

Introduction and problem statement of globalization marketing essay



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Chapter 1

1. 1 Introduction

Globalization has brought not only industries and customers closer but also business philosophies. Since last decade, corporate social responsibility (CSR) has been the object of researches and reinforced by the publicity of fallouts due to corporate wrongdoings. There is increasing interest in exploring the relations between CSR and marketing. While the cost of being socially responsible may be significant, the cost of not practicing CSR may be greater than its cost. More companies than ever before are investing in CSR activities. Companies encouraged adopting CSR efforts due to the pressures from customers, suppliers, employees, communities, investors, and other stakeholders.

The relationship between CSR and customer behavior is one of the most important research focuses of management researches. Discussions have generally focused on the role of business in society and the nature of corporate social responsibilities. There has been only limited research conducted on customers' expectations concerning the contribution of CSR to the standing of their service suppliers. To date there has been extensive discussion of the benefits to organizations of being socially responsible, including: improved financial performance, building relationships with customers, improving product quality and even internal benefits such as increases in employee commitment and reduced employee turnover, and also improving society overall. Although the benefits of CSR had been previously researched, there is still a need to continue investigating its'

benefits to the corporation from marketing view because it's an element that
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could affect service quality, (Johnson, 2003; Dawkins and Lewis, 2003; Polonsky and Jevons, 2006).

Many services sectors such as financial services or telecommunication are facing increasing competitive environments. The quality and essence of a service can vary from service provider to provider, from customer to customer, and from situation to situation. That makes it more difficult to standardize services. The strongest relationship between the customer and the organization clearly arises in the services market. Because of the characteristics of intangibility, inseparability, and heterogeneity of services compared to tangible goods the user not only approaches purchase in a different way, but also establishes a stronger and more direct relationship with the service providers, (Bamert and Wehrli, 2005).

In today's world of keen competition, satisfying customers is only the baseline and may not be sufficient for survival. Corporations should focus on gaining customer loyalty by enhancing customer perceptions of service quality. A critical issue for the continued success of a organization is its capability to keep its current customers and make them loyal. Loyal customers build businesses by buying more, paying more prices, and providing new referrals through positive word of mouth over time (see section 4. 4). Organizations could benefit more from spending on CSR activities if they understood the impact CSR can have on customer behavior. By understanding customer reactions to CSR, organizations can develop CSR strategies that are optimal from not only a normative perspective, but also a business one, (Bhattacharya and Sen, 2004).

Any organization comes through to life upon social and general needs and its basic reason of existence is good production or providing services to the society. So, the entity of both the organization and society is in close relation together and each of which cannot go without another. The result of such relationship is that each activity and decision of organization affects the society. Because of the relationship between organization activity and the society as a whole each member of society knows that he/she is participating in organizations performance and in return has this expectation that organizations be responsible to them. This illustrate whether social responsibility is just a cost or organizations could be able to take advantage of benefits like loyalty of customer, (Abbasi et. al., 2012).

In summary, corporate social responsibility is the positive fulfillment of obligations and responsibilities to employees, business partners, customers, community and nation through companies systems and behaviors. Corporate social responsibility has legal and administrative aspects of the mandatory obligations, and moral aspects of voluntary actions including the organization's economic responsibility, corporate legal liability, corporate ecological responsibility, corporate ethical responsibility, and corporate culture of responsibility, and all these corporate social responsibilities have benefits to organization and society, (Zhuo, 2008).

1. 2 Importance of the Study

Corporate social responsibility (CSR) is considered relatively new phenomenon for the Egyptian business environment. A limited number of studies have been conducted focusing on it. Therefore, this study will provide a useful contribution to the literature and provide useful insights for further

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research in the field of corporate social responsibility, customer loyalty, and perceived service quality and the relations among these three variables from customer point of view. It could be used as a marketing tool to enhance the organization image and profit and other many benefits. Marketers must fully understand and comprehend how their customers specially in the services sector, perceives CSR and how this could affect customer valuation of the service quality and try to choose the CSR activities that are important from customer's point of view. Keeping in mind that if service customer perceives the quality of the service as it supposed to be perceived, therefore, they are likely to purchase and acquire the services of this organization and even recommend it to others which lead to customer loyalty to the service provider. In summary this study tries to analyze customers' perspective on CSR and how CSR perception affects customer loyalty particularly in mobile service companies.

1. 3 Research Problem

There are limited studies about the relationship between corporate social responsibility and customer behavior and attitudes. From literature review it has been observed that there is still a need to have a commonly accepted definition for corporate social responsibility for CSR especially from customer perspective because till now there is no universal accepted definition for CSR. In addition to that there is limited researches have been conducted on customers' expectations concerning the contribution of corporate social responsibility to the service provider so there is still a need to know how these CSR activities of service provider could affect the customer perception. From literature review it has been observed that there is many benefits for

CSR especially as a financially but there is still a need to investigate the benefits of CSR as a marketing tool. That is why it is necessary to introduce the following study that focus on the perception of customer for corporate social responsibility in services like telecommunication service and how it could affect the customer overall valuation of perceived service quality and how it could affect customer loyalty to the service provider and try to get a definition for corporate social responsibility from the perspective of mobile users.

1. 4 Research Aims and Objectives

The research aims to review the literature of corporate social responsibility to investigate the previous studies about it and its' relation to customer behavior. In addition to that the research is trying to have a definition for corporate social responsibility as there is no one accepted definition to it. In the same time the research tries to achieve the following:

To explore and to identify the dimensions of corporate social responsibility from Egyptian mobile customer point of view.

To study the influence of corporate social responsibility on perceived service quality in mobile sector.

To study the influence of corporate social responsibility on customer loyalty in mobile sector.

1. 5 Methodology

This research is exploratory in nature. In general there are two kinds of researches - quantitative research and qualitative research. This research is

a qualitative research as it studies the phenomena of corporate social responsibility through the previous studies conducted in this field. In the same time this research is a quantitative research as it is empirical research to investigate the phenomena of corporate social responsibility and its' effect on customer behavior. The research is trying to test some hypotheses that have been deduced after reviewing previous studies. Quantitative research could be conducted through any of three general types.

1. Experiments – True experiments are featured by random assignment of subjects to experimental conditions and the use of experimental controls.
2. Quasi-Experiments – Quasi-experimental studies share approximately all the features of experimental designs except that they involve non-randomized assignment of subjects to experimental conditions.
3. Surveys – Surveys uses questionnaires or interviews for data collection with the aim of estimating the characteristics of a large population of interest based on a smaller sample from that population.

This research is a quantitative research using a structured questionnaire that has been used in previous studies. Data collecting from a quota sample in the pilot survey then the data collection from a systematic random sample from mobile users mobile users from the three mobile service providers in Egypt.

1. 6 Research Questions

This research is trying to explore the constructs of corporate social responsibility of the Egyptian mobile service provider from customer point of

view and to explore the possible influence of these constructs on the customer perceived service quality and customer loyalty to the service provider. This research tries to answer the following questions:

What constitute a clear and concise definition for corporate social responsibility?

What constitute unified constructs of corporate social responsibility?

Can a new presentation of constructs describing corporate social responsibility be obtained?

Does the perception of corporate social responsibility have a positive relation on customer loyalty?

Does the perception of corporate social responsibility have a positive relation on perceived service quality?

1. 7 Research Hypotheses

The following hypotheses were researched and deduced from previous research findings on this research problem that has been stated earlier.

H1 – The perception of corporate social responsibility is positively related to perceived service quality.

H1a: The perception of corporate social responsibility is positively related to perceived technical service quality.

H1b: The perception of corporate social responsibility is positively related to perceived functional service quality.

H1c: The perception of corporate social responsibility is positively related to perceived price service quality.

H2 – The perception of corporate social responsibility is positively related to customer loyalty.

H2a: The perception of corporate social responsibility is positively related to behavioral customer loyalty.

H2b: The perception of corporate social responsibility is positively related to attitudinal customer loyalty.

H3 – The perceived service quality is positively related to customer loyalty.

H3a: The perceived service quality is positively related to behavioral customer loyalty.

H3b: The perceived service quality is positively related to attitudinal customer loyalty.

1. 8 Thesis Structure

This thesis consists of six chapters, in addition to this chapter there are five more chapters which can be described briefly as follows:

Chapter two – This chapter reviews the literature related to the subject under study, starting with corporate social responsibility, service quality as a backdrop for understanding customer evaluation of service quality.

Moreover, customer loyalty and the effect of corporate social responsibility on service quality and customer loyalty to service provider has also been

reviewed. Then the chapter illustrates a review of previous researches done on corporate social responsibility and loyalty as well as reviewing previous studies related to telecommunication in Egypt especially mobile industry.

Chapter three - This chapter outlines the history of telecommunication in Egypt and illustrates its importance and how the three mobile service providers that are working in this market begin. Then the chapter illustrates the CSR activities of the three mobile service providers.

Chapter four - This chapter outlines the design of the research. The research problem and the relative importance of the research problem from both academics and practitioner standpoints are outlined. The research questions and hypotheses for the study are reviewed. Sampling, data collection and analytical methods for both the qualitative and quantitative phases are discussed.

Chapter five - This chapter reviews the descriptive analysis and detailed analysis of the pilot sample, then a factor analysis for the four dimensions of corporate social responsibility. The hypotheses are tested and findings are summarized illustrating the possibility of rejecting or fail to reject the hypotheses.

Chapter six - This chapter summarizes the research findings, draws conclusions from those findings, and indicates some of the implications of the findings. The findings of the study are discussed and compared to findings of past literature. Finally the chapter considers limitations of the study and suggestions for further research in this field.