


Corporate social responsibility for brand image and customer satisfaction: Assessment of Grameen phone user's in Bangladesh

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ISSN: 2243-7770
Online ISSN: 2243-7789

OPEN ACCESS

Received: 27 November 2013

Revised: 31 January 2014

Accepted: 9 February 2014

Available Online: 14 February 2014

DOI: 10.5861/ijrsm.2014.643

Abstract

Corporate social responsibility (CSR) is the concept that business organization is accountable for its decisions and actions on all relevant stakeholders. It is a commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the workforce as well as of the local community and society at large. This study is an assessment of customer's perceptions on the basis of Corporate Social Responsibility performs by Grameen Phone Limited in Bangladesh. Research hypotheses have been identified and constructed on the basis of literature review. Hypotheses testing results show that there have been positive significant relationship observed between brand value and corporate social responsibility; customer satisfaction and corporate social responsibility and customer satisfaction and brand value relationship.

Keywords: CSR; brand image; customer satisfaction; Grameen phone

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1. Introduction

Every business organization operates within a society (Akinyomi, 2012). A corporation is a social institution and part of society. Therefore give and back relationship observed between corporations and society. Society is defined as by number stakeholders who have direct or at least a minimal interest of survival of the corporation. Stakeholders provide potential customers/employees of corporation who produce/use products and services for which corporations are created. During the infant period society provides support to grow and finally matured by societal approval. As a part of society business feels themselves they are the part of society they have to do some things for the betterment of society such a realization is termed as corporate social responsibility. In economic and demographic reality we need strong support of corporations on societal problematic issues of low income- over populated country like Bangladesh. Corporate social responsibility is perhaps one of the most dynamic, complex, and challenging issues in modern day business management. Modern business managers are constantly exposed to the dilemma of matching contributions to the development of the environment within which they live in to operate from, and meeting the requirements of the small but powerful group, the shareholders (Singh, 2006).

Grameen Phone Limited is a market leader occupying 41.6% active subscribers by September 2013 of the mobile telecommunication industry in Bangladesh (BTRC, November 2013). The Grameen phone starts its operations in the Independence Day of Bangladesh on March 26, 1997. Presently, nearly 99 percent of the country's population is within the coverage area of the Grameenphone network. GP was the first company to introduce GSM technology in Bangladesh when it launched its services in March 1997. The Grameen phone plays a pro vital role in the development of social well beings. Grameenphone works that for connecting with people and building relationships, based on trust, with subscribers, business partners, employees, shareholders, as well as the wider community. Grameen phone's some key CSR initiatives include safe motherhood & infant care project, free eye care support, awareness building on AIDS and national immunization day etc., information boats for remote communities, economic freedom for Village Phone Operators, Community Information Centers, sponsor in sports, employment opportunity to acid survivors, scholarship for underprivileged meritorious students, blood donation camps for underprivileged, emergency relief effort in natural calamities etc. (GP, 2013).

On the basis of societal demand and Grameen phone's responsiveness towards society; this study is initiated to measure customer perceptions towards CSR activities of Grameen phone limited. To serve purposes of that study also investigate whether any association within CSR activities, brand value and customer satisfaction of Grameen phone user's in Bangladesh.

1.1 Justification for the study

There is a high expectation of corporate social responsibility from the corporations because of its importance to the socioeconomic development of any country. Since investment in CSR can be correlated with a firm's survival, economic well-being, competitive advantage and customer loyalty (Rahim, Jalaludin, & Tajuddin, 2011); there is a need for the mobile telecommunication company to incorporate CSR into their core business strategy. This study is therefore needful for mobile telecommunication companies to be socially responsible so as to build their brand image, which may in turn affect their customer's satisfaction for a profitable customer relationship.

1.2 Objective of the Study

- A. To investigate the correlation among CSR, brand value and customer satisfaction;
- B. To investigate the relationship between the CSR and the brand value;
- C. To investigate the relationship between the CSR and the customer satisfaction and
- D. To investigate the relationship between the brand value and the customer satisfaction.

2. Literature Review

CSR refers to making business decision associated with ethical values, compliance with legal requirements, and respect for people, communities and environment. In this light, there is a tendency for CSR to be seen by consumers as the obligations that businessmen took in the course of running their business, forming policies, making decisions, or toeing those lines of action (Ali & Ikhlas, 2012). CSR means different things to different stakeholders but generally refers to saving people, communities and the environment way that goes beyond what is legally required of a firm (Salehi & Azary, 2009). Good corporate social responsibility in practical terms must be considered from the point of view of how local/regional managers of these multi-national companies operating in the region (Nickles & McHugh, 2005):

- Are sensitive to the issues that affect the lives of the people they live and work with;
- Are able to understand the conditions in the environment that they could contribute positively to influence the lives of the people;
- Have a fair understanding of what social changes that their operations in the area brings to the lives of the people;
- Have a fair understanding of what social impact their financial and business decisions may have on the different groups that do business with the company or do just have contact with the company as well as the environment;
- Are able to co-exist peacefully with the people within the locality of their operations;
- Do not sow the seed of conflict by influencing the rise and fall of community leaders of all classes;
- Are not only conscious about what the company produces, extracts or does but one also how the product is produced, extracted or work done;
- Must always be in a cordial relationship with the people and the environment they live in to work with;

Carroll redeveloped his framework of Corporate Social Responsibility and divided it into four levels in a form of pyramid which are economic, legal, ethical and philanthropic responsibility. Economic responsibility refers to profitability of the organization, while legal responsibility is basically complying with laws and regulation. As for the ethical perspective, the organizations' operation should go beyond the laws where they are expected to do the right thing in a fair and just ways. Philanthropic responsibility refers to voluntary giving and service to the society (Tripathi & Bains, 2013). It is important for managers and employees to participate in voluntary and charitable activities within their local communities, especially in projects that enhance a community's quality of life. The distinguishing characteristic between philanthropic and ethical responsibilities is that philanthropic responsibilities are not expected in an ethical or moral sense. Society desires corporations to contribute their money, facilities and employee time to humanitarian programs or purposes, but society does not regard the corporation as unethical if they do not achieve the level of philanthropic responsibility. Although

society wishes corporations to be philanthropic, it is voluntary on the part of corporations (Carroll, 1991).

One important driver of CSR is demand from customers (Jose et al., 2012). One of the primary motivations for organizations to engage in CSR activities is, arguably, to attract consumers and shareholders. Many organizations now use CSR to differentiate their organizations from competitors (Turban & Greening, 1997). When firms engage in CSR activities they are improving their reputations, which in turn may provide competitive advantage (Albinger & Freeman, 2000). Companies demonstrating higher levels of CSR are perceived as having better reputations. The reputation of socially responsible firms attracts new customers, and it also gives consumers a feeling that they are being responsible by supporting the organization with a high CSR (Turban & Greening, 1997). Companies should use social responsibility as a means of differentiating among providers and creating demand for products (McWilliams & Siegel, 2001). A good corporate image correlates superior competitive advantage (Balmer, 2009). In addition, there appears to be vast agreement on the positive impacts of CSR on corporate image, organizational identification (Arendt & Brettel, 2010) and employees' identification (Minkiewicz et al., 2011). The most important manifestation of CSR initiatives is the corporate identity (Dutton et al., 1994).

Many companies embrace a CSR program as a way to promote socially responsible actions and policies and to effectively respond to stakeholder demands (Maignan & Farrell, 2004). Motivation for satisfying stakeholder demands stems from the fact that addressing stakeholder needs can be correlated with a firm's survival, economic well-being, competitive advantages, and the development of trust and loyalty among its targeted customers (Rahim et al., 2011).

3. Research Methodology

This study is initiated for examining brand value and customer satisfaction relationship of Grameen Phone service users in Bangladesh in respect of CSR activities perceived by them. The said factors are CSR, brand value and customer satisfaction. This study is descriptive and hypotheses testing in natural. The hypothesis testing is used for explaining the relationship between the independent and dependent variables. In this study, the hypothesis has been selected based on the literature review mentioned above to describe the relationship among those variables that CSR influences on brands image and customer satisfaction. On the basis of literature review following hypotheses have been constructed.

H₁: There is a positive/significant relationship between the CSR and the brand value.

H₂: There is a positive/significant relationship between the CSR and the customer satisfaction.

H₃: There is a positive/significant relationship between the brand value and the customer satisfaction.

For questionnaire survey, convenient method of sampling was used. There are available sources for the address of Grameen phone users. Therefore, friends, relatives, and other informal reference group were used to locate the potential respondents in Bangladesh. Questionnaires were sent by email, postal mail and directed to 200 respondents of Grameen phone users. The number of initial replies received was 110. After a screening first round replies a second round personal contact conducted by a researcher and finally 140 respondents were taken for this study.

This study mainly based on primary data originating from a survey during the period of June-November, 2013. For this purpose a constructed questionnaire was developed. The questionnaire was constructed, measured and investigated through 5 point Scale standardized by Brayfield-Rothe (1951). The scale consists five options/ points such as strongly agree/ 5, agree/ 4, undecided/ 3, disagree/ 2, and strongly disagree/ 1.

Statistical Package for the Social Sciences (SPSS) is used for statistical analysis. Reliability of data was measured by using the Chronbach's Alpha (Cornbach, 1951). Chronbach Alpha was .431. Alpha is higher than that is suggested by Nunnally (1978) and therefore data collected can be considered reliable. Pearson Correlation

is used to indicate correlations among the variables, Linear Regression analysis is used to test the hypothesis.

4. Findings and Data Analysis

4.1 Correlations among Variables

The Pearson's correlation is used to measure the significance of linear bivariate correlation between the independent and dependent variables. Variable association refers to a wide variety of coefficients which measure the strength of a relationship. Theoretically, the higher value of the correlation between two variables, the more related these variables are to each other (these values show the strength of relationships among variables). The direction of relationships among variables is another issue that should be considered in analyzing the correlations between variables. A positive correlation indicates that the direction of the relationship is positive (if one increases, the other one increases). A negative correlation indicates an inverse relationship between variables (if one increases, the other one decreases). Bivariate Correlations were used to know the nature, direction and significance of the bivariate relationship of the variables of this study. Therefore, the Bivariate Correlations procedures have used to compute Pearson's correlation coefficient.

Table 1

Correlations

		Customer Satisfaction	Brand Value	CSR
Customer Satisfaction	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	140		
Brand Value	Pearson Correlation	.182*	1	
	Sig. (2-tailed)	.031		
	N	140	140	
CSR	Pearson Correlation	.220**	.225**	1
	Sig. (2-tailed)	.009	.008	
	N	140	140	140

Note. *. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).

Table 1 shows the Pearson's correlation coefficient of the variables of the study. A rule of thumb is that multicollinearity may be a problem if a correlation is $>.90$, in the correlation matrix formed by all the independent variables (Coakes, & Steed, 2000). Based on the analysis presented in Table 1 the result shows that there is a positive correlation between the variables, the correlation between customer satisfaction and brand value, indicates that there is a significant positive correlation between two variables with coefficient correlation $r = .182$ at $p < .031$ level. The result shows that the correlation between customer satisfaction and CSR, indicates that there is a significant positive correlation between two variables with coefficient correlation $r = .220$ at $p < .009$ level. In addition, the correlation between brand value and CSR, indicates that there is a significant positive correlation between two variables with coefficient correlation $r = .225$ at $p < .008$ level.

4.2 Regression Analysis

The multiple regression analysis determines which variables (independent variables) explain variability in the outcome, how much variability in the dependent variables is explained by the independent variable(s), and which variables are significant (over other variables) in explaining the variability of the dependent variable. Multiple regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In order to achieve the objective of this study, (there is a positive relationship between CSR, brand value, and customer satisfaction among Grameen phone user's), multiple regressions were used to study the effect of the independent variables ($X_1 = \text{CSR}$) to the dependent variable ($Y = \text{customer satisfaction}$). Significance level for, CSR is accepted on Alpha (α) = 1 %, significance

level = 99% significant at 1% (*). Table 02 shows the analysis of multiple regressions. The value of R is (.220), the value of R square is (.048) and the standard error of the estimate was (1.116). The model summary and the data are shown in Table 2.

Table 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.220 ^a	.048	.041	1.116

Note. a. Predictors: (Constant), CSR.

The results from Table 2 show that the regression equation explains more than .048 % of the variability in customer satisfaction. This is an acceptable level for R² (R Square) in explaining variability of customer satisfaction. The results of the multiple regression models indicate that CSR explain the variance in customer satisfaction. The value of the R² (R Square) is an acceptable value for explaining variability of customer satisfaction. Analysis of variance test statistics (ANOVA) indicates that the model is significant at $\alpha = .009$. Table 3 provides the information on the significance of the model indicating a significant p-value of .009. The ANOVA findings are shown in Table 3 below.

Table 3

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8.730	1	8.730	7.008	.009 ^a
Residual	171.920	138	1.246		
Total	180.650	139			

Note. a. Predictors: (Constant), CSR. b. Dependent Variable: Customer Satisfaction.

Table 3 shows the ANOVA findings that the independent variable has significant relationships with customer satisfaction (F= 7.008) (Sig .009). Furthermore, this result is supported by the significant correlation among the variables.

Table 4

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.777	.307		9.049	.000		
CSR	.234	.088	.220	2.647	.009	1.000	1.000

Note. a. Dependent Variable: Customer Satisfaction.

These results are significant and acceptable complying with standard requirement value for Collinearity Statistics VIP of less than 10, standard requirement VIF < 10 (Coake & Steed, 2007). Table 4 shows that the value of the T-statistic is significant for CSR. The hypothesis is accepted because the result of significance is less than .05 (Significance requirement standard < 0.05).

Table 5 shows the value of R is (.225), the value of R square is (.051) and the standard error of the estimate was (.750). The model summary and the data are shown in Table 5. In this case multiple regressions were used to study the effect of the independent variables (X₁= CSR) to the dependent variable (Y= Brand Value).

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.225 ^a	.051	.044	.750

Note. a. Predictors: (Constant), CSR.

Analysis of variance test statistics (ANOVA) indicates that the model is significant at $\alpha = .008$. Table 6 provides the information on the significance of the model indicating a significant p-value of .008. The ANOVA findings are shown in Table 6 below.

Table 6*ANOVA^b*

Model	Sum of Squares	<i>df</i>	Mean Square	<i>F</i>	<i>Sig.</i>
1 Regression	4.136	1	4.136	7.349	.008a
Residual	77.657	138	.563		
Total	81.793	139			

Note. a. Predictors: (Constant), CSR. b. Dependent Variable: Brand Value.

Table 6 shows the ANOVA findings that the independent variable has significant relationships with a Brand Value ($F= 7.349$) (Sig .008). Furthermore, this result is supported by the significant correlation among the variables. Table 7 shows that the value of the T-statistic is significant for CSR. The hypothesis are accepted because the result of significance is less than .05 (Significance requirement standard < 0.05).

Table 7*Coefficients^a*

Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>Sig.</i>	Collinearity Statistics	
		<i>B</i>	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.661	.206		17.750	.000		
	CSR	.161	.059	.225	2.711	.008	1.000	1.000

Note. a. Dependent Variable: Brand Value.

Table 8 shows the value of R is (.182), the value of R square is (.033) and the standard error of the estimate was (.757). The model summary and the data are shown in Table 08. In this case multiple regressions were used to study the effect of the independent variables ($X_1=$ Customer Satisfaction) to the dependent variable ($Y=$ Brand Value).

Table 8*Model Summary*

Model	<i>R</i>	R Square	Adjusted R Square	Std. Error of the Estimate
1	.182 ^a	.033	.026	.757

Note. a. Predictors: (Constant), Customer Satisfaction.

Analysis of variance test statistics (ANOVA) indicates that the model is significant at $\alpha = .031$. Table 9 provides the information on the significance of the model indicating a significant p-value of .031. The ANOVA findings are shown in Table 9 below.

Table 9*ANOVA^b*

Model	Sum of Squares	<i>df</i>	Mean Square	<i>F</i>	<i>Sig.</i>
1 Regression	2.716	1	2.716	4.740	.031 ^a
Residual	79.077	138	.573		
Total	81.793	139			

Note. a. Predictors: (Constant), Customer Satisfaction. b. Dependent Variable: Brand Value.

Table 9 shows the ANOVA findings that the independent variable has significant relationships with a Brand Value ($F= 4.740$) (Sig .031). Furthermore, this result is supported by the significant correlation among the variables.

Table 10*Coefficients^a*

Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>Sig.</i>	Collinearity Statistics	
		<i>B</i>	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.758	.210		17.900	.000		
	Customer Satisfaction	.123	.056	.182	2.177	.031	1.000	1.000

Note. a. Dependent Variable: Brand Value.

Table 10 shows that the value of the T-statistic is significant for Customer Satisfaction. The hypothesis is accepted because the result of significance is less than 0.05 (Significance requirement standard < 0.05).

Table 11*The Summary of Hypotheses Results*

Hypotheses	Results
H1: There is a positive/significant relationship between the CSR and the brand value.	Accepted
H2: There is a positive/significant relationship between the CSR and the customer satisfaction.	Accepted
H3: There is a positive/significant relationship between the brand value and the customer satisfaction.	Accepted

5. Conclusions and implications

This study is underlying to understand the CSR voluntary engagement of Grameen Phone Limited in integrating their business operations with the social of their stakeholders. The study reveals that Grameen phone customers are satisfied with the service received therefore there is a close association and positive relationship between CSR and customer satisfaction in respect of CSR activities of Grameen Phone Limited statistically proved significant. CSR activities increase brand value towards society; therefore positive association between CSR and brand value has been statistically proven. In addition higher the brand value higher the customer satisfaction; therefore positive association between brand value and customer satisfaction has been proved in this study.

Corporate Responsiveness towards society creates perception of societal partnership in the customer's mind and they realized themselves that they are valued by the corporation. The study reveals that Corporate Social Responsibility (CSR) has a positive impact on the valuing brand image of the corporation and also makes customers satisfied. On the basis of these findings corporate social responsibility taught to be an important strategic tool for organizations in order to gain a competitive advantage and to display a positive image to society for profitable and long lasting customer relationship management in service and manufacturing industry around the world.

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