Corporate social responsibility, leadership, and brand equity in healthcare service

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Abstract

Purpose – This study aims to analyze the linkages among corporate social responsibility (CSR), leadership, and brand equity in hospitals in Vietnam.

Design/methodology/approach – Analyses of variance and structural equation model are resorted to in this study.

Findings – The findings reveal that transactional leadership is correlated with legal CSR and economic CSR. Transformational leadership, on the other hand, cultivates ethical CSR, which in turn positively influences brand equity. A direct bridge between transformational leadership and brand equity is also detected.

Originality/value – The study offers insight into the linkage pattern of CSR, leadership, and brand equity in hospitals in Vietnam.

Keywords Corporate social responsibility, Transformational leadership, Transactional leadership, Brand equity, Healthcare service, Health services, Hospitals, Vietnam

Paper type Research paper

1. Introduction

Over 2000 years back, Mencius, an eminent Chinese philosopher, asserted the innate goodness in every individual. Innate goodness exists in individuals and spreads through the human kind. A director of a hospital in Vietnam once gave the author of the current research a tour of his hospital and synthesized his whole business life into a sentence: ‘‘Businessmen are born to learn to contribute and to contribute.’’ From his view, the distinction between a leader and a subordinate is that if the subordinate contributes a value x to the society, the leader should make a social contribution of exponentiation of x. He highlighted value-addedness in the leader’s leadership and social responsibility as well as the organization’s social responsibility as the sum of all members’ social responsibility.

Discussions on corporate social responsibility (CSR) by academics and practitioners have revolved around the role of companies in society and the nature of a company’s social responsibilities (Pearce and Doh, 2005). Companies not merely need be concerned about how to best meet the interests of their shareholders, but also the interests of society at large. As Aguilera et al. (2007) argue, the company’s key goal is to survive by attaining a competitive edge in the economic market. CSR mechanisms subsist to sustain company survival and efficiency, as well as competitive success (Porter and Kramer, 2006).

Brand management has been strategic management priorities for numerous companies (Keller, 2008). Keller and Lehmann (2006), however, suggest that brand equity and its antecedents are not adequately examined. CSR and leadership are important antecedents of brand equity. Brand associations relate to such organizational attributes as leadership style and level of technology (Ouwersloot and Tudorica, 2001). Brown and Dacin (1997) found CSR associations may have diverse impacts on customer responses to products. By
meeting justice needs of customers, CSR is likely to enhance customer satisfaction (Galbreath, 2010).

Hoeffler and Keller (2002) also outlay six areas where CSR marketing can strengthen brand associations. CSR, further, is capable of adding positive value and brand equity to a company by enabling it to demonstrate its potential as a “good” corporate citizen (Jeurissen, 2004). From Chahal and Sharma’s (2006) perspective, the higher the integration of CSR approaches, the more likely there will be better brand equity, and ultimately, a competitive advantage. Lai et al.’s (2010) findings reveal that CSR has positive effects on industrial brand equity and brand performance.

The healthcare industry is an instance of a service industry in which brands play a crucial part in business success. A famous hospital brand can augment shareholder value and build competitive advantages. Patients choose hospitals on the basis of brands, which are deemed to be an implied promise of the service they can anticipate. In Vietnam, hospital brands such as Cho Ray hospital, Binh Dan hospital, Medical University hospital, Tu Du hospital, Bach Mai hospital, and Viet Duc hospital, are believed to have distinctive meanings in the minds of Vietnamese patients.

However, Vietnam used to undergo almost half a century period in which all hospitals throughout the country were state-owned and without quanxi (which literally means special personal relationships), patients were not allowed for admission into any famous hospitals, but had to access the hospital within their neighborhood first, and in case of the severity of their diseases beyond the treatment capability of that hospital, the patients would be transferred to a higher ranking hospital. Brand equity of a hospital tends to be associated with the names of professors from University of Medicine, but not with its services such as accommodation, reception, admission, or pre-/post-operation services. When Vietnam opened doors, domestic private hospitals such as Medic, Hoan My hospital, Sihospital, and Saigon Eye hospital as well as foreign invested hospitals such as Institute of Heart, Columbia Asia-Gia Dinh hospital, and FV hospital emerged, making patients’ choice of hospitals determined not purely by quality of treatment but by other services as well. For instance, when Sihospital was opened, even though it had only a few doctors, it attracted mothers-to-be due to its patient-centered culture in healthcare services rather than doctor-centered culture which could be found in such state-owned hospitals as Hung Vuong hospital or Tu Du hospital. The emergence of domestic private hospitals and foreign invested hospitals created the competition in healthcare industry, leading hospitals to changes not merely in treatment quality but also in facilities for diagnosis and treatment. Most of the CEOs of domestic private hospitals were from management positions of state-owned hospitals, and at first resorted to their familiar directive leadership, but then some adapted their leadership style to be more oriented to people and innovation, rendering brands of some private hospitals even more cognitively accessible to patients than famous brands of state-owned hospitals. In the field of obstetrics, the brand “Sihospital” is even more prominent in patients’ cognition than brands of state-owned Tu Du hospital and Hung Vuong hospital.

The remainder of this research, thus, seeks to examine the linkages among CSR, leadership, and brand equity in healthcare service in Vietnam. To do so, background on CSR, leadership, and brand equity is reviewed first, which sets the stage for their use in this research; second, a research framework is exhibited and justified; and finally, the findings and their implications are elaborated on.

2. Literature review

2.1 Corporate social responsibility (CSR)

Corporate social responsibility (CSR), from Jamali’s (2008) and Jamali et al.’s (2008) perspectives, is concerned with the commitment of companies to contribute to sustainable development, stakeholder interests and enhancement of societal conditions.
Also centering on stakeholders’ interests, Hopkins (2007) defines CSR as being “concerned with treating the stakeholders of the firm ethically or in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation” (pp. 15-16). Regarding business firms as the economic engine of society, Carroll (1979) and Henderson (2005) also highlight profits making is a social responsibility.

Carroll’s (1979) model of CSR also incorporates profitability as a dimension among the four responsibilities:

1. the economic responsibility to generate profits;
2. the legal responsibility to conform to local, state, federal, and relevant international laws;
3. the ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair); and
4. the discretionary responsibility to meet extra behaviors and activities that society finds desirable (e.g. philanthropic initiatives such as financial contribution to various kinds of social or cultural enterprises).

Carroll’s “pyramid of corporate social responsibility” indicated a hierarchy of responsibilities ascending from economic and legal to more socially oriented responsibilities, i.e. ethical and philanthropic (Carroll, 1991). Finding this implicit hierarchy in the pyramid as its limitation, Schwarz and Carroll (2003) placed the dimensions of CSR in a Venn diagram as well as deleted the discretionary dimension as not justifiable as a “social responsibility”.

Lantos (2001) classified CSR into three types predicated on their nature (required versus optional) and purpose (for stakeholders’ good, for the company’s good, or for both): ethical CSR, altruistic CSR, and strategic CSR. Ethical CSR is “morally mandatory and goes beyond fulfilling a firm’s economic and legal duties, to its responsibilities to avoid social injuries, even if the business might not benefit from this” (Lantos, 2001, p. 605). Partially based on this definition, the author of the current study maintains that ethical CSR is the highest level of CSR and depicted as the outermost circle, and economic CSR is the lowest level a company reaches (Figure 1). Acting within the law is analogous to acting ethically (Carrigan and
Attalla, 2001), so ethical CSR is depicted to embrace legal CSR. Moreover, as Gaski (1999) wrote: “the ethics of one day may be the law of the next”, some ethical CSRs will gradually consolidate into legal CSRs and new ethical CSRs will surface.

In Figure 1, the circles of internal stakeholders and external stakeholders will intersect the circle of a type of CSR if that CSR type is fulfilled. The circle of discretionary CSR is not displayed due to its integration into ethical CSR type.

Carroll's (1979) model of CSR with the merge of ethical and discretionary dimensions is used as a basis in this study as these three dimensions display an extensive spectrum relating to all stakeholders, both internal and external, as well as the triple bottom line.

2.2 Leadership

Bass's (1985) model depicting two leadership paradigms, transformational and transactional, has been criticized for having overlooked the capability of leadership to disperse throughout the organization. The notion that leadership is not the preserve of an individual but a fluid or emergent property rather than a fixed phenomenon is at the core of the concept of distributed leadership (Harris, 2005; Spillane, 2006). Avery (2004) also looks at the distribution of leadership, but views this distribution as not emanating from a leader, but as contributions from multiple leaders in organic organizations. Introduced by Drath (2001) and expanded by Avery (2004), organic leadership tends to obnubilate the distinction between leaders and followers. Reciprocal actions which this paradigm rests on implies that team members work together in whatever roles of power they have, without being governed by power of position (Raelin, 2003). Employees become interacting partners in determining what makes sense. The concept of multiple leaders is crucial since, as people cope with heterogeneous and dynamic environments, the knowledge and issues become too intricate for only a few leaders to decipher (Avery, 2004). Organic leader is rather a temporal coordinator for the group of like-minded people, a servant or facilitator, sharing the vision and values predicated on self-control and self-organization, where people have a lucid sense of purpose and autonomy within a particular setting.

Bass's (1990) review of the various conceptualizations of leadership culminates in the ensuing definition of leadership as meaning-making:

Leadership is an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of the members. Leaders are agents of change – persons whose acts affect other people more than other people’s acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group.

This definition of leadership by Bass (1990), similar to the concept of organic leadership, attempts to erase the boundary between leaders and subordinates. Since this definition underscores that “leadership occurs when one group member modifies the motivation or competencies of others in the group” without specifying “this group member”, leadership can come from any member in an organization. Thus, transformational and transactional styles in this definition are not associated with a particular leader, but distributed through the organization and instilled in the organization’s culture. Moreover, the rendezvous between the notions of interaction and meaning-making in Bass's (1990) definition and those of reciprocal actions and sense-making in Avery's (2004) discussion on organic leadership indicate that the definitions of leadership more and more converge, so Bass's (1990) definition can serve as a foundation on which the conceptual model is built.

2.3 Brand equity

From Prasad and Dev's (2000) perspective, the construct “brand” has a semantic continuum, at one end of which, brand encompasses a name, a trademark, a symbol, a logo, or an identity, and at the other end of which, brand contains all tangible and intangible attributes of an organization. Franzen and Bouwman (2001) contend that, via brands, their functional and sentimental values are effectively encoded in customers’ perceptions.
Every brand, if peeled off, will expose a certain amount of brand equity, defined as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (Aaker, 1991, p. 15). Brand equity can be observed through customers’ willingness to pay a premium for a brand in preference to others and recommend it to other customers (Hutton, 1997). Four dimensions of brand equity discerned by Aaker (1991, p. 16) are perceived quality, brand association, brand awareness, and brand loyalty.

Zeithaml (1988) defines perceived quality as “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.” As regards service, customers judge service quality in terms of the outcome of the service, i.e. what they obtain, and the functional quality of the process, i.e. the way the service is delivered (Grönroos, 2001). Kotler (2000) highlights the linkage among product/service quality, customer satisfaction, and company profitability. Perceived quality, moreover, can serve as the foundation for a brand extension. If a brand is well considered in one context, it will be presumed to have high quality in a relevant context (Aaker, 1991).

A brand association is referred to by Aaker (1991, p. 109) as “anything linked in the memory to a brand.” The author of the current research views brand associations as a mind map where brand is the nucleus, whose branch or link can be a product (Bullmore, 1984), company (Blomback and Axelsson, 2007; Marterson, 2007), country of origin (Pappu et al., 2007; Yasin et al., 2007), retailer (Buchanan et al., 1999), store (Yoo et al., 2000), consumers with demographic or lifestyle features (Patterson, 1999), or competitor (Biel, 1993). Brand associations, as Aaker (1991, p. 115) suggests, encompass eleven types – “product attributes, intangibles, customer benefits, relative price, use/application, user/customer, celebrity/person, lifestyle/personality, product class, competitors and country/geographic area.”

Among Aaker’s (1991) 11 types of brand associations, there is a distinction between product linked and nonproduct linked attributes (Keller, 2003; Netemeyer et al., 2004). Unlike brand associations of consumer goods, in services, associations linked to the core service and those linked to facilitating and supporting services are distinguished (Grönroos, 2007). Rio et al. (2001) highlights the magnitude of brand associations in gaining differential advantages.

By defining brand awareness as “the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category”, Aaker (1991, p. 61) looks at customers’ cognitive process towards a brand, whereas he, in his article in 1996, underscores the strength of a brand’s presence in the customer’s mind (Aaker, 1996). Brand awareness plays a crucial role in customers’ decision making by contributing three advantages – learning advantages, consideration advantages, and choice advantages.

Brand loyalty is defined as a situation which reflects how likely a customer will be to veer to another brand, especially when that brand makes a change, either in price or in product/service characteristics (Aaker, 1991). Since a brand association may be its company, customers tend to respond to more brands of the same producer or service provider. Brand loyalty, therefore, is also defined as a biased response, expressed over time, to one or more brands within a set of such brands (Oliver, 1999; Franzen, 1999).

Predicated on the previous views on the components of brand equity, the writer of the current study introduces “The orbital model of brand equity” as displayed in Figure 2. This is a dynamic atom-like model, which comprises a nucleus composed of intrinsic values of a product/service, and four orbitals or surrounding layers – in sequence from inside outwards: perceived quality, brand associations, brand awareness, and brand loyalty – of which the outer orbital or layer embraces the components of the inner orbital or layer. Some of Aaker’s (1991) types of brand associations such as attributes, functions, origin, product/service class, and relative price with the term “functions” used in lieu of use/application and the term “origin” referring to company or country, are deemed to be product’s/service’s intrinsic values and placed in the nucleus of the model. Other types of brand associations appear in
the orbital or layer of brand associations of the model, but are expanded to incorporate all stakeholders, who contribute to the company’s value chain, including competitors. Competitors also contribute to a company’s value chain since less strong competitors strengthen the position of a strong brand in the economic market.

Also from this structural model of brand equity, brand associations are a mind map whose links are intrinsic values and stakeholders of a brand.

This is a dynamic model since, for instance, the orbital of brand associations can revolve so that the component “competitors” meets the intrinsic value “origin” to create a synergic effect. France, for example, as the origin of a pharmaceutical product will turn Vietnamese consumers’ minds away from the Asian pharmaceutical competitors.

This model is also dynamic in that first brand associations can be built through a stakeholder rather than its intrinsic values. The Medical University Hospital in Ho Chi Minh City is an example in which its brand was first built in customers’ cognition through a stakeholder – Medical University – as an investor and a know-how transfer partner.

Different approaches to measure brand equity have emerged. Brand equity measurement models, as Erdem and Swait (2004) suggest, can be categorized into component-based models, which measure individual elements of brand equity (Keller and Lehmann, 2003; Aaker, 1996; Lassar et al., 1995; Keller, 1993); and holistic models, which seek an overall evaluation of the brand (Park and Srinivasan, 1994; Swait et al., 1993; Kamakura and Russell, 1993).

This study employs the holistic approach due to its main aim to test the linkages among corporate social responsibility, leadership, and brand equity as a whole.

3. Conceptual framework and methodology

3.1 Conceptual framework and research hypotheses

According to Carroll (1979), the ethical CSR dimension refers to ethical or moral standards, and is predicated on companies’ voluntary actions that benefit society (Carroll, 1979).
Kanungo (2001) and Mendonca (2001) argued that transformational leadership is rooted in strong ethical values. Burns (1978) contended that transformational leaders are instrumental in making ethical decisions. Transformational leadership is concerned with end-values such as liberty, justice, and equality. Burns (1978, p. 20) further alleged that transforming leadership is motivating, uplifting, and ultimately “moral, in that it raises the level of human conduct and ethical aspirations of both the leader and the led.” In other words, transformational leaders can be effective ethical leaders (Keeley, 1995) since by its innovativeness in nature (Tucker and Russell, 2004), transformational leadership would be more likely to advocate the innovative orientation toward continually enhanced ethical CSR. The subsequent hypothesis thus emerged:

H1a. A greater degree of ethical CSR corresponds to a greater level of transformational leadership.

Transactional leadership is a form of leader-member exchange, so tends to relate to economic CSR and legal CSR, which requires the organization and organisational members to maximize profitability as well as observe legal framework (Carroll, 1979) in exchange for their existence. The ensuing hypotheses are consequently proposed:

H1b. A greater degree of legal CSR corresponds to a greater level of transactional leadership.

H1c. A greater degree of economic CSR corresponds to a greater level of transactional leadership.

Opposed to transactional leadership, which is oriented to the routine (Krishnan, 2001), transformational leadership with its inherent innovativeness (Tucker and Russell, 2004) tend to enhance the customer's perception of superiority of a product or service through the implementation of quality innovation, which in turn leads to increased brand associations, brand awareness, and loyalty. Without this change-oriented nature, leadership is incapable of creating new values to satisfy consumers’ ever-increasing demands whereas Aaker (1991) highlights the magnitude of customer satisfaction in developing a brand.

Morhart et al.’s (2007) research showed that brand-specific transformational leadership is highly effective in generating brand-building behaviors among employees – specifically corporate brand loyalty, brand-consistent behavior at customer touch points, positive word-of-mouth, and participation in brand-development, which lead to high brand equity. Consequently, the following hypotheses are enunciated:

H2a. A greater level of transformational leadership corresponds to higher brand equity.

H2b. A greater level of transactional leadership corresponds to lower brand equity.

Human satisfaction is a wider construct which demands that companies seek customer satisfaction in three other interacting spheres of the psyche: emotion, reason and ethics since each of these robustly impact the areas of trust and loyalty (Cuomo et al., 2009). In the setting of a “trusted friend,” the brand can or becomes part of the customers’ affective and emotional network (Traini, 2005). Ethical CSR may increase brand equity since it creates customers’ trust in and loyalty to a brand through corporate ethical behaviors, and since customers’ affective and emotional network, which the brand belongs to, is further activated when the company looks beyond profitability and rules/laws. Lemon et al. (2001) also view corporate ethics as one of the key actionable levers of brand equity. The following hypotheses were hence posited:

H3a. A greater degree of ethical CSR corresponds to higher brand equity.

H3b. A greater degree of legal CSR corresponds to lower brand equity.

H3c. A greater degree of economic CSR corresponds to lower brand equity.

Figure 3 illustrates the hypothesized relationships among CSR, leadership styles and brand equity.
3.2 Methodology

3.2.1 Sample and procedure. The sample of 519 hospitals for this research was randomly derived from a population of 868 hospitals listed in the 2009 Vietnam Trade Directory. Data on such constructs as CSR and leadership were collated via self-administered structured questionnaires delivered to a randomly selected employee in a middle-management position (i.e. marketing directors, marketing managers, sales directors, sales managers, clinical department chairs, division chiefs, and directors of quality improvement, risk management, and patient safety) in each of these 519 hospitals. Using middle management employees to depict top management behavior is apposite since they would have more opportunities to observe top management deeds than would lower level employees. Out of 519 questionnaires sent to participants, 226 were returned in completed form for a response rate of 43.55 percent. A total of 1,137 inpatients from these 226 hospitals were approached, of which 714 (62.8 percent) fully responded to the questionnaires on brand equity. The high response rate of 62.8 percent was partially ascribed to the certificates of three free clinical checkups offered in return for participation. Previous studies demonstrated the effectiveness of using various monetary incentives in improving mail survey response rates (Brennan, 1992).

A total of 226 usable questionnaires obtained from middle-level managers and 714 usable questionnaires obtained from inpatients well exceed the critical sample size of 200 for constructing structural equation models (Hair et al., 1998).

3.2.2 Quantitative measures. The quantitative approach used in this study permits the researcher to examine respondents’ perceptual realities (Ashkanasy et al., 2000) even though it does not enable an analysis of the most profound level of the constructs.

Corporate social responsibility (CSR). A 22-item instrument adapted from Aupperle et al. (1985) and Maignan (2001) was employed to measure CSR dimensions. However, like Podnar and Golob’s (2007) findings, the exploratory factor analysis revealed that a three-factor rather than a four-factor solution was more stable. Therefore, ethical and discretionary dimensions form a single factor, reducing the factors extracted to economic, legal, and ethical with which discretionary CSR was merged. The three CSR dimensions then were: economic CSR which consists of six items; legal CSR – five items; and ethical CSR – 11 items. The 22 statements of the questionnaire were measured with a seven-point Likert-type scoring system applied to a scale anchored by “strongly disagree” (1) to “strongly agree” (7).
Leadership style. This construct was measured using Bass and Avolio’s (1995) multifactor leadership questionnaire MLQ 5X (MLQ – leader form – form 5X), which consists of 45 behavioral statements and uses a five-point rating system (1 = not at all; 2 = once in a while; 3 = sometimes; 4 = fairly often; 5 = frequently, if not always). Middle management employees were invited to indicate how frequently each statement depicts the leadership style of their top level managers. Scores were then generated for nine separate scales, five of which represent aspects of transformational leadership and three of which represent aspects of transactional leadership. Scores for each leadership scale on the MLQ 5X were computed using the completed surveys of direct reports, which is consistent with the work of Bass (1985) who indicates these scales reflect distinct, but related components of transformational and transactional leadership.

The original MLQ has been examined in a number of studies and on a broad range of sample populations (Lowe et al., 1996). Form 5X was launched in 1991 and has assimilated a variety of refinements (Avolio et al., 1999). Reliability coefficients for the MLQ 5X leadership scales range from 0.74 to 0.91 (Bass and Avolio, 1995). While the profundity of research conducted on the MLQ 5X is not as extensive as that conducted on the original questionnaire, there is sufficient validation data to denote that it is likely to replicate or improve upon the research record of its predecessor (Lowe et al., 1996).

Brand equity. The brand equity construct consists of four dimensions and 34 individual scale items which were adapted from Haley and Case (1979), Aaker (1991), Cronin and Taylor (1992), Lee and Hing (1995), Low and Lamb (2000), and Yoo and Donthu (2001). The four dimensions were: perceived quality which comprises eleven items; brand association – fourteen items; brand awareness – three items; and brand loyalty – six items. The 31 statements of the three dimensions of perceived quality, brand association, and brand loyalty were measured with a seven-point Likert-type scoring system applied to a scale anchored by “strongly disagree” (1) to “strongly agree” (7). However, since three scale items of brand awareness dimension were open-ended questions, the Likert-type scale could not be applied. A 5-point scoring of open-ended questions, thus, was employed to measure brand awareness, including “top of mind (5)”, “second unaided mention (4)”, “other unaided mention (3)”, “aided recall (2)”, and “never heard of (1)”.

The reliability of each construct and its specific dimensions were appraised with Cronbach Alpha coefficients. All constructs exceeded the recommended cut-off point of 0.70 (Nunnally, 1967).

Construct validity was established through confirmatory factor analyses (CFA) conducted with a first-order model. Two main elements were investigated, that is the significance of the factor loadings for each item, and the overall acceptability of the measurement model employing chi-square statistics and three fit indices. The indices used to appraise the model were among the most frequently reported, that is NNFI (non-normed fit index), CFI (comparative-fit index), and RMSEA (root mean square error of approximation). Every construct displays acceptable model fit, and all factor loadings are statistically significant (see Table I).

### Table I Descriptive statistics of the constructs

<table>
<thead>
<tr>
<th>Constructs/dimensions</th>
<th>No. of items</th>
<th>Mean</th>
<th>SD</th>
<th>Cronbach Alpha</th>
<th>First-order loadings range*</th>
<th>$\chi^2$</th>
<th>DF</th>
<th>NNFI</th>
<th>CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical CSR</td>
<td>11</td>
<td>5.54</td>
<td>2.08</td>
<td>0.81</td>
<td>[0.49-0.62]</td>
<td>6.6</td>
<td>2</td>
<td>0.962</td>
<td>0.979</td>
<td>0.01</td>
</tr>
<tr>
<td>Legal CSR</td>
<td>5</td>
<td>4.76</td>
<td>2.19</td>
<td>0.75</td>
<td>[0.38-0.49]</td>
<td>4.2</td>
<td>2</td>
<td>0.952</td>
<td>0.991</td>
<td>0.03</td>
</tr>
<tr>
<td>Economic CSR</td>
<td>6</td>
<td>4.52</td>
<td>2.54</td>
<td>0.71</td>
<td>[0.45-0.78]</td>
<td>4.7</td>
<td>2</td>
<td>0.968</td>
<td>0.985</td>
<td>0.08</td>
</tr>
<tr>
<td>Transactional leadership</td>
<td>21</td>
<td>4.57</td>
<td>0.81</td>
<td>0.74</td>
<td>[0.79-0.95]</td>
<td>4.2</td>
<td>2</td>
<td>0.986</td>
<td>0.991</td>
<td>0.03</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>29</td>
<td>5.59</td>
<td>0.79</td>
<td>0.86</td>
<td>[0.81-0.99]</td>
<td>3.5</td>
<td>2</td>
<td>0.996</td>
<td>0.991</td>
<td>0.00</td>
</tr>
<tr>
<td>Brand equity</td>
<td>34</td>
<td>5.21</td>
<td>0.75</td>
<td>0.79</td>
<td>[0.84-1.02]</td>
<td>522.8</td>
<td>147</td>
<td>0.909</td>
<td>0.905</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Notes: *All factor loadings are statistically significant ($p<0.05$)
4. Findings and discussion

4.1 Findings from ANOVAs

As the findings from ANOVAs (see Table II) demonstrate, transformational leadership is more
inclined to cultivate ethical CSR \( (p < 0.01) \) than transactional leadership, and transactional
leadership is more inclined to cultivate legal CSR and economic CSR than transformational
leadership \( (p < 0.05) \). The data, furthermore, denote a higher brand equity for
transformational leadership than for transactional leadership \( (p < 0.01) \).

4.2 Findings from the structural equation model

The findings from Table III exhibit positive and significant path coefficients between
transformational leadership and ethical CSR \( (p < 0.01) \), transactional leadership and two
CSR types (legal CSR and economic CSR; \( p < 0.05 \)), transformational leadership and brand
equity \( (p < 0.01) \), and brand equity and ethical CSR \( (p < 0.05) \).

4.3 Discussion

The findings exhibited in Tables II and III contribute to the corroboration of hypothesis H1a
by denoting that transformational leadership is significantly associated with ethical CSR.
Transformational leaders can be effective ethical leaders (Keeley, 1995) as, with its
innovative nature (Tucker and Russell, 2004), transformational leadership would tend to
support the innovative orientation toward ceaselessly elevated ethical CSR. In the spectrum
of transformational leadership, “one or more persons engage with others in such a way that
leaders and followers raise one another to higher levels of motivation and morality” (Burns,
1978, p. 19). A transformational leader motivates followers to attain a vision moored on goals
that encompass concern with all stakeholders, and acts as a mentor or role model (Torpman,
2004) to followers’ moral development, leading to higher degree of ethical CSR throughout
the organization.

### Table II

<table>
<thead>
<tr>
<th>CSR dimensions/brand</th>
<th>Transformational leadership</th>
<th>Transactional leadership</th>
<th>F</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical CSR</td>
<td>5.74 (0.99)</td>
<td>5.41 (1.02)</td>
<td>6.10</td>
<td>0.00</td>
</tr>
<tr>
<td>Legal CSR</td>
<td>4.58 (1.04)</td>
<td>4.72 (0.82)</td>
<td>5.19</td>
<td>0.03</td>
</tr>
<tr>
<td>Economic CSR</td>
<td>5.65 (0.94)</td>
<td>5.93 (1.01)</td>
<td>4.14</td>
<td>0.04</td>
</tr>
<tr>
<td>Brand equity</td>
<td>4.79 (0.87)</td>
<td>4.42 (0.85)</td>
<td>10.89</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Notes:** The mean scores are displayed for CSR dimensions and brand equity; Standard deviations are displayed in brackets.

### Table III

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description of path</th>
<th>Path coefficient</th>
<th>Z statistics</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>Transactional/transformational → Ethical CSR</td>
<td>0.127</td>
<td>2.58***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>Transactional/transformational → Legal CSR</td>
<td>0.195</td>
<td>2.47**</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>Transactional/transformational → Economic CSR</td>
<td>0.132</td>
<td>2.37***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Transactional/transformational → Brand equity</td>
<td>0.121</td>
<td>3.76***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3a</td>
<td>Ethical CSR → Brand equity</td>
<td>0.217</td>
<td>2.42**</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b</td>
<td>Legal CSR → Brand equity</td>
<td>0.032</td>
<td>0.31</td>
<td>Not supported</td>
</tr>
<tr>
<td>H3c</td>
<td>Economic CSR → Brand equity</td>
<td>0.165</td>
<td>1.49</td>
<td>Not supported</td>
</tr>
</tbody>
</table>

**Notes:** *\( p < 0.10 \); **\( p < 0.05 \); ***\( p < 0.01 \)
Transformational leadership was also found to be positively associated with brand equity ($p < 0.01$). Market information plays a mediating role in this relationship. Market information is crucial to developing a distinctive brand image (O’cass and Ngo, 2007). Through interactions between customers and product/service providers, relevant customer-specific information can be resorted to for providing more value-delivering messages that enhance customers’ recognition and recall of the brand (Bowen et al., 1990). Companies with meaningful brand images are characterized as having brand decision-makers who continuously update market information so as to evade brand erosion (Jurg et al., 2008). Transformational leadership which goes beyond routines within the organization towards the flow of market information to understand the extent to which customers are cognitive of as well as loyal to the brand, then make changes from within to increase brand equity.

Hypothesis $H3a$ which presumed that ethical CSR would be associated with higher brand equity is attested as denoted by the positive and significant coefficient between ethical CSR and brand equity ($0.217; p < 0.05$). As a customer’s subjective and intangible appraisal of the brand over and above its value, brand equity is impacted by brand awareness, attitude toward the brand, and corporate ethics (Kumar and George, 2007). In Fan’s (2005) view, ethics forms the foundation of brand equity. Moreover, since customer perception of brand ethics is one of the key drivers of brand equity (Leone et al., 2006), ethical CSR as an approach to brand ethics will contribute to the development of brand equity. An ethical brand augments the company’s reputation, and such a reputation reinforces the brand in turn (Fan, 2005).

Hypothesis $H3b$ was confirmed due to no clear link encountered between legal CSR and high brand equity. The data from the ANOVA and the structural equation model indicate that transactional leadership is more correlated with legal CSR than transformational leadership is, which substantiates hypothesis $H1b$.

Hypothesis $H1c$ which posits the correspondence between transactional leadership and economic CSR type is supported by the findings (see Table III). The divergence between transactional leadership and transformational leadership in relation to economic CSR is significant.

As a form of leader-member exchange, transactional leadership is more likely to cultivate economic CSR and legal CSR, which involve the organization and organizational members in maximizing profitability as well as observing legal framework (Carroll, 1979) in exchange for their existence.

Likewise, a positive but insignificant difference between economic CSR and brand equity as shown in Table III confirms hypothesis $H3c$ which assumed that economic CSR would be associated with lower brand equity.

5. Concluding remarks

The hypothesized framework displayed in Figure 3 was passably supported by the findings. Transactional leadership, within expectation, is associated with legal CSR and economic CSR. On the other hand, transformational leadership cultivates ethical CSR, which in turn positively impact brand equity. A direct relationship between transformational leadership and brand equity is discerned as well.

Even though hospital leaders keep discussing the need to capture patients’ experiences, the literature has scarcely provided any guidance on the “how to’s” of hospital brand development. By studying the framework presented herein, hospital leaders will be aware that they attain brand equity from patients whose experiential needs have been matched and they should consider changing their leadership styles to synergize with the CSR, or initiate changes to the CSR itself. In other words, hospital leaders must self-train or be trained to be transformational leaders as Barling et al. (1996) and Bass and Avolio (1997) suggest that it is potential to train transformational leadership dimensions. Hospitals that implement ethical CSR initiatives such as charity check-up, charity surgery, and health programs for pupils, will be placed in a competitive position in the marketplace and thus be able to build a successful and differentiated brand equity.
The findings also suggest that leaders, in building brand equity, need to discern the distinction between business and social competencies as Marcus and Anderson (2006) highlight. Ethical CSR is one of social competencies a firm should build to reinforce the components of the brand equity in order to elevate customers’ loyalty to the brand above other brands.

Transformational leadership cultivates ethical CSR and high brand equity. Furthermore, with its vision and strategy orientation, transformational leadership does not encourage the firm to be socially responsible with no regard to how such activities influence the bottom line (Husted and De Jesus Salazar, 2006) or act in a socially responsible manner merely once they are coerced by regulation (and other factors) to do so (Husted and De Jesus Salazar, 2006). Transformational leadership, on the contrary, engages the firm in the strategic use of CSR. Stated another way, ethical CSR transformational leaders nurture should be strategic CSR relating to corporate and business-level strategies. Husted and De Jesus Salazar (2006) demonstrate that both society and firms are better off when firms use CSR strategically than when they are compelled into making such investments.

The findings from empirical questionnaire survey, nonetheless, must be further tested due to such limitations of the current research as its cross-sectional nature and the use of perceptual measures. Another limitation is that the causal direction of the relationships among the variables has been partially established. By controlling the impact of past performance on the perceptions of CSR and leadership style, the study can argue that CSR and leadership have an effect on brand equity. One though has to acknowledge that the question of causality can be more thoroughly addressed by longitudinal research designs in which all the variables are measured at different points in time (Wilderom et al., 2000).

This research paves avenues for further research. The research, conducted among Vietnamese patients, may be subject to cultural influence (Harris and Dibben, 1999) and thus the study of the linkages among CSR, leadership, and brand equity in other countries and cultures is a conspicuous future direction. Since CSR and corporate governance reflect a company’s commitment to its stakeholders and the nature of its interactions with the community at large (Jamali et al., 2008), CSR may have an impact on corporate governance. Interests of external stakeholders such as customers, suppliers, and the community, as well as organization’s and organizational members’ responsibility for environmental defense are aspects which both CSR and balanced performance measurement aim at, so the linkage between these two constructs should be investigated in another research. CSR’s influence on marketing effectiveness can also be examined as Brown and Dacin (1997) found CSR associations may have diverse impacts on customer responses to products.

References


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