Management perception on the importance of corporate social responsibility for brand image:

A case study of Husqvarna

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Abstract

These master theses focus on corporate social responsibility (CSR) and the relation to brand image. The topic was chosen because of the lack of research in this type of field. Previous research has suggested that there might be a bond between CSR and the brand image of a company, however, no confirmations has been done. The case study was done with in-depth interviews with Husqvarna’s CSR manager and marketing manager. The case study was also done with the help of Husqvarna’s sustainability report.

Results from this study shows that brand image is affected positively by CSR. For Husqvarna, it is still a bit early to say if CSR will have a positive impact since they have not been engaged in CSR for a long time. However, it is their plan and ambition for CSR to have a positive impact on their brand image. The idea with CSR is not to set oneself side from the competition, instead it is a hygiene factor, something that is expected from companies. However, the way they set themselves apart is to take stakeholders’ expectations in consideration when planning their CSR actions. The consequence of this is that the brand image is positively affected.

The process for improving brand image can be portrayed in the following steps: under the pressures derived from the stakeholders, the companies have to make an effort to satisfy the stakeholders’ expectations with the help of CSR. The response derived from stakeholders will generate the assessment on the companies. These kinds of evaluations will influence the brand image.
Acknowledgement

We, the authors of this thesis, would also like to take this opportunity to express our appreciation to the people who assisted us in completing the thesis in a good way.

First and foremost we would like to express our appreciation to our supervisor Marcela Ramirez, who helped us to keep on track continuously. Most importantly, she gave us much feedback, even in some small details and always motivated us. Additionally, we have to say that the paper’s completion could not have been done without the assistance of Husqvarna, and especially the two managers Jonas Willaredt and Karolina Zenk who works in environmental affairs and marketing communication respectively. From them, we got a lot of useful data regarding our research purpose. Finally, we have to give thanks to our opponents in each seminar. They gave us the many effective comments to elaborate our thesis.
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1. Background

The last five to ten years, CSR has become very popular no matter its involvement in academic contribution or its practical engagement into corporate agenda items (Sen & Bhattacharya, 2001 and Waddock & Smith, 2000). Companies are becoming more aware of the benefits of CSR. This has formed a tendency where more and more companies show a larger interest in the subject of being socially responsible. The demands for CSR have increased from the stakeholders to society. Companies follow this trend to avoid falling behind in the market (Sen & Bhattacharya, 2001). The fast moving globalization of the business world has made it even more important to have a competitive advantage, and companies have discovered that CSR is a good source for contributing to the core competition (Luo and Bhattacharya, 2006 and Dalikova, 2011). Recently, there has been an increase on the emphasis of corporate branding as potential source of sustained competitive advantage by means of CSR (Aaker, 2004, Hatch & Schultz, 2001 and Shuili, Bhattacharya & Sen, 2010). In addition, more and more researches are paying attention on how companies implement CSR to produce benefits as much as possible to firms and society (Basu & Palazzo, 2008). The popularity of CSR started sky roofing in the year 2000 and has kept growing in its reputation (Mohan, 2009).

CSR has had many different definitions; it has evolved over time out of stakeholder theory (Freeman & McVea, 2001 and Carroll, 1999). In this thesis, CSR is defined as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (Kotler & Lee, 2004, p. 7).

Positive CSR behaviors can facilitate brand building. CSR help brands to increase the public awareness in society and also enhance its uniqueness (Maneet, 2011). The customers usually prefer to purchase the products produced by companies with high social responsibility (Maneet, 2011). In addition, research on consumer behavior indicates that CSR bring positive brand perceptions of products or services offered by enterprises (Jones, 2005 and Smith & Higgins, 2000). Since the impact of globalization and the effect of information technology communication, the competition has become fiercer. Many companies are devoted to seek the effective method to build up their brand in order to be prominent in such competitive market environment (Lai, Chiu, Yang & Pai, 2010). Hence, to increase the value of the brand is a key point to enhance brand image, which should be included into the general corporate agenda.
Brand image is a branch of the constitution of brand equity (Aaker, 1991). Brand equity is a set of assets and liabilities connected to a brand (Aaker, 1991). Within the CSR context, brand image plays an important role for differentiating products or services by the tangible and intangible characteristics (Mudambi, Doyle & Wong, 1997). Brand image is defined as “a largely subjective and perceptual phenomenon that is formed through consumer interpretation, whether reasoned or emotional,” (Dobni & Zinkhan, 1990, p110). On a certain extent, the strength of brand image perceived from the customers sometimes depends on how much information the customers accept and remember (Keller, 1993). This thesis will argue that the stronger the memory that is created in the mind of customers by means of CSR, the clearer the brand image will be maintained in their memory.

CSR can make a contribution to brand image of companies (Middlemiss, 2003, and Klein & Dawar 2003, Maneet, 2011). To set themselves apart from other companies, they first have to be known in the market. Customers are increasingly demanding companies to be socially responsible. This demand has even created a whole new segment of customers, who are looking for specific types of products or services. They are a part of “Need-Based Customers” (Seiders, 2008, p.1136). These are the customers who buy fair trade and environmentally safe products. These are the customers that do not get the same value from a non-environmentally friendly products or services. Customers today are more aware of the market than they were 20 years ago (Neuborne & Kerwin, 1999). This thesis is going to investigate how marketing management employs CSR to build up a positive brand image.
2. Problem Statement

Previous studies in CSR and brand image brands indicate that there is a connection between these two subjects. However, there is limited research on the how and why CSR influence the development of a brand image. Literature such as Maneet & Sudhir, (2011) and Herbert & Schantz, (2007) have hinted this connection previously, however, there is no empirical research investigating how CSR affects brand image and particularly how marketing management and CSR management makes use of CSR in the building of their brand image.

As CSR produces profits and welfares to society and companies, an increasingly number of companies are willing to make some efforts on designing effective strategies for developing CSR (Hitchner, 1996; Porter & Kramer, 2011). Previous research has stated that CSR can be seen as an insurance of the brand image (Werther & Chandler 2005). Moreover, customers’ perspectives and evaluation on brand image would be affected by CSR behaviors directly and strongly (Klein & Dawar). Most importantly, CSR has a function to help enterprises to enhance their brand reputation in society, and the uniqueness of the brand, which contribute to sharpen the competitive edge of enterprises. Thus, it is necessary to have further research on the linkage between CSR and brand image.

In this thesis, the authors want to fill the gap of why and how CSR is used to build the company’s brand image. Research has signalized that there are several stakeholders participating, coordinating and evaluating the brand image of a company. The role of stakeholders (except customers) are rarely reflected on the study of the brand image (Popoli, 2011; Keller, 1993). Stakeholder has emphasized that they are influenced by companies’ behaviors when taking decisions, such as investment decisions and whether or not to collaborate with company (Donaldson & Preston, 1995).

This thesis will be performed by the empirical research based on previous theoretical models to discover how and why CSR used to brand image building. The results of this thesis will show the importance of the link and collaboration between CSR and brand image. However, the result is only valid for one company and will need further validation of more research.
3. Purpose

The purpose of this paper is to understand the importance of CSR for brand image. The study focuses on the perceptions of marketing manager and CSR manager because these executives are in charge of designing marketing activities that relate to CSR behaviors. To fulfill this purpose, the authors start the first investigation on why Husqvarna implement CSR behaviors to marketing activities, and then the authors identify CSR initiatives that influence the development of the brand image. The authors rely on stakeholder theory to investigate this.

3.1 Research question

- Is the brand image affected by the CSR, when taking in stakeholders perspectives?
- How does CSR influence the brand image by considering stakeholders’ perspective?
- Why do the marketing manager and the CSR manager rely on stakeholders’ expectations?

3.2 Delimitations

The scope of this thesis was carried out by means of interviews by concerned people and pulling data from secondary data such as website and sustainability report. Additionally, the authors decided to research Husqvarna’s suppliers’ webpages to see what they mention on the subject.
4. Research Methodology

The research methodology specifies the decisions concerning the research method, research approach and the research design of this thesis. In relation to the research approach, the authors have an interpretative view of the research, which means that there are different views existing in the world and there is not just one true perspective. This also implies that there is not one exclusive source for gaining the true knowledge.

4.1 Research strategy

An interpretative research approach is when the authors interpret the opinions, ideas, observations collected from the data. This goes hand in hand with the abductive approach that was chosen for the research (Willis, & Jost 2007). The abduction approach is a mix of deduction and induction. It is an approach that starts with a set of accepted facts and then research moves along as empirical findings are interpreted through a comprehensive hypothetical pattern (Patton, 2011) and new concept are incorporated.

The research method in this paper has been a qualitative method instead of a quantitative one, to achieve the purpose of the paper. With a qualitative method the authors prioritizes the depth and quality of the research, instead of collecting data by means of surveys. Qualitative research is focused on observations and interviews. A qualitative method usually have fewer data, this however does not mean it is more or less accurate than quantitative data. What it means is that one approach fits one research better than another (Miles & Huberman, 1994). To achieve the purpose, the authors chose to conduct a case study of Husqvarna. The empirical research will come from primary data of Husqvarna, because of limited time. With more time the authors would have research yet another company. As follows, the authors explain the research design of their thesis.

4.2 Research design

In this section the authors have written the information about how the actual data was carried out and how it was analyzed. Further, there is some information about the quality of the research and some information about the case selected, meaning Husqvarna.
4.3 \hspace{10pt} **Data collection**

This section describes how the data from the case study was collected. A case study is a study of an individual unit with a setting of boundaries of how to study it (Flyvbjerg, 2011). With this the authors mean that the unit that will be studied is Husqvarna and the boundaries are in-depth interviews and secondary data from their sustainability report, their webpage and suppliers’ webpage. In-depth interviews can be seen as more of a conversation with a purpose (Legard, Keegan & Ward 2003). Before visiting the company, the interview guide was discussed and decided on. The interview guide can be found in appendix 1 & 3. The transcript from each interview was sent to the respective interviewees for approval. This was done to make sure there were no misinterpretations. This practice is known as respondent validation and is used to guarantee validity of an interview (Silverman, 2010).

The interviews were semi structured to be able to get as much as possible out of the interviews. The questions were formed as with open-ended questions. During the interview additional questions got added because of the information the authors got. The interviews were carried out face-to-face at the head quarter of Husqvarna and by telephone. Each interview was carried out separately.

In (Table 1) we present the interviewee’s names, responsibility, and length of interview and in what manner they were done in. The interviews were carried out with different individuals from two different departments, the department of CSR and the department of marketing communication. Two people in total were interviewed for approximately 2.5 hours. This time was used for the reason of the interviewees’ time frame. Addition to the interviews the authors got a tour of the place and a thorough description of how the company works. Transcripts were chosen to be kept so nothing got lost and to be able to look back.
Table 1: Interviewees

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Length of interview</th>
<th>The way for conducting interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of environmental affairs</td>
<td>Jonas Willaredt</td>
<td>1,5 h</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Marketing communication manager</td>
<td>Karolina Zenk</td>
<td>1 h</td>
<td>Phone</td>
</tr>
</tbody>
</table>

Another source of data was the sustainability report from 2011. This counts as secondary data. Information pulled from this report was found to be useful in the way that it filled in some gaps from the interviews. The sustainability report was downloaded from Husqvarna’s webpage. Additional information was gathered from Husqvarna’s own webpage and their suppliers’ webpage. See (Table 2) for information about where the secondary data was gathered from.

Table 2: Secondary Data

<table>
<thead>
<tr>
<th>Source:</th>
<th>Sustainability Report 2011</th>
<th>Husqvarna webpage</th>
<th>Supplier’s webpage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kind of Information:</td>
<td>Code of conduct, influenced stakeholders</td>
<td>CSR objectives</td>
<td>Suppliers’ code of conduct</td>
</tr>
</tbody>
</table>

4.4 Data Analysis

In order to carry out the analysis, transcripts were done in extension directly after the interview. The authors discussed the answers from the transcripts, and noted patterns or interesting notes of facts following an interpretative approach described previously. The notes from the transcripts were then analyzed with the help by Denzin (2001) in the way that the authors compared it to the authors’ frame of reference. The authors used the interpretive method of discussing similarities from the theory and the retrieved data from Husqvarna. Aside from similarities, differences between theory and collected data from Husqvarna were discussed. From the similarities and differences conclusions were then drawn.
4.5 **Quality issues**

In an interpretative research approach one has to consider the credibility, transferability, dependability and confirm-ability of the data rather than talking about validity and reliability that one would talk about in a deductive approach and quantitative approach (Trochim, 2006).

To gain credibility the authors interviewed the people that were most knowledgeable in the concerned fields.

4.5.1 **Credibility**

Credibility is viewed from the readers point. What will help the thesis to be credible is to show to the reader that the authors know the subject well and that the research is done in a correct manner. With the help of methodology and explaining and motivating all the choices, the authors hope to increase the credibility together with the appropriate references. The extensive frame of reference the authors hope will prove their knowledge in the field and are able to make judgments on the subject (Trochim, 2006).

4.5.2 **Transferability**

Another quality issue is transferability. Can the findings be transferred to other contexts? The authors believe to some extent it can, however this is a fairly new topic and needs to be further research for it to be valid for transfer. The authors believe they have done what they can to make the work transferable with the help of explaining well and in detail how the work was conducted, for other researchers to be able to adopt the same methodology and method. This will then help with future generalizing of the topic (Trochim, 2006).

4.5.3 **Dependability**

Additionally the authors consider dependability. The authors have been concerned with making sure this thesis is well researched and that changes in this topic have been addressed. Frame of reference is based on articles from the start of the first use of the topic till what the latest research on the topic say. This the authors hope will help with the thesis to be dependable (Trochim, 2006).

4.5.4 **Confirm-ability**

Finally there is the issue of confirm-ability. Since this is a fairly new topic the authors realize that because of the lack of research the conclusions may only be confirm-able for Husqvarna. This is why the authors suggest further research on this topic. Transcripts are kept and displayed in the thesis to enhance the confirm-ability and the authors have kept a critical eye on their work throughout the process (Trochim, 2006).
4.6 Case Selected

The Husqvarna group was chosen as a case study for this paper to find out the importance and effect of CSR on brand image. The Husqvarna group was also chosen for its internationalization. Both the authors have an interest of internationalization. Foremost the company was chosen for its extensive CSR. The actual interviews were done at an affiliate to The Husqvarna Group, called Husqvarna.

Husqvarna was founded in 1869, at this time they did not have the specialization of products they have today, they first started out as a weapon foundry. The company has a large product range, in 1978 Electrolux acquired Husqvarna and since then it has focused on outdoor power products. Husqvarna is the world's largest producer of outdoor power products. These products are sold via dealers and retailers in more than 100 countries (Husqvarna website, 2012, http://husqvarnagroup.com/en/about/history).

Husqvarna has divided their CSR activities in three different objectives, Environment, Social and Economic. Because their CSR strategies are still in the start-up phase, environment is the only one who has their own department to take care of its objectives and strategies. This department is the one that has been interviewed. The following table introduces the objectives.

Table 3: Husqvarna's CSR Objectives

<table>
<thead>
<tr>
<th>Type of CSR</th>
<th>Environmental responsibility</th>
<th>Social responsibility</th>
<th>Economic responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Reduce impact on environment</td>
<td>Respect human rights</td>
<td>Achieve financial goals</td>
</tr>
<tr>
<td>Focus</td>
<td>Energy efficient</td>
<td>Local producers</td>
<td>Consider many stakeholders</td>
</tr>
</tbody>
</table>
5. Frame of Reference

In this section theories from different authors can be found regarding CSR, brand image and how they are interrelated. This section will give a base for the empirical work and to be critically reviewed in the analysis.

5.1 An Introduction to Corporate Social Responsibility

In terms of the definition of CSR, it can be traced back to 1950’s (Carroll, 1999). Actually, at the beginning, academics first came up the definition of social responsibility (SR) rather than CSR. However, due to the appearance of SR, an increasingly number of academics were getting interested in this area and started to conduct academic research. Bowen (1953) is the first author who put forward the concept about SR, because of his contribution, Bowen was acknowledged as “Father of corporate social responsibility”, he pointed out the concept of SR should be: “It refers to 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” (Bowen, 1953, P.6)

In subsequently time, more and more authors participated in the research group for improving the development of CSR. Most importantly, the companies also started to realize the importance of CSR and introduced it to the practical operation. Meanwhile, the research areas of CSR was getting more specialized in economic, legal, ethical and philanthropic (Carroll, 1983).

By the time of 1991, based on other authors’ model and contribution of CSR, Carroll revised his four-part CSR definition. He suggested that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic. In terms of these four categories, Carroll (1991) considered that these four kinds of components could be portrayed as a pyramid, see (Figure 1).

The components of CSR in the pyramid, reflects that the components have different level of importance of CSR. The economic performance is at the bottom of pyramid, which means it is a basic element of CSR since the profits are the basic goal of the companies. At the same time, business is expected to obey the law. Otherwise, the companies cannot be survival with illegal behavior. Next is the business’s responsibility to be ethical. At such fundamental level, the companies should realize what kinds of action are right, and what kinds of action are wrong in
terms of the companies’ obligation to stakeholders (employees, consumers, environment, and others). Finally, in terms of philantropic responsibility, the companies are expected to make contribution to improve the quality of life (Carroll 1991). As a matter of fact, Dahlsrud (2006) found out 37 different definitions of CSR through Google search and content analysis of existing CSR dentitions. Although the different definitions apply to different phrases to describe the meanings of CSR, after analysis and collection, the authors found there are five dimensions of CSR used most frequently within the literatures and practical application: stakeholder dimension, social dimension, economic dimension, voluntariness dimension and environmental dimension (Dahlsrud, 2006). However, the four categories of CSR put forward by Carroll (1991) actually have already embraced the five dimensions of CSR that mentioned above.

Figure 1: The Pyramid of Corporate Social Responsibility

(Source: Carroll, 1991)

5.1.1 Arguments For CSR

Several scholars support companies to adopt CSR during their operation as a strategy for the development of business. Obviously, the strategy of CSR should only be undertaken when the strategies are facilitated to the development of companies in the specific area (Broomhill,
Gallagher (2005) points out that the behavior of business should be ethical to society. He argued that the main advantage of CSR is to help companies conducting in an ethical way. In addition, there have been some discussions that the public strongly favor the action conducted by companies towards the participation of CSR since the public widely believed business should be responsible to their employees, communities and other stakeholders instead of pursuing the profits only (Bernstein, 2000).

The effective CSR of company can be facilitated to increase profit (Brown & Dacin, 1997). Further, a good CSR can build up the trust between customer and company (Maignan & Ferrell, 2001). Among the employee, CSR can be facilitated to remain the excellent employee. Meanwhile, the employees who want to apply the job also will be attracted by the company with good CSR (Barber, 2004). In additional, CSR has a linage with customer attitude relied on companies’ products and services, the good performance of CSR can be linked to negative customer outcome such as customer loyalty (McDonald’s & Rundle-Thiele, 2007).

5.2 An Introduction to Brand Image

The definition of brand is "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler, 1991; p. 442). In recent years, an increasingly number of scholars are getting interested in the research of concept of brand equity. They invested their time and energy to make a contribution on the evolution of brand equity in specific areas (Leuthesser, 1988 and Maltz, 1991). There are two reasons why the companies should comprehend the concept of brand equity: One of the goals is to help the companies to estimate and account the value of a brand accurately based on finance such as for the purpose of merger or acquisition; the second goal is based on the improvement of market strategy to increase the core competition of enterprises or fulfilling the demands for specific market (Keller, 1993). The brand is a key factor that affected customer decision making process on shopping and it also influence the minds that customers based on the product, so understanding the brand equity is as a result important for the companies to design the correct marketing strategy. For example, if the customers were keen on the chips offered by Pringles, they will be loyal and trustful on the quality of products produced by Pringles and likely repurchase this product next time.
Aaker (1991) asserted that brand equity was constituted of brand image, brand loyalty, brand awareness, perceived quality and other brand assets. In terms of the brand image, Aaker (1991) associated the definition of brand image to the memory to a brand produced by customers’ mind. Krishnan (1996) confirmed that the brand with high brand image can build up the high brand equity. Further, a unique, strong, and favorable brand image will make the customers emerge different perspectives on the brand, which might enhance the brand equity (Pitta & Katsanis, 1995). Research conducted by Capella & Alford (2001) has convinced that brand image has a significant positive direct effect on brand equity. Hence, it can be said that brand image plays an important role in the construction for enhancing the brand equity.

Meanwhile, Keller (1993) pointed out that brand image should be consisted of brand attribute; brand benefits and brand attitudes these three dimensions (Figure 2). Regarding brand attributes, it represents the features or characteristics that customers perceived with the product or services they consumption. Brand attributes can be divided into two categories: Product-related attributes and Non-product-related attributes. Product-related attributes are defined as the main constitutions of product and function operated by products or services based on customers’ experience. Non-product-related means the external dimensions related to the process of consumption involving price information, packaging, user imagery and usage imagery. In terms of the brand benefits, it refers to the value that products or service can produce to customers.

The benefits also can be distinguished into three categories based on the motivation of customers for purchasing the products or services (Park, Jaworski, & MacInnis 1986) : (1) functional benefits, (2) experiential benefits and (3) symbolic benefits. Functional benefits are the fundamental benefits that related to brand attributes such as increase efficiency for the work, safety needs etc. Experiential benefits refer to the corresponding product-related attributes that can satisfy the customers’ spiritual enjoyment. For example, music from a CD can help audience to release their burden and make them feel relaxing. Symbolic benefits can be facilitated to customers to produce specific satisfaction related to underlying needs such as prestige, exclusivity, or fashion ability of a brand after the consumption (Solomon, 1983).

Brand attitudes refer to customers’ general assessments of a brand (Wilkie, 1986). The brand attitudes of customers usually reflected on the customer behavior. Brand attitudes also can be related to symbolic befits and functional benefits (Percy & Rossiter 1987).
Figure 2: Structure of Brand Image

Brand image is a resource that can assist product to build up the uniqueness and affect customers’ perceptions on product, which also is an approach to help companies to make the special characteristics produced by products standout among the competitors (Keegan, Moriarty & Duncan 1994). The existence of brand not only must be able to meet customers’ expectations with visible components involving product/service, price, place and promotion, but also have to fulfill the demands including economic and social values (Popoli, 2011).

As (Figure 3) describes, based on the brand management perspective, values, strategies, and competences, through increase of satisfaction of stakeholders’ expectations, enhance the brand image along with identity and brand awareness. Finally, it completely strengthen the competitive advantages of companies by improve the brand equity (Popoli, 2011). Namely, if the companies master the skills to obtain the reputation, trust and credibility form internal resource and external resource, the brand image will be enhanced (Erdem & Swait, 2004).

Figure 3: Strategy For Enhancing Brand Equity
Before the authors elaborate the investigation in terms of the issues concerning the use of CSR to build a brand image, it is necessary to bring in the stakeholder theory since the stakeholders plays an important role within the process for using CSR to build a brand image.

Post, Preston & Sachs (2002), states that stakeholders are either individuals or groups that are related to corporation’s fortune-creating ability and behaviors, and that therefore it would generate the benefits to corporation by the voluntary way or involuntary way. Carroll (1991) also regards stakeholder management as essential factors that should not be ignored in recent business and society context. Moreover, Donaldson and Preston (1995) created the stakeholder model (Figure 4) to explain the distinct relationship between the stakeholders and the corporation. In the model, it can be showed that no matter the firm or stakeholders, they are eager to obtain the corresponding compensation based on their contribution to each other,
which means stakeholders and corporation all have expectation (legitimate interests) to each other in order to obtain benefits to each other.

**Figure 4: Stakeholder Model of Corporation**

![Stakeholder Model](image)

The customers prefer to buy the products from the companies who have a positive social attributes (Devinney, Auger, Eckhardt & Birtchnell, 2006). In the research conducted by Becker-Olsen, Cudmore & Hill (2006), it revealed that 52% of the sample population failed their business because of their irresponsible behavior. Empirical verification illustrated that the decision making process of consumers are not only affected by non-product-related attributes such as price information, packaging, quality of products or services, but also influenced by some intangible features such as brand image, the reputation of companies (Cretu & Brodie, 2007). Obviously, the buyers’ perception about enterprises’ activities will decide whether buyers have positive brand awareness/ image of products, or build brand loyalty, and bring about brand satisfaction (Lai, et al. 2010). Many previous researches on consumer behavior convinced that CSR bring positive brand perceptions of products or services offered by enterprises (Jones, 2005 and Smith & Higgins, 2000).

Jones (2005) argued that the roots for building up the total equity should be traced back to the multiple stakeholder relations. As the stakeholder model of brand equities (Figure 4) describes, each stakeholder has different sorts of expectation, the degree to which the firm can fulfill the demands of stakeholders will determine the final brand equity. Similarly, it means the more expectation by stakeholders can be fulfilled by firms’ performance, the more value that the brand equity can be sourced from stakeholders.
In terms of the modern enterprise administration, the managers should emphasize the importance of brand performance and also the factors that affect brand value (Jones, 2005). Based on the opinions of Jones (2005), it is suggested that the enterprises could reconstruct or improve brand value with the help of stakeholder approach. The stakeholder’s approach revealed that company should not only just fulfill the demands of stakeholders, it should also think about the issues towards how to improve the relationship between company and stakeholders (Jones, 2005). The responsibility that the companies carry for the stakeholders can be divided into several aspects such as legal, moral or fiduciary (Clarkson, 1995). Research also has proved that the more strong moral responsibility that the companies can offer to stakeholders, the more positive company’s image will be created (Greenley & Foxall, 1997). Moreover, the research also stated that the effective trustfulness between company and stakeholders would facilitate the value creation. Hence, under this condition, the stakeholders are willing to cooperate with company. Thus, it can be said that there is a linkage between the stakeholders’ relations performance and company’s behaviors, which means stakeholders have the possibility to improve or damage the brand value (Jones, 2005).

In (figure 5), the stakeholder model by Jones (2005) includes two meanings: on the one hand, it implies that multiple stakeholder relations with company are important factors for creating the brand value. Each relationship is important and companies need to devote their time and resources according to the actual situation, which means in terms of each relevant group of stakeholder, it has specific concerns and objectives for contributing to improve the brand value. For instance, before the job seeker decides on the job, one of the important issues they usually consider is whether the company has a good status of the brand within the society. Customers usually are concerned whether they have any experience before purchasing such brand and they also care about how is the brand reputation within the customers’ perspective. Thus, in terms of marketing managers’ perspective, they will decide the market strategies based on customers’ needs and market segment. Similarly, media also can be regarded as an important medium for transferring effective information from companies to customers, then improve the value of brand. For example, the media can broadcast the behavior of companies to stakeholders, displaying companies’ responsible performance related to society, ethic, environment etc. On the other hand, the model also illustrated that each stakeholder has relations with other stakeholders, the link between them is also important for the brand equity. Each stakeholder can connect to each other with the help of the hub, namely, the brand equity (Jones, 2005).
Before knowing how marketing managers employ CSR to improve the brand image, we have to understand what kinds of contributions that the companies can create with the help of using CSR, and what influences their decision making on connecting CSR and marketing. Since the investment on the CSR produce the profits to both society and company (Luo & Bhattacharya, 2006, Pedersen, 2009 and Dalikova, 2011), an increasingly number of companies are making efforts on designing the effective strategies for employing CSR in their marketing activities. Heslin & Ochoa (2008) summarized the contributions of CSR into five aspects: Growth in Market Share, Organizational Learning, Committed and Engaged Employees, External Stakeholders and Financing and Investor Relations (Figure 5). These contributions can be used as a point of departure to investigate how does CSR influence the brand image by considering stakeholders’ perspective

In (Figure 6), the model reveals that the need for growth in market share, organizational learning, committed and engaged employees, supportive external stakeholders, and positive investor relations these five key contributions of business prosperity can be positively affected by CSR. In the following scripture, the authors will illustrate these five contributions of CSR in details respectively.

**Figure 5: Stakeholder Model of Brand Equities**

![Stakeholder Model of Brand Equities](image)

(Source: Jones, 2005)
Growth in Market Share
The positive CSR behavior done by the companies will affect customers’ evaluation and awareness to companies, which will directly lead to increased sales of premium priced products and services. Furthermore, initially, CSR probably can help companies to explore and develop the new market, especially in developing areas. Companies usually conduct some efforts to help some specific poor backward countries to get rid of poverty and improve the economic situation in such areas. During the process for assisting this developing region, sometimes they can find an opportunity to operate a new business (Heslin & Ochoa 2008).

Organizational Learning
The areas that CSR engaged in could provide the chance for the companies to explore and gain some knowledge on some specific areas. This can help companies to build up the core competencies and also benefit for humanity (Heslin & Ochoa, 2008).

Financing and Investor Relations
The good performance of CSR can attract the investors’ attention. Moreover, the positive CSR can facilitate to build up a good relationship between companies and investors, which will bring in profits (Heslin & Ochoa, 2008).

External Stakeholders
“Acknowledging the need for CSR shows a company’s recognition that business and society need each other if both are to thrive” (Heslin & Ochoa 2008, p130). Suppose the society is stable and the economy is booming, the human needs must be expanding as
well. In contrary, the excellent business operation would contribute to the development of economies also.

- **Committed and Engaged Employees**

  “A company attitude of fairness and compassion often influences how employees feel about the organizations, as well as how they act while performing their work” (Heslin & Ochoa 2008, p129). So CSR can be a factor that attracts excellent workers working for the companies. Positive social contribution can be a powerful root to retain the productive workers.

As a matter of fact, the Five Key Contributions of CSR (Figure 5) model can be combined with Stakeholder Model of Brand Equities (Figure 4) to explain why CSR can be used as a market tool to improve brand image. First of all, the five contributions of CSR can be summarized as five directions that positive CSR performance contributed to five specific dimensions: Marketing managers (Growth market share & Organization learning), Employees (Committed and engaged employees), Consumers (External Stakeholder), Supplier and Distribution Partner (Financing and Investor relations). Because of the contribution done by the positive CSR, more and more companies would like to apply CSR as their marketing tools. Secondly, as we can see the preceding description of (Figure 5), the degree to which the firm can fulfill the demands of stakeholders will determine the final brand equity. Here the five dimensions the authors summarized from (Figure 6) including marketing managers, employees, customers, supplier and distribution partner also appeared in (Figure 4), which has already proven that positive CSR could meet the demands of relevant stakeholders, then to improve the brand equity.

In the previous discussion, Popoli (2011) proposed that improvement for the satisfactions of stakeholders is an effective way to enhance the brand image. Brand image is one of the important ingredients within brand equity. Additionally, in terms of the discussion about CSR, Dahlsrud (2006) pointed out that CSR was constituted by five main dimensions, and stakeholders dimension is one of them. CSR can be contributed to the improvement of stakeholder’s dimension, which was mentioned in the pyramid model (Carroll 1991) as well. Popoli (2011) put forward that “Brand image is influenced by positive or negative opinions of stakeholders on the degree of social responsibility demonstrated by the company”. The way that CSR strategy enforcing the process for improving the brand image can be described in the following steps: Under the pressures derived from the stakeholders, the CSR strategy have
to center on the performances of meeting the needs of stakeholders. The response derived from the stakeholders will create the evaluation on the enterprises. These evaluations will influence the brand image.

5.3.1 CSR in Marketing Communication Management

How to use useful tools to transfer the meanings and perception of a company’s brand to stand out or differentiate their brand among the competitors has already become the necessary marketing strategy that managers should be considered. Since the market is getting close to saturation and the competition is so fierce, the services or products offered by companies are almost on the same level with same quality and price. So, in order to make the customers recognize and remember their brand more easily, the companies usually adopt effective marketing communication methods to increase the social awareness. Bronn & Vrioni (2001) proposed that in today’s business context, differentiate your company/brand through the image of attention and empathy to society is a strategy that can be vastly satisfied. Bronn & Vrioni (2001) also believed that successful CSR strategy can help to strengthen the relationships with stakeholders, eventually to build up the negative image. They also have already made an effort for searching the effective way to integrate CSR strategy and marketing communication activities. Within the research, they quoted survey done before from the USA, which reveals that customers prefer to purchase the products produced by the companies with high social responsibility when the price and quality are quite the same.

Since then, more pay close attention to the ways in which CSR can build and enhance brands. For example, Middlemiss (2003) proposed that the strategy of CSR should be considered as a major approach to build up the sustainable and long term brand value. Bronn & Vrioni (2001) argue that having a pro-social plan means having an influential marketing tool that can build brand image and brand equity. Ogrizek (2002) has argued that CSR branding is of big importance to the financial sector while Girod & Michael (2003) put forward under the retailing areas that CSR can be a key factor to create, develop and sustain different brand names.

One of the main aims to apply CSR into marketing is to capture the profit maximization for operating the long-term business and fulfill the social needs and stakeholder’s expectation as well (Balmer & Greyser, 2006). Hence, one of the most important elements in terms of the application of CSR in marketing is the way that CSR meets the different needs of different
stakeholder groups. The company should pay more attention on the various social issues that relate to customers since the customers are the important stakeholders. The behavior of the companies should not only care about the direct welfare connected to customers, such as product safety and ethical sales, but also the indirect affection on their perception on companies/brand (e.g. child labor, negative news for the companies, break the ecological balance) should not be ignored (Maignan, Ferrell & Ferrell, 2005).
6. Findings

Here the authors will present their empirical work combining interviews and second hand information from Husqvarna’s sustainability report. The empirical work has been divided in five sections. These five sections are the same sections that the authors divided their Frame of Reference in. First there is information about Husqvarna’s CSR background, then motivators for CSR following their marketing background. Then the information of why they engage in CSR to gain a positive brand image and finally how they are to do this.

6.1 CSR Background

Husqvarna started devoting time to CSR in 2006, in order to achieve development that is economically, socially and environmentally sustainable, which was to be reflected in all of the Husqvarna's actions and processes. Furthermore, the goal for such actions is to create long-term development strategies for the company.

The main objectives of CSR are allocated into three parts including social, economic, and environmental. Among them, HR department is in charge of social part, and environmental affairs are responsible for the environmental part. However, the economic part is undetermined since the economic department is not an official department and there is shortage of relevant staffs working on this part of work. In terms of the environmental issues, each plant has a representative for dealing with environmental issues including security and environment. As a matter of fact, almost every employee in Husqvarna is engaged in environmental issues, even the staff who work in the economic department or the persons who works in floor recycle.

Husqvarna started to write the first sustainability report – “Husqvarna’s Sustainability Report 2011” last year, which should be viewed as a part of the annual company report. Husqvarna’s sustainability approach is based on economic, environmental and social performance and the report provides us in-depth information and understands on these three kinds of aspects. All the sustainability and social responsibility practices conducted by Husqvarna were based on the Code of Conduct and the Environmental Policy.
6.2 Arguments For CSR

In Husqvarna’s sustainability report they mention that ethics is important for them as a company and CSR helps them to keep an ethical point of view. Customers and competitors are both reasons for why they engage in CSR according to the interviewee’s perspective. The employees appreciate to work in a company with positive CSR and generates and efficient worker according to the sustainability report. Additionally, both interviewees state the law to be a reason for CSR. Governmental law together with the satisfied stakeholders will hopefully give a positive brand image.

6.3 Brand Image Background

The department of marketing communication is responsible for printing, media, catalogs, web, banners and other digital communication. The responsibility for designing this lies on the communication team together with their closest manager. Some of the work related to marketing communication is outsourced to some external companies. They use external companies for their intangible resources, such as creativity. Husqvarna put forward the requirements to external professional marketing companies and asked them to finish the missions based on the demands.

The common perceptions of brand image for Husqvarna are stable, long-term company, professional, sustainable, and being able to change the product range. The manager of marketing communication mentioned about the influence on his decision on utilizing CSR for building the brand image the following:

“...I think the common view is that it is a stable, long-term company, sustainable, and being able to change the product range”.–Mr. Willaredt, Head of environmental affairs

The manager of environmental affairs believes Husqvarna has a high reputation within society, especially the environmental reputation. Husqvarna has started to think about building up a new business model to accelerate the development of company and to be more prominent within the fierce competition. An example, the lawn mower is durable in use, says Mr. Willaredt. Most of them can keep operating in a long period; however, sometimes it is only being used totally 20 hours a year. Therefore Husqvarna is thinking about offering the renting service to the customers. Husqvarna wants to be prominent in the field of renewal and
want to lie ahead in the competition curve. It is the marketing communication department responsibility to communicate their professional and prominent products.

“*The products are meant for professionals. We have a broad sustainable product line. Our product development has come far. People are willing to pay more for our products*”. – Ms. Zenk, Marketing Communication Manager

In terms of the issues whether CSR actions affect the brand image, both interviewees agree that the ambition for the CSR is to positively affect their brand image. They cannot be sure if their CSR has had any effect on their brand image yet since they have only produced one sustainability report so far. It is a long-term project and is meant to be sustainable. The managers believe that CSR actions should be viewed as mandatory agenda of company. Otherwise, it will cause negative image to company who doesn’t engage into CSR actions.

“*The money issues are not a problem in a lawsuit, we have the money for it, and it is the reputation, the brand image we want to protect*”. – Mr. Willaredt, Head of environmental affairs

### 6.4 The Use of CSR in The Process of Building Husqvarna Brand Image

CSR for the brand image starts with a sustainability council, consisting of six to eight people. The people in this council come from different departments in the company, including Mr. Willaredt, Head of environmental affairs.

“We have a sustainability council that consists of six to eight people. These people come from different departments of the company; I am one of these people”. – Mr. Willaredt, Head of environmental affairs

This council makes long-term goals concerning the environment and it is Mr. Willaredt’s job to *plan* and make them happened. After the meeting with the council, the next step is to talk to the concerned department, depending on the goals. With the concerned department Mr. Willaredt makes an action plan. This action plan considers the stakeholder and their concerns regarding how they perceive their brand and what they want from Husqvarna to be able to see the Husqvarna brand positive. To obtain this information they talk to different stakeholders. The third step is to *inform* the company about the coming changes. Mr. Willaredt post posters in the concerned departments. The fourth step is *follow up*. Here Mr. Willaredt makes sure the
The planned marketing communication department has no direct influence on the CSR report. This decision is taken as the report has to reflect their achievement etc. The marketing communication team do not use the report on a daily basis since they instead ask the head of environmental affairs if they need information about their CSR actions. The marketing communication team makes sure it is available on their webpage and to those suppliers, investors and customers who wants it.

The information needed by the CSR department is the one about the products. The information concerned with how they can market them, for example if they can call them environmentally friendly and information about ISO for the webpage. The way this is done is by proofread certain texts that are to be communicated to the public. Additionally they have some information on their webpage about their CSR actions. In this sense, the CSR department develops its own marketing communication. They are responsible for the information available on the webpage.

“I work with communication of the brand. Printing, media, catalogs, Webb, banners, all digital really. Ads, store material, all communication for Husqvarna” – Ms. Zenk, marketing Communication manager

There are no planed collaborations between the CSR department and the marketing department. The collaboration that exist is a daily spontaneously collaboration. The
spontaneous pop-ins in each other’s office, which lies next to each other, is not official or planned. They support each other in their daily work. This collaboration is working well according to both departments.

Both departments consider their collaboration as a hygiene factor, meaning that it is necessary; however it is not something that makes them unique. For the future, Mr. Willaredt is more hopeful than Ms. Zenk concerning the CSR department. Mr. Willaredt hopes that there will be more CSR in the future, especially in the other two issues, social and economic.

6.4.1 Strategies For building The Brand Image by Means of CSR

In the Husqvarna’s Sustainability Report, it was also mentioned that there are several relevant stakeholders with different kinds of demands or specific requirements on the performance conducted by the company, especially the CSR behaviors. Usually, in order to gain deeper understanding of stakeholders’ (e.g. shareholders, employees, suppliers, trader partners, end-users and members of society) expectation, Husqvarna conducted open and continuous dialogues with such stakeholders regularly. Since the evaluations of the relevant stakeholders are also the important elements for influencing brand image, so it is necessary to know their expectation and make efforts to fulfill the demands.

“There are some information that is marketed on the webpage, but no campaigns and other reports than the sustainability report” – Mr. Willaredt, Head of environmental affairs

6.4.2 Stakeholders

In Husqvarna’s sustainability report they add additional information on how they use their CSR to keep a positive brand image. It all comes back to the stakeholders and their effect on brand image when using CSR. The pressure from customers, government and competing companies. Following the government regulations, keeping up with the competition and satisfying the customers yields a positive brand image. The brand image is communicated to be environmentally friendly with the help of energy efficiency and “life time cycle thinking”. The brand is also communicated as socially responsible by taking care of their employees and keeping a safe environment for them and helping them to grow.

Through selling products and offering services, Husqvarna produce value and make benefits to a variety of stakeholders (Table 4) is the description for each stakeholder’s expectation on the performance of company.
6.4.2.1 Shareholder, Investors

To create the economic value is a long-term strategy that Husqvarna keep pursuing continuously, which also is one of the goals that Husqvarna wanted to reach in terms of the sustainable development. Sustainability is a key factor for shareholders and investors for them to have a positive view of Husqvarna’s brand. The shareholders benefit in the form of dividends and share appreciation. However, as Mr. Willaredt says:

“Even if we take away the economic part in CSR, all those actions will still be there”. – Mr. Willaredt, Head of environmental affairs

6.4.2.2 Employees

To satisfy the employees Husqvarna makes sure they operate in a safe and healthy working environment. The Group strives to reduce workplace accidents to as low as possible to zero in all facilities. Husqvarna has different kinds of health and safety program such as Safety@Work in US for ensuring that employees have a good working climate.

Fair compensation and ability to move ahead in the careers is another valued factor by the employees, so Husqvarna has put emphasis on talent in the company. The company conducts its business in 42 countries, 99.9% of the workforce is recruited in local areas. Available management positions and professional commissions are published internally on the intranet as well as in external channels. The strategy is set out to have the employees get wages no less than the local minimum level based on legally regulated working hours. Meanwhile, each employee has rights to enjoy all the compulsory welfare such as pensions, medical and social insurance.

Every action that Husqvarna conducted to employees was executed strictly based on the code of conduct to avoid that employees were treated in different way. The description of the Code of Conduct state that Husqvarna do not allow to discriminate against individual characteristics such as race, age, gender, citizenship, sexual orientation, disability, social or ethnic origin, religion and so on. Diversity is considered as necessary to Husqvarna. Husqvarna has a male-dominated workforce and they try to offer more workplace to attract women participating into working group.

6.4.2.3 Potential employees
The company offer job opportunities to job seekers and not only internally to satisfy potential employees. How they perceive their brand image is also important. To be as compliant as possible they make sure they have reasonable salary and welfare. It is up to the HR department and marketing communication department to deal with these CSR actions and make sure the information reach the potential employees.

6.4.2.4 Suppliers

The suppliers seek good and fair cooperation with the company so Husqvarna puts emphasis on improving their performance continually to satisfy their suppliers. The suppliers of raw materials were selected based on Husqvarna’s Code of Conduct. Before the suppliers were selecting by Husqvarna, they have to be evaluated and approved by Husqvarna’s strict criterion. Husqvarna inspects suppliers’ quality and environmental work regularly, so only the eligible suppliers can be the partners to Husqvarna. This will yield a positive brand image of Husqvarna.

6.4.2.5 Trade partners

The company offer innovative and high quality products to their trade partners. Husqvarna has a strong emphasis on delivery times and makes sure that trade partners always get their product on time. They want their brand to be known for being on time.

6.4.2.6 End-Users

Customer and end-users can obtain high quality products. To fulfill the variety demands of customers, Husqvarna improve the quality, cost and efficiency continuously, which is reflected on several aspects such as energy consumption, exhaust emissions, recycling, safety and efficient service. Every product creation process was based on the environmentally friendly concept to avoid damage of balance of environment. And the Husqvarna products also abide strictly by the international, national, and regional restrictions and regulation.

6.4.2.7 Society

The company has a good relation with the communities. They have this because they are known for respecting and guarantee the human rights. The company enhances the transparency, credibility, efficiency of operation to add to the brand image. They use effective methods to manage and reduce the risk and crisis. Additionally they comply with the law and commercial morality.
Husqvarna’s products are sold via dealers and retailers in more than 100 countries around the world, which not only brought the profits to Husqvarna itself, but also made a contribution to local economy and social development. The society (state and municipalities), gain the tax payments.

In order to boost the economy of some developing areas, Husqvarna purchases the raw materials in these areas, especially in Asian countries. Additionally, within these regions, through wages, payments to pension funds and social security, and payment of taxes, social costs and other duties, Husqvarna made stacks of contribution to the social economic development.

“CSR is what is expected by a company, customers would be surprised if we did not have it”
– Mr. Willaredt, Head of environmental affairs

The products are communicated to be environmentally friendly by the marketing department with the help of head of environmental affairs. In order to reduce the damage to environment, Husqvarna makes big efforts to produce products in a suitable way for reducing the environmental impact, which was considered as an urgent task currently to Husqvarna. Husqvarna tried to apply the advanced management concept –“Life Cycle Thinking” to help reduce the impacts as low as possible from the process of production to environment. Every stage of production from raw material withdrawal, then manufacturing and distribution, finally consumption and recycling of materials and disposal were taken into account carefully.

“There is not one person in Husqvarna that do not deal with environmental issues. For example everybody, even people in the economics department and people on the floor recycle” – Mr. Willaredt, Head of environmental affairs

During the stages of producing the products, Husqvarna conducted every link carefully with limited environmental impact of its products at every stage of the life cycle- from product creation, procurement of material and production, to use and recycling of materials and disposal. The main concern of environmental responsibility is to improve environmental performance.
Table 4: CSR Beneficial Initiatives For Brand Image.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders, Investors and analysts</td>
<td>Operate in a sustainable way to gain the profit as much as possible.</td>
</tr>
<tr>
<td>Employees</td>
<td>➢ Have a safe and healthy working environment</td>
</tr>
<tr>
<td></td>
<td>➢ Gain the fair compensation</td>
</tr>
<tr>
<td></td>
<td>➢ Good career development</td>
</tr>
<tr>
<td></td>
<td>➢ No discrimination for the diversity (e.g. Gender, Racial, Religions, Age etc.)</td>
</tr>
<tr>
<td></td>
<td>➢ Placed emphasis on talents</td>
</tr>
<tr>
<td>Potential employees</td>
<td>➢ The company offer the job opportunities to job seekers</td>
</tr>
<tr>
<td></td>
<td>➢ Reasonable salary and welfare</td>
</tr>
<tr>
<td>Suppliers</td>
<td>➢ Good and fair cooperation with company</td>
</tr>
<tr>
<td></td>
<td>➢ Improve their performance continually</td>
</tr>
<tr>
<td>Trade partners</td>
<td>➢ Company offer high quality products</td>
</tr>
<tr>
<td></td>
<td>➢ Gain the innovative products</td>
</tr>
<tr>
<td></td>
<td>➢ Company deliver the products on time</td>
</tr>
<tr>
<td>End-users</td>
<td>➢ Products with high quality</td>
</tr>
<tr>
<td></td>
<td>➢ Safe products</td>
</tr>
<tr>
<td>Society(non-governmental and governmental organizations), media</td>
<td>➢ The company have a good relation with the communities</td>
</tr>
<tr>
<td></td>
<td>➢ The company respect and guarantee the human rights</td>
</tr>
<tr>
<td></td>
<td>➢ The company enhance the transparency, credibility, efficiency of operation</td>
</tr>
<tr>
<td></td>
<td>➢ Use effective methods to manage and reduce the risk and crisis</td>
</tr>
<tr>
<td></td>
<td>➢ Company comply the law and commercial morality</td>
</tr>
<tr>
<td></td>
<td>➢ Use the resources reasonably</td>
</tr>
</tbody>
</table>

(Source: Husqvarna’s Sustainability Report, 2011)
7. Analysis

The analysis section is divided according to research question, and it would be conducted based on the frame of reference and the empirical work. The authors compare the difference between the theory model in the frame of reference and the empirical findings to see if the theories found in the literature can be corresponding with the empirical work or whether there are some new theories needed to create.

The CSR’s possible affection on brand image by the use of stakeholders’ perspective

Husqvarna has stated that in order to adapt to the fierce competition, they have to include CSR in their agenda. In fact, CSR could be viewed as a hygiene factor, which means that CSR is not something they do for sharpen the competitive edge, but instead they perform CSR to avoid falling behind their brand image compared to other competitors in a certain extent. Bronn & Vrioni (2001) however suggest that setting oneself apart in a business world, where companies are becoming more and more alike, is crucial. Bronn & Vrioni (2001) also suggest that CSR is a good way to stand out in the crowd. Maybe that statement is no longer valid since it is becoming more and more common that companies engage in CSR activities. Instead, to set oneself apart, Husqvarna considers the stakeholders more when planning their CSR to enhance the brand image, which will make them stand out from their competition.

Data from the studied case of Husqvarna shows that there is an ambition for their CSR to influence their brand image. To achieve such goal, the actions of CSR are devoted to satisfy stakeholder perspectives on their brand.

How the CSR influence the brand image by considering stakeholders’ perspective

In the previous section, the frame of reference, the authors mentioned that literature or practical applications of CSR concentrate upon five dimensions including stakeholder dimension, social dimension, economic dimension, philanthropic dimension and environmental dimension (Dahlsrud, 2006). Additionally Carroll (1991) claims that constitution should be portrayed as a pyramid which is comprised of four major components: economic responsibility, legal responsibility, ethical responsibilities and philanthropic responsibilities. The four components of CSR put forward by Carroll (1991) already contained the five dimensions by Dahlsrud (2006). In the empirical study section, based on the information received from Husqvarna, the authors recognized the CSR actions conducted
by Husqvarna to be classified in three categories: *social responsibility, economic responsibility, environmental responsibility*. In each category, it has several corresponding objectives or stakeholders that CSR actions can be devoted to.

Their stakeholders can be summarized into employees, suppliers, trade partners, society (government and non-government organizations), customers, environment, shareholders, investors and analysts etc. Different stakeholder has different expectation. Post, Preston & Sachs (2002), states that stakeholders are either individuals or groups that are related to corporation’s fortune-creating ability and behaviors, and that therefore it would generate the benefits to corporation by the voluntary way or involuntary way. Carroll (1991) also regards stakeholder management as essential factors that should not be ignored in recent business and society text. Because of this, Husqvarna makes lots of efforts for satisfying stakeholders’ expectation to pursue the long-term development, especially through positive CSR section. Heslin & Ochoa (2008) summarized the five key contributions that positive CSR can create, which almost covered the whole expectation of the stakeholders. Hence, the goal of the CSR in Husqvarna is to make the effort to fulfill such expectation.

Jones (2005) convinced that the roots for building up the total equity should be traced back to the multiple stakeholder relations, namely, the description of model of brand equities (Figure 4), which illustrated that the more expectation by stakeholders can be fulfilled, the more values can be enhanced to brand equity. Nevertheless, brand image is one of the branches of brand equity. Popoli (2011) also proposed that improvement for the satisfactions of stakeholders is an effective way to enhance the brand image. Husqvarna state that their ambition for CSR is to have a positive effect on their brand image. Husqvarna conducted the dialogue and survey many times during the year to find out the specific expectation of stakeholders. They also devoted to build up the relationship between stakeholders and Husqvarna themselves, which is corresponding the theory put forward by Jones (2005) that the stakeholders approach revealed that companies should not only just fulfill the demands of stakeholders, it should also think about the issues towards how to improve the relationship between company and stakeholders.

*Why the marketing manager and the CSR manager rely on stakeholders’ expectations*

In the frame of reference Keller (1993) and Klein & Dawar (2003) state that marketing managers and CSR managers rely on CSR to enhance the brand image. According to the empirical findings this holds true in Husqvarna as well. The only difference is that in
Husqvarna, CSR is more of a hygiene factor than a special factor setting them aside like Broomhill (2007) and Brown & Dacin (1997) suggests. For Husqvarna, CSR is a factor necessary by law and stakeholder expectations. It is a factor necessary to not fall behind in the market, to be on the same level as the competition, not to be ahead the competition like the frame of reference suggests.

Because of three main motivators, governmental law, customers’ expectations and competing companies Husqvarna rely on stakeholder theory when planning for CSR. This consequently yield positive brand image. Researchers such as Heslin & Ochoa (2008) also mention customers and competition as motivators, however, governmental law seem to be a new motivator.

Both the departments rely on stakeholder theory. The CSR department considers as many stakeholders as possible when planning for their CSR. By doing so they hope to gain a more positive brand image than if they were to just focus on one stakeholder or just on Husqvarna themselves. Literature such as Jones, (2005), Donaldson and Preston (1995) and Carroll (1991) supports the approach that the implication of stakeholder theory will influence brand image was taken by Husqvarna already. They all in some manner suggest that stakeholder perspective is important at least when it comes to the customer. The marketing communication department rely on stakeholders’ expectations to know what they need to communicate get the most out of the brand image.
8. Conclusions

The case study’s ambition to use CSR to influence the brand image is by taking the stakeholders’ perspective into consideration. In the previous scripture, it has suggested that the brand image of a company can be influenced by CSR and set companies themselves apart from the competitors when considering stakeholders’ expectations within company’s operation.

The authors conclude that the companies should take stakeholder expectations into consideration when having plans for CSR actions, which can be considered as a good way to make sure the brand image of the company receives positive feedback. It is worth taking notion of the fact that the stakeholders all have different expectations. Opening up for communication with the stakeholders to better know about their expectations is a good way to receive as much information as possible when focusing on the brand image.

How the CSR affects the brand image when the stakeholder’s expectations are considered will be explained following. For the companies, the daily operation and management determines the relevant stakeholders’ benefits in some extent, and the stakeholders also have different kinds of expectation on companies’ behaviors. Usually, stakeholders’ evaluation towards companies’ performance was decided by the degree to which the firm can fulfill the demands of stakeholders, the more demands of stakeholders that companies can fulfill, the more positive evaluation will be generated. Hence, for the companies, to enhance the reputation within the society or increase stakeholders’ awareness on the brand, they usually conduct some ways for pursuing such goals. CSR actions can be considered as one of the effective ways for improving stakeholders’ benefits and evaluation of the companies.

Hence, the process for improving brand image is portrayed in the following steps: under the pressures derived from the stakeholders, the behaviors of CSR have to make an effort to satisfy the stakeholders’ expectations. The response derived from stakeholders will generate the assessment on the companies, these kinds of evaluations will influence the brand image (Figure 7). Following such logic, one may say CSR can affect brand image for the company in an indirect way.
The stakeholders have different expectations upon companies’ behavior.

Companies feel the different stakeholder pressures.

The action of CSR makes an effort to fulfill the demands of stakeholders.

Stakeholders produce the evaluation for companies based on their behavior.

The evaluation affects stakeholders’ perception on brand image.

The managers of CSR and marketing communication should realize that collaborating with each other on a daily basis when it comes to the issues of brand image. They both have the company’s best at heart. They both have different responsibilities even though they both are working with the brand image of the company.

The CSR manager relies on stakeholders’ expectations to know what they want from them to be able to plan for the CSR actions. They consider the end-users’ expectations that they want an environmentally sound product and implement energy efficiency policies. The CSR manager considers that the trades partners want good quality products and make sure the employees are professional and knowing in their field. They consider what the employees’ expectations are and add training and safety policies to satisfy them.

The marketing communicator considers what future employees expect from them to be able to market themselves in a way so that they can get the best employees. The marketing manager considers the end-users’ expectations of environmentally sound products and markets the products with a swan-mark. He or she also considers the trade partners’ expectations of the quality issues of the products to make sure the products’ quality is a key factor when marketing them. All these actions from the CSR manager and marketing communication manager are work for the brand image.
8.1 Suggested further research

The authors of this thesis recognize that this is a case study, meaning a study of one unit. Hence, the authors suggest this study should be done at another international company to confirm the conclusions drawn by the authors are reliable. For further researchers, the authors suggest to investigate a company that have been engaged in CSR for a longer period of time to see if their brand image in fact is affected by their CSR actions when considering as many stakeholders as possible.

Additional further research can be recommended to pay attention on different types of brand image in international companies. With the different types of brand image, it should be referring back to the model (Figure 2) “The Structure of Brand Image” by Keller (1993). Are the brand image Functional, Experiential or Symbolic depending on the achieved benefits from the CSR actions?

8.2 Limitations

The shortcomings that the authors are aware of are the fact that the thesis was written in Sweden and therefore Swedish culture played a role in the writing of the thesis. Husqvarna is an international company and it is hard to capture the truth when only interviewing concerned people in Sweden. Different cultures in other countries might give a different turn out.

Additionally, the authors cannot control whether or not the interviewees are open and honest. The fact that Husqvarna has only been engaging with a CSR department for a short time and are still in a start-up face when it comes to the issues whether CSR influence brand image.

8.3 Implications for researchers and practitioners

What this means for researchers is that those who have hinted in the past that CSR can affect the brand image are moving forward in search for validation. It is also a move forward in the stakeholder theory, showing that it can be used in many different areas of a company. What this means for practitioners such as marketing managers and CSR managers is that they have a new focus when it comes to considering the brand image, i.e. stakeholders’ expectations.
References


Appendix 1

Planned interview questions with CSR department

1. Name and work responsibilities?

CSR background

2. What kinds of CSR actions does Husqvarna have?

3. Why these actions?

4. Who are involved in deciding the CSR actions?

5. Who are involved in deciding the marketing actions?

Marketing background

6. What is the brand image according to Husqvarna?

Linkage between CSR and brand image

1. Does the CSR actions influence the brand image according to you?

2. If so, how do you incorporate CSR activities into the marketing and brand building activities of Husqvarna?

3. How does CSR influence Husqvarna planned marketing communications (i.e. website, brochures, campaigns?)

Collaboration between departments

4. Is there a direct collaboration between the CSR department and the marketing department? What do they do together?

5. If Yes, why and how and who is involved?

6. If No, are there future plans for collaboration?

7. How the collaboration between the CSR department and the marketing department does works to build the brand image?
Appendix 2

Transcript of interview one with Jonas Willaredt the 10th of April

Interviewer: Hello, My name is Jenny Falk, thank you for having me today.

Mr. Willaredt: God day, it is no problem, we have many students coming in for different research projects.

Interviewer: Can you state your full name and work responsibilities?

Mr. Willaredt: My name is Jonas Willaredt and I am the Head of environmental affairs at Husqvarna. I deal with everything that concerns the environment at this company, from fabric choice, marketing to creating new products. I have worked here for approximately three years now.

Interviewer: What kinds of CSR actions does Husqvarna have?

Mr. Willaredt: Husqvarna started with CSR actions in 2006, however the first sustainability report did not come until last year. It is divided in three parts, Social, economic and environmental. The HR department is in charge of the social part. The economic part is undetermined.

Interviewer: What do you mean with undetermined?

Mr. Willaredt: The Economic department is not an official department. There is no official person handling economy CSR sustainability actions. This is wrong I feel. The economic part in CSR should be more than just making a profit and going for the set out economic goals. If you one takes this CSR part away, it will still be there, because it has to be. One must find other economic sustainability perspectives for society. Volvo is a good example of this, they are investing millions in education for young people to be able to provide new personnel in the future. Now for the environment department, where I work, I deal with suppliers, making sure they are being socially responsible and use vehicles we approve of. I am also included in developing new products, to make sure we reduce pollution both when creating them and when there are supposed to be used. There are three goals in the sustainability report that is being focused most resources on.

Interviewer: Why these actions?
Mr. Willaredt: Can you elaborate?

Interviewer: Yes off course, why have you chosen to have CSR, and in particular the activities you are focusing on.

Mr. Willaredt: The law steer, plus economic good will. Reducing hydrocarbon is hard to motivate without the law, there is no selling motive for Husqvarna with pollution since the products sold only uses 10 liters a year. A chainsaw that is environmentally friendly or the auto mower that runs on electricity are driven by customers and competition. Few people are driven only by improving the environment. CSR has become a hygiene demand today. If it is empty on the webpage about CSR, then you are not attractive. The question is not whether you have CSR it is what kind of CSR. Even though there are few customers that only looks for environmentally friendly products, they are not to be underestimated, because you do not want your competitors to get them.

Interviewer: So the three motivators of CSR are, law, customers and completion?

Mr. Willaredt: yes, exactly.

Interviewer: Who are involved in deciding the CSR actions?

Mr. Willaredt: I am and another woman are in charge of the environment department and we write reports. There is one representative in each plant that partly deals with environmental issues, usually they deal with security and environment and they divide their time between them. We continually communicate with the representatives in the plants. Then there are a couple of people in R&D that deals with the environmental issues. Everybody here is in a sense apart of the environmental department. There is not one person in Husqvarna that do not deal with environmental issues. For example everybody, even people in the economics department and people on the floor recycle. In total there are approximately 40-42 fulltime and halftime working people that deal with environmental CSR activities. I am also in charge also of the global factors.

Interviewer: Who are involved in deciding the marketing actions?

Mr. Willaredt: CSR is not used in a structured manner as a marketing tool. Some products are marketed environmentally friendly and is swan-marked. Only products that are environmentally friendly is getting CSR marketed, the company as a whole is never marketed with the help of the CSR activities. We have a yearly sustainability report but that is it.
Interviewer: What is the brand image according to Husqvarna?

Mr. Willaredt: It differs from USA and Europe. However, I think the common view is that it is a stable, long-term company, sustainable, and being able to change the product range.

Interviewer: Yes I read Husqvarna started making firearms.

Mr. Willaredt: The logo is from that time still. I believe we have a good reputation, a good environmental reputation. We were in a market research for reputation, and we were well ranked in it. I think we can do so much more though. If cars can be marketed as environmentally friendly that we certainly must be able to do more. For example, a service where people go together and share a lawnmower, it would work as the timeshare of the washers in rental apartments. The middle class is increasing and it is not sustainable for everyone to own their own lawnmower when it is only being used 20 hours a year. We have started to rent out some product and we then stand for the service of the products. However, it is still not working as well as we would want it to, people do not want to share, they want to be able to use the products whenever they want. Generally I think all companies must start thinking in this way, companies need a new business model.

Interviewer: Does the CSR actions affect the brand image according to you?

Mr. Willaredt: There is at least an ambition for it. We have to look at it long term, it is still too soon to tell if our CSR actions affects our brand image since we only have one sustainability report. In the future I do not think CSR will be used as a marketing tool. CSR is what is expected by a company, customers would be surprised if we did not have it. It is such an obvious thing that it does not have to be marketed.

Interviewer: What does the decision process of the CSR and marketing look like? Who decides and how is it decided?

Mr. Willaredt: We have a sustainability council that consist of six to eight people. These people come from different departments of the company, I am one of these people. We make long-term goals. Let us take the energy effectively process as an example. First are the goals discussed in the council and decided on. Then I go and talk to the lean production managers and establish the actual actions. I will put up pictures in the plants that state the new goals and actions so that everybody can see and be apart of it. I then support the people implementing
these actions the best way I can with routines and learning possibilities. Every month we will create a report on the progress.

Interviewer: How does CSR influence Husqvarna planned marketing communications (i.e. website, brochures, campaigns?)

Mr. Willaredt: It is only as I stated before, “lower pollution for this product”. There are some information that is marketed on the webpage, but no campaigns and other reports than the sustainability report.

Interviewer: Is there a direct collaboration between the CSR department and the marketing department? Are there any obstacles in the communication and collaboration?

Mr. Willaredt: There is never any problem with the communication between departments. There is no one who protest and says that they think it is boring or unnecessary. The attitude again CSR is very positive. The only problem we sometimes have that cause issues are a lack of resources, however this is not something special just in the CSR department. Everybody realize the importance and everybody has to prioritize. What is good is that I can always back up my choices with the law. My office is neighbor with the marketing offices. When a new product is launched, there is collaboration between us. They will for example need to know if they can Swan-mark it or call it environmentally friendly.

Interviewer: Can you explain more on your collaboration?

Mr. Willaredt: This is an important collaboration, we talk daily. If they would write that it is environmentally friendly and it is not, we can get sued. The money issues is not a problem in a lawsuit, we have the money for it, and it is the reputation, the brand image we want to protect.

Interviewer: How does the collaboration between the CSR department and the marketing department work to build the brand image?

Mr. Willaredt: We do not have an official established forum for our collaboration, but as I said there is a daily collaboration. We support each other in our daily work.

Interviewer: My questions are done now, is there anything else you would like to add?
Mr. Willaredt: No I think I’m good, all I would want is to see later on are your comments.

Interviewer: Off course, that can be arranged. Then I thank you for your time, have a good day.

Mr. Willaredt: Thank you, good bye.
Appendix 3

Planned interview questions with Marketing department

1. Name and work responsibilities?

**CSR background**

2. Who are involved in deciding the marketing actions?

**Marketing background**

3. What is the brand image according to Husqvarna?

**Linkage between CSR and brand image**

4. Does the CSR actions affect the brand image according to you?

5. How do you incorporate CSR activities in the marketing of Husqvarna?

6. How does CSR influence Husqvarna planned marketing communications (i.e. website, brochures, campaigns?)

**Collaboration between departments**

7. Is there a direct collaboration between the CSR department and the marketing department? What do they do together?

8. If Yes, why and how?

9. If No, are there future plans for collaboration?

10. How the collaboration between the CSR department and the marketing department does works to build the brand image?
Appendix 4

Transcript of interview with Karolina Zenk the 17th of April

Interviewer: Do you want to state your name and work responsibilities?

Ms. Zenk: Karolina Zenk, marketing communication manager.

Interviewer: How long have you worked at Husqvarna and how long have you had these responsibilities?

Ms. Zenk: Three years.

Interviewer: Who are involved in deciding the marketing actions?

Ms. Zenk: Husqvarna has many different brands. The CSR department deals with all of them, I however only deal with the Husqvarna brand. I work with communication of the brand. Printing, media, catalogs, Webb, banners, all digital really. Adds, store material, all communication for Husqvarna. We don’t do anything by ourselves; well we do not create any of the marketing things. We work with different external marketing firms. We write a memo and tell them what we want to communicate and they bring the creativity part to it.

Interviewer: Can you take me through the decision process?

Ms. Zenk: We first talk with our closest manager.

Interviewer: You say we, who do you mean?

Ms. Zenk: There are 4-5 people in my department that has the same function but for different project. That is we. So, we start by talking to our closest manager who is the global marketing manager. Together with him we discuss goals and projects. Then, let’s take a web project an example, we talk to the digital manager about the webpage, and then we contact the external marketing firm if it is necessary.

Interviewer: What is the brand image according to Husqvarna?

Ms. Zenk: That our products have a basic value and are professional. The products are meant for professionals. We have a broad sustainable product line. Our product development has come far. People are willing to pay more for our products. It is for the best, maybe our
products are even better than needed. But as I said it is meant for the professionals. The level and image is for the professionals. But customers that are not professionals buy them as well. When people think Husqvarna in Scandinavia people think sewing machine, not outdoor equipment, this is something we are trying to work on.

Interviewer: Does the CSR actions affect the brand image according to you?

Ms. Zenk: Yes, I do believe it does, but it is not one of the bigger affecting factors of the brand image. I believe though if they did not do what they did it would affect the brand image negatively. It is a hygiene factor, it has to be done. We do not do anything extra, mostly hygiene factor.

Interviewer: How do you incorporate CSR activities in the marketing of Husqvarna?

Ms. Zenk: ISO information is example of information we need from the CSR department. We also have the CSR department proofreading text before printing them or uploading them as marketing of the Husqvarna brand.

Interviewer: How does CSR influence Husqvarna planned marketing communications (i.e. website, brochures, campaigns?)

Ms. Zenk: Very little, the only thing really is that we mention in brochures that we are environmental certification.

Interviewer: Is there a direct collaboration between the CSR department and the marketing department? What do you do together?

Ms. Zenk: There are no regular meetings between marketing and CSR. There is a daily collaboration however; it is more spontaneous pop ins. Not much collaboration actually. There is no not much collaboration, because it is not necessary. Mr. Willaredt has more of a companywide perspective and we have a brand image perspective. We do not deal with the same issues. Environment is not a key factor for the brand image. In fact it is not a factor at all. What we want to communicate, what we want to fill the brand with is not environment, it does not have a basic value for us. If it did, the CSR department would be bigger and we would have a bigger collaboration.

Interviewer: Do you think this small collaboration is needed?
Ms. Zenk: The collaboration is needed, they have expert knowledge we need. We produce the text and we want them to be correct, we do not say much about the environment but the little we say we want it to be correct.

Interviewer: How does the collaboration between the CSR department and the marketing department works to build the brand image?

Ms. Zenk: We do not work together on the brand image. Marketing and product development work with the brand image. We want to be on the cutting edge with our technique. Technique is the key factor for the environment. It has become a natural progress. We were forced to have the environmental mechanics from the consumers. It is the consumers who drive environmental production.

Interviewer: Is there any collaboration between the other two departments of CSR, social and economic?

Ms. Zenk: When it comes to the social department in CSR there is nothing that is being communicated. Neither the economic department.

Interviewer: Do you think the level of collaboration will stay like this in the future?

Ms. Zenk: Yes I do.

Interviewer: Do you feel the current level of collaboration is sufficient?

Ms. Zenk: There are no future plans of increasing the collaboration. There are no goals in the company that say we are to be seen as an environmental company.

Interviewer: That is all I had, is there anything else you would like to add?

Ms. Zenk: No, I do not think so.

Interviewer: Okay, thank you for your cooperation, have a nice day.

Ms. Zenk: Okay, good bye.