

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE ON CUSTOMER LOYALTY: EVIDENCE FROM GHANA

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ABSTRACT

This study investigates the impact of corporate social responsibility performance on customer loyalty in Ghana's telecommunication industry. Analysis of survey data collected from 588 customers revealed that there has been a surge in corporate social responsibility activities by telecom firms in Ghana in recent years. The results show that corporate social responsibility initiatives of the telecom firms are associated with community development and support through the provision of clean borehole water, education, and health services. Environmental issues, on the other hand, receive minimal attention from the telecom companies despite the fact that most of these companies are known to have sited telecom masts close to residential communities with severe health implications for residents. Also, poor quality of service provided by all networks casts doubts upon the genuineness of their philanthropic gestures. The paper includes recommendations for government to institute stringent measures to ensure telecom firms improve their services and provide value for money as part of their corporate citizenship. In addition, corporate social responsibility activities should be regulated to ensure firms engage in projects that have real impact on people's lives rather than those meant for mere publicity.

JEL: M140, M160

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INTRODUCTION

The idea of social responsibility requires the individual or business to consider their acts in terms of a whole social system which holds them responsible for the effects of their acts anywhere in that system. Corporate social responsibility (CSR) implies a corporate entity should be held accountable for any of its actions that affect people, their communities, and the environment. CSR is perceived in terms of the relationship of corporations with society as a whole, and the need for corporations to support their values with societal expectations (Atuguba and Dowuona-Hammond, 2006). Fundamentally, it is a set of standards by which organizations can impact their environment with the potential of creating sustainable development (Helg, 2007). CSR can also be viewed as a localized and socially embedded concept in that the prevailing ideas, perceptions, issues addressed, and modes of practicing CSR are expressions of organizations' responses to their socio-economic environment (Amaeshi, Adi, Ogbechie, and Amao, 2006). Carroll (1979) identified four main aspects of corporate social responsibility namely economic, legal, ethical and philanthropic. Thus, a socially responsible corporate entity ensures efficiency and profitability and generates adequate returns for its shareholders; operates within relevant legal frameworks; takes cognizance of the impact of its actions on its communities, stakeholders and the environment when formulating its corporate objectives; and undertakes charitable activities that aim at solving pressing social problems within the communities it operates in. According to Crowther and Seifi (2013), a socially responsible corporate entity strives at all times to either minimise or totally remove the adverse effects of

its activities on the environment, employees, business contacts group, suppliers of funds and credits, governments, and other affected members of society.

Although CSR has become an important element in the business strategy of a growing number of companies worldwide (Runhaar and Lafferty, 2008), researchers have differentiated between CSR activities in developed and developing countries. These researchers found that CSR initiatives are more pronounced in developing countries than developed ones as there are gaps in social provision and governance in the former (Baughn, Bodie, and McIntosh, 2007). In addition, other scholars maintain that CSR research originating from western country contexts is inapplicable for developing country contexts (Dobers and Halme, 2009; Prieto-Carrón, Lund-Thomsen, Chan, Muro, and Bhusan, 2006). Thus, CSR is said to be context dependent so contextual factors and different institutional environments influence norms and practices of CSR in both developed and developing countries with varying effects (Adams and Ghaly, 2006; Birkin, Cashman, Koh, and Liu, 2009; Gjølborg, 2009; Ofori and Hinson, 2007). Meanwhile, the theories, concepts and ideas of CSR primarily originate from market economy countries with relatively strong institutional environments in which regulation is effective and fairly enforced. Yet in a number of emerging economies and developing countries with weak institutional environments underlined by arbitrary enforcement of law, bureaucratic inconsistencies, insecurity of property rights and corruption, CSR may turn out to have a very different focus and impact (Jamali and Mirshak, 2007; Kuznetsov, Kuznetsova, and Warren, 2009). It is therefore, not surprising for Dobers and Halme (2009, p. 9) to assert that “in weak institutional environments, where non-compliance, tax evasion and fraud are a norm rather than an exception, abiding by the rules and regulations may well be manifestations of a responsible corporation”. Therefore, in developing countries, a range of economic and legal factors must be considered in the pursuit of CSR.

Due to increased competition, organizations must identify new ways to survive. However, in this modern day, it is becoming increasingly impossible to achieve organizational goals without taking into consideration other social issues which may not appear to have a direct bearing on the operations of the organization. As such, organizations have more extensive duties to key stakeholder groups like employees, communities, customers, suppliers, and society as a whole. Amoako, Agbola, Sokro and Dzogbenuku (2011) contend that the stiff competitive environment within which mobile telecommunication companies operate in Ghana has placed enormous demand on these companies to act responsibly towards their stakeholders and the environment in which they operate. Accordingly, there have been increasing demands on multinational corporations (MNC) to provide community development programs and assistance to the communities where they operate, particularly in developing countries by meeting locally defined social and economic goals (Eweje, 2006).

Runhaar and Lafferty (2009) in their study of three multinational telecommunication corporations (MNTC) found that CSR was mainly employed as a defensive strategy for safeguarding reputation and satisfying employees and other stakeholders while some CSR projects often also involve financial benefits to the companies. Eweje (2006) identified four main areas of multinational corporations' (MNC) CSR focus in developing countries, namely: education, social welfare, infrastructure and small business programs. For example, MNCs “provide education, scholarships, and build roads in Nigeria; build clinics and provide drugs for HIV/AIDS patients in South Africa; and also provide medication and vaccination for malaria in Zambia” (Eweje, 2006, p. 12). In Ghana, MNCs provide boreholes, classroom blocks, clinics, libraries and offer healthcare assistance and advice (Amoako *et al.*, 2011; Amponsah-Tawiah and Dartey-Baah, 2011; Ofori and Hinson, 2007). Eweje's study demonstrated that community development initiatives and investment are vital for the establishment of a cordial relationship between MNC and their host communities. Despite such efforts, MNCs are frequently accused of doing too little for their communities in developing countries. A major source of conflict between MNCs and the host community is the issue of community expectations (Runhaar & Lafferty, 2009). While the communities want social development projects that provide hope of a stable and prosperous future, the MNCs on the other hand, have embraced development initiatives primarily to demonstrate that they are socially responsible. Consequently, Dobers

and Halme (2009), suggest that international research and political communities should pay attention and evaluate the CSR initiatives and efforts of companies mainly on the basis of their ability to contribute to structural and institutional development rather than on the basis of single visible activities such as building hospitals or roads and the like.

The majority of the telecom firms in Ghana are gradually incorporating CSR into their corporate strategy to meet the needs of communities they operate in and public expectations of them. However, in spite of their seemingly impressive CSR initiatives, questions have been raised about the true motivation for these so called philanthropic deeds. Previous study revealed that while most of the telecom firms purport to be socially responsible by engaging in charitable deeds and thereby polishing their corporate image and creating brand awareness for their services and products, they continue to engage in unethical business practices such as poor services, exorbitant prices, erecting telecom masts near residential areas as well as mass retrenchment that renders large numbers of their employees jobless (Amoako *et al.*, 2011). Following several complaints about poor services from customers across Ghana, the National Communications Authority (NCA) in August 2011, imposed a €400,000.00 fine on the five established mobile telecommunication companies doing business in Ghana.

There is evidence suggesting that significant CSR efforts enhances corporate image leading to customer loyalty (Argenti and Druckenmiller, 2004). The question worth examining is whether CSR practices perceived by customers significantly informed their purchasing decisions and loyalty, and to what extent does quality of service play a mediating role? Consumer perception is important to businesses since it can influence consumer behaviour, which ultimately affects the profitability of a business. According to Donner (2012), perception is one of the key psychological factors that influence consumer behaviour. Perception of price and quality for example, have been found to play a crucial role in a customer's decision to buy (Heffetz, 2012), post-purchase satisfaction and intention to return a product (Jarvenpaa and Todd, 1997; Liu and Arnett, 2000). Thus by understanding how their services are perceived by their customers, telecom companies can devise strategies to better meet the expectations of their cherished customers and secure their loyalty. There are currently six main telecom firms operating in Ghana: MTN, Vodafone, Tigo, Airtel, Espresso, and Glo Mobile Ghana. Most of these firms have in recent years vigorously pursued CSR as an agenda for market penetration, polishing brand image as well as helping the needy and deprived communities. This study focuses mainly on the community development projects (CDP) that are undertaken by the multinational telecommunications corporations (MNTC) in Ghana, specifically, MTN, Vodafone, Airtel, and Tigo as part of their corporate social responsibility to the communities they operate in.

MTN, the largest mobile operator and the market leader in Africa conducts its CSR activities through its MTN Foundation which focuses on education, health, and community development. The MTN Ghana Foundation was established in 2007 as a conduit for all MTN's CSR initiatives in the country. The Foundation aims at having a broad community impact and supporting national and international development priorities by improving the quality of people's lives through appropriate and sustainable social intervention (MTN Ghana Foundation, 2007). As part of the MTN policy that the local company spends at least one percent of its profit after tax on CSR, MTN Ghana Foundation spent a reported €0.976 million on CSR initiatives in 2008, constituting one percent of its €97.6 million operating profit. For Vodafone Ghana, CSR simply means 'approaching our business aims responsibly with an awareness of our surrounding environment, in order to reduce the environmental impact on business and to meet the needs of our stakeholders, whilst maintaining a successful financial bottom line'. In this regard, Vodafone Ghana has been involved in a number of philanthropic deeds including providing certain needed services to rural communities across the country, and most importantly paying for the health care needs of the disadvantaged in society through its Vodafone Health Line TV programme. Tigo's CSR focuses on understanding and considering the expectations of all our stakeholders; be they customers, governments, regulators, suppliers, employees, investors, or communities. Consequently, Tigo has, over the years, embarked upon a number of CSR initiatives including constructing a new Reproductive and Child Care Unit at the Atwima Mponua

Hospital, as part of its “Fraternity for Humanity” initiative to provide support to communities in education, health and environment. Central to Airtel Ghana’s CSR initiatives has been its attention to education in deprived communities and to underprivileged students implemented under its “School Adoption Programme” that aims at adopting, refurbishing and retooling abandoned schools as a way of contributing to the UN Millennium Development Goals of universal primary education. Airtel has, since 2010, renovated ten dilapidated classroom blocks in various schools across the country.

This paper explores telephone subscribers’ perceptions of CDP undertaken by the MNTC and how these impact on their loyalty to their service providers. It also examines the nature of CDP undertaken by the telecom firms and compares their CDP with subscribers’ perceptions of usefulness, quality of service, price and buying behavior in order to determine subscribers’ loyalty to their service providers. Our intention is to increase understanding of how communities perceive CDP of businesses and how that influences their buying behavior and loyalty to their benefactors. Our propositions are that (a) telecom subscribers whose communities benefit from CDP of MNTC will be more loyal to their service providers than those from non-beneficiary communities; (b) CDP beneficiary community members who perceive the CDP of the MNTC to be useful and beneficial to them will be more likely to subscribe to their services than those who do not. This paper is organized as follows. We first present a review of literature related to the theoretical stance underpinning the concept of CSR and firm performance. Next, we describe method and study sample before proceeding with the reporting of key findings of the statistical analysis. Finally, we conclude with discussing the implications of the findings for businesses and suggest directions for future research.

LITERATURE REVIEW

Contemporary organizations around the world have come to the realization that success can be achieved when they are perceived by their stakeholders as being socially responsible. These stakeholders want to understand what the organizations do or stand for, which accordingly makes a big difference in terms of achieving or not achieving their strategic objectives (Aras and Crowther, 2015). While there are various definitions of the concept of corporate social responsibility, majority of the definitions characterize CSR as the activities firms engage in, that appear to advance a social agenda beyond that which is required by law (Siegel and Vitaliano, 2007). Accordingly, the crux of CSR is the provision of public benefits (Baron, 2001). The business activities provide the goods and services that society requires and the society provides the value that the businesses need to survive. CSR is a commitment to improving community well-being through discrete business practices and contributions of corporate resources (Kotler and Lee, 2006). It is considered as the broader responsibilities that results from the relationship that a company develops with both the environment and society in an effort to jointly achieve an integrated environment management system and satisfy social objectives. We contend that the resource-based view is useful to understanding why global corporations engage in CSR projects that speak to the needs of the local communities in which they operate especially in developing countries.

The resource-based view (RBV) of the firm is one of the approaches that provide an explanation for why firms engage in CSR activities. The resource-based view argues that the firm’s internal environment drives competitive advantage. This view provides an explanation for firm effects on CSR outcomes within the same industry (Barney, Wright, and Ketchen, 2001). McWilliams, Siegel and Wright (2006) assert that engaging in social responsibility activities when these are expected to benefit the firm is a behavior that can be scrutinized through the RBV lens. Wernerfelt (1984) proposed that a resource can be anything that represents a strength or weakness of a firm; they are more specific, focusing on a wide array of tangible and intangible resources and capabilities such as skilled employees, goodwill with customers, distribution channels, technical knowledge, trade contracts, equipment, efficiency, capital, brands, and positive reputation. The unique combination of these resources can provide some assistance in identifying the potential of the organization to focus on and achieve its objectives (Barney et al., 2001). Consequently, firms generate sustainable competitive advantage by effectively controlling and manipulating these

resources and capabilities that are valuable, rare, difficult to duplicate, and for which no substitute is available (Barney, 1991). Organizations therefore achieve their objectives by structuring their internal capabilities to match the conditions of the external environment. Prahalad and Hamel (1994) suggest that a firm's success is not wholly determined by external factors but also by its internal characteristics. Based on these criteria, resources that may lead to a competitive advantage include socially complex and causally ambiguous resources such as reputation, knowledge assets, long-term relationships with suppliers and customers, and corporate culture. The implication is that the right mix of resources needs to be developed, examined and managed for enhanced organizational performance.

The resource-based view suggests further that an organization can gain and sustain competitive advantage by developing valuable resources and capabilities that are relatively inelastic in supply (Ray, Barney, and Muhanna, 2004). Hart (1995) argues that for certain types of firms, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage. The social performance of firms, especially environmental performance can be a source of competitive advantage particularly in the same industry (Russo and Fouts, 1997). These resources need to be strategically deployed to allow a firm to stand clear of competition overtime. Engaging in CSR can help firms to create some of these resources and capabilities that promote a progressive creation of a unique reputation for the organization in the minds of all categories of stakeholders. Socially-complex resources are created from the coordinated action of a large number of people, such as a dynamic corporate culture or a highly-regarded corporate reputation (Dierickx and Cool, 1989). These types of socially-based resources that can give an organization a competitive advantage could be categorized in a similar way to the relationships an organization might hold with its stakeholders. These resources are particularly valuable due to the degree of sustainability of a firm's competitive advantage (Barney, 1991)

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

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

DATA AND METHODOLOGY

This research explores customers' perceptions of CSR performance and its influence on customer loyalty in the telecommunication industry in Ghana. The study employs a mail survey to collect data between February and May, 2012. The study was conducted in two main regions in Ghana, namely Greater Accra and Ashanti regions. These two regions were selected because they are the two principal regions and the hub of Ghana's urbanisation (Ghana Statistical Service, 2010). In all, 700 questionnaires were administered to subscribers of the four major telecom networks. The respondents were selected using systematic sampling from a sample frame of 10,059 from five communities within the two regions where CDP have been undertaken by the MNTC. According to Krejcie and Morgan (1970), a sample size of 370 is an adequate representative sample for a sampling frame of 10,000. Such a sample size should produce less than 5% error rate. Out of the 700 questionnaire administered, 468 were retrieved and seven questionnaires were not properly answered hence omitted from the analysis, representing a response rate of 66.9%. A control group consisting of three communities which have not benefited from any CSR projects from any of the telecom firms was also selected for comparison in order to assess the true impact of CSR on customer loyalty. 250 questionnaires were distributed to the telephone subscribers in the selected communities, out of which 120 were retrieved constituting a response rate of 48%. Data was analysed using both descriptive and inferential statistics.

RESULTS

The research findings revealed that 53.6% of the respondents were males and 46.4% were females. The findings also indicate that majority of the respondents (49.1%) had tertiary education, 11.5% were professionals, 12.2% had technical and vocational education, 16.2% were junior and senior high school graduates, while 10.9% had Ordinary & Advanced level certificates. These results generally indicate that, most of the respondents have attained considerably high levels of education and therefore understand the concept of CSR and the issues under discussion.

Table 1: Network Used by Respondents

Telecom Networks	Beneficiary Communities (BC)		Non-Beneficiary Communities (NBC)	
	Frequency	Percentage	Frequency	Percentage
MTN	139	29.7	45	37.5
VODAFONE	105	22.4	26	21.6
AIRTEL	59	12.6	15	12.5
TIGO	82	17.5	8	6.6
MTN & VODAFONE	38	8.1	13	10.8
MTN, VODAFONE & AIRTEL	21	4.5	8	6.6
ALL THE FOUR NETWORKS	24	5.1	5	4.1
Total	468	100.0	120	100.0

This table shows the telecom networks used by subscribers from both beneficiary communities (BC) and non-beneficiary communities (NBC). The first column shows the various networks. The second column shows results of customers from beneficiary communities and the third column shows results of customers from non-beneficiary communities.

Table 1 shows that a larger percentage of respondents use MTN in both communities that have benefited from CSR projects and those that have not. However, the percentage of customers who use MTN in communities without CSR projects (37.5%) far exceeds the percentage of MTN users in communities with CSR projects. While price, quality of service and other related factors could be responsible for the results of our study, the strong presence of other MNTC through their CDP in these communities also offer explanatory value for why communities with MNTC's CDP patronise other networks whereas communities without MNTC's CDP follow the national pattern preferring MTN network for other reasons. The data also shows that 21.5% of respondents in NBC subscribe to more than one network whereas only 17.7% in BC do. This further shows that in communities where network users do not derive any direct community based

benefit from the phone companies, subscribers are more open to patronise other networks. Given the mobile number portability law recently enforced in Ghana, it is most probable that without visible community based projects to capture the hearts and minds of people, more and more telephone users will willingly switch or float between networks.

To assess respondents’ perceptions of CDP of the MNTC, the researchers investigated a number of variables including: awareness of CDP, types of projects undertaken, usefulness of the projects, the telecom firm with the most CDP initiatives; quality of service and customer satisfaction. Awareness of CSR activities by companies is important in creating brand awareness, influencing buyer behaviour and creating loyal customers. As McWilliams and Siegel (2006) pointed out, if CSR is to act as a point of differentiation that influences buyer behaviour, awareness of a firm’s CSR activities is crucial. The researchers therefore investigated respondents’ awareness of CDP initiatives undertaken by their respective networks. Respondents in both communities were asked whether they knew of any CDP initiative undertaken by their network either within their own communities or elsewhere. The results in Table 2 indicate that while majority of respondents (83.1%) in BC were aware of their network’s involvement in community based or philanthropic projects, only 48.3% of those in NBC were aware of these initiatives.

Table 2: Awareness of Community Development Projects

	Beneficiary Communities (BC)		Non-Beneficiary Communities (NBC)	
	Frequency	Percentage	Frequency	Percent
Yes	389	83.1	58	48.3
No	79	16.9	62	51.6
Total	468	100.0	120	100

This table shows the responses of respondents in relation to their awareness of CDP in both beneficiary and non-beneficiary communities. Customers are asked to indicate either Yes or No if awareness of community development projects by the telecom firms in their community influenced their decisions to use a particular network.

The MNTC most often publicise the various CDP they engage in and their generosity to the public through direct advertising or press conferences when commissioning a CDP to create brand awareness. It is important to note that the CDP projects are in themselves great advertisements of the network’s brand. Surprisingly, when asked whether awareness of the telecom firm’s CDP activities influenced their decision to subscribe to the network, nearly 87% of all respondents from both communities answered “No”. The implication here is that brand awareness alone does not necessarily translate into positive buyer behavior. Other factors like type and usefulness of the CDP project, quality of service and customer satisfaction mediate any positive effects of brand awareness. This study also investigated the types of projects that are undertaken by telecom firms in Ghana so as to appreciate their usefulness to the recipient communities. Consequently, respondents in BC were asked to name the various types of CDP undertaken by telecom firms in their respective communities. The results reveal that the key areas targeted by telecom firms for development and support are the provision of clean borehole water, education and health services. This supports Visser (2006) assertion that in developing countries, CSR is most commonly associated with philanthropy or charity through corporate social investment in education, health, sports, development, the environment and other community services. Vodafone, for example, constructed 20 hand pump boreholes in 2011 in observance of World Water Day to alleviate the plight of 12 water-deprived communities in the country. Thus, CSR activities of MNTC in Ghana could be described as mainly philanthropic in nature and aspire to resolve challenges faced by communities, which governments cannot fully address. It is therefore not surprising to have majority of respondents (88%) from BC acknowledging that the projects were useful and beneficial to them and their community. This implies, telecom firms in Ghana engage in CDP initiatives that have real impact on people’s lives rather than those meant for mere publicity. Similarly, Luan and Ailawadi (2011) found in their study that consumers patronise the company because they see personal benefits from the CSR initiatives and because the initiatives resonate with their own values. Accordingly, Luan and Ailawadi admonish companies to engage in meaningful CSR initiatives that have real meaning

to consumers even if they are expensive, because the returns in customer loyalty are substantial enough to more than cover those costs.

Unfortunately, environmental issues receive minimal attention from the telecom companies despite the fact that most of these companies are known to have sited telecom masts close to residential communities with severe health implications for residents (Stewart, Rao, Middleton, Pearmain, and Evans, 2012; Wolf and Wolf, 2004). According to Pinkston and Carroll (1996), ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. It embraces those activities and practices that are expected or prohibited by societal members even though they are not codified into law. In the quest to give back to society, firms should consider the three types of morality (immoral, amoral, and moral) with a special emphasis upon moral management. Firms that seek to behave morally should not only conform to accepted professional conduct but exemplify leadership on ethical issues. An example is taking into consideration the health implications of their telephone masts on customers before locating such devices. Monetary donations and aid given to local organizations and impoverished communities in the country is the least favoured CDP activity. This approach is probably disliked by most organizations because it does not help build on the skills of the local people. Perhaps it is a misnomer to call these "responsibilities" because they are guided primarily by business discretion, choice or desire and might be deemed "corporate citizenship" (Pinkston and Carroll, 1996).

The data revealed that in both BC and NBC, Vodafone is adjudged the telecom firm with most community development and support projects. This could partially be due to their highly publicised "Healthline", a 26-week television and radio health campaign in partnership with medical superintendents in the regional hospitals which identified and catered for the medical bills of patients who were in need of life-saving medical procedures but could not afford them. The medical conditions targeted for the project include fibroid, cervical cancer, maternal mortality, mental health, prostate cancer and impotence. The above results confirm why the "Healthline" was declared the best CSR initiative at the Chartered Institute of Purchasing and Supply (CIPS), UK, awards ceremony in South Africa. Not surprisingly, the results also indicate that while all the respondents in BC were able to identify the telecom firm with the most CSR initiatives, the majority of the respondents in NBC had no idea about the question. This coincides with the level of CDP awareness in these communities.

Moreover, providing quality goods and services that offer value for money for customers is a key element of an organization's corporate social responsibility (Freeman, 1984). Besides, perceived quality has been found to positively collate with customer buying behaviour, loyalty and retention (Lewis and Soureli, 2006; Mandhachitara & Poolthong, 2011). Unfortunately, the quality of service provided by the telecom firms in Ghana can only be described as abysmal. Our research findings show that all the respondents from both BC and NBC disagree with the statement that the telecommunication firms provide good and reliable services. Consequently, nearly 67% and 71% of respondents from BC and NBC respectively, were either highly dissatisfied or dissatisfied with the services provided by their respective networks. TIGO and Vodafone customers were the most satisfied while MTN customers were the most dissatisfied.

The poor services provided by these firms alarmed the National Communications Authority (NCA). Consequently, the NCA conducted a Quality of Service (QoS) test in 2011, which resulted in most of the telecom firms being slapped with a fine totaling €400,000.00 for what the NCA described as 'various Quality of Service (QoS) infractions'. The fines include €33,333.00; €66,666.67; €116,666.70 to €150,000.00 for TIGO, Vodafone, Airtel, and MTN respectively. The quality violations comprise call setup delays, call congestion, signal congestion, and poor coverage. The market leader, MTN which is also the largest telecom firm in Ghana, incurred the most penalties for the most violations. This probably explains the telecom giant's dwindling fortunes in Ghana in recent years. In the NCA's July 2012 publication of the results of the one year experience with mobile number portability (MNP), MTN became the biggest loser

having lost 125,000 more subscribers porting out than porting in. TIGO was the biggest winner followed by Vodafone with a net gain of over 68,000 and 43,000 ports respectively.

Table 3: Telecom Firms in Ghana Provide Good and Reliable Services

	Beneficiary Communities		Non-Beneficiary Communities	
	Frequency	Percentage	Frequency	Percentage
Strongly disagree	459	98.1	103	85.8
Disagree	9	1.9	17	14.2
Neutral	0	0	0	0
Agree	0	0	0	0
Strongly Agree	0	0	0	0
Total	468	100.0	120	100

This table shows results regarding respondents' views on services provided by telecom firms. Respondents from both beneficiary and non-beneficiary communities are asked to rate on likert scale of 1 (strongly disagree) to 5 (strongly agree).

Table 3 indicates that while over 98% of respondents from CSR beneficiary communities strongly disagree with the statement, 85% from non-beneficiary communities did. The implication here is a few philanthropic acts is no substitute for good business ethics. Consequently, nearly all respondents from both communities (97%) agree to the proposition that government should formulate policies to regulate CSR activities of Telecom firms in the country. Communications experts and various civil society groups in Ghana have vehemently called on the government, as a matter of urgency, to set up a National CRS framework and develop appropriate standards for reporting CSR initiatives by all corporate bodies to ensure transparency and proper monitoring. Such frameworks and standards are prevalent in the European Commission for example, where the guidelines contained in its 2001 ‘Green Paper’ “has been accepted as the authorized guideline of what companies should do to meet their social responsibility” (Karima, Oshima, and Yamamoto, 2006, p. 328). A number of studies reveal a positive relationship between CSR and brand loyalty (Lichtenstein, Drumwright, and Braig, 2004; Luan and Ailawadi, 2011; Mandhachitara and Poolthong, 2011). To probe the assertion that CSR builds brand loyalty in a firm’s customers, the present study investigates a number of variables regarding attitudinal and behavioural loyalty of telecom customers in both CDP beneficiary and non-beneficiary communities. Based on theoretical and empirical grounds the structure and dimensionality of CSR and customer loyalty constructs were examined using exploratory factor analysis (EFA) with Varimax rotation and reliability test. After examining the pattern matrix of the EFA, all items retained had communalities above 0.5 and loadings greater than 0.5. Cronbach’s alpha for the three-item CSR variables was 0.75 and for the three-item customer loyalty (CL) variables was 0.73. EFA results are shown in Table 4.

Table 4: CSR and Customer Loyalty-Exploratory Factor Analysis Results

Coding	Variables and Items	EFA Factor Loadings	
CSR	<i>Corporate Social Responsibility</i>	CSR	CL
CSR1	I use only this Network exclusively because of their CDP	0.806	
CSR2	I will stay with my network because of its CDP initiatives	0.757	
CSR3	I will use a network if it undertakes community development projects	0.740	
CL	<i>Customer Loyalty</i>		
CL1	I will recommend my network to others because of their commitment to CSR		0.798
CL2	I will switch to a network if it embarks upon a CDP in my community		0.733
CL3	I will switch networks because of price and service charges		0.593

This table shows correlation and reliability analysis.

A key objective of this study is to examine whether or not CDP determines customer loyalty. The analysis revealed a significant positive relationship between CDP and customer loyalty ($p < 0.01$). This implies that the more CDP that are undertaken by MNTC, the more loyal customers are likely to be. Correlation and reliability results are shown in Table 5.

Table 5: CSR and Customer Loyalty -Correlation and Reliability Analysis

Key Variables	Mean	S.D	Cronbach's Alpha	1	2
1. Corporate Social Responsibility	3.83	0.97	0.75	1.00	
2. Customer Loyalty	3.99	0.76	0.73	0.38*	1.00

Note. *significant at 0.01 level

Another major objective of the study is to assess whether or not customer loyalty levels differ between beneficiary and non-beneficiary communities. The results revealed that customer loyalty levels in BC was significantly higher than those in the NBC ($p < 0.01$). Furthermore, respondents in the BC appeared to appreciate, understand, evaluate CDP activities much better than those in NBC ($p < 0.01$). Table 6 contains the t-values for the comparison between the communities.

Exclusive purchase is probably the strongest indicator of brand loyalty. The results of our study show that the majority of respondents from BC agree to using specific networks exclusively because of their CDP records. Subscribers of NBC on the other hand, stated that their network’s CDP do not inform their decision to use the network. This finding supports Yeldar’s (2004) assertion that CSR leads to increased sales and customer loyalty. Customers will be committed to using a telecom network as a result of the latter’s commitments to engaging in development projects that are beneficial; and targeted at helping the needy in society. Our findings also support the resource-based view. This is because CSR commitments communicate the nature and direction of the firm’s social and environmental activities and also helps people develop affective commitment to the organization and its products and services, hence their loyalty to the network. Regarding stated intention to use a network, the majority of the respondents from both BC and NBC agree that they would use a network if it supports community development projects. This is positive news as it implies that telecom firms have the potential of winning customers if they commit to engaging in CDP activities that benefit the communities they operate in. As government is unable to extend development to all parts of the country especially to remote areas, communities are looking more to the corporate world for assistance in alleviating their plight.

Table 6: CSR and Customer Loyalty- Comparative Analysis

Variables	Community Type	N	Mean	St.Dev	T	P
CDP	BC	468	4.02	0.96	13.68	0.00*
	NBC	120	3.08	0.58		
Customer Loyalty	BC	468	4.11	0.73	7.65	0.00*
	NBC	120	3.53	0.73		

Note. *significant at 0.01 level

The result further shows that customers from BC will stay with their respective network because the firm supports the community. Also, a quarter of subscribers from NBC would stay loyal to their networks. The implication is that broader and deeper relationships develop when a firm is concerned with the environmental needs of its community and as such integrates environmental management systems and policies to satisfy the needs of its community. It can be established that the visible presence of CDP in BC play a significant role in developing a loyalty relationship between these communities and the MNTC. The findings also indicate that respondents from BC who agree to stay with their networks will also recommend the network to others. Hence, commitment to CDP will not only help a network retain its customers, but also make BC ambassadors of the firm.

Our findings support the resource-based view that engaging in CSR can help firms to create resources such as brand awareness, unique reputation, and customer loyalty that can be strategically deployed by a firm to stand clear of competition and improve its economic fortunes and sustainability over time. On the contrary, the result shows that bulk of all respondents reject the idea of paying more for services because a network provider is committed to CDP. Similarly, majority of respondents will switch service providers because of

price differences regardless of the CSR status of the network. This refutes Luan & Ailawadi's (2011) suggestion that consumers don't just respond to the price charged; they also respond to how fair they think the price is. High prices are considered fairer if they can be attributed to "good" motives like CSR efforts. However, in Ghana and other developing countries where incomes are relatively low and levels of poverty high, the majority of people are price sensitive, and fairness is hardly ever a prime consideration when making purchasing decisions. Thus, just because a firm spends money on CDP initiatives does not mean the consumer will think it's fair to charge higher prices. Consequently, quality of service and price rather than CSR commitments of a telecom firm is the key reasons for switching networks.

CONCLUDING COMMENTS

The concept of CSR has become a topical issue on the corporate agenda around the world. Companies in Ghana need to integrate CSR into policy decisions and act in a more proactive manner in order to gain a sustainable competitive edge in the global market. The identification of CDP that speak to the needs of the local communities in which companies operates, especially in Ghana and other developing countries, may provide business leaders with more practical perspectives of CSR programme implementation. This study supports the resource-based view that social performance is determined by the internal characteristics of firms since CSR is a strategic tool to gaining a competitive advantage. As noted by Moura-Leite, Padget, and Galan (2012), firms retain considerable self-determinism regarding their CSR trajectories, but the latter also represent a shared strategic asset.

Poor service quality has been identified as the key dent in the CSR performance of all the MNTC in Ghana although most people from BC acknowledge the usefulness of the CDP initiatives in their communities leading to the development of affective, or at least attitudinal loyalty towards their benefactors' brand. Increasingly, various institutions and civil society groups have cast doubts on the CSR credentials of these MNTC and are mounting pressure on them to improve services as part of their social responsibility. According to Yeboah (2010) the lack of easy blueprints for examining the responsibilities of companies does indeed point to the need for a critical consideration. The time has come for government to act proactively in ensuring that these companies operate within the confines of the laws regulating their operations. The researchers further identified that even though customers consider quality of service and price as the primary factors for choosing and using a particular network, the idea of businesses engaging in charitable CDP can also become a vital consideration when it is well practiced by firms and understood by customers which ultimately will enhance the credibility and the reputation of these companies. Brammer and Pavelin (2006) established that CSR has varying reputation impacts and that these impacts are dependent on each industry. In view of the fact that the reputation of a firm is socially constructed, the actions within its industry may weigh heavily on the attributions stakeholders make regarding a firm's corporate social performance (Hoffman and Ocasio, 2001).

It is therefore crucial for managers to identify the characteristics and perceptions of customers and other stakeholders and their relationship with the firm, in order to define how to act in accordance with their expectations so far as CSR initiatives are concerned since stakeholder attributes are socially constructed, not objective reality (Mitchell, Agle, and Wood, 1997). In addition, it is necessary for managers to recognize the level of each firm's social commitments with each identified community to understand its impact on CSR dimensions. As evidenced in this study, firm performance is not solely driven by quality of service or product, but also by CDP outcomes of businesses. Therefore, the exploration of links between CSR and a firm's reputation should take into consideration the firms CDP initiatives.

The findings of this study are not without limitations. First, the study only investigates the telecommunication sector of the Ghanaian economy. Other sectors could produce different results and therefore needs to be further explored. Besides, the study only includes the philanthropic aspect of CSR. Investigations into the economic, legal and ethical aspects may most likely generate alternative outcomes

and should be explored through further study. Again, future research on CSR activities should consider the geographical location of these firms this is because country is a key factor in corporate social responsibility intensity (Doh and Guay, 2006). A comparative study could greatly increase our understanding of the differences in CSR activities between countries, firms and industries.

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