research using the empirical data generated from the case study. There will be no statistical analysis and this study is not

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parametric either.

### 3.3.1 Research objective

As mentioned above, since the research design is to meet the research objectives, it is important to identify what the research aims for. There are several research purposes which have been suggested in the literature. These purposes include *exploratory, descriptive, explanatory, predictive, etc.* (Saunders et al., 2009; Ellram, 1996). The main purpose of this research is to predict the outcome when CSR is applied and its impact on brand equity of Greencarrier Norway. As such, this study is descriptive-exploratory basing on a single case study. According to

### 2.3.2 Case study

#### a. Basic of case study

As described by Zainal (2007), case study is used to explore and investigate the practical and real-life phenomenon through the contextual analysis of the limited number of real-life events. According to Yin (2003) cited by Baxter and Jack (2008), case study approach is usually used in four situations. Firstly, when the researchers focus the study on answering such questions of “how” and “when”. Secondly, when the behavior of the factors involved in the study cannot be manipulated, the case study is in use. Thirdly, when the researcher believes that the contextual conditions are relevant to the phenomenon being studied, the case is applied. Finally, there is no clear distinction between the phenomenon and the context. Robson (2002) cited by Saunders et al. (2009) defined case study as the “*strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*”. This definition was then added by Yin (2003) because the boundaries between the studied phenomenon and its context is not clearly evident, the role of the context is highly emphasized. In general, Yin (2009) postulated that among the variation of case study types, there is a common sense of the case study definition. This common-sense definition includes two parts, which are:

- A case study is an empirical inquiry that deeply investigates a contemporary phenomenon in its real-life context, particularly when the boundaries between the phenomenon and its context are not clear.
- The case study inquiry copes with the technically distinctive situation, relies on the multiple sources of evidence, and benefits from the prior theoretical
development and proposition.

b. Dimensions of case study
Yin (2009) distinguishes two dimensions of the case study, which are single case versus multiple case design, and holistic versus embedded case studies. This study uses the embedded single case study.

As explained by Yin (2009) and Saunders et al (2009), the rationale for using the single case study is when the case represents a critical, extreme or unique case in testing the theory that is well formulated. In addition, when the case is representative or typical case, the single case is in use. The next rationale for using the single case is that when the case is revelatory which happens when the researcher can get access and observe the phenomenon that was previously inaccessible. The final rationale for using the single case study is the longitudinal case which means the length of the duration for the case study, the research studies the cases at different time points. To this extent, in this thesis, the single case study is adapted basing on criticality of the case. I have based on the current available theories regarding CSR and brand equity to build up the so-called concept of CSR chain. As such, by examining the case, I look forward to examining and developing the theory and its proposition. Moreover, by examining the case of the Greencarrier Norway, it would be possible for me to test the accuracy and ability to be implemented of the concept of CSR chain with its relation to brand equity. On the other hand, embedded single case study, according to Yin (2009) and Saunders et al (2009), includes one or more subunit of analysis within a single case. As the nature of the chain, the CSR, as defined in the CSR chain, has two dimensions which are external responsibilities and internal responsibilities. These two dimensions of CSR are both integrated in the influence to the brand equity which is generated from a chain-effect among various chain participants. As such, the main unit of analysis is the Greencarrier Norway as a whole, but subunit includes groups of stakeholders involved in the CSR policies which influence the brand equity of the firm.

c. Sources of evidence
According to Yin (2009), there are six sources of evidence for case study. These sources are briefly described in table 3.
<table>
<thead>
<tr>
<th>Source of evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Documentation</strong></td>
<td>Stable, unobtrusive, exact, broad convergence</td>
<td>Can be difficult to find or acquire, biased selectivity, reporting bias.</td>
</tr>
<tr>
<td>(letters, memoranda,</td>
<td></td>
<td></td>
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<tr>
<td>email, agendas,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>documents, reports,</td>
<td></td>
<td></td>
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<tr>
<td>formal studies of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>same case, news clippings, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Archival records</strong></td>
<td>Archival records have such strengths like those of documentation and also</td>
<td>Similar to the weaknesses of documentation, archival record may also cause</td>
</tr>
<tr>
<td></td>
<td>have the strength of being precise.</td>
<td>the researchers to face the challenges of accessibility due to confidentiality and privacy reason.</td>
</tr>
<tr>
<td><strong>Interviews</strong></td>
<td>Directly concentrate on the topic and provide the insight of the topic.</td>
<td>Poorly designed and articulated questions may cause bias or inaccuracy, limited evidence may occur due to the lack of interaction between the interviewee and the interviewer.</td>
</tr>
<tr>
<td><strong>Direct observations</strong></td>
<td>Reflects the reality and the context of the case</td>
<td>Time consuming and costly, may require a team in a broad context, the observed event may proceed different because it is being observed.</td>
</tr>
<tr>
<td><strong>Participant observations</strong></td>
<td>Similar to the strengths of direct observation, this source of evidence also gives an insight into the interpersonal behavior and motives</td>
<td>Similar to the weaknesses of the direct observation, participant observation may also cause the bias due to the manipulation of the events by the observer.</td>
</tr>
</tbody>
</table>
Table 3: Six sources of evidence

| Physical artifacts | Give an insight into the cultural features and into the technical operations of the event | Selectivity and availability. |

From the description above, in this study, the evidence for the case study will be collected from two sources: the documents and interviews. Documents used in this study are the reports issued by the firm. Such analysis of the documents will enable me to get an insight into the current and past situation of the case organization regarding the topic. Detail of the interview will be discussed in the research methods part.

Yin (2009) also suggested three principles when gathering the necessary data. First of all, the use of multiple sources of evidence is required so that the findings or conclusion can be more convincing and can achieve high level of accuracy. The use of multiple sources of evidence (interview and documentation) would grant me a deeper understanding of the real-life situation of the CSR strategy and how the brand equity of Greencarrier is shaped. Furthermore, the link between the two sources of evidence would enable me to confirm the accuracy of the data generated from these two sources. This aspect is cited by Saunders et al (2009) and refers to the triangulation of the different data collection techniques to make sense of the reliability of the data collected. The second principle is about creating a case study data base. According to Yin (2009), the case study database would increase the reliability of the entire study. This principle relates to how the data should be organized and documented. In order to achieve this principle, I have created a file with sub-files marked as types of the information regarding the sources of evidence. For example, the secondary data from available reports or studies would be grouped in one file. In this way, I can easily track the data generated. The third principle deals with the mainlining the chain of the evidence. Once again, this principle will increase the reliability of the study. In order to efficiently main the evidence chain, Yin (2009) suggested that linking between such stages of generating case study questions, case study protocol, citing specifically evidentiary sources, building the case study database, and writing the case study report. By doing so, the researcher can let the readers easily follow

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the sources of the evidence.

3.4 Research methods
As mentioned above, research methods concern with the techniques to collect and analyze the data (Saunders et al, 2009). The following part will discuss the important aspects of the research methods that will be used in this study. These aspects include qualitative method, collection of primary and secondary data, and reliability and validity test.

3.4.1 Qualitative method
As mentioned in the previous part, this study is a qualitative research using a single embedded case study. According to Doz (2011) the qualitative research in business and management has contributed the central contribution to the theory development. By studying the real-life phenomenon, the qualitative research design can trigger the rich and thick description of the events and stimulates deeper thought (Weick, 2007). To this extent, new theory can be shaped and developed progressively. From the supply chain management perspective, Wessely (2010) proposed that in qualitative research, such non-standardized data will be used in order to enable the researchers to understand the studying events or topics. In addition, the data-collection methods used in the qualitative investigations can be unstructured and open nature. To this extent, the inductive approach adapted in this study is appropriate. The major drawback of the qualitative methods is that the lack of the measurability and structured data collection techniques can lead to the low level of reproducibility of the study. Primary data for the qualitative research can be collected by either interviewing or observation or both. As stated above, the evidence for this case study is from two sources which are documentation and interview. Hence, interview will be used as the primary data collection method.

As Saunders et al (2009) suggested, there are three types of interview which re structured interview, semi-structured interviews, and unstructured interviews. Structured interview comprises of a predetermined and standardized set of questions (Saunders et al, 2009). Corbetta (2003) suggested in the structured interview, the orders and set of the questions are unchanged, which means that all respondents are asked the same question, and the interview is administered by the interviewer. On the other hand, unstructured interview is informal type of interview that would explore deeply into the research area (Wilson,
No predetermined or pre-set up themes or set of questions are required in the unstructured interview. To this extent, the semi-structured interview, which is used in this study, is likely to be the mix between the structured and unstructured interview.

3.4.2 Primary data

a. Semi-structured interview

Semi-structured interview is described by Harrell and Bradley (2009) as one type of interview that uses a guide with questions and topics to be covered. However, the order of the questions can be discrete, and the questions used as the guide are standardized. This is the main difference between the semi-structured and unstructured interviews. However, different from the unstructured interview, during the interview additional questions can be raised in order to exploit the discussing topic in depth (Saunders et al, 2009; Corbetta, 2003). Advantages and disadvantages of the semi-structured interview is suggested in table 4.

<table>
<thead>
<tr>
<th>Semi-structured interview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
</tr>
<tr>
<td>• Opportunity to generate rich data</td>
</tr>
<tr>
<td>• The wording of the questions is left to the interviewer.</td>
</tr>
<tr>
<td>• The interviewer is free to conduct the conversation.</td>
</tr>
<tr>
<td>• Additional questions can be brought up during the interview along with the pre-determined questions.</td>
</tr>
<tr>
<td>• Interview have opportunity to probe for the interviewee’s opinions and views</td>
</tr>
<tr>
<td>• Interviewer does not have to adhere the interview guide</td>
</tr>
<tr>
<td>• Questions can be repeated or re-explained if the interviewee does not understand.</td>
</tr>
</tbody>
</table>

Table 4: Pros and Cons of Semi-structured interview.

(adapted from Saunders et al, 2009; Corbetta, 2003).
In order to efficiently execute the semi-structured interview, I paid close attention to the drawbacks of this technique. First of all, it is important to understand what is being studied in order to initiate the appropriate themes and guiding questions (appendix 1). Secondly, the ability to listen and interpret the responses is important in order to come up with the additional questions to exploit the issue in discussion. Thirdly, in order to compare the outcomes of the interviews, the chain of the evidence comes in handy. Finally, in order to easily compare and control the outcomes of the interview, I would also ask for permission of the interviewee to record the interview.

**b. Choice of informant**

As stated by Doz (2011) that in the qualitative method information is collected from a limited number of sources. This statement is in line with the inductive approach adapted in this study which implies that the research is interested in a small sample of subjects (Saunders et al, 2009). To this extent, the choice of informant is rather important because the appropriate choice of informants would influence the quality of the collected data. Tongco (2007) suggested that among the techniques to select the informants, purposive sampling is widely used in qualitative research. Patton (2002) suggested that purposive sampling is about identifying and selecting the appropriate individuals who have relevant knowledge or experience about the topic and are willing to give responses. Since qualitative research primarily emphasizes on obtaining the comprehensive understanding of the topic, the choice of informants is rather significant in generating the accurate analysis and reliable findings. Among the various informants, I have chosen two informants from own contact. These two informants were chosen at the initial stage of the research when I was shaping. These two informants include:

- **Ms. Christina Thulin:**
  - Position: Brand Management and Executive Support (headquarter)
  - Responsibility: brand management, CSR policies, CSR implementation and control.
  - Method: email, skype.
  - Purpose: collecting the information regarding the CSR policies and brand management of the group, asking for necessary documents.
  - Duration: 46 minutes on the 25th of April, 2016

- **Mr. Kåre Thuesen:**
- Position: Managing Director – Greencarrier Norway
- Responsibility: Managing the general operations and strategy parts of Greencarrier Norway, including the brand management and CSR implementation.
- Method: skype
- Purpose: understanding the operations and specific features of the internal and external context of Greencarrier Norway, current CSR implementation of Greencarrier Norway, understanding how Greencarrier brand is evaluated by the customers.
- Duration: 52 minutes on 19th of May, 2016

3.4.3 Reliability and validity test

Joppe (2000) defined reliability as “the extent to which results are consistent over time and an accurate representation of the total population under study and (...) if the result of a study can be reproduced under a similar methodology”. This definition is more likely to refer to reliability test in the quantitative research. However, even though the reliability is the question usually used in the quantitative study, it is not restricted to be used in all kinds of research (Golafshani, 2003). It is argued by Stenbacke (2001) that reliability concerns with measurements and therefore is irrelevance in qualitative research, but Patton (2002) implies that reliability and validity are the two important factors in qualitative researches when judging the quality of the study. Seale (1999) suggested that in order to ensure the reliability of the qualitative research, the trustworthiness should be placed into the heart of the report. In addition, Saunders et al (2009) suggested that when using the non-standardized interviews as one way to collect the data, the researcher should be careful to not lead to the lack of rigor relating to the research process. Validity is defined as the determinant of whether the measures reflect the intended measured variables or the truthfulness of the research results (Joppe, 2000). As Winter (2000) put it, the concept of validity in qualitative research is “rather a contingent construct, inescapably grounded in the processes and intentions of particular research methodologies and projects”. As suggested by Lincoln and Guba (1985) the trustworthiness of the qualitative report depends on such factors as validity and reliability which should establish the confidence in the research findings.

The issue of validity and reliability in qualitative research have raised such attention to
the testing of these two issues. Among such suggestions, Riege (2003) has introduced such design test and techniques, which are useful for this study. The following table 5 reflect such techniques which will be used in this study.

<table>
<thead>
<tr>
<th>Type of test</th>
<th>Corresponding qualitative tests</th>
<th>Case study techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>Confirmability</td>
<td>Multiple sources of evidence; Draft of the study is reviewed by the informants.</td>
</tr>
<tr>
<td>Internal validity</td>
<td>Credibility</td>
<td>Within-case analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assure the internal coherence of the research findings. In addition, the concepts and theories should be systematically related to the findings.</td>
</tr>
<tr>
<td>Reliability</td>
<td>Dependability</td>
<td>research issues and features of study design should be compatible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Case study database is to be developed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peer review</td>
</tr>
</tbody>
</table>

Table 5: Validity and reliability test for this study

3.4.4 Secondary data

Secondary data, according to Saunders et al (2009) comprises of both raw data and published materials. The types of secondary data are shown in figure 10. Vartanian (2011) prosed that in order to use the secondary data in the best way, it is important to understand the advantages and disadvantages of this kind of data. The advantages of the secondary data include less costly to acquire, covers a broad array of topic, contain large amount of information, trustworthy secondary data can increase the validity and reliability of the findings. On the contrary, secondary data also contains disadvantages such as lack of control over the framing of the data, researchers are not able to get further

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9 Riege, A. M. (2003). Validity and reliability tests in case study research: A literature review with "hands-on" applications for each research phase. Qualitative Market Research, 6(2), 75-86
information besides what has been published, trade-off between the control of the data and the accessibility (users of the secondary data would not care about how the available study was conducted), etc.

**Figure 10: Types of secondary data**

In short, in this study, the secondary data is retrieved from trust-worthy sources such as refereed journals, official research papers, academic works. Other information from such sources as official webpage, professional webpage will also be taken into consideration as the reference to contribute to the analysis of primary data.

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4. Analysis of the collected data

4.1 Case description

4.1.1 Greencarrier Spirit

CSR is among the most important aspect in the strategy for business sustainability for Greencarrier. The motto for company business is commitment, involvement, humor and joy. The CSR of Greencarrier is Called Greencarrier Spirit (GSC). The GSC is based on the ten principles of United Nation’s Global Compact (appendix 2) and focuses on four aspects: how the employees and colleagues are treated, how the business is done, how the firm see themselves as a citizen in a society and the world around, and who they can contribute to sustainable future environment. To this extents, the four aspects of GCS are shaped. These aspects (Green include:

- Employees: being determined to be a good employer, Greencarrier invests in the staff’s well-beings and development. As the result, the firm aims at retaining the qualified and highly motivated staff.
- Business: Greencarrier pledges to do business in an ethical, professional way and basing upon the legal stands. The company aims at becoming a fair and honest business partner. Particularly, Greencarrier focuses on quality and personal commitment (the staff).
- Society: becoming a responsible corporate citizen, Greencarrier strongly believes that by taking care of the society and the people they will become a better business partner and employer.
- Environment: the company strongly believes that it is important to protect and improve the environment for the long term. The firm is ambitious about using the best possible environmental practices in order to minimize the impact on the environment.

Currently, Greencarrier has been holding 6 CSR projects which are described in table 6.

<table>
<thead>
<tr>
<th>CSR Project</th>
<th>Main objective</th>
<th>Initiator</th>
<th>Place</th>
<th>Main target / CSR aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>WWF</td>
<td>Sponsoring the World Wide Fund for Nature in the project called Safe the</td>
<td>Management</td>
<td>Worldwide</td>
<td>Environment</td>
</tr>
<tr>
<td><strong>Table 6: CSR Projects of Greencarrier Group</strong>^11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sport for All</strong></td>
<td>Help the children to participate and enjoy various sport activity</td>
<td>Employee</td>
<td>Sweden</td>
<td>Children/ Society</td>
</tr>
<tr>
<td><strong>Heart to Heart</strong></td>
<td>Provide support and financial aid to the kinds who need hear surgeries.</td>
<td>Management</td>
<td>Hong Kong</td>
<td>Children/Society</td>
</tr>
<tr>
<td><strong>Futbola Skola Metta</strong></td>
<td>Support and sponsor a football team called FS Metta which helps the kids with unfortunate background. This team will train, equip the kids and take them to the game.</td>
<td>Employee</td>
<td>Latvia</td>
<td>Children/society</td>
</tr>
<tr>
<td><strong>Fairtrade</strong></td>
<td>Obtain the Fairtrade certification in coffee and ecological fruit. This product system certification indicates that the products meet the agreed standards related to the environment, labor, and development.</td>
<td>Management</td>
<td>Worldwide</td>
<td>Customers/business, environment, human rights.</td>
</tr>
<tr>
<td><strong>Save the children</strong></td>
<td>Cooperate with Save the Children organization in a national project called <em>On Equal Term</em> which is aimed at establishing the long-term basis for children’s rights.</td>
<td>Management</td>
<td>Sweden</td>
<td>Children/society</td>
</tr>
</tbody>
</table>

^11 As according to Ms. Christina Thulin.
It can be clearly seen that the CSR projects fall into two aspects which are the society and the environment, mostly for the society. One way around, as according to Ms. Christina Thulin, that the employees are encouraged to apply for the CSR activity is the main way to spread out the CGS among the employees. Even though there have not been any CSR projects regarding the employee and business aspect, the Greencarrier still commits to being a good employer and a partner via such business policies and firm regulations. The CSR policies, according to Ms. Christina Thulin, related to the other two aspects are:

- **Employee:**
  - *Internal marketing*: employee is viewed as the internal customers whose experience and satisfaction are highly emphasized. The friendly working environment and no power distance among the firm are the main facilitating factors for the internal marketing strategy of the firm. In addition, the communication among between the employees and the managers as well as among the colleagues is informal. Employee’s feedbacks are collected annually in order to keep track of the employee’s satisfaction and complaints so that appropriate solutions can be discussed and implemented if necessary.
  - *Code of conduct*: the code of conduct defines a series of values, norms and behavior within the firms and between the employees and the business partners. The code of conduct is, according to Ms. Christina Thulin, the basis to build up the culture and organizational behavior of the employees which cultivate the brand image into the employee's perception and behavior. To this extent, the employee’s loyalty is enhanced.
  - *Employee’s welfare*: the employee welfare is mostly involved in the training and development in order to increase the quality of the employees (professional and management training)

- **Business:**
  - *Legally bound business*: the firm is committed to always act in accordance with the law where the firm is operating.
  - *Anti-corruption*: the firm is strictly striving to fight against the corruption particularly in business. This is particularly enforced in the Asian market in which high rate of corruption happens. Such action as denial of the bribe, anti-black market premium, etc.
- ISO 9001:2008 and ISO 14001: these are the two ISO certifications achieved in 2015 regarding the quality management and environmental management of the firm. These two certifications are the strategic guidelines which help the firms meet the challenging demand from the modern customers, suppliers and other stakeholders.

As mentioned above, employees are also integrated into the CSR activities of the firm. Hence, it can be said that there are two subjects of the CSR activities. Figure 11 describes the process of how the CSR activities are initiated and executed.

![Figure 11: CSR process of Greencarrier](image)

As shown in figure 11, the starting of the CSR activities is the inspiration to the CSR projects which are realized by either the employees or the management of the firm. The CSR policies are likely to be centralized and managed by Greencarrier headquarter in Sweden. When the employee or the management board of the firm realize the importance, necessity and interest from the CSR activity, he or she has to apply for a CSR project to Greencarrier headquarter in Sweden. This application will then be processed at the headquarter by department responsible for CSR policies and CSR Fund. The process time varies depending on the scope and level of the project. Ms. Christina Thulin is the head of this department. The CSR fund is taken from 1% of the net profit of each year and is also donated by the employees from their salary. When the CSR project is accepted by the brand, the project will be funded and support by this CSR fund and by the whole company. Up to the present time there has been only one application from Greencarrier to the CSR fund of Greencarrier group regarding CSR activity in Norway. This application was not initiated by the firm management. Instead, this application is from an
employee working in Greencarrier in Bergen. The application is aimed at helping the kids to approach or get access to sport football, and this application is still under consideration. It is not to say that CSR is not adapted in Greencarrier Norway, but the problem is that Greencarrier Norway has not had any clear strategy regarding its CSR activity, CSR performance and sustainability. In fact, Greencarrier Norway operating as pure 3PL without any operational assets (such as trucks, warehouses, etc.). Instead, Greencarrier has their sub-contractors supply these assets and services for them. The only operation asset to the firm is the workforce.

As mentioned in the CSR chain, in the transaction with the customers, Greencarrier also has to compete with other competitors in terms of supplier selection. That means when the customers send the inquiry, Greencarrier has to show that they are qualified in terms of CSR performance. To this extent, as the intermediary, Greencarrier also has to carefully select the supplier. As such, the supplier selection is rather importance to the firm, and this process is called *Procurement Evaluation* by Greencarrier. The procurement evaluation is shown in figure 12.

![Figure 12: Procurement evaluation process of Greencarrier](image)

This process can be applied for the whole Greencarrier group, including Greencarrier Norway. The labels are colored showing the result of the evaluation towards the supplier of the transportation service suppliers. These suppliers have to go through this procurement process consisting of an initial screening of the potential suppliers. A questionnaire will be sent to the potential suppliers by Greencarrier. This questionnaire in concerned about how the supplier works and how the supplier can be complied with the different quality and environmental issues. Depending on the answers that the supplier will be marked as one of the four label for the quality of the service and the
environmental work. Those suppliers who have been already accepted also have to go through the continuous evaluation occurring every two years and depending on the answers that these current suppliers may maintain their label or receive a new one. These label include:

- **Green Label:** for the green label, the criteria for ISO 9001 or equivalent such as AEO (Authorized Economic Operator) are fulfilled. The supplier will receive a certificate from Greencarrier.

- **Yellow Label:** suppliers who receive the yellow label have to meet such criteria including quality policy and objectives as well as KPIs or measuring points set by Greencarrier. The yellow label requires that the carrier is to intensify its quality work in order to reach the green label.

- **Red Label:** carriers receiving the red label comply with laws and regulations. They are expected to intensify their quality work in order to be classified as yellow or green label. To this extent, the carrier marked with the red label will only be used only when there is no other option available.

- **Grey Label:** carriers receive the grey label may either have not been evaluated or have not provided the answers to the questionnaire or their answers show that they cannot comply with the requirements of Greencarrier. The consequence of the grey label is that the potential suppliers will not have the contract with Greencarrier and the cooperation between Greencarrier and the current suppliers may be terminated.

From the procurement evaluation process, it can be stated that the CSR policies of Greencarrier consider that being complied with the laws and regulations is a must for the supplier and this is only the order qualifier, not the order winner that helps the supplier receive the yellow or green label. In other words, the suppliers need to provide the services that are high quality and their environmental work must be enough to comply with the policies of Greencarrier. To this extent, the environmental aspect can be considered as the common interest in the network of Greencarrier regarding CSR activity.

### 4.1.2 Brand equity of Greencarrier

The brand equity is managed by measured once a year and documented in the 2014 report of the company. I was supplied with the latest Brand report of Greencarrier Norway; hence, this part will be drawn upon the received document.
The report is based on the questionnaire sent to the random customers and done by NorMa AB – a Swedish-based organisation which provides the researching and studies to other firms in various industry and covers a wide range of study field in a cost-and-time effective way. This survey questionnaire is not designed specifically for Greencarrier Norway, it state it surveys the customer’s awareness and knowledge of 48 brands including Greencarrier. There are 8 variables associated to the brand to be measured by collecting the responses. These aspect include quality, price, effectiveness, socially responsible, good service, bad service, credible, do not know. The total number of responses was 1599.

First of all, the respondents were asked if they had seen the listed brand before. As figure 13 highlights, Greencarrier has the percentage of the number of people who have seen their brand before lower than the average. In other words, the brand recognition of Greencarrier is rather low and below the average in the survey. Greencarrier also experiences 37.3% (meaning that 596 out of 1599 respondents said they had seen Greencarrier brand or logo before) in terms of brand recognition compare the average of 40.9%.

Figure 13: Level of brand recognition of Greencarrier

Figure 14 reflects the percentage of the 596 respondents relate what aspects to the Greencarrier brand.
The highest proportion of the respondents (43.8%) just heard about the brand and had no knowledge of the brand. Besides that, there is also a large proportion of the respondents relate Greencarrier brand to quality (19.1%) and effectiveness (12.8%). Very small proportion of the respondent know Greencarrier as the socially responsible brand (only 3.2%). This implies that the CSR activities and policies of Greencarrier have not been widely known in the market.

The next important aspect of the brand report of Greencarrier relates to the loyalty or visits of the respondents, which is shown in figure 15.
As shown in figure 14, a very large proportion of the respondent said they have never used the services of Greencarrier (69.0%), while the second large group only sometimes visit or use the firm’s services (14.8%). This figure shows that from a random check, Greencarrier brand is rather low competitive and experience low level of the brand recognition and brand loyalty. However, the result of this report does not necessarily reflect the real-life situation of Greencarrier brand. In fact, Greencarrier has been marked as top logistics firms in Norway in terms of revenue and returns, and in 2014 it was the 7th biggest firm in Norway logistics industry (Moderne Transport, 2014). The issues relate to this brand survey is that:

- Respondents are randomly selected: there is no distinction between the B2C customers and B2B customers while Greencarrier mainly operates in the B2B market.
- This survey includes various firms from different industry, which would cause the outcomes to be little irrelevant for the logistics industry in which Greencarrier is operating.
- This survey has not reflected full aspects the brand management of Greencarrier. Instead, it can only be used as a preliminary screening which requires further in-depth research particular in the context of B2B and in the logistics industry.

Basing on the examining of the supplied document, it can be said that Greencarrier has not made it clear in defining, managing and measuring the brand equity. Moreover, as being emphasizing on the CSR and sustainability, the firm still faces such challenges in making the customers aware of their socially responsible acts. Particularly, there is not clear connection between the CSR strategy and the brand management, including brand equity. Hence, for the case of Greencarrier Norway, it can be concluded that within the domestic market, the CSR associated to the brand is entirely resulted from the CSR activities initiated and done by other branches of the group, particularly by Greencarrier Headquarter in Sweden. To this extent, the study is aimed at predicting how the brand equity will be impacted if Greencarrier Norway adapt the CSR strategy of Greencarrier Sweden.

### 4.2 CSR chain mapping and business process of Greencarrier Norway

In order to understand clearly the context in which Greencarrier Norway is operating, I will examine the supply chain of the firm by mapping its supply chain and business
process. It should be noticed that the mapping of the supply chain and business process of the firm is a simplified model and only reflect the services happening within Norway. This mapping focuses on the main business operations of Greencarrier Norway, which is transportation (including cross-border transportation and inland transportation).

4.2.1 Export

Figure 16 and figure 17 shows the supply chain mapping and business process of the Greencarrier for export service.

The business process reveals the interaction between the firm and its business partners. There are three main flows among the business process, which are the cargo flow (physical transportation), information flow (communication), and document flow. The business process can be said to start from the inquiry of the shipper (in the case the export, the shipper is the customer) sent to the Sales department of the firm. After the inquiry is accepted and Greencarrier is chosen as the supplier, information and documents will be collected from the shipper to the sales department and the Operations Department. After necessary steps, the ready cargo and the related document will be sent to the customs office for customer clearance. At the same time, information regarding the shipment will be sent to the terminal operations team. After the customs is cleared, documents and cargo will be handled by the terminal operations team and get ready to be transported to the consignee’s side. After arriving the consignee’s side, the agent there will be responsible for the customs and handling of the cargo and the documents until the cargo reaches to

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the consignee. Depending on the trading term (INCOTERM – appendix 3) that the point of time at which the responsibility of Greencarrier regarding the shipment finishes is defined. The business process reflects both the internal process and the external process through which Greencarrier has to take to get the job done. There are various parties involved in the business process. These parties include the customers (shipper), authorities (customs), transportation and other service suppliers, for i.e. fumigation service supplier, pallet supplier, warehouse, etc., the consignee (customer tier 2), employees, environment (impact of the transportation on the environment), society in which the shipper operates, society in which the company operates. These are the stakeholders that, according to the CSR chain model above, the CSR strategy should involve. To this extent, the CSR chain for export of Greencarrier can be drawn and shown in figure 17.

![CSR chain for export](image)

**Figure 17: CSR chain for export**

As shown in figure 17, the internal context as I define relates directly to the supplies of the services from upstream to downstream and also involve in the internal operations of the firm. Other than these, the other stakeholders are related to the external environment of the firm which require external responsibilities.

The expected internal responsibilities include:

- **Employee: CSR to employees as identified in the GCS.**
- **Shipper, contractor: responsibilities as identified in the Business aspect of the SGC, which implies that Greencarrier should become a fair and honest business partner.**
• Economic responsibilities: as the stakeholder theory suggests and reflected in three models of CSR, economic responsibilities always exists in the business operations and performance of the firm. The economic responsibility is not only important to the shareholder but also to the other concerned stakeholders such as creditors, employees, customers.

• Authorities: because the authorities in this case involve directly in the business process of the firm, I would categorize the authorities as internal stakeholders. Such legal responsibility (as in the theory) and business responsibility (as in the GSC) are significant.

The expected external responsibilities include:

• Environment: the direct impact of the transportation to the environment causes responsibilities to Greencarrier to take good care of the issue. This is also one important aspect of the GCS.

• Society: the care for the society in which the shipper (customer) operates and the society in which company operates. The required actions for the society of the shipper may be as significant as those required for the firm. However, in general this is rather belong to the philanthropic responsibility which is based upon the voluntariness of the firm and is not included in the inquiry of the customers (Thuesen, 2016).

4.2.2 Import

Figure 18 and figure 19 shows the business process and CSR chain mapping of the import process of Greencarrier Norway. This process is only designed to reflect the business part that happens in Norway, the business parts that occur in the shipper’s side is not considered.
The point at which the import process of Greencarrier start depends on the trading term between the shipper and the consignee. Assume that the import process in which Greencarrier Norway involves the freight, the insurance, inland trucking (similar to CIF). Greencarrier will have to deal with the oversea in terms of choosing the appropriate carrier. In Norway, once the goods arrive at the customs office for paperwork, Greencarrier should have already received the documents and information regarding the shipment and get ready for customs clearance. After the customs clearance is finished and the cargo is ready to deliver, the operations department will alert the customers and then physical transportation of the goods can be made (inland transportation). Unlike the export service, in this case the consignee is the 1st tier customers who pay for the import. The second tier customer only exists when Greencarrier Norway involves in, for instance, the delivery network of the first tier customer. I would assume that the business process for the import finishes at the point of the consignee. Hence, such stakeholders involve in this process can be the consignee (1st tier customer), suppliers (inland transportation service), employees, authorities, environment, society, and other (bank as a creditor or as the intermediary in the cash flow), etc. Basing on this, the CSR chain for import is offered in figure 19.

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**Figure 18: Import process of Greencarrier Norway**

The point at which the import process of Greencarrier start depends on the trading term between the shipper and the consignee. Assume that the import process in which Greencarrier Norway involves the freight, the insurance, inland trucking (similar to CIF). Greencarrier will have to deal with the oversea in terms of choosing the appropriate carrier. In Norway, once the goods arrive at the customs office for paperwork, Greencarrier should have already received the documents and information regarding the shipment and get ready for customs clearance. After the customs clearance is finished and the cargo is ready to deliver, the operations department will alert the customers and then physical transportation of the goods can be made (inland transportation). Unlike the export service, in this case the consignee is the 1st tier customers who pay for the import. The second tier customer only exists when Greencarrier Norway involves in, for instance, the delivery network of the first tier customer. I would assume that the business process for the import finishes at the point of the consignee. Hence, such stakeholders involve in this process can be the consignee (1st tier customer), suppliers (inland transportation service), employees, authorities, environment, society, and other (bank as a creditor or as the intermediary in the cash flow), etc. Basing on this, the CSR chain for import is offered in figure 19.

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The import CSR chain is quite similar to the export CSR chain. The only difference is that the consignee is the direct customer which requires different operations features and different measurement (focusing more on the delivery aspects).

4.3 CSR and its relevance to brand equity of Greencarrier Norway

Basing on the expected internal and external responsibilities suggested in figure 17 and 19, it can be stated that CSR strategy is not clearly defined and is considered simply as the requirement-response process. According to Mr. Kåre Thuesen:

“(…) They are the requirements we have to meet (...) Actually the CSR policies are formulated at the head of CSR in Sweden”.

Basing from the examining of the document, it is clear that the brand equity of Greencarrier is measured basing on two aspects, the brand recognition and the brand loyalty. These are two steps of the CBBE mentioned in the literature review. As such, I would analyze the relevance of CSR to the brand equity of Greencarrier basing on the CBBE which consists of 4 steps and the model showing how CSR impact brand equity in the CSR chain (figure 6).

Step 1: Brand identity.

In this stage, the supply chain network of the firm is rather important. The characteristics of the business context in which Greencarrier Norway is operating is involved in direct
contact between firm representative. As such, the first priority of the CSR should belong to the employees in terms of enhancing the supply chain network, particularly the impact of personal contact that adds value to the brand equity. The four most important group of employees that involved directly in the supply chain are the sales group, operations group, customer service and the purchasing department. The interaction between these groups and the partners in the network would make contribution to increase the brand equity of the brand because they represent the brand to interact with the customers and the supplier, such value brought to the customers and the suppliers would generate the value adding up to the brand equity. In addition, in this stage it the customer would consider options of supplier, and the focal also does the supplier selection. The extent to which the customer’s requirements to the firms regarding its CSR performance and the supplier selection (done via the Purchasing Evaluation) would add value to the customer recognition and therefore will impact the customer loyalty later on. Furthermore, the range of the network is also important in terms of brand equity. For instance, the care for the society of the shipper or the consignee would, in one way or another, extend the network of Greencarrier and therefore increase the brand recognition in the market. As such, in the first stage, the important responsibilities should be paid to the employees (internal responsibility) and the environment, the society (external responsibilities).

Step 2: creating the brand meaning.
There are two aspects of the brand meaning which are brand performance and brand imagery.

- **Brand performance**: according to Mr. Kåre Thuesen, such measures of service quality as the timeliness, efficiency, etc. are important. To this extent, the achievement of the ISO 9001:2008 and ISO 14001 can be a good starting for Greencarrier to defend and build up their brand performance and hence add value to the brand equity. As according to Ms. Christina Thulin, the achievement of these two certifications is a remarkable stage in the sustainability strategy of the firm. Furthermore, from the supply chain perspective, particularly in the value chain, Greencarrier Norway as a pure intermediary would have to rely so much on their sub-contractors. As such, the brand performance is greatly impact by the performance of the sub-contractors. By preliminary screening the suppliers via the colorized label from the Purchasing Evaluation, the brand performance o Greencarrier is initially guaranteed to some extent. On the other hand, the service which is different from the physical product in
this stage also holds an important role in enhancing the brand performance. The service can only be measured once the customers experience it, and in the B2B business, the sales representatives are likely to be the ones who define the service quality in the mind of the customers at first glance. In addition, there are such KPIs developed to manage the performance of the sub-contractors so that the brand performance of Greencarrier can be assured. In this aspect, Greencarrier have to take internal responsibilities with the employees, customers and suppliers. The profitability (economic responsibility) is also one aspect which contribute the brand performance, hence the financial controls and management comes into place. The external responsibilities would emphasize the environmental performance of the firm rather the responsibilities towards the society.

- **Brand imagery:** this aspect involves more in the ethical and philanthropic responsibilities because these two aspects, according to Mr. Kåre Thuesen, would add extrinsic value to the brand. To this extent, both internal responsibilities and external responsibilities should be beyond the requirement from the customers, and the suppliers should be marked green label. To this extent, Greencarrier can enjoy the already-done CSR activity of Greencarrier Sweden (charity, environmental care, care for kids). Recently, Greencarrier Sweden has been helping immigrants and refugees to join the labor market in Sweden (Greencarrier Blogging Crew, 2016). This is a fashionable move which shows the socially responsible brand image to not only the local but also the international people. To this extent, the internationalization of the firms can be high, which is an advantage for a multinational like Greencarrier. However, Greencarrier Norway has not taken the same moves because, according to Mr. Kåre Thuesen, the labor market of Norway and the society of the Norwegian is different from that of Sweden which will make it very challenging to make the same move.

**Step 3: customer’s responses to the brand**
In the consumer market, the brand responses focus on two aspects which are brand judgement and brand feelings. However, as mentioned in the literature review, in the B2B businesses the brand responses from the customers to the brand are more related to the risks associated to the brand. To this extent, the tactics of Greencarrier Norway is similar to that of Greencarrier Sweden which focuses on three aspects. The first aspect which is required by the majority of the customers is the sustainable transport. The sustainable
transport which is in fact assured from the purchasing evaluation. Those sub-contractors who have been marked green and yellow are those create such value that reduce the perceived risks of the brand to the customers. The sustainable transport focuses on taking responsibility for the environment basing upon the better profitability and optimization of the transportation means in the eco-friendly way. In addition to the purchasing evaluation, such achievement of the ISO certification is a basis guarantee of the quality management and environmental management attached to the brand, which in turn reduce the risk associated to the brand. The second aspect is the safe-driving (operational responsibility). This aspect relates to the employee development (internal responsibility) and service quality (internal responsibility to the business partners). Greencarrier in cooperation with the sub-contractor of the transportation service holds the training and development program for safety-driver and join in the R&D function for development of the more efficient and higher safety level of the shipment. The last aspect involves in the use of the e-invoice. According to Mr. Kåre Thuesen, the e-invoice has been in place since 2014 within various branches, including Greencarrier Norway. The e-invoice helps increase the security of the invoice handling process and increase efficiency for both the firm and the customers. Customer responses are measured simply upon the feedback collected via such means as direct contact (individual), annual survey.

Step 4: Brand relationship
Brand relationship in the context of B2B focuses on customer loyalty which is more intense than that in the consumer market. The report reflects an irrelevant picture of the customer loyalty. In fact, the loyalty B2B customers can be measured in search terms as lifetime value, frequency of shipments, etc. To this extent, the CSR is strong influencing factor to the customer loyalty of Greencarrier. The motto of integrating the employees into their CSR strategy has motivated the employees to be more socially responsible. On the other hand, in an indirect way, Greencarrier has widespread the CSR performance to more communication channels, and each channel is the employee involved himself or herself in the CSR strategy. By representing the firm to interact with the customers, the socially responsible employees would expect to go beyond the customer’s demand by striving to achieve both internal and external responsibilities. But it can be argued that there is no clear line between the contribution of CSR to the brand loyalty because from the internal marketing employees who are satisfied will automatically satisfy the customers and hence increase the customer loyalty. To this extent, employee’s
satisfaction survey which is done every two years (Kåre Thuesen, 2016) would reveal the extent to which the employees are satisfied. On the other hand, the philanthropic responsibilities which have been one of the two main focuses of the CSR of Greencarrier has widespread the brand name of the firm into the community. To this extent, when customers are related to Greencarrier as a whole, they will have the sense of community connected to Greencarrier brand name, and therefore brand loyalty and brand equity can be developed.
5. Discussion

In this part, I will discuss the outcomes of the analysis and the extent to which the research questions are answered from the findings.

5.1 Specific features of the internal and external environment of Greencarrier Norway

This issue is related to research question 1. As described in the analysis, Greencarrier Norway operates as a logistics service retailer who does not own any operational assets except human resources. Hence, interaction between the firm and its the internal and external working environment plays a very crucial role in enhancing the brand equity.

The internal environment of Greencarrier is actually any factors related to the working environment within the firms. As a branch of a privately owned company, Greencarrier Norway is owned by Greencarrier group based in Sweden. To this extent, the shareholder can be said to play the role as the management as well. This explains for the CSR strategy which does not focus on the shareholder. In fact, the focus of the internal environment is placed to the employees who occupy one of the four aspects of the GCS. Employees pose internal responsibilities at different levels, probably at four levels (economic, legal, ethical, and philanthropic). The internal environment of Greencarrier also involves in the business process of the firm. Those who are involved directly in the business process are classified as the internal environment factors. However, it can be argued that from the CSR chain, customers are likely to be the external stakeholders. However, as in the business process, customers are the one who initiates the values, consumes the accumulated through the CSR chain and interacts directly with the employees to generate the value. To this extent, customers is an important value creation factors within the business process, hence I would treat customers as the internal stakeholders when examine the export and import CSR chain. Suppliers, in the same way, are also internal stakeholders who involve directly in the value creation process. The environment and the society are the passive actors in the business process and were treated as the external stakeholders.

The external environment which is the context which does not involve in any of the process happening within the firm exist and impact the firms in three ways. The first way is the external environment influence the customers in terms of CSR requirements. To
this extent, customers on the contrary to the business process perspective play as the external stakeholders who represent the external factors to influence the firms in its CSR strategy. On the other hand, the external environment consists of CSR trend that moves the firm to progress its CSR activities in order not to be outperformed by the competitors. Finally, the external environment is more likely to trigger the ethical and philanthropic responsibilities of the firm. Greencarrier group is a good example since the most of the CSR activities are about charity and environmental protection.

External and internal environment of the firm exists at the same time, the interaction between the firm and the stakeholders in these two contexts create value adding to the brand equity of the firm. Internal environment is more related to the operational conditions which entail economic and legal responsibilities, while the external environment is more about the ethical and philanthropic responsibilities. However, as argued in the CSR chain, both four aspects of CSR are included in the two environment in a requirement-response manner and voluntary manner.

5.2 Challenges in applying CSR in Greencarrier Norway

As described in the cases, CSR at Greencarrier Norway has not been clearly defined and therefore has not been implemented apparently. There is only one application for the CSR project in Norway so far. However, it is not to say that the GCS does not exist in Greencarrier Norway. Through the mapping of the business process and the CSR chain of the firm, it can be said that the GCS existing in Greencarrier Norway probably covers some aspects of the economic responsibility, legal responsibility, and ethical responsibility. Economic responsibility is placed to the management in order to meet the target set by the headquarter who is the owner of the firm. Legal responsibility and ethical responsibility exist in both internal and external contexts. However, the level of GCS implementation is just similar to the process of meeting the basic requirement from various stakeholders (except for the employees). Challenges account for the low level of GCS implementation include:

- CSR application process: even though the benefit of involving the employees into the CSR strategy is obvious, the process for CSR projects to be executed causes barriers to GCS implementation. The concentration of the CSR project consideration and CSR fund would create such barriers in letting the employees in different regions have the most effective and fastest way to facilitate the CSR
activity. For example, the employee in Bergen had to present the idea to Greencarrier Norway, then this idea is forward to Greencarrier Sweden and will take some time to consider. The longer the process, the less ambitious about the CSR project the employees may become.

- Limited sources of the CSR fund: current only 1% of the net profit is taken for the CSR project investment. In addition, the fund can also be contributed by the employees basing upon the employee’s voluntariness. However, there has been no clear budgeting plan for the CSR investment. As a strategy for short-term and long-term sustainability, according to Ms. Christina Thulin, due to the limited budget, the CSR projects initiated by the employees take much long time to be considered and processed. This is also the reason for limited CSR activities in Greencarrier Norway. In addition, Greencarrier Norway may face limited financial ability to invest in big CSR projects as Greencarrier Sweden does due to the fact that profit from Greencarrier Norway is to be managed not only by the firm itself but also by its neither headquarter.

- Differences in culture, governmental policies and society: these are the factors that are beyond the management of Greencarrier but strike directly to the ability to implement the CSR in Greencarrier Norway.

- Lack of structured framework and guidance for CSR implementation: there is not a clear plan which is formulated and widespread among the group. As such, Greencarrier Norway is likely to stand out of the picture of CSR until now. This is the managerial issue which requires the top-down approach if the concentration of the CSR policies is applied.

5.3 Possible impact CSR on brand equity of Greencarrier Norway

This aspect relates to the research question 3. As indicated in the literature review in line with the analysis of the case, the main factors contributing to the brand equity is the value generated when the stakeholders interact with the brand. These values reflect the stakeholder’s expectation, CSR becomes an important influencing factors of the value creation and as the result, the brand equity is developed. In the same sense, interaction between the various stakeholders from internal and external environment of Greencarrier would lead to the value creation and accommodate the brand equity of the firm. The CSR chain has identified the chain effect of the value creation process, which is assumed to be started by the customers who request the CSR performance from the focal firm. to this
extent, CSR through the discussion basing on the CBBE would possibly allow Greencarrier Norway to enhance the values generated from the interactions with their stakeholders in the internal and external context. In a more structured way, these values arise from the four steps of brand equity framework as follow:

*Brand awareness*: the focus on the employees to generate such value when employees represent the firms to interact with the supplier and the customer would trigger perceived value of the brand in the mind of the customers. To this extent, a similar example can be learned from DHL (Liu and Goh, 2015). Being one of the first logistics firm that integrate CSR into their corporate strategy. DHL aims at becoming the “Employer or Choice, the Provider of Choice and the Investment of Choice”. By taking good care of the employees and encouraging the employees to participate in the local and regional community initiatives, DHL reported increase its brand awareness to the level of 90% with the help of multi marketing channels. To achieve this, DHL has planned a clear *People Strategy* which concentrates on strengthening the leaders, involving the employees, increasing the collaboration among the employees, increasing the HR efficiency and the enabling business growth. The People Strategy of DHL was done through various project ranging from performance measurement project to talent retention. It can be clearly seen that the scope of the CSR strategy of DHL is much bigger than the case of Greencarrier Norway. However, for Greencarrier Norway who relies solely on the human resources, GCS which engages the employees into the CSR program would also have the same effect like that of DHL. Also, CSR would encourage the internal marketing strategy to be more clearly planned and implemented. Value generated from the higher rate of employee loyalty would contribute to the total brand equity value.

*Brand performance*: the brand performance can be measured in the financial term. To this extent, the GSC is funded by a small proportion of the net profit and the employee’s contribution. This fund is used to invest in the CSR program in exchange for enhanced brand equity. As such, the brand performance would require such measures related to the impact of CSR. A contrast case of Volkswagen scandals has highlighted the impact of CSR on brand performance. According to The TriplePundit (2016), the scandal cost Volkswagen around eight billion dollars and once again raised the needs for CSR within the businesses. Sales in the US market of Volkswagen declined about 15% in November 2015 (Geiger, 2015) implying that company would probably experience decline in brand
performance (measured by sales growth) without being socially responsible. To the same sense, sales growth rate can be one of the measures of the impact of CSR on brand performance of Greencarrier. However, one can argue that CSR investment would rather take long time for the returns, hence there should be measures reflecting the short-term impact of CSR toward brand performance. To this extent, from the CSR chain, the short-term impact of the CSR can be measured by, for instance, frequency of purchases from a specific customer who score high in the CSR-brand awareness. It can be predicted that the brand performance in short may experience light increase using the financial measures, but in long-term the brand performance can be enhanced a great deal if the CSR is implemented continuously and in the appropriate ways coping the right marketing strategy and communication channels.

*Brand imagery:* as the brand of Greencarrier can be linked to such charity activity worldwide, Greencarrier Norway can take advantage of being a branch of a philanthropic group to influence its band equity in Norway. However, the charity and environmental program and activity is likely to be rarely considered in customer inquiry. As such, without the appropriate marketing campaign for their B2B customers, CSR impact on brand imagery would not be clear. Once again, this issue deals with the employee training and development, but currently most of the training program is designed to increase the professional knowledge, there is still lack of the physical marketing and communication which highlights these achievements of the groups to the customers in Norway. Hence, Greencarrier Norway applies the CSR strategy, the brand imagery would be progressed with the support of the employees in the direct contact with the B2B customers.

*Associated risk:* the customer responses to the brand related to the associated risk attached to the brand can be measured by questionnaire survey sent to the customers. To some extent, the risks associated to the brand can be enhanced by the brand performance, quality of the service and the voluntariness in doing CSR. A recent case study in Vietnam in which Tan Hiep Phat – the largest domestic soft drink supplier was committed of setting up one customer who found a fly in the product and open a lawsuit against that customer. That customer was accused of purposely putting the fly into the bottle. The company had already agreed to negotiate to buy back the bottle, but during the transaction the company reported to the police and the customer was arrested and had to stay 7 years behind bars. Regardless of the effort of Tan Hiep Phat, the company was marked as the
irresponsible brand in coping with the media crisis. Within the market, the consumer considers the brand as the risk-of-getting-to-jail and boycott all of the firm’s products. from the B2B customers, a number of supermarkets denied to retail the firm’s product because the brand was marked as high risk. This case highlights that CSR would probably affect the brand responses in reducing the level of risk associated to the brand and even increase the level of confidence of the customer towards the brand. Hence, the possible outcome if Greencarrier Norway applies CSR would be increased customer’s confidence toward the brand.

*Brand loyalty:* it can be predicted that CSR implementation can increase the brand loyalty from the customers. Customer’s brand loyalty can be measured in terms of customer’s lifetime value, frequency of purchases. As shown in the CSR chain, value is generated and accumulated throughout the chains via the interaction between the firms and its business partner. This value is, in short-term, would positively affect the brand awareness. The first Greencarrier meets the requirements of the customer would cultivate the Greencarrier brand into the mind of the customers. Then in the long-term, brand loyalty can be developed thanks to the continuous CSR value generated from the CSR chain. The most important issue is that management of the chain which requires the subcontractors to maintain their CSR performance. To this extent, relying solely on the purchasing evaluation would not be enough. Instead, other techniques such as purchasing portfolio analysis can be applied in order to maintain and develop the business relationship with the key suppliers. Hence, it can be predicted that brand loyalty can be progresses particularly in the long-term if CSR is applied at Greencarrier Norway.
6. Conclusion

This master thesis was designed to achieve the objective of predicting the possible impact of CSR implementation on brand equity of Greencarrier Norway. Throughout the literature review, a new concept of CSR chain was proposed. This CSR chain concept basically assumes that the CSR has the chain effect in the supply chain network of a specific firm. The CSR chain was developed upon the stakeholder theory, five dimensions of CSR and three basic models of CSR. The CSR chain concept indicates that there are two markets in which the firm operate: the external markets and internal markets. Stakeholders in both markets would interact with each other and with the firm. As the result, I have proposed that the firms should have two types of responsibilities which are the internal responsibilities and external responsibilities. These two types of responsibilities comprise all four kinds of responsibilities proposed in other CSR models. The main contribution of the CSR chain to the brand equity, which is the main theme of this study, is that value created in each stage of the CSR chain contributes to the total brand value of the firm.

Basing on the proposed theoretical framework, this qualitative study has answered three research questions. The study of this case is one way to apply the so-called CSR chain which I come up with. Throughout this study, it can be confirmed that CSR has positive impact on the brand equity, and the case of Greencarrier will not be an exception. As being left behind in the group, Greencarrier has not initiated nor implemented much CSR in their business. Using the concept of CSR chain, the qualitative findings have found that CSR if implemented by Greencarrier will positively affect a number of facets of brand equity including brand awareness, brand performance, brand imagery, brand responses and brand loyalty. The analysis of the document (brand survey report) has shown that Greencarrier does not have a strong brand. However, the scope of the survey is rather different from the main theme of this study, hence such outcomes from the report paper would mislead the findings. Instead, it can be concluded that the brand survey has not been thoroughly done by the firm leading to the difficulty in brand management as well as gathering data for researches. However, the analysis of the documentation source of evidence for the case can be used as the preliminary screening for analyzing the data from the interview. Analysis of the information collected from the interview has enabled the author to map the business process and basing on that building the CSR chain for export and import service of the firm. In general, two services of Greencarrier are in the
same context, but the slight difference in the first tier customer may lead to different CSR strategy, but generally there are not any significant differences in the CSR for the export and for the import services. The two main sources of CSR basis being applied by Greencarrier Norway are the purchasing evaluation and the achievement of the ISO certification. These are the two methods for meeting the CSR requirements from the customers and to assure the suppliers to be in line with the CSR requirements. This is in fact the upstream and downstream of the CSR chain. It can be stated that Greencarrier Norway can enjoy the results of the already-done CSR projects by Greencarrier Sweden, but such challenges identified in the discussion would imply that Greencarrier Norway should be on its own to use implement the CSR and hence influence the brand equity. In short, by overcoming such challenges, Greencarrier can base on the application of CSR to develop such aspects of brand equity in both short-term and long-term. This case study is also an example of the proposed CSR chain.

7. Limitation and recommendation for further research

In this research paper, I have offered such prediction of the impact of CSR on brand equity basing on the single case study of Greencarrier Norway. This qualitative research has encountered some limitations which leave space for further researches. The limitation includes:

- The use of the qualitative data would not reflect the whole story. During the process of gathering the data via interview, I have realized that such qualitative data from the interview would not reveal the whole picture of the studying subject. For example, impact of CSR on brand equity can be mathematically measured using the quantitative method. In particular, the study for the relationship between these two variables should can be further developed in the quantitative way. In addition, such prediction can be more credible with the support of mathematical modelling and testing.

- Time limitation: due to short time period for the study, I was not able to collect much data regarding to study. Hence, further study done in the same methodology can be developed within a longer time frame in order to collect richer data source.

- This study can be further developed in the industry scale and in other industry in order to test, confirm or develop the concept of the CSR chain. this concept is built upon the stakeholder theory basing on the supply chain concept. Further research can be done to better demonstrate the applicability of this concept in reality.
Reference


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## Appendix 1: Semi-structured interview guideline

Interview with Ms. Christina Thulin

<table>
<thead>
<tr>
<th>Themes</th>
<th>Guiding questions</th>
</tr>
</thead>
</table>
| **CSR policies and activities**     | 1. Can you briefly describe the company’s CSR policies?  
                                          2. How many CSR projects have been done so far? Can you briefly describe these projects?  
                                          3. How are the CSR policies formulated?  
                                          4. How are the CSR policies shared among the branches?  
                                          5. What do these projects aim at?  
                                          6. What is the main focus of the CSR policies?  
                                          7. What are achievements in doing CSR?  
                                          8. How are the CSR activities funded?  
                                          9. What are the CSR requirements from the customers?  
                                         10. How are the suppliers selected?  
                                         11. What are the challenges to the CSR policies and implementation at Greencarrier?  
                                         12. How do employees apply for the CSR project?  
                                         13. What is the role of CSR in the corporate strategy?  
                                         14. How are the CSR activities processed, managed and controlled? |
| **Brand Management**                | 1. Can you describe the brand management strategy of the firm?  
                                          2. What is the role of brand equity to the company?  
                                          3. How is brand equity defined by the company?  
                                          4. What is the current situation of the brand equity of Greencarrier?  
                                          5. How is the brand survey conducted?  
                                          6. What are the key aspects to measure the brand equity?  
                                          7. How is brand equity measured? |
| CSR and brand equity | 1. What is the role of CSR to brand equity of the company?  
2. To what extent the CSR contribute to the brand equity?  
3. How does CSR affect the key aspect of brand equity?  
4. What are the KPIs regarding the impact of CSR on brand equity?  
5. How is the impact measured?’  
6. What is the framework to measure the impact of CSR on brand equity?  
7. How does the company report the impact of CSR on brand equity? |

### Interview with Mr. Kåre Thuesen:

<table>
<thead>
<tr>
<th>Main themes</th>
<th>Guiding questions</th>
</tr>
</thead>
</table>
| Internal and external environment? | 1. Can you describe the internal and external working environment of the company?  
2. Can you describe how the firm operates?  
3. What are the crucial factors in the two context?  
4. What characterizes the internal and external environment? What are the key features?  
5. What are the functions of different stakeholders or stakeholder groups in each environment?  
6. How do the stakeholders interact with each other in the two environments? |
| CSR | 1. What are the current CSR projects?  
2. What characterizes the CSR implementation of the firm?  
3. How is the CSR project initiated and processed?  
4. What are the CSR requirements from the customers?  
5. How to select the suppliers? |
| 6. | What is the role of CSR to the firm? |
| 7. | What are the key features of CSR strategy of the company? |
| 8. | Who are the core stakeholders? |
| 9. | What are the responsibilities to those stakeholders? |

**Brand Management**

| 8. | Can you describe the brand management strategy of the firm? |
| 9. | What is the role of brand equity to the company? |
| 10. | How is brand equity defined by the company? |
| 11. | What is the current situation of the brand equity of Greencarrier? |
| 12. | How is the brand survey conducted? |
| 13. | What are the key aspects to measure the brand equity? |
| 14. | How is brand equity measured? |

**CSR and brand equity**

| 8. | What is the role of CSR to brand equity of the company? |
| 9. | To what extent the CSR contribute to the brand equity? |
| 10. | How does CSR affect the key aspect of brand equity? |
| 11. | What are the KPIs regarding the impact of CSR on brand equity? |
| 12. | How is the impact measured?’ |
| 13. | What is the framework to measure the impact of CSR on brand equity? |
| 14. | How does the company report the impact of CSR on brand equity? |
Appendix 2: The Ten Principles of the UN Global Compact.


**HUMAN RIGHTS**

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.

**LABOUR**

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labor;  
**Principle 5:** the effective abolition of child labor; and  
**Principle 6:** the elimination of discrimination in respect of employment and occupation.

**ENVIRONMENT**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8:** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.
Appendix 3: INCOTERM 2010