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**COLLEGE OF HUMANITIES AND SOCIAL SCIENCE**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF MARKETING AND CORPORATE STRATEGY**

**The impact of corporate social responsibility on customer loyalty in MTN Ghana**

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**A dissertation presented to the Department of Marketing and Corporate Strategy, School of Business, Kwame Nkrumah University of Science and Technology Kumasi, in partial fulfillments of the requirement for the degree of Master of Business Administration (Strategic Management and Management Consulting)**

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## Declaration

I hereby declare that this research is my own work under supervision and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for award of any other degree of any university, except where due acknowledgement has been made in the text. Quotations and ideas taken from other authors have been dully cited.

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### **Dedications**

This work is dedicated to my loving family for their support and encouragement to the successful completion of my course. I also dedicate the work to the memory of my late Father, Osei Kufuor Agyeman



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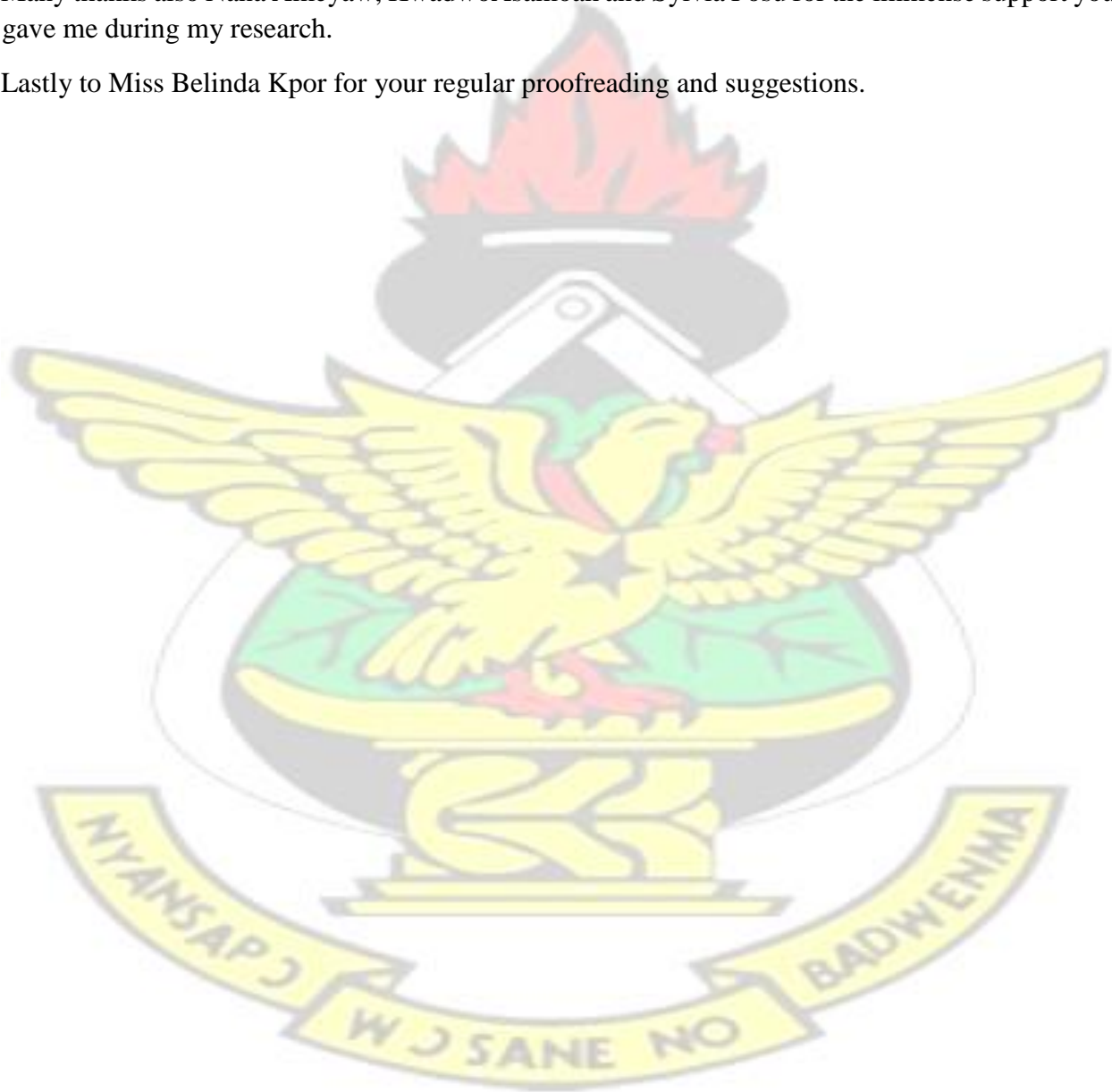
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## **Abstract**

The study set out to establish the impact of corporate social responsibility on the loyalty of MTN customers. Specifically, the study looked at how MTN Ghana is performing in the four major categories of corporate social responsibilities namely, economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. The study further assessed the impact that the corporate social responsibilities undertaken by MTN Ghana in education, health and economic empowerment have on the loyalty of its customers in Ghana. In an effort to accomplish this, 250 questionnaires were administered to customers of MTN Ghana. The sample size was selected using simple random sampling. A response rate of 94% was achieved. The purpose of the study is explanatory. The data collected was analysed using multiple regression. It was discovered that corporate social responsibilities had significant impact on the loyalty of MTN customers. It was therefore followed that MTN was performing well in the four major areas of corporate social responsibilities which are economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. In addition, the study found that, the corporate social responsibility projects undertaken by MTN have significant impact on the loyalty of its customers. Based on the findings, it was recommended that MTN must maintain a high level of operation efficiency to enjoy the loyalty of their customers and must not focus on maximizing profit at the expense of its customers so as to ensure that they always have the loyalty of their customers. In addition, MTN must perform in a manner consistent with the expectations of government laws. Again, it is recommended that MTN must pay fair wages and refuse to do business with oppressive countries to secure the loyalty of their customers. Finally, MTN must continue to undertake their corporate social responsibility projects because it is the reason for the loyalty of their customers.



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### List of abbreviation

1. CSR- Corporate social responsibility
2. MTN- Mobile telecommunication network
3. SPA - Sale & Purchase agreement
4. ITU-International communication union
5. CCI-Consumer company identification



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# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.1 Background to the study**

The accumulating habit of mobile technology has changed significantly among states with higher number subscribers of mobile in the emerging nations, (ITU, 2013). Somewhere in 2013, from the International Telecommunication Union (ITU) statistics discovered that the infiltration rate of subscribers of mobile phone is 96.2 per 100 populations worldwide and it was again reported that recently, there are more customers using mobile phone in the evolving places more than in the industrialised places (ITU, 2013). Furthermore, consumers have become very difficult to convince, they are approached by many more with equal or better offers, they are keener, less forgiving, more demanding, more price conscious, and firmer to satisfy (Kotler et al., 2006).

The Telecommunication companies and their competitors face the same challenge that is the creation of pleased costumers; the creation of pleased and trusty clients has been the challenge (Kelleret al., 2011). During the research of the general client contentment of mobile telecommunication networks in Ghana, it was renowned that, customer satisfaction is little with respect to the mobile telecom networks in Ghana (Mahmoud et al., 2012). Today, Telecom workers are confronted with representing continuous service growth and customer-focused as a challenge than previously, as a means of safeguarding brand supremacy, customer devotion and eventually customer satisfaction (Henry &Quansah, 2013). As the modest surroundings progressively turn out to be violent, an essential subject that the telecommunication suppliers encounter is slower to offer outstanding, good services orproducts value, and again to retain faithful clients to donate lasting proceeds to companies (Kotler, 2009).

Just having a trade brand is not adequate to give an establishment an advantage over other current firms. There is a necessity for companies to additionally change steps in making solid cognisance for their company brand; which is important to attaining all the other rudiments of brand loyalty (Aaker & Equity, 1991), perceived quality, brand equity and brand association. More companies today are starting to understand the significance of CSR and its influence on social security. Evaluations are then established to examine presentation of many of the companies with respect to determining their CSR aside the companies' economic growth. These evaluations have been cautiously supervised by autonomous supervisory body like Malaysia Stock Exchange (Bursa Malaysia) in the resident background. Currently, some nations have previously considered as obligatory by adding CSR assessments to their business report as well as others find it important to publicly publish their CSR scores. The importance of CSR to the context of modern day business and management is therefore confirmed.

The development of CSR can be classified to interconnected world and prospects that trades or companies would cover all loop holes left behind by letdowns of global governance (Frynas, 2005). Numerous researches showed related CSR to customer fidelity. Modern appraisal related to CSR study designates that CSR creativities if well applied can improve customer loyalty (Kotler et al., 2006). Now, company social obligation that is (CSR) is predominantly preserved to become a corporate issue. The mainstream of this study on the subject matter takes a management viewpoint. These debates on the fact that corporations can preeminently respond to definite requirements of largely external stakeholders, which CSR initiatives improve corporate performance, and what encourages firms to become involved in CSR (Basu & Palazzo, 2008).

Certainly, CSR exertions are ambitious only not because of conceptual intelligent that some companies are a positive and influential force for social transformation, but more by the diverse trade returns which companies can possibly gain from their CSR activities (Basu& Palazzo, 2008). The social presentation differs beside a range that sorts from, to conviction-acting to make optimistic influence, compliance-acting to escape opposing penalties. The range again differs in guarantees to 4 standards for assessing social accountability practices: philanthropic, legal, ethical (consumer protection and environmental contribution), and economic (Schermerhorn, 2010).

## **1.2 Statement of the problem**

In Ghana, Boateng & Quansah (2013) produced a modern studious work which stated that the accepting of the drivers of brand excellent by consumers in a telecom company is not perfect. All the mobile operators in Ghana have a challenging key contest that is the implementation of numerous advertising originalities that would not only lead to desirability of new subscribers of the network, but maintaining current ones who will turn out to be loyal consumers (Okyere et al., 2011).

Again, there are irresistible influences subsidiary that it is highly costive to gain additional clients than keeping present ones (Kotler & Armstrong, 2010). The achievement of fidelity in modern trades, corporations must emphasis on creating and preserving consumer faithfulness and CSR is now a valuable tool in this reverence. Nonetheless, the connection amid customer loyalty and CSR rests mainly uncharted (Liu & Zhou, 2008).

In countless markets, penetrating competition has reduced the projections for variation in terms of skill and service or product excellence. In the interim, CSR might change the worth of a



corporation's brand which can upsurge the view for variation. It is view of this that this research pursues to measure the characteristic result of Corporate Social Responsibility on the overall loyalty of consumers inside the telecommunications industry.

### **1.3 Objectives of the study**

- i. To ascertain the customers' awareness of CSR of MTN
- ii. To identify the components of MTN Ghana's CSR activities
- iii. To examine the relationship between the various component of CSR and the loyalty of the customers of MTN.

#### **1.3.1 Research questions**

- i. To what extent are customers aware of MTN Ghana's CSR Activities?
- ii. What are the components of MTN Ghana's CSR Activities?
- iii. What relationship exists between the various components of MTN Ghana's CSR and the loyalty of the customers.

### **1.4 Significance of the study**

The research is predictable to aid as rich basis of data in this area of study. Therefore, it is likely to provide consistent facts on CSR and its influence on client loyalty for the telecommunications industry. Also it is an important material for learned dissertation in management science connecting to Corporate Social Responsibility. This research offers information on the impression CSR has on the effectiveness of Telco's processes in Ghana.

As a final point, the study work will deliver information to support government and other stakeholders in the preparation of policies for the whole production and other companies.

### **1.5 Scope and limitation of the study**

The literature as already recognized was commenced between a designated telecommunication corporation in the nation precisely MTN Ghana, in Ashanti Region & Northern Region. Only an ample number of branch offices of MTN Ghana was covered in the research. The research covered portions such as the impact of CSR, Customer loyalty, and concept of Corporate Social Responsibility etc.

The research might have stayed rather illustrative if it had covered all the corresponding Telco's firms and the many subdivisions within the whole country. Nonetheless, just like most study works, finance and time turned out to be the two key resources which were not adequate enough as required by the research. This was because the researcher was the sole funder of the research and thus couldn't fund such a wide study with his own capital and within a limited time on the University's academic calendar.

### **1.6 Organisation Of the study**

The work is prearranged and presented in five chapters. Chapter one covered the background information to the study, objectives of the study, the research questions, significance of the study as well as the limitations of the study. Chapter two looked at the review of literature on the subject. This is a review of books, papers, publications of earlier writers on the topic or similar to that. Chapter three touches on the methodology used in undertaking the entire project. It discussed the methods of collecting the data into details.

Chapter four analyzed and discussed the data collected for the study. Finally, chapter five discussed the findings, conclusions and recommendations for addressing the problems identified in the study.



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## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

## **2.1 The concept of corporate social responsibility**

On the basis of Chung et al., (2015) CSR is described as “the commitment of business to subsidize to maintainable financial growth working with employees, the local community, their families, and society to progress their quality of life, in ways that are both good for business and development” by the World Bank. Kotler & Lee (2005) also explained CSR to be “an allegiance to advance societal well-being by means of flexible business practices and aids of corporate resources”. CSR events are approximately abstracted as the organization’s status and events with reverence to its apparent societal duties (Campbell, 2006). A study by McKinsey (2010), demonstrates that executives who accept that CSR donates definitely to long-term shareholder value are 76% , and 55 % settle that maintaining CSR aids the firms to build a strong status. Customers assess firms and also products with respect to CSR, by which negative CSR relations mostly are persuasive as well as have additional damaging result than positive ones.

Nevertheless, positive relations do increase product and firm valuations (Biehal&Sheinin, 2007). CSR’s impact on customers’ purchase intentions is rather delicate than earlier thought, proving that openly CSR can affect purchase intentions. Therefore, the theoretical as well as empirical indication has recommended that CSR activities in customers' valuation condition professed more definite results in higher consumer loyalty and satisfaction.

In line with the European Commission (2001), CSR is an idea with which firms take part in environmental as well as social issues in their business processes and communication with their investors.

This leads to a progressively responsible behavior, which results in maintaining success in their business. What CSR does basically is handling reforms at Organisation level in a socially responsible way which can be observed in two diverse scopes:

a) Internal: Socially responsible practices that mostly deal with employees and connected to human capital, health, safety and change management, whereas ecologically responsible practices connected predominantly to the management of natural resources and its usage in production.

b) External: This is CSR outside the firm to the local community and includes an extensive variety of investors. For instance: suppliers' customers, public authorities, business associates and NGOs which represents local communities and surroundings. A firm must concentrate on specific regions like environmental, social and economic when developing a strategy for sustainability (Szekely & Knirsch 2005). Development of sustainability strategy can be centered on social theories, economic and legitimacy. Social discoveries designed by firms are clarified by these philosophies (Haniffa & Cooke 2005). Therefore, CSR practices could be grounded on these 3 methods. The concept of Legitimacy is by which business social discoveries were inspired by the business requirement to legitimize activities. Community prospects will then receive response from the corporate management (Thus, firms are to organise events that are suitable to the community). Legitimacy again suggests that, corporations can make careful decisions to confirm that their performance and activities are suitable to the community (Wilmshurst & Frost 2000).

Corporate social disclosure could be used to mollify particular issues of the pertinent societies and again as an active legitimization approach for gaining continuous influxes of investment as well as satisfy ethical stakeholders (Haniffa & Cooke 2005).

The degree of connotation of CSR and financial performance is replicated by economic theory through the consideration of their reputation benefits, market benefits and cost-related benefits (Chamhuri & Wan Noramelia 2004). CSR is interested in consultation and participation of workers, employment, lifelong learning, industrial change and equal opportunities and integration of people towards restructuring in this business. The creation of policies is fundamentally prejudiced by the

authority employment approaches, the inventiveness on the initiatives to promote quality, health and safety strategy and diversity in the workplace and social responsible restructuring.

The social matters comprise the advantages provided with respect to training linked to education scheme, health and environment, donations, safety, medical benefits and so on (Chamhuri & Wan Noramelia 2004). Maintaining and preserving natural resources are highlighted by Environmental problems. Examples are conducting recycling activities, noise reduction action plan to pursue noise improvement initiatives, compliance with authority regulations, requirements and water and process treatment. Numerous initiatives considered the importance of their obligations concerning the society and take them to the extreme by setting objectives for repeatedly developing their performance. Social events on CSR may comprise generous aids to national as well as local corporations such as donations, gifts and fundraising in places where it does business and others like redevelopment of underprivileged societies, recovery of abandoned property and formation of new re-established jobs. Growth of programs and strategies on environmental and social problems allowed companies to achieve intensive connection with the public. Some initiatives could be taken by Companies through seminars, giving donation to the society, conducting campaigns and workshops. A corporation is able to meet its CSR obligation and indirectly acts as a selling and promotional strategy. Advanced market share can be achieved at the end; it is as a result of the developed incomes from higher sales. Fair commercial practices can also prejudice the CSR's policy application in business. For example after-sales services between businesses, customers and advertising and aggressive marketing, Rules, approaches and packages that are related to social activities could be used to specify CSR's obligation level to a Company. Firms must also meet the customer's request and prospects. Currently, purchasing behavior is varying whereby customers have progressively obligatory reassurance aids and information on the social and environmental



apprehensions. In order to attract more customers and sustain good relationship, enterprises provide information on initiatives undertaken. For example, a way of communicating association's social obligation to public is eco-labelling. Additionally, CSR is similarly apprehended with industrial change, participation of workers and consultation, lifelong learning and integration of people towards restructuring employment and equal opportunities. Workers who are secure at the same time valued will develop their efficiency in output and therefore, accomplishing economies of scale.

## **2.2 Customer loyalty**

Many researchers have acknowledged the need for consumer loyalty in trade, One of the most often deliberated subjects in the service and advertising literature is client loyalty (Heskett & Sasser, 2010). An overabundance of explanations of loyalty or consumer loyalty is found in the existing research. Customer loyalty is consumer reiterating buying intention to some precise services or products in the yet to come (Jones et al., 1995). It includes making consumers feel dedicated.

When the advantages are significant to them, they will continue to patronize your product or service. One of the major reasons that can aid an Organisation to achieve lasting success is Customer loyalty (Andres, 2007). It was pronounced by Ndubisi & Pfeifer (2005) that the price of attending to a customer who is loyal is five or six times less than a recently made client. Walsh et al. (2005) declared that before securing new consumers it is sensible to look after the current client first. Chaffey (2008) explained consumer loyalty by way of a wish on the part of the client to have a continuous business conduct with a particular firm in a longer period. Kotler & Armstrong (2008) practices a notion of monotonous purchasing trends of a specific brand as a sign of a loyal customer. It as well comprises a vocal promotion of the presently utilized services or product by



the obligatory customer to those whom have until now tied a particular service or product (Kotler & Armstrong, 2008). The writer categorized purchase behavioral loyalty into 3 features;

- i. The hardcore – those who only buy one specific products;
- ii. The softcore – those who buy only combined brands; and
- iii. The switchers – those who are not loyal.

Kotler's discovery in this setting suggests that there could be a change in CSR exertions the "softcore" then "switchers" customers to the "hardcore" group. Grant (2000) specified that a customer wholoyal is rarely discount-oriented. Again he related loyalty to appreciation as well as fondness towards a specific firm and the products they manufacture. In addition, the writer declared that loyalty of a customer can be improved by its environmental influences.

### **2.3 Customer satisfaction**

A customer's satisfaction is a post-purchase evaluation as well as emotional response to the general service or product knowledge (Oliver, 1992). It is deliberated as strong forecasters for behavioral mutable which are word-of-mouth recommendations; customer loyalty, or customer repurchase intentions (Eggert & Ulaga, 2002).

Customer satisfaction is supposed to arbitrate customer knowledge because of previous involvement as well as clarifying importance of conducts of post-acquisition, like product usage, repurchase intention, complaining, and word of mouth. Anderson & Srinivasan (2003) recommended that “a displeased consumer is expected to acquire facts on replacements plus extra likelihood of yielding to proposals of competitors than is a satisfied client.” Additionally, previous study has specified that satisfaction is always predicting consistently on repurchase intentions (Wang et al, 2001).

## **2.4 Service quality**

The difference of imaginary expected performance and performance is known as Quality (Kang, 2006). The customer's overall impression of the comparative superiority or inferiority of a company and its service aids service quality. The company's capability in creating and withstanding competitive advantage relies on the authenticity of excellent services delivered by the supplier (Yoo & Park, 2007). Supposedly, positive relations amongst customer satisfaction, customer loyalty, and service quality are well documented in the extant literature. Likewise, experimental discoveries have revealed positive relationships prevailing between customer satisfaction and service quality, then again and amid customer loyalty and service quality, however in a number of businesses (Zeithaml et al., 2008).

## **2.5 Brand image**

Insights and images are generated through the various senses: tastes, touch, smell, feelings, sight and sound sensed via the commercial environment, corporate communications, customer service and product usage (Smith & Taylor, 2004).

This depicts an outward opinion of a company's entire physical and human resources, particularly features as attitudes, communication levels, employees' behaviors.

## **2.6 Brand equity**

Earlier on, branded products were given to consumers to make industries renowned (Buchholtz & Carroll, 2003). Currently, companies are aware of CSR being related to their brand identity in addition to reputation. It was specified by Manhaimer (2007) that customer being loyal is related

to brand equity. Specified otherwise, it explains that there is a conceivable association amid loyalty and CSR through brand equity. CSR exertions by a corporation could improve the company's brand equity in addition to the general customer loyalty. It was stated by Smith et al., (2007) that increasing brand equity is one of the most stimulating marketing issues that most non-governmental organisations were coddling in. Again, it was contended by Pakseresht (2010) that today, most corporations have become illustrious by their brand therefore the assessment is centered on them doing well in the discernments of environment. In addition, this is validated considering the point that web-based intelligent sources and technology assist customers to confirm the indexes about a specific firm facing its social obligation. A recommendation by Van Heerde et al., (2003) stated that loyalty can be influenced by brand equity and the two influences sequentially could be determined by CSR initiatives. More scholars like Balsara (2009) demanded that CSR obligatory in connection to the corporation's general brand approach. The writers again said that not only can CSR be used to endorse a cause, and again aid in the creation of exclusive brand equity for the corporation. Another recommendation from Myers (2003) was that consumers incline to associating with a specific brand centered on the brand worth.

Depending on important association with the brand, the firm is able to create an exceptional proof of identity amid the brand and the consumer. The conversation above suggests that a prospective relation occurs amongst CSR initiatives, brand equity and customer loyalty.

## **2.7 Company identity attraction**

A suggestion from Davis (2008) was that corporations that relate with customer qualities really improve than corporations that recognize each other by their products. Verma (2010) particularized about firms being able to differentiate each other from the prospective opponents via the means



adopted in managing their trade in agreement to their own business operation emphasizing on the loyalty of consumers. Melisende (2007) also deliberated on how organisations are able to entice customers through the offering of a unique identity. Again he stated that identity attraction also can profit from CSR principles. In the same light, Longinos& Salvador (2007), contended that performance of corporations is related with CSR initiatives and that CSR principles may assist a firm to increase its identity attraction in so doing aggregating customer loyalty. In this instance, it could be put forward that CSR, consumer loyalty, and company identity attraction are related (Pavithira, 2009).

## **2.8 Consumer-company identification**

The degree to which a customer connects him or herself to a specific company's business goals and ideals, generally is frequently known as Consumer-company identification (CCI) (Davis, 2008). CCI was again described by Bhattacharya & Sen (2003) as an extent to which customers eagerly classify themselves in addition to growing important affiliation with a firm – resulting to customers being winners for their product, service, and what the firm stands for.

CCI is frequently measured in three categories:

- a. The feeling of concern towards supporting a certain Organisation
- b. The association towards the specific Organisation and
- c. The resemblance between the other customers of the specific Organisation (Marx, 2011).

Perez (2009) stated that with the purpose of impacting buying behavior, CCI is linked with the manner in which a firm transmits itself in trade and its business objective. In this perspective, the writer recommended that CSR efforts could influence CCI as CSR efforts might improve the aptitude of customers to recognize each other with a specific Organisation and product. However,

some writers also declared partial research exist to solely decide if CSR affiliation as well as CCI does certainly hold true. It was then specified by (Melisende, 2007). Chen et al., (2011) that, the CSR relationship plus CCI in connection to customer loyalty does not happen, providing somewhat irregular standpoints on the problem at hand, the research main objective is to observe whether the CCI relationship really influence the loyalty customer and as to whether this association is persuaded through CSR principles or ideals.

## **2.9 Other variables influencing customer loyalty**

The additional variables covers GPRS quality, SMS rates/ packages, the call rates / packages, network coverage, signal strength, value added services, promotion, SMS quality, sales promotion, GPRS Rates or packages, call quality and advertising. In creating loyalty among the customers of the firm, all these issues play a major part (Keller et al., 2011). All these mutable perform vital part in influencing performance and the general quality of the cellular service workers. Similarly, these variables somehow influence the constructing of a highly communicative association amid the consumers and the corporation of supplier that offers the cellular service. This can impact the consumers' satisfaction that in line has negative impact on consumer loyalty (Shahzad Khan, 2012).

## **2.10 Common characteristics of CSR**

The subsequent point's wererenowned by the European Foundation for Quality Management (EFMQ) (2004) as common features of CSR:

- i. Companies tend to take on CSR freely and somewhat not as a lawful obligation. This is due to the fact that they perceive its acceptance to be in the extended advantage of their firms
- ii.



Achieving the demands of current investors without negotiating the ability of future generations to meet their own demand. This is fairly significant due to the pursuit for profit has resulted in several companies to ignore the dangerous effects of their companies' activities on the environs.

- iii. CSR is recognized as an essential activity which needs to be entrenched into a company's management approach.
- iv. CSR incorporates economic, social and environmental rules in the everyday business of organisations

### **2.11 Implicit versus explicit corporate social responsibility**

A research by Matten and Moon (2004) offers a theoretical framework for accepting corporate social responsibilities the, 'explicit' against the 'implicit' the social responsibilities of a company. Implicit CSR is a nation's informal and formal organizations that give firms an approved portion of being responsible for community's welfares and apprehensions. Implicit CSR are standards, rules as well as procedures which in effect is the requirements for companies to respond to areas that investors consider significant.

Individual companies or Business associations are frequently directly included in the description and legitimization of this social accountability obligation. Explicit CSR is about business policies with the aim of being accountable for what the society has an interest in. Explicit CSR can for instance be voluntary, self-interest determined business, social responsibilities policies and approaches.

### **2.12 Benefits of incorporating CSR to an organisation**

Reasonably, few benefits may accumulate to any firm that fits in CSR. Some of these are motivated people and community; stronger risk management and corporate governance; a healthier and safer

workplace; an enhanced public image and economic success; greater access to finance; enhanced confidence and trust of stakeholders; customer loyalty; improved brand value

(Elizaveta, 2010). It is not an exceptional favour to the general public if any company integrates CSR as a central business but is circuitously generating additional opportunities for greater development, effectiveness and achievement for its trade. For disappointment to include CSR, reputational loss might occur. Mirfazli (2008) found in a study he conducted that more damage to a business than good might occur if a company is unable to fulfil social duties. Even in a country as extremely poor as Nigeria, disreputable business practice is inactive. This might solely invite undesirable response to any firm because of responsive, augmented media attention and augmented social media in addition to investigative journalism in Nigeria. Moral duties do invite and maintain the finest employees in a company. Diffey (2007) again showed that customers desire to stand by Firms who are active in CSR practices. The writer went an extra mile to say that with the pending knowledge on the economy; corporate behavior cannot be hidden. Human rights cannot be impinged on in anyway and corporate reputation must be protected enviously because of rapid communication via numerous media for example internet, television, radio, newspapers and magazines and mobile telephoning. Elizaveta (2010) demanded that CSR businesses appeals to the finest employees and convey additional consumers to that Firm. She continues that firms lacking CSR frequently turns out to be unsuccessful and that big industries seem to comprehend this, in so doing set up approaches to guarantee workers to perform their social responsibilities. Organisations with CSR strategies get the best investors, clients, employees and a more satisfied general public. The capital market and the economy also ascertain that viable firms are productions that are forthcoming.

Several African states, as well as Nigeria are extremely reliant on donations and foreign assistances. Huniche and Pederson (2006) perceived that societal duties are accorded the maximum importance by African companies. Some also like ethical, legal and philanthropic. Corporations must come to the assistance of public and environs where government has been unsuccessful since the socio-economic requirements in Nigeria are very huge. Amaeshi, et al., (2006) stated that native observe CSR activities as business charity to solve Nigeria's socioeconomic difficulties. The inability of the federal government to control the economy (notwithstanding the tremendous great quantity of human and natural resources) in developing the country is CSR's main driver. Nigeria's mobile telecommunication business includes MTN, Vodafone, Multilinks, Visaphone, Starcomms, Airtel, Globacom, Etisalat and Zoom mobile. By far, Africa's largest telecoms market has been sustained by Nigeria (Mathew-Daniel, 2012).

Nigeria's inhabitants are over 160 million people, this is not astonishing taking the population into consideration. The failure of the Federal government to organize NITEL (the sole telephone service supplier till 2001) resulted in the deregulation of the telecommunication sector. In a country of about 140 million people as at that time, NITEL had just 500,000 customers. The underprivileged could not afford the domestic Telephone lines, it was an indication of treasure or being rich in Nigeria. 127.2 million People are now the number of vigorous customers of GSM in Nigeria. There are percentage benefits that the GSM services have carried in to the economy for instance, e-banking services, ease of communication, and business transaction, just to mention a few. This does not mean that it does not come with additional disadvantages some of which are safety and health matters connected to emissions, air, noise, ground pollution and base stations and radio frequency (MTN, Annual Report, 2005).



### 2.13 Strategic CSR

When a company compares the delivery of a public good to the trade of their products, what it ensures is to achieve value and this is known as strategic CSR (Baron, 2001). Social duties will give the impression of benefitting a corporate directly in the method where the companies utilize CSR practices often and entirely with customers, employees, investors and shareholders so as to improve their funding. This can be connected to the conception of CSR marketing. Additional advantage made for the Organisation happens when a common spirit and esteem for the dignity of individuals is prepared inside the company. This cultivates teamwork, motivation and fulfilment in employees, which eventually results in productivity. Lastly, Strategic CSR also takes the procedure in which the company admits some accountability for the television programs comprising other media locations in which they promote. Nevertheless, in funding programs, companies or Organisation should prevent aiding of programs that are related to violence, sex and that criticize religion (Lantos, 2001). Some telecom corporations in the business are rivaling this feature of strategic CSR by taking some accountability for some television programs or main occasions. MTN Ghana for example, is the key benefactor of the Soccer Academy that is shown on Metro TV, a resident television media in Ghana.

MTN again was the main sponsor of the South African World Cup tournament that occurred in June 2010. Added instance is the funding of Mentor television reality show that is also broadcasted on TV3 by Vodafone Ghana. Bagnoli & Watts (2003) discovered that the propensity of companies to participate in strategic CSR is subject to two factors: the intensity of rivalry in the market and the extent to which customers are eager to pay superiority for social responsibility. The primary issue can be said to exist in the telecom business in Ghana. The competitive business environment created by multinational telecom operators in a comparatively minor Ghanaian market is perhaps



one of the explanations for the employment in CSR activities by most Telecom's in that profession. The next issue can conversely not be recognized in the setting of Ghana deprived of the provision of a study (research work). An examination of the delivery of public good by corporate companies is a totaling to the management literature on CSR, and has remained predominantly apprehensive with replying the following question do companies "do well by doing good"? Proving that a company is successful by doing well is frequently known to be making the business case for CSR. Hence, accepting the association amid social performance and company performance is very important. An abysmal accepting of CSR necessitates that one considers extra investors too. The accepting of CSR must be prolonged to a consideration of the strategic usage of CSR activities. Capitalizing in CSR assists as a way of distinguishing a company from one that does not finance in CSR, therefore imparting it as a means of competitive advantage (Fomburn&Shanley, 1990). In view of this, McWilliams & Siegel (2001) propose that CSR activities be involved in strategy preparation.

#### **2.14 Morality in CSR**

Virtually, it is inferred that companies cannot be prosperous at the end if they constantly ignore the benefits of important investors. Nonetheless, there will still be an undeniable truth that companies that act maturely will be successful economically at the end of the day (Norman & MacDonald, 2004). "Responsibly" here denotes the continuing requirement by organizations to act ethically while confirming that the value of employees and their families and in addition the local community and society at large are developed (Boon and Ababiob, 2009). This obligation is accepted more in reaction to ethical beliefs fairly than lawful duties. As defined by McWilliams et al., (2005) to be where directors "do the right thing" owing meaning to ethical belief without

concern to how such choices disturb company performance. Although there is no national policy structure that assists in the application of CSR in Ghana (Boon & Ababiob, 2009), it has largely been acknowledged by most people inside and outside of the business world that organizations have a range of duties to investors to act correctly.

## **2.15 Measurement of social performance**

Norman and MacDonald (2004) suggested that, to develop a company's social and environmental performance, the responsible behavior of the corporation must be calculated, audited, measured and reported to the public. This conviction has gradually been among mainstream management theory. This started the theory of the "Triple Bottom Line" (3BL) paradigm which is enticing the welfares of, consultant investors, NGOs, and management (Norman & MacDonald, 2004). The 3BL paradigm suggests that a company's final health or success must not just be weighed by the traditional financial outcome, but then by its ethical, social and environmental performance.

This is in line with the act of MTN Ghana as it launched its first Newsletter on 3rd March, 2010. This newsletter broadcasts the social (and environmental) accomplishments of the corporation among others and provides customers and other investors the chance to measure the ethical, environmental and social performance of the firm. The company uses this to improve its positive influence on societies. Seemingly, social influence should hence, impact the safety of an Organisation. The difficult task hence is to improve CSR programs that sustain value for the corporation and improve the continuous developing requirements of communities in a maintainable way (Boon & Ababio, 2009). Considering how CSR programs have been planned and applied, the Organisation must report the outcome of its social performance to develop its social

and environmental performance. Companies that do this can anticipate doing well monetarily at the end of the day (Norman & MacDonald, 2004).

## **2.16 CSR practices**

The degree of CSR practices is related between diverse companies listing status. These comprise of small and medium-sized enterprises (SME), local Ghanaian corporations (GC), multinational corporations (MNC) and government-linked corporations (GLC).

### **2.16.1 Government-linked corporations**

Study shows that a substantial high policy approved for place of work by GLC. Considered as progressively significant as an approach to maintainable corporate growth, GLC adopting CSR practices are meant to guarantee national growth and to develop Ghanaian living.

The standard of fulfilling the duties of the society by contributing profits created for nation improvement is a key factor for CSR. From its humanity reason, it can therefore be perceived that the reason for GLC doing CSR is not far-fetched.

### **2.16.2 Multinational corporations (MNC)**

MNC begun with philosophy of business as a main and standard concerning CSR application and would want to prove the social, environmental as well as economic duties that profiting its investors. By functioning in two or more countries, MNC inflicts more influence and encounter's enormous stresses from more investors. In Countries where the people are very socially accountable might request MNC to opt for more CSR practices. Thus, finest CSR activities introduced in nations whereby CSR is a responsibility and lay open to legal actions for failure to



conform must be improved in addition to the procedure of MNC in other nations. In Ghana, this might propose the aim of high commitment showed by MNC as related to other companies listing status. MNC connects other firms for almost the same motive for its highest commitment described in environmental policy. Withstanding stresses from government and environmental groups in different nations, by guaranteeing its operations has a negligible influence to the environment MNC chose the safe side. In other regional colleagues, these practices are accepted as part of its environmental and safety practices. Generally, the decision is that aside the humanitarian assistance, for failure to conform in CSR, MNC appears to elude legal actions. By demanding agreeably to various interest groups, ensuring worthy reputation is modeled as a reason by MNC. Thus, MNC is discovered to be an outstanding CSR performer.

### **2.17 CSR in developing countries**

Emerging countries (emerging markets) are confronted with glitches of social exploitation, inequalities, corruption, human rights violation and poverty, therefore industries functioning in developing economies or emerging countries have an accountability to attend to some of these difficulties ( Pachauri, 2006). Grounded on a research prepared in India, there is very negligible consequence of CSR on take-home sales in the public sector (Singh and Ahuja, 1983) and therefore, organizations in the government sector involve fewer in CSR activities. The nongovernmental sector however participates further in CSR due to close observation by government (Andrew et al, 1989). Corporations in the non-governmental sector engage in CSR as an approach to astound the denigration of utilization of assets in emerging countries and also to gain through positive effects on profits. This signifies that, CSR is solely based in the nongovernmental sector nevertheless, those in the government sector are inactive in CSR events



because they see no direct bearing on proceeds and also, these government businesses have fewer observation from investors. Singh and Ahuja's research (1983) was perhaps the initial research done in developing countries. This research, prepared in the setting of India, gives the fact that net sales were not meaningfully related to CSR. An advanced research in Hong Kong by Lynn (1992) is of a diverse opinion, signifying an optimistic association amid level of CSR and trades completed. Numerous causes might end in this, of which one could be that consumers do not issue CSR qualities in their purchasing decision. Lantos (2001) found that, CSR shares to a set of important and vital questions that comprise below;

- i. Should corporations be anxious about economic performance just as social performance?
- ii. If that is the case what does it signify to be "socially responsible"?
- iii. Whom do companies owe "responsibility"?

Firstly, as specified above, businesses must be similarly anxious of social responsibility as they are with economic responsibility due to the reputation it generates although it is not compulsory putting Ghana in consideration. With respect to Ghana, the research deliberates on the cause of CSR analysing information collected from 28 interviews in 12 firms (Rahman, 2000). It specifies that corporations are anxious of CSR and involve in it largely due to stresses from worldwide organizations that provides financial assistance and other forms of support to these corporations instead of customer stress, stress from NGOs and civil society groups.

## **2.18 Empirical studies of CSR and financial performance**

Margolis and Walsh (2002) discovered that, one hundred and twenty-two issued researches in 2001 and 1971 experimentally surveyed the relation amongst financial performance and business social

responsibility. An early research was issued by Narver in 1971. Experimental research of the connection amid financial performance and CSR include basically 2 kinds.

The adaptation of the event and research methodology to evaluate the short-run financial influence (abnormal returns), when organizations involve either socially responsible or irresponsible behavior was the first to be published. The outcomes of the conducted researches remain diversified. An adverse association was exposed by Wright & Ferris (1997); it was stated by Posnikoff (1997) as to a positive relationship, whereas the discovery of Welch & Wazzan (1999) showed no relationship amid financial performance and CSR. Further research, deliberated with the literature of McWilliams and Siegel (1997), also are equally unpredictable regarding the relation concerning short run economic profits and CSR. The next category of research studies the relation procedures of continuous financial performance and amongst approximate quantity of corporate social performance (CSP), in the using the financial or accounting methods of productivity.

The researches that explore the association among accounting-based performance and social responsibility measures further produced varied outcomes. Cochran and Wood (1984) sited a positive association amongst accounting performance and social responsibility after adjusting for the period of possessions. Aupperle et al., (1985) noticed no important relationship amid a company's risk and CSP on resources' adjusted return. In disparity, Waddock & Graves (1997) establish substantial optimistic relation amid performance measures and an index of CSP, such as ROA in the next year. Varied outcomes were also specified by researches using measures of return grounded on the stock market. Vance (1975) contests preceding study by Moskowitz by prolonging the period of time for study from six months to three years, thus generating opposing outcomes Moskowitz and this designate an adverse CFP or CSP relation. Nevertheless, Buchholz

& Alexander (1978) enriched Vance's examination the assessing of stock market performance of a matching group of stocks on a risk adjusted basis, producing an unsatisfying outcome.

### **2.19 Modern corporate social responsibility**

Current CSR was instinctive in 1992 Earth Summit in Rio de Janeiro when United Nations funded references on rules were disallowed in approval of a statement for voluntary selfregulation put headlong by an alliance of corporations known as the World Business Council for Sustainable Development (WBCSD). Its type of proceedings was permitted by other Western governments including the UK and the US. The British administration for instance, still remains the verbal enthusiast of voluntarism. Such confrontations to rule appear to have maintained the vilest business abusers successfully unrestricted and the sufferers of their activities sufficient source of compensation. Any kind of in answerable creativities corporations select to use on their own conforming to international standards of corporate behaviors must be recognized to ensure that the privileges of individuals and the society in emerging nations such as Nigeria are well secured. From now, it is acclaimed that there must be international regulation supported by national legislation, to guarantee the implementation of actual social responsibility on the corporate world. Making known the danger of prosecution and sending of issues to the law court (legal action) with subsequent thorough exposé of Organisation documents will generate great inducements for corporations to act correctly. At the nationwide level, Government must;

- i. British corporations together with the disclosure of payments to foreign government, information on the social and environmental influence of foreign operations and details of legal actions against organisations.



- ii. Structure new responsibilities for firms' managers to provide them a 'duty of care' for societies and their environment, ensuring them to be legally accountable for the actions of their organisations overseas.
- iii. Approve new laws to make corporate social and environmental reporting and disclosure mandatory for iv. Make an adjustment in the law to allow persons affected by British corporations' foreign processes to pursue compensation in UK law courts and to offer the funds to allow them to do accordingly.

## **2.20 CSR activities of the telecommunication firms in Ghana**

Currently, six major telecommunications companies are presently working actively in Ghana Espresso, Airtel, Tigo, Vodafone, MTN and GLO all of which are included in a variety of CSR undertakings and tasks in societies all over the nation. Each of the telecommunication company has their own exceptional characteristics likened to other organisations.

The business is released, the corporate surroundings are extremely competitive, and there is continually rising demands for development in facilities. The largest telecom firm operating in the country MTN Ghana, for instance, performs its CSR operations via the MTN Foundation established in 2007 among others —to improve socio-economic growth in our working zones. The MTN foundation in Ghana has dedicated funds mostly on Health and Education. Through its principal project, MTN foundation renovated the second floor of the labour ward of the Korle-Bu Teaching Hospital's Maternity Block at the price of \$600.000. MTN Ghana has likewise been involved in construction school buildings for basic education and organised a scholarship scheme from which about 1000 individuals have profited from. The CEO of MTN Ghana, Mr. Ebenezer



Twum Asante sustains the foundation's actions were determined by business decision intended for maintainability rather than an ordinary promotional exploit or an attention grabber. Again, Vodafone Ghana has also organised some quantity of charitable acts meant to giving particular desired facilities to rural areas through the state. Distinguished among these is the commission of 20 boreholes in 12 areas with inadequate source of water and organizations. Moreover, Vodafone launched its 24 hour health helpline that targets at offering health advice to all Ghanaians.

Furthermore, CSR the Vodafone way again involves the offering of free medical treatment for a number of under privileged Ghanaians via its TV programme, Vodafone Health Line. Taking education into consideration, Vodafone has donated close to GHs30, 000 to a number of educational funds of traditional councils all over the country. The corporation in recent times launched its World of Difference project, a wits to afford average Ghanaians with the chance to subsidize their expertise to community development projects they prefer. The community impact programme gave 20 Ghanaians the opportunity to offer their experience,

Time and skills to make a difference in a charity they are fervent about whiles Vodafone pays their salaries and allowances for two months. More so, through the community assistance programme, the Organisation has also aided to light up the street of the Kwame Nkrumah

University of Science and Technology under the street lighting project worth GHs50,000

(Vodafone Sustainability Report, 2010). The rebranded Zain, Airtel Ghana, has also joined the

CSR band wagon in its effort to create itself as the wildest developing and the desired brand. Airtel lately signed a memorandum of understanding with the Ministry of Education in the funding of underprivileged government schools in the nation as part of its school implementation CSR resourcefulness. An experimental development of the scheme has perceived Airtel renovate a government primary school in the Western Region and also donation of furniture school, uniforms,

footwear and teaching aids for the students. The value of items donated by Airtel was to children of an orphanage in Frafraha in Accra GHC5, 000. Staffs of Airtel also took on the responsibility of all 37 children of the orphanage to make consistent donations concerning their wellbeing. Tigo Ghana has similarly introduced a new CSR scheme of which it will assist four social entrepreneurs work on the rights of children in Ghana. From the above discussions it is an immutable fact that almost all the telecommunication corporations functioning in the country are involved in one or two kinds of CSR initiative. It is an absolute fact that the numerous telecommunication firms have endeavored in the demonstration of their social receptiveness concerning the Ghanaian society. Nonetheless, as Yeboah (2010) summaries, these corporations have not considerably aided the nation in discovering positive outcomes to the nation's developing challenges and accordingly taking measures to curb long-lasting poverty. Undeniably, the mobile telecommunications companies have aggravated the poverty situations of most Ghanaians by requiring ridiculous bills for service provided deprived of any considerable development on delivering services to rural areas in country. Consequently, it is no overemphasis to declare that these telecom corporations are causative to poverty in the nation instead of easing or eliminating it. Additionally, the entire mobile telecom companies are progressively blamed for haphazard placement of telecom masts all over the country in imminence to domestic accommodation and marketplaces inflicting possible health threats or dangers for local societies because of release of cancer producing pollutants. A person may ponder on the exact intentions of these admirable CSR projects and what they truly stand for. The response is established in one of the goals of the MTN CSR Foundation following: —To improve the MTN brand in all functional zones of society growth. Moreover, the creditable CSR activities by Vodafone are at disagreement with its recent retrenchment exercise that made approximately two thousand workers unemployed. A question may be asked; Is Vodafone's idea of CSR not comprise the

concern of one of its highly significant stockholders – the workers? The stakeholder theory states that (Gibson 2000), just as corporate is obligated a responsibility to its stakeholders to achieve profit, it correspondingly obliged a duty of care to other shareholders like workers and their relations. Although cut back was part of the Sale & Purchase agreement (SPA) endorsed by the government of Ghana and Vodafone PLC, the manner by which administration handled this issue has stimulated some resistance from shareholders the local and national labour unions and the minority stakeholder, government (GNA, 2009). Consequently, though the high cutback was in the consideration of competence and productivity, Vodafone ought to have considered the interest of staffs and applied procedures to minimize the total number of those whose contracts were terminated or a deserving parting package.

The important question however rests on as to whether current supposed socially responsible projects are merely meager publicity stunts meant to modifying Vodafone's public appearance that was in some way tarnished as a consequence of the high dismissals.

## **2.21 Strategy implications and policy directions**

The donations of international firms particularly the telecommunication companies functioning in the country are huge. The ever-improving globalisation of the free market economy with laying much stress on profit growth, and the uninterrupted bad influences of their actions on mass economies, elaborates that these businesses should increase determinations of government in reducing poverty rate and rather not to be anxious merely with their benefit schedule. The subsequent matters demands careful premeditated thoughts by the telecom corporations if they are sincere about donating to the growth of this great nation:

- i. Development of package supply
- ii. Rational valuing of services
- iii. Undertaking the profession through a moral routine by considering the health hazards of their telephone masts and e them in



appropriate areas away from residents iv. Handling workers and other shareholders in an principled and just way

v. Prove constancy in their CSR initiatives vi. involving in CSR initiatives that have actual vii. influence on individuals' lives instead of those purposely for mere publicity

Merging CSR into the approach creation function of the company taking into accounts the six important parts of approach (Galbreath, 2008). It is obvious that many companies and civil society groups are progressively increasing stress on telecommunication firms in Ghana for advance services and in addition behaves conscientiously. For example, communications specialists in Ghana have intensely pleaded to the government, urgent matter, draw a National Corporate Social Responsibility (CRS) Structure, to describe the limitations for CSR in this nation. Yeboah (2010) reported that the absence of stress-free schemes for observing the duties of businesses does certainly ask for a perilous attention. It is time for government to anticipate in make sure that such firms function amid the limitations of the laws guarding their actions. Corporations ought to also be apprehensive about the value of life of their workers and the overall safety of the societies in which they exist and this must be an integral piece of their CSR program. It will hence be valuable to perform experimental study into the events of these business bodies to scrutinize the degree to which these CSR initiatives are influencing the lives of average Ghanaians and the final growth of the companies included.

## **2.22 The impact of corporate social responsibility.**

CSR is a needed asset to make maintainable growth for the trade, since it provides the organisations (MNCs) a prospect to bond the confidence amongst diverse shareholders such as, investors, employees, suppliers, customers, government, and others. Numerous influences of CSR



activities are recognized in the study of Ajala (2007). This involves presenting prospect to inculcate a favourably disposed attitude, influence business identity and status as a result of firm's involvement to the well-being of the society, whether local or foreign. With the exception of that, CSR improves development of shareholders' self-assurance in the company's shares. A company that constantly achieves its social duties makes a cordial relationship in the society and this attitude entices consumers both local and foreign. Social and human pressure. These have persuaded competing request and demands on MNCs in respect to economic restraints.

Currently, the viewpoint of Ghanaian MNCs is no longer dignified by, home standards, but then again by global values. Frequently, the incapability of MNCs to please such requirements have caused dissatisfactions and finally to industries criticizing insufficient facts to the society on the possibilities and significance of CSR and in addition the accomplishments of MNCs in this respect. Most consider the fact that MNCs are not sufficient to progress the well-being of the environment in the opinion of the allegedly oversized returns they receive. Incapability of MNCs to synchronize determinations and cooperate to perform CSR schemes, predominantly the financial demanding ones, such as road construction.

### **2.23 Corporate social responsibility and legal affaires**

Subsidizing firms' profit-sacrificing behavior is guaranteed by some stakeholders. A composite commodity which combines a financial investment product with a charitable giving vehicle are stock issued by socially responsible firms (Graff Zivin and Small, 2005). Investors may be motivated by self-interest or by altruistic motives when purchasing the stock.

Firms can participate in CSR activities as long as investors are willing to fund them.

A valid proof proposes that more socially responsible goods are paid by some individuals (Jensen et al., 2002). Firms that do not participate in CSR activities even with the existence of such ‘ethical investors’ could in principle have consequences on them (Heinkel et al., 2001).

An instance is a company’s price of stock declining till it is proportionate to profits, then again because returns are below market averages due to the difficulty in attracting new capital. Additionally, temporary financial difficulties are as a result of loss of reputation, increased borrowing costs, increased insurance costs, and market share. The company might face a lasting corporate takeover, closure, or shareholder litigation. These outcomes merely explain the overall observation and proposition that (financially) inefficient companies are likely to fade out (Alchian, 1950; Altman, 1999).

Firms that engage in unsustainable CSR may find themselves being pushed out of business, this is what the process of economic survival of the fittest suggests. Why would any firm choose to participate in unsustainable CSR activities, considering the seemingly inevitable outcome of this process? Managers might make decisions that commit the firm to short-term CSR actions, even if those activities will not be continued in the long run, according to the first principal–agent problems. Secondly, Firms can invest in actions that benefit society but harm the company’s bottom line, since managers may misjudge the potential profitability of certain actions. The managers’ motivations nor their probability assessments are transparent to external witnesses due to this it is very challenging to vary them (Baron, 2001, 2006).

## **2.24 Corporate social responsibility and the environment**

Academics in fields of several business administrations recently, examined the managerial and economic consequences of CSR. Corporate Social Responsibility is described as, dependable on

Siegel and McWilliams (2001), that it is the advancement in the promoting some social good beyond the immediate interests of the shareholders or firm and beyond legal requirements as actions on the part of a firm.

Some companies decide on being socially responsible in this sense and that is not surprising. Several big MNCs meet intense stress from institutional shareholders employees, consumers, government, suppliers, non-governmental organizations (NGOs) and community groups to participate in CSR. These CSR activities may comprise supporting the aims of NGOs or community organizations (for instance, United Way or Greenpeace), or incorporating social characteristics or features into products and manufacturing processes (such as, making greater use of environmentally-friendly technologies or creating aerosol products with no fluorocarbons), determined to reach higher levels of environmental performance through recycling or pollution abatement (example, adopting an aggressive stance towards reducing emissions).

Firms would be likely to participate in such activities if the perceived (measured or unmeasured) advantages exceeded the associated costs in the view of the decision-making entity judging from an economics perspective.

Current concepts of Corporate Social Responsibility (Baron, 2001, McWilliams and Siegel, 2001, Bagnoli and Watts, 2003) assume that firms involve in “profit-maximizing” Corporate Social Responsibility, grounded on the improved capability to retain and recruit workers of high quality, or anticipated the possible to charge a premium price for its product(s), the potential to charge a premium price for its product(s), or the improved ability to retain and recruit high quality workers. For a company to perform CSR activities, the benefits of engaging in this activity must balance the higher costs accompanying with the added resources that must presumably be allocated for the company to achieve Corporate Social Responsibility status. A substantial increase in investment



in such activities in all OECD nations is due to rising pressures for a visibility of Corporate Social Responsibility activities in the increasing social climate of developed countries.

Several studies of CSR have concentrated on a narrowly-defined business-oriented research question: do socially responsible firms achieve higher, lower, or similar levels of financial performance than comparable firms that do not meet the same CSR criteria based on the profitmaximization Corporate Social Responsibility hypothesis (Griffin and Mahon, 1997, Dowell, Hart, and Yeung, 2000, McWilliams and Siegel, 2000, and Orlitzky, Schmidt, and Rynes, 2003)? Considering such studies in terms of either (long or short-run) stock prices or accounting profitability (example, return on investment, or operating profit, return on equity) typically defines financial performance.

It was addressed by Gerald Granders on that the impact on output counts once productivity is bad to the extent that it causes damage to the environment. A decomposition of total factor productivity growth for firms that are subject to regulation, due to their production of such a bad output was conducted by him. Taking this decomposition into consideration, Corporate Social Responsibility is outlined within a production function setting, in which the production of bad and good outputs produces costs that are recognized by socially responsible companies and societal advantage.

Public policy makers, clarify such relationships to enable recognize the costs of resource of, or result in “market failures” regarding Corporate Social Responsibility (Siegel, 2001). Such information in turn provides guidance on optimal levels of “social responsibility” regulation. For managers, information on such relationships is useful because it helps to inform resource allocation decisions regarding CSR activities. That is, empirical evidence on the magnitude of the tradeoff between cost or productivity and CSR facilitates determining the amount of CSR expenditure that is economically defensible.



## 2.25 Corporate social responsibility on philanthropic

Additional importance of the adopted method to Corporate Social Responsibility is that it is not limited to philanthropy or welfare, “good works”, and charity. All these could be measure of Corporate Social Responsibility, nonetheless the approaches are not to be recognized with it (Lozano 2006), less still if the aim is somehow to compensate for the damage caused by irresponsible corporate action. These are duties for all people, at least insofar as they have information about the needs of others and the necessary resources (money, time, knowledge, etc.) to meet those needs.

Companies need no special justification to carry out voluntary and discretionary acts of philanthropy (Walsh 2004). And if they engage in philanthropy, they should do so for the same reasons as any person or organization should in certain circumstances (grave need, special ability to meet that need, absence of others better placed to provide the assistance, etc.). From this point of view, philanthropy could be seen as a way to exercise the social responsibility not of companies, but of property ownership, which would tie in with the so-called “social function of property”. Seen in this light, two possibilities emerge. Argandoña (2006d).

If we consider that the company has its own legal identity, i.e., is an asset independent of its owners (and there are reasons to think that is the case: for example, shareholders’ limited liability: cf. Blair 2003), then philanthropy may be exercised directly by the company, through its managers, though giving preference, where necessary, to other equal or more pressing duties to the owners and other stakeholders.

But if we consider that the company is an asset that belongs exclusively to its owners, while its specific corporate form is merely a “veil” covering the shareholders’ ownership, then it is the shareholders who must exercise that social function, either personally or by authorizing the

company's managers to act on their behalf (Friedman 1970). In any case, there are good reasons why the company should do it: it has the means to explore whatever needs are brought to its attention; it has more resources at its disposal; it can exploit economies of scale in its philanthropic actions; it may also have better techniques for managing the funds available; and above all, it may know how to use the money to best advantage, by examining different action alternatives with different social returns, in the sense of satisfying immediate and future needs, creating conditions for a higher standard of living in the future (employment, education, health), and so on (Phillips 2003).

Eventually, corporate social responsibility is defined in terms of not the needs of those involved but the responsibility of the corporation. Corporate social responsibility concept is not a complete ethical concept of how to solve society's problems or how to make societies pleased, using industries as tools. It is just a philosophy of how firms might achieve their responsibilities to the society who are affected by their activities (Phillips 2003).

## **2.26 Corporate social responsibility and ethics**

Howard (2011) admits that firms take responsibility for failing to produce truthful and accurate facts to their customers and clients. Corporations frequently consider their individual benefits and this should be prohibited as its outcome is damaging the company (Maignan et al., 2011; Tseng and Fan, 2011). An organization's main goal is the application of proper business ethics and ensures honest service and customer satisfaction, as well as employee trust and loyalty (McMurrian and Matulich, 2006).

Recently, industries are ensuring that the society benefits from them in order to replace what the society lost during their activities (Navran 2002). Similar reason is for the firms to make investments in sociable initiative. These activities give a company a broader a sense of

responsibility and sense of justice. These approaches are significant for the firm's achievement at the end (Elango et al 2010; Maignan et al 2011). Any industry pulls its rations from the general public in the form of inputs. So there has to be a social responsibility conduct which can aid to sustain these relations. The trade decisions which the firm makes have an influence on the public, where it functions (Pulliam 2003). So, the business must satisfy the social obligations as a return for damaging the genuine benefits of the general public (Navran 2002; Tseng and Fan 2011).

It was noted by Woolard (1989) that for an organization, it is important to ensure that its Management works in a fair manner with regard to its selection and the training purpose, recruitment. It can be appropriate to its whole staff both the internal and the external ones.

### **2.27 Corporate social responsibility on health**

According to (André de Meulder 2009) application of maintainable procurement in healthcare reflected on the statistical point that, only six percent of the healthcare organizations have a sustainable procurement objective in their corporate policy a reasonable assumption might be that sustainable procurement and sustainability thereby is not an significant schedule point that healthcare considers. Numerous efforts were prepared to assess how healthcare can be able to promote sustainable procurement. Consultancy companies have several reports on the evaluation possibilities and role for implementation of Corporate Social Responsibility in healthcare (Waard 2002; MPZ 2006). MPZ and the NEVI signed a covenant to form a workgroup on Responsibility and decided on facilitation of sustainable procurement in healthcare and transferring knowledge in 2008. NEVI again (without considering healthcare) have introduced an education program on green procurement. There were plans to promote sustainable procurement in healthcare on governmental level; all governmental plans were cancelled when Balkenende four cabinets ended. The way sustainable procurement is implemented is an important aspect. The two most dominant theories around implementation are bottom-up and top-down implementation (Sabatier 1986). A



top-down approach has been used by the Dutch government as implementation of sustainable procurement in their own government companies. It may be essential to assess amongst the two methods, happens to be the most successful in the particular healthcare location.

Each method has its own advantages and disadvantages. A top-down approach can be described as an authoritative decision on executive level which is executed at lower levels. Main critiques are the focus on legislation instead of practical objectives. Implementation is more than an administrative process; it requires support of lower levels and involves politics. Finally the topdown theory focuses mainly on the executive decision maker and ignores the knowledge of so called street-level bureaucrats. Main critiques on the bottom-up approach are the overemphasizing of the autonomy at local level. Some authors highlight the normative critique that in a democratic system policy making is the task of elected representatives and not of street level bureaucrats. The term street level bureaucrats was coined for the first time by

Micheal Lipsky and explained as the person who actually implements a policy to practice.

Examples are social workers, police officers and others with direct contact to the public. (Matland 1995; O'Toole 2000) Several authors have moved away from the traditional top-down or bottom-up approach and combined both implementation methods. Matland describes four implementation forms: experimental, administrative, political, and symbolic implementation based on ambiguity and conflict chance of the policy. (Elmore 1983; Matland 1995)

## **2.28 Corporate social responsibility on education**

Considering direct conditions for instance the competition in higher educational industry, privatization of the education institutions and globalization, a lot of advanced educational institutions are adjusting to a more business-like strategy in order to survive and compete in the changing face of the industry (Weymans 2010, Gumport 2000, Goia and Thomas 1996). And



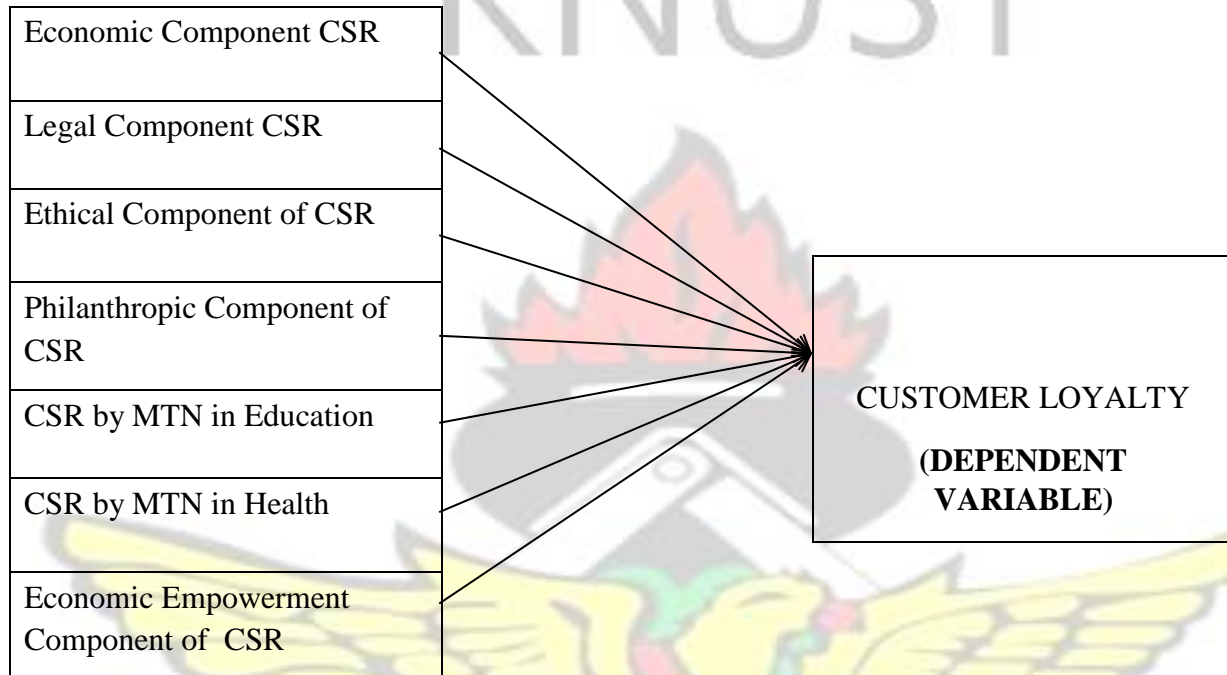
through the variations of these business strategies, several organizations are learning the significance of CSR as an advantage building strategy and a reputation, corporate reputation, corporate identity and corporate image (Atakan and Eker 2007, Stensaker 2007, Porter and Kramer 2006, Melewar and Aker 2005).

Though the demand as well as the industry is growing fast, over the past decades, applications for the national university entrance examination have tripled (Soktaris et al. 2011), nongovernmental school (universities) are still trying to ascertain their educational excellence above the government schools, compete with each other and stay financially sustainable as well. Private universities are in search of sustainable differentiating strategies, in order to be ahead of their competitors, example of such strategies corporate social responsibility, Istanbul Bilgi University positions as a good case in point of this practice (Atakan and Eker 2007).

The Istanbul Bilgi University beginning from its effective intervention in the social fabric of its multicultural environment, to critical thought and to establishment committed itself to the propagation of democratic values and human rights (Sokratis et al 2011). Bilgi continued sustainably managed to apply a successful CSR strategy, a strong competitive advantage and gained a good reputation as well as the creation of a cultural and scientific environment that has strong ties with every part of society.

**Figure 2.1 Conceptual framework**

**Independent variables**



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Methodology is an extremely essential piece of every project. The accuracy of data gathered for every project coupled with the success of the said project depends on the methodology. It involves the methods and principles used for conducting a research. This chapter touches on the methods, techniques and principles to be adopted in this study under the following headings: The research paradigm/design, the purpose of the study, the population of the study, ethics and limitations of the study, the sampling and sampling technique as well as the quality of research.

#### **3.2 Methodology of the study.**

Survey approach was adopted as the research strategy for this study where interviews were conducted amongst customers of the chosen telecommunications company to discover information needed for the study. They primarily constituted the population for the study. Out of this population, a careful representative sample of 250 Interviewers was randomly selected for the research. Questionnaires were used as the research tool which was made up of structured and unstructured questions. Key informant interviews were also considered to ascertain special information regarding the subject matter under investigation.

#### **3.3 Research design**

Generally research paradigm incorporates the set of inherent beliefs by a researched in carrying out a research. They constitute a set of rules and standards which guide the researcher's beliefs in carrying out the study. According to Weaver & Olsons (2006), paradigms can be referred to

as beliefs made up of practices and patterns that regulate the investigation within an area of study by providing frames, processes and lenses, through which enquiry is accomplished. Examples are positivism and paradigms which comprises phenomenology involving qualitative part of methodology of research as well as quantitative approach. Quantitative research method has philosophical foundation that can be found in positivist paradigm and it is based on structured rules, logic, measurement, truth, prediction and absolute principles (Andrew & Halcomb, 2005).

The method of phenomenology is good at bringing to light the capabilities and views of individuals from their personal ideas, and that it has problem with normative assumptions and structure. Pure phenomenological research which mostly overlaps with qualitative methods seeks essentially to description rather than offering explanation, and to start from a viewpoint free from assumptions or hypotheses.

For the purpose of this study, the researcher employed the positivism (quantitative) research method. Since this research method and approach involves the usage and reliance of absolute measurement and facts, it was necessary to employ the quantitative approach. As a result, the study will focus on numerical data of an existing phenomenon, the entirety of information to be gathered need to be quantified.

### **3.3.1 Population and sample**

A research study population could be said to be a defined assembly of individuals or items that have similar characteristics (Oswala, 2001). It also refers to persons or items captured under a given study. In a nut shell, it the people or objects being considered in a given study. The population of the study consists of two million MTN subscribers in Kumasi and Tamale metropolises.



On the other hand, a sample is a representation of the total population such that as much as possible, most characteristics of the population are represented in the selected sample (Amin, 2005). In all, two hundred and fifty (250) subscribers were selected as the sample for the study. In order to ensure a fair representation of the population, fifty subscribers were selected from five customer service centers of MTN in Kumasi and Tamale. By

### **3.3.2 Sampling technique**

The process of selecting elements from the total population in such a way that the sample elements selected represent the total population is known as Sampling. Sampling techniques can be put into two categories; non-probability and probability sampling. Simple random sampling technique was used for this study which falls under probability sampling. Basically, the simple random technique provides an opportunity for all individuals within the sample an equal chance of being selected. The researcher through this procedure selected the 250 clients which made up the sample for the study.

### **3.4 Types and sources of data**

Research data can simply be put as the factual data commonly recognized as essential to validate research findings. Research data encompasses a comprehensive variety of digital data and can be structured and kept in a variety of file formats (Bewstra, 2001). These may comprise audio tapes, documents, spectra etc.

Data which is originally gathered for a research is known as primary data. This type of data is gathered by field workers making it authentic. Primary data offers the finest basis of information. It enjoys a high level of accuracy since data obtained is coming from the population under study.

On the other hand, Secondary data is data gathered from Unpublished or Published sources. Such data is also referred to as the second hand data (SAGE, 2008). The usage of secondary data has got its own advantages and these include saving time and finance, available for many investigations and convenience. Secondary data has some disadvantages which comprise insufficient data to suit the topic under study, extra caution in usage and inaccuracies.

The researcher gathered data from both primary and secondary sources for this research. The primary data was collected through the use of questionnaires. The data contained information on the types of CSR activities embarked upon by MTN, impact on the people and the Organisation etc. The secondary data comprised referencing from earlier research works and information from the website of the MTN Ghana. Supplementary sources will be magazines and journals on the happenings of Telco's in Ghana.

### **3.5 Data collection methods**

The main method of data collection employed in this research is the qualitative method. The study gathered assessable and comparable data and as such the researcher employed quantitative methods of collecting data which mostly relied on random sampling and structured data collection instruments that fit varied experiences into programmed response categories. This produced results that were easy to summarize, compare, and generalize whereas qualitative data collection methods played an important role in impacting evaluation by providing information useful to understand the processes behind observed results and assess changes in perceptions (Leedy&Omrod, 2001).

For this study, well-structured questionnaire was used for data collection. A questionnaire is a self- account data collection instrument that each research participant fills as part of a research

study and which is used to acquire statistical data. A questionnaire might either contain closed-ended or open-ended questions depending on the type of data the researcher intends to gather. For qualitative research, open-ended questionnaires may be appropriate whereas closed-ended questions may be highly appropriate for quantitative research. The researcher will therefore develop a closed-ended questionnaire for gathering data for this study considering the fact that the researcher will employ the quantitative research method. Each respondent will be given a questionnaire which contained questions generated from the set objectives.

### **3.6 Data analysis**

The process of analysing data quantitatively according to Bryman (2008) involves a systematic approach to investigations during which information is gathered and the researcher converts what is observed or gathered into statistical data. Often, it defines an event or situation, answers the 'what' and 'how many' requests that may occur about a phenomena. This type of research encompasses computing or counting qualities. By this process data gathered needs to make sense of the responses to the user of the information. To make sense of the data, it must be organised, summarised and explored. Subsequently, the outcomes are communicated to other users through the use of tables, graphical displays and summary statistics (Learn higher, 2008). Considering the fact that the study will be quantitative, data will be analysed using statistical application.

The research will be analysed using data collected, through the following procedures:

- Coding the SPSS to suit the questions asked and options provided through the questionnaire.
- Inputting the data gathered from each questionnaire into the SPSS.

- After inputting all the available data, tables will be generated from the answers that directly addressed the research questions.
- The tables will further be transferred to an SPSS Analytical tool from which graphs will be generated.
- Finally, the available charts and graphs will be analysed based on the way they appeared.

### **3.7 Quality of the research**

In guaranteeing quality with respects to a quantitative study, data gathered from the research survey and methods used possessed a feature of being empirically exploratory and addressed the research questions. Ideals for the quality of this research, was purposely designed to collect quantitative or qualitative data. This highlighted the traits of internal validity, external validity, objectivity, reliability, open-mindedness, rigor, honest and thorough reporting of the actual situation with respect to the topic under study (Grant & Wooding, 2003).

Going by the above stated parameters, the researcher chose a suitable sampling procedure - simple random sampling in determining the sample sizes used for this study including structured questionnaire with closed-ended questions, which was intended to gather specific answers from respondents. The choice of sample out of the population was made taking into consideration the fact that they were supposed to be a representation of the total population. Data was analysed using the SPSS (Statistical Package for Social Sciences).



**Table 3.1: Reliability statistics**

Measurement items	Cronbach's alpha based on standardized items	N of items
Customer loyalty	.822	8
Economic responsibilities	.822	5
Legal responsibilities	.824	6
Philanthropic responsibilities	.799	6
Ethical responsibilities	.804	8
CSR by MTN in education	.807	17
CSR by MTN in health	.796	21
CSR by MTN in economic empowerment	.812	6
Overall reliability of the measurement items	.839	223

This is the **reliability statistics** table that provides the actual value for **Cronbach's alpha**.

Cronbach's alpha of 70% and above is an indication of high internal consistency. It can be seen that the Cronbach's alpha measuring the overall reliability of all the measurement items is **0.839**, which indicates a high level of internal consistency for the scales that measure the 7 variables of corporate social responsibility. In addition, customer loyalty and all the independent variables in the table had Cronbach's alpha that were over 70%. This is an indication of high internal consistency among the items that were used to measure the independent variables and the dependent variable which is customer loyalty.

### 3.8 Ethics and limitations

The coregoal of ethics in research is to guarantee that no one is affected or undergoes adverse costs from activities of research. Stack (2003) states that, the important ethical qualities of any researcher

are academic modesty, honesty, and integrity. He then declares that, where humans are the center of study, there are other significant ethical consequences that permit consideration. These comprise informal consent, safety from harm and so on. To ensure that the above was put in place, the ensuing were done:

The aim of the research was clarified to the respondents. They were made to understand the research as an academic exercise and also the processes to be followed. The consent of all respondents was sought before questionnaires were administered. To ensure honesty of this study, this was strictly adhered.

In guaranteeing confidentiality and privacy, the respondents were assured that the data given will be treated confidential and will not be handed over to any third party. Respondents were assured that the survey was confidential and anonymous and that the identity of the respondents would not be exposed. Their names were not required in the questionnaires presented.

Similarly, applicants were told that they have the permission to withdraw from the research at any point and information gathered from them would be destroyed. This procedure was done in an appropriate way so as not to impinge on their privileges.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

## 4.1 Introduction

In an attempt to realize the objectives of the study, the chapter assessed the impact of corporate social responsibility on customer loyalty. The chapter statistically tests the impact of corporate social responsibility on customer loyalty.

## 4.2 Demographic characteristics of respondents

A response rate of 94% was attained for the 250 questionnaires administered on the customers of MTN Ghana. This stands to reason that 235 out of the 250 questionnaires were returned.

### 4.2.1 Gender of respondent

The study shows that 121 of the respondents were males representing 51.5%, 114 were females representing 48.5%.

**Table 4.2.1: Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	121	51.5	51.5	51.5
	Female	114	48.5	48.5	100.0
	Total	235	100.0	100.0	

**SOURCE: Field survey, 2015**

### 4.2.2 Marital status of respondents

The study shows that 108 of the respondents were married representing 46.0%, 122 were single representing 51.9%, 1 was a widow representing 0.4% and 4 were divorced also representing 1.7%.

**Table 4.2.2: Marital status**

		Frequency	Percent	Valid Percent	Cumulative Percent
--	--	-----------	---------	---------------	--------------------

Valid	Single	108	46.0	46.0	46.0
	Married	122	51.9	51.9	97.9
	Divorced	1	.4	.4	98.3
	Widowed	4	1.7	1.7	100.0
	Total	235	100.0	100.0	

**SOURCE: Field survey, 2015**

#### 4.2.3 Age group of respondents

For the ages of the respondents, 15.3% of them were below 20, 48.9% were between the ages 21 to 30years, 26.0% were 31 to 40years old, 8.1% were 41 to 50years old and 1.7% were all above age 50.

**Table 4.2.3: Age group**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BELOW 20	36	15.3	15.3	15.3
	21-30	115	48.9	48.9	64.3
	31-40	61	26.0	26.0	90.2
	41-50	19	8.1	8.1	98.3
	50 AND ABOVE	4	1.7	1.7	100.0
	Total	235	100.0	100.0	

**SOURCE: Field survey, 2015**

#### 4.2.4 Educational background

The educational qualifications that the study covered were, SSCE, HND, B.SC, BA, and MBA/M.SC. SSCE constituted 25.9%, HND represented 35.5%, B.SC represented 21.5%, BA represented 12.3 %, and MBA/M.SC was 4.8% of the total valid responses.



**Table 4.2.4: Educational qualifications**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	59	25.1	25.9	25.9
	HND	81	34.5	35.5	61.4
	B.SC	49	20.9	21.5	82.9
	BA	28	11.9	12.3	95.2
	MBA/M.SC	11	4.7	4.8	100.0
	Total	228	97.0	100.0	
Missing	NAP	7	3.0		
Total		235	100.0		

**SOURCE: Field survey, 2015****4.2.5 Position of respondents**

For the position of the respondents, 58 were private company employees representing 27.1%, 82 were government employees representing 38.3%, and 74 were self-employed also representing 34.6% of the total valid responses.

**Table 4.2.5: Position**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Private company employee	58	24.7	27.1	27.1
	Government employee	82	34.9	38.3	65.4
	Self employed	74	31.5	34.6	100.0
	Total	214	91.1	100.0	
Missing	NAP	20	8.5		
	N/A	1	.4		
	Total	21	8.9		

Total	235	100.0
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**SOURCE: Field survey, 2015**

### **4.3 Knowledge about corporate social responsibilities**

#### **4.3.1 Awareness of MTN Ghana's CSR activities**

In the study, 220 respondents said they have knowledge in corporate social responsibilities, and 15 respondents said they do not have knowledge in corporate social responsibilities, representing 93.6% and 6.4% respectively.

**Table 4.3.1 : Respondents awareness of MTN Ghana's CSR activities**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	220	93.6	93.6	93.6
	NO	15	6.4	6.4	100.0
	Total	235	100.0	100.0	

**SOURCE: Field survey, 2015**

#### **4.3.2 Level of awareness of customers on MTN Ghana's CSR activities**

For the Level of Knowledge in CSR from the respondents, 53 had a low Knowledge in CSR representing 33.0%, 103 had an average Knowledge in CSR representing 44.2%, and 53 had a high Knowledge in CSR representing 22.7% of the total valid responses.

**Table 4.3.2: Level of awareness of customers on MTN Ghana's CSR activities**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LOW	77	32.8	33.0	33.0
	AVERAGE	103	43.8	44.2	77.3
	HIGH	53	22.6	22.7	100.0
	Total	233	99.1	100.0	
Missing	NAP	2	.9		
Total		235	100.0		

**SOURCE: Field survey, 2015****4.4 Components of MTN Ghana's CSR activities**

The table 4.4 below presents the components of MTN Ghana's CSR Activities studied. They are arranged in descending order with the most dominant components of MTN Ghana's CSR Activities that have the highest mean appearing first and the least dominant components of MTN Ghana's CSR activities with the lowest mean appearing last. The leading components of MTN Ghana's CSR activities studied was the Philanthropic components with the highest mean of 4.0188 and associated standard deviation of 0.52487. On the contrary, economic components of CSR undertaken by MTN were the least dominant components of MTN Ghana's CSR activities with a mean of 3.9609 and a standard deviation of 0.58221.

**Table 4.4: Descriptive statistics of components of MTN Ghana's CSR activities**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Philanthropic components of CSR undertaken by MTN	231	2.33	5.00	4.0188	.52487	.275
Legal components of CSR undertaken by MTN	235	2.50	5.00	3.9973	.59177	.350

Ethical components of CSR undertaken by MTN	231	2.50	5.00	3.9764	.47299	.224
CSR by MTN in education	235	1.00	5.00	3.9755	.58647	.344
CSR by MTN in health	235	1.00	5.00	3.9708	.61286	.376
CSR by MTN in economic empowerment	231	1.00	5.00	3.9613	.58345	.340
Economic components of CSR undertaken by MTN	235	2.60	5.00	3.9609	.58221	.339
Valid N (listwise)	227					

**SOURCE: Field survey, 2015**

#### **4.5 Correlation between measurement variables and customer loyalty**

The results are presented in a matrix such that, as can be seen below. The Pearson correlation coefficient and the significance value are reported. A Pearson correlation was run to determine the relationship between variables of corporate social responsibilities and the loyalty of MTN customers. The correlation between the 7 variables representing corporate social responsibility and customer loyalty of MTN was statistically significant. The values in yellow colour cells measure the strength and direction of the linear relationship between each of the independent variables and the dependent variable. The values in blue colour cells measure the strength and direction of the linear relationship among the independent variables.



Table 4.5:

Correlation Table

		Customer loyalty	Economic responsibilities of CSR	Legal responsibilities of CSR	Philanthropic responsibilities of CSR	Ehtical responsibilities of CSR	CSR by MTN in education	CSR by MTN in health	CSR by MTN in economic empowerment
Customer loyalty	Pearson Correlation	1	.576 <sup>c**</sup>	.219 <sup>a *</sup>	.443 <sup>**</sup>	.295 <sup>**</sup>	.637 <sup>**</sup>	.664 <sup>**</sup>	.492 <sup>**</sup>
	Sig. (2-tailed)		.000	.001	.000	.000	.000	.000	.000
	N	227	227	227	223	223	227	227	227
Economic responsibilities of CSR	Pearson Correlation	.576 <sup>c**</sup>	1	.751 <sup>**</sup>	.578 <sup>**</sup>	.598 <sup>**</sup>	.048	.137 <sup>*</sup>	.024
	Sig. (2-tailed)	.000		.000	.000	.000	.466	.035	.718
	N	227	235	235	231	231	235	235	231
Legal responsibilities of CSR	Pearson Correlation	.219 <sup>*</sup>	.751 <sup>**</sup>	1	.635 <sup>**</sup>	.639 <sup>**</sup>	.000	.097	.023
	Sig. (2-tailed)	.001	.000		.000	.000	.997	.137	.732
	N	227	235	235	231	231	235	235	231
Philanthropic responsibilities of CSR	Pearson Correlation	.443 <sup>**</sup>	.578 <sup>**</sup>	.635 <sup>**</sup>	1	.742 <sup>**</sup>	.236 <sup>**</sup>	.333 <sup>**</sup>	.288 <sup>**</sup>
	Sig. (2tailed)	.000	.000	.000		.000	.000	.000	.000
	N	223	231	231	231	231	231	231	227
Ehtical responsibilities of CSR	Pearson Correlation	.295 <sup>**</sup>	.598 <sup>**</sup>	.639 <sup>**</sup>	.742 <sup>**</sup>	1	.334 <sup>**</sup>	.334 <sup>**</sup>	.248 <sup>**</sup>
	Sig. (2tailed)	.000	.000	.000	.000		.000	.000	.000
	N	223	231	231	231	231	231	231	227
CSR by MTN in education	Pearson Correlation	.637 <sup>**</sup>	.048	.000	.236 <sup>**</sup>	.334 <sup>**</sup>	1	.859 <sup>**</sup>	.710 <sup>**</sup>
	Sig. (2tailed)	.000	.466	.997	.000	.000		.000	.000
	N	227	235	235	231	231	235	235	231
CSR by MTN in	Pearson Correlation	.664 <sup>**</sup>	.137 <sup>*</sup>	.097	.333 <sup>**</sup>	.334 <sup>**</sup>	.859 <sup>**</sup>	1	.818 <sup>**</sup>

health	Sig. (2tailed)	.000	.035	.137	.000	.000	.000		.000
	N	227	235	235	231	231	235	235	231
CSR by MTN in economic empowerment	Pearson Correlation	.492**	.024	.023	.288**	.248**	.710**	.818**	1
	Sig. (2tailed)	.000	.718	.732	.000	.000	.000	.000	
	N	227	231	231	227	227	231	231	231

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**SOURCE: Field Survey, 2015**

#### **4.5 The relationship between the various component of CSR and the loyalty of the customers of MTN**

To assess the effect of economic component of corporate social responsibilities on customer loyalty, stepwise regression analysis was used. All the variables measuring economic component of corporate social responsibilities were regressed against the customer loyalty. The customer loyalty in this context refers to only the aspect of the total customer loyalty of MTN that is realised by applying only the economic component of corporate social responsibilities. Please note that this study was based on an inherent assumption that the variables representing economic component of corporate social responsibilities in this study is an exhaustive list needed to achieve that fraction of customer loyalty of the MTN that is brought about only by applying economic component of corporate social responsibilities and that the scope of the customer loyalty used in this study is the loyalty that comes about as a result of applying the economic component of corporate social responsibilities only. Please refer to the questionnaire to see the variables that make up

performance of economic component of corporate social responsibilities. This explanation holds for all the subsequent analysis in this chapter and any section that relate to them.

#### **4.5.1 Economic component of CSR and customer loyalty**

The analysis of variance (ANOVA) reports the significance of the economic component of corporate social responsibilities of MTN at 0.000<sup>c</sup>. This denotes that economic component of corporate social responsibilities at MTN have significant impact on their customer loyalty. At the end of the analysis we had a statistically significant model which is ( $F\ 3, 223 = 36.899, p < 0.05$ ). This means that, economic component of corporate social responsibilities at MTN were statistically significant to the customer loyalty at MTN. The Adjusted R Square value was 0.323. This reveals that economic component of corporate social responsibilities at MTN accounts for 32.3% of the variance in the customer loyalty. This implies that the proportion of the variance in customer loyalty can accurately be explained by economic component of corporate social responsibilities. The relationship between economic component of corporate social responsibilities and the customer loyalty was strong positive. Please, study table 4.5.1a at the last page of this chapter for the details of the analysis.

From table 4.5.1b all the standardized beta coefficients of the economic component of corporate social responsibilities reported in the regression co-efficient table were statistically significant. The standardized beta coefficient of .584 in the coefficient table below means that a unit change in the condition whereby MTN maintains a high level of operating efficiency will bring about 58.4% change in the loyalty of MTN customers. The direction of the relationship between MTN maintaining a high level of operating efficiency and customer loyalty is positive. This means that the more MTN maintains a high level of operating efficiency the better the loyalty of customers and the reverse is true. In addition, the standardized beta coefficient of the situation where MTN

is committed to being as profitable as possible is -0.390 and that a unit change in this situation by MTN will bring about -39.00% change in the loyalty of MTN customers. The direction of the relationship between the situation whereby MTN is committed to being as profitable as possible and customer loyalty is negative. This means that the more MTN is committed to being as profitable as possible the worse the loyalty of customers and the less MTN is committed to being as profitable as possible the better the loyalty of customers.

The last standardized beta coefficient of .132 in the coefficient table below means that a unit change in the condition whereby MTN is defined as one that is consistently profitable will bring about 13.2% change in the loyalty of MTN customers. The direction of the relationship between MTN being defined as one that is consistently profitable and customer loyalty is positive. This means that the more MTN is defined as one that is consistently profitable the better the loyalty of customers and the less MTN is defined as one that is consistently profitable the less the loyalty of customers.

#### **4.5.2 Legal components of CSR and customer loyalty**

To assess the effect of legal components of CSR on customer loyalty, stepwise regression analysis was used. All the variables measuring legal components of CSR were regressed against customer loyalty. Legal components of CSR was statistically significant to customer loyalty that were studied, that is  $(F_{2, 221} = 11.149, p < 0.05)$ . In this case, the adjusted R Square value of .044 informs us that the legal components of CSR accounts for 4.4% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define legal components of CSR. The analysis of variance (ANOVA) reports the significance of legal components of CSR at .001<sup>a</sup>. This means that



legal components of CSR have impact on the customer loyalty. The relationship between legal components of CSR and the customer loyalty is not weak positive. Refer to the table 4.5.2a at the last page of this chapter for the relevant regression result in respect of legal components of CSR.

Under table 4.5.2a at the last pages of this chapter, the standardized beta coefficients of the legal components of CSR reported in the regression co-efficient table were statistically significant. The standardized beta coefficient of 0.219 in the coefficient table below means that a unit change in the situation whereby MTN perform in a manner consistent with expectations of government laws will bring about 21.9% change in the loyalty of MTN customers. The direction of the relationship between MTN perform in a manner consistent with expectations of government laws and customer loyalty is positive. This means that the more MTN perform in a manner consistent with expectations of government laws the better the loyalty of customers and the less MTN perform in a manner consistent with expectations of government laws the worse the loyalty of customers. In addition, the standardized beta coefficient of the situation where MTN obey regulations to labor laws, and environmental laws is -.190 and that a unit change in this situation by MTN will bring about -19.0% change in the loyalty of MTN customers. The direction of the relationship between the situation whereby -.190 and customer loyalty is negative. This means that the more MTN obey regulations to labor laws, and environmental laws the worse the loyalty of customers and the less MTN obey regulations to labor laws, and environmental laws the better the loyalty of customers.

#### **4.5.3 Ethical components of CSR and customer loyalty**

To assess the effect of ethical components of CSR on customer loyalty, stepwise regression analysis was used. All the variables measuring ethical components of CSR were regressed against customer loyalty. Ethical components of CSR was statistically significant to customer loyalty that

were studied, that is ( $F_{2, 216} = 10.290, p < 0.05$ ). In this case, the Adjusted R Square value of .079 informs us those ethical components of CSR accounts for 7.9% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define ethical components of CSR. The analysis of variance (ANOVA) reports the significance of ethical components of CSR at .000<sup>b</sup>. This means that ethical components of CSR of MTN have impact on the customer loyalty. The relationship between ethical components of CSR and the customer loyalty is not very strong (weak positive). Refer to the table 4.5.3a at the last page of this chapter for the relevant regression result in respect of ethical components of CSR.

In table 4.5.3b at the last chapter, the standardized beta coefficients of the ethical components of CSR reported in the regression co-efficient table were statistically significant. The standardized beta coefficient of 0.232 in the coefficient table below means that a unit change in the situation whereby MTN is pays fair wages will bring about 23.32% change in the loyalty of MTN customers. The direction of the relationship between MTN is paying fair wages and customer loyalty is positive. This means that the more MTN is paying fair wages the better the loyalty of customers and the less MTN is paying fair wages the worse the loyalty of customers. In addition, the standardized beta coefficient of the situation where MTN refuse to do business with oppressive countries is 0.200 and that a unit change in this situation by MTN will bring about 20% changes in the loyalty of MTN customers. The direction of the relationship between the situation whereby MTN refuse to do business with oppressive countries and customer loyalty is positive. This means that the more MTN refuse to do business with oppressive countries the better the loyalty of customers and the less MTN refuse to do business with oppressive countries the worse the loyalty of customers.

#### 4.5.4 Philanthropic components of CSR and customer loyalty

To assess the effect of philanthropic components of CSR on customer loyalty, stepwise regression analysis was used. All the variables measuring philanthropic components of CSR were regressed against customer loyalty. Philanthropic components of CSR was statistically significant to customer loyalty, that is ( $F_{2, 219} = 26.756, p < 0.05$ ). In this case, the Adjusted R Square value of .189 informs us that philanthropic component of CSR accounts for 18.9% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define philanthropic components of CSR. The analysis of variance (ANOVA) reports the significance of philanthropic components of CSR at .000<sup>b</sup>.

This means that philanthropic components of CSR of MTN have impact on the customer loyalty. The relationship between philanthropic components of CSR and the customer loyalty is weak positive. Refer to the table 4.5.4a at the last page of this chapter for the relevant regression result in respect of philanthropic components of CSR.

From table 4.5.4b at the last page of this chapter, the standardized beta coefficients of the philanthropic components of CSR reported in the regression co-efficient table were statistically significant. The standardized beta coefficient of 0.360 in the coefficient table below means that a unit change in the situation whereby Managers and employees of MTN participate in voluntary and charitable activities within their local communities will bring about 36% change in the loyalty of MTN customers. The direction of the relationship between Managers and employees of MTN participate in voluntary and charitable activities within their local communities and customer loyalty is positive. This means that the more Managers and employees of MTN participate in



voluntary and charitable activities within their local communities the better the loyalty of customers and the less Managers and employees of MTN participate in voluntary and charitable activities within their local communities the worse the loyalty of customers. In addition, the standardized beta coefficient of the situation where MTN donate money and services to community organisations is .186 and that a unit change in this situation by MTN will bring about 18.6% change in the loyalty of MTN customers. The direction of the relationship between the situation whereby MTN donate money and services to community organisations and customer loyalty is positive. This means that the more MTN donate money and services to community organisations the better the loyalty of customers and the less MTN donate money and services to community organisations the worse the loyalty of customers.

#### **4.5.5 Corporate social responsibility by MTN in education and customer loyalty**

To assess the effect of corporate social responsibility by MTN in education sector of Ghana on customer loyalty, stepwise regression analysis was used. All the variables measuring corporate social responsibility by MTN in education sector of Ghana were regressed against customer loyalty. Corporate social responsibility by MTN in education sector of Ghana was statistically significant to the loyalty of the MTN customers that were studied, that is  $(F2, 189) = 64.444, p < 0.05$ ). In this case, the adjusted R square value of .399 informs us that corporate social responsibility by MTN in education sector of Ghana accounts for 39.9% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define corporate social responsibility by MTN in education sector of Ghana. The analysis of variance (ANOVA) reports the significance of corporate social responsibility by MTN in education sector of Ghana at .000<sup>b</sup>. This means that corporate social responsibility by MTN in education sector of Ghana have



significant impact on customer loyalty. The relationship between corporate social responsibility by MTN in education sector of Ghana and the customer loyalty is not strong positive. Refer to table 4.5.5a at the last page of this chapter for the relevant regression result in respect of corporate social responsibility by MTN in education sector of Ghana.

As found in table 4.5.5b at the last pages of this chapter, the standardized beta coefficients of corporate social responsibility by MTN in education sector of Ghana reported in the regression coefficient table were statistically significant. The standardized beta coefficient of .420 in the coefficient table below means that a unit change in the situation whereby MTN Provides of computers, furniture & library to Nima Cluster of Schools in Greater Accra will bring about 42.00% change in the loyalty of MTN customers. The direction of the relationship between Provision of computers, furniture & library and customer loyalty is positive. This means that the more MTN Provides computers, furniture & library for schools the better the loyalty of customers and the less MTN Provides computers, furniture & library for schools the worse the loyalty of customers. In addition, the standardized beta coefficient of the situation where MTN construct a 3-unit classroom block, office & store Sefwi Abono in the Western region is .287 and that a unit change in this situation by MTN will bring about 28.7% change in the loyalty of MTN customers. The direction of the relationship between the situation whereby MTN constructs classroom blocks and customer loyalty is positive. This means that the more MTN construct classroom blocks the better the loyalty of customers and the less MTN construct classroom block the worse the loyalty of customers.

#### **4.5.6 Corporate social responsibility by MTN in the health sector of Ghana and customer loyalty**

To assess the effect of corporate social responsibility by MTN in the health sector of Ghana on customer loyalty, stepwise regression analysis was used. All the variables measuring corporate social responsibility by MTN in the health sector of Ghana were regressed against customer loyalty. Corporate social responsibility by MTN in the health sector of Ghana was statistically significant to customer loyalty that were studied, that is ( $F(6, 198) = 25.955, p < 0.05$ ). In this case, the Adjusted R Square value of .423 informs us that corporate social responsibility by MTN in the health sector of Ghana accounts for 42.3% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define corporate social responsibility by MTN in the health sector of Ghana. The analysis of variance (ANOVA) reports the significance of corporate social responsibility by MTN in the health sector of Ghana at .000<sup>f</sup>.

This means that corporate social responsibility by MTN in the health sector of Ghana have significant impact on the customer loyalty. The relationship between corporate social responsibility by MTN in the health sector of Ghana and the customer loyalty is not strong positive. Refer to table 4.5.6a at the last page of this chapter for the relevant regression result in respect of corporate social responsibility by MTN in the health sector of Ghana.

As recorded in table 4.5.6b in the last pages of this chapter, the standardized beta coefficients of the corporate social responsibility by MTN in the health sector of Ghana reported in the regression co-efficient table below were statistically significant. The standardized beta coefficient of .516 in the coefficient table below means that a unit change in the situation whereby Construction of a 30-bed male & female ward and provision of bedside cabinets plus drip stands for Sene District Hospital in Brong Ahafo will bring about 51.6% change in the loyalty of MTN customers. The

direction of the relationship between Construction of a 30-bed male & female ward and provision of bedside cabinets plus drip stands for Sene District Hospital in Brong Ahafo and customer loyalty is positive. This means that the more Construction of wards and provision of bedside cabinets plus drip stands the better the loyalty of customers of MTN and the less Construction of wards and provision of bedside cabinets plus drip stands the worse the loyalty of customers of MTN. In addition, the standardized beta coefficient of the situation where MTN makes donation of an infant incubator to the KNUST hospital is -.254 and that a unit change in this situation by MTN will bring about -25.4% change in the loyalty of MTN customers. The direction of the relationship between the situation whereby MTN makes donation of an infant incubator to the KNUST hospital and customer loyalty is negative.

This means that the more MTN makes donation of an infant incubator to the KNUST hospital the worse the loyalty of customers and the less MTN makes donation of an infant incubator to the KNUST hospital the better the loyalty of MTN customers. This pattern of explanation holds for the rest of the standardized beta coefficients in the table below.

#### **4.5.7 Corporate social responsibility by MTN in economic empowerment and customer loyalty**

To assess the effect of corporate social responsibility by MTN in economic empowerment on customer loyalty, stepwise regression analysis was used. All the variables measuring corporate social responsibility by MTN in economic empowerment were regressed against customer loyalty. The customer loyalty in this context refers to only the fraction of the total loyalty of MTN customers that is realised by applying only the corporate social responsibility by MTN in economic empowerment. corporate social responsibility by MTN in economic empowerment was statistically significant to customer loyalty, that is ( $F(220, 2) = 35.134, p < 0.05$ ). In this case, the Adjusted R Square value of .235 informs us that corporate social responsibility by MTN in



economic empowerment accounts for 23.5% of the variance in customer loyalty. The adjusted R square is an indication of the proportion of the variance in customer loyalty that can be accurately explained by the variables that define corporate social responsibility by MTN in economic empowerment. The analysis of variance (ANOVA) reports the significance of corporate social responsibility by MTN in economic empowerment at .000<sup>b</sup>. This means that corporate social responsibility by MTN in economic empowerment have impact on the customer loyalty. The relationship between corporate social responsibility by MTN in economic empowerment and customer loyalty is weak positive. Refer to table 4.5.7a at the last page of this chapter for the relevant regression result in respect of corporate social responsibility by

MTN in economic empowerment.

#### 4.6 Summary result of multiple regressions

Name of Regression Table	VARIABLES'	P- value	R	Adjusted R square	F - value	Df
<b>Table 4.5.1A</b>	Impact Of Economic Component Of CSR On Customer Loyalty	.000 <sup>c</sup>	.576 <sup>c</sup>	.323	36.899	3,223
<b>Table 4.5.2A</b>	Impact Of Legal Components Of CSR And Customer Loyalty	.001 <sup>a</sup>	.219 <sup>a</sup>	.044	11.149	2,221
<b>Table 4.5.3A</b>	Impact Of Ethical Of CSR And Customer Loyalty	.000 <sup>b</sup>	.295 <sup>b</sup>	.079	10.290	2,216
<b>Table 4.5.4A</b>	Impact Of Philanthropic Component Of CSR And Customer Loyalty	.000 <sup>b</sup>	.443 <sup>b</sup>	.189	26.756	2,219
<b>Table 4.5.5A</b>	Impact Of Corporate Social Responsibility By MTN In Education And Customer Loyalty	.000 <sup>b</sup>	.637 <sup>b</sup>	.399	64.444	2,189



<b>Table 4.5.6A</b>	Impact Of Corporate Social Responsibility By MTN In The Health Sector Of Ghana And Customer Loyalty	.000 <sup>f</sup>	.664 <sup>F</sup>	.423	25.955	6,198
<b>Table 4.5.7A</b>	Impact Of Corporate Social Responsibility By MTN In Economic Empowerment And Customer Loyalty	.000 <sup>b</sup>	.492 <sup>b</sup>	.235	35.134	2,220

#### 4.7 Coefficients tables

Name Of Co-efficient Table	Sub-variables	Un-Standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
<b>Table 4.5.1b</b>	(CONSTANT)	3.113	.286		10.888	.000	2.550	3.676
	MTN maintains a high level of operating efficiency.	.429	.045	.584	9.511	.000	.340	.518
	MTN is committed to being as profitable as possible.	-.356	.056	-.390	-6.405	.000	-.466	-.247
	MTN is defined as one that is consistently profitable	.130	.056	.132	2.323	.021	.020	.241
<b>Table</b>	(CONSTANT)	3.024	.240		12.623	.000	2.552	3.496

<b>4.5.2 b</b>	MTN perform in a manner consistent with expectations of government laws.	.203	.061	.219	3.339	.001	.083	.323
	MTN obey regulations to labor law, and environmental law.	-.201	.089	-.190	-2.254	.025	-.378	-.025
<b>Table 4.5.3b</b>	(Constant)	2.405	.312		7.700	.000	1.790	3.021
	MTN is paying fair wages	.207	.058	.232	3.560	.000	.009	.321
	MTN refuse to do business with oppressive countries	.163	.053	.200	3.066	.002	.005	.267
<b>Table</b>	(CONSTANT)	1.856	.294		6.311	.000	1.276	2.435

<b>4.5.4b</b>	Managers and employees of MTN participate in voluntary and charitable activities within their local communities.	.318	.055	.360	5.768	.000	.209	.427
	MTN donate money and services to community organizations.	.184	.062	.186	2.984	.003	.062	.305
Name Of Co-efficient Table	Sub-variables	Un-Standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta				B
<b>Table</b>	(Constant)	.745	.276		2.698	.008	.200	1.290

<b>4.5.5b</b>	Provision of computers, furniture & library Nima Cluster of Schools in Greater Accra.	.432	.073	.420	5.923	.000	.288	.576
	The construction of a 3unit classroom block, office & store Sefwi Abono in the Western region.	.323	.080	.287	4.051	.000	.166	.480
<b>Table</b>	(Constant)	1.138	.264		4.313	.000	.618	1.659
<b>4.5.6b</b>	Construction of a 30-bed male & female ward and provision of bedside cabinets plus drip stands for Sene District Hospital in Brong Ahafo.	.551	.091	.516	6.078	.000	.372	.730
	Project entailed the physical refurbishment of the General OPD & maternity wings of the Kedge health centre in the	.209	.071	.215	2.935	.004	.069	.350
	Volta region after it was gutted down by fire.							
	Donation of an infant incubator to the KNUST hospital.	-.253	.085	-.254	-2.965	.003	-.422	-.085
	Construction of a casualty ward/block for the Atua Government Hospital in the Eastern region.	.312	.092	.293	3.389	.001	.131	.494

	Total refurbishment & re-engineering of the Zuarungu Health facility in Upper East region to make it functional.	-.294	.098	-.296	-3.017	.003	-.487	-.102
	Partial funding for the construction of an intensive care unit for the Princess Marie Louise Children's Hospital in Accra.	.160	.081	.175	1.982	.049	.001	.319
<b>Table 4.5.7b</b>	(Constant)	1.553	.274		5.667	.000	1.013	2.093
	Capacity building & creation of opportunities for Ghanaian graduates to develop their entrepreneurial skills.	.367	.070	.354	5.250	.000	.229	.504
	Provision of a decent means of livelihood for persons with disabilities (PWDs). 150 tri-cycles were provided and they are motorized and powered by solar panels.	.196	.063	.208	3.086	.002	.071	.321

## CHAPTER FIVE

### SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

#### 5.0 Introduction

This chapter involves a presentation of the summary of findings from the analysis done so far.

Recommendations based on the findings have been provided to improve customer loyalty in



MTN Ghana.

## **5.1 Summary of findings**

### **5.1.1 Customers' awareness of CSR of MTN**

It was discovered from the analysis that 93.6% of the customers of MTN have knowledge in corporate social responsibilities. Out of this, 33.0% had a low level of knowledge, 44.2%, had an average level of knowledge and 22.7% had a high level of knowledge in CSR.

### **5.1.2 Components of MTN Ghana's CSR activities**

The leading components of MTN Ghana's CSR activities studied was the Philanthropic components with the highest mean of 4.0188 and associated standard deviation of 0.52487. On the contrary, economic components of CSR undertaken by MTN was the least dominant components of MTN Ghana's CSR activities with a mean of 3.9609 and a standard deviation of 0.58221.

### **5.1.3 Relationship between the components of CSR and the loyalty of the customers of MTN.**

#### **5.1.3.1 Relationship between the economic components of CSR and the loyalty of MTN customers**

Economic component of corporate social responsibilities at MTN were statistically significant to customer loyalty. The relationship between economic component of corporate social responsibilities and the customer loyalty was strong. The standardized beta coefficient in connection with the above finding revealed that the more MTN maintains a high level of operating efficiency the better the loyalty of customers. Conversely, the more MTN is committed to being as profitable as possible the worse the loyalty of customers and the less MTN is committed to being

as profitable as possible the better the loyalty of customers. This suggests that anytime that MTN become excessively profit oriented their attention on their customers is reduced and this affect the loyalty of their customers adversely.

#### **5.1.3.2 Relationship between the legal components of CSR and the loyalty of MTN customers**

Legal components of CSR have impact on the loyalty of MTN customers. Unfortunately, it accounted for only 4.4% of the variance in customer loyalty. In relation to the above, the beta coefficient values suggested that if MTN perform in a manner consistent with the expectations of government laws it will bring about 21.9% increases in the loyalty of its customers and if they fail to comply with government laws and regulations it will cause 21,9% decrease in customer loyalty. This means that the more MTN perform in a manner consistent with expectations of government laws the better the loyalty of customers and the less MTN perform in a manner consistent with expectations of government laws the worse the loyalty of customers. Unlike the above, the more MTN obey regulations to labor laws, and environmental laws the worse the loyalty of customers and the less MTN obey regulations to labor laws, and environmental laws the better the loyalty of customers. This implies that the customers of MTN do not expect much from them concerning corporate social responsibilities in the area of labour welfare and environmental protection and for that matter it does not influence their loyalty to MTN.

#### **5.1.3.3 Relationship between the ethical component of CSR and the loyalty of MTN customers**

Ethical component of CSR was statistically significant to customer loyalty. The analysis of variance (ANOVA) reports the significance of ethical components of CSR at 0.000<sup>b</sup>. It was as well found that ethical component of CSR was statistically significant to customer loyalty largely because MTN is pays fair wages and they refuse to do business with oppressive countries. For

example a unit change in paying fair wages alone will bring about 23.32% changes in the loyalty of MTN customers. This seems to contradict the earlier finding that the more MTN obey regulations to labor laws, the worse the loyalty of customers. It can be deduced that when it comes to labour welfare the customers of MTN see wages as an exception which must be given special attention.

#### **5.1.3.4 Relationship between the philanthropic component of CSR and the loyalty of the customers of MTN**

Philanthropic components of CSR were statistically significant to customer loyalty and that philanthropic components of CSR have impact on the customer loyalty.

When managers and employees of MTN participate in voluntary and charitable activities within their local communities the better the loyalty of their customers. In the same vein when MTN donate money and services to community organisations the better the loyalty of customers

#### **5.1.3.5 Relationship between CSR projects undertaken by MTN and loyalty of MTN customers**

Corporate social responsibility by MTN in their three focus area which are education, health and economic empowerment were statistically significant to the loyalty of their customers. In other words, corporate social responsibility by MTN in education, health and economic empowerment had impact of customer loyalty.

In the area of education, the more MTN construct classroom blocks, provides computers, furniture & library for schools the better the loyalty of customers and the less MTN Provides computers, furniture & library for schools the worse the loyalty of customers. In the case of health, when MTN



construct hospital wards and provide hospital equipment and accessories the win the loyalty of their customers. One key observation was that when corporate social responsibility in health is undertaken in deprived areas it attracts the loyalty of the customers than when it is done in developed urban areas. For instance, when MTN made donation of an infant incubator to the KNUST hospital it did not win for them the loyalty of their customers. However, when MTN Constructed a 30-bed male & female ward and provided bedside cabinets plus drip stands for Sene District Hospital in Brong Ahafo it won the loyalty of their customers.

Economic empowerment projects by MTN have attracted the loyalty of its customers. This was seen when MTN invested in capacity building & creation of opportunities for Ghanaian graduates to develop their entrepreneurial skills. Again, the loyalty of the customers was won when MTN provided decent means of livelihood for persons with disabilities.

## **5.2 Conclusion**

The study set out to establish the impact of corporate social responsibility on the loyalty of MTN customers. Specifically, the study looked how MTN Ghana is performing in the four major categories of corporate social responsibilities namely, economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. The study further assessed the impact that the corporate social responsibilities undertaken by MTN Ghana in education, health and economic empowerment have on the loyalty of its customers in Ghana. In an effort to accomplish this, 250 questionnaires were administered on customers of MTN Ghana. A response rate of 94% was achieved. The data collected was analysed using multiple regression. It was discovered that corporate social responsibilities had significant impact on the loyalty of MTN customers. It was therefore followed that MTN was performing well in the four major areas



of corporate social responsibilities which are economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. In addition, the study found that, the corporate social responsibility projects undertaken by MTN have significant impact on the loyalty of its customers.

### **5.3 Recommendations**

Appropriate recommendations have been made based on the findings above. To be able to easily link the recommendations to the findings, the recommendations have been grouped under the headings used for the findings.

#### **5.3.1 Customers' awareness of CSR of MTN**

Since 33.0% of the customers of MTN who were the respondents of the study had a low level of knowledge in CSR, it recommended that MTN must publicize their corporate social responsibilities so as to win the loyalty of their customers. This can be done through the mass media (Television, Radio, Newspapers, and Internet), brochures, billboards, social media etc.

#### **5.3.2 Components of MTN Ghana's CSR activities**

Stemming from the finding that the leading component of MTN Ghana's CSR activities was the Philanthropic components it recommended that for MTN to maintain the loyalty of their customers they must channel resources into their philanthropic responsibilities. Secondly, since the economic

component of CSR undertaken by MTN was the least dominant, the company must step up its effort in that regard to enable them win the loyalty of its customers.

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### **5.3.3 Relationship between the components of CSR and the loyalty of the customers of MTN.**

#### **5.3.3.1 Relationship between the economic components of CSR and the loyalty of MTN customers**

From the findings, when MTN maintains a high level of operating efficiency they win the loyalty of their customers. It is therefore recommended that MTN must maintain a high level of operation efficiency to enjoy the loyalty of their customers. It was also found that when MTN is committed to being as profitable as possible the loyalty of its customers is declined. In this light it is recommended that MTN must not focus on maximizing profit at the expense of its customers so as to ensure that they always have the loyalty of their customers.

#### **5.3.3.2 Relationship between the legal components of CSR and the loyalty of MTN customers**

Since legal components of CSR accounted for only 4.4% of the variance in customer loyalty, it is recommended that more variables must be introduced so as to ensure that the variance could be better explained. Again it was found that if MTN perform in a manner consistent with the expectations of government laws it will bring about 21.9% increases in the loyalty of its customers and if they fail to comply with government laws and regulations it will cause 21.9% decrease in customer loyalty. Against this background it is recommended that MTN must perform in a manner consistent with the expectations of government laws. In addition, MTN must not necessarily obey

regulations to labor laws, and environmental laws since the customers of MTN do not expect much from them concerning corporate social responsibilities in the area of labour welfare and environmental protection and for that matter it does not influence their loyalty to MTN.

#### **5.3.3.3 Relationship between the ethical component of CSR and the loyalty of MTN customers**

It is recommended that MTN must pay fair wages and refuse to do business with oppressive countries since it was one of the major reasons that ethical component of CSR was statistically significant to customer loyalty. After all, when it comes to labour welfare the customers of MTN think that wages must be given special attention and that can boost their loyalty.

#### **5.3.3.4 Relationship between the philanthropic component of CSR and the loyalty of the customers of MTN**

For MTN to perform well on philanthropic components of CSR, managers and employees of MTN must participate in voluntary and charitable activities within their local communities and donate money and services to community organisations. According to the findings, by doing this the loyalty of the customers can be guaranteed.

#### **5.3.3.5 Relationship between CSR projects undertaken by MTN and loyalty of MTN customers**

Corporate social responsibility by MTN in their three focus areas which are education, health and economic empowerment were statistically significant to the loyalty of their customers. In other words, corporate social responsibility by MTN in education, health and economic empowerment had impact on the customer loyalty.

It is therefore recommended that firstly, in the area of education, MTN must continue to construct classroom blocks, provide computers, furniture & library for schools so as to sustain the loyalty of customers.

Secondly, in pursuit of customer loyalty, MTN must provide hospital equipment and accessories. One key observation was that when corporate social responsibility in health is undertaken in deprived areas it attracts the loyalty of the customers than when it is done in developed urban areas. It is therefore recommended that MTN must undertake its corporate social responsibility in health in deprived areas it attracts the loyalty of their customers.

Finally, economic empowerment projects by MTN have attracted the loyalty of its customers. Upon this basis, it is recommended that MTN must invest in capacity building & creation of opportunities for Ghanaian graduates to develop their entrepreneurial skills. Again, MTN should continue to provide decent means of livelihood for persons with disabilities so as to trigger the loyalty of its customers.



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#### **Appendix I- questionnaire**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY COLLEGE OF  
HUMANITIES AND SOCIAL SCIENCE**

## SCHOOL OF BUSINESS

### QUESTIONNAIRE ON: THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CUSTOMER LOYALTY IN MTN GHANA

This research is for academic purposes and confidentiality is assured.

#### PART A: BACKGROUND OF RESPONDENTS

Please tick (✓) the correct answers from the options provided below.

1. Sex: Male ( ) Female ( )
2. Marital status: Single ( ) Married ( ) Divorced ( ) Widowed ( )
3. Age group: Below 20 ( ) 21-30 ( ) 31-40 ( ) 41-50 ( ) 50 and above ( )
4. Educational Qualifications: SSCE ( ) HND ( ) B.sc ( ) BA ( ) MBA/M.sc ( ) Others ( )
6. Position Student ( ) Private Company Employee ( ) Government Employee ( ) Self Employed  
Others ( )
7. Do you have Knowledge in Corporate Social Responsibilities (CSR)? Yes ( ) No ( )
8. What is your Level of Knowledge in CSR? Low ( ) Average ( ) High ( )
10. Which Network do you use? MTN ( ) TIGO ( ) AIRTEL ( ) VODAFON ( ) GLO ( ) KASAPA

( )

Please kindly read the following questions and tick (✓) where appropriate.

## PART B: PERFORMANCE OF MTN ON THE MAJOR CATEGORIES OF CSR AND CUSTOMER LOYALTY

**To what extent do you agree that MTN do the following?**

<b>ECONOMIC COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ER1	MTN perform in a manner consistent with maximizing earnings of its shareholders.					
ER2	MTN is committed to being as profitable as possible.					
ER3	MTN maintains a strong competitive position.					
ER4	MTN maintains a high level of operating efficiency.					
ER5	MTN IS defined as one that is consistently profitable.					

**To what extent do you agree that MTN do the following?**

<b>LEGAL COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
LR6	MTN perform in a manner consistent with expectations of government and law.					
LR7	MTN comply with various local regulations.					
LR8	MTN is a law-abiding corporate citizen (company).					



LR9	MTN fulfills its legal obligations.					
LR10	MTN provides goods and services that at least meet minimal legal requirements.					
LR11	MTN obey regulations to labor law, and environmental law.					

**To what extent do you agree that MTN do the following?**

<b>PHILANTHROPIC COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
PR12	MTN performs in a manner consistent with the philanthropic and charitable expectations of society.					
PR13	MTN donate money and services to community organisations.					
PR14	Managers and employees of MTN participate in voluntary and charitable activities within their local communities.					
PR15	MTN provide assistance to private and public educational institutions.					
PR16	MTN assist voluntarily those projects that enhance the community's "quality of life."					
PR17	MTN engage in projects to aid the environment					

**To what extent do you agree that MTN do the following?**

<b>ETHICAL COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ETR18	MTN performs in a manner consistent with expectations of societal mores and ethical norms.					
ETR19	MTN recognizes and respect new or evolving ethical moral norms adopted by society.					

ETR20 MTN prevents ethical norms from being compromised in order to achieve corporate goals.

ETR21 MTN does what is expected morally or ethically.

ETR22 MTN recognizes that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.

ETR23 MTN is environmentally friendly

ETR24 MTN is paying fair wages

ETR25 MTN refuse to do business with oppressive countries

### PART C: MAJOR CSR PROJECTS BY MTN AND CUSTOMER LOYALTY

To what extent do you agree or disagree that the following corporate social responsibility projects undertaken by MTN in the education sector of Ghana is the reason why you are a loyal customer to MTN?

CORPORATE SOCIAL RESPONSIBILITY BY MTN IN EDUCATION		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
MTN1E	Project for improving numeracy & literacy in 5 schools in the Northern Region through capacity building for teachers & provision of Learning aids & materials.					
MTN2E	Construction of a 3-unit classroom block, office & store. For Akatsi Basic School in the Volta region					
MTN3E	Construction of a 108-seater library for the Tsito Senior High & Technical School in Volta region to fulfill their project work practical.					
MTN4E	Sponsorship of representatives of 20 schools in the Volta region to be part of the 2010 Spelling Bee- national competition.					
MTN5E	The refurbishment of the medical school library at KNUST.					
MTN6E	The construction of a 3-unit classroom block, office & store SefwiAbono in the Western region.					
MTN7E	Construction of a 6-unit classroom block, office & store for Saunders Community School in the Brong Ahafo region.					

MTN8E Construction of a 6-unit classroom block, office & store Attuna DC Community School in the Brong Ahafo region.

MTN9E	Construction of a 20-seater ICT centre for the twin community (Abolove/Nolope) in the Brong Ahafo region.					
MTN10E	Construction of a 6-unit classroom block, office & store for JuasoNkyesa School in the Ashanti region.					
MTN11E	Provision of a 5-seater ICT facility for the wardens & inmates Ankafu Prisons in the Central region.					
MTN12E	It was a 3-year support from 2010. Construction of a Boys Dormitory, Provision of 20 Desktops, refurbishment works at the ICT facility & provision of a school bus for Akropong School for the blind Eastern.					
MTN13E	Construction of a KVIP, provision of laboratory equipment / facilities and constructing streetlights to address the security issues of the Tamale Secondary school.					
MTN14E	Re-roofing of the University of Cape coast library.					
MTN15E	Provision of computers, furniture & library Nima Cluster of Schools in Greater Accra.					
MTN16E	Provision of ICT infrastructure to aid doctors in research & correspondence as well as facilitate telemedicine at College of Surgeons & Physicians in Greater Accra.					
MTN17E	Project for improving numeracy & literacy in 5 schools in the Northern Region through capacity building for teachers & provision of Learning aids & materials.					

**To what extent do you agree or disagree that the following corporate social responsibility projects undertaken by MTN in the Health sector of Ghana is the reason why you are a loyal customer to MTN?**

CORPORATE SOCIAL RESPONSIBILITY BY MTN IN HEALTH		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
MTN18H	Physical refurbishment of the 2nd floor Labour Ward & the provision of equipment such as delivery beds and theatre machines Korle Bu Maternity Ward.					
MTN19H	Partial funding for the construction of an intensive care unit for the Princess Marie Louise Children's Hospital in Accra.					
MTN20H	Provision of some essential hospital Equipment such as examination couch, weighing scale, etc. to make the Wassadunkwa Health facility functional.					
MTN21H	Project involves the provision of medical equipment to make the health post functional. Equipment include delivery bed, sterilizers, vaccine fridge, etc.					



MTN22H	Facilitation of workshops for 2,000 SHS students at Greater					
	Accra, Northern, Central, and Western on HIV AIDS & Drug Abuse.					
MTN23H	Project was in partnership with Concern Universal & Pronet Ghana where 20 boreholes were drilled for communities in the Lawra&Wa East Districts in the Upper West region of Ghana.					
MTN24H	Donation of an infant incubator to the Kwahu Government Hospital as part of Easter Festival celebrations.					
MTN25H	Project entailed the physical refurbishment of the General OPD & maternity wings of the Kpedze health centre in the volta region after it was gutted down by fire.					
MTN26H	Provision of mobile haemoglobinometers, Ultra sound Machine, Call Credits, Desktop Computer & revised printed pregnancy registers to support their Pregnancy Register & Handing Over System (PRHOS) project to address maternal health issues in the Shama District Health center in the western region.					
MTN27H	Donation of an infant incubator to the KNUST hospital.					
MTN28H	physical refurbishment of the labour ward, lying in ward & the expansion of the antenatal unit to ease congestion at the EffiaNkwanta Regional Hospital.					
MTN29H	Construction of a new 15-bed children's ward for the TwifoPraso Government Hospital to ease the congestion in the existing ward.					
<b>CORPORATE SOCIAL RESPONSIBILITY BY MTN IN HEALTH - CONT.</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
MTN30H	Construction of a 20-bed Maternity Ward and theatre and fully equipping it with beds, incubators, theatre equipment at Ejisu Government Hospital.					
MTN31H	Construction of a 20-bed male & female ward & theatre for the Fomena health centre in Ashanti region.					



MTN32H	Construction of a 30-bed male & female ward and provision of bedside cabinets plus drip stands for Sene District Hospital in Brong Ahafo.					
MTN33H	Construction of a pipeline in partnership with Ghana Water Company and Plan Ghana to extend potable water to the KpeveTongu community.					
MTN34H	partnership with United Way Ghana to provide a mechanised borehole for twin communities Pamdu/Paninamisa in Kintampo in the Brong Ahafo region .					
MTN35H	Construction of a neonatal intensive care unit for the Tamale Teaching hospital.					
MTN36H	Total refurbishment & re-engineering of the Zuarungu Health facility in Upper East region to make it functional.					
MTN37H	Construction of a Community Health Based Planning & Services Compound (CHPS) for the Azuribisi Community in the Upper East region to cater for their basic health needs.					
MTN38H	Construction of a casualty ward/block for the Atua Government Hospital in the Eastern region.					

**To what extent do you agree or disagree that the following corporate social responsibility projects undertaken by MTN in the Economic sector of Ghana is the reason why you are a loyal customer to MTN?**

<b>CORPORATE SOCIAL RESPONSIBILITY BY MTN IN ECONOMIC EMPOWERMENT</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
MTN39EE	Entrepreneurial mentorship in Greater Accra where individuals were assigned to renowned entrepreneurs.					
MTN40EE	Capacity building & creation of opportunities for Ghanaian graduates to develop their entrepreneurial skills.					
MTN41EE	The use of TV reality show to unearth new musical talents and performers who have composed their own music.					

MTN42EE	Provision of capital equipment, machinery and logistics as well as stocks to scale up the operations of three micro enterprise units in order to increase their revenue and income.					
MTN43EE	Provision of a decent means of livelihood for persons with disabilities (PWDs). 150 tri-cycles were provided and they are motorised and powered by solar panels.					
MTN44EE	Provision of seed capital of GHC500 to each woman for Shea Butter Production in Tizaadini to transform their lives in the communities.					

#### PART D: THE DEPENDENT VARIABLE

To what extent do you agree or disagree to the following?

CUTOMER LOYALTY		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
CL1	MTN brand gives me satisfaction					
CL2	I Trust in MTN products					
CL3	MTN comes to mind when I think of the telecommunication industry and CSR in Ghana					
CL4	Corporate Social Responsibility guarantees my confidence level and loyalty to MTN Ghana					
CL5	I will recommend MTN Ghana's products and services to my colleagues					
CL6	I will like to positively speak to others about MTN Ghana					
CL7	I will always patronize products and services of MTN Ghana					
CL8	Overall, Im satisfied with products and services of MTN Ghana					

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