

The phenomena of corporate social responsibility marketing essay

[Business](#), [Marketing](#)



Chapter 4

This chapter outlines the design of the research. The research aim, objectives, questions, and the research model, research hypotheses, and variables under study all are detailed in this chapter. Sampling method and sampling structure for this quantitative research is discussed.

4. 1 Qualitative and Quantitative Researches

There are two kinds of research: qualitative research and quantitative research. The qualitative research is used to know the reason about a phenomena which means it tells why, while quantitative research tells the researcher how many. If the research is trying to improve a product or service, identify different market segments or develop a good, accepted and effective advertising or sales message, then qualitative research is the way to do so. If instead, the research task is to determine how many people like an idea, or to measure the size of a market then quantitative research is what should be done, (Sekaran, 2003; Malhotra, 2010).

4. 1. 1 Qualitative Research

Qualitative research is concerned with developing explanations of social phenomena and to determining what is important to customers and why it is important. Marketing people are faced all the time with the problem of not knowing what questions to ask in quantitative research so they use qualitative research to provides a process to identify research key issues and to formulate questions that illustrates what really matters to customers and why, (Burns and Bush, 2006). Qualitative research should not be used when

the researcher need to learn how many people will respond in a particular way or how many hold a particular opinion. After learning why a person would buy or respond in a certain way through qualitative research, it is relatively straightforward to count how many other people there are like this person through quantitative research. Thus, qualitative research is often followed by a quantitative research, (Malhotra, 2010). For qualitative research data could be collected through direct interaction with individuals on a one to one basis or in a group setting. Data collection methods need long time and are collected from smaller numbers of people than would happen in quantitative approaches such as the questionnaire survey. The benefits of using quantitative research is to collect more and deeper data insight about the phenomena under study, (Sekaran, 2003; Burns and Bush, 2006). The data from qualitative researches often comes from face-to-face interviews, focus groups or observation and all these ways are time consuming to collect this data. Samples are usually smaller than with quantitative researches and are often locally based. The main methods of collecting qualitative data are: individual interviews, focus groups, and observation.

4. 1. 2 Quantitative Research

The quantitative research is about knowing the relationships between variables. Its aim is to learn how many people in a population share particular characteristics or like a particular idea. It is specifically designed to produce accurate and reliable measurements that allow the researcher to use statistical analysis. Quantitative research is the numerical representation

and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect, (Sekaran, 2003). Quantitative research is proper for measuring both attitudes and behavior. It could conduct to know how many people use a product or service or have interest in a new product concept. It is also used to know the market size, to estimate business probability of growth, and to measure the size and importance of market segments. Quantitative research should also be used when the researcher want to profile a group of people based on shared characteristics such as demographics. Through advanced statistical techniques such as correlation, regression, cluster analysis or factor analysis. It could be used to create models that predict whether or not group of people holds a particular opinion or would act in a certain way based on an observable characteristic, (Burns and Bush, 2006). Quantitative research is useful for conducting audience segmentation; it is done by dividing the population into groups whose members are similar to each other and different from other groups. Quantitative research is also useful to quantify opinions, attitudes and behaviors and find out how the whole population feels about a certain issue. Finally, quantitative research is especially suited to testing of hypotheses. The researcher might want to explain something, for example whether there is a relationship between two variables or not. In quantitative research the questions must be direct and easily quantified, and the sample must be quite large so as to allow to reliable statistical analysis. One of the methods of quantitative research is survey. Survey research uses scientific sampling and questionnaire design to measure characteristics of the population with statistical methods. It provides estimates from a sample

that can be generalized to the whole population with a degree of certainty. There are three distinguishing characteristics of survey research. First, survey research is used to quantitatively describe specific aspects of a given population. These aspects often involve examining the relationships among variables. Second, the data required for survey research are collected from individuals so it's subjective. Finally, survey research uses a selected portion of the population from which the findings can later be generalized to the population. In survey research, independent and dependent variables are used to define the scope of study, but cannot be controlled by the researcher. Before conducting the survey, the researcher must predicate a model that identifies the expected relationships among the variables that going to be studied. The survey is then made to test this model against observations of the phenomena, (Sekaran, 2003; Malhotra, 2006). This research is a deductive research tries to understand the phenomena of corporate social responsibility from the theories that have generated. It's a qualitative and quantitative research. Qualitative part appears from the depth study of the corporate social responsibility phenomena through the literature and previous studies review that explained this phenomena and its' effect on customer behavior. The quantitative part appears in this research through the using of survey to explore the relationship and effect of corporate social responsibility on customer loyalty and service quality using a structured questionnaire. The part of quantitative research is based on a personal survey of mobile telephone users. This is a sector in which three organizations are working in Egypt; Mobinil, Vodafone, and Etisalat. Mobinil is the first organization that entered the market in 1996 and gained 40. 86% of

the market till 2011. Vodafone enter the market approximately in the same time as it enter in 1998 and gained 43. 54% of the market till 2011. The third organization Etisalat entered the market in 2007 and till 2011 it has gained 15. 6% of the mobile service market. The three organizations are involved in social responsibility activities, so that it is interesting to determine how their efforts are perceived by the users and the effect of these efforts on customer loyalty and service quality.

4. 2 Research Aim and Objectives

The aim of this research is to review the literature of the phenomena of corporate social responsibility and investigate the empirical studies about it especially from customer point of view. It aims also to investigate the relationship between corporate social responsibility activities and both of customer loyalty and perceived service quality that have been in previous studies. Finally, the research is trying to come out with a definition to corporate social responsibility as till now there is no one accepted definition for it. In addition the research tries to achieve the following objectives:

Explore and identify corporate social responsibility from customer point of view in the Egyptian mobile sector. Study the effect and relation of corporate social responsibility activities on perceived service quality in the Egyptian mobile sector. Study the effect and relation of corporate social responsibility activities on customer loyalty in the Egyptian mobile sector. The Egyptian mobile market has three organizations Vodafone, Mobinil and Etisalat and each one of them have several corporate social responsibility activities so this research will investigate the perception of Egyptian mobile customers of

these corporate social responsibility activities and its' effect on customer loyalty and perceived service quality.

4.3 Research Questions

This research tries to explore the dimensions of corporate social responsibility from customer point of view on the Egyptian mobile service sector and to analyze the possible influence of these dimensions on customer perceived service quality and customer loyalty through regression modeling technique. The research tries to answer the following questions:

Question 1: What constitute a clear and concise definition for corporate social responsibility?

According to literature review it has been observed that till now there is no one definition accepted universally to the concept of corporate social responsibility and most of the definitions are from organization point of view so this research tries to come out with a definition for corporate social responsibility from Egyptian mobile users' point of view.

Question 2: Can a new presentation of constructs describing corporate social responsibility be obtained?

According to Carroll's (1979, 1999) framework of corporate social responsibility and which is the most widely accepted and used proposals to explain the construct of corporate social responsibility it consist of four dimensions (economic, ethical, legal, and philanthropic) but is this is what could be found in the Egyptian mobile market from customer point of view, that's what this question tries to explore.

Question 3: Does the perception of corporate social responsibility have a positive relation to perceived service quality?

This question attempts to explore whether if the perceived service quality is affected by customer perception of corporate social responsibility or not. In other words is the customer who is aware of corporate social responsibility activities of the service provider will evaluate the service different than other customers who are don't rely on corporate social responsibility activities in their evaluation, (see section 5. 5 for more details).

Question 4: Does the perception of corporate social responsibility have a positive relation to customer loyalty?

This question attempts to explore whether customer loyalty is affected by customer perception of corporate social responsibility or not. In other words is the customer who is aware of corporate social responsibility activities will be a loyal customer or that will not affect his loyalty, (see section 5. 6 for more details).

4. 4 Research Model

This research examines the relationship among three variables which are Corporate Social Responsibility (CSR), Customer Loyalty (CL), and Perceived Service Quality (PSQ). Each variable of these three has many dimensions that are being tested. The corporate social responsibility dimensions are: Economic Responsibilities (independent variable) – refers to that business organization principal role was to produce goods and services that customers needed and wanted and to make an acceptable profit in the process. Legal

Responsibilities (independent variable) - Society expects that organizations comply with the laws and regulations. Society expects organizations to pursue their economic missions within the framework of the law. Ethical Responsibilities (independent variable) - represent those standards, norms, or expectations that reflect a concern for what customers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. Philanthropic Responsibilities (independent variable) - this includes those organization actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill, (Carroll, 1991; Ghobadian et al., 2007; Galbreath, 2009). For the scale of social responsibility, variables used in several studies have been considered. In this research the work started from the proposal of Salmones et al. (2005), adding a reference from Turker (2009), and Tan and Komaran (2006). Although statements of questionnaire had to be adopted in order to make them more suitable for the specific requirements of this research. The goal of effective service management is to have customers who judge the overall service quality to be good, who are highly satisfied, who are willing to recommend the organization to others and who intend to repurchase or are willing to purchase additional services from the organization. Most research of customer perceived service quality has employed multi-dimensional models based on the work of Parasuraman et al. (1988; 1991) but results of the overall valuation in conditioned by the perceived quality. Studies of perceived quality basically differentiate between two dimensions: the technical and functional quality, (Salmones et

al., 2005; Ferguson et al., 1999). Technical quality (dependent variable) - aspects relating to the quality of the service provided. Functional quality (dependent variable) - refers to interpersonal relationships and how the service is delivered. However, as Parasuraman et al. (1994) and Anderson et al. (1994) establish, customers' valuation of a service depends not only on its quality but also on its price (dependent variable), such that those users who perceive that they are receiving value for their money are more satisfied than those who do not, (Salmones et al., 2005; Ferguson et al., 1999). For the scale of perceived service quality, variables used in several studies have been considered. In this research the work started from the proposal of Salmones et al. (2005), and Ferguson et al. (1999). Although statements of questionnaire had to be adopted in order to make them more suitable for the specific requirements of this research. In services market customer loyalty tend to be defined as an observed behavior, and its dimensions are: Behavior loyalty (dependent variable) - the behavior loyalty measures include attributes such as brand allegiance, price elasticity, and share of category, tolerance to pay a higher price for the product or service, and number of times a brand purchased in a given period, or the sequence of repeat purchase, (Sudhakar et al., 2006; Salmones et al., 2005; Wang et al., 2005). Attitudinal loyalty (dependent variable) - include attributes such as word of mouth, the customer's desire to maintain the relationship or to acquire the same brand, complaining behavior, preference to the service organization, and purchase intentions, (Sudhakar et al., 2006; Salmones et al., 2005; Wang et al., 2005). For the scale of customer loyalty, variables used in several studies have been considered. In this research the work

started from the proposal of Salmones et al. (2005), adding a reference from Sudhahar et al. (2006) and Wang et al. (2005). Although statements of questionnaire had to be adopted in order to make them more suitable for the specific requirements of this research. Figure 4. 1 illustrate the relation among the tested variables.

PSQ

Technical (T1, T2, and T3) Functional (F1, F2, F3, F4, F5, and F6) Perceived price (P1 and P2)

CSR

Economic responsibility (ER1, ER2, ER3, and ER4) Legal responsibility (LR5, LR6, and LR7) Ethical responsibility (ETR 8, ETR9, ETR 10, and ETR 11) Philanthropic responsibility (PR 12, PR 13, and PR 14) H 1 H 3

Customer Loyalty

Behavior (B1, B2, B3, and B4) Attitudinal (A1, A2, A3, and A4) H 2

Figure 4. 1: Research model and Hypotheses

4. 5 Research Hypotheses

In order to answer the research questions, the following hypotheses will be tested in this research. 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.

4. 6 Variables under Study

This research explores the relation among corporate social responsibility, perceived service quality and customer loyalty, table 4. 1 illustrates the conceptual and operational definition of each variable and statements of each variable in the questionnaire. Table 4. 1: Variables under study

Variables

Conceptual Definition

Operational Definition

Question Number

CSR Corporate Social Responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive, (Carroll, 1991). In H1 CSR is independent variable that is being tested through four dimensions with 14 statements. In H3 CSR is independent variable. CSR has four dimensions that contains 14 questions in the questionnaire. Economic responsibility contain of 4 statements(ER1, ER2,

ER3, and ER4). Legal responsibility contain of 3 statements (LR5, LR6, and LR7). Ethical responsibility contain 4 statements (ETR8, ETR9, ETR10, and ETR11). Philanthropic responsibility contain 3 statements (PR12, PR13, and PR14). PSQPSQ is defined as the result of an evaluation process, in which the customer compares his expectations with his perception of the service received, (Ladhari, 2009). In H1 PSQ is dependent variable, and in H2 is an independent variable that is being tested through 11 statements. PSQ has three dimensions that contains 11 questions in the questionnaire. Technical contain of 3 statements (T1, T2, and T3). Functional contain 6 statements (F1, F2, F3, F4, F5, and F6). Perceived price contain 2 statements (P1 and P2). CLCustomer loyalty is defined as a customer's intent to stay with an organization. It represents a commitment by the customer to purchase more and varied products from the organization and to help it, where possible, to succeed through for example word-of-mouth recommendations, (Bell et al., 2005). In H2 and H3 Customer Loyalty is a dependent variable that is being tested through 8 statements. Customer loyalty has two dimensions that contains 8 questions in the questionnaire. Behavior contain of 4 statements (B1, B2, B3, and B4). Attitudinal contain of 4 statements (A1, A2, A3, and A4).

4. 7 Sampling Techniques

This research is based on a systematic random sample from mobile users. In systematic random sample the sample members are selected from population according to a random start point such as selecting a random number from the range of 1 to 9, and in this research the start point was

randomly selected as each 6th customer coming out of the mobile outlet. This systematic random sample has been chosen due to its lack of an upper boundary. This type of sample was preferred rather than simple random sample because there is no customers list available. In same time the systematic random sample is one of the probability samples in which every unit in population has a chance to be selected in the sample and the results could be generalized, (Sekaran, 2003; Hair et al., 2006). Data was collected from such sample through surveying using a structured questionnaire that distributed in Alexandria. The sample collected from Vodafone, Mobinil, and Etisalat outlets in Alexandria city center and San Stefano Mall as both of them has outlets to the three mobile service providers. The sample size is 535 sample distributed according to the organization market share in the mobile service market.

4. 8 Research Framework

The data for this research was collected through structured questionnaire that distributed first to a pilot sample to test the validity and reliability of the questionnaire, then to a systematic random sample from the users of the three mobile service providers in Egypt. In the coming chapter the data will be described in a descriptive statistics that will illustrate the demographic data of the sample. Factor analysis will be used for corporate social responsibility and regression will be used to test the research hypotheses. Factor analysis is a statistical method used to data reduction and summarization. This analysis is being used when there is large number of variables and most of which are correlated and which must reduced to a

manageable level. Factor analysis has two types, exploratory factor analysis and confirmatory factor analysis. Exploratory Factor Analysis (EFA) - Used to explore the dimensions of a measurement instrument by finding the smallest number of interpretable factors needed to explain the correlations among a set of variables - exploratory in the sense that it places no structure on the linear relationships between the observed variables and on the linear relationships between the observed variables and the factors but only specifies the number of latent variables, (Sekaran, 2003; Hair et al., 2006). Confirmatory factor analysis (CFA) - seeks to determine if the number of factors and the loadings of measured variables on them conform to what is expected on the basis of pre-established theory. Used to study how well a hypothesized factor model fits a new sample from the same population or a sample from a different population - characterized by allowing restrictions on the parameters of the model, (Malhotra, 2010; Hair et al., 2006). In this research exploratory factor analysis was performed on corporate social responsibility to examine if the items for a construct share a single underlying factor, or whether items can be deleted. As a secondary objective, whether a new structure for the constructs comprising the four scales of corporate social responsibility can be revealed by examining the correlation structure in the data. Regression analysis is a statistical technique for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when

any one of the independent variables is varied, while the other independent variables are held fixed. Regression analysis is used in this research to test the hypotheses of the research, (Burns and Bush, 2006; Hair et al., 2006).