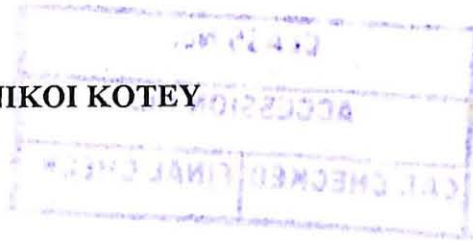


GHANA INSTITUTE OF JOURNALISM (GIJ)

**CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMER LOYALTY: A CASE OF
MTN GHANA.**

BY

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DECLARATION

I hereby declare that this is an original work done by me under the direct supervision of my supervisor. Other authors' works that have been quoted or extracted into this thesis have been duly acknowledged. Neither this dissertation nor any part thereof has been presented or sent to any other institution for any award. All references used in it have been fully acknowledged.

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DEDICATION

This dissertation is dedicated to all who contributed immensely to the success of my academic pursuit.

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TABLE OF CONTENTS

<u>Content</u>	<u>Page</u>
STUDENT'S DECLARATION.....	ii
SUPERVISOR'S CERTIFICATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT.....	iv
ABSTRACT	viii
CHAPTER ONE (INTRODUCTION)	1
1.0 Background to the study	1-4
1.1 Statement of the Problem	4
1.2 Purpose and Objectives of the study... ..	5
1.3 Research questions	5
1.4 Significance of the study.....	5
1.5 Scope/delimitation and limitations of the study.....	6
1.6 Organisation of the Study	6
CHAPTER TWO (LITERATURE REVIEW)	7
2.1 Introduction	7
2.2 THEORETICAL FRAMEWORK	7
2.2.1 Social Responsibility Theory.....	7-10
2.2.2 Rational Choice Theory.....	11-14
2.2.3 Relevance of Theories to the Study	14

2.3 Conceptual framework	14
2.4 DEFINITION OF CONCEPTS	15
2.4.1 Corporate Social Responsibility	15-17
2.4.2 Customer Loyalty	18-19
2.5 RELATED LITERATURE.....	19
2.5.1 Benefits of CSR to an Organisation	19-22
2.5.2 Corporate Social Responsibility Activities.....	22-25
2.5.3 Debates on Corporate Social Responsibility.....	25-33
2.6 Customer Loyalty Measures.....	33-34
2.7 The Antecedents of Customer Loyalty.....	34-40
2.8 Interconnectedness of the Antecedents.....	40-41
2.9 Corporate Social Responsibility and Customer Loyalty.....	41-42
2.10 CSR and Customer Loyalty in the Telecom Sector.....	42-45
2.11 MTN Ghana and the MTN Foundation	45-46
2.12 Conclusion	46
CHAPTER THREE (METHODOLOGY)	47
3.1 Introduction	47
3.2 Research Design	47-48
3.3 Participants and sampling	48-49
3.4 Sources of data, data collection instrument used and procedures.....	49-50
3.5 Data treatment, presentation and analysis.....	50-51
3.6 Sequence of research activities.....	51-52
3.7 Ethical issues	52-53

3.8 Problems Encountered.....	53
CHAPTER FOUR (PRESENTATION AND ANALYSIS OF QUALITATIVE DATA)...	54
4.1 Introduction	54
4.2 Demographics of Participants	54
4.3 DATA PRESENTATION AND ANALYSIS..	55
4.3.1 Objective 1: Customers’ continuous patronage of MTN’s services because of CSR....	55-56
4.3.2 Objective 2: Customers’ loyalty to MTN regardless of Service Level Problems.....	56-60
CHAPTER FIVE (SUMMARY, CONCLUSION AND RECOMMENDATIONS).....	61
5.1 Introduction	61
5.2 Summary of Findings	61-63
5.3 Conclusion	66-64
5.4 Recommendations	64
BIBLIOGRAPHY.....	65-70
APPENDICES	71
Interview guide	71-72
Transcribed Interview Responses.....	73-83

ABSTRACT

This research work focuses on Corporate Social Responsibility (CSR) as a Public Relations intervention, and its role in enhancing Customer Loyalty. It sought to find out if customers stay with MTN because of Corporate Social Responsibility Initiatives and to determine if Customers stay loyal to MTN regardless of Service Level problems. The study used face-to-face semi-structured interviews to collect data from a sample selected purposively and conveniently. Participants showed generic knowledge and understanding of Corporate Social Responsibility (CSR) as developmental projects undertaken by corporate organisation. Participants attributed their choice of MTN over other telecommunications companies to wide network coverage, and reasonable service charges, in relation to phone calls and internet service. With regards to loyalty decisions, more claimed they will patronise MTN and use its services in the future, but not because of their CSR activity. The interview indicates that participants are interested in getting value for the monies they expend on the products of MTN, or some kind of satisfactory quality of service, hence their decision on brand patronage due to great service quality. This study revealed that in as much as CSR somewhat courts an amount of customer loyalty, most customers show loyalty based on quality of service in terms of accessibility, costs, proximity, speed and effectiveness et cetera. Customers expect to have value for their monies. There is the need for a large population study for quantitative data on this important issue of CSR and Customer Loyalty. Also, service quality should be a priority for enhancing customer loyalty. CSR activities aimed at individuals, with notable benefits that these individuals can solidly lay claim to, should be captured in the general CSR plan of corporate organisations like MTN.

CHAPTER ONE

INTRODUCTION

1.0 Background to the study

The significance of Corporate Social Responsibility (CSR) is guided by reciprocity between organisations and their publics in an attempt to build mutual understanding and goodwill between both entities. Customer loyalty is “the strength of a customer’s dispositional attachment to a brand (or service) and his/her intent to rebuy the brand (or repatronise the service) in the future” (Pan et al., 2011:151). Customer Loyalty is considered a vital objective for a firm’s survival and growth, and so building a loyal customer base has not only become a major marketing goal, but it is also an important basis for developing a sustainable competitive advantage (Dick and Basu, 1994).

By creating and maintaining customer loyalty, a company develops a long-term, mutually beneficial relationship with its customers (Pan et al., 2011). Primary antecedents of customer loyalty are customer satisfaction, customer trust and product performance. Additional factors that influence customer loyalty are the perceived product/service value, perceived customer benefits, customer personal sacrifice and customer personal situation (Blackwell, 1999). “Customer loyalty is winning the confidence of the customer in favour of an organisation so that the relationship becomes a win-win situation for both the organisation as well as the customer” Bagdonienė and Jakštaitė (2007:52).

The customer’s loyalty is termed as customer commitment to do business with a particular organisation, purchasing their goods or/and services repeatedly and recommending the products

and services to friends, acquaintances and associates (Turner & Wilson, 2006). But Reichheld (2003) highlights that loyalty is more than just repeat purchase. Someone who keeps buying may be doing so out of inertia, indifference or exit barriers rather than loyalty. Hallowell (1996) stresses, that customer loyalty has evidence not only as behaviour but also as attitude. The latter as a certain belief and feeling stimulates to react in a certain way towards things, people and events; and determines attachment to goods, service or organisation. A richer understanding of the attitudinal component of loyalty is crucial, as it has been shown to be linked to future usage, enhanced word-of-mouth recommendations, and ultimately to customer profitability (Wirtz et al., 2007).

Early discussions on CSR have been concerned with how companies affect the society (Backman, 1975; Dawkins, 2004; McGuire, 1963; Perrini, 2005; Teach, 2005), and CSR has been seen as a voluntary commitment to give something back to societies. However, when it comes to what constitutes CSR there is no agreement either because different authors have different views. For example, views on what constitutes CSR range from “profits for stockholders, high quality products for consumers, reasonable pay, benefits, and good working conditions for employees, a consistent market for suppliers who are paid promptly for their products, and investment in the local communities where the corporation operate” Bowie (2012:8).

CSR is being used today to establish good rapport with the public. Corporations today are much conscious to publish their CSR activities on their websites, sustainability reports and their advertising campaigns in order to get the sympathy and emotional attachment of the customer.

CSR is also practiced because customers as well as governments today look forward to more ethical behaviours from organisations. In response, a lot of corporations are volunteering themselves to incorporate CSR in their business strategies, mission statement and values in multiple domains, respecting labour and environmental laws, while taking care of the contradictory interest of various stakeholders (Kashyap et al., 2006). Another justification in favour of CSR actions by leading corporations today is to gain competitive advantage which may not be enjoyed by peer corporations. CSR actions in this respect also help corporations to attract, retain not only customers but motivated employees as well which in turn ensure long-term survival of the corporation. Berger and Drumwright (1996) indicate that companies with sound CSR actions develop positive social identity and enjoy increased loyalty from both customers and employees.

Customer awareness of CSR activities of a company or brand has also shown to influence purchase intentions, and purchase intentions has shown to influence customer retention and loyalty (Ali et al., 2010). So far, the effect of CSR on customer loyalty has been shown through moderating and mediating effects via competitive positioning, brand identification and brand advocacy (Du et al., 2007). CSR is expected to enhance loyalty (Pirsch et al., 2007). However, Bhattacharyna & Sen (2004:19) argue that “loyalty is an outcome of the consumer-company identification concept”. It is important to consider that loyalty through consumer-company identification is influenced by personal support of the CSR issue. Therefore, it is supposed that only CSR initiatives that match the target consumers’ personal support can trigger consumer-company identification and with that increase loyal behaviour. Issues concerning CSR and Customer Loyalty which require systematic enquiry come to the fore. Consequently, my interest

in addressing these issues has turned my attention to MTN where there was the need to investigate through empirical research, if Corporate Social Responsibility influences Customer Loyalty at all.

1.1 Statement of the Problem

With the rising adoption of corporate philanthropic activities by business practitioners, academics are paying increasing attention to corporate philanthropy (Brammer & Millington, 2005). However, over the past couple of decades, studies on CSR have focused on economic impact among several varying subjects. There has also been some debate over the relationship between corporate philanthropic activities and corporate performance (Godfrey, 2005).

In particular, scholars have focused on the substantial or empirical effect of corporate philanthropic activities on corporate performance in terms of corporate reputation. For instance, Williams & Barrett (2000), examining the influence of corporate philanthropic activities on corporate reputation, found that corporate philanthropy significantly enhanced corporate reputation. Numerous studies with varied results have been conducted on CSR and Brand Loyalty. Only a moderately handful of studies (example, Cone 1997; Chun and Bang, 1996) show how consumers are prepared to switch to brands that seem concerned about the community, to establish how CSR enhances customer loyalty. However the causal relationship has not been clearly spelt out. This study sought to find out what causal relationship there is between MTN's CSR Initiatives and the Loyalty of its Customers to the business. Even though the ultimate goal of any firm or business is to maximize profit, customer loyalty contributes to the attainment of this goal.

1.2 Purpose and Objectives of the study

The purpose of the study was to discover the relationship between Corporate Social Responsibility and Customer Loyalty at MTN Ghana. Specifically, the study has the following objectives:

1. The study is set to find out if customers stay with MTN because of Corporate Social Responsibility Initiatives.
2. It is to determine if Customers stay loyal to MTN regardless of Service Level problems.

1.3 Research questions

On the basis of the objectives set above the following research questions were formulated to guide the study;

1. Do customers (individuals) stay loyal to MTN because of CSR initiatives?
2. Would customers (individuals) stay loyal to MTN irrespective of service problems?

1.4 Significance of the study

The study was significant in the following ways;

The output of this study would contribute empirical data to the body of knowledge regarding CSR in corporate organisations. It is hoped that the findings of this study would provide the organisation as well as stakeholders with necessary information, and deepen their knowledge in the field of Corporate Social Responsibility.

1.5 Scope/delimitation and limitations of the study

The study would be confined to the Obeyeyie community in the Ga West Municipality, which quite recently benefitted from one of MTN's CSR campaigns. It is a case study on MTN Ghana and would therefore not cover other mobile telecommunication companies. The research work was specific and can therefore not be generalized to other telecommunications companies. The findings of the study would therefore be limited to the organisation to be studied. The main limitations of this study included financial resources constraints, access to data and time constraints.

1.6 Organisation of the Study

The final report of the study has been organised into five chapters. Chapter one was the introduction made up of the background of the study, statement of the problem, objectives of the study, significance of the study, scope and limitation of the study, and organisation of the report of the study. Chapter two contained a review of available relevant literature on some aspects of corporate social responsibility and customer loyalty.

Chapter three consisted of description of the methodology used. The description covered the research design, research participants and sampling, sources of data, data collection used and procedures, data treatment, presentation and analysis, sequence of research activities, ethical issues and problems encountered. Chapter four was made up of the presentation and analysis of the primary data collected from the participants, and discussion of results. Chapter five comprised the summary of the study, conclusion and suggestions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focused on reviewing theories, concepts and related works on the research topic. Two theories; the Social Responsibility Theory and the Rational Choice Theory were discussed.

2.2 Theoretical Framework

Theories are essential for the researcher to contextualize and explain particular social or natural phenomenon. They serve as the anchor on which a research is secured. For purposes of this study, the Social Responsibility Theory and the Rational Choice Theory served as the theoretical basis.

2.2.1 Social Responsibility Theory

The theory is an outcome of Hutchins's Commission report (1947) on examining the press performance in the United States in view of growing sensationalism and commercial influence of the press. According to McQuail (2005:172), "the theory received its philosophical basis from the 1947 Commission". The Hutchins commissions report forms the basis of the social responsibility theory which contains several other theories, notable among them are; "the conservative model, moderate model and the radical model" Nerone J (1995:122). The radical model calls for transformation of the greater society itself. Instead of responsible media serving

an essentially individualistic, competitive public, they should be engaged in supporting and creating a communitarian public Nerone J (1995:123). Indeed, truly responsible media can exist only in the context of real communities' conceived of as not just based on geographical proximity or superficial interactions among individuals but as a shared creation of common life, culture, or identity (Christians, Ferre, and Faclder, 1993).

The title corporate social responsibility has two meanings. First, it's a general name for any theory of the corporation that emphasizes both the responsibility to make money and the responsibility to interact ethically with the surrounding community. Second, corporate social responsibility is also a specific conception of that responsibility to profit while playing a role in broader questions of community welfare. As a specific theory of the way corporations interact with the surrounding community and larger world, corporate social responsibility (CSR) is composed of four obligations:

1. The economic responsibility to make money: Required by simple economics, this obligation is the business version of the human survival instinct. Companies that don't make profits are—in a modern market economy—doomed to perish. Of course there are special cases. Non-profit organisations make money (from their own activities as well as through donations and grants), but pour it back into their work. Also, public/private hybrids can operate without turning a profit. In some cities, trash collection is handled by this kind of organisation, one that keeps the streets clean without (at least theoretically) making anyone rich. For the vast majority of operations, however, there has to be profits. Without them, there's no business and no business ethics (Brusseau, 2013).

2. The legal responsibility to adhere to rules and regulations: Like the previous, this responsibility is not controversial. What proponents of CSR argue, however, is that this obligation must be understood as a proactive duty. That is, laws aren't boundaries that enterprises skirt and cross over if the penalty is low; instead, responsible organisations accept the rules as a social good and make good faith efforts to obey not just the letter but also the spirit of the limits. In concrete terms, this is the difference between the driver who stays under the speed limit because he can't afford a traffic ticket, and one who obeys because society as a whole is served when we all agree to respect the signs and stoplights and limits. A CSR vision of business affirms that society's limits will be scrupulously obeyed.
3. The ethical responsibility to do what is right even when not required by the letter or spirit of the law: This is the theory's keystone obligation, and it depends on a coherent corporate culture that views the business itself as a citizen in society, with the kind of obligations that citizenship normally entails. It might not be the right thing to do in terms of pure profits, but from a perspective that values everyone's welfare as being valuable, the measure could be recommendable.
4. The philanthropic responsibility to contribute to society's projects even when they're independent of the particular business: A law firm may volunteer access to their offices for an afternoon every year so some local schoolchildren may take a field trip to discover what lawyers do all day. An industrial chemical company may take the lead in rehabilitating an empty lot into a park. None of these acts arise as obligations extending from the day-to-day operations of the business involved. They are not like the responsibility a chemical firm has for safe disposal of its waste. Instead, these public acts

of generosity represent a view that businesses, like everyone in the world, have some obligation to support the general welfare in ways determined by the needs of the surrounding community (Brusseau, 2013).

Taken in order from top to bottom, these four obligations are decreasingly pressing within the theory of corporate social responsibility. After satisfying the top responsibility, attention turns to the second and so on. At the extremes, the logic behind this ranking works easily. A law firm on the verge of going broke probably doesn't have the responsibility to open up for school visits, at least not if the tours interfere with the accumulation of billable hours and revenue. Obviously, if the firm does go broke and out of business, there won't be any school visits in any case, so faced with financial hardship, lawyers are clearly obligated to fulfil their economic obligations before philanthropic ones.

More difficult questions arise when the economic responsibility conflicts with the legal one. For example, to remain profitable, an industrial plant may need to dispose of waste and toxins in barrels that barely meet legally required strengths. Assuming those legal limits are insufficiently strict to guarantee the barrels' seal, the spirit of the law may seem violated. Corporate social responsibility means every business holds four kinds of obligations and should respond to them in order: first the economic, then the legal, next the ethical, and finally the philanthropic (Brusseau, 2013).

2.2.2 Rational Choice Theory

Rational Choice Theory was pioneered by sociologist George Homans, a contemporary of Talcott Parsons at Harvard University, who in 1961 laid the basic framework for exchange theory and developed a sociological model of rational choice theory based on a fusion of B. F. Skinner's behavioural psychology with Homans' own adaptation of economics. During the 1960s and 1970s, other theorists (Blau, Coleman, and Cook) extended and enlarged his framework and helped to develop a more formal model of rational choice. According to this theory, individuals are motivated by their personal wants and goals and are driven by personal desires. Since it is not possible for individuals to attain all of the various things they want, they must make choices related to both their goals and the means for attaining those goals. "In the end, rational individuals choose the course of action that is likely to give them the greatest satisfaction" Scott J (2000:3).

Rational choice theory tries to explain why people make decisions or take actions that have particular outcomes, how they do so and to predict the decisions they will make given certain circumstances, constraints or feasible options. It is not unique to sociology; in fact it has its intellectual roots in classical economics and political theory. But its application by sociologists is unique, because of the way sociologists use rational choice theory to not only explain the calculations of costs and benefits people make before they act, but also how these calculations are made in the context of social interactions and how they contribute to a stable social order. The concepts and terms of rational choice theory have developed into what is known as exchange theory.

Rational choice theory in sociology draws on the tradition of utilitarian philosophy, and insights from the field of economics. It focuses on the intentional, goal-oriented behaviour of individual actors. Social interaction, and the development of cultural systems and social structure, reflects the outcome of the purposive pursuit of individual self-interest. The methodological individualism of this theory clearly sets it apart from traditional sociological accounts. Recognising that other factors (cultural norms and values as well as the structure of the existing social context) also influence decision-making, Rational Choice Theory stipulates that individuals nonetheless employ a utilitarian strategy designed to insure their access to and control over desired resources (material and nonmaterial). It offers an explanation of how macro-level structures emerge from the micro-level, purposive activity of individuals. Akers (2000) noted that rational choice theory borrows the "expected utility principle" from economics, which states that people will order their behaviour according to rational decisions based on straightforward cost-benefit analyses. Over time, rational choice theory has been linked to or integrated with other sociological traditions, notably within the action frame of reference, network theory, and organisation theory (Levi, Cook, O'Brien & Faye, 1990).

The key to understanding rational choice theory then, is the assumption that when people make decisions, and act on those decisions, they do so in their own self-interest. That does not necessarily mean that people are selfish, but that they rationally calculate the best possible course of action in terms of what it will cost them and the rewards they will reap. Also key to understanding rational choice theory is the emphasis on rational action and rationality, and characteristics of modernity. For Max Weber, for example, rationality is the key characteristic of the modern age and it pervades all aspects of social life. Rationality is most apparent in

bureaucratic forms of organisation, in which "rules, means, ends, and matter-of-factness dominate its bearing" (Gerth & Mills, 1991:235).

Rationality for Weber is an attitude or sensibility associated with a particular kind of decision-making. Indeed, rationality so pervades social and economic life in ways that are difficult to avoid or challenge: it becomes an "iron cage." Moreover, rationalisation marks the progression of modern industrial societies for Weber, as does rational goal-oriented action. Thus, for Weber, it is not only the behaviour of individuals that can be explained by rational choice theory but also the development and characteristics of modern capitalist society. As such, rational choice theory has developed as a model of human behaviour that assumes people are motivated by money and the possibility of making a profit (Scott, 2000:128). Thus, though decisions and actions may be rationally calculated to maximize benefits, such decisions and actions require a degree of reciprocity, or social exchange. Sociologists have found that resources such as time, prestige, and approval are social rewards that motivate people to act in particular ways.

He argued that social interaction produces benefits and costs (e.g. goods, money, praise, approval, esteem) and people will act rationally to obtain them. When individuals act (make choices), they calculate the cost to them in material and emotional terms of providing benefits for others. They also calculate the profits from the benefits they receive. "In making so-called rational choices, people don't want to feel they are disadvantaged or that their actions will incur disapproval. In other words, they look for an element of distributive justice as an outcome of their rational choice" Waters (1994:92). The benefits received by an individual depend on the

benefits the individual provides to others. There is a process of exchange between individuals in which benefits are traded on the basis of the information that people have.

2.2.3 Relevance of Theories to the Study

Social Responsibility theory was relevant to this study, as it clearly spelt out the areas of responsibility expected of corporate organisations. The Rational Choice theory was appropriate for my research work because it posits an individualized approach to explaining decision-making and action, which was directly related to a customer's loyalty to a service provider or brand.

2.3 Conceptual framework

Corporate social responsibility is important in building a competitive advantage, making long run profits and improving companies' relationships with customers. Many definitions of CSR have been proposed since the 1970s. Even so, consensus on the multidimensionality of the concept emerges (Swaen and Chumpitaz, 2008). The most referenced typology (Carroll, 1979) distinguishes four different nature of responsibility: economic, legal, ethic and philanthropic (Carroll, 1979). We argue that consumers' perceptions of CSR policy lead to loyalty (Stanaland, 2011; Lombart and Louis, 2014). Loyalty usually is conceptualized as attitudinal or behavioural (Dick and Basu, 1994), though more differentiated approaches also distinguish among cognitive, affective, conative, and action loyalty (Oliver, 1999).

2.4 Definition of Concepts

2.4.1 Corporate Social Responsibility: The World Bank defines CSR as the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and society to improve their quality of life, in ways that are both good for business and good for development (Carroll & Shabana, 2010). Kotler and Lee (2005) defined CSR as a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources. CSR activities are broadly conceptualized as the company's status and activities with respect to its perceived societal obligations (Brown & Dacin, 1997; Sen & Bhattacharya, 2001). The European Commission (2011) defines CSR as the responsibility of enterprises for their impacts on society. More specifically, the responsibility of corporations includes the integration of social, environmental and ethical issues as well as human rights and consumer concerns, into their business operations and core strategy in close collaboration with their stakeholders (European Commission, 2011).

In research literature, CSR is defined as “a business organisation's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships” Wood (1991:693). Thus, CSR is supposed to provide benefits for all stakeholder groups. Consequently, stakeholders in their turn might develop positive behaviour towards the company, which can then result in benefits for the company. Critics, such as the influential American economist Milton Friedman, argue that CSR distracts the firm from playing its economic role in business and that firms do not have any responsibility towards society as a whole. Furthermore, these critics state that the overall improvements in health, longevity and wealth in society are due to economic growth attributed to the free market. In their opinion, the free market in that sense contributes to society by realising

this prosperity and therefore does not have any other obligations in that matter. However, on the other side of the spectrum the free market is viewed as inhibiting human freedom (e.g. through child labour) and as the root cause of economic and cultural imperialism in many developing countries.

CSR is also seen as a way to attempt to be one step ahead of governmental interference, in order to avoid any kind of legislative restrictions or reprimands. Additionally, CSR is regarded as being used merely as a marketing tool, which introduces concerns about hypocrisy. As with many ethical issues, a great amount of organisations operate in the broad space in between these extremes, and the topic remains subject to continuous discussion (Friedman, 1970). In the words of Campbell (2006), CSR sets a minimum behavioural standard that aims at doing no harm to stakeholders and if it has happened then rectifies it as soon as it is identified". Consumers evaluate companies as well as products in terms of CSR, whereby negative CSR associations are more influential and have a more detrimental effect than positive ones. However, positive associations do boost company and product evaluations (Biehal & Sheinin, 2007). The influence of CSR on consumers' purchase intentions is more complex than previously thought, in that CSR can affect purchase intentions directly or indirectly.

CSR has several functions and the activities can range from a strict stakeholder focus to charity and volunteering efforts. From the firm's perspective, CSR activities are primarily divided into three categories; value creation, risk management and corporate philanthropy (Bhattacharya et al., 2011). CSR functions as a self-regulated part of a business model that is recognized by the International Organisation for Standardisation (ISO) and was published in ISO 26000 in 2010.

Today, CSR is an important part of many corporations' mission statement and serves as a guide to what the firm stands for and how it aims to fulfil these aspirations. CSR is regarded as an essential part of their business perspective on a strategic level. CSR policies are considered to be crucial for ensuring long-term success and profits. Reducing risks and inefficiencies while increasing potential benefits (such as improved brand reputation, employee commitment et cetera) are seen as the major drivers of these corporate advantages (Bhattacharya et al., 2011). One of the most important stakeholder groups is the consumer, and as Creyer and Ross (1997) confirmed; customers do indeed expect socially responsible behaviour from companies. More interestingly, customers are willing to reward this behaviour. It is no surprise that a steadily growing group of consumers pro-actively look for companies with 'sustainable' products and production methods. This new type of consumer is subject to an increasing amount of research by social and economic scientists, and characterized as 'sophisticated' and 'environmentally and socially conscious' (Forster, 2007).

A well-established research body that focuses on this new consumer is LOHAS (Lifestyle of Health and Sustainability), which studies the behaviour of the socially conscious consumer worldwide. LOHAS studies show an increase in the number of consumers steering away from brands whose values they do not agree with, which shows that consumers are no longer simply interested in the product, but look beyond the product to its producer, and what the producer is doing to be a better corporate citizen. This shift in consumer attitude changes how companies have to manage their behaviour and what it communicates to its customers and potential customers. Hereby, consumers are able to exert more influence on companies, a phenomenon also referred to as 'voting with dollars'.

2.4.2 Customer Loyalty: As customer loyalty is considered a vital objective for a firm's survival and growth, building a loyal customer base has not only become a major marketing goal (Mandhachitara & Poolthong, 2011), but it is also an important basis for developing a sustainable competitive advantage (Dick and Basu, 1994). Understanding loyalty cultivation or retention is thus considered to be a key element in delivering long-term corporate profitability (Bartol & Martin, 1994; Chiou & Droge, 2006) as profits can be increased over the lifetime of a customer through his/her retention (Lemon et al, 2002).

It is a well-known fact that for companies, the costs of retaining existing customers are much lower than those of attracting new ones. Customer retention and loyalty are thus key issues on the management's agenda. By creating and maintaining customer loyalty, a company develops a long-term, mutually beneficial relationship with its customers (Pan et al., 2011). Loyalty is more than just a matter of repeated purchases; it is about the personal belief the customer holds about a brand or product (Oliver, 1999). In other literature, customer loyalty is defined as "the strength of a customer's dispositional attachment to a brand (or service) and his/her intent to rebuy the brand (or repatronise the service) in the future" Pan et al. (2011:151).

Prior research has demonstrated that CSR has an important impact on consumers' attitudes, purchase intentions, consumer-company identification, loyalty, and satisfaction. Initial studies indicate that consumers take a firm's commitment to CSR initiatives into account when evaluating companies and their products (Oberseder et al, 2013). It is widely agreed that customer satisfaction leads to customer retention (Anderson & Sullivan, 1993), purchase intentions (Anderson & Mittal, 2000) and word-of-mouth (Anderson, 1998). Thus, it is expected that CSR and customer satisfaction are positively related to customer loyalty.

Different views on the concept of customer loyalty exist and have resulted in a segmented accumulation of research embodied in behavioural theory literature. A distinction is primarily made between behavioural and emotional loyalty of customers towards a brand. The difference is based on whether or not the consumer has an intrinsic motivation for his or her loyalty; the presence or absence of an emotional relationship with the brand (Chaffey et al., 2009). Customer awareness of CSR activities of a company or brand has also shown to influence purchase intentions, and purchase intentions has shown to influence customer retention and loyalty (Ali et al., 2010). So far, the effect of CSR on customer loyalty has been shown through moderating and mediating effects via competitive positioning, brand identification and brand advocacy (Du et al., 2007). Corporate Social Responsibility is expected to enhance loyalty (Pirsch et al., 2007). However, Bhattacharyna & Sen (2004) argue that “loyalty is an outcome of the consumer-company identification concept” (2004:19). It is important to consider that loyalty through consumer company identification is influenced by personal support of the CSR issue. Therefore, it is supposed that only CSR initiatives that match the target consumers’ personal support can trigger consumer-company identification and with that increase loyal behaviour.

2.5 Related Literature

2.5.1 Benefits of CSR to an Organisation

The resource-based view suggests further that an organisation can gain and sustain competitive advantage by developing valuable resources and capabilities that are relatively inelastic in supply (Ray, Barney, and Muhanna, 2004). Hart (1995) argues that for certain types of firms, environmental social responsibility can constitute a resource or capability that leads to a

sustained competitive advantage. The social performance of firms, especially environmental performance can be a source of competitive advantage particularly in the same industry (Russo and Fouts, 1997).

These resources need to be strategically deployed to allow a firm to stand clear of competition overtime. Engaging in CSR can help firms to create some of these resources and capabilities that promote a progressive creation of a unique reputation for the organisation in the minds of all categories of stakeholders. These types of socially-based resources that can give an organisation a competitive advantage could be categorized in a similar way to the relationships an organisation might hold with its stakeholders. These resources are particularly valuable due to the degree of sustainability of a firm's competitive advantage (Barney, 1991).

Extant literature suggests that a corporation's socially responsible behaviour can positively affect consumers' perceptions and attitudes toward the corporation. For example, Lichtenstein and Drumwright (2004) provide evidence suggesting CSR affects not only customer purchase behaviour through customer-corporate identification, but also customer donations to corporate-supported non-profit organisations. Luan and Ailawadi's (2011) study of four dimensions of CSR performance – environmental friendliness, treating employees fairly, community support, and sourcing from local growers and suppliers found a positive influence of all dimensions of CSR on consumers' attitudes toward a retailer. However consumers seem to modify their purchase behaviour only when the CSR domain directly affects their actual experience with the company or brand. While broad initiatives like environmental friendliness and community support build only goodwill, only actions related directly to the products and people that consumers face bring both goodwill and a higher share of the wallet from consumers.

In addition, meaningful CSR efforts can result in improved reputation, enhanced corporate image, motivated employees, as well as promote customer loyalty (Lii and Lee, 2012). A stronger customer loyalty could increase levels of repeat purchasing (Senthikumar, Ananth, and Arulraj, 2011). Also, Mandhachitara and Poolthong's (2011) study demonstrates that CSR has a significantly strong and positive association with attitudinal loyalty; however, perceived service quality mediated the relationship between CSR and behavioural loyalty, especially repeat patronage intentions. The development and sustainability of customer relationships becomes increasingly important in the telecommunications industry, principally because of the homogeneity of service offerings. Due to the lack of significant differentiation, customers are willing to switch between service providers for any reason. However, "the success of a brand in the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand" Jacoby and Chestnut (1978:1).

Intellectuals have become concerned with identifying the various benefits of Corporate Social Responsibility (CSR), in both good and bad economic times. On the one hand, CSR was believed to be an undeniable priority, an opportunity and also a competitive advantage for businesses around the world (Porter and Kramer, 2006). On the other hand, CSR seemed to be able to shelter organisations from public criticism, as seen in the crises faced by multinational corporations such as Nike (sweatshop and child labour), Shell (Brent Spar), and Nestle (bottled water) in the 1990s, which brought to management's attention public expectations for the companies to operate their business in a socially responsible way (Porter and Kramer, 2006).

Initial interest in CSR was strengthened by research on corporate views towards CSR, in which 93.5% of corporations researched by Bowen (1953) in the 1950s agreed with the notion that corporations should have responsibilities on top of an organisation's profit-and-loss (Bowen,

1953; Carroll, 1999). Some scholars combined previous views and proposed that CSR is viable in business because it helps reduce cost and risk, strengthen legitimacy and reputation, build competitive advantage, and also create win-win situations by creating value and synergy (Hart, 1995; Lindgreen and Swaen, 2010; Shrivastava, 1995). A study of US-based firms' financial performances from 1991-2012 revealed that positive CSR ratings were associated with reduced financial risk (Hsu and Chen, 2015). Many organisations from different industries, including Toyota, Microsoft, IKEA, Carlsberg, BMW, Colgate-Palmolive, and SONY, believed that CSR could improve their brand image and reputation, and also financial performance (Isaksson et al., 2014). Empirical data echoed that consumers expect ethical business practices, and will reward corporations by greater willingness to pay a higher price (Creyer and Ross, 1997).

2.5.2 Corporate Social Responsibility Activities

The goal of corporate social responsibility (CSR) is to take responsibility for all the company's actions and to have a positive impact on its environment, communities, employees, consumers and all other stakeholders (Freeman et al., 2010). Multinational corporations first introduced the term stakeholder in the late 1960's. Stakeholders were described as those who were in any way affected by the corporations' activities. Soon thereafter, the term "corporate social responsibility" came into common use. The goal of corporate social responsibility (CSR) is to take responsibility for all the company's actions and to have a positive impact on its environment, communities, employees, consumers and all other stakeholders (Freeman et al., 2010).

The concept of CSR has developed to entail various aspects and areas. Hence, CSR activities can take a wide range of different forms. The Danish Commerce and Companies Agency (2005) divide the types of CSR activities into seven main clusters: leadership, vision & value, marketplace activities, workforce activities, supply chain activities, stakeholder engagement, community activities and environmental activities.

Leadership, vision and value: A practical activity belonging to this cluster is the incorporation of CSR into the enterprise's purpose, vision and values through formulation of policies and procedures, e.g. establishment of a Code of Conduct. Other activities would be to integrate CSR into the strategy, corporate governance and management systems of the enterprise and to empower employees to act in accordance with the defined purpose, values, vision, policies and procedures (Freeman et al., 2010).

Marketplace activities: This cluster relates to issues being of relevance to customers. Examples of activities like these are to avoid misleading or offensive marketing, to take customer feedback and complaints into consideration, ensure product/service safety throughout the whole product life cycle, incorporate CSR into product innovation and to use CSR product labelling in order to market specific social or environmental attributes of the products/services (e.g. Fairtrade labelling). Pursuing ethical competition is also an activity belonging to this cluster. This activity entails for example fair price setting and the avoidance of aggressive sales practices (Freeman et al., 2010).

Workforce activities: This cluster embraces fair treatment of employees. It includes activities such as ensuring that employees have the opportunity to raise issues regarding working conditions and how they are treated and that they are allowed to anonymously report on ethical

concerns about breaches in enterprise policy, bullying or harassment. The cluster also entails employee training and development and fair remuneration (Freeman et al., 2010).

Supply chain activities: The aim of these types of activities is to encourage the collaboration with suppliers and ensure that suppliers are following the same CSR standards and principles, in order to achieve social and environmental performance throughout the entire supply chain. Activities involve screening suppliers for compliance with social and environmental standards and to monitor and improve the social as well as the environmental performance of suppliers (Freeman et al., 2010).

Stakeholder engagement: This cluster includes the identification and prioritisation of key stakeholders and their main concerns. In order to explore and understand these concerns enterprises can engage in local community liaison or conduct focus groups with stakeholders. They can also participate in public policy debates to engage politicians while observing responsible lobbying considerations or collaborate with public authorities (both government departments and local councils) in order to address societal needs. This cluster is also about transparent reporting and communications with stakeholders. This can be achieved through establishment of appropriate communication and reporting channels, e.g. formal reporting, informal feedback or website communication (Freeman et al., 2010).

Community activities: These activities are also referred to as Corporate Community Investments (CCI), which means promoting the health and wellbeing of the local community in which the enterprise operates. Examples of practical activities could be to support charity or community organisations, engage in partnerships for social investment, to donate to worthy causes or to sponsor events, arts or sports clubs (Freeman et al., 2010).

Environmental activities: This cluster involves integrating the environmental concerns into strategy, risk management and compliance control systems through to policy, operational performance and reporting. Today, corporations have more frequently adopted green technologies and renewable energy. Pollution and waste management through treatment of emissions, re-engineering processes as well as reusing and recycling materials are other types of activities included in the seventh cluster (Freeman et al., 2010).

2.5.3 Debates on Corporate Social Responsibility

Arguments on corporate social responsibility (CSR), from two sides of the debate are stakeholder theory and shareholder theory. Advocates of stakeholder theory support provision for the unrestricted expectations of society. On the other hand, advocates of shareholder theory hold that businesses should obey the law and maximize shareholder wealth. The field of CSR has grown exponentially in recent years. Nevertheless, there remains an unsolved, long running debate about the legitimacy and value of corporate responses to CSR concerns (Schaper and Savery, 2004; Tsoutsoura, 2004).

Arguments against CSR: Arguments against CSR has been prominent over the years, and quite recently in 2001, former Chief economist of the Organisation for Economic Cooperation and Development (OECD), David Henderson argued against CSR, indicating that its general adoption by business would reduce welfare and undermine the market economy (Tyrrell, 2006).

Below is an outline of the arguments against CSR, gathered from literature:

Attenuation of Primary Purpose: The most prevalent argument against business assumption of social responsibility is the classical economic doctrine of profit maximisation. Interest in ethics of business, in 1970, was gradually increasing to a degree that would soon cause the development of a whole new discipline. A controversial essay on Corporate Social Responsibility, written by Milton Friedman, titled “The Social Responsibility of Business is to Increase its Profits” was published in the New York Times Magazine. Milton Friedman’s famous antagonistic view is that “the business of business is business”. Friedman’s (1970) principal argument is that, “there is one and only one social responsibility of business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition, without deception or fraud” Friedman (1970:6).

Reiterated by Friedman many times, this critique has hung over discussions of CSR and business ethics since its publication (Gallagher, 2005). Friedman’s statement on CSR was part of an attack on much broader ideas of the social role of business, which he refers to as fundamentally subversive (Friedman, 1982). Friedman indicates that managers steal from owner’s shares, customer’s capital or from employees’ salaries when they use corporate resources to promote socially responsible activities. He argues that social issues are of no concern of business people and these problems should be resolved by the unconstrained mechanisms of the free market system. Besides, if the free market is unable to solve the social problem, then the responsibility falls upon government through legislation (Carroll and Buchholtz, 2000).

Friedman's opinion, although the clearest and least remorseful, is by no means lonely. Numerous economists, business executives and social critics continue to defend the proposition that corporations exist entirely for the benefit of their shareholders (Pava and Krausz, 1996). Sternberg (1994) states that managers who use business funds for anything other than the legitimate business purposes are depriving owners of their property as surely as if they had dipped their hands into the cashbox, an argument echoed rather frankly thus, "if a company is engaging in CSR activities, it had better be using those activities to garner customers and increase profits, or else management is not fulfilling its duties" Coors and Winegarden (2005: 10). Related to this is the argument that contribution to social goals might dilute business emphasis on economic productivity, divide the interests of its leaders and weaken its position in the market place resulting in poor accomplishment of both economic and social goals (Davis, 1973). According to Levitt (1958) business will have a much better chance of surviving if there is no nonsense about its goal, that is, if profit maximisation is the one dominant objective in practice as well as in theory.

Equally, Jensen (2002) argues that the adoption of CSR leaves a firm handicapped in the competition for survival because, as a basis for action, stakeholder theory politicizes the corporation and leaves managers empowered to exercise their own preference in spending the firm's resources. Jensen (2002:243) believes that the adoption of CSR will undermine the foundations that have enabled markets and capitalism to generate wealth and high standards of living worldwide. Thus, stakeholder theory and CSR will "reduce social welfare even as it advocates claim to increase it, just as in the failed communist and socialist experiments of the twentieth century". Essentially, this core argument against CSR criticises that CSR involves

expending limited resources on social issues necessarily decreases the competitive position of a firm by unnecessarily increasing its costs. Devoting corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim (Barnett, 2007).

Capability: Davis (1973:318) questions “if we are going to depend on someone to work with social problems, why choose a group which is poorly qualified?” According to Smith (1990), corporations do not have the technical skills to deal with social issues and cannot decide what is best for society. Levitt (1958) argues that this is the case because the typical senior executive of a large corporation is in that position because he is an expert of his own business, not on social issues. By having to devote so much time and energy to business he has automatically insulated himself from the world around him (Levitt, 1958), denying himself the knowledge and skills needed to deal with social issues.

Managers are oriented toward finance and operations and do not have the necessary expertise to make social decisions (Carroll and Buchholtz, 2000), they are philosophically and emotionally unfit for the job (Davis, 1973). Mintzberg (1983) argues that the orientation towards efficiency and control renders business leaders inept at handling complex social problems, which require flexibility and political finesse. Furthermore, incompetent attempts to resolve social issues waste shareholders money (Smith, 1990).

Legal Responsibilities: Some authors have argued that businesses do not need to convey the torch of ethics beyond the restrictions of the law. So far as an organisation puts up with the law,

it has met all the expectations required by society and therefore does not need to take on any additional responsibilities in that regard. Lantos (2001) however highlights some inadequacies of law - it is limited in scope, representing merely a floor or minimum level of business responsibility and is reactive rather than proactive (Carroll, 1998). Furthermore, there may be a time lag between social expectations and the law; it may not reflect the latest thinking, norms or research that indicates the level or standard at which business should be operating to protect stakeholders (Carroll, 1998). Another weakness is that it is vulnerable to corporate influence. According to Ostas (2001) most, if not all, major corporations employ legislative activists to coordinate lobbying efforts to assure that the corporate viewpoint is heard.

Business Authority: “Do we want corporations playing God?” Smith (2003:62). A final argument against CSR is that business already wields significant power in society (for example, economic, environmental and technological), to willingly grant business social power would be ludicrous (Tyrrell, 2006). According to this line of reasoning, business is one of the most powerful institutions in society. By giving decision-making opportunities in the social domain to business, the balance-of-power problem that already exists in our society could be aggravated (Carroll and Buchholtz, 2000). Levitt (1958:46), who has been described as one of the most extreme opponents of CSR (McGuire, 1963), argues that as a result of such power the corporation would eventually invest itself with all-embracing duties, obligations and power, “ministering to the whole man and moulding him and society in the image of the corporation’s narrow ambitions and its essentially unsocial needs”.

Arguments in Favour of CSR: The following represents a brief outline of the arguments in favour of CSR, which has featured prominently in literature and discussions on CSR over the years;

Sustainability of Business: This first argument reasons that business exists only because it performs valuable services to society. Sethi (1979) argues that corporations, like all other social institutions, are an integral part of a society and must depend on it for their existence, continuity and growth. Society has granted tremendous power and freedom to corporations with the expectation that they will use that power to effectively serve society's needs. In the long run, if business is to maintain its position of power it must accept its responsibility to society (Davis, 1967). Curran (2005) refers to this as "social permission theory", which holds that corporations exist and act by the approval of society. Corporations are therefore under obligation to consider all possible stakeholders because they make up society at large, and these stakeholders gave corporations authorisation to do business in the first place. Further, if corporations use that power in ways that are not consistent with society's expectations, they will eventually face increasing externally imposed controls over their behaviour, thus society will circumscribe that power. This has also been referred to as a, "licence to operate" (Post et al, 2002) and the Iron Law of Responsibility, which holds that "those who do not take responsibility for their power ultimately lose it" Davis (1967:49).

This is in tandem with legitimacy theory which is based on the notion that business operates in society via a social contract where it agrees to perform various socially desired actions in return for approval of its objectives, other rewards and its ultimate survival (Guthrie and Parker, 1989).

Thus, companies will do whatever they regard as necessary in order to preserve their image of a legitimate business with legitimate aims and methods of achieving it (Villiers and van Staden, 2006).

Escaping Government Regulations: A reasonable reason for business to be socially responsible is to protect against government intervention and regulation in the future, which is expensive to business and limits its suppleness of decision making. Arguably, if business voluntarily exceed their regulatory obligations then the need or will for government interference in business affairs is reduced (Tyrrell, 2006). This position holds that proactivity (anticipating and initiating) is more practical and less costly than simply reacting to problems once they have occurred. According to Davis (1973) if business delays in dealing with social problems now, it may find itself constantly occupied with putting out social fires, so much so that it would have no time to accomplish its primary goal of producing goods and services. By way of example, Carroll and Buchholtz (2000) point to environmental pollution, arguing that responsible action toward the prevention of environmental problems is wiser and less costly than allowing pollution occur in the first place.

Business Properties: Business has valuable resources such as a substantial pool of management talent, functional expertise and capital resources; therefore business should use these resources to solve social problems (Hillman and Kein, 2001, Schaper and Savery, 2004; Jenkins, 2006). Consequently, because business has resources and skills, there is a quasi-moral obligation to become involved in social issues (Moir, 2001). The connection between wealth and responsibility has been stressed by both business leaders and critics for more than a century (Post

CSR; Milton Friedman (1970) was in favour of three of Carroll (1991) four elements of CSR (economic, legal and ethical) and had reservations with only one (philanthropic).

2.6 Customer Loyalty Measures

Customer loyalty has been heavily segmented in behavioural theory literature. The different views on loyalty allow for a distinction between a stochastic, deterministic and composite approach. A review of the literature brings out these three ways to define loyalty. First, there is the stochastic approach, which is purely behavioural. Then, there is the deterministic approach that considers loyalty as an attitude. Lastly, a combination of these approaches is called composite loyalty. Through these dimensions, loyalty is said to evolve from the act of purchase, to customer satisfaction, to customer trust, to customer commitment to finally customer loyalty (Tucker, 1964; Jacoby & Kyner, 1973; Dick & Basu, 1994; Odin et al., 2001; Chaudhuri & Holbrook, 2001; Uncles et al., 2003; East et al., 2005; Rundle-Thiele, 2006; Bandyopadhyay & Martell, 2007).

The main difference is that behaviourally loyal customers act loyal but do not have an emotional (attitudinal) relationship with the brand. This kind of loyalty is referred to as false loyalty (Jones & Sasser, 1995) or simply behavioural loyalty (Hofmeyr & Rice, 2000). Behavioural loyalty can further be segmented into forced loyalty, loyalty caused by inertia or functional loyalty. Customers that are forced to be clients when they actually do not want to be, act out of forced loyalty. For example, contractual obligations, one's financial limitations or monopolistic companies, may cause forced loyalty. Inertia – a disinclination to move – can also be a source of loyalty, where the customer does not want to move from one brand to another due to comfort or

a general lack of importance of doing so. A lack of information about alternative choices (characteristics of other brands) may also be a cause of inertia. Lastly, functional loyalty is motivated by an objective reason to be loyal, such as product price, quality, availability etc. (Wernerfelt, 1991).

Attitudinal loyal customers do have a certain (emotional) relationship with the brand and this type of loyalty is considered to be much stronger and longer lasting. Jones & Sasser (1995) call this true long-term loyalty and Hofmeyr & Rice (2000) refer to this as committed loyalty. Important for the endurance of attitudinal loyalty is that the customer values this relationship and puts effort in attempting to maintain the relationship with the brand (Morgan & Hunt, 1995; Reicheld, 2003; Moorman et al., 1992). True loyalty incorporates both forms of loyalty, a composite, resulting in consistent attitudes and behaviours of loyalty and is called intentional loyalty (Day, 1969). It is important to note that intentional loyalty is both emotional and behavioural, but is not driven by force, inertia or functionality.

2.7 The Antecedents of Customer Loyalty

According to (Blackwell, 1999), the primary antecedents of customer loyalty are customer satisfaction, customer trust and product performance. Additional factors that influence customer loyalty are the perceived product/service value, perceived customer benefits, customer personal sacrifice and customer personal situation. Different views on the concept of customer loyalty exist and have resulted in a segmented accumulation of research embodied in behavioural theory literature. The gap in this assertion by Blackwell lies in 'customer personal sacrifice', as a factor

that influences customer loyalty. A customer would hardly sacrifice for a brand if they have not yet decided to be loyal to the brand.

Past literature has identified three critical variables that have been inextricably linked to contributing to loyalty - quality, value and satisfaction (Cronin et al 200; Payne et al 200; Loveman and Heskett 1999; Reichheld 1996; Parasuaran et al 1991; 1988; Cronin and Taylor 1992; Reichheld and Sasser 1990). Although a number of studies have found these variables to have significant impact on loyalty, several researchers have argued that these variables only provide partial insight into building customer loyalty and that alternative new variables should be brought into the loyalty building dynamic (Cronin et al 2000; Dube and Renaghan 2000). But in spite of the considerable research efforts in many salient fields of enquiry, such as customer relationship management, consumer behaviour, marketing and business strategy, service management and human resources, no acceptable theory exists that fully explains how customer loyalty is actually built. In this research work, I will look at how CSR as a value creator enhances Customer loyalty.

The customer's loyalty is termed as customer commitment to do business with a particular organisation, purchasing their goods or/and services repeatedly and recommending the products and services to friends, acquaintances and associates (Turner, Wilson, 2006). But Reichheld (2003) highlights that loyalty is more than just repeat purchase. Someone who keeps buying may be doing so out of inertia, indifference or exit barriers rather than loyalty. Hallowell (1996) stresses, that customer loyalty has evidence not only as behaviour but also as attitude. A richer understanding of the attitudinal component of loyalty is crucial, as it has been shown to be linked

to future usage, enhanced word-of-mouth recommendations, and ultimately to customer profitability (Wirtz et al., 2007).

For decades, there has been ample interest in the fundamental questions regarding customer loyalty and its driving forces. An essential first step in investigating the issue is to determine how customer loyalty is measured. The significant relevance of this topic in business research has led to a myriad of studies and empirical data. However, there seems to be a lack of consensus in these findings. One of the primary sources of the disparity in customer loyalty research is the conceptualisation and operationalisation of the loyalty constructs itself.

Most studies attempt to measure customer loyalty by using behavioural dimensions such as purchase intentions, price sensitivity and word-of-mouth communication (Baldinger & Rubinson, 1997; Bloemer et al., 1999; Ibrahim & Najjar, 2008). This is because attitudinal measures, such as the perceived value of a product, are often considered to be the antecedents of customer loyalty (Donion et al., 2006; Henning-Thurau et al., 2002). However, other authors suggest that an attitude-behaviour relationship (an integration of both behavioural and attitudinal components) can make an integrated study of customer loyalty possible (Dick & Basu, 1994; Chaudhuri & Holbrook, 2001; Rundle-Thiele, 2005).

In order to measure the concept of customer loyalty and, in this study, the effects of CSR activities on customer loyalty, we first identify the primary available antecedents of customer loyalty, which we divide in two components. First, there are customer related antecedents. One customer related factor is overall satisfaction with the product (Dick & Basu, 1994; Heskett et al.,

1994; Oliver, 1997). Trustworthiness of the firm is also a factor that impacts loyalty. Chaudhuri and Holbrook (2001) have shown that brand trust is directly related to both purchase and attitudinal loyalty. Secondly, there are product related factors. Product related factors for loyalty are the product quality and brand image (Pan et al., 2011).

Brand image has two major pathways of influencing loyalty; on a conscious and subconscious level. Firstly, people tend to prefer brands that possess personality traits the individual would like to possess themselves. Secondly, as part of social identity theory, people try to classify themselves into social categories whereby they assess their (moral) values and objectives and compare these to those of various groups and organisations (Ashforth & Mael, 1989). Consumer-brand relationships are much about perceived values- and goal-compatibility. The brand, proliferated through the product, must be part of the customer's self-identity and social-identity to fully bond loyalty towards the brand (Oliver, 1999).

Customer Satisfaction: Customer satisfaction is an important element of improving the competitive advantage and retaining customers. The topic has therefore been subject to a significant amount of research in consumer behaviour and marketing literature (Siskos et al., 1998). According to Oliver (1993), satisfaction links the purchase/consumption to post-purchase phenomena such as repeated purchase and positive word-of-mouth. Satisfaction happens when the actual performance of the product is equal to, or greater than, the expected performance. Customer satisfaction is thus evaluated post-consumption (Yuksel & Rimmington, 1998).

The concept has also been defined as "a customer's overall evaluation of performance for a current offering" Gustafsson et al. (2005:210). Czepiel et al. (1974) view customer satisfaction as an overall evaluation, representing a sum of subjective reactions for the customer regarding

products with varied attributes. Additionally, Kotler (1996) proposes satisfaction to be the difference between perception and expectation. Accordingly, customer satisfaction is a subjectively positive or negative feeling arising from a comparison between pre-consumption expectations and post-consumption perception.

Customer Trust: Customer trust is a central factor in relationship marketing and plays an essential role in increasing customer retention and loyalty (Morgan & Hunt, 1994). Research literature recognizes trust as a prerequisite to build customer relationships and as a preceding state for the development of customer commitment (Garbarino & Johnson, 1998). Morgan & Hunt (1994) argue that trust will occur when one party has confidence in an exchange partner's (the trustee) reliability and integrity. Trust is derived from the history of a relationship through shared values, communication and opportunistic behaviour (Duck, 1997; Duck & Ickes, 2000; Hinde, 1997; Seligman, 1997).

The theoretical foundation is based on socio-cognitive learning which assumes that individuals learn from the past. "Individuals interact, experience and observe the actions of a relationship partner (e.g., how they have communicated, whether they have kept commitments or been honest etc.) and use these perceptions to develop a view of how the partner will act in the future (i.e., their trust in the organisation)" MacMillan et al. (2005:808).

Product Quality: Quality is a complex concept that can be broken down into multiple dimensions, and is for that reason difficult to define. Due to inadequate definitions and conceptualisation, critique has been leveled at prior research efforts (Zeithaml, 1988). Researchers commonly distinguish between objective and subjective product quality (Dodds & Monroe, 1984; Holbrook & Corfman, 1985, cited in Zeithaml, 1988; Parasuraman et al., 1986).

Objective quality refers to physical product characteristics and is described as the actual technical superiority or excellence of a product, while subjective quality denotes the quality perceived by the consumer and is therefore a “highly relativistic phenomenon that differs between judges” (Grunert, 2005; Hjorth-Anderson 1984; Holbrook & Corfman (1985:33), cited in Zeithaml, 1988). Zeithaml (1988) defines perceived product quality as “the consumer's judgment about a product's overall excellence or superiority” (1988:3). Monroe & Krishnan (1985) added the possible influence of other available products into their definition and thus define perceived product quality as “the perceived ability of a product to provide satisfaction 'relative' to available alternatives” (1985:212, cited in Teas, 1993). Based on this definition, Teas (1993) states that “the perceived ability of the product to deliver satisfaction can be conceptualized as the product's relative congruence with the consumer's ideal product feature” Teas (1993:22).

Brand Image: Brand image is a known as an influential factor in marketing and has been an important concept in consumer behaviour research since the 1950s. Early research efforts have confirmed that image considerations guide purchase choice and that products are often purchased or avoided not for their functional qualities, but because of how they impact the buyer-user's status and self-esteem. These findings have resulted in that brand image has become a vital concept for marketing managers (Dobni & Zinkhan, 1990).

Kotler (1999: 442) defined a brand as “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”. Brand image is frequently defined as the overall impression of a brand, made in the minds of consumers (Nguyen & LeBlanc, 1998; Dichter, 1985). Moreover, many authors describe brand image as the accumulation of experiences that

over time contributes to the generation of an image in the mind of consumers (Nguyen & LeBlanc, 1998; Flavián et al., 2005). Brand image can be considered as the combined effect of brand associations or more specifically as the consumer's perceptions of the brand's tangible and intangible associations (Biel, 1992; Engel, Blackwell & Miniard, 1993, cited in Faircloth et al., 2001). According to Kapferer (1992, cited in Faircloth et al., 2001) brand image results from when the consumer decodes, extracts, and interprets the brand signals.

2.8 Interconnectedness of the Antecedents

Boulding et al. (1993) have shown the relationship between product quality and the will to purchase the product again. A significant positive relationship between product quality, customer satisfaction and customer loyalty was found. Improved product quality can increase customer satisfaction, customer loyalty and also enterprise profitability and performance (Rust et al., 1995). Customer satisfaction has shown to have a significant positive effect on purchase intentions (Cronin & Taylor, 1992). In market-oriented firms, customer satisfaction is considered to be one of the most important influencing factors of customer loyalty (Kandampully & Suhartanto, 2000).

Corporate image can have a positive or negative influencing effect on the customers' perception of the product offerings (Zeithaml et al., 1996). The customers' experience with the product is considered to be the most important factor influencing his or her image of the corporation (Gronroos, 1983). Furthermore, awareness and image of a brand of the product influences the buyers' purchasing decision, where a good image stimulates purchase by simplifying decision rules (Liu et al., 2010). Trust has been characterized as confidence in the honesty and integrity of

another party (Crosby et al., 1990). Customer trust and loyalty has been studied intensively; trust is found to be a key factor in maintaining relationships (Bendapudi & Berry, 1997; Doney & Cannon, 1997).

One study, performed by McKnight (1998), points out that customers will trust in a firm quickly when satisfaction is high, without other evidence of whether the corporate image is good. Furthermore, it is found that a strong record of CSR creates a favorable context that positively boosts consumers' evaluations of and attitude toward the firm (Brown & Dacin, 1997; Zeynep & Batra, 2004; Sen & Bhattacharya, 2001).

2.9 Corporate Social Responsibility and Customer Loyalty

The effects of CSR on customer loyalty have been studied in a direct relationship. Customer loyalty is one of the most important consumer behaviours companies try to influence by using CSR as a marketing tool. García de los Salmones et al. (2005) measured the direct and indirect relationship between CSR and customer loyalty in the mobile telephone industry. The results revealed that there was no significant direct relation between the two variables. However, CSR appeared to have a significant influence on consumers' valuation services and since the overall service valuation turned out to have a strong positive correlation to customer loyalty, it was concluded that CSR indirectly influence customer loyalty (García de los Salmones et al., 2005).

In 2010, Liu et al. performed a study on the perceived CSR and customer loyalty based on the dairy market in China. The results from the regression analysis showed that product quality, trust, image and satisfaction have a positive influence on customer loyalty, while there was no significant direct correlation between CSR and customer loyalty. Since the authors have

identified the impact of perceived CSR on the other four factors in the regression analysis, they although concluded that the perceived CSR might have an indirectly impact on customer loyalty (Liu et al., 2010). Nevertheless, there are also studies revealing a positive correlation between CSR and customer loyalty. In their literature review, Simcic Brønn & Belliu Vrioni (2001) refer to a study stating that cause-related marketing might be used as a tool for corporations to increase customer loyalty and build reputation (Stewart, 1998, cited in Simcic Brønn & Belliu Vrioni, 2001).

In a study conducted in 2007, Du et al. (2007) examine the moderating influence of the extent to which a brand's social initiatives are integrated into its competitive positioning on consumer reactions to CSR. The authors revealed that consumers tend to have more favourable beliefs and reward CSR brands to a greater extent, in terms of relational behaviours, such as loyalty and advocacy. The results showed that consumers of a brand are more likely to identify with the brand, be loyal to the brand, as well as engage in advocacy behaviours for the brand (i.e., willing to try new products, engage in favourable word-of-mouth) when it is a CSR brand than when it is not (Du et al., 2007).

2.10 CSR and Customer Loyalty in the Telecom Sector

Runhaar and Lafferty (2009) in their study of three multinational telecommunication corporations (MNTC) found that CSR was mainly employed as a defensive strategy for safeguarding reputation and satisfying employees and other stakeholders while some CSR projects often also involve financial benefits to the companies. Eweje (2006) identified four main

areas of multinational corporations' (MNC) CSR focus in developing countries, namely: education, social welfare, infrastructure and small business programs. For example, MNCs "provide education, scholarships, and build roads in Nigeria; build clinics and provide drugs for HIV/AIDS patients in South Africa; and also provide medication and vaccination for malaria in Zambia" Eweje (2006:12).

In Ghana, MNCs provide boreholes, classroom blocks, clinics, libraries and offer healthcare assistance and advice (Amoako et al., 2011; Amponsah-Tawiah and Dartey-Baah, 2011; Ofori and Hinson, 2007). Eweje's study demonstrated that community development initiatives and investment are vital for the establishment of a cordial relationship between MNC and their host communities. Despite such efforts, MNCs are frequently accused of doing too little for their communities in developing countries. A major source of conflict between MNCs and the host community is the issue of community expectations (Runhaar & Lafferty, 2009). While the communities want social development projects that provide hope of a stable and prosperous future, the MNCs on the other hand, have embraced development initiatives primarily to demonstrate that they are socially responsible.

Consequently, Dobers and Halme (2009), suggest that international research and political communities should pay attention and evaluate the CSR initiatives and efforts of companies mainly on the basis of their ability to contribute to structural and institutional development rather than on the basis of single visible activities such as building hospitals or roads and the like. The majority of the telecom firms in Ghana are gradually incorporating CSR into their corporate

strategy to meet the needs of communities they operate in and public expectations of them. However, in spite of their seemingly impressive CSR initiatives, questions have been raised about the true motivation for these so called philanthropic deeds (Dobers and Halme, 2009). Previous study revealed that while most of the telecom firms purport to be socially responsible by engaging in charitable deeds and thereby polishing their corporate image and creating brand awareness for their services and products, they continue to engage in unethical business practices such as poor services, exorbitant prices, erecting telecom masts near residential areas as well as mass retrenchment that renders large numbers of their employees jobless (Amoako et al., 2011). Following several complaints about poor services from customers across Ghana, the National Communications Authority (NCA) in August 2011, imposed a €400,000.00 fine on the five established mobile telecommunication companies doing business in Ghana. There is evidence suggesting that significant CSR efforts enhances corporate image leading to customer loyalty (Argenti and Druckenmiller, 2004). The question worth examining is whether CSR practices perceived by customers significantly informed their purchasing decisions and loyalty, and to what extent does quality of service play a mediating role? Consumer perception is important to businesses since it can influence consumer behaviour, which ultimately affects the profitability of a business.

According to Donner (2012), perception is one of the key psychological factors that influence consumer behaviour. Perception of price and quality for example, have been found to play a crucial role in a customer's decision to buy (Heffetz, 2012), post-purchase satisfaction and intention to return a product (Jarvenpaa and Todd, 1997; Liu and Arnett, 2000). Thus by

understanding how their services are perceived by their customers, telecom companies can devise strategies to better meet the expectations of their cherished customers and secure their loyalty. There are currently six main telecom firms operating in Ghana: MTN, Vodafone, Tigo, Airtel, Espresso, and Glo Mobile Ghana. Most of these firms have in recent years vigorously pursued CSR as an agenda for market penetration, polishing brand image as well as helping the needy and deprived communities.

2.11 MTN Ghana and the MTN Foundation

MTN, the leading provider of telecommunications services in Africa and the Middle East, entered the Ghanaian market following the acquisition of Investcom in 2006. MTN's overriding mission is to be a vehicle for Ghana's economic growth and development, helping to promote Ghana's strong development potential from the provision of world-class telecommunications products and services, through to innovative and sustainable corporate social investment initiatives (<http://www.mtn.com.gh/about-mtn/community/mtn-ghana-foundation>).

The MTN Foundation is a Corporate Social Responsibility (CSR) management structure for the MTN Group's related initiatives across its 22 operations. The MTN Ghana Foundation was established in 2007 as a single purpose vehicle to drive all MTN's CSR initiatives in the country. The Foundation currently has three focus areas – Health, Education and Economic Empowerment. The Foundation is set up as a separate legal entity with its own independent Board of Directors and Patrons who oversee the operations of the Foundation. Its commitment is centred on the socio-economic development of the country through the roll out of appropriate

and sustainable social interventions in communities all over the country. The main aim of the Foundation is to have a broad community impacting and supporting national and international development priorities. It facilitates partnership and sharing of resources to achieve mutual objectives (<http://www.mtn.com.gh/about-mtn/community/mtn-ghana-foundation>).

Vision and Mission of the Foundation: The vision of MTN Foundation is to be the benchmark for Corporate Social Investment (CSI) initiatives in Ghana and within the MTN Group. The mission of the Foundation is improve the quality of lives of people through appropriate and sustainable corporate social responsibility interventions in communities where MTN operates.

Objectives of the Foundation: The objectives of the Foundation are to demonstrate MTN Ghana's commitment to, and support for community empowerment and national development. It is also to administer social investment programmes as part of the core business of MTN Ghana. Other objectives are to enhance the image of MTN as a responsible corporate citizen and to develop a holistic Corporate Social Responsibility (CSR) programme as part of the reputation management strategy for MTN Ghana. The Foundation hopes to improve upon the MTN brand in all operating areas and to foster teamwork values among MTN Ghana staff through a proactive Employee Volunteer Association and as well as foster strategic partnerships with other national/international partners and stakeholders

2.12 Conclusion

This chapter looked at two theories (Social Responsibility and Rational Choice), conceptual framework and definition of concepts for the study. The chapter also contained the review of related literature on CSR and Customer Loyalty. The chapter ended with a brief profile of MTN Ghana Foundation, the CSR wing of MTN Ghana.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter contains a description of the methodology the researcher used to achieve the objectives of the study; the research design, participants and sampling, sources of data and instrument used, data collection procedure and how data were presented and analysed.

3.2 Research Design

The research design used in the study was purely qualitative. Qualitative research involves the study of phenomena in their natural settings, attempting to make sense of, or to interpret phenomena in terms of the meanings people bring to them (Denzin & Lincoln, 1994). In view of this, it is obvious the study used an interpretive and naturalistic approach, based on the assumption that reality (the phenomenon being investigated) is multiple and subjective.

Because the study sought to explore the causal relationship between corporate social responsibility and customer loyalty based on the value and meanings people attached to the phenomenon under investigation, qualitative research was used. Primarily, the qualitative research design was used to provide a deeper description and understanding of whether and how CSR influences customer loyalty.

This phenomenological research study attempted to understand the participant's perceptions, perspectives and understanding of the particular situation (CSR and loyalty to MTN), based on

their lived experiences. Phenomenology was deemed as the most appropriate method, and was used both as a process and method to help study the lived experiences of the participants.

Patterns and relationships regarding the meanings participants attached to their experiences as they relate to CSR and customer loyalty were developed. The researcher's personal experiences were set aside in order to understand those of the participants, in tandem with the assertion made by Creswell (2009).

3.3 Participants and sampling

The target population for the study included customers of MTN Ghana at Obeyeie in the Ga-East Municipality. This is a community that has benefited from one of MTN's CSR initiatives in recent times, and could provide data for the study because they have varied service quality experiences and perceptions. Ten (10) participants (customers of MTN) were selected for the study.

Non-probability sampling, specifically the purposive sampling method was used to select the participants for the study. Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected (Castilo, 2009). Purposive sampling, which is common in qualitative research was used since it was necessary to select people who possessed the ability to provide the required data, and qualities that met the requirements of the study.

Non-probability sampling and purposive sampling were used because the study aimed at exploring the meanings that the participants attached to their experiences of MTN's CSR initiative and its effect on their loyalty to MTN, which did not require randomisation. The results

of the study therefore, based on the experiences of the participants, cannot be generalised over all customers of MTN in Ghana, as well as the entire population of Obeyeyie. In as much as every effort was made to ensure objectivity, my personal bias did not shape the way I viewed and understood the data which were collected and their interpretations. The need to be open to the thoughts and opinions of the participants was recognised and their experiences were set aside to enable me understand them.

3.4 Sources of data, data collection instrument used and procedures

Data for the study were gathered from primary and secondary sources. Consequently, primary and secondary data were used in the study. Secondary data was derived from books, journals, articles, the internet and other relevant documents that relate to CSR and customer loyalty.

In addition, primary data were gathered from the participants (customers of MTN in Obeyeyie), purposely for the study. In order to elicit appropriate responses from the participants, a semi-structured interview was conducted with the help of an interview guide. The interview guide featured a list of relevant areas to be covered, aiding the generation of questions, which were neither predetermined nor standardised.

Semi-structured interview was conducted since it was necessary to ask the participants to indicate and explain in more detail their experiences with MTN's CSR initiatives and how it has influenced their loyalty to MTN. A non-directive style of interviewing using open-ended questions was adopted in some cases to give participants the freedom to control subject matter and pacing of the interview. In other instances, a more directive style of interviewing including follow-up questioning was used to obtain more clarification of some responses provided by the

participant. The responses elicited by the participants were mainly audio recorded and hand written as notes, with the aid of a note pad, a pen, and an audio recorder. In order to prevent data loss, the audio recorder was used to record the voice of the participants while the note pad and pen were used to make hand-written notes.

Validity was ensured through trustworthiness, authenticity and credibility. Trustworthiness was determined by credibility, transferability and dependability. Thoroughness, accuracy consistency, precision and objectivity of the findings were also ensured.

3.5 Data treatment, presentation and analysis

The following is an outline of the procedural steps regarding data treatment, presentation and analysis in this study;

1. Transcription of responses recorded with the aid of voice recorder during the interview to get a general sense of the ideas presented. Therefore, the qualitative data for this study were initially in the form of interview transcripts based on the recorded responses of the participants. The interview transcripts were the outcomes of transcribing the recorded responses.
2. Extraction of significant statements and phrases pertaining to the phenomenon investigated – corporate social responsibility and customer loyalty.
3. Formulation of meanings from the significant statements.
4. Organisation of the meanings into themes, after which they were developed into theme clusters and eventually into categories. In essence, a number of themes were identified

among categories of the data based on the interview transcript, the objectives of the study and research question, in order to make the data and results more objective.

5. A preliminary analysis was carried out and this advanced into writing of a rich and exhaustive description of the experiences of the participants regarding the causal relationship between the phenomena investigated-corporate social responsibility and customer loyalty.
6. Presentation of the description of the lived experiences of the participants regarding corporate social responsibility and customer loyalty in Chapter Four. The relationships found in the data directed the analysis. The data analysis carried out was based on the identified and listed themes.

The qualitative data were presented and analysed in a descriptive and narrative way: This involved an exhaustive construction and description of the phenomenon investigated from the voices, actions and meanings of the participants. The presentation and analysis of the data extend beyond mere facts or surface appearances. Qualitative data analysis entails classifying things, persons, events and the properties that characterise them.

3.6 Sequence of research activities

The activities involved in the study were carried out in phases as follows:

Phase 1:

This phase involved an extensive review of relevant literature (both local and foreign) from journals, research and technical reports, books and policy documents. Identification and

statement of the research problem as well as statement of the research questions and objectives were also done at this stage. These activities led to the choice of methodology for the study. In addition, they aided the choice and development of the most appropriate data collection instrument (interview guide) and development of the relevant items for the interview guide.

Phase 2:

This phase began with making of the necessary contacts with the research participants, which was eventually followed by the collection of the main data through an interview with the participants.

Phase 3:

In this phase, the responses recorded during the interview with participants were transcribed and processed.

Phase 4:

This phase involved the presentation and analysis (narration and interpretation) of the primary data, discussion of the findings and the final write up.

3.7 Ethical Issues

The study involved collection of data from persons. To this end, some ethical issues were anticipated to arise during the research process, which agrees with the view of Creswell (2009). Phenomenological studies solicit sensitive and deep answers to questions, extracting meaning from statements and opinions. In view of this, steps were taken in this study to protect the

participants by developing trust with them, promoting integrity of the study, guarding against misconduct and any impropriety and coping with challenges as recommended by Creswell (2009). The researcher also respected the rights, needs, values, and desires of the participant.

The following steps were also taken to address the ethical issues associated with the study.

1. The participants were fully informed about the purpose and procedures of the study.
2. The participants were not coerced to participate in the research.
3. It was ensured that the questions and the data collection process did not invade the privacy of the participant.
4. The study did not cause any physical or psychological harm to the participants.
5. The participants were not promised any reward for taking part in the study.
6. It was ensured that, as much as possible, the participants' responses were not shared with, or exposed to other people.

3.8 Problems Encountered

A few problems were encountered during the study. They include the following:

1. Using personal funds for data collection created some problems.
2. The period for the preparation and presentation of the dissertation was quite short.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF QUALITATIVE DATA

4.1 Introduction

This chapter covers the presentation and analysis of data collected from the participants. The data has been grouped under the research objectives. The research was conducted to discover the relationship between Corporate Social Responsibility and Customer Loyalty. Specifically, the study was to find out if customers stay with MTN because of Corporate Social Responsibility Initiatives and to determine if Customers stay loyal to MTN regardless of Service Level problems.

4.2 Demographics of Participants

The sample size of ten (10) participants was made up of six (6) male participants and four (4) female participants. Three of them were aged 36-40 years while six were aged 26-30 years. One was aged 41-45 years. Three of them were first degree holders, three of them were J.S.S graduates, two were secondary school graduates and two of them had no educational background.

Out of the ten participant, 6 were married, three were single and one was divorced. Six participants stated that, they have been using MTN between 7-9 years, three had used MTN for 4-6 years and one participant had used MTN for 0-3years.

4.3 Data Presentation and analysis

4.3.1 Objective 1: Customers' continuous patronage of MTN's services because of CSR

Participants' Understanding of CSR

All ten participants showed generic knowledge and understanding of Corporate Social Responsibility (CSR) as developmental projects undertaken by corporate organisations in towns where they operate. This is espoused in the Social Responsibility Theory used for this research as the philanthropic responsibility of organisations to contribute to society's projects even when they're independent of the particular business.

Seven participants further understand CSR as a responsibility of Corporate Organisations to individual lives. Some of the actual responses in relation to that are as follows;

- "I understand it to be a responsibility of organisations to every person."
- "Besides, the CSR activities should target individuals, like Vodafone and Airtel do with the Vodafone Health Line and Airtel Touching Lives."
- "They do not only build schools, but help individual lives"
- "But of what benefit will the school project be to customers who do not have children, or customers who will never have children of their own? They should consider rolling out projects that impact individual lives also".

Reasons for choosing MTN

Seven out of the ten participants said emphatically that the reason they chose MTN over other telecommunications networks was because of their wide network coverage or service. Three of

those seven said MTN was the finest service provider or network at the time they settled at Obeyeyie.

Some of the responses from the interview: “As for MTN I am able to monitor their airtime deductions and call charges. I can monitor my airtime usage (for example, if I buy GHC 5.00 worth of credit, I am able to use it well, knowingly. But for the other networks, example Tigo, I cannot monitor the airtime usage and deductions. If I buy GHC 5.00 airtime, it finishes within the shortest possible time”.

Also, a participant reiterated “I was using MTN and Airtel. MTN is very fast in terms of its internet service-download is very fast. Their bundle gives maximum returns. For example, if you buy GHC 2.00 Airtel airtime to activate a data bundle, the bundle gets exhausted as the charges are made ‘small small’, but for MTN some of the data remains for future use, to download important items fast”.

One of the participants said he only bought an MTN sim card and that is what he has been using over the years, for all kinds of personal documentation. He gave no outstanding reason for choosing MTN over the other telecommunications networks.

4.3.2 Objective 2: Customers’ loyalty to MTN regardless of Service Level Problems

Customers’ loyalty to MTN irrespective of Service Level Problems

Out of the ten participants, six noted that, they will continue to use MTN services irrespective of service level problems because they use their mobile phone numbers for business transactions.

Changing to other service providers will mean loss of huge sums of money. Two participants stated that, they might change if the service level problems are unbearable. The remaining two participants said they will switch to other service providers.

Some studies support the fact that there is a linkage between CSR and customer loyalty. In their literature review, Simcic Brønn & Belliu Vrioni (2001) refer to a study stating that cause-related marketing might be used as a tool for corporations to increase customer loyalty and build reputation (Stewart, 1998, cited in Simcic Brønn & Belliu Vrioni, 2001).

Also supporting this research objective is a study by Argenti and Druckenmiller (2004). They noted that, there is evidence suggesting that significant CSR efforts enhances corporate image leading to customer loyalty. The question worth examining is whether CSR practices perceived by customers significantly informed their purchasing decisions and loyalty, and to what extent does quality of service play a mediating role? Consumer perception is important to businesses since it can influence consumer behaviour, which ultimately affects the profitability of a business (Argenti and Druckenmiller, 2004)

Poor Quality of Services and CSR

Participants were asked to indicate if they will patronise MTN because of CSR even if the quality of service reduces. Six of the participants said yes they will continue to patronise MTN because of the CSR even if the quality of service reduces. Two participants said they might change and the remaining two participants said they will change their service provider.

In explaining their answers, one of the six participants explained why they will continue to patronise MTN because of CSR even if the quality of service reduces: “Yes. I think yes. If they impact the society I will, no matter the quality”.

Two participants who said they will change their service provider if MTN’s quality of service reduces noted that, “If the service quality drops, I will stop using or patronising the network. Everyone wants improvement, so if the quality reduces, I will cease using MTN”.

The other participant noted, “It will be difficult-really difficult. It is because of the services and network quality I use it, and not CSR. So if it reduces, I will just stop using or patronising the network”.

The individual positions taken by the participants are justified by the Rational Choice Theory adopted for this study. In essence, according to this theory, individuals are motivated by their personal wants and goals and are driven by personal desires. Since it is not possible for individuals to attain all of the various things they want, they must make choices related to both their goals and the means for attaining those goals. In the end, rational individuals choose the course of action that is likely to give them the greatest satisfaction. When people make decisions, and act on those decisions, they do so in their own self-interest. That does not necessarily mean that people are selfish, but that they rationally calculate the best possible course of action in terms of what it will cost them and the rewards they will reap.

Customer Loyalty and Possibility of Recommending MTN to others

Participants were asked to indicate if they will patronise MTN in the future and recommend it to other people based on CSR. Six out of the ten said they will patronise MTN and recommend its services to others. Three participants said they may continue to patronise the service if MTN continues to contribute to the growth and development of the country. The remaining participant was indifferent. He noted that, his loyalty to MTN and recommendation to others will be based on wide accessible network coverage and the fact that a lot of people (especially their customers) have their complaints and grievances addressed.

This participant, who was indifferent, went further to explain his reasons. He said, “Ooooh! If I had my way, I will stop using MTN today. They are thieves. They deduct airtime unnecessarily. Well! One thing is my decision to still patronise MTN’s services now and in the future is not because they have engaged in CSR. It will be because the network is good, services are good and rewarding, and not because of CSR. Aside those, a lot of my customers and business partners contact me mainly on my MTN number”.

The findings of this research is supported by a study conducted by Drumwright (2004), who noted that, extant literature suggests that a corporation's socially responsible behaviour can positively affect consumers' perceptions and attitudes toward the corporation. For example, Lichtenstein and Drumwright (2004) provide evidence suggesting CSR affects not only customer purchase behaviour through customer-corporate identification, but also customer donations to corporate-supported non-profit organisations.

Also supporting this study are studies by Lii and Lee (2012) and Senthikumar, Ananth, and Arulraj (2011). They noted that meaningful CSR efforts can result in improved reputation,

enhanced corporate image, motivated employees, as well as promote customer loyalty Lii and Lee (2012). A stronger customer loyalty could increase levels of repeat purchasing (Senthikumar, Ananth, and Arulraj, 2011).

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the summary of the study, conclusion and recommendations suggested by the researcher.

5.2 Summary of Findings

The study was guided by two research objectives which were to find out if customers stay with MTN because of Corporate Social Responsibility Initiatives and to determine if Customers stay loyal to MTN regardless of Service Level problems.

The first objective was to find out if customers stay with MTN because of their CSR initiatives. First, the researcher wanted to know the participants' understanding of CSR. The data gathered indicated that of the ten participants, only seven had generic knowledge and understanding of CSR. The remaining 3, participants said they have no knowledge about CSR.

Next, participants were asked to indicate why they chose MTN over other telecommunications service providers. Seven out of the ten participants said insistently that the reason they chose MTN over other telecommunications networks was because of their wide network coverage or service. One of those seven said MTN was the finest service provider or network at the time they settled at Obeyeyie.

The second objective was to assess Customers' loyalty to MTN regardless of Service Level Problems. The researcher asked the participants to indicate their loyalty to MTN irrespective of Service Level Problems. Out of the ten participants, six participants noted that, they will continue to use MTN services irrespective of service level problems because they use their mobile numbers for business transactions. Changing to other service providers, will mean that, they will lose huge sums of money. Two participants stated that, they might change if the service level problems are unbearable. The remaining two participants said they will switch to other service providers without hesitation.

Participants were asked to indicate if they will patronise MTN because of CSR even if the quality of service reduces. Six of the participants said yes they will continue to patronise MTN because of the CSR even if the quality of service reduces. Two participants said they might change and the remaining two participants said they will change their service provider.

In explaining their answers, one of the six participants who said yes, they will continue to patronise MTN because of the CSR even if the quality of service reduces, said "Yes. I think yes. If they impact the society I will, no matter the quality.

Participants were asked to indicate if they will patronise MTN in the future and recommend it to other people based on CSR. Six out of the ten participants said they will patronise MTN and recommend its services to others. Three participants said they may continue to patronise the service if MTN continues to contribute to the growth and development of the country. The remaining participant was indifferent. He noted that, his loyalty to MTN and recommendation to

others will be based on wide accessible network coverage and the fact that a lot of people (especially their customers) have their complaints and grievances addressed.

The participant who was indifferent went further to explain his reasons. He said, “Ooooh! If I had my way, I will stop using MTN today. They are thieves. They deduct airtime unnecessarily. Well! One thing is my decision to still patronise MTN’s services now and in the future is not because they have engaged in CSR. It will be because the network is good, services are good and rewarding, and not because of CSR. Aside those, a lot of my customers and business partners contact me mainly on my MTN number”.

5.3 Conclusion

Corporate Social Responsibility activities by organisations in Ghana continue to positively impact society principally. CSR, according to the findings of this study, narrowly influences customer’s perceptions of MTN as an organisation, in a sense, towards brand loyalty.

This study revealed that in as much as CSR to some extent courts an amount of customer loyalty, most customers focus on what they can directly derive from the services rendered by the organisation. The quality of service in terms of accessibility, cost, proximity, speed and effectiveness et cetera are of great importance to customers because they have proven that their loyalty is heavily dependent on these elements of the organisation’s service delivery.

Customers expect reasonable value for the monies they spend on products and services, which to a large extent enhances their loyalty to the brand, as compared to CSR. Customers also expect

that, their complaints will be attended to quickly and MTN will be seen as making all efforts to assist in resolving the issue.

5.4 Recommendations

The following recommendations are offered, based on the findings of this study:

Improve Customer Service Delivery: Management of MTN should make it a priority to improve on its customer service delivery not only at Obeyeyie but across the country. Customers should be informed when there are maintenance services or when the network has challenges. All this should be done, with the aim of satisfying the customer and urging the customers to remain loyal to the brand.

Improve Service Quality: There should be top-notch service quality delivery for all MTN users. MTN management should ensure that, the needed must and equipment are installed at vantage points to improve on service delivery of both its voice and data services.

Analyse the impact of CSR: The MTN Foundation should make it a point to publicise its CSR and its values. The Foundation should also endeavour to document the impact of its CSR not only on the community but also on the individual beneficiaries.

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APPENDICES

INTERVIEW GUIDE

Dear Sir / Madam,

I am a student of the Ghana Institute of Journalism undertaking research on the topic
“Corporate Social Responsibility and Customer Loyalty; a Case of MTN Ghana.”

I would be very grateful if you will spend a few minutes of your valuable time to grant me an interview. The interview will help me obtain the required information for my study, and will be used solely for academic purpose.

THANK YOU.

Personal Data

1. Age Range: 26-30 31-35 36-40 41-45 46-50 50 and above
2. Marital Status: Single Married Divorced Separated
3. Educational Background: PhD Masters/MBA First Degree Diploma
4. How long have you being using MTN? 0-3 4-6 years 7-9years 10 years and above

Areas to probe

1. Choice of MTN over the other Telecommunications Networks.
2. Knowledge or understanding of CSR.
3. CSR initiatives, a factor for becoming a customer of MTN.
4. MTN's services patronised (eg. Internet, mobile money, calls etc).
5. Intention to utilise MTN's services five or ten years from now because of CSR initiatives.
6. Recommendation of MTN to other people as a preferred service provider due to CSR.
7. What will make customer abandon MTN, in the future.
8. Patronage of the service because of their CSR campaigns, even if its quality drops.

TRANSCRIBED INTERVIEW RESPONSES

Participant 1

1. It is the network I started using. I was using MTN and Vofafone. MTN is very fast in terms of its internet service. Download is very fast on MTN, compared to other networks.
2. My understanding is that, the organisations roll out developmental projects in towns around them to announce their presence.
3. I saw the school with an MTN Ghana Foundation emblem or inscription while I was going to fetch water from a borehole near the school, and it was then I realized they have done something like that (CSR). For me, I started using MTN a long time ago because of network quality and clarity of calls. I didn't become a customer of MTN because of the CSR activity.
4. I patronise internet service, phone calls and mobile money.
5. I will continue to use MTN. In case my sim card gets missing, I will replace the number. Even if I do not get the same number I will buy another MTN number. Not because of the CSR activity.
6. I can tell other people about the network. I can recommend MTN to other people because of their CSR campaign. They do not only build schools, but help individuals.
7. I have a friend who complains of being charged wrongfully for services he did not subscribe to. Anytime he buys airtime, he starts receiving numerous messages, and he is charged for each message until the airtime gets exhausted. I used to experience that, but I

called the office and asked them to stop, so I advised him accordingly. Something like this can make me stop using the service or network.

8. I will continue to patronise the network because even if the service quality drops. Not because of CSR. Even if the service quality reduces, it will be fixed and will return to normal.

Participant 2

1. As for MTN I am able to monitor their airtime deductions and call charges. I can monitor my airtime usage. For the other networks, example Airtel, I cannot monitor the airtime usage and deductions. My airtime finishes within the shortest possible time after recharge, on the airtel network.
2. In my opinion, if a corporate organisation is in this town, they need to carry out some projects for the town. That is my understanding of CSR.
3. No! I was patronising MTN and its services before the CSR project was undertaken.
4. I patronise phone calls only.
5. If they decide to continue to help this country, we can continue using the network, but if they do not help, we will abandon them. After all there are other telecommunications networks.
6. I can recommend MTN to other people because of the CSR activity they have done. Apart from the CSR activity, if you make phone calls, you can usually reach the other party, and call quality is mostly clear.
7. If the network or service quality fluctuates, I will stop patronising the services of MTN.

If the service quality drops, I will stop patronising the network. I will just port my number to another network or acquire another service provider's sim card. Everyone desires progress, so if the quality reduces, I will cease using MTN. Besides, the CSR activities should target individuals, like Vodafone does with Vodafone Health Line.

Participant 3

1. Wherever I go, I am able to access the MTN network.
2. I understand it to be a responsibility of organisations to every person or for example, to one village. Indeed they (organisations) ought to do something developmental.
3. I did not become a customer of MTN because of their CSR campaign. I started using the network and patronising their services about ten years ago.
4. I patronise mobile money and phone calls.
5. Oh, Yes! It is the same mobile telecommunications network I will use or patronise in the future. I used to have an MTN number that got missing. I could not replace that same number, so I got another MTN number. As far as I concerned, they have not undertaken a CSR activity in my hometown or village. I do not intend to use or patronise MTN in the future because of their CSR campaigns. When you go back, tell them to go to my village and roll out a CSR activity there.
6. Yes! As for that, I will recommend MTN to other people. If you make calls from one MTN number to another, it is cheap and the call quality is also very good. The network is also accessible everywhere you go, and it is easy to make calls without struggle. But sometimes in certain places, when you make calls to other networks, it does not go

through easily. It is because of their CSR activity that I will recommend them to other people.

7. Maybe when there is network problems, and if the call rates are increased, I will abandon MTN.
8. Oh! I will still continue to use or patronise MTN.

Participant 4

1. As for MTN I am able to monitor their airtime deductions and call charges. I can monitor my airtime usage (for example, if I buy GHC 2.00 worth of credit, I am able to use it well, knowingly. But for the other networks, example Tigo, I cannot monitor the airtime usage and deductions. If I buy GHC 2.00 airtime, it finishes within the shortest possible time.
2. In my opinion, for example, if they (corporate organisations) are in this town, they need to carry out some developmental projects for this town. That is my understanding of CSR.
3. Oh! No. I was using or patronising the network and its services before the CSR project was undertaken.
4. I patronise phone calls.
5. Oh! As for that, if they make up their minds to continue to help this country (Ghana), we can continue using the network for them, but if they do not help, and because there are other telecommunications networks, if we weigh and realize that MTN does not help like others, we will abandon them.

6. Oh! I can recommend MTN to other people because of the CSR activity they have done. Apart from the CSR activity, if you make phone calls, you can usually reach the other party, and the call quality is mostly clear.
7. For example, if the network or services does not remain stable, I will stop patronising the services of MTN.
8. If the service quality drops, I will stop using or patronising the network. Oh! I will just port my number to another network or buy another network's sim card. Everyone wants improvement, so if the quality reduces, I will cease using MTN. Besides, the CSR activities should target individuals, like Vodafone and Airtel do with the Vodafone Health Line and Airtel Touching Lives.

Participant 5

1. It is the network I started using. I was using MTN and Airtel. MTN is very fast in terms of its internet service-download is very fast. Their bundle gives maximum returns. For example, if you buy GHC 2.00 Airtel airtime to activate a data bundle, the bundle gets exhausted as the charges are made 'small small', but for MTN some of the data remains for future use, to download important items fast.
2. My understanding is that, they (organisations) roll out developmental projects in towns around them to let people know that they are also around and in business.
3. Oh! I came to this town a few weeks ago. I saw the school with an MTN Ghana Foundation emblem or inscription while I was going to fetch water from a borehole near the school, and it was then I realized they have done something like that (CSR). Well!

For me, I started using MTN a long time ago because of its network quality, fast services and clarity of calls. I didn't become a customer of MTN because of the CSR activity.

4. I patronise internet service, phone calls and mobile money. I have another cell phone with an Airtel sim card active in it. But anytime I want fast internet service, I insert my MTN sim card to browse the internet.
5. I will continue to use MTN. In case my sim card gets missing, I will replace the number. Even if I do not get the same number I will buy another MTN number. The reason is, the network is accessible everywhere, and their network poles are many, all over. Not because of the CSR activity.
6. I can tell other people about the network. I can recommend MTN to other people because of their CSR campaign. They do not only build schools, but help individual lives.
7. For example, I have a friend who complains of being charged unjustly for services he did not subscribe to. Anytime he buys airtime, he starts receiving numerous messages, and he is charged for each message until the airtime gets exhausted. I used to experience that, but I called the office and asked them to stop, so I advised him accordingly. Something like this can make me stop using the service or network.
8. I will continue to patronise or use the network because it is fast, even if the service quality drops. Not because of CSR. Even if the service quality reduces, it will be fixed and will return to normal.

Participant 6

1. At the time I decided to use MTN, it was the finest network where I was, with a wide network coverage.

2. I understand it to be a responsibility of large businesses or corporate organisations to the area or town where they operate or do business.
3. As I said earlier, it is my first number or network, and at the time I decided to use MTN, it was the finest network where I was. I did not start using the network because of CSR activity.
4. Ooooh! I use all their services. For me I patronise phone calls, internet services and mobile money very often.
5. Ooooh! If I had my way, I will stop using MTN today. They are thieves. They deduct airtime unnecessarily. Well! One thing is my decision to still patronise MTN's services now and in the future is not because they have engaged in CSR. It will be because the network is good, services are good and rewarding, and not because of CSR. Aside those, a lot of my customers and business partners contact me mainly on my MTN number.
6. Oh! As for the CSR campaigns, they have done well on that score. It is the government that is lazy; otherwise it should not have been their burden. But of what benefit will the school project be to customers who do not have children, or customers who will never have children of their own? They should consider rolling out projects that impact individual lives also. I will not recommend MTN to other people based on the CSR activity; rather, it will be based on the service quality.
7. What will make me stop patronising MTN is the issue of unreasonable charges or deduction of airtime. Otherwise I would say they are good, and they have broad network coverage.
8. I will stop using MTN if the service quality reduces or drops. For example, if the love of girl I cherish so much drops or diminishes suddenly, why would I still pursue her? I will

just stop using the network or its services if the quality reduces. I can port my number to another network easily.

Participant 7

1. MTN is the first network is used, and it has been the same network I have patronised over the years, since I came to Obeyeyie.
2. I understand it to be developmental projects undertaken by organisations. But it is not CSR that will make people decide to continually use the network. The thing is when we settled here during the initial days, MTN had wide network coverage to this community, so it was only necessary that people bought MTN sim cards.
3. It is because of the network or service they render I decided to use MTN, and not because of the CSR activity.
4. Calls and internet. But they wrongfully charge me by deducting my airtime.
5. Yes! I will patronise MTN, but not because of the CSR activity. It is because a lot of people have my number and the network coverage is also broad.
6. Oh! Yes. I will recommend MTN to other people because of their network coverage, and not because of CSR. For example, I can use my MTN number in Togo once I have a lot of airtime on it.
7. Wrongful airtime deductions and loss of airtime will make me abandon the network.
8. It will be difficult-really difficult. It is because of the services and network quality I use it, and not CSR. So if it reduces, I will just stop using or patronising the network.

Participant 8

1. I did not really choose MTN. I only bought a sim card for my new cell phone.
2. CSR is an organisation's way of giving back to society.
3. No. not at all.
4. Phone calls and mobile money.
5. I do not know much about their CSR activities. I am just patronising their services. It is not because of their CSR activity.
6. They are the favourite service provider in this country at the moment. I will recommend MTN to other people, but not because of their CSR campaigns.
7. If the charges for phone calls shoot up too much than I expect, I will stop using MTN. If they overcharge me when I make phone calls, I will stop using the network.
8. Yes. I think yes. If they impact the society I will, no matter the quality.

Participant 9

1. Wherever I go, I am able to access the MTN network.
2. I understand it to be a responsibility of organisations to provide something helpful to a person or to a society.
3. I did not become a customer of MTN because of their CSR campaign. I started using the network and patronising their services about twelve years ago.
4. I patronise mobile money and phone calls.
5. Yes! It is the same mobile telecommunications network I will patronise in the future. I used to have an MTN number that got missing. I could not replace that same number, so I

got another MTN number. MTN as an organisation has not started a CSR activity in my hometown or village. I do not intend to patronise MTN in the future because of their CSR campaigns.

6. Yes! I will recommend MTN to other people. If you make calls from one MTN number to another, it is cheap and the call quality is also very good. The network is accessible everywhere you go, and it is easy to make phone calls. It is because of their CSR activity that I will recommend them to other people.
7. Maybe when there are network problems, and if the call rates increase, I will abandon MTN.
8. Oh! I will still continue to use MTN.

Participant 10

1. MTN is the network I have patronised over the years, since I came to Obeyeyie.
2. I understand it to be developmental tasks organisations do. But it is not CSR that will make people decide to repeatedly use the network. When we settled here initially, MTN had wide network coverage to this community, so it was only necessary that people bought MTN sim cards.
3. It is because of the quality of service they render I decided to use MTN, and not because of the CSR activity.
4. Calls and internet. But they unjustly charge me by deducting my airtime.
5. I will patronise MTN, but not because of the CSR activity. It is because many people contact me on my MTN number. Besides, the network coverage is extensive.

6. Oh! I will recommend MTN to other people because of the wide network coverage, and not because of CSR. For example, I can use my MTN number in Togo once I have a lot of airtime on it.
7. Illegal airtime deductions and sudden loss of airtime will make me abandon the network.
8. It will be difficult-really difficult. I use MTN because of the services quality, not CSR. So if the quality reduces, I will just stop patronising the network.