

Corporate social responsibility, brand asset value and firm value

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Abstract

We examine whether corporate social responsibility (CSR) affects firm value through its positive effect on brand asset value. Using a proprietary database of brand asset value, we find that visible CSR, such as environmental and community involvement, is positively related to brand asset value, particularly for standardized goods. Furthermore, we find that CSR indirectly increases firm value, through an increase in brand asset value. This result is most pronounced during periods of slow growth. In our analysis, the direct impact of CSR on firm value is not significant. We conclude that brand asset value is a channel through which CSR creates firm value.