THE ROLE OF COMPANY’S CORPORATE SOCIAL RESPONSIBILITY IN COMMUNITY DEVELOPMENT: THE CASE OF MOROGORO MUNICIPALITY
THE ROLE OF COMPANY’S CORPORATE SOCIAL RESPONSIBILITY IN COMMUNITY DEVELOPMENT: THE CASE OF MOROGORO MUNICIPALITY

By
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A Dissertation Submitted in Partial Fulfillment of the Requirements for Award of the Degree of Master of Business Administration (MBA of Mzumbe University 2015
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for examination by the Mzumbe University, a dissertation entitled the Role of Company’s Corporate Social Responsibility in Community Development: the case of Morogoro Municipality in partial fulfillment of the requirements for award of the degree of Master of Business Administration of Mzumbe University.

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I, Grace L. Sambala hereby declare that this dissertation is my own original work and that it has not been presented and was not be presented to any other university for a similar or any other degree award.

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DEDICATION

I would like to dedicate this thesis to my late daddy, my role model, Mr. Lawrence Sambala, you are my inspiration in life. Rest in everlasting peace daddy.
ABSTRACT

This study assessed the role of Company’s Corporate Social Responsibility (hereafter CSR) in Community Development. It was conducted in Morogoro Municipality. Both qualitative and quantitative approaches were employed using a sample of forty six respondents. The main research instruments used were the questionnaire and interview. Quantitative data were analyzed using simple descriptive statistical methods such as frequencies, and percentages. Qualitative data were analysed by qualitative analysis method

The major focus was on assessing the level of awareness of Morogoro community about CSR, examining the roles of CRS in Community Development which includes initiatives that focus on environmental conservation, assessing the challenges of the implementation of corporate social responsibility in Tanzania Corporations and analyzing the current CSR practices employed by corporations in Tanzania.

As regards the level of awareness of consumer about CSR, the results show that, the respondents were aware of the term and practices of CSR. The findings also show that, most of the firms in Morogoro have no formal process to address the community relations. They are aware of the environmental conservation programme done by many organizations as part of their CSR. Trees planting by companies and institutions employees are one of the environmental conservation activities done by some of the companies as a means of implementing the CSR. The role of CSR in the Community Development is to build a mutual understanding between corporations and community. Challenges of CSR implementations in Tanzania include lack of availability of reliable data about community needs, and CSR is regarded as a tool of competition among business rivals. It is an undeniable fact that in recent times, many organizations have come to the realization of the importance of CSR for their own sustainability and as a way of achieving competitive advantage over rivals. It is the fact that most of the companies lack Proper mechanism or systems which helps to respond to the changes of social and political circumstances when it comes to the implementations of CSR. Also the government should enforce laws concerning the implementations of CSR to make it easier for both community and companies to practice and benefit from the impact CSR.
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CHAPTER ONE

INTRODUCTION

1.0 Overview

Holme & Watts (2000) in their publication "Making Good Business Sense" define "Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Panayiotou et al. (2009) views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing. The environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions.

Baker (2011) also holds that CSR is about how companies manage the business processes to produce an overall positive impact on society. In summary, therefore, CSR is concerned with delivery of economic, social, environmental, legal and technological gains to internal and external stakeholders of the firm. Management, as representatives of the shareholders, decides the resource allocations to CSR programs but it is guided by the overall strategic footprint as set out by the board of directors and industry trends. It is the task of Management teams to advise shareholders on the right CSR initiatives for their organizations. Most importantly, it is in the interest of all stakeholders that all CSR programs enable the firm to stay focused on its mission through proper utilization of its resources in the attainment of its strategic objectives.

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities through making use of local resources and building political power through the formation of large social groups working for a common agenda. Community development (CD) expresses values of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning. Educating, enabling
and empowering are at the core of CD (Federation of Community Development Learning, 2009).

CD may be defined as a process of challenging the undesirable and unacceptable disparity of conditions and infrastructure that negatively affect the quality of life in a place where people live and work. It functions best as process in locations where all strata of society and citizenry are engaged with a sense of community solidarity (Community Glossary, 2009).

Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards, and international norms. In fact, the corporate giant is very conversant with corporate social responsibility or corporate sustainability in today's parlance. The responsibility they have towards the society and the community as a whole cannot be denied. CSR can involve a range of activities such as working in partnership with local communities and involving in activities for environmental conservation and sustainability.

1.1 Background to the Study

The term “Corporate Social Responsibility” originated in 1953 with the publication of Bowen’s Social Responsibility. The growth of CSR is as old as trade and business. Industrialization and impact of business on society and environment have added to the development of CSR. By 80’s and 90’s CSR was undertaken for discussion academically. The first company to employ CSR into practice was Shell in 1998. The 1990 saw CSR as a standard with companies like Price Waterhouse Cooper and KPMG taking it under their wing. CSR has evolved beyond code of conduct and nowadays, with well-informed employees and stakeholders, CSR can be a threat to the development of a company (Carroll & Shabana, 2010).

Davies et al (1998) are of the opinion that the creation of a better social environment benefits both society and business. Society gains through better neighborhoods and employment opportunities, business benefits from a better community since the community is the source of its workforce, and the consumer of its products and services. According to Forbes (2010), corporate social responsibility works in two ways. The company gives back to the society, in turn, people get to know about the company who
helped them most and cater to their products and services. Chakraborty (2010) said that corporate social responsibility policy function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards and international norms. Chakraborty (2010) adds that corporate social responsibility policy functions as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards and international norms.

CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation among the three entities. From the social point of view, CSR should benefit community because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and intangibly. Roles of CSR in CD refer to the ways the responsible behavior is perceived by community of stakeholders and how impacts are felt by them. (Forbes, 2008). Contemporary review of CSR related literature indicates that well implemented CSR initiatives can improve consumer loyalty (Aasad, 2010; Saunders, 2006; Pakseresht, 2010). Baker (2001) stated that CSR is the positive outcome a company provides while it manages its normal business trade.

CSR is said to provide a long term commitment to social contribution be it towards the society or for the development of a particular company's workers. In doing so, a company as a whole, can organise its business ethically in order to directly contribute to the betterment of the society as a whole (Soni, 2009; Verma, 2010). According to Levine (2008), non-governmental organizations (NGOs) realized the importance of CSR). Therefore, they are looking into options to make it legally mandatory for CSR programs to become part of every corporation's business agenda.

In terms of business quality, a company (driven by profits) needs to stamp its impact on the marketplace, workplace, environment, and on the community specifically. This is in addition to its traditional focus on financial imperatives. Also the company should develop and execute carefully planned CSR initiatives to distinguish itself as a leader in terms of being a responsible business entity, taking all major shareholder dimensions into perspective, rather than solely focusing on the shareholders' maximization.
1.2 Statement of the problem

CSR is becoming an increasingly powerful tool of modern societies – carried out by companies on voluntary basis working to deliver social cohesion and environmental sustainability as well as economic development. In developing countries, CSR is becoming an important tool in contributing towards sustainable development and societal regeneration. An increasing number of companies are launching a CSR policy to guide them in their engagements. Despite the increased awareness of CSR issues, the actual implementation is still in its early stages. In a number of cases, CSR is still an ad-hoc practice with a predominant focus on community aspects such as giving support to schools, hospitals or poor communities, at the expense of engaging in longer term workplace, governance or environmental issues. Numerous studies with various results concerning CSR have been conducted. Even though investigations of the role of CRS around the world have increased lately, very few studies have interpreted their results by applying to other countries like Tanzania and specifically in Morogoro.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to investigate the role of Company’s Corporate Social Responsibility in Community Development.

1.3.2 Specific Objectives

a) To find out the level of awareness of community about CSR
b) To examine the factors which influence the practice of CSR in Tanzania Corporations
d) To analyze the current CSR practices employed by corporations in Tanzania
e) To find out the challenges in the implementation of corporate social responsibility in Tanzania Corporations.
1.4 Research Questions

a) What are the levels of awareness of community about CSR?
b) What factors influence the practice of CSR in Tanzania Corporations?
c) What current CSR practices are employed by corporations in Tanzania?
d) What are the challenges of the implementation of corporate social responsibility in Tanzania?

1.5 Significance of the Study

The findings of this study are intended to form a basis for creating awareness on the impact of Corporate Social Responsibility in Community Development. These findings will form a basis for informing policy makers and influence creation of policies and guidelines on how to implement and improve Corporate Social Responsibility for community development. The findings of this study will, therefore, contribute to the existing body of knowledge on Corporate Social Responsibility for community development in Tanzania and also provide data for further studies.

1.6 Limitations of this study

A major limitation of this study emanated from the negative attitude caused by low level of awareness and knowledge among some respondents on the topic. Also, some respondents were unwilling to be interviewed because of the fatigue of being the subject of research with hardly any tangible personal benefits accruing at the end of the exercise; others claimed that they would not be informed of the impact of the study. However, the researcher made it clear that the study was for academic purpose only. Eventually, the respondents volunteered to participate in the study.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a theoretical perspective of the problem under study. Literature review provides the new insight of the critical analysis of the related works and model relating to CSR and relationship among them. The purpose of reviewing the literature is to find out what has been done, what remains to be done, what methodologies have been used and existing gaps. The reviewed literature relates to literature the study. The review of the literature is organized around broad themes and includes both print and non-print resources.

2.1 Theoretical Literature

Over the decades, Corporate Social Responsibility (CSR) has been promoted as a driver of sustainable development. It is widely believed that the long-term economic growth in societies requires an effective implementation of the principles to responsible business practices. However, the world has witnessed expanded awareness among companies, especially multinational corporations, of their responsibilities toward the communities they impact, elaborated in the concept of Corporate Social Responsibility (CSR)

The UN Global Compact, John Ruggie’s Protect, Respect and Remedy Framework and the Global Reporting are just a few initiatives that have given CSR a global prominence. CSR has also been on the rise in Tanzania. In the country that experiences yearly growth rates of around seven percent of GDP and the rising foreign direct investment, CSR definitely plays an important role in promoting development that is both ecologically friendly and socially conscious. It may be noted, however that, even with such need and prospects in sight, the evolution of CSR in Tanzania is not straightforward. Despite efforts of companies to contribute in community development, the concept of CSR is still vaguely understood by many. Business has long been guided by and pursued the profit motive.

From the days of European and Colonial America shopkeepers to the modern world of global multinational corporations, the interests of the owners and shareholders had
traditionally guided business decision making and strategy. Appeals for business to assume responsibility for the diseases and suffering of the world has always fueled the debate into the proper role of business and the purpose of the firm Shareholders, investors and stakeholders at large make most of their investment decisions basing greatly on the business performance of an entity (Margolis & Walsh, 2003). For decades since the early 70’s, there is a protracted debate about the legitimacy and value of corporate responses to CSR concerns. For example, Murphy (2005) described CSR as being ‘little more than a cosmetic treatment,’ and Santiago (2004) reports advantages of practicing CSR. On the other hand, Hillman &Keim (2001), Verschoor & Murphy (2002), find that increased CSR leads to enhanced business performance as well as community development.

2.2 Corporate Social Responsibility

Companies and business attach more importance to corporate social responsibility. They are the ones who give the most whenever there natural calamities and disaster. According to Forbes (2010), corporate social responsibility works in two ways: The company gives back to the society, in turn, people get to know about the company who helped them most and cater to their products and services. It is about how companies manage the business processes to produce an overall positive impact on society. It is now an integral part of the wealth creation process -which if managed properly should enhance the competitiveness of business and maximize the value of wealth creation to the society.

CSR is the realization of business contributions to sustainable development goals. It refers to how business takes account of its economic, social and environmental impacts in the way it operates, maximizes the benefits and minimizes the downsides.

The business case for investing in development, with mutual benefits accruing when communities become development partners rather than passive recipients of philanthropy, has become ever more persuasive. Factors that have motivated increased interest in private sector partnerships include a growing concern with the effectiveness of traditional development approaches, recognition of the impact of globalization and the increase of private capital flows into the developing world, and appreciation of the unique potential contribution of the private sector.
To win loyalty in today's markets, companies have to focus on building and maintaining customer loyalty and CSR has become a useful tool in this regard. However, the relationship between CSR and customer loyalty remains largely unexplored (Liu & Zhou, 2010). CSR might affect the value of a company's brand. Intense competition has in many markets decreased the prospects for differentiation in terms of technology and product/service quality. For this reason, CSR is an important attribute that can enhance a company's image (Ahmad & Jaseem, 2006).

CSR has become increasingly important to multinational enterprises, with clear links to business case for corporations (Brown & Dacin, 1997; Porter & Kramer, 2011). The major plus point that CSR brings is to ensure that companies are on par with the expectations of their customers (Surricchio, 2009). Baker (2001) stated that CSR is the positive outcome a company provides while it manages its normal business trade. CSR is said to provide a long term commitment to social contribution be it towards the society.

2.3 Theories for explaining Corporate Social Responsibility

2.3.1 Shareholders’ Theory

The shareholders’ theory stipulates that management has a fiduciary duty to the owners or stockholders of a corporation and thus this duty takes priority over any other responsibilities and obligates it to focus on profit maximization alone. The belief of researchers in this group stems from the traditional neoclassical paradigm of the firm (Moir, 2001), a theory which reflects Adam Smith’s notion of economic man, whose goal is to maximize the wealth of the firm, based on his contractual duties to the owners. This model of the firm was further popularized by Friedman (1970), who argued that in a free economy, there is only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition, without deception or fraud. Milton Friedman contends that diverting corporations from the pursuit of profit makes the economic system less efficient. Business’s only social responsibility is to make money within the rules of the game. Private enterprises, therefore, should not be forced to undertake public responsibilities that properly belong to government (Friedman, 1970).
The rules of the game that Friedman refers to are the elementary morality rules against deception, force, and fraud which are intended to promote open and free competition. Friedman believes that by allowing the market to operate with only the minimal restrictions necessary to prevent fraud and force, the society maximizes its overall economic wellbeing. Pursuit of profits is what makes the free economy vibrant. Anything that dampens this kind of incentive or inhibits its operations weakens the ability of Adam Smith’s invisible hand to deliver the economic goods. The CSR theory that upholds this view has also been regarded as the ‘‘stockholders model’’. This model identified that, based on the contractual agreement signed with the owners, management’s responsibility is a legal one, and it equates with ethical and social responsibility. However, this only-profit-oriented-business approach has been heavily criticized by many researchers and has given way to the Stakeholder view. Shareholder’s critics claim that businesses have other obligations besides making a profit (Friedman, 1970).

2.3.2 Stakeholders Theory

Johnson (1971) in his definition of CSR conceives a socially responsible firm as the one that balances a multiplicity of interests, such that while striving for larger profits for its stockholders, it also takes into account, employees, suppliers, dealers, local communities and the nation. This definition draws from stakeholder theory as developed by Freeman (1984). According to Freeman (1984), the firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Stakeholder, according to Bruno & Nichols (1990, p.171) is a term which denotes any identifiable group or individual who can affect or be affected by organizational performance in terms of its products, policies, and work processes. Davis (1975) argues that modern business is intimately integrated with the rest of society. It is not some self-enclosed world, like a small study group. Rather, business activities have profound ramifications throughout society, and their influence on peoples’ lives is hard to escape. Therefore, corporations have responsibilities that go beyond making money because of their great social and economic power. Stakeholders are typically analyzed into primary and secondary stakeholders. Clarkson (1995) defines a primary stakeholder group as "one without whose continuing participation the corporation cannot survive as a going concern" - with the primary group including "shareholders and
investors, employees, customers and suppliers, together with what is defined as the public stakeholder group; the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due".

The secondary groups are defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival". Mitchell et al. (1997) developed a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency. Thus, it is anticipated that firms would pay most attention to those legitimate stakeholder groups who have power and urgency. In practice, this might mean that firms with problems over employee retention would attend to employee issues and those in consumer markets would have regard to matters that affect reputation. Stakeholder groups may also become more or less urgent; so environmental groups and issues became more urgent to oil firms following the Exxon Valdez oil spill (Patten, 1992). The stakeholder theory surfaced the question central to this research, which is whether organizations can be socially responsible and have good performance (profitable) while still satisfying investors and shareholders by providing acceptable levels of return on those investments.

### 2.3.3 Social contracts theory

Gray et al. (1996) describe society as "a series of social contracts between members of society and society itself". In the context of CSR, an alternative possibility is not that business might act in a responsible manner because it is in its commercial interest, but because it is part of how society implicitly expects business to operate. Donaldson and Dunfee (1999) developed integrated social contracts theory as a way for managers to take decisions in an ethical context. They differentiate between macro social contracts and micro social contracts. Thus, a macro social contract in the context of communities, for example, would be an expectation that business provides some support to its local community and the specific form of involvement would be the micro social contract. Hence companies who adopt a view of social contracts would describe their involvement as part of "societal expectation" - however, whilst this could explain the initial motivation, it might not explain the totality of their involvement.
2.3.4 Corporate Citizenship

Companies’ role or responsibilities towards society has come to be known as Corporate Citizenship (CC). Carroll (1991, p. 42) sums up CC as ‘being actively engaged in acts or programs to promote human welfare or good will’. CC has frequently been used as equivalent to CSR (Logsdon & Wood, 2002). Logsdon and Wood believe CSR is more concerned with social responsibilities as an external affair while CC suggests that business is a part of the society. This linguistic change (from corporate social responsibility to corporate citizenship) contains a profound change in normative understanding of how business organizations should act in respect to stakeholders (Wood & Logsdon, 2002). Corporate Citizenship is a metaphor for business participation in society (Moon et al, 2005).

Theories on and approaches to ‘corporate citizenship’ are focused on rights, but even more on duties, responsibilities, and possible partnerships of business with societal groups and institutions. Much as corporate citizenship is sometimes related to social expectations, it is mostly adopted from an ethical perspective. Solomon states: The first principle of business ethics is that the corporation itself is a citizen, a member of the larger community and inconceivable without it. Corporations like individuals are part and parcel of the communities that created them, and the responsibilities they bear are not the products of argument or implicit contracts, but intrinsic to their very existence as social entities (Patten 1992, p. 184).

2.3.5 Corporate Social Responsibility commitments

Carroll (1991) came up with the pyramid of CSR in his book Business Horizons and suggested that there are four kinds of social responsibilities that constitute a total range of CSR business activities. These are: economic, legal, ethical and philanthropic responsibilities. Carroll further emphasized that, for CSR to be accepted by a conscientious business person, it should be framed in such a way that the entire range of business responsibilities is embraced.
2.3.6 Economic Responsibilities

Historically, business organizations were created as economic entities designed to provide goods and services to societal members. The profit motive was established as the primary incentive for entrepreneurship. Before it was anything else, business organization was the basic economic unit in our society. As such, its principal role was to produce goods and services that consumers needed and wanted and make an acceptable profit in the process. At some point, the idea of the profit motive got transformed into a notion of maximum profits, and this has been an enduring value ever since. (Carrol, 1991)

2.3.7 Company Identity Attraction

Davis (2008) suggested that companies that associate themselves with consumer attributes do better than companies that identify themselves by their products. Verma (2010) elaborated that companies can distinguish themselves from their competitors through the way that they carry out their business in accordance with their own corporate mission that focuses on society.

Different schools of thought on CSR oscillate between two extremes: the free market concept (classical economic theory) (Friedman, 1970) and the socially oriented approach (Freeman, 1984; Wood, 1991; Smith, 1994). Enderle & Tavis (1998) define corporate social responsibility as ‘the policy and practice of a corporation’s social involvement over and beyond its legal obligations for the benefit of the society at large’.

According to Angelidis & Ibrahim (1993), corporate social responsibility is ‘corporate social actions whose purpose is to satisfy social needs’. Lerner & Fryxell (1988) suggest that CSR describes the extent to which organisational outcomes are consistent with societal values and expectations. At its grass roots, being socially responsible has been a concern very much related to the rationale that businesses are more likely to do well in a flourishing society than in one that is falling apart (McIntosh et al., 1998). Over the past decades, both the concept and the practice have been evolved as a reflection of the challenges created from an ever changing society.
2.4 CSR and Reputation

The most obvious link of CSR to overall corporate performance is through the reputation aspect. Reputations reflect firms’ relative success in fulfilling the expectations of multiple stakeholders (Freeman, 1984; Fombrun, 1996). In their research on reputation building and corporate strategy, Fombrun & Shanley (1990) argue that favorable reputation may enable firms to charge premium prices, enhance their access to capital markets and attract better applicants and investors. Empirical evidence in their study suggests that the greater a firm’s contribution to social welfare, the better its reputation. Reputation, closely related to brand awareness, aids in brand differentiation and ultimately helps a company gain (through a good reputation) or lose (through a damaged reputation) competitive.

Scholars and practitioners are increasingly focusing their attention on Corporate Social Responsibility (CSR) because of its significant impact on organization’s economic and financial performance (Luo & Bhattacharya, 2009). Companies are increasingly incorporating social responsibility as an important aspect of corporate management (Swaen & Chumpitaz, 2008). Corporate social responsibility refers to the “obligations that companies have to integrate environmental and social parameters into their modus operandi and long-term development policies” (ibid). Increasingly, the society expects businesses to have an obligation to the society in which they are located, to the people they employ, and their customers, beyond their traditional bottom-line and narrow shareholder concerns (Sen & Bhattacharya, 2001). CSR became a critical issue for organizations after financial scandals (e.g., Enron affair), social problems (e.g., poor working conditions in developing countries), and environmental disasters (e.g., Prestige shipwreck) which increased pressure on corporations through increased media coverage and increased transparency requirements (Swaen & Chumpitaz, 2008).

Organizations are increasingly investing resources to demonstrate their commitment, ethical outlook, and responsible behavior to the communities. Researchers have established that CSR programs indeed have a strong influence on consumers’ attitudes and behaviors towards products and companies (Sen & Bhattacharya, 2001). Extant research has also focused on the influence of CSR on brand image and consumer trust brand loyalty, firm’s economic performance, and corporate success (Wessels, 2003). Prior studies have also reported that CSR activities help to build company reputation,
which also indicates company’s involvement in providing quality services/products (Swaen & Chumpitaz, 2008). Customers often use corporate reputation to assess products, with positive reputation resulting in higher perceptions of product/service quality (Shapiro, 1983). Researchers and practitioners have understood the value of company’s socially responsible actions and its impact on driving consumers’ purchasing decisions along with the traditional criteria of price, quality and service (Swaen & Chumpitaz, 2008).

Extant research has provided substantial evidence that customer perception of corporate social responsibility influences customer responses to products (Brown & Dacin, 1997), attitudes towards products (Berens et al., 2005), identification with a particular company (Sen & Bhattacharya, 2001), consumers’ behavioral intentions and actual behaviors (switching behavior; consumer defection; repeat patronage and recommendation intentions) (Vlachos et al., 2009). However, scholars have called for more empirical work in this area as most studies lack empirical support, or findings are mixed (ibid). Therefore, there is a need to further test these proposed relationships.

CSR programs were initiated to make corporations realize their societal responsibilities. Although sincere efforts have been made by various organizations to achieve such goals, majority of corporations execute CSR activities for various benefits such as: improving corporate image, building relationships with governments and communities, meeting growing expectations of customers and social groups, improving morale and retention rates of employees, and finally increasing firm profitability (Lee & Park, 2009). As corporations began using CSR as a marketing tool, research began moving in that direction. Prior studies have focused on cause-related marketing, where the goal was to improve corporate performance and simultaneously help worthy causes (Varadarajan & Menon, 1988).

Corporations have often been charged with engaging in CSR not only to support worthy causes but as a promotion mechanism to enhance their company/brand image to attract customers (Ellen et al., 2006). Recent research has focused on customer perceptions of corporate motives and its influence on consumer evaluations of the product/company (Vlachos et al., 2009). Therefore, prior studies have mostly investigated the influence of organizations’ engagement in CSR initiatives on consumer attitudes and behavioral
intentions, perceived quality of products/services, and firm value and performance (Lee & Park, 2009; Swaen & Chumpitaz, 2008).

While a considerable amount of research has been done examining CSR’s impact on consumer attitudes and behaviors, several answers remain unanswered. First, this study does not focus on company initiatives of CSR (e.g., charity, protecting environment) and its influence on consumer attitudes and behavioral intentions. This study examines the influence of third party (e.g., media, internet, human rights groups, labor protection activists) reporting of company’s engagement in unacceptable social behaviors (e.g., unfair labor practices such as workers paid below minimum wage) or acceptable social behaviors (e.g., fair labor practices such as good working conditions for employees; high wages) on consumer attitudes and behavioral intentions (Varadarajan & Menon, 1988).

Taking a consumer perspective, this study examines how consumers react and make decisions based on their perceptions of service quality and CSR. Consumer attitudes (such as commitment, trust, and loyalty) towards products/services develop over time, as a result of several service exchanges between customers and service firms and perceived quality of the products/service offered. Therefore, this study investigates if customer perceptions of CSR based on recent reporting of company’s socially responsible/irresponsible activities affect service quality-driven customer attitudes (SQA). In other words, the study examines if a company’s engagement in socially irresponsible behaviors lowers existing customer loyalty, trust and commitment towards the company (Varadarajan & Menon, 1988).

There is contrasting evidence in the literature about the moderating effects of CSR versus moderating effects of perceived service quality. One perspective is that perceived service quality moderates the relationship between customer perceptions of the motives of company engagement in CSR activities and customer attitudes and behavioral intentions. Scholars who support this perspective have argued that customers tend to ignore companies’ inappropriate social behaviors (egoistic-driven: companies’ engagement in CSR only to promote the company and not for the support for the actual cause) when customers perceive the service quality to be high (Luo & Bhattacharya, 2006). The second perspective, supported by other scholars is the moderating effect of CSR on the relationship between perceived quality and customer attitudes and behavioral intentions.
(Berens et al., 2007). Scholars who support this perspective have proposed that the influence of perceived service quality on customer attitudes and behavioral intentions was affected upon favorable or unfavorable CSR activities of companies. Contrasting perspectives and mixed results call for more detailed investigation of the interaction effects of perceptions of service quality and CSR on customer attitudes and behavioral intentions. Most CSR related studies have been done in product-based industry, prompting investigation in service-based industries. Although few initiatives have been taken in service context, there is no explicit argument provided as to why such relationships might be different and/or important in a service-based industry compared to a product-based industry. The current study makes an attempt to fill this gap in the literature. One of the critical reasons for the initiation of the CSR programs was to keep a check on multinational companies from exploiting human resources in developing nations. “CSR is an over-arching strategic concept that is rooted in globalization; the desire to control multinational companies’ activities; and the international community’s self-imposed goal of sustainable development. It brings into the business arena a number of previously distinct themes: human rights, labor standards, environmental protection and sustainable development, consumer protection and more recently, the fight against corruption and corporate governance” (Varadarajan & Menon, 1988). However, CSR research has mostly ignored the perspective of globalization. The present study makes a contribution to the literature by incorporating this perspective.

2.5 Globalization

Corporations are going global as part of a competitive requirement to invest globally to assess markets, technology and talent. Foreign direct investment (FDI) is clear indicator of the trend toward globalization. FDI includes corporate activities such as businesses building plants or subsidiaries in foreign countries, and buying controlling stakes or shares in foreign companies. The United States has the highest FDI activity among all industrialized economies (Blonigen, 2006). Direct investments outside the country have been made by U.S. firms in almost every sector, such as automobiles, apparel, electronics, leisure and hospitality and others.
Prior studies mostly focused on product-based (tangible goods) industry such as sportswear, cosmetics, and other products (Sen et al., 2006). This study investigates the relationships in a service industry context which has been mostly ignored (Kang, Lee, & Huh, 2010). Investigating the relationships between CSR and customer attitudes and behaviors was particularly interesting in a service industry context. Customer evaluations are mostly based on the quality of the product (tangible goods such as shoes or cosmetics) in a product-based industry context. However, in a service industry setting, consumer evaluations of service quality are based on both tangibles (appearance of physical activities, equipment, personnel, and communications material) and intangibles such as reliability (ability to perform the promised service dependable and accurately); responsiveness (willingness to help customers and provide prompt service); assurance (competence of the system and its credibility in providing courteous and secure service) and empathy (approachability, ease of access and effort taken to understand customer’s needs) (Parasuraman et al., 1985). These requirements made scholars focus extensively on the dyadic relationship/interaction between service employees and customers.

Customers often consider the services provided by the employee as service provided by the company. Relationships with company and customers are developed often through the development of relationships between the service employee and the customer (Gutek et al, 1999). Because of such close encounters and relationships between customers and service employees in service industry, it is more likely that customers was relate with service employees more strongly. These personal experiences based on past experiences are likely to develop ‘sympathy’ towards service employees (ibid). Moreover, personal bond or ongoing face-to-face relationship strengthens the likelihood that ‘sympathy’ was influence customers’ transactional behavior. Therefore, service firm’s engagement in ethical/unethical activities towards its employees might have a greater influence on customer’s attitudes and behavioral intentions towards companies or its products/services. Moreover, in product based industry where customers may not have interaction with other stakeholders (e.g., employees who manufactured the product), as customers are mere consumers of the manufactured products. This increases ‘social distance’ between the producers (workers) and the customers (McIntyre & Ramstad, 2004). Moreover, this social distance is larger as most often either the workers work for a company making the products (so customers mostly relate with the company (retailer)
and not with workers), or workers work for another company where the job was outsourced. Therefore, all transactions have conflicts of interest at their core, as customers desire high quality and low price, while producers (workers) desire high wages and good working conditions (McIntyre & Ramstad, 2004).

However, in service industry, customers have direct contact with other stakeholders (e.g., service employees), as customers and service employees collaborate to co-create the desired service product (Vargo & Lusch, 2004). The conflicts of interest in service transactions between service employees and customers are comparatively lower; as the social gap between producers and customers is minimal (as both service employees and customers work together to co-produce the service product). Therefore, in services industry, it is more likely that customers relate strongly to other stakeholders (e.g., employees) and be more concerned about their welfare.

2.6 What Drives a Company towards Practicing CSR?

As quoted by Drucker (1984), “The 21st century was the century of the Social Sector Organization. The more economy, money and information become global, the more the community was matter.” A global survey conducted by The Economic Intelligence Unit found out that 85% of senior executives and institutional investors believe that CSR is an important consideration in decision making, indicating that CSR has been accepted even without a clearly defined business case.

- The community demanding greater involvement and contributions due to the perceived shrinking of NGOs.
- Customers are increasingly demanding safe products and ethical businesses and are willing to alter their purchasing habits due to the same.
- Stakeholders and shareholders are looking towards better risk and reputation management to protect future profits.
- Employees seeking great empowerment, more job-security, better work-life balance and a sense of meaning in their work.

The challenges faced by organizations these days in one or more of the above mentioned areas has driven them towards seeking an integrated approach to battle these concerns. Till date companies have managed by interpreting CSR as external community relations and treated it accordingly, but this isn’t enough anymore. This approach misses out the
fact CSR also extends to a company’s products and services. It is unadvisable for a company to indulge in charity work whilst producing unsafe products and providing unethical services. Hence implementing CSR is an all over exercise that needs to be practiced with great care and caution. CSR is important because businesses are based on trust and foresight. Establishing and keeping trust with customers, communities and regulators isn’t simple and can be easily damaged or lost. To be successful in the long-term, companies need to think beyond what’s affecting them today to what’s going to happen tomorrow (Drucker, 1984).

This is not just about addressing changes to technology or the needs of customers, but also taking into account ‘Corporate Social Responsibility’ (CSR) initiatives by firms world-wide have acknowledged the risks of unrestrained development, and the responsibility of corporations to minimize them. The World Business Council for Sustainable Development defines CSR very generally as, ‘the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’. CSR can therefore be applied to issues ranging from human rights to the environment, but certain aspects of CSR are universal. CSR is always characterized by voluntary and ‘beyond compliance ‘alterations in social, environmental and governance issues.

The concept of corporate social responsibility (CSR) is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from the broader society. CSR is a company’s commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders. It is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis (EU Commission, 2001). “A stakeholder is any group or individual who can affect, or is affected by the activities and achievements of an organization”. A growing number of scholars take the view that firms can no longer be seen purely as private institutions but as social institutions instead. The benefits from firms need to be shared collectively (Frederick et al., 1992; Freeman, 1984). Therefore it seems that there
is a natural fit between the idea of CSR and an organization’s stakeholders (Carroll, 1991).

The social responsiveness has increased in the recent years and the emerging perspective on CSR focuses on responsibility towards stakeholders (Balasubramanian et al., 2005). An increasing number of companies are adopting a variety of voluntary initiatives associated with improvements in environmental management systems and reporting on social and environmental performance. Economic factors drive most environmental behavior including behavior beyond economic and regulatory demand. Firms have claimed that social responsibility is a driver of environmental behavior. The key dimension of social responsibility has been taken to be environmental initiatives and programs (Carter et al., 1999).

2.7 Environmental CSR and its Benefits

Environment management involves being energy conscious, environment friendly and a sustainable business organization, which strives to achieve symbiosis with nature, and has been proceeding with efforts toward environmental protection in all aspects of its business activities. Environmental good practice is also about business efficiency, that is, best use of valuable raw materials. Earlier, corporate dumped their wastes with impunity in the environment. With the growing awareness and concern about environmental degradation, depletion of natural resources like water and fossil fuels and the phenomenon of global warming, there is moral and legal pressure on corporate to realize that the earth needs to be preserved and looked after so that future generations are not adversely affected. In a study conducted in 1992, it was estimated that at all levels in India, the environmental damage cost India Rs 34,000 every year, which is 4.5% of the national GDP. Eleven years later, in 2003, the damage increased manifold. This is reflected in many ways like rising health costs due to growing air and water pollution, depletion of natural resources like deforestation, loss of revenue due to reduced international tourism, etc. Many Indian companies have included environmental issues into their CSR practice (UNDP et al., 2002). The environmental policy of most companies primarily focuses on compliance with legislation. Only some large companies go a step beyond and try to minimize their impact or contribute in a positive way to the environment. Environmental pressures include investing in pollution abatement
equipment, etc. CSR practices cover environ-mentally responsible practices relating to the management of the natural resources used in production. Environmental management systems improve operational efficiency by reducing waste production and water usage, increasing energy efficiency and in some cases, selling recycled materials (ibid).

There is awareness of oil as a scarce resource but it is predicted that in India by 2020 there was an acute water shortage because of wastage and also because of pollution of surface and ground water. So organizations can take a lead in harvesting rainwater, and reuse and recycle this precious vital resource. In India, CSR aspects are referred to as an important characteristic of business success (Brown, 2001). Majority of Indian companies referred to their responsibilities to the environment while defining CSR, especially in the form of pollution control and efficient use of fossil fuels (Brown, 2001). It was felt that the main role of corporations in the society in the coming years was protecting the environment. Environmental, health and safety issues have been integrated into CSR practice by many companies (UNDP, 2002). The environmental benefits due to practice of environment CSR arise out of recycling of pollutants or waste or effluent, effective disposal of waste, proper treatment of smoke or ash, installation of equipment to protect environment, regular environmental audit, tree plantation, natural resource management, integrated watershed development, rain water harvesting, reclaiming of waste land and environ-mental awareness programs in schools or colleges (Scope Award for CSR, TERI Award, Golden Peacock Award).

There has been a significant amount of literature in the West about CSR. There are also a few studies on the subject done in India. A few important related studies have been carried out in India where „environment is among the main focus areas. The first study in India on CSR reporting titled “Corporate Social Reporting in India” which developed a 33 item disclosure index including „environmental control measures (Singh & Ahuja, 1983). A comparative study on the managerial attitudes to social responsibility in India and Britain showed that most of these Indian executives agreed that CSR is relevant to business and that business has responsibilities not only to its shareholders but also to other stakeholders, including the „environment (Khan and Atkinson, 1987). Centre for Social markets have conducted a survey on “Corporate Social Responsibility: Perceptions of Indian Business” to understand modern Indian business perceptions of, and attitudes
towards, corporate social and „environmental responsibility. The survey has suggested that Indian companies are aware of environmental issues around waste and pollution control; ½ of the companies had an environmental policy; 11% of companies had qualified for ISO 14000 certification; market competition and pressure were main obstacles to improving social and environmental performance (60%). Every respondent had said „yes to the question on whether the characteristics of a successful modern Indian company are related to a company’s social and environmental performance. “A survey on CSR 2002 – India” was commissioned jointly by the UNDP, CII, and the British Council and executed by Price Waterhouse Coopers during 2002. 76% of respondents have „defined environmental requirements. Approximately 3/4 of the respondents had reported that they integrated environmental, health and safety issues into their CSR practice as a method of “pro-actively” dealing with regulatory requirements (UNDP et al., 2002).

Baughn et al. (2007) examined two aspects of CSR practices – social and „environmental in 15 Asian countries. Drawing from over 8,700 surveys of firms in 104 countries in the form of Executive Opinion Survey using structured questions conducted through the World Economic Forum, this study demonstrated substantial country and regional differences in CSR. Strong relationships were found between CSR and the country’s economic, political and social contexts. Mitchell and Hill (2009) investigated the development and use of corporate social and „environmental reporting by businesses within a large municipality in South Africa. There seemed to be a strong call for improved CSR, and a greater degree of accountability and transparency by businesses. The survey was conducted through the use of interviews following a structured questionnaire with the Global Reporting Initiative used as an appropriate frame-work. It was suggested that implementation of a comprehensive and externally controlled and certified standard, such as ISO 14001 would not only reduce environmental impacts, but facilitate increased CSR. Brunklaus et al. (2009) reviewed the existing literature on „environmental indicators mentioned in the annual reports of the organizations. With the help of an operational approach, from organization theory, and a life-cycle approach, indicators were analyzed. The analysis revealed that formulating indicators for internal management was not an easy task; the available guidelines were of little help. It was concluded that the environment can be managed internally by relating indicators. Business for Social Responsibility and Globe Scan (2009) has conducted a survey on
“BSR/Globe Scan State of Sustainable Business Poll, 2009” during October 2009. This was done among a sample of 274 corporate responsibility professionals from 15 countries who attended the BSR Conference, 2009. The findings revealed that „Climate change and human rights were the most significant priorities for business sustainability efforts in the year ahead. Creating innovative products and business models designed for sustainability and measuring and demonstrating positive social and environmental impacts were two important actions which companies should take to improve public trust. Karmayog CSR Ratings report that environment is one among the three main CSR areas (Karmayog, 2007, 2008, 2009 and 2010). Times Foundation (Times Foundation, 2010) undertook a national survey on “Corporate Social Responsibility Practices in India” to understand the underlying dynamics of CSR and the current situation in India, amongst leading business organizations from various sectors. The findings of the survey place environment among the most popular areas of intervention for companies as part of their CSR initiatives.

The rhetoric of CSR, however, does not always match the reality (Boasson & Wettestad 2007, Frynas 2005,). Its loose and ambiguous nature is fodder for detractors. On the other hand, strict regulation of oil and gas activities, especially in the Arctic, is oftentimes lacking – the result of ‘soft-law’ and weak institutions (Offerdal, 2007). This makes CSR policy, its incorporation of local stakeholders, and its potential to promote positive outcomes, even more important to study.

The challenges and opportunities are clear. In spite of documented risks, climate change, energy conservation, and renewable energy development, the demand for oil and gas was continue expanding for decades to come. This demand was to bring oil and gas development to more Arctic communities and along with there was a potential for socio-cultural upheaval as well as opportunities for wealth and increased development. The challenge for communities is to respond appropriately to preserve sovereignty, health, and economic stability, whether their economies are subsistence or market-based.

2.7.1 Approaches to Implementing CSR

The first theme identified focuses on why CSR gets started in organizations and how it is or can be well implemented. As to why CSR gets started, some authors argue that CSR can be seen as either an integral part of the business strategy and corporate identity, or it
can be used as a defensive policy, with the latter being used more often by companies targeted by activists. The rationale for CSR can be based on a moral argument, a rational argument, or an economic argument (Werther & Chandler, 2006). Campbell (2007) is representative of a group of studies that create testable propositions related to the conditions under which organizations will move toward CSR. He sees corporations’ level of social responsibility as being influenced by factors such as financial conditions of the firm, health of the economy, and well-enforced state regulations.

To ascertain how CSR is implemented in organizations, some research use a developmental framework to show change in awareness, strategy, and action over time, and posits stages of CSR from elementary to transforming (Mirvis & Googins, 2006). Jackson and Nelson (2004) take more of a how-to approach, offering a principle-based framework for mastering what they call the “new rules of the game.” Examples of principles include harnessing innovation for the public good, putting people at the center, and spreading economic opportunity.

2.7.2 Corporate Identity and Ethics

The key attributes that define a company’s essential character and the contemporary turn to values reflect an evolution in what has sometimes been called the personality of the corporation—or the corporation’s identity. Corporate identity reflects what a company really is, rather than what a company might advocate. Many companies have established a corporate identity using branding, which has become a focal point of their success and competitive advantage (Werther & Chandler, 2006). For example, the Body Shop, through its leader, Anita Roddick, adopted a number of fair trade and other social issues. These stances helped differentiate the firm’s offerings and made responsibility figure prominently in its corporate identity in the minds of consumers.

According to Archie Carroll (1991), a firm’s pyramid of CSR starts with economic responsibilities and continues with legal, ethical, and discretionary responsibilities respectively. However, what was ethical or even discretionary in Carroll’s model is becoming increasingly necessary today because of the changing environment within which businesses operate and because the ethical responsibilities are more likely to stand on a par with economic and legal responsibilities as foundational for business success.
CSR can be a way of matching corporate operations with societal values at a time when these parameters are changing rapidly. As such, ethical behavior is a prerequisite for strategic CSR. A company’s ethical behavior is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization, and the ethical behavior and culture become part of the definition of corporate identity (Werther & Chandler, 2006).

2.7.3 CSR and Accountability

Accountability is one of the processes whereby a leader, a company, or an organization seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and values of employees, customers, suppliers, communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. A company’s track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal as well as its supply-chain activities. Furthermore, the literature reflects a growing need for dissemination of good practice in CSR accountability and a need for more pressure to be exerted on NGOs to prove themselves as ethical, transparent, and accountable as those they seek to influence (Frame, 2005).

A relevant point raised in some literature has to do with the effectiveness of strategies undertaken by communities to demand corporate accountability (Garvey & Newell, 2005). This literature argues that the success of community-based strategies for corporate accountability is conditional upon the right combination of state, civil, societal, and corporate factors.

CSR requires accountability by all leaders, individuals, organizations, stakeholders, customers, and community members, and yet accountability is complex. The factors which influence the effectiveness of corporate accountability are multiple and tightly interconnected. This interconnectedness and its relationship to accountability are represented in the work of Dolan (2004), which uses an example of his own company to illustrate the idea of considering a business as an interconnected web of relationships,
with the consequences of every action the company takes having an impact on both the world and the company’s long-term business.

2.7.4 Partnering with Stakeholders

CSR is strictly embedded with a multitude of business actors. With the call for sustainability and the new role of business in society and with increased expectations and new rules and tactics, leadership is bound to come into contact—and conflict—with key stakeholders in the arena of responsible business, global versus regional and local needs, and different national cultures (Blowfield & Googins, 2006).

The concept of stakeholder engagement and communication with stakeholders looks like a catch-22 of leadership practices for CSR (Morsing et al., 2008). Although companies strive to engage in CSR together with their stakeholders, they are simultaneously struggling to understand the true relationship behind this marriage—and first of all, who their stakeholders are. In both the business and academic literature, the shareholders are now renamed as one of many key stakeholders, and they are seen as competing for influence with employees, customers, consumers, suppliers, competitors, trade unions, the environment, the local communities, and the society at large, to name a few and the most recurrent ones. Two basic relationship models may help to explain how leaders can best interact with multiple and diverse stakeholders.

The inside-out approach suggests that leaders can manage their CSR activities and achieve favorable reputations with their stakeholders by building CSR activities across boundaries and in a framework where the decision-making point resides inside the organization and where communication with stakeholders is a means to deliver information already developed and perhaps even implemented. CSR reporting for stakeholders can be one such practice and has sometimes been used as a tool in the marketing communicator’s toolbox (Sweeney & Coughlan, 2008). The literature also shows this can backfire, feeding skepticism toward CSR and its terminology from trade unions as well as from the activist opposition (Burke, 2005). An alternative approach is based on substantial attention and engagement with the stakeholders to reach CSR goals (Morsing et al., 2008). Communication is not just a device for alignment; the decision-making process is negotiated and concepts or key actions developed. The stakeholders in
this model are actors, together with the company, in achieving sustainable development. This differentiation is similar to that seen in other literature that focuses on the difference between stakeholder identity—the extent to which the corporations and their stakeholders’ interests are linked—and stakeholder management—the incorporation of stakeholders’ interests into operational decision making (Boutilier, 2007). Despite the debate, real stakeholder engagement ultimately leads to a combination of organizational and social learning, which is a basis for long-term change based on trust, but which is not always clearly quantifiable or predictable in the short term (Roome & Wijen, 2006).

Whatever the approach to stakeholders, well-intentioned efforts sometimes produce disappointing results, or conflicting stakeholder demands cause problems (Boutilier, 2007). Nevertheless, leadership efforts to deal rationally with stakeholders, with uncertainty, and with constraints lead to greater potential for sustainability in terms of culture, structure, and output. Corporations need to engage with stakeholders to develop valuable CSR-related actions. Stakeholders that face challenges and threats are more likely to partner with corporations on CSR-related issues and corporations and stakeholders are more likely to succeed when a long-term vision is embraced. The literature shows that corporate leadership should have a holistic approach to engage with stakeholders and that the vital link between business and stakeholder management is leadership (Hee, 2007).

Scholars and practitioners are increasingly focusing their attention on Corporate Social Responsibility (CSR), because of its significant impact on organization’s economic and financial performance (Luo & Bhattacharya, 2009). Companies are increasingly incorporating social responsibility as an important aspect of corporate management (Swaen & Chumpitaz, 2008). Corporate social responsibility refers to the “obligations that companies have to integrate environmental and social parameters into their modus operandi and long-term development policies” (Swaen & Chumpitaz, 2008). Increasingly, society expects businesses to have an obligation to the society in which they are located, to the people they employ, and their customers, beyond their traditional bottom-line and narrow shareholder concerns (Sen & Bhattacharya, 2001).
CSR became a critical issue for organizations after financial scandals (e.g., Enron affair), social problems (e.g., poor working conditions in developing countries), and environmental disasters (e.g., Prestige shipwreck) which increased pressure on corporations through increased media coverage and increased transparency requirements. Organizations are increasingly investing resources to demonstrate their commitment, ethical outlook, and responsible behavior in this area (Swaen & Chumpitaz, 2008).

Researchers have established that CSR programs indeed have a strong influence on consumers’ attitudes and behaviors towards products and companies (Sen & Bhattacharya, 2001). Extant research has also focused on the influence of CSR on brand image and consumer trust, brand loyalty, firm’s economic performance, and corporate success. Prior studies have also reported that CSR activities help to build company reputation, which also indicates company’s involvement in providing quality services/products. Customers often use corporate reputation to assess products, with positive reputation resulting in higher perceptions of product/service quality. Researchers and practitioners have understood the value of company’s socially responsible actions and its impact on driving consumers’ purchasing decisions along with the traditional criteria of price, quality and service (Swaen & Chumpitaz, 2008).

CSR programs were initiated to make corporations realize their societal responsibilities. Although sincere efforts have been made by various organizations to achieve such goals, majority of corporations execute CSR activities for various benefits such as: improving corporate image, building relationships with governments and communities, meeting growing expectations of customers and social groups, improving morale and retention rates of employees, and finally increasing firm profitability (Lee & Park, 2009). As corporations began using CSR as a marketing tool, research began moving in that direction. Prior studies have focused on cause-related marketing, where the goal is to improve corporate performance and simultaneously help worthy causes (Varadarajan & Menon, 1988).

Corporations have often been charged with engaging in CSR not only to support worthy causes but as a promotion mechanism to enhance their company/brand image to attract customers. Recent research has focused on customer perceptions of corporate motives and its influence on consumer evaluations of the product/company (Ellen et al., 2006).
Therefore, prior studies have mostly investigated the influence of organizations’ engagement in CSR initiatives on consumer attitudes and behavioral intentions, perceived quality of products/services, and firm value and performance (Lee & Park, 2009; Swaen & Chumpitaz, 2008). While considerable amount of research has been done in examining CSR’s impact on consumer attitudes and behaviors, several answers remain unanswered. First, this study does not focus on company initiatives of CSR (e.g., charity, protecting environment) and its influence on consumer attitudes and behavioral intentions. This study examines the influence of third party (e.g., media, internet, human rights groups, labor protection activists) reporting of company’s engagement in unacceptable social behaviors (e.g., unfair labor practices such as workers paid below minimum wage) or acceptable social behaviors (e.g., fair labor practices such as good working conditions for employees; high wages) on consumer attitudes and behavioral intentions.

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relationship between perceived quality and customer attitudes and behavioral intentions (Berens et al., 2007). Scholars who support this perspective have proposed that the influence of perceived service quality on customer attitudes and behavioral intentions will be affected upon favorable or unfavorable CSR activities of companies.

2.7.5 Legal Responsibility

Business organizations are not only expected to earn profit but they are also expected to run according to laws and regulations of the state and the local government. As a social responsibility business organization are expected to operate within the framework of the law (Carroll, 1991).

2.7.6 Ethical Responsibility

Ethical responsibilities come after fulfilling the economic and legal responsibility which is obligatory. Ethical responsibilities are not obligatory and they are in practice because the owner or the company believes it is a positive thing to do. Being eco-friendly, paying fair wages to the workers are an example of ethical responsibilities. Business firms are pushed to operate their business according to the law by the ethical responsibility (Carroll, 1991).

2.7.7 Philanthropic Responsibility

The Society expects business organization to be good corporate citizens. This can be done by providing goodwill to the community. Goodwill may include doing charity, social welfare and supporting financially to the non-governmental organization. This responsibility is different from ethical responsibility. The difference is that philanthropic responsibility is not as important as ethical responsibility. It is just the desire of the society (Carroll, 1991).

2.8 Types of CSR Initiatives

According to Kotler and Lee (2005) there are six different types of CSR initiatives. These six different types of CSR initiatives are explained below:
2.8.1 Cause Promotion

In this initiative, companies provide fund and try to increase awareness and concern for social causes by informing the people about a cause. It also tries to persuade people who voluntarily can contribute to the cause and participate in an event. Cause promotion differs from other CSR initiatives. It is different from cause-related marketing in a way that contributions are not tied to company sales of specified products. Cause Promotions includes building awareness about a cause by showing them statistics and figures, convincing people to find out more about the cause, donating their time, donating money and actively participating in an event. Manufacturers, service providers, retailers are some of the corporations participating in cause promotion (Kotler & Lee, 2005).

2.8.2 Cause-Related Marketing

“A corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time and for a specific product and a specified charity”. This differs from other initiatives in a way that contribution made by corporation is dependent on consumer response. It also involves more promotion which means more money has to be spent on advertising. Therefore, it is handled by marketing department (Kotler & Lee, 2005).

In 1980s when American Express was raising fund to renovate the Statute of liberty, from then the Cause-related marketing began. After that caused-based activity has become powerful brand builder. The positive side of cause-related marketing are as follows: it improves corporate image, helps in the increment of sales and increases profit, helps to attract new customers and retain the existing ones and also motivate employees and builds strong relationship with the stakeholders (Kotler & Lee, 2005).

2.8.3 Corporate Social Marketing

It is a tool used by corporation to develop or implement behavior change intended to improve public health, safety or community well-being. The focus of this initiative is always behavior change. It is mostly developed and implemented by state, local public sector and nonprofit organizations. Examples of corporate social marketing are prevention of using tobacco, early pregnancy, suicide prevention, use of pesticides etc.
Benefits for the corporation is making brand position strong, creating brand preference, increasing sales etc. As it is related to behavior change results cannot be seen in one day so criticisms are always there (Kotler & Lee, 2005).

2.8.4 Corporate Philanthropy

In this initiative, corporation makes direct contribution to a charity or cause in form of cash, donations and service. Corporate Philanthropy is the most traditional form of CSR initiatives. It is also known by other names such as community giving, community relations, and corporate citizenship and community affairs. Providing cash donations, providing technical expertise, offering to use the equipment are some of the typical programs of the Corporate Philanthropy. Parties receiving these contributions are mostly nonprofit organizations, public agencies like schools. The benefits of this initiative are it helps to build corporate reputation and goodwill among customers, motivate employee (Kotler & Lee, 2005).

2.8.5 Community Volunteering

In this initiative corporation encourages and motivates employees and retail partners to volunteer their time to support causes. Employees volunteering their talents, ideas, expertise, and physical labor come under volunteer efforts. Employees of the organization are only involved as volunteer to help for the cause. Typical programs of community volunteering include setting specific volunteer for specific events, for encouraging employee to do volunteer work pay them off time work. Of all the CSR initiatives, community volunteering is viewed as genuine and satisfying. Volunteer programs help to build a strong relationship with the local communities, motivate employees, improve corporate images as it is doing good for the community (Kotler & Lee, 2005).

2.8.6 Socially Responsible Business Practices

In this initiative, “A corporation adopts and conducts discretionary business and investments that support social causes to improve community well-being and protect the environment” (Kotler & Lee, 2005). It focuses on activities that are discretionary and are not mandated by law. Some of the activities that it includes are designing facilities to
protect environment, stopping to offer products that are harmful and illegal, developing programs to support employee well-being, etc. Benefits from this initiatives is financial benefits because of decreasing operating cost, employee productivity is increased, strengthen brand position, improves quality, and improves corporate image (Kotler & Lee, 2005).

2.9 The stakeholder approach

2.9.1 Stakeholder

The main subject in CSR is the question of “to whom a business is primarily responsible”. During the year 1950, Robert E. Wood identified four parties that are important for any business. They were listed as customers, employees, community and stockholders. Wood was also of opinion that if customers, employees and community needs and interests could be effectively managed then the stockholders would benefit for the longer time (Hummels, 1998).

Corporate social responsibility is about identifying and managing relationship to key stakeholders. Stakeholders comprise individuals, or sometimes groups, with similar interests in a particular organization. The stakeholder concept was popularized by Edward Freeman in his landmark book, Strategic Management: A Stakeholder Approach, published in 1984 (Griseri & Seppala, 2010). According to Freeman, a stakeholder is defined as, “any group or individual who can affect or is affected by the achievement of the organizations objectives” (Freeman, 1984). Freeman categorized stockholders, lenders, customers, employees, suppliers and management as primary stakeholders who are very important for the survival and smooth running of an organization. On the other hand, he listed local community, the media, the court, the government, the general public and the society as secondary stakeholders (Hummels, 1998).

Stakeholder theory can be defined as company responsibility to shareholders as well as responsibility to the stakeholders such as employees, customers, even if the profit is reduced. Stakeholder theory is about which groups are to be considered stakeholder and which groups are not to and who should the management pay attention. Stakeholders can be people, group, organizations as well as the environment. There is a narrow definition of stakeholders which states that stakeholders are those groups without whom the
organization cannot survive. Stakeholder theory is made to solve the problems such as problem of value creation and trade, problem of ethics of capitalism and problem of managerial mindset (Mitchell & Wood, 1997).

2.9.2 Customer as a key stakeholder

There is opinion that employees, customers, shareholders, and suppliers are key stakeholders of the firms. Customers are important stakeholders that help to build the image and reputation of the firms. For company to be successful, they should know customer wants and satisfy those wants. Research has shown that customers are aware of the environmental issues, level of service quality, and similar other issues that influence the consumer purchasing decision and about the product (Ferrell, 2004). Mahatma Gandhi once said,

A customer is the most important visitor on our premise. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it and not an outsider on our premises. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us the opportunity to do so.

This statement was not said from marketing point of view but it has great wisdom (Nair, 2009). According to George Orwell’s, “All Stakeholders are equal, but some stakeholders are more equal than others”. Harari is of opinion that customers are the most important stakeholders because the existence of business is to serve customers. He also argues that if there would be no customers than there would be no business and there’s is no need for employees, investors, suppliers, or any other stakeholders. When the customers perception is good towards the company then the investor are more likely to invest. While the customers have negative image about the company the investors are not willing to invest. Therefore, customers can be regarded as key stakeholders (Harari, 2008).

2.9.3 Customer centric approach

“We all know that without customers there is no business. Some companies operate under a “customer first” philosophy: satisfy the customer and profits will follow” (Lenskold, 2004). It is not the producer, it is the customer who determines what a business is and what it produces (Drucker, 1954).
"Becoming customer centric means looking at an enterprise from the outside-in rather than the inside-out - that is, through the lens of the customer rather than the producer". This means understanding what problems are faced by the customer and providing solutions to solve those problems (Gulati, 2010). Customer centric means keeping customers at the centre while doing everything such as when designing the product looking from customer perspective, giving service to the customer that makes them easy, always thinking what makes customer satisfied (FeedBurner, 2011). Customer centric approach gives advantage to the organization, differentiates itself from other competitors and provides different experience to its customers. Companies are always aiming at making profit, and the success is determined by how they built their relationship with customer (Lenskold, 2004). Most companies are of the view that the most valuable asset for them is customer relationship. By customer relationship, the companies can benefit itself. Customer relationship provides information to the company about deeper insights into customer needs, their willingness to buy and pay for the product and possible growth opportunities in the future (Lenskold, 2004).

In the past, firms were products centric because profit was primary motive. Hence, they were focusing more on manufacturing product than focusing on users of those products. Research has also shown that customer centric approach has positive impact on organization innovativeness (Lenskold, 2004). The difference between product centric and customer centric is that, a product centric competitor focuses on one product at a time and tries to sell that product to as many customers as possible whereas a customer centric competitor focuses on one customer at a time and tries to sell that customer as many product as possible (Peppers, 2013). Although marketing mix 4P’s (product, place, price, promotion) are important. Centre focus should be the customer who buy your product and service because the 4P’s is nothing without the big C, i.e. Consumer. The key ingredient in the recipe of successful business is customer service (Voutsas & Heinrich, 2011).

Banks can earn customer trust and increase customer loyalty by offering innovative services for the self- directed customer. For example, introduction of mobile banking services for the mobile customer (Voutsas & Heinrich, 2011). Past research has shown that customer centric leads an organization to innovativeness and it also has positive impact on innovativeness in the technical and administrative areas of the company. Firms
that have focused on customer centricity have good financial achievement and loyal customers. Customer centric has become a necessity in 21st century for firms to succeed (The chart below shows that customer centricity has a positive impact on revenue and helps build long term relationship (Voutsas & Heinrich, 2011).

2.9.4 Customer centric CSR

A research done by Pomering and Dolnicar (2006) shows that customer prefers customer centric initiatives that benefit themselves in comparison to CSR initiatives that benefit the whole society. In this research, 8 different CSR scenarios were given to customer to choose, namely (bank opening new branches and adding staff, bank defending customer privacy, high employee satisfaction, CEO cuts own pay, bank tops CSR ranking, good environmental performance, committing 1% profit to community programs, launching and indigenous scholarship program). Among these initiative banks opening new branches and adding staff receive the most positive response. Whereas the other initiative that focused on the society (the indigenous scholarship program, 1% of pre-tax profit contributed to community programs) received very low positive response. From this result, we can see that customers preferred initiatives which is beneficial to them rather than to the community.

Research shows that there is no relationship between CSR activities and customer buying intention. But they found that there is a significant relationship between customer centric initiative and customer satisfaction. The customer gave more attention to price, packaging design than CSR activities of the company. This also shows that a customer prefers more customer centric initiative than CSR initiative. (Ali et al., 2010). Customers have more preference towards the bank that emphasize on customer centric initiatives and less preference towards the bank that emphasize on environmental initiatives study of six different countries’ (The USA, Germany, Spain, Turkey, India, Korea) shows that consumers humanistic CSR concerns were ranked higher than environmental concerns. Bank may not receive proper return on investment if their CSR strategies do not include Customer centric initiatives because customer centric initiatives are an incentive to influence customer’s behavior, to encourage them to recommend the bank and improve their attitude towards the bank. As customers prefer customer centric initiatives banks
can use these initiative as a tools to attract new customers and retain the existing one and be financially benefited (Ali et al., 2010).

2.9.5 Consumer perception of CSR

Consumers are one of the stakeholders that are influenced by company’s CSR activities. Past research has shown that CSR can influence consumer’s attitude, purchase intention, loyalty and satisfaction. Companies’ active involvement in CSR initiatives also influences consumers buying decision (Oberseder et al., 2013). Due to the positive link between the consumers and CSR; companies are investing huge capital to CSR initiatives. Consumer’s response to CSR initiatives is heterogeneous; impact of CSR initiatives on invisible outcome (attitude, awareness) is higher than visible outcome (buying behavior, word-of-mouth). As customers are more aware of negative information of CSR than positive information company needs to take care and only give positive information about the CSR. Many consumers are not aware of CSR initiatives that are practiced by the company. Therefore, company need to make consumers aware of these initiatives. Consumers all around the world do not have same conception of CSR and it varies (Oberseder et al., 2013).

There has been no any research done to find the awareness of consumer regarding companies CSR. This may be because CSR is a broad subject and it is very difficult to measure. It is argued that the consumer’s awareness is very low, however, because consumers are buying product from different companies and it is difficult to store information of all the companies that are actively participating in CSR (Arli & Losmono 2010).

A study on consumers’ perception of CSR has found that to improve the company CSR reputation, the company should spend less on advertising their green product and pay more attention to safety and job creation. To judge the company’s CSR reputation people first think about its employees then customers (Arli & Losmono 2010).

For Consumers of developing countries CSR is not of much important and it does not affect their buying decision whereas for consumers of developed countries CSR does matter and they support companies that launched CSR (Arli & Losmono, 2010). Price and quality are very important for consumers of developing countries when making
purchasing decisions. CSR still have positive effect on attitude towards the company and will increase financial efficiency (Arli et al., 2010). The study shows that there is a difference in perception of CSR from gender point of view. Male group considered economic responsibilities as more important whereas female group considered philanthropic responsibilities as more important (ibid). When making evaluation of the company CSR action consumers evaluate them to their own interests. They will evaluate CSR initiative to their own values and importance (Green & Peloza, 2011). Many companies follow CSR just because of legal obligation. It will not end until the consumers show the action that they are ready to buy product from companies who are socially responsible. Consumer should be the CSR focus because they are the important element of corporation. “Consumer Social Responsibility is the true corporate social responsibility” (ibid).

2.9.6 Consumer behavior towards bank

Consumer behavior can be defined as, behavior that consumer displays when obtaining, using and disposing of product and services. It focuses on how individuals make decisions to spend their available resources (time, money etc.) on consumption related items (Kumar, 2008). Consumer behavior can be predicted by intention, attitude and belief. In banking sector, customer switching behavior means that customers prefer other bank to take its services (Garland, 2002). Research done in Pakistan shows that customers switching behavior in banking industry is influenced mainly by price, distance, switching cost, service quality and reputation respectively. Advertising is not of so much importance (Ghouri et al., 2010).

Companies are not willing to engage in socially responsible activities because customers are not willing to pay extra money for the additional cost that is spent by the companies. (Coors & Winegarden, 2005). The Company needs to understand what consumers want and desires are for the product or service and what influence their purchasing and consumption have (Karbala et al., 2012). According to the survey done by Ernst & Young, customers are less faithful and switch the banks. There is an increase in the percentage of customer that switch bank from 7% to 12% since 2011. The major reasons for switching banks are excessive fees and charges. Customers are listening to each other
more than financial advisor. 71% seek advice from their friends, families. Customers look for lower service charge and better service quality (Voutsas & Heinrich, 2011).

Customers are more aware, compare product and services between different providers through the help of direct channels, internet blogs, and social network. As a result, customers have increased the number of their banking relationship. Banking customers are giving more priority to self-service and direct channels followed by more personalized service. By looking this customer behavior, banks needs to offer innovative and more personalized service to attract new customer and satisfy existing customer (Voutsas & Heinrich, 2011).

2.10 Empirical Review

Iqbal et al., (2012) wrote on the Impact of Corporate Social Responsibility on Financial Performance of Corporations in this paper they explain, that corporate social performance (CSR) has no effect on financial performance (CFP). It is obvious from the results that CSR has negative effect on the market value of the share but no relationship to D/E behavior of the firm, significantly. Moreover, the investors do not have the same level of information as the information is captured by the management about the company affairs. Furthermore, we conclude that principals are more concerned with the wealth maximization goal of the firm rather than the profitability objective of the firm. Moreover, the investors do not have the same level of information as the information is captured by the management about the company affairs.

Dodd & Supa (2011) shows that Intention there is a positive association exists between an organization’s involvement in CSR programs and consumer’s purchase intentions. Businesses patronized by consumers in this population should seek to invest in the implementation and promotion of CSR activities among applicable demographics. Promotion of CSR activities per demographics is needed in order to make the public aware of these activities, thus, making consumers in this study more likely to purchase the business’s products.

Yeung, (2011) from china did a research on the role of banks in corporate social responsibility. This study came up with the following recommendations, an organization needs to have the followings in place in order to become a social responsible bank to
meet customer requirements: Establishing a mindset of risk management, business ethics and corporate social responsibility through internal management of people and process; Understanding complex financial products through external management of economic situation and internal management of people and process for the benefit of investors, management and community; Protecting rights of customers with setting up channels for customers to address complaints through internal management of implementing strategy for financial crisis and external management for stakeholder consideration, accountability and creditability.

Mugisha (2011) identified that factors that influence CSR practice come from all the stakeholders’ perspectives of community, customer, employees, investors, suppliers and the environment. A business needs to incorporate all the stakeholder needs in its business operations as these have underlying benefits to a socially responsible corporation.

Approach to CSR combines a strong sense of responsibility with modern business sense and a commitment to: quality service for customers and a culture of continuous improvement; an emphasis on strong public accountability; responsible employment practices with well – trained, well – managed and motivated employees, who are fairly rewarded; contributing to community well-being and playing a full role as a corporate citizen; a sustainable approach to environmental issues, including the use of natural resources and energy; actively managing risks to businesses, clients and stakeholders, as well as to company’s reputation and a good return to shareholders
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is a description of the methods and procedures employed in collecting data for this study. This chapter consists of the following sections: research design and methodology, area of the study, research population, sample and sampling techniques, data collection techniques and data analysis. The study was carried out from January 2013 to March 2014 in Morogoro in southern highlands of Tanzania. Residents of Morogoro were interviewed because of their significant knowledge regarding CSR and its significance in the area. Data were collected through questionnaires and semi-structured interviews.

3.2 Research Design and methodology

Research design is the overall plan of how the research was conducted, what and how evidence was gathered, analyzed and interpreted based on the research questions. This study used case study design as a mode of investigation out of which collection of data was possible. According to Yin (2009) a case study is a research method based on an in-depth investigation of a single individual, group, or event. It may be descriptive or explanatory. Yin (2003) adds that a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Yin (2003) notes, however, that a case study may be used for the “evaluation” of businesses and government programs with the goal of identifying potential explanations for their successes or failures.

3.2.1 Mixed method research

The study utilize both quantitative and qualitative research methods in order to strengthen the research regarding better representation of the populations of both the geographic areas and subjects under study. Using both methods also helped in triangulating data sources, in an approach that is commonly referred to as “mixed methods approach” or “mixed methods research” (Bryman 2008; Creswell 2009). The quantitative methods
were used to examine the relationships among variables, while the qualitative methods were used to explore how individuals attribute to different issues and social problems. This contributes to the understanding of the dynamics of human processes and problems. Also both methods were used in order to avoid or neutralize biases that may be evident in using only one method and to expand my scope of study. Additionally, using one type of data collection method may limit the researcher to only a specific selection of data, which may affect the research results (Bryman 2008). This research reflects a case study since the researcher explored in-depth the interviews, activities, processes and events of CSR that were employed by different institutions in Morogoro within a 3 months period. According to Bryman (2008), the mixed methods paradigm consists of both quantitative and qualitative research patterns in which “epistemological assumptions, values, and methods” are integrated, although at a superficial level. As earlier mentioned, this approach has the ability to “offset” biases linked to each research method, whereby weaknesses of either quantitative or qualitative methods are counterbalanced by the strengths of either method (Bryman, 2008). It also capacitates a level of “completeness” whereby, in order for a researcher to obtain a “complete answer to a research question or set of research questions,” he or she needs to employ both quantitative and qualitative methods because gaps left by either methods can be filled in by the other (Bryman, 2008).

3.3 Population

Population is basically a large group that bears characteristics of the research issue. Babbie (1992) defined population as a group consisting of individuals or things or elements that fit in a certain specification. The focused population in this study comprised employees of companies operating in Morogoro municipality and the general public. The justification of this is the proximity. I live in Morogoro, conducting a study here made it easier in terms of data collection and also was cost effective.

3.3.1 Sampling Techniques and Procedures

This study used purposive sampling in the selection of the respondents. Fifty (50) respondents were purposively selected for the study out of the total Morogoro Municipality. 25 respondents were employees from different companies and institutions.
operating in Morogoro and this is because of their knowledge about their companies and some activities done as part of CSR and 25 respondents were picked from the general Morogoro public as the sample representatives in this study. The main reason on why I used this sampling technique was because I wanted to focus on particular characteristics of a population that are of the interest of the study, which was best enabled to answer research questions. However the cost of conducting it is lower than non-probability sampling.

3.4 Data Collection Methods

This study used both primary data and secondary data.

3.4.1 Interviews

Interviews are a method of collecting data in which selected participants are asked questions in order to obtain information on issue(s) of interest and can take a structured, or unstructured (open ended) form (Sekaran, 2004). The purpose of using interview as data collection method was to explore the views, experiences, beliefs and motivations of individuals in Morogoro on specific matters concerning CRS. Interviews are believed to provide a deeper understanding of social phenomena than would be obtained from purely quantitative methods, such as questionnaires.

3.4.1.1 Key informant semi-structured interviews

I chose semi-structured interviews because they permit flexibility in data collection. They allow the researcher to easily formulate questions and language expression during interviews so that it suits the interviewee’s background and educational level. Mutasa (2010) further states that these kinds of interviews eliminate any possibilities of rigidity, which are regular in structured interviews. The interviews were guided by a list of questions. Most of the questions were open-ended, giving the respondents the opportunity to go into depth on some issues that were of interest to them. With the consent of the interviewees, I used voice recorders to verify some of the interviews. Each interview lasted from about 20 minutes to 1 hour. I transcribed the interviews while still in the field. This enabled me to put the collected data in writing while it was still fresh in
my mind. This also avoided the trouble of having to sort huge amounts of data during the process of organizing quantitative data.

3.4.2 Questionnaire Instruments

A questionnaire refers to a set of written questions that people respond to directly on the form without the aid of an interviewer (Monette, et. al., 2008). I used semi-structured questionnaires that I administered in person. The questionnaires were used to gather quantitative data and had both open and close-ended questions. The questionnaires were designed in accordance with research questions and objectives. Also it incorporated personal data about age, sex, religion and education level. This data collection method allowed a researcher to collect data from a large audience located in different geographical areas and the instrument was cost effective. In addition, face to face interviews tend to increase high response and return rates. Two types of questionnaires were designed and distributed to the selected sample. The first set was designed for ordinary employees while the second set was the general public in Morogoro Municipality.

3.5 Secondary data

I collected secondary data before and during the period of conducting my research. This process also continued during my dissertation writing. I got this information from various articles, books, theses, reports, web pages and other scholarly materials written on CSR in Africa. I also gathered information from Libraries in Morogoro especially the municipality Library where I got information on different activities that were done by different companies as a way to implement CSR.

3.6 Validity and reliability of data

According to Mikkelsen (2005), there are few biases or errors linked to sampling and poor interviewing during research. It is, therefore, important to question the extent of validity and reliability of the research findings in order to lower the degree of such faults (Mikkelsen 2005). Validity is when “what is measured is accurate and reflects the „truth” or reality’”, and reliability is when “repeated observations using the same instrument under identical conditions produce similar results” (Mikkelsen, 2005). He further argues
that these two aspects are not “symmetrical” and validity is “not even theoretically attainable” thus if the errors are very few or small, validity of the data is good and its reliability is high (Mikkelsen, 2005). In order to reduce the risk of having many biases or errors, I employed qualitative methods in a participatory manner. Prior to the main survey, the instruments were pre-tested on a smaller sample (Six (6) respondents) from Morogoro town. Finding from the pre-test was used for reviewing the instruments. Questions that do not yield useful information was either revised or discarded.

3.7 Data Analysis Procedures

Both qualitative and quantitative methods of data analysis were employed. Quantitative field data was organized into categories, labeled, edited and coded. The results were presented in graphs tables Statistical Package for Social Scientists (SPSS) for Windows Version 19 was used to derive, frequencies, percentages, tables and charts etc. Qualitative data from interviews and open ended questions was organized into meaningful themes and analyzed using content analysis. This enabled the researcher to interpret data collected and ultimately make necessary, recommendation and reach a conclusion.

3.8 Ethical consideration

Consideration of ethics during research pervades every part of the fieldwork process, that is; from the time of research topic selection to the time its results are being disseminated. This research was steered by principles guiding ethical concerns in social science research (Mutasa, 2010). I followed principles that Diener and Crandall have broken down into four major parts “harm to participants, lack of informed consent, invasion of privacy and deception” (Bryman, 2008). According to Bryman (2008), the principle of informed consent refers to “that prospective research participants should be given as much information as might be needed to make an informed decision about whether or not they wish to participate in a study.” To maintain ethics I informed the participants the following: the purpose of the research, the procedures that will be used during the research, the risks and benefits of the research, that participation in the research is of voluntary nature, that they have the right to stop the research at any time, the procedures being employed to protect confidentiality, their rights to have all their questions answered anytime, what is required of them if they approve to participate and that withdrawal at
any time will not cause them any consequences. I also always asked for permission before recording an interview and told the interviewees the reasons why I wanted to record. I tried to treat research participants with respect and not as subjects to ensure that they would retain their self-esteem and I avoided promising them what I could not deliver. I tried to establish a good rapport with them by first asking them how they were, who we were and I also exchanged personal information such as age, religion and civil status. At times, I complimented but made sure not to ask or comment about any topic that can cause them “harm or emotional distress” (Mutasa, 2010). I have kept the research records confidential and tried using the findings as promised to the participants. This is to ensure that they are not identified after the dissertation is published. I as well abided by the ethic of invasion of privacy. I informed the participants that they were free not answering questions they felt uncomfortable with. I also tried to access areas only where we had been granted access and avoided sneaking into areas where I had no right of entry. Lastly, I have also tried to interpret the data collected from the research the way it was presented to me in order to avoid intentional misinterpretation since this is regarded as a research ethic violation (Mutasa, 2010).
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

In this chapter, the collected data was analyzed, presented and discussed based on the research objectives. The chapter begins by describing the profile of respondents. It presents information about age, gender, and education. The second part of this chapter presents analyses and discusses the research findings according to the objectives of the study:

4.1.1 Respondents’ profile

In this study, it was considered important to find information about gender, age of respondents, and level of education. There was an assumption that these variables influence the awareness of the Corporate Social Responsibility in Community Development. Out of 46 respondents 32.6% were females and 67.4% were males.

Table 1: Genders of Respondents

<table>
<thead>
<tr>
<th>s/n</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>31</td>
<td>67.4</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>15</td>
<td>32.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field work data, 2014

4.1.2 Education of the Respondents

Findings from respondents show that most respondents are educated. 52.2% of the respondents have completed university education, 30.4% have attained a secondary education level, 10.9% primary level and 6.5% below primary education. The results are presented in figure 1 below:
4.1.3 Working Experience in Morogoro Municipality

The researcher found out the working experience of the respondents and if the firms they are working with engage in Corporate Social Responsibility in Community Development. The results revealed that, 2.2% have been working with the Municipality for 1-5 years, 17.4% between 11-16 years, 45.7%, 17-22 years of work, 26.15, 23-29 years and 8.7% for more than 30 years. According to Corporate Social Responsibility commitments theory, there are four kinds of social responsibilities that constitute a total range of CSR business activities. These are: economic, legal, ethical and philanthropic responsibilities. Carroll further emphasized that, for CSR to be accepted by a conscientious business person, it should be framed in such a way that the entire range of business responsibilities is embraced.
Table 2: Working Experience with Morogoro Municipality.

<table>
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<th>S/n</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
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<tbody>
<tr>
<td>1</td>
<td>Less than 1-5 years</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>2</td>
<td>11yrs - 16yrs</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>3</td>
<td>17yrs - 22yrs</td>
<td>21</td>
<td>45.7</td>
</tr>
<tr>
<td>4</td>
<td>23yrs - 29yrs</td>
<td>12</td>
<td>26.1</td>
</tr>
<tr>
<td>5</td>
<td>30 and above</td>
<td>4</td>
<td>8.7</td>
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<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field work data, 2014

4.2 Level of awareness of the community about CSR

4.2.1 Respondents’ Awareness of the CSR concept and how it is defined

One of the questions sought to find out whether the respondents are aware of what CSR is as a concept. The findings indicate the following: I understand the concept well (43.5%) I understand (47.8%) I have little knowledge (8.7%). The results are shown in Figure 2.

Figure 2: Respondents’ Awareness of the CSR concept and how it is defined

Sources: Field work data, 2014

4.2.1.1 Respondent’s Awareness of the concept of corporate social responsibility

The researcher sought to find out the respondents knowledge of CSR. The results show that, out of 46 respondents 14(30.45%) defined the term Corporate Social-Responsibility as commitment to social activities that benefit the community, 21(45.7%) defined the
term as the system which promotes the development of civil society, 5(10.9%) as complying with legislation, 3(6.5%) as supporting projects with a long-term social effect 2(4.3%) as helping to improve the social and health situation of the population and 1(2.2%) as improving and supporting the education of disadvantaged children.

Table 3: Definition of Corporate Social-Responsibility in community development as defined by the Respondents

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>commitment to social activities that benefit the community</td>
<td>14</td>
<td>30.4</td>
</tr>
<tr>
<td>2</td>
<td>the system which promotes the development of civil society</td>
<td>21</td>
<td>45.7</td>
</tr>
<tr>
<td>3</td>
<td>Complying with legislation</td>
<td>5</td>
<td>10.9</td>
</tr>
<tr>
<td>4</td>
<td>Supporting projects with a long-term social effect</td>
<td>3</td>
<td>6.5</td>
</tr>
<tr>
<td>5</td>
<td>improving the social and health situation of the population</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>6</td>
<td>improving and supports the education of disadvantaged children</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Sources:** Field work data, 2014

4.2.2 Current Support the Municipality Receives From CSR

Morogoro has different companies, institutions and organizations. It is a known fact that these companies have been trying to engage in some activities to help the community recently. The researcher wanted to investigate the support that the municipality has received from the companies in the period of two years from 2012 to 2014 from different companies that operate within the municipality. This was open ended question where interviewers were able to give in-depth information on what they thought. Corporate social responsibility it said to have been helping the Morogoro municipality by providing support to hospitals, dispensaries and health centers. Respondents pointed out that the community has been receiving aid in terms of provisions of mosquito nets mostly to pregnant women and children less than five years and also donations of necessary
medicines such as Malaria tabs and ARVs for residents of Morogoro. Malaria remains the most significant Public Health threat to Morogoro residents and firms recognized the importance of malaria prevention and reduction by providing medical assistance to the community.

Recently, companies have been helping this community in a larger extent; we have witnessed pregnant women being supplied by free treated mosquito nets which is good for the health of both mother and a child.

Additionally, respondents during the interview mentioned other noticeable health activities done by different companies in Morogoro to help in community suitability and development including delivering lectures on sanitation and health, conducting workshops for midwives and health maintenance providers, medical treatment of HIV/AIDS patients and supply of materials and equipment to local medical centers. One respondent had the following to say:

HIV positive patients are treated for free now which is good for their health and this is due to the increase in the number of companies who are willing to give medical assistance to our health centers. As we all know some of these patients cannot afford to pay for their medical bills”.

Nevertheless, some primary and secondary schools in Morogoro have been receiving aid in terms of training teachers providing school supplies and teaching material (for examples books, desks, writing facilities), constructing schools and furniture, building kitchens where pupils eat in school. The National Bank of Commerce has been mentioned by a number of respondents as one of the companies that help schools in Morogoro Municipality to improve.

The number of children that are enrolled in primary school has increased here in Morogoro and this is good but the facilities are not enough to accommodate all the pupils, NBC has been helping by providing books and desks for these children”

As part of social responsibility, some firms in Morogoro have been employing different people in their organization. Some companies are embarking on a number of income generating projects for the community. These projects help people especially young people to engage themselves in these projects which lead an increase in their income.
Amongst the companies that have been mentioned in providing employment are as follows; Morogoro Tanneries, Morogoro Canvas Mills, Morogoro Sisal Bags Company, T&G Shoes Company, Morogoro Ceramics, Morogoro Polyester Mills, Morogoro Leather Goods Company, Abood Soap Industries, Morogoro Seed Oil Mills, Tanzania Tobacco Processing Company, and Morogoro Plastics. When it comes to development projects that also were mentioned as a source of employment, Sokoine University of Agriculture was mentioned among institutions that have many projects and employs local people to participate in those projects.

*I am aware that some institutions provide either temporary or permanent jobs for local people as I have been participating in some projects that are initiated by Sokoine University of Agriculture in Mgeta for two years now. I am working in dairy goats’ project and I learn and earn money at the same time.*

### 4.2.3 Formal process (a committee or work group) for addressing social responsibility

The study was also interested in knowing if the respondents were aware if the firms have formal process (a committee or work group) for addressing social responsibility. The results from the field show that 60.9% of the respondents said that the firms have no formal process to address the community relations, and 39.1% of them said that, formal process (a committee or work group) for addressing social responsibility

*Figure 3: Formal process (a committee or work group) for addressing social responsibility*

*Sources: Field work data, 2014*
This means most of the firms in Morogoro they don’t have a formal process or guideline that help them when it comes to initiate CSR activities, which makes it harder for both community and firms to conduct CSR. One of the criterions to cater community need is to know the need of a particular community but if the firm does not have any formal process then it is hard to know what a community wants.

4.3 CSR initiatives that focus on environmental conservation

4.3.1 Awareness of the environmental conservation program

The results from the field show that respondents were aware of the environmental conservation program done by many organizations as a means of implementing CSR. The results show that, 80.4% of the respondents said they are aware of the environmental conservation programs done by many organizations as part of their CSR. However, 19.6% said they are not aware of the programme.

Table 4: Awareness on the environmental conservation programme

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td>9</td>
<td>19.6</td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td>37</td>
<td>80.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field work data, 2014

4.3.2 Environmental conservation programs

The researcher found out if the respondents know some of the environmental conservation activities done by some of the companies as a means of implementing CSR. The results are as follows: 34.8%, trees planting by bank employees and academic institutions like Sokoine University of Agriculture (34.8%), sponsoring community to conduct some activities that lead to environmental conservation activities in Morogoro town (32.6%). 32.6% and cleaning the environment/streets by the different companies(32.6%).
Sokoine University of Agriculture community, during trees planting event in April, 2014.

Table 5: Environmental conservation program

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>trees planting by bank employees</td>
<td>16</td>
<td>34.8</td>
</tr>
<tr>
<td>2</td>
<td>sponsoring the environmental conservation activities</td>
<td>15</td>
<td>32.6</td>
</tr>
<tr>
<td>3</td>
<td>cleaning the environment/streets by the different companies</td>
<td>15</td>
<td>32.6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4 Current CSR practices employed by corporations in Tanzania

4.4.1 The motives behind CSR Projects

The researcher was interested in know what encourages the organizations to implement CSR. The results show the following: 15.2% the organization to get greater support from the national and local authorities (15.2%), 17.4% companies conduct CSR because of the benefits they get out of such activities (17.4%), 37.0% said that is because of more active business association (17.4%), also others said looking for support from the society and different organizations (15.2%) and customer requiring such responsibility (10.9%).
Table 6: Organization to implement more CSR Projects

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government legislation</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>2</td>
<td>greater support for the national and local authorities</td>
<td>7</td>
<td>15.2</td>
</tr>
<tr>
<td>3</td>
<td>Better awareness of the benefits of such activities</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>4</td>
<td>more active business association</td>
<td>17</td>
<td>37.0</td>
</tr>
<tr>
<td>5</td>
<td>Looking for support from the society and different organizations</td>
<td>7</td>
<td>15.2</td>
</tr>
<tr>
<td>6</td>
<td>Customer requiring such responsibility</td>
<td>5</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4.2 Organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders

The results show that, 37.0% disagree on the organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders. 26.1% said that, they are not sure with the organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders, 23.9% agree with an organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders. 13.0% of the respondents slightly disagreed on the organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders. The results are presented in Table 4.6 below.

Table 7: Organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>slightly agree</td>
<td>11</td>
<td>23.9</td>
</tr>
<tr>
<td>2</td>
<td>neutral</td>
<td>12</td>
<td>26.1</td>
</tr>
<tr>
<td>3</td>
<td>slightly disagree</td>
<td>6</td>
<td>13.0</td>
</tr>
<tr>
<td>4</td>
<td>disagree</td>
<td>17</td>
<td>37.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.4.3 Activities that must be involved as part of CSR towards the community

The CSR activities that an organization must be involved include the following, Donations, environmental Conservations, producing safe product, and Community work. When asked to identify activities that are part of CSR, the results revealed that, 17.4% of the respondents said that, a donation is one of the organization initiatives towards community development. Through donation of different resources to the community, (this includes money, natural resources, and other important valuable things to the community) it might lead to the improvement in some areas in a particular community, 34.8% said that, environmental conservations is another CSR initiative the organization must be involved. Lately, the world has been experiencing some environmental degradation issues and green economy is one of the major focus of the international world politics now. Companies are obligated to preserve the environment because of the consequences that they come along with the introductions of companies. Morogoro municipality community argued that if the companies take charge of preserving the environment, Morogoro could go back into being among the green regions in Tanzania which is now losing most of natural resources like water and forests because of global warming. 17.4% of the respondents argued that CSR has to produce good and safe products to the community. They should make sure that the products they produce do not cause any harm to a human beings and animals in any ways. The product or service should not cause any health problems to people and these include physical and emotional criteria. And 30.4% said that community works is another CSR initiatives the organization must be involved. According to the result, it shows that, environmental conservations and Community work is the most CSR initiatives organization must be involved.
Table 8: CSR initiatives organizations must be involved

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Donations</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>2</td>
<td>Environmental Conservations</td>
<td>16</td>
<td>34.8</td>
</tr>
<tr>
<td>3</td>
<td>produce safe product</td>
<td>8</td>
<td>17.4</td>
</tr>
<tr>
<td>4</td>
<td>Community work</td>
<td>14</td>
<td>30.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.4 Most important CSR initiative

CSR done by many organizations have different initiatives for providing to the society. However, the study was interested in knowing from the respondents which among all is the most important to be provided for community development. The results show that, out of 46 respondents, 14 (30.4%) of them said that, providing education and nutritional food to children in the remote areas is the most important one. 12 (26.1%) of the respondents argued that praising for its good environmental performance is the most important one, 10(21.7%) said that, donating money regularly to orphanages is the most important. 10(21.7%) also said that using pollution control measures is important.

Table 9: Most important CSR initiative

<table>
<thead>
<tr>
<th>S/N</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>providing education and nutritional food to children in remote areas</td>
<td>14</td>
<td>30.4</td>
</tr>
<tr>
<td>2</td>
<td>praising for its good environmental performance</td>
<td>12</td>
<td>26.1</td>
</tr>
<tr>
<td>3</td>
<td>Donating regularly money to orphanages</td>
<td>10</td>
<td>21.7</td>
</tr>
<tr>
<td>4</td>
<td>using pollution control measures</td>
<td>10</td>
<td>21.7</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Sources: Field work data, 2014

4.5 The role of CSR in the Community Development

To address this research objective, the question on the role of the CSR was asked, the results from the field revealed that, CSR plays an important role in community development. About 10.9% of the respondents said that as a result of industrialization
CSR has acted towards the community so as to try to eradicate the consequences that were brought by high level of technology and industrialization. For example, planting trees projects is important for our communities as now the world is experiencing several changes such as climate change and global warming. 52.2% of the respondents said that the role of the CSR to the community development is to create a mutual relationship between corporations and community. Institutions need to build trust within the community from which they are operating and that is only possible when those institutions engage in different activities in a particular place. It is difficult for a company to operate when there is a lot of pressure from the community hence firms and the societies have to create a mutual ground for both parties to benefit. About 26.1% of the respondents said the role of the CSR to the community development is to sustain human right corporate. The respondents noted that human rights have to be preserved and the findings show that it is part and parcel of CSR to act as an ambassador of preserving human rights and social justice. 8.7% of the respondents said the role of the CSR to the community development is to help them to understand the need of the society and try to help that particular society. Societies have different needs and respondents argued that it will be unpractical for a firm to try to help the society without investigating what that society wants, in other what are the priorities of the society. However, 2.2% of the respondents said the role of the CSR to the community development is to transfer technology. The world now is expanding and technology is among things that are experiencing tremendous growth. Respondents argued that if these companies are not helping local communities in attaining technology and adapt that technology then definitely that firm is not practicing well its CSR.

This implies that, CSR helps the community in different ways as one of the strategies of corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. Interview with some of municipal leaders indicated that CSR plays a big role in providing the community with different things. For example, NMB Bank donated sports uniform and health and school facilities. However, it was noted from the interview that, In a community, there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one’s self.
Table 10: The role of CSR in the Community Development

<table>
<thead>
<tr>
<th>s/n</th>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To share the negative consequences as a result of industrialization</td>
<td>5</td>
<td>10.9</td>
</tr>
<tr>
<td>2</td>
<td>To maintain a mutual relationship closer ties between corporations and community</td>
<td>24</td>
<td>52.2</td>
</tr>
<tr>
<td>3</td>
<td>To identifying society needs.</td>
<td>4</td>
<td>8.7</td>
</tr>
<tr>
<td>4</td>
<td>to transfer technology</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>5</td>
<td>CSR is for human right corporate sustainability.</td>
<td>12</td>
<td>26.1</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Sources: Field work data, 2014

The Corporate Social Responsibility plays a big role on Market Share of the responsible companies. As it was seen from NMB Bank from what it donates to the community, the results from the field indicate that 96% of the respondents said that Corporate Social Responsibility has an effect on the market share and only 4% said that Corporate Social Responsibility has no an effect on the market share.

4.5.1 Mechanism or systems in place to respond to changing social and political circumstances

The researcher was interested in knowing if there is any mechanism or systems in place to respond to the changing social and political circumstances. The results from the field show that, 63.0% of the respondents said that, there is no mechanism or systems in place to respond to changing social and political circumstances and 37.0% said that, there are some mechanisms or systems in place to respond to the changing social and political circumstances.
Figure 4: Mechanism or systems in place to respond to changing social and political circumstances

![Pie chart showing percentages of respondents]

Sources: Field work data, 2014

4.6 Challenges of CSR implementations in Tanzania

Objective number four addressed the challenges in the implementation of CSR in Morogoro, Tanzania. Results from the field indicate the following (The percentage of respondents in brackets) lack of availability of reliable data about community needs (56%). CSR is regarded as another tool for competition among businesses (23.9%), limited capacity of small businesses to engage in partnership projects (4.3%). Lack of awareness and skills by communities (6.5%) lack of Community participation in CSR activities (2.2%), Issues of transparency (2.2%), and Lack of recognition for good effort made (2.2%). Table 4.9 below is illustrative:
Table 11: The Challenges of CSR implementations in Tanzania (Morogoro)

<table>
<thead>
<tr>
<th>S/N</th>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of availability of reliable data about community needs</td>
<td>26</td>
<td>56.5</td>
</tr>
<tr>
<td>2</td>
<td>CSR being regarded as another tool for competition among businesses</td>
<td>11</td>
<td>23.9</td>
</tr>
<tr>
<td>3</td>
<td>Limited capacity of small businesses to engage in partnership projects</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>4</td>
<td>Misinterpretations and misuses of the CSR concept</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>5</td>
<td>Lack of recognition for good effort made</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>6</td>
<td>Issues of transparency</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td>7</td>
<td>Lack of awareness and skills by communities</td>
<td>3</td>
<td>6.5</td>
</tr>
<tr>
<td>8</td>
<td>Lack of community participation in CSR Activities</td>
<td>1</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Sources:** Field work data, 2014
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents a summary of the findings, draws conclusions and puts forward recommendations based on the research findings. The study assessed the impact of Corporate Social Responsibility in Community Development (The case of Morogoro Municipality).

5.2 Summary

The research on the roles of Corporate Social Responsibility in Community Development was conducted in Morogoro Municipality and 46 respondents participated. The general objective was to investigate the role of Corporate Social Responsibility in Community Development in Morogoro. The following are specific objectives of the study. These includes, the level of awareness of consumer about CSR, investigating the CSR initiatives that focus on environmental conservation at Morogoro Municipality, examining the challenges of the implementation of corporate social responsibility in Tanzania Corporations at Morogoro Municipality and analyzing the current CSR practices employed by corporations in Tanzania. The study reviewed both empirical and theoretical literature review was oriented and the research gap was covered. The study used questionnaires, interviews and a review of written documents as methods of data collection.

The study came up with the following findings in accordance with the study’s research objectives. The first objective focused on the level of awareness of consumer about CSR at Morogoro Municipality. The findings revealed that the community is aware of CSR. The respondents defined the concept of CSR correctly. They defined the term CSR as the system which promotes the development of civil society. Further they explained that the Municipality has no formal process in addressing the community relations because CSR is not mandatory. Since it is not mandatory, they also added that the Municipality has no formal process to address the community relations. The second objective was to investigate the CSR initiatives that focus on environmental conservation
in Morogoro Municipality. The results show that, the society is aware of the environmental conservation done by many organizations through CSR as one of the initiatives in the implementation of CSR. These include, trees planting by bank employees, sponsoring the environmental conservation activities and cleaning the environment/streets by the different sponsors. As regards the third objective which focuses on the roles of CSR in Community Development, the results show that, the role of the CSR to the community development is to maintain closer ties between corporations and community and also the corporate sustainability. The results further revealed that despite all this importance there is no proper mechanism or systems in place to respond to the changing social and political circumstances in the implementation of CSR.

The fourth objective addressed the Challenges of CSR implementations in Tanzania. The following were revealed as major challenges in the CSR implementations in Tanzania: lack of availability or reliable data about community needs, CSR is regarded as tool for competition among businesses, lack of awareness and social skills by communities and limited capacity of small businesses to engage in partnership projects. The fifth objective sought to find out some of the Current CSR practices employed by corporations in Tanzania. The findings revealed that the Organization implement CSR Projects for the reason that the organization gets greater support for from the national and local authorities. The current practices are: helping the organizations to increase active business association, also as way of advertisement through better awareness of the activities done by the organizations. Organization that focuses on customer centric initiatives acting with responsibility towards its stakeholders does not increase the community development.In order for the community to benefit from the CSR, the following initiatives like different environmental conservations and Community work is the most CSR initiatives organization must be involved. Others include providing education and nutritional food to children in the remote areas, donating regularly money to orphanages and pollution control measures is important.

5.3 Conclusion

The analysis provided in the previous chapter supports the contention that companies’ CSR programs can contribute to the sustainable development of the communities in which they operate. However, the analysis provided also suggests that the degree to
which CSR initiatives can contribute to sustainable development depends largely on the way the initiatives are designed and how they respond to local circumstances. Philanthropic contributions made directly to communities tend to contribute less to sustainable development than investments in social development projects that improve the capacity of community members to help themselves. Although money and gifts-in-kind may temporarily improve the lives of recipients, they often only satisfy the community’s short-term, rather than long-term, needs. Moreover, they tend to foster dependency, which threatens the community’s long-term self-sustainability.

Companies wishing to contribute to local sustainable development should look for ways to invest their money in capacity-building projects, preferably ones that are aligned with local development plans and that do not require the company’s financial support in perpetuity. This strategy not only helps prevent dependency, but it also helps ensure that projects will be sustainable, even during difficult financial times when companies are forced to reduce spending on CSR in order to fulfill their fiduciary duties to their shareholders.

5.4 Recommendations

These research findings lead to the following recommendations for the practice of CSR: The Instrumental theories seem to provide the best value for both the company and the community as a result of the way firms have structured the CSR programs, it does relate them to the core work of their firms. There is more need to measure the impact of the CSR within companies and communities in order to improve the effectiveness and efficiency of these programs. The findings can also be used for the marketing the company both internally and externally in order to build its reputation. In the practice of CSR, partnerships should be a focus. Companies themselves may lack the resources in terms of time and human resource to practice CSR but by partnering with other organizations in Tanzania with shared values, the impact of CSR can be positive. It is recommended that further comparative research be done to investigate the comparative advantages in relation to other companies and a more quantitative analysis with more access to company financial records and more resources to get a bigger sample group should be conducted.. It is an undeniable fact that in recent times many organizations have come to the realization of the importance of CSR for their own sustainability and as
a way of achieving competitive advantage over rivals. Therefore there is a need to find a proper mechanism or systems in place which will help in the implementation of CSR. Also law of enforcement in the implementations of CSR must be initiated by the government to make sure firms put aside some funds for community development. There is a need for further explorative studies on the impact of Corporate Social Responsibility in Community Development. However to ascertain for the validity and generalization of this study, a similar study may be done elsewhere in Tanzania and other settings with similar characteristics to the original.
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