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Influence of CSR on Brand Equity and Consumer Satisfaction: Role of Customer Satisfaction and Moderating Role of Skepticism

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ABSTRACT

This study examines the impact of corporate social responsibility (CSR) on customer satisfaction and customer-based brand equity (CBBE) within a collectivist cultural context, specifically in Pakistan. It explores how CSR initiatives shape customer perceptions, foster satisfaction, and ultimately enhance brand value, with customer satisfaction acting as a bridge between CSR and brand equity. A quantitative research approach was adopted, collecting data from 200 respondents in Karachi using a five-point Likert scale questionnaire administered both in person and online. Smart-PLS was utilized for hypothesis testing. The findings reveal that CSR positively influences both customer satisfaction and brand equity, with customer satisfaction playing a crucial mediating role. Additionally, skepticism was found to impact the relationship between customer satisfaction and brand equity, highlighting the significance of consumer trust in brand perception. However, the study faced limitations such as a short data collection period, a lower response rate of 168 out of 200, and the use of a structured questionnaire with close-ended questions. Given these constraints, future research should explore this relationship from other stakeholders' perspectives and employ longitudinal data to enhance generalizability and reliability.

Introduction

In today's competitive market, consumers are becoming more discerning, expecting brands to offer more than just high-quality, affordable products. This shift in consumer expectations has positioned Corporate Social Responsibility (CSR) as a critical strategic tool in marketing, helping brands differentiate themselves by adopting socially responsible practices (Kuokkanen & Sun, 2020).

CSR has become an essential aspect of business strategy, as it fosters trust, enhances customer satisfaction, and strengthens brand equity (Harjoto & Salas, 2017). The way consumers perceive a company's CSR efforts plays a crucial role in shaping their purchasing decisions (Wang et al., 2021). Research suggests that when given similar options, consumers are more likely to choose brands that demonstrate a commitment to social responsibility (Porter & Kramer, 2006), reinforcing the significant influence of CSR on consumer behavior (Kuokkanen & Sun, 2020).

Beyond consumer behavior, CSR has emerged as a central focus for businesses, enabling leaders to make informed decisions that benefit both their company and stakeholders (Hameed et al., 2018). Studies indicate that 77% of consumers are more inclined to purchase from companies committed to making a positive societal impact (Stobierski, 2021). CSR not only enhances consumer engagement but also mitigates negative impacts of business activities, particularly in service industries (Han et al., 2020). Furthermore, it supports sustainability across social, economic, and environmental dimensions (Hiep et al., 2021). The influence of CSR on corporate performance is well-documented, with research demonstrating its positive effects on corporate reputation (Bianchi et al., 2019; Chaudary et al., 2016; Stanaland et al., 2011), consumer trust, brand loyalty, and overall brand perception (Chaudary et al., 2016; Stanaland et al., 2011). Companies committed to socially responsible practices often experience enhanced brand recognition (Zhang, 2014), strengthened corporate image (Wang, 2020), and improved brand performance (Cowan & Guzman, 2020).

CSR has also been found to positively influence brand equity by improving brand loyalty, recognition, associations, and perceived quality (Agyei et al., 2021; Fatma et al., 2018; Lai et al., 2010; Mohammed & Rashid, 2018; Park et al., 2017; Torres et al., 2012). This research explores the connection between CSR, brand equity, and customer satisfaction, incorporating skepticism as a contributing factor (Aaker, 1996). The study focuses on understanding how CSR initiatives shape customer perceptions and build satisfaction, ultimately enhancing the value of a brand. Given the significance of cultural differences, this study aims to bridge a research gap by analyzing CSR's influence on brand equity within a collectivist cultural context, particularly in Pakistan, where social values play a significant role in consumer decision-making.

While CSR has been widely adopted, its impact on customer-based brand equity remains insufficiently understood, particularly in collectivist societies such as Pakistan. Existing research has primarily focused on individualistic cultures, where CSR has been shown to positively influence both brand equity and customer satisfaction. However, there is limited research examining this relationship in collectivist societies, where social values may amplify the significance of CSR (Maignan & Ferrell, 2003). Specifically, there is a lack of empirical evidence on the mediating role of customer satisfaction in the CSR–brand equity relationship within such cultural settings. Without a clear understanding of this connection, companies risk missing opportunities to use CSR initiatives effectively to strengthen brand equity and improve customer satisfaction in culturally diverse markets. This study seeks to address this gap by investigating the relationship between CSR and customer-based brand equity, with a significant focus on the mediating role of customer satisfaction within a collectivist cultural framework.

This study aims to investigate the following objectives:

- To examine the direct effect of corporate social responsibility on customer-based brand equity.
- To understand how corporate social responsibility (CSR) influences customer satisfaction (CS).
- To examine the connection between customer satisfaction (CS) and customer-based brand equity.
- To investigate the mediating role of customer satisfaction in the relationship between corporate social responsibility and brand equity.

Significance of the Study

This research contributes to the understanding of CSR, customer satisfaction, and customer-based brand equity by exploring these relationships in collectivist cultures, particularly in Pakistan. While most previous research has centered on individualistic cultures, this study addresses a critical gap by examining how cultural values influence the link between CSR and brand equity. It offers fresh insights by providing empirical evidence on the mediating role of customer satisfaction, demonstrating how CSR initiatives influence customer perceptions and strengthen brand value. By focusing on a collectivist society, this study broadens the scope of CSR research, making it more globally relevant and applicable to diverse markets.

The findings provide practical value for businesses operating in collectivist markets like Pakistan. Companies can gain a clearer understanding of how CSR activities influence customer satisfaction and brand equity, enabling them to design strategies that align with cultural values and customer expectations. Engaging in CSR initiatives allows businesses to build stronger emotional connections with customers, improving brand loyalty and competitive advantage. Additionally, this research highlights customer satisfaction as a crucial bridge between CSR efforts and increased brand value, encouraging organizations to prioritize customer-centric and socially responsible practices. Beyond business benefits, the study underscores the importance of CSR as a means of contributing to societal well-being, promoting ethical, responsible, and culturally relevant business practices. Overall, it fills a significant research gap while providing actionable insights for companies looking to enhance brand value in culturally diverse markets.

Theoretical Background and Hypotheses Development

The research hypotheses for this study explore the relationships between Corporate Social Responsibility (CSR), customer satisfaction, brand equity, and skepticism. It is hypothesized that CSR positively influences customer satisfaction (H1) and has a significant impact on brand equity (H2). Additionally, customer satisfaction is expected to mediate the relationship between CSR and brand equity (H3), reinforcing its role as a bridge connecting socially responsible practices to brand value. Furthermore, skepticism is proposed to moderate the relationship between customer satisfaction and brand equity (H4), suggesting that consumer doubts may affect how satisfaction translates into brand perception. Lastly, the study examines whether the indirect relationship between CSR and brand equity, mediated by customer satisfaction, is influenced by skepticism (H5), highlighting the potential moderating effect of consumer trust in shaping brand equity outcomes.

Signaling theory and expectation confirmation theory have been utilized to support the research. Yew Leh and Lee (2011) expanded on Aaker's (1991) brand equity model by providing a clearer breakdown of its key components. Both have been applied to this study.

Literature Review

CSR (Corporate Social Responsibility)

The idea of CSR began to take shape in the 1950s when people started recognizing that businesses don't operate in isolation—they have a strong connection to society and the public. This understanding led to the belief that companies should act in ways that reflect and respect societal values and expectations (Bowen, 1953). Corporate social responsibility is the social expectation for corporations at specific times, including economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. (Carroll, 1979)

Economic activities primarily aim to boost a company's income while also contributing to the overall economic growth of society (Kim, Song, Lee & Lee, 2017). Companies are essential in providing the products and services that consumers need, all while generating a fair profit. While businesses have other responsibilities, these tend to be secondary to their core economic goals (Shabbir, Aslam, Irshad, Bilal, Aziz, Abbasi & Zia, 2020).

Legal activities refer to a company's adherence to the laws, rules, and regulations set by society. In other words, a business operates within the legal boundaries defined by the community, essentially forming a "social contract" between the company and society (Schwartz & Carroll, 2003).

Ethical activities, on the other hand, go beyond just following the law. They focus on the values and moral principles that society holds dear, such as fairness, respect for rights, and the well-being of all stakeholders—customers, employees, shareholders, and the community (Sen & Bhattacharya, 2001). Many scholars argue that ethical actions are about doing what is right, even when it's not required by law, extending further than mere legal compliance (Abd-Rahim, Jalaludin & Tajuddin, 2011).

Philanthropic responsibilities involve a company's efforts to give back to society through charitable actions and support for the community. When a company takes on these responsibilities, it willingly shares a part of its profits to fund social and educational programs that benefit the greater good (Pinkston & Carroll, 1996).

Corporate Social Responsibility (CSR) is about businesses taking responsibility for making a positive impact on the world. It means working together with employees, their families, local communities, and society to improve people's quality of life while supporting sustainable economic growth ("World Business Council for Sustainable Development, 2004").

Corporate social responsibility (CSR) has increasingly been recognized as a powerful marketing tool for strategic planning in recent years. This growing interest in CSR stems from two main factors. First, consumers now expect more from companies than just a high-quality product at a fair price; when comparing similar products, they tend to prefer well-known brands with positive reputations. Second, by focusing on non-economic aspects, businesses can gain a competitive edge. CSR can help improve brand perception and generate positive word-of-mouth, making it a significant source of competitive advantage. (Carroll, 1979)

Consumers are increasingly concerned with CSR and hold businesses to high standards regarding their social and ethical responsibilities. Previous research indicates that consumers are interested in how companies manage their CSR activities. In response, marketers have begun placing greater emphasis on CSR programs. Changes in brand image may be driven by a company's proactive marketing efforts or as a reaction to shifts in the social and market environment. Challenges faced by other businesses, such as Nike's child labor controversies, highlight the importance of maintaining a strong brand reputation. To secure a sustainable competitive advantage in the eyes of their target audience, businesses have become more focused on their CSR strategies. (Schwartz & Carroll, 2003).

In today's competitive service market, consumers scrutinize brand image and trust with greater intensity and skepticism. Companies that proactively change their brands in alignment with changing societal expectations and broader stakeholder goals are better positioned to navigate shifts in public opinion and protect their brand image. Over the past few decades, CSR has evolved as a complex, multi-dimensional concept that encompasses a range of responsibilities central to corporate decision-making. Trust plays a crucial role in shaping consumer responses, influencing various business activities within the CSR framework. (Salmones, Crespo & del Bosque, 2005; Walsh & Bartikowski, 2012).

Businesses take part in CSR programs because they think that doing so will benefit both society and their clients. The instrumental approach to stakeholder theory is based on the social contract argument, which holds that companies have a moral and ethical duty to benefit society. The process by which firms identify and promote the CSR-related activities they are participating in to generate business outcomes is known as CSR engagement. CSR is "a concept, whereby companies voluntarily integrate social, environmental, and ethical concerns into their operations and interactions with stakeholders to contribute to a cleaner environment and a better society," according to the European Commission's July 2001 Green Paper (Commission of the European Communities, 2001, p. 6)

Customer Satisfaction

Customer satisfaction is often seen as a key indicator of CSR, reflecting how customers perceive a company and its actions, which then influences their attitudes toward its products and services (Luo & Bhattacharya, 2006; Brown & Dacin, 1997). In previous research, customer satisfaction has played a significant role in connecting social actions to behaviors such as brand loyalty and positive word-of-mouth (e.g., Salmones, Crespo & del Bosque, 2005; Walsh & Bartikowski, 2012). This study proposes that customer satisfaction could also act as a mediator between CSR and customer-based brand equity. Essentially, customer satisfaction is the psychological assessment a consumer makes about whether a product or service meets or exceeds their expectations (Oliver, 1997; Zeithaml & Bitner, 2000). When customers feel satisfied, it often leads to a shift in their attitude toward the product or company. In the broader business context, customer satisfaction is a fundamental element of long-term success, as it contributes directly to an organization's profitability (Gruca & Rego, 2005). Satisfied customers also bring intangible benefits to the company, such as trust and advocacy (Blumenthal & Bergstrom, 2003). These satisfied customers are more likely to engage in behaviors that support the company, including recommending the brand, repurchasing products, and remaining loyal (Brady & Robertson, 2001; Donio et al., 2006).

Brand Equity

Brand equity encompasses the positive and negative attributes linked to a brand, including its name and symbols, which shape the perceived value of a product or service (Jamshidi et al., 2018). It reflects how a brand creates value for a company by establishing a distinctive and memorable identity with strong attributes that resonate within society (Parihar & Dawra, 2020). Brands with strong equity assist consumers in processing, interpreting, and retaining information about a product or service, thereby influencing their trust when making purchase decisions (Kim & Lee, 2020). Brand equity is the extra value a brand adds to products or services. According to Aaker (1991), it's made up of a mix of factors—both positive and negative—that affect how customers see the brand and how much value they place on it. This can influence the way people think about, feel about, and interact with the brand, often shaped by marketing efforts. Brand equity is an important asset for companies, offering both emotional appeal to customers and financial advantages to the business. Its strength largely depends on how many loyal customers choose the brand regularly (Aaker, 1991). He developed the following model to illustrate his definition:

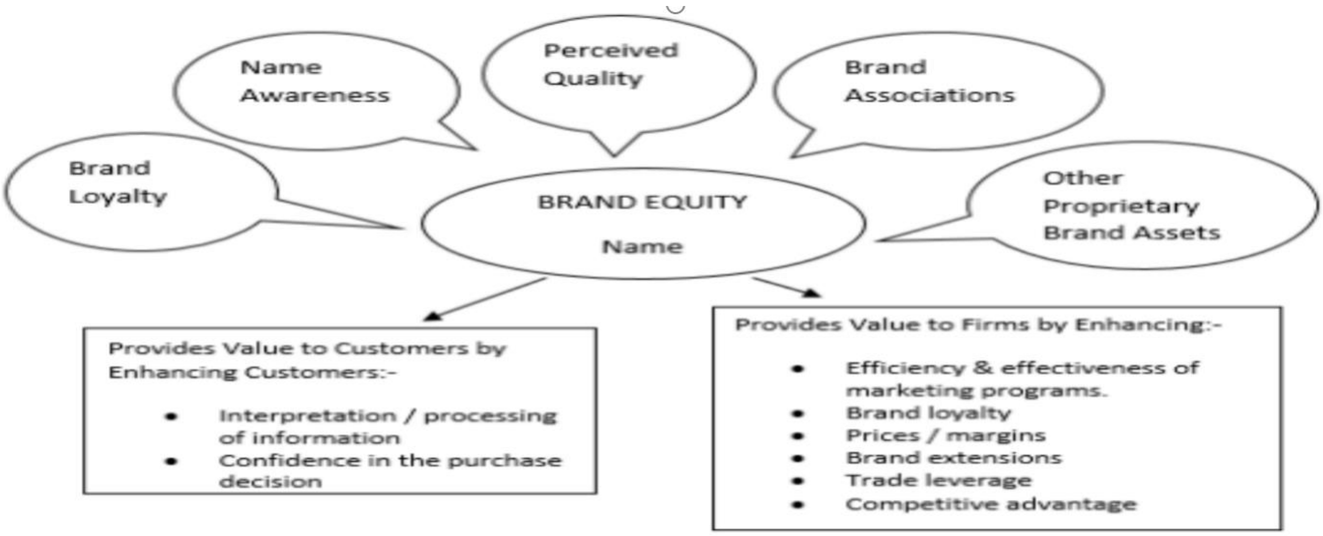

Figure 1. **Aaker's brand equity model**

Source: Aaker (1991).

Brand equity is often understood from two angles: financial and customer-focused. The financial perspective looks at how much value a brand name adds to a business as an asset (Farquhar et al., 1991). On the other hand, Keller (1993) explains customer-based brand equity as how a consumer's knowledge of a brand influences their reaction to its marketing. When viewed through the lens of the consumer, factors like preferences and attitudes are useful for measuring brand equity (Aaker, 1991; Kapferer, 1992). However, Aaker's (1991, 1996) model of brand equity as illustrated in figure 1 has four important dimensions made up of perceived quality, brand association, brand awareness and brand loyalty. (Aaker, 1991, 1996)

Yew Leh and Lee (2011) expanded on Aaker's (1991) brand equity model by providing a clearer breakdown of its key components. They identified and detailed the major aspects of the four main elements: brand awareness, brand associations, perceived quality, and brand loyalty. A summary of these components and their variables, as discussed by "Yew Leh and Lee (2011)", is presented in Table 1 below.

Table 1. *Multidimensional brand equity variables*

Component	Variables
Brand Awareness	1. Brand Recognition 2. Brand Recall 3. Top – of – Mind 4. Brand Dominance 5. Brand Knowledge
Brand Associations	6. Reliability 7. Durability 8. Social Image 9. Trustworthiness 10. Perceived Value 11. Differentiation 12. Country of Origin 13. Corporate Ability 14. Corporate Social Responsibility
Perceived Quality	15. Extrinsic Attributes 16. Intrinsic Attributes
Brand Loyalty	17. Frequency of Repurchase 18. Top – of – mind 19. Price Premium

Source: Yew Leh, and Lee (2011, p. 39).

Yoo and Donthu (2001) whose work which perhaps precedes Yew Leh and Lee's (2011) work, expanded on Aaker's (1991) theory and developed a multidimensional consumer-based brand equity scale which was validated and supported. The researchers introduced two scales: the Multidimensional Brand Equity (MBE) and Overall Brand Equity (OBE). The MBE scale is based on Aaker's (1991) model and includes brand awareness, brand associations, perceived quality, and brand loyalty. On the other hand, the OBE scale looks at customers' overall judgment of a brand. Their study, which involved cross-cultural demographic analysis, found that both scales are valid, reliable, and easy to use, making them suitable for assessing brand equity across different cultures and industries. Yoo and Donthu's (2001) instrument includes 10 items to measure MBE and 4 items to measure OBE, as shown in Table 2.

Table 2. *Ten – Item Multidimensional Brand Equity Scale*

1. Brand Loyalty, the indicator is:	a. I consider myself to be loyal of X (which refers to a particular brand name). b. X would be my first choice. c. I will not buy other brands if X is available at the store.
2. Perceived Quality, the indicator is:	a. The likely quality of X is extremely high. b. The likelihood that X would be functional is very high.
3. Brand Awareness, the indicator is:	a. I can recognize X among the other competing brands. b. X would be my first choice.
4. Brand Association, the indicator is:	a. I can quickly recall the symbol or logo of X. b. Some characteristics of X come to my mind quickly. c. I have difficulty in imagining X in my mind (reversed statement.
Four items of overall brand equity: 1. It makes sense to buy X instead of any other brand, even if they are the same. 2. Even if another brand has the same features as X, I would prefer to buy X. 3. If there is another brand as good as X, I prefer to buy X. 4. If another brand is not different from X in any way, it seems smarter to purchase X.	

Source: Yoo, B. and Donthu, N. (2001, p. 11).

Brand equity fosters brand associations and enhances quality perceptions, which can boost consumer satisfaction and lead to greater loyalty (Asnawi et al., 2019). It can be viewed from two perspectives: that of the consumer and the company (Altaf et al., 2017). As one of the top priorities in marketing research (Saleh et al., 2017), brand equity is often discussed through the lens of consumer-based brand equity (CBBE), which emphasizes how consumers evaluate a specific brand. In marketing literature, CBBE is understood as a multidimensional concept involving brand awareness and brand image. (Aaker's, 1991)

CBBE, which reflects the overall value customers assign to a brand, is critical for assessing its long-term success (Kotsi et al., 2018). Since brand equity is developed through the organic interaction of various components, understanding how these elements work together within the CBBE framework is essential for measuring branding success and managing brands effectively. In recent years, CBBE has gained increased attention from scholars due to its influence on customer satisfaction, perceived value, and loyalty (Sürücü et al., 2019). Key elements that contribute to the development of CBBE include perceived quality, brand identification, brand loyalty, and brand image (Kotsi et al., 2018).

Customer Satisfaction as Mediator

Corporate Social Responsibility (CSR) can influence customer behavior in both direct and indirect ways, with customer satisfaction being a key outcome of a company's CSR efforts (Brown & Dacin, 1997; Luo & Bhattacharya, 2006). CSR can impact a company's performance through various factors that mediate the relationship (Lee & Heo, 2009). In this context, customer satisfaction acts as a bridge between CSR and brand equity. Research has shown that customer satisfaction can partly mediate the connection between CSR and a company's market value (Luo & Bhattacharya, 2006).

Satisfaction is shaped by both the customer's personal experience with the company and the image they have of the brand (Davies et al., 2002). It's not just about rational thoughts; it also involves emotional responses to the brand (del Bosque & Martin, 2008; Nam et al., 2011). When a company shows responsibility through its actions, it can earn the trust and support of its customers, which helps create a strong and meaningful connection with the brand (Keller, 1993). Positive experiences with a brand can also build customer trust (Kim, Hur & Yeo, 2015). Ultimately, a strong CSR reputation can lead to higher customer satisfaction, which in turn enhances customer-based brand equity. (Keller, 1993).

H: Customer satisfaction will mediate the relationship between CSR and brand equity.

Skepticism

Skepticism has been widely studied in various fields such as psychology, public policy, communications, and environmental claims (Mohr et al., 1998), among others (Rutgers, 2006). However, it remains a relatively new concept in the field of marketing and has not been explored in much depth. Obermiller and Spangenberg (1998) took an important first step by conducting exploratory research and developing the first scale to measure consumer skepticism toward advertising claims (CSA), which they then validated. The tendency to doubt any form of communication is usually a stable, learned belief that develops in the marketplace. Consumer skepticism towards advertising (CSA) is shaped by both social and personal factors (Obermiller and Spangenberg, 1998, 2000; Obermiller et al., 2005). Earlier research (Ford et al., 1990) suggested that consumers tend to trust information they find useful and credible. However, because advertising is often associated with selling and can be exaggerated, and as claims become more complex and harder to prove, today's consumers are more likely to be skeptical of advertisements (Obermiller et al., 2005).

Goh and Balaji (2016) emphasize the significant impact skepticism has on consumer behavior, which can be detrimental to many companies. Certain businesses and industries often face criticism, particularly in relation to the claims they make about their products' features and benefits (Da Silva, Urdan, Merlo, & Dias, 2015). According to Obermiller and Spangenberg (1998), skepticism is the natural tendency of individuals to doubt or mistrust others. Luo et al. (2020) explain that when consumers are skeptical of advertisements, they may view them as just a strategy for companies to boost profits or improve their image, which can lead to negative perceptions of the product. In this context, consumer skepticism is closely tied to how they perceive the value of a product, which can be broken down into four key elements: functional, economic, social, and emotional. Functional value refers to the practical benefits a product offers, economic value focuses on its financial cost, social value is about the social approval gained from using it, and emotional value involves the positive feelings that the product evokes.

H1: Skepticism will moderate the relationship between customer satisfaction and brand equity.

H2: The indirect relationship between CSR and brand equity, through customer satisfaction in moderated by skepticism.

Relationship between CSR and Brand Equity

The relationship between brand reputation and brand equity can be significantly strengthened through key mediating factors, with Corporate Social Responsibility (CSR) playing a vital role. By implementing well-planned CSR initiatives, companies can improve their reputation and how they are perceived by society, ultimately enhancing their brand equity.

Additionally, global corporations are increasingly recognizing that CSR is not just important for building strong brands but also for meeting the needs and aspirations of local communities. However, it's worth noting that businesses often adopt socially responsible practices primarily when they see potential for growth or benefit to their bottom line.

To satisfy the demands of different stakeholders, including consumers, the media, and non-governmental organizations (NGOs), businesses employ corporate social responsibility, or CSR, as a strategic tool. Businesses can increase brand equity by fostering stronger emotional connections with their brand through the adoption of CSR initiatives and the development of a favorable corporate reputation.

H3: CSR has a positive and significant influence on brand equity.

Relationship between CSR and customer satisfaction

A company's value proposition and corporate strategy both depend heavily on customer pleasure. Customer satisfaction is essential to a business's sustainability and profitability (Phillips, Thai & Halim, 2019). Successful businesses typically develop "generalized customers." In addition to buying a company's products and services, generalized customers take engage in a variety of stakeholder activities (Irshad, Rahim, Khan & Khan, 2017). Consumers are more satisfied with businesses that engage in corporate social responsibility (CSR) initiatives since their concern for environmental degradation has grown dramatically in recent years (Latif, Pérez & Sahibzada, 2020). High-performing companies invest a significant amount of money in CSR because they understand its value (Ashraf, Ilyas, Imtiaz & Tahir, 2017). CSR initiatives improve business identity and image, which leads to consumer satisfaction, according to Mohammed & Rashid (2018). Chang and Yeh (2017) argue that, apart from traditional factors that influence customer satisfaction, a company's socially responsible actions are now playing a significant role. For example, when customers see a company providing jobs to people with disabilities, they tend to develop a positive perception of

the business and show their support by buying its products or services (Abbas, Gao & Shah, 2018; Ishaq, 2012). Although much research has examined the financial benefits of Corporate Social Responsibility (CSR), fewer studies have looked into its effects on customer satisfaction and loyalty (Goyal & Chanda, 2017). Exploring how CSR impacts customer satisfaction can add valuable knowledge to this field (Xie, Jia, Meng & Li, 2017; Zhang, Cao, Zhang, Liu & Li, 2020).

H4: CSR positively stimulates customer satisfaction.

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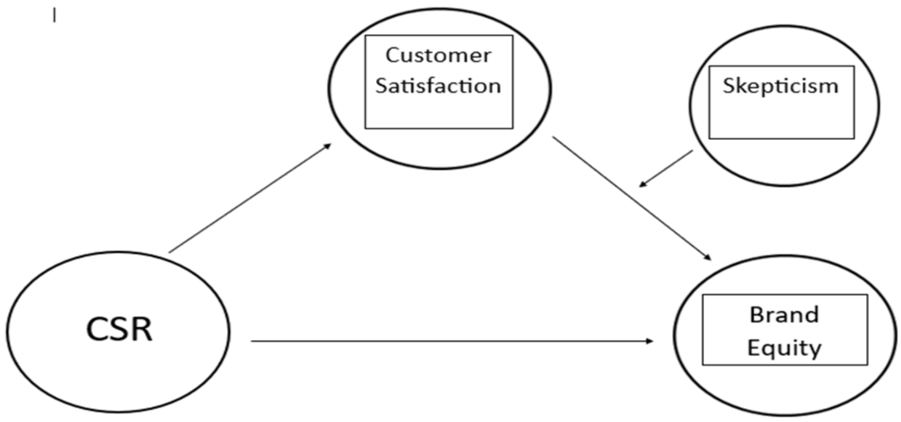
H5: CSR has a positive and significant influence on brand equity.

Figure 1: Conceptual Framework



Methods

Quantitative approaches applied to know the impact of CSR on brand equity, contributing factor of skepticism in Karachi, Pakistan. Primary data source is collected for this research study through close ended questionnaire based on Likert scale. Students and working class around the Karachi both are the part of total population group. Purposive sampling technique has been used to select participants for the study. A sample size of 200 respondents was included in the study as calculated from the sample size calculation estimator proposed by Haar et al. (2014). For data analysis SPSS is used for descriptive purposes and for measurement and confirmatory factor analysis SMART PLS was used. The PLS-SEM is used more commonly to assess the impact between the variables of the study (Hair et al., 2014). Using the PLS-SEM is significantly more advantageous when compared to other methods that do not provide these ratios since it includes cross loadings and the HTMT ratio in the discriminant validity (Henseler et al., 2015; Wong, 2013). PLS-SEM also provides accurate results when the relationship is analyzed among the research variables. Hence, the study has adopted the PLS-SEM using Smart PLS v4 as the technique of data analysis (Hair, Matthews, et al., 2017; Hair et al., 2011).

Results and Findings

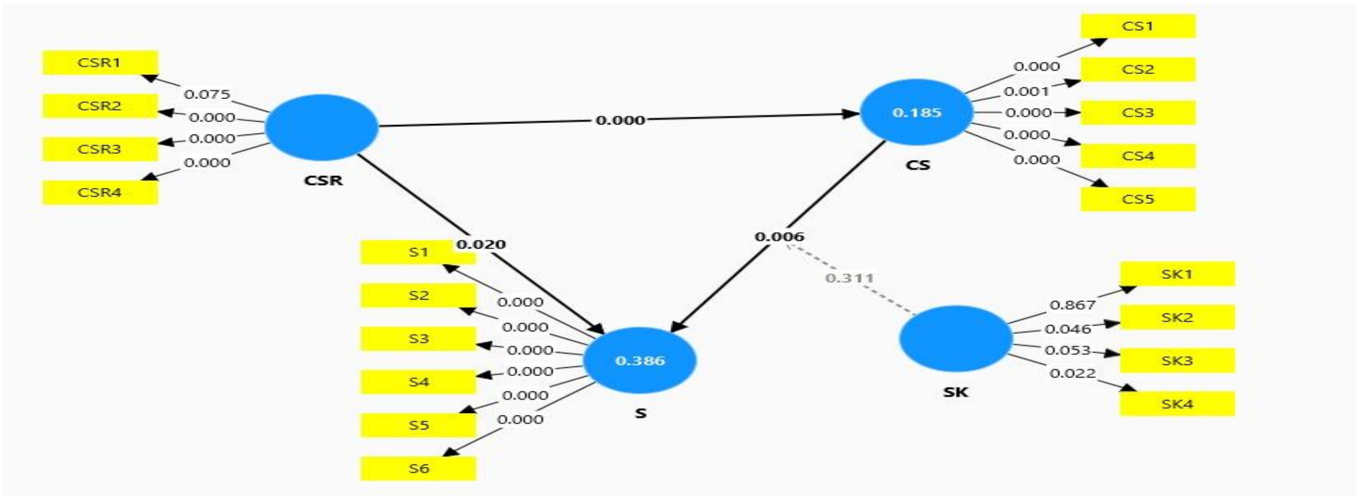
Demographic Profile of the Respondents

According to the demographic analysis, the majority of respondents in the gender category are females. Out of 268 total respondents, 78 (39%) are female, while the remaining 122 (61%) are male. When divided according to the age groups, the majority of respondents belong to the age group of 21-30, accounting for 145 (54.1%) of the total responses. Further breakdown reveals that:

- Age group 21-30: 145 respondents (72.5%)

- Age group 31-40: 40 respondents (20%)
- Age group 41-50: 10 respondents (5%)
- Age group of 50 and above: 5 respondents (2.5%).

Similarly, the analysis of education levels indicates that most responses were received from graduates. Out of 200 responses in the education section, 129 (64.5%) came from graduate students.



Research Model

Reliability Analyses

For reliability analysis the Cronbach's alpha value is need to be verify. The value of Cronbach's alpha should be equal to or greater than 0.7 according to standards. It can be concluded from the following table and it is verified that all variables Cronbach's alpha value is within the standard limit. Summary of Reliability Analyses.

Construct / Variable	Cronbach's alpha	No. of Items
Brand Equity	0.912	6
Customer Satisfaction	0.816	5
CSR	0.764	3
Skepticism	0.828	3

In reliability one another important thing is the average variance extracted (AVE) values and also the composite construct reliability (CCR) according to standards the AVE value should be greater than 0.50 and the CCR value should be equal to and greater than 0.70. It is concluded in the following table that AVE value is greater than 0.50 which indicates the good convergent validity. And the CCR value is also greater than 0.70 which shows the satisfactory internal consistent reliability.

	Cronbach' s alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BE	0.912	0.920	0.928	0.589
CS	0.816	0.830	0.869	0.571
CSR	0.764	0.811	0.864	0.682
SK	0.828	0.852	0.879	0.598

Construct reliability and validity

Validity Analyses

For validity analysis according to standards the value should be less than 0.90. I analyze the discriminant validity by using heterotrait-monotrait (HTMT) ratio of correlations. The results are concluded in the following table.

Table: Discriminant validity HTMT Table

	BE	CS	CSR	SK	SK x BE
BE					
CS	0.703				
CSR	0.577	0.530			
SK	0.283	0.394	0.413		
SK x BE	0.181	0.220	0.224	0.411	

The correlation between brand equity and customer satisfaction is positive and moderate (r = 0.703). The correlation between brand equity and CSR is also positive and moderate (r = 0.577), as is the correlation between customer satisfaction and CSR (r = 0.530). The relationship between brand equity and skepticism is positive but weak (r = 0.283). Similarly, the correlation between customer satisfaction and skepticism is weak (r = 0.394), and the correlation between CSR and skepticism is positive but weak (r = 0.413).

Path Analysis

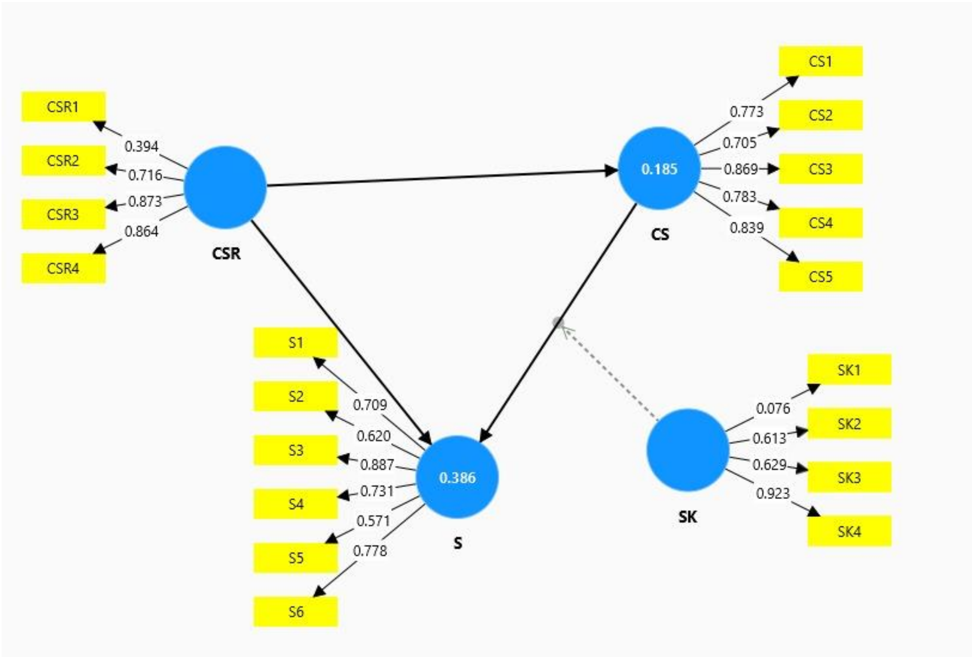
It identifies how the independent variable has an effect on dependent variable by using the statistical regression approach. In terms of the purpose of regression analysis, it is primarily used to identify a relationship between the dependent and the independent variable. R-square is measure of how well your independent variable predict your dependent variable. As per the standards if R-square value is equal to and greater than 0.67 then the results demonstrates that the dependent variable is greatly impacted by the independent variable. This means that great effect lies between dependent and independent variable, if a value is equal to and less than 0.33. For example, if the value is 0.19 then it indicates that the independent variable has weak influence on the dependent variable. The results of regression analysis are summarized in the result table below.

	R-square	R-square adjusted
CSR	0.337	0.33
Brand equity	0.799	0.797

The path coefficient is calculated through statistical approach which confirms that whether hypothesis is accepted or rejected and it is confirmed through p-value. According to standards if the p-value is less than 0.05 then alternative hypothesis is accepted and null hypothesis is rejected but if the value is greater than 0.05 than the alternative hypothesis is rejected and null hypothesis is accepted.

	Original sample	Sample mean	Standard deviation	T statistics	P Value
CS -> BE	0.461	0.449	0.132	3.481	0.001
CSR -> BE	0.277	0.266	0.118	2.348	0.019
CSR -> CS	0.541	0.583	0.077	7.041	0.000
SK-> BE	-0.041	0.040	0.158	0.259	0.795
SK x CS -> BE	0.127	0.111	0.116	1.097	0.272

Path coefficient Model



Discussion

The findings reveal a strong connection between corporate social responsibility (CSR) and customer satisfaction, demonstrating how CSR initiatives resonate deeply with customers' values and foster trust. When companies actively engage in CSR activities—such as supporting environmental sustainability, promoting ethical labor practices, or contributing to local communities—they showcase a commitment to more than just profits. This alignment with customers' moral and ethical expectations strengthens their emotional connection to the brand. By showcasing genuine care for societal and environmental well-being, CSR initiatives enhance a brand's reputation, making it more relatable and inspiring loyalty. Customers feel a sense of pride and fulfillment when supporting brands that reflect their values, leading to heightened satisfaction. This emotional bond doesn't just make customers happy—it transforms them into advocates who are more likely to stick with the brand and share their positive experiences with others. In essence, CSR creates a meaningful relationship between a company and its customers, reinforcing the idea that the brand isn't just about selling products but also about contributing positively to the world. This deeper connection drives customer loyalty and ensures long-term success for the business.

CSR is all about businesses giving back to society and doing the right thing, whether it's protecting the environment, supporting local communities, or following ethical practices. When companies take these steps, people notice. Customers tend to feel good about supporting brands that care about more than just profits—they feel a connection. This builds trust and a strong reputation, helping the brand stand out in a crowded market. As a result, customers are more likely to show loyalty, spread positive word-of-mouth, and value the brand even more. In short, when a company does good, its brand grows stronger. The link between brand equity and CSR is customer satisfaction. CSR initiatives aimed at ethical practices and community support raise customer satisfaction, as well as the expectation of socially responsible behavior from the company. Satisfying customers creates a more favorable view of the brand, which, along with trust, leads to brand equity. Thus, customer satisfaction acts as a bridge that connects CSR and overall brand value, reinforcing the strength of the brand.

However, skepticism can influence how customer satisfaction translates into brand equity. If customers doubt a brand's intentions—such as questioning whether its CSR efforts are genuine or if the quality will remain consistent—it can weaken the connection. Even if customers are happy with the product or service, lingering doubts might stop them from fully trusting or valuing the brand. On the other hand, when customers aren't skeptical and believe in the brand's authenticity, their satisfaction has a much stronger impact. They're more likely to trust the brand, stay loyal, and see it as something valuable. In short, skepticism can either hold back or amplify the positive effects of customer satisfaction on how people view and value a brand. Companies that can effectively communicate and demonstrate the sincerity of their CSR initiatives will likely see a stronger impact on brand equity, as customer trust plays a crucial role in shaping long-term brand perception and loyalty.

Conclusion

Over the past few decades, corporate social responsibility (CSR) has garnered significant attention due to its positive impact on a company's financial performance, market position, competitiveness, and innovation. This study explores the relationship between CSR and customer-based brand equity, emphasizing the mediating role of customer satisfaction. The findings confirm that CSR initiatives positively influence customer-based brand equity, supporting previous research (Hoeffler & Keller, 2002; Bhattacharya & Sen, 2004). Customers perceive socially responsible companies as caring and ethical, which strengthens their brand image and trust. By engaging in CSR activities, companies foster positive brand associations, improve perceived product quality, and cultivate brand loyalty and satisfaction (Lai et al., 2010). Customers who recognize a brand's ethical practices form emotional connections with the company, reinforcing CSR's potential as a strategic advantage (Ahmad, Donia & Shahzad, 2018). Additionally, CSR contributes to higher customer satisfaction, as customers are more likely to appreciate and support brands they perceive as socially responsible. This aligns with Luo and Bhattacharya's (2006) findings, which highlight CSR's role in improving customer evaluations and creating a deeper psychological connection through cognitive, emotional, and behavioral responses (Anderson, 1993). The results further emphasize that customer satisfaction plays a crucial role in strengthening brand equity, aligning with Pappu and Quester's (2006) assertion that higher satisfaction leads to greater brand equity by meeting and exceeding customer expectations.

Moreover, this study confirms the mediating role of customer satisfaction in the CSR-brand equity relationship, reinforcing the idea that CSR's impact on brand equity is partly driven by customer satisfaction (Glavas, 2016). Organizations that prioritize customer satisfaction through socially responsible initiatives can significantly enhance their brand equity, positioning CSR as a key strategic tool. Furthermore, cultural context plays an important role in shaping CSR perceptions. Since this study was conducted in Pakistan, a collectivist society (Hofstede, 1984), it found that social welfare activities are highly valued. Unlike individualistic cultures, where economic performance is often prioritized, collectivist cultures place greater emphasis on social responsibility and community well-being (Maignan & Ferrell, 2003; Waldman et al., 2006). In Pakistan, CSR initiatives strongly resonate with customers, enhancing both brand equity and satisfaction. This cultural insight represents a novel contribution of the study, highlighting how CSR strategies can be tailored to align with societal values. Ultimately, this research provides valuable insights into the relationship between CSR, customer satisfaction, and brand equity, offering key implications for businesses operating across different cultural contexts (Maignan & Ferrell, 2003; Waldman et al., 2006).

In conclusion, this research sheds light on the important connection between corporate social responsibility (CSR), customer satisfaction, and brand equity, particularly within collectivist cultures like Pakistan. It shows that CSR activities can significantly enhance customer-based brand equity, with customer satisfaction acting as a key link in this relationship. When customers see companies engaging in responsible, ethical practices, they are more likely to feel a strong emotional connection to the brand, leading to higher satisfaction and increased brand value. This reinforces the idea that CSR initiatives are powerful tools for shaping consumer perceptions and boosting brand strength.

The study also highlights the crucial role of cultural context. In collectivist societies, where values like community well-being and social responsibility are prioritized, CSR efforts tend to have a more profound impact. Customers in these cultures appreciate when companies align with their social values, making CSR initiatives even more meaningful. By focusing on Pakistan, this research broadens our understanding of how CSR works in different cultural settings and fills a gap in the literature that largely centers on individualistic cultures.

Finally, the research offers practical advice for businesses, especially those operating in collectivist markets. It underscores the importance of aligning CSR strategies with local cultural values to foster stronger relationships with customers. By doing so, companies can build trust, improve satisfaction, and strengthen brand loyalty, which in turn boosts brand equity. This study encourages businesses to see CSR not just as a marketing tool but as an opportunity to contribute to society and create more meaningful connections with their customers.

Limitations of the study

In this study, a structured questionnaire with close-ended questions was used for data collection, as it focuses on quantitative analysis. While this method is efficient, it does have some limitations. One drawback is that the conclusions drawn from the study are somewhat restricted due to the fixed nature of the responses. This approach also limits the depth of insight that respondents can provide. Additionally, only 178 out of the 200 questionnaires were returned within the short time frame set for data collection. A key challenge was respondent commitment, as not everyone had the time or inclination to complete the questionnaire thoroughly.

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