

UNIVERSITY OF CAPE COAST

PROMOTING CUSTOMER LOYALTY THROUGH CORPORATE
SOCIAL RESPONSIBILITY: EVIDENCE FROM PBC LIMITED, SEFWI
WIAWSO, WESTERN NORTH OF GHANA

EVELYN OSEI-BONSU

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WIAWSO, WESTERN NORTH OF GHANA

BY

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature Date:

Name:

Supervisors' Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature Date:

Name:

ABSTRACT

The study examined the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western Region of Ghana. The objectives of the study were: to ascertain the level of awareness of corporate social responsibility (CSR) among customers of PCB Limited; to explore the challenges faced by PBC Limited in implementing CSR at Seftwi Wiawso; and to examine the relationship between CSR and customer loyalty among customers of PBC Limited. Employing the quantitative research approach, descriptive research design, Yamane's (1973) formula, and random sampling design; 280 completed and valid questionnaire were obtained from farmers, who were customers of PBC Limited. The questionnaire was self-administered. IBM SPSS Statistics for windows, version 23 was the software used to analyse the data. The study found that customers were aware of the CSRs carried out by PBC Limited. Also, the study established that there were several challenges hindering the successful implementation of CSR programmes among beneficiaries. Standard multiple regression analysis showed a positive relationship between CSR and customer loyalty among farmers. The study concluded that customers of PBC Limited were willing to do business with PBC Limited because of their engagement in CSR. The study recommends that management should consider addressing the numerous challenges encountered during the implementation of CSR programmes to their beneficiaries.

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DEDICATION

To my family

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LIST OF ACRONYMS

CSR	Corporate Social Responsibility
SD	Standard Deviation

CHAPTER ONE

INTRODUCTION

Socially responsible business results in positive public opinion and a higher status, which enables the company to differentiate itself in the market and find a way to attract a greater number of customers (Carroll, 2015). However, a lackadaisical attitude of a firm's failure to incorporate CSR as a strategic marketing tool might lead to the dwindling of the firm's brand reputation (Bediako, 2017), and its effect on customer loyalty may be drastic (Hsu, 2018). Acknowledging that some studies exist on social corporate responsibility, majority of those studies cover the developed economies while less is found in emerging and developing countries, including Ghana (Stanisavljević, 2017). In addition, while that the effect of CSR on customer loyalty have been studied in areas, such as telecommunication, travel and tour, sports, hospitality, and shipping; extant literature addressing the effect of CSR on customer loyalty in the cocoa production industry is yet to be explored. The present study therefore sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana.

Background to the Study

Corporate social responsibility is a concept by which a company integrates the care for society and environment in its business activities and interaction with its stakeholders on a voluntary basis (European Commission, 2011). The concept is a good opportunity for a company's differentiation. Price and quality are not the only factors that influence purchase decisions. In addition to customers, a large number of stakeholders (shareholders, suppliers,

government, local community, etc.) set numerous requirements for the companies, which companies need to fulfil, if they want to keep their competitive position and develop. These stakeholders, particularly consumers are therefore becoming more expectant of companies conducting their business in a socially acceptable way (Bediako, 2017). Business strategy needs to recognize the interests of all these stakeholders.

One possible option for companies may be to develop business strategy based on the concept of CSR, which means doing business with respect to the interests of all stakeholders and social norms (Stanisavljević, 2017). In addition to profits, companies were becoming more interested in environmental protection, education, and customer safety in the sense of purchasing and using products and services. It has been reported that nearly 60% of Fortune 500 companies published corporate accountability reports and more than one-third of large U.S. companies have voluntarily implemented external certifications for social and environmental standards (Kitzmüller & Shimshack, 2012).

On the other hand, customer loyalty is a customer's unconditional commitment to a company and his or her strong relationship with the brand, which is not likely to be affected under normal circumstances (Maheshwari, Lodoros & Jacobsen, 2014). Loyal customers are the greatest value to companies, therefore, they invest much effort in retaining them, because, it has been proven that it is cheaper to retain existing customers than attract new ones (Stanisavljević, 2017). Customer loyalty is the basic goal of each company, especially in the conditions of strong competition, economic crisis, and international scandals. It is considered a vital objective for a company's

survival and growth as well as an important basis for developing a sustainable competitive advantage (Chung, Yu, Choi & Shin, 2015).

Therefore, the benefits of having loyal customers is enormous, ranging from being protected by the competition in the market, higher volume of sales from repeat business as well as encouraging referrals (Bediako, 2017). Research has shown that a 5% increase in customer loyalty could increase profits by 25% to 85% (Kandampully & Suhartanto, 2000). A 2% increase of customer retention has almost the same effect as a 10% cost reduction (Marinković, 2012). Kandampully, Zhang and Bilgihan (2015) revealed that by carrying out and managing customer loyalty, a firm will foster an effective lasting relationship with its customers. Hence, in the ever evolving and competitive business environment, customer loyalty is an essential factor for the survival of a business (Bediako, 2017).

Companies decide to embrace CSR as the foundation for their business for numerous reasons. Socially responsible business results in positive public opinion and a higher status, which enables the company to differentiate itself in the market and find a way to attract a greater number of customers (Carroll, 2015). Socially responsible companies attract, motivate, and retain employees as well as investors (Ćeha, 2013). Activities such as caring for the environment, employees, and any kind of help toward the community are becoming important criteria for customers' decision making (Afridi & Gul, 2018).

Socially responsible companies have higher productivity due to employees' satisfaction and lower employee fluctuation costs (Kotler & Lee, 2005). Elizaveta (2010) noted that some benefits that a business might accrue

from implementing CSR includes customer loyalty, improved brand value, safe work environment, motivated workforce, vigorous risk management, increased stake holder trust and access to finance. Thus, integrating CSR into a business is more advantageous to a business in its effort to improve competitiveness in the industry it operates in and should be seen as strategic positioning instead of just an action of goodwill to the public (Bediako, 2017).

CSR and customer loyalty can be said to be mutually correspondent in the sense that an increase in more CSR activities by a company increases the likelihood of more customer retention and, eventually, customer loyalty (Al-Abdallah & Ahmed, 2018). Customers' perceptions about companies' socially responsible behaviour influence their relationship with the company and its products (Stanisavljević, 2017). Customers appreciate companies' participation in humanitarian events, programs devoted to energy conservation, sponsorship of local events, etc. These activities can influence creation of higher customer loyalty (Shin & Thai, 2015).

This argument is explained by the stakeholder theory (Weimer & Pape, 1999) and the social identity theory (Bhattacharya & Sen, 2007). The stakeholder theory assumes that a company's primary goal is not only profit maximization, but also the satisfaction of all stakeholders' interests (Stanisavljević, 2017). The social identity theory augments that the higher the level of the company's CSR initiatives are, the stronger the customer's loyalty about the company will be (Lu, Liu, & Rahman, 2017). Against this background, the present study sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana.

PBC Limited is 75% per cent owned by Government and largest buyer of cocoa in the domestic market. The main functions of the PBC Ltd are: to provide quality service to meet the satisfaction of the farmers, to have the storage capacity for cocoa production, to have a well-motivated staff and to encourage the research institutions to come out with well-developed technological methods of cocoa production (PBC, 2017). Notwithstanding these functions of PBC Limited, the company still needs to act in a socially responsible way regardless of the community they work in because their contribution to economic development and progress of the economy cannot be downplayed.

Statement of the Problem

Farmers, who are customers of PBC Limited: a cocoa buying company in Ghana, have complained that CSR programmes favour some cocoa farmers than others. For instance, the scholarship schemes provided by PBC favour more farmers in the urban communities than those in the rural communities (Cocoa Board, 2012). Furthermore, the farmers complained that people who are not farmers enjoy the scholarships. Also, farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes (Cocoa Board, 2012). Although these pitfalls have been documented in the company's books, they have not been a scientific investigation to interrogate the issues. Besides, even though the benefits of CSR to society have been well documented to a great extent, there is very little information on the benefits of it to the actual corporations that practice it (Dapi & Phiri, 2015). The lack of knowledge on these issues is what motivated the present study.

According to Mirfazli (2008), the ineptitude of a firm to undertake its social responsibility might undermine its reputation. Elizaveta (2010) pointed out that quite often; unsuccessful firms are as a result of lack of engagement in CSR. Bigger firms have a better knowledge and understanding of CSR and, as such, they incorporate CSR as a way of attracting and retaining talent and consumers, however, it have been discovered that not all CSR initiatives are equally important to consumers (Lu, Liu, & Rahman, 2017). Bediako (2017) argues that a lackadaisical attitude of a firm's failure to incorporate CSR as a strategic marketing tool might lead to the dwindling of the firm's brand reputation.

Evidence suggests that most consumers of South African mobile phone service provider (Vodacom) are unaware of the concept of CSR; yet, they felt that companies are obligated to be socially responsible (Dapi & Phiri, 2015). In a subsequent report, Lu, Liu and Rahman (2017) revealed that not all CSR initiatives are equally important in sportswear industry in China. For instance, consumers value company's CSR endeavours in relation to their support of the workplace (fair treatment, equal employment opportunities), marketplace (ethical trade, complaint handling, privacy protection) and the environment (e.g. protection of the nature, supporting environment policies), but paid very a little attention to the company's efforts on their community support.

These findings suggest that contextual factors may be relevant in CSR-related research (Hsu, 2018). Acknowledging that some studies exist on social corporate responsibility, majority of those studies cover the developed economies while less is found in emerging and developing countries, including Ghana (Stanisavljević, 2017). In addition, while the effect of CSR

on customer loyalty have been studied in areas, such as telecommunication (Afridi & Gul, 2018; Al-Abdallah & Ahmed, 2018; Dapi & Phiri, 2015; Stanisavljević, 2017), travel and tour (Bediako, 2017), sports (Lu, Liu & Rahman, 2017), hospitality (Chun & Bang, 2016), and shipping (Shin & Thai, 2015); extant literature addressing the effect of CSR on customer loyalty in the cocoa production industry is yet to be investigated.

Furthermore, there are contradictions in the literature regarding the level of customer awareness of CSR activities across industries and geographical locations. While a group of scholars discovered high level of customer familiarity on CSR dimensions (Al-Abdallah & Ahmed, 2018; Bediako, 2017; Stanisavljević, 2017), others researchers disclosed contradictory results (Dapi & Phiri, 2015; Lu, Liu & Rahman, 2017), confirming the relevance of contextual-based research in the area of CSR. As a consequence, the present study sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana.

Research Objectives

The following research objectives are considered:

- 1) to ascertain the level of awareness of CSR among customers of PBC Limited.
- 2) to explore the challenges faced by PBC Limited in implementing CSR at Sefwi Wiawso.
- 3) to examine the relationship between CSR and customer loyalty among customers of PBC Limited.

Research Questions

The study was guided by the following research questions:

- 1) What the level of awareness of CSR among customers of PBC Limited?
- 2) What are the challenges faced by PBC Limited in implementing CSR at Sefwi Wiawso?
- 3) What is the relationship between CSR and customer loyalty among customers of PBC Limited?

Significance of the Study

The present study sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana. The study is relevance for several reasons. First of all, the study would provide guidelines for management during business strategy formulation in terms of paying attention and emphasizing dedication to CSR. In addition, managers may have to recognise that investing in CSR initiatives is an important strategic task that leads to enduring customer loyalty based on intangible company assets. In order to increase customer awareness about CSR activities, it may be necessary to dedicate more attention to reporting about these activities so that companies can improve their image among customers, gain their trust, and consequently ensure their loyalty. This study will highlight the importance of managing CSR for corporate that intends to enhance customer loyalty.

Delimitations

This study is delimited to PBC Limited in Sefwi Wiawso in the Western North of Ghana. Responses were sought from farmers who were at

least 20 years of age living within the Sefwi Wiawso Municipality and were customers of PBC Limited. Variables used in the study were corporate social responsibility and customer loyalty. The sub-dimensions of customer loyalty were sourced from Carroll (1991) and they were philanthropic responsibilities, ethical responsibilities, legal responsibilities, and economic responsibilities. Corporate social responsibility was used as the independent variable, while customer loyalty served as the dependent variable.

Limitations

In every research, the approach employed comes with some weaknesses which may affect the study's findings. One research limitation was that the data collected was self-reported by respondents, and thus the honesty of the responses given in terms CSR and customer loyalty among customers may be questioned. The second limitation was the sample size and structure. More reliable results could be obtained if the sample had been bigger. The study employed the quantitative research approach and, thus, improper representation of the target population could affect the study's findings.

The confinement of the study to PBC Limited rendered the result of the study applicable mainly to such jurisdiction. Also, the study adopted close-ended Likert-type scale statements, which limit the amount of information that respondents may provide with respect to the main variables of the study. Additionally, the inability to control the environment (respondents), because of the use questionnaires, could affect the study's findings. This is because responses, generally, depend on conditions of customers during the time questionnaires are administered to them. As such, their responses may be

influenced by their current situation, which could eventually affect the study's findings.

Organisation of the Study

This study is organised into five main chapters. Chapter One presents the introduction, which entail the background of the study, statement of the problem, research objectives, research questions, hypotheses, significance of the study, delimitations, limitations of the study, and organisation of the study. Chapter Two reviews various literatures relevant to this research project, capturing the theoretical review, conceptual issues, empirical review, conceptual framework, and chapter summary. Chapter Three describes the research methods adopted for the study encompassing the research design, population, sampling procedure and sample size, data collection instrument, ethical considerations, data collection, and data processing and analysis. Chapter Four captures the results and discussion, while Chapter Five finalises the report with the summary, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section considers the literature review of the study. It is a combination of thought and not a compilation of ideas. It begins with the theoretical review, conceptual review, empirical review, and subsequently, the conceptual framework. The review literature ended with a chapter summary. The theoretical review provide guidance for the study, the conceptual review define and explain the concept of CSR and customer loyalty, the empirical review presents the result of studies that are closely related to the research objectives. The conceptual framework spelled out the investigator's idea on how the study was explored. Finally, the chapter summary presents the summary of this chapter.

Theoretical Review

The theoretical review presents the theories that underpin the study. In this study, two theories are put forward and used to explain the variables in the study. The two theories considered are the stakeholder theory and the social identity theory. The two theories are illuminated below, beginning with the stakeholder theory.

Stakeholder theory

The concept of corporate social responsibility is based on the stakeholder theory of corporate governance (Ivanović-Đukić, 2011; Srbljinović, 2012; Weimer & Pape, 1999), where the primary company's goal is not only profit maximization, but also the satisfaction of all stakeholders' interests (Stanisavljević, 2017). Socially responsible behaviour means caring

about the interests of a large number of stakeholders and society in general (Maden, Arikan, Telci & Kantur, 2012). The stakeholder theory therefore assumes that when organisations consider the interest of all stakeholders during decision making process, the stakeholders reciprocate by becoming loyal to the said organisation.

Social identity theory

According to the social identify theory, the higher the level of the company's corporate social responsibility initiatives are, the stronger the customer's identification, evaluation and loyalty about the company will be. Bhattacharya and Sen (2007) point out that if customer's responses can be integrated into the core positioning of the firm/brand and have a good "fit" with the firm and brand, they may respond more positively to CSR initiatives. This will have a direct impact on their loyalty towards the company. This proposition suggests that if CSR dimensions (philanthropic responsibilities, ethical responsibilities, legal responsibilities, and economic responsibilities) provide both societal and personal benefit and are integrated into a company's core offering (for instance, those related to the product or service experience), they should have a more positive effect on customer's loyalty.

This argument is in line with Vlachos Tsamakos, Vrechopoulos and Avramidis's (2009) statement that CSR drives both attitudinal and behavioural loyalty. As a result, people are likely to discuss corporate reputation with another person, such as a family member, friend or colleague whose positive attitude will enhance actual purchase.

Conceptual Review

The conceptual review define and explain the concept of corporate social responsibility and customer loyalty, as used in the context of the current study. The explanation of the two concepts are provided below, beginning with the explanation of the concept of corporate social responsibility.

The concept of corporate social responsibility

The concept of CSR can be defined in different ways. Kotler and Lee (2005) explained CSR as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. Thus, discretionary practices refer to activities not mandated by law. It is a voluntary commitment of one company and its decision to choose and apply such business practices and much these contributions, while community well-being refers to the conditions in which people live and the ecological issues. The European Commission's (2011) definition provides more details: CSR is a concept by which the company integrates the care for society and environment in its business activities and interaction with its stakeholders on a voluntary basis. CSR involves a wide spectrum of company's activities focused on the well-being of all stakeholders, like investors, humanitarian organizations, employees, suppliers, customers, and future generations (Geoffrey, Sprinkle, & Maines, 2010).

Carroll (1979, 1991) gave a specific definition of CSR that consisted of four dimensions for companies to be good corporate citizens: economic, legal, ethical, and philanthropic responsibilities. A socially responsible company should strive to make profits, obey the law, be ethical, and be a good corporate citizen (Carroll, 1991). This kind of CSR definition is known as the pyramid of

CSR (Figure 1), and it is very accepted among researchers in this field and the most frequently cited in domestic and foreign literature (Park, Lee, & Kim, 2014; Stanisavljević, 2017), which is why this research is based on this definition of CSR.



Figure 1: Pyramid of corporate social responsibility

Source: Adopted from Carroll (1991, p. 42)

Economic responsibility

The first dimension of CSR is economic responsibility. Companies are, before everything, the basic economic units in society; as such, they have a responsibility to produce the goods and services that society desires (Carroll, 1979, 1991). Satisfying customers' needs should be followed by making profits. Making profits is not generally a negative goal, but it is a precondition for satisfying the expectations of shareholders and owners as well as society and the environment. Profits are necessary both to reward investors/owners and to ensure business growth when profits are reinvested back into the business (Carroll, 2016). Economic responsibility refers to the obligations of a

company to make its business productive and profitable, while maintaining wealth (García de los Salmones, Herrero & Rodríguez del Bosque, 2005).

Legal responsibility

Society expects companies to fulfil their economic responsibility with respect to laws and regulations as defined by the authorities (Park et al., 2014), which is why legal responsibility is the next level in the pyramid of CSR. The pyramid highlights the historical development of CSR dimensions, but before everything, economic and legal responsibilities are accomplished at the same time. Companies are expected to be dedicated to their economic mission within the legal framework (Carroll, 1979, 1991). Companies are expected and required to comply with laws and regulations as a condition of operating (Carroll, 2016). Disrespect of the law and regulations has a negative influence on customers' attitudes toward the company and the company's reputation, and the company's sales could be significantly reduced (Park et al., 2014).

Ethical responsibility

Ethical responsibility is incorporated in the previous two dimensions; it is characterized by behaviour and activities that are not part of the law, but that are expected or prohibited by society (Carroll, 1979, 2016). It refers to standards, norms, and expectations that employees, customers, shareholders, and society consider fair, just, or for the protection of shareholders' moral rights (Carroll, 1991). Society expects companies to go above the legal requirements. Ethical responsibility could be understood as the adoption of new norms and values that society expects from companies, although those values and norms could reflect a higher standard of performance than those required by law (Carroll, 1991). Unethical behaviour happens when an

individual or company does something at the expense of society. Companies should comply with ethical norms, because the public expects them to; if those expectations are not satisfied, the company could be subjected to criticism, negative publicity, purchasing boycotts, etc. (Srblijinović, 2012).

The concept of customer loyalty

Customer loyalty refers to the intention to apply a set of behavioural forms that signal the motivation to keep the relationship with a certain company, which includes increased spending on the company's products, positive word of mouth, and repeated purchases (Sirdeshmukh, Japdig & Berry, 2002). Customer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future thereby causing repetitive same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour (Mascarenhas, Kesavan & Bernacchi, 2006). Put in another way, customer loyalty is a customer's unconditional commitment to the company and his or her strong relationship with the brand, which is not likely to be affected under normal circumstances (Maheshwari, Lodorfos & Jacobsen, 2014).

There are two dimensions to customer loyalty: behavioural and attitudinal (Perez & Del Bosque, 2013). The behavioural dimension refers to a customer's repeat purchase behaviour, indicating a preference for a specific brand over time (Kandampully & Suhartanto, 2000). But repurchasing does not mean satisfaction, and it could be caused by a lack of alternatives or barriers to change. This behaviour leads to "spurious loyalty" (Day, 1969, p. 30), which occurs when the repurchase happens even if company has a bad image (Perez & Del Bosque, 2013). The attitudinal dimension refers to a

customer's intention to repurchase and recommend (Kandampully & Suhartanto, 2000). This dimension means that a positive evaluation of the company is made and that an emotional link exists between the customer and the company that generates a real loyalty. It is linked to active loyalty, which leads to positive word of mouth (Perez & Del Bosque, 2013). It could refer to commitment to a brand, which can be defined as trust, esteem, or a customer's desire to maintain the relationship or acquire the same brand (García de los Salmones et al., 2005). Loyalty evolves from the process of purchase, to satisfaction then thirdly to trust and commitment which progresses into customer loyalty (Bediako, 2017).

Empirical Review

This section considers the empirical review of the study. The empirical review is organised based on the stated research objectives of the study. In line with the research objectives of the study, three broad heading have been stated, namely the level of awareness of corporate social responsibility, the challenges faced by PBC Limited in implementing corporate social responsibility, and the relationship between corporate social responsibility and customer loyalty among customers. The literature addressing these three broad heading are explained below.

The level of awareness of corporate social responsibility

A study by Stanisavljević (2017) in Serbia revealed that 69.5% of mobile telephone users were familiar with the concept of CSR. Customers gave the highest significance to the legal dimension of CSR, with an average mark of 4.19. The next highest scored dimension was economic dimension (3.989), followed by ethical (3.979) and philanthropic (3.937) dimensions. In

the same way, Bediako (2017) found that customers of StanBed Tours in Finland were very much aware of the CSR activities that responsible companies should engage in. Indistinguishably, Al-Abdallah and Ahmed (2018) found that customers in the telecommunication sector of Qatar perceived CSR activities as an essential element for them and for the operating organisations as well, moreover their awareness of such activities was noticeable through their responses.

On the contrary, Dapi and Phiri (2015) disclosed that most consumers the South African mobile phone service provider Vodacom were not aware of the concept of CSR. Identically, Lu, Liu and Rahman (2017) analysed CSR initiatives among customers of two leading sports companies operating in China (Nike and Adidas) and discovered that not all CSR initiatives are equally important in sportswear industry in China. For instance, consumers valued company's CSR endeavours in relation to their support of the workplace (fair treatment, equal employment opportunities), marketplace (ethical trade, complaint handling, privacy protection) and the environment (for example, protection of the nature, supporting environment policies), but paid very a little attention to the company's efforts on their community support.

Challenges in implementing corporate social responsibility programmes

Some farmers complained that CSR programmes favour some cocoa farmers than others. For instance, the scholarship schemes provided by PBC favour more farmers in the urban communities than those in the rural communities. Farmers complained that people who are not farmers enjoy the scholarships. Also, farmers with small sizes of farms enjoy the scholarship

than farmers with large farm sizes. Linked to the above, there is limited quantity of sales promotional items supplied by the PBC Limited. There is also delay in their supply. To some farmers, the supply is done at the time they do not need. For instance, fertilizers are supplied in the month of June and July instead of March which becomes non-beneficial to farmers at that particular time (Ghana Cocoa Board, 2012).

The inability of PBCs to supply fertilizers to farmers on time for further distribution serves as threat to the production of cocoa in the district since it reduces the crop yields for those particular years. PBC experience higher operational cost in the implementation of CSR programmes to farmers. Lastly, there is high risk in seed funds provided by PBC to their farmers during cocoa seasons. PBC face the risk of farmers running away with seed funds thereby resulting in losses to the company (Essegbey & Ofori-Gyamfi, 2012).

Relationship between corporate social responsibility and customer loyalty

In Pakistan, Shin and Thai (2015) investigated the impact of corporate social responsibility on customer loyalty in the shipping industry, using the mixed method approach. The result showed a positive direct effect of corporate social responsibility on customer loyalty. Likewise, Dapi and Phiri (2015) showed that the knowledge of a firm's CSR initiatives lead to enhanced brand loyalty among customers of the South African mobile phone service provider Vodacom, employing a self-administered questionnaire, quantitative research approach, and random sampling technique.

Equally, Chun and Bang (2016) revealed a positive effect of corporate social responsibility on brand loyalty among university students in a fast food

restaurant in Jinji City in South Korea, using the quantitative research approach and a self-administered online survey. In the same way, the dependence of customer loyalty on corporate social responsibility was examined by Stanisavljević (2017) in Serbia, employing the quantitative research approach and a questionnaire distributed through the mail. Responses were sought from 200 mobile telephone users from Kragujevac. The results showed that perceptions about CSR dimensions explained 19.5% of the total variance of loyalty.

Within the same year, Bediako (2017) conducted a similar study, using the quantitative research approach and a web-survey completed by 100 respondents and discovered that CSR has an effect on their loyalty to StanBed Tours and customers were willing to purchase trips from the company because of their engagement in CSR. In a similar fashion, Lu, Liu and Rahman (2017) analysed customer's degree of interest in CSR and its impact on developing customer's loyalty in two international sports companies: Nike and Adidas operating in China. Their study found a positive and significant relationship between CSR dimensions on customer loyalty, employing the quantitative research approach and a questionnaire.

Indistinguishably, Afridi and Gul (2018) uses empirical data from 150 subscribers of telecommunication sector of KPK in Pakistan with the help of adopted questionnaire and found a strong and positive relationship between CSR and customer loyalty, using structural equations modelling technique. By the same token, Hsu (2018) revealed that the implementation of CSR in the communication industry has a positive impact on customer loyalty. Likewise, Al-Abdallah and Ahmed (2018) found a positive direct significant impact of

CSR activities on customer loyalty among customers within the telecommunication sector of Qatar.

Conceptual Framework of the Study

The present study sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana. A conceptual framework stipulates the researcher's idea on how the present study was explored. Figure 2 represents the conceptual framework of this study. It shows the dimensions of CSR and the indicators that measure customer loyalty. In addition, the framework reveals the relationship between the independent variable (CSR) and the dependent variable (customer loyalty), flowing from the Stakeholder Theory and the Social Identity Theory.

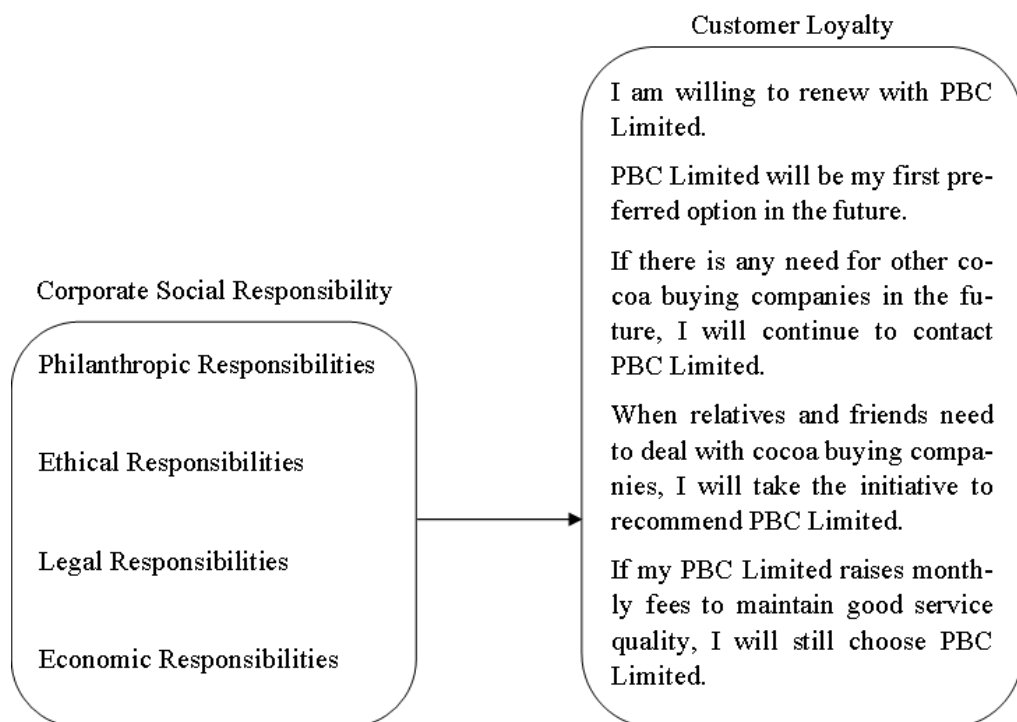


Figure 2: Conceptual framework of the study

Source: Author's construct, Osei-Bonsu (2019) based on literature

Chapter Summary

This chapter covered the theoretical review, conceptual issues, empirical review, and conceptual framework. The theoretical review explained the Stakeholder Theory and the Social Identity Theory as well as how the theory related to the current study. Afterwards, the concept of CSR and its dimensions were illuminated. In addition, the concept of customer loyalty was described. Successively, the empirical review documented the results based on the research objectives. Last, but not the least, the conceptual framework showed the investigator's idea on how CSR and customer loyalty among customers of PBC Limited were explored in the present study.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter outlines how the study was conducted. It covers the research approach, research design, study organisation, population, sampling procedure and sample size, data collection instrument, reliability and validity tests, data collection procedures, data processing and analysis, ethical considerations, and chapter summary.

Research Approach

Three research approaches have been put forward by scholars, namely quantitative, qualitative and mixed methods (Creswell & Creswell, 2017). However, since the researcher employs scales of measurement for variables that have already been established in literature, the quantitative research approach is deemed appropriate and therefore adopted. Quantitative approach enhances the use of statistical data analysis methods, thus, making it easier to generalise the findings from the study. In terms of the study design, the cross-sectional study design is employed for this study, because, the data will be collected at a snap shot one-point-in-time.

Research Design

Most research can be divided into three different categories: exploratory, descriptive and causal (also called explanatory). Each serves a different end purpose and can only be used in certain ways (Malhotra & Malhotra, 2012). Exploratory research design focuses on the discovery of ideas and insights as opposed to collecting statistically accurate data. The most common example of exploratory research takes place in the form of open-

ended questions. Text responses may not be statistically measureable, but they will give you richer quality information that can lead to the discovery of new initiatives or problems that should be addressed (Yin, 2017). Literature research, survey, focus group and case studies are usually used to carry out exploratory research (Bryman & Bell, 2015).

Descriptive research is considered conclusive in nature due to its quantitative nature. Unlike exploratory research, descriptive research is preplanned and structured in design so the information collected can be statistically inferred on a population. The main idea behind using this type of research is to better define an opinion, attitude, or behaviour held by a group of people on a given subject (Robson, 1993). Since there are predefined categories a respondent must choose from, it is considered descriptive research. These questions will not give the unique insights on the issues like exploratory research would.

Instead, grouping the responses into predetermined choices will provide statistically inferable data. This allows you to measure the significance of your results on the overall population you are studying, as well as the changes of your respondent's opinions, attitudes, and behaviours over time (Bryman & Bell, 2015). When a particular phenomenon is under study, the research is needed to describe it, to clarify and explain its inner relationships and properties (Huczynski & Buchana, 2004). However, descriptive research should be thought of as a mean to an end rather than an end, itself (Yin, 2017).

Like descriptive research, causal research is quantitative in nature as well as preplanned and structured in design. For this reason, it is also

considered conclusive research. Causal research differs in its attempt to explain the cause and effect relationship between variables. This is opposed to the observational style of descriptive research, because it attempts to decipher whether a relationship is causal through experimentation. In the end, causal research will have two objectives: 1) To understand which variables are the causes and which variables are the effects and 2) to determine the nature of the relationship between the causal variables and the effect to be predicted (Yin, 2017). Given that the research objectives are both descriptive and predictive in nature, the descriptive-explanatory research design was adopted for this study.

Study Organisation

The present study was conducted at PBC Limited in Sefwi Wiawso in the Western North of Ghana. PBC Limited is 75% per cent owned by Government and largest buyer of cocoa in the domestic market. The main functions of the PBC Ltd are: to provide quality service to meet the satisfaction of the farmers, to have the storage capacity for cocoa production, to have a well-motivated staff and to encourage the research institutions to come out with well-developed technological methods of cocoa production (PBC, 2017). Notwithstanding these functions of PBC Limited, the company still needs to act in a socially responsible way, regardless of the community they work in, because, their contribution to economic development and progress of the economy cannot be downplayed.

Population

The study population for this research was defined as farmers who are at least 20 years of age residing in the Sefwi Wiawso Municipality and are registered customers of PBC Limited. These farmers were selected from the

registered customers of PBC Limited in Sefwi Wiawso. The registered customers of PBC Ltd, were 1,552 in number as at March, 2019 (PBC Limited Report, 2017).

Sampling Procedure and Sample Size

The sample size was determined using Yamane's (1973) formula. With a population proportion of 50% obtained from existing study, a confidence level of 95%, employing the simple random sampling design, and a level of precision of $\pm 5\%$; the minimum sample size from a population of 1,552 registered farmers was 286. However, the sample size was increased by 30% to cater for non-response rate, as recommended by Israel (2013). Hence, the final sample size was 372.

Data Collection Instrument

A semi-structured questionnaire was the sole instrument for data collection. A questionnaire was used because it is suitable to collect data from a large number of respondents, while maintaining uniformity, consistency and objectivity (Neelankavil, 2007). Items that measure the awareness of CSR were sourced from the study by Hsu (2018), containing 11 items measured on a five-point Likert-like scale ranging from 1=Strongly disagree, 2: Disagree, 3: Neutral, 4: Agree to 5: Strongly Agree. Sample item was "PBC Limited strives to improve the company's operating performance" (CSR01).

In the same way, items that measure customer loyalty was sourced from the study by Hsu (2018), consisting of five items measured on a five-point Likert-like scale ranging from 1=Strongly disagree, 2: Disagree, 3: Neutral, 4: Agree to 5: Strongly Agree. Sample item was "I am willing to renew with my telecom company" (CLT01). Indicators that measure the

challenges faced by PBC Limited in implementing CSR were obtained from the literature obtained, and it contained seven items. The demographic characteristics covered sex, age, and level of education. In all, the instrument contained 26 items, grouped into four sections (A to D).

Reliability and Validity Tests

Prior to analysing the third objective of this study, which sought to examine the relationship between CSR and customer loyalty among customers, a model refining process was undertaken to ensure the robustness of scales while examining how valid and reliable the scales are. Statistical fitness of measurement scales were evaluated in accordance to scale reliability and convergent validity by using the exploratory factor analysis (EFA). The tests conducted were indicator reliability, composite reliability (CR), Cronbach Alpha (α), and convergent validity using the values of average variance extracted (AVE).

As indicated by Hair, Risher, Sarstedt and Ringle (2018), indicator loadings of 0.70 or higher are recommended for research that depends on established measures. The statistics show that all the factor loadings for the two constructs are 0.70 or more which indicates that the instrument is reliable for the various constructs (Table 1). The least factor loading was 0.7107560 (CSR11). In addition, the analyst tested for internal consistency reliability, employing Jöreskog's (1971) composite reliability. Bagozzi and Yi (1988) submit that composite reliability should be 0.7 or higher to ensure internal consistency of items of a construct in a research instrument. Furthermore, the statistics show that all the Cronbach's alpha values were above the benchmark

of 0.70 which indicates that the instrument is reliable for the various construct (Table 1).

Table 1: Reliability and Validity Test Results

Variable	Item	Factor Loading	T-Values	α	AVE	CR
Corporate Social Responsibility	CSR01	.8791730	37.59	0.9459	0.756	0.948
	CSR02	.8525667	33.25			
	CSR03	.8234135	29.03			
	CSR04	.8023113	22.14			
	CSR05	.9627021	153.61			
	CSR06	.9908921	254.07			
	CSR07	.9412837	106.83			
	CSR08	.8691730	38.59			
	CSR09	.8425667	34.25			
	CSR10	.8134135	30.03			
	CSR11	.7107560	19.18			
Customer Loyalty	CLT01	.9233775	65.05	0.9225	0.763	0.927
	CLT02	.9524696	83.20			
	CLT03	.8872732	51.04			
	CLT04	.8852146	48.18			
	CLT05	.8712145	45.01			

Source: Field survey (2019)

The researcher also tested for the validity of the measurement scales. Validity refers to the extent to which each construct measured what it intended to measure (Kimberlin & Winterstein, 2008). The validity of the measurement scale was evaluated using convergent validity. Some processes were undertaken to ensure convergent validity. First and foremost, the author made sure that all the items that loaded poorly on each construct were removed. In other words, all items with factor loadings of less than 0.45 were removed from the analysis. Afterwards, the researcher ensured that all items that cross-loaded with other items were excluded. However, as seen in Table 1, all the loading were above 0.45 indicating that convergent validity was achieved during study. After the purification process, all the 11 items were maintained for “Customer Social Responsibility” construct and all five were retained for “Customer Loyalty” construct.

Data Collection Procedures

A self-administered questionnaire process was adopted for this study, as such, special care as taken in how the statements/questions were worded as well as how the questionnaire was formatted in order to avoid measurement error (Lavrakas, 2008). Copies of the questionnaire with pens were put in envelopes and distributed to the 372 registered farmers with the help of five field assistants. Data collection lasted for four weeks from the day the questionnaires were administered (4th April, 2019) to the day they were retrieved (2nd May, 2019). Eventually, of the 372 questionnaires distributed, 287 questionnaires were returned, however, 280 returned questionnaires were complete, valid and usable for the purposes of data analysis. Therefore, a

response rate of 75.27% ($280/372 \times 100\%$) was attained. The non-response rate was 24.73%.

Data Processing and Analysis

Generally speaking, the data obtained from this study were summarised in the form of tables. The demographic characteristics of respondents were analysed using frequencies and their associated percentages. Subsequently, research objective one and two were analysed using mean and its associated standard deviations. The third and final objective was analysed using standard multiple regression analysis. IBM SPSS Statistics for windows, version 23 was the software used to analyse the data. Prior to analysing the data, a test for normality in the data was conducted, and the test result informed that the choice of measure of central tendency and dispersion adopted for this study.

Ethical Considerations

The researcher made it known to the customers, specifically those who were randomly selected for the study that, their responses to the questions would be kept confidentially and would not be used for any other reasons other than the purposes for which they were collected. The questionnaires did not capture the names of the respondents and their house numbers in order for them to remain untraceable. This helped to follow the principle of anonymity. The respondents were made to provide only the position they hold in order not to disclose their identity. The researcher was able to acquire the needed information for the work because the respondents were adequately educated on the purpose of the data collection.

Chapter Summary

This chapter presented the research design, population, sampling procedure and sample size, data collection instrument, ethical considerations, data collection procedures, and data processing and analysis. The study adopted the quantitative research approach and the descriptive research design. The study organisation was PBC Limited. Yamane's (1973) formula was used to select a minimum sample size of 286 registered farmers, and these farmers with randomly selected to partake in the study. The minimum sample size was increased to 372 to cater for non-response rate. Ethical issues were considered. A self-administered questionnaire was used for data collection. The questionnaire was used as the sole instrument for data collection. Data was analysed using descriptive and inferential statistics of IBM SPSS for windows, version 23.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter looked at the demographic characteristics of respondents namely their sex, age, and level of education using frequencies and percentages as analytical tools. Afterwards, mean and its associated standard deviation were used to ascertain the level of awareness of CSR among customers of PBC Limited, and to explore the challenges faced by PBC Limited in implementing CSR at the said institution. What is more, simple regression analysis was used to examine the relationship between CSR and customer loyalty among customers of PBC Limited. As a reminder, of the 372 questionnaires distributed to customers, 280 returned questionnaires were complete, valid and usable for the purposes of data analysis.

Demographic Characteristics of Respondents

Regarding the sex of respondents, results showed that females were 24.64% (n=69), while males were 75.36% (n=211), signifying that the respondents were dominated by males (Table 2). Moreover, while 38 respondents (representing 13.57%) fell within the “21 – 30” age category, the remaining 242 respondents (86.43%) were 31 years and above, signifying that majority of the respondents were matured enough to make informed contributions to the study. Further examination revealed that, out of the 242 respondents (86.43%) who were 31 years and above, most of them (n=89) were within the “31-40” age category, followed by “41 – 50” age category (n=76), as shown displayed in Table 2.

Table 2: Demographic Characteristics of Respondents

Details	Freq	%
A1 Sex:		
Female	69	24.64
Male	211	75.36
A2 Age in years:		
21 – 30	38	13.57
31 – 40	89	31.79
41 – 50	76	27.14
51 – 60	51	18.21
Above 60	25	8.93
A3 Level of Education:		
Basic	7	2.50
Secondary	125	44.64
Tertiary	148	52.86

Source: Field survey, (2019)

In terms of the educational levels of the respondents, the results showed that majority of respondents (n=148, representing 52.86%) have had tertiary education, followed by secondary education (n=125, 44.64%), and finally, basic education (n=7, 2.50%). As such, the use of a self-administered questionnaire process during data collection was justified, because, the customers can read and understand the questions/statements on the instrument and subsequently provide reliable responses.

Research Objective One: Level of Awareness of CSR among Customers of PBC Limited

The first objective of this study sought to ascertain the level of awareness of CSR among customers of PBC Limited. In analysing this objective, 11 indicators were measured on a five-point Likert scale and the data collected for each of the indicators were analysed into means on a mean scale of 1 to 5 with 1.00 to 2.90 indicating ‘disagreement’ and 3.00 to 5.00 indicating ‘agreement’. This cut-off point was arrived at using the mean of the scale minus 0.1 and this criterion has been used by earlier researchers (Amisshah, 2017; Koomson, 2017). Mean was preferred over median because the data set were not characterised by extreme scores or outliers (Adam, 2018).

From Table 3, the mean of “PBC Limited strives to improve the company’s operating performance”, as an indicator, from a sample of 280 is 3.91, showing agreement from respondents, with a degree of reliability from a standard deviation of .917. In the same vein, the mean of “PBC Limited values service quality”, as an indicator, from a sample of 280 is 3.71, suggesting agreement from respondents, with a degree of variability from a standard deviation of 1.210. Correspondingly, the average score of “PBC Limited is able to comply with the relevant authorities’ regulations”, as an indicator, from a sample of 280 is 3.68, demonstrating agreement from respondents, with a degree of variability from a standard deviation of .818.

Table 3: Level of Awareness of CSR among Customers of PBC Limited

SN	Indicators	Mean	SD	N
1	PBC Limited strives to improve the company's operating performance.	3.91	.917	280
2	PBC Limited values service quality.	3.71	1.210	280
3	PBC Limited is able to comply with the relevant authorities' regulations.	3.68	.818	280
4	PBC Limited does not deceive customers in marketing and advertising.	3.57	.951	280
5	PBC Limited focuses on information disclosure and transparency, such as financial and business information.	3.54	1.144	280
6	PBC Limited provides complete cocoa production information to all customers.	3.50	.787	280
7	PBC Limited has certain norms and standards for business conduct.	3.34	2.154	280
8	PBC Limited values employee education, development and welfare.	3.30	.917	280
9	PBC Limited is committed to using part of its profits to help non-profits.	3.21	1.024	280
10	PBC Limited encourages partnerships with local businesses and schools.	3.09	.698	280
11	PBC Limited values and often participates in charitable activities.	3.05	.897	280

Scale (Mean): Low = 1.00 – 2.90; High = 3.00 – 5.00

Source: Field survey (2019)

Indistinguishably, the middling score of “PBC Limited does not deceive customers in marketing and advertising”, as an indicator, from a sample of 280 is 3.57, indicating agreement from respondents, with a degree of reliability from a standard deviation of .951. Similarly, the mean of “PBC Limited focuses on information disclosure and transparency, such as financial

and business information”, as an indicator, from a sample of 280 is 3.54, showing agreement from respondents, with a degree of reliability from a standard deviation of 1.144. Likewise, the average value of “PBC Limited provides complete cocoa production information to all customers”, as an indicator, from a sample of 280 is 3.50, demonstrating agreement from respondents, with a degree of reliability from a standard deviation of .787.

Equally, the mean of “PBC Limited has certain norms and standards for business conduct”, as an indicator, from a sample of 280 is 3.34, connoting agreement from respondents, with a degree variability from a standard deviation of 2.154. In a similar fashion, the mean of “PBC Limited values employee education, development and welfare”, as an indicator, from a sample of 280 is 3.30, showing agreement from respondents, with a degree variability from a standard deviation of .917. Identically, “PBC Limited is committed to using part of its profits to help non-profits”, as an indicator recorded an average value of 3.21, signalling agreement from respondents, with a degree of reliability from a standard deviation of 1.024.

By the same token, the middling value of “PBC Limited encourages partnerships with local businesses and schools”, as an indicator from a sample of 280 is 3.09, indicating agreement from respondents, with a degree of variability from a standard deviation .698. On the same side of the coin, “PBC Limited values and often participates in charitable activities”, as an indicator, from a sample of 280 is 3.05, implying agreement from respondents, with a degree of reliability from a standard deviation of .897. In light of the above discussion, it is obvious that customers of PBC Limited demonstrated high level of awareness towards corporate social responsibilities. This is evident

from the results in Table 3, as all the 11 indicators that were measured recorded mean values above 3.00.

This discovery is consistent with the finding of Stanisavljević (2017) in Serbia, where 69.5% of mobile telephone users were familiar with the concept of CSR. Similarly, the result parallels that of Bediako (2017) in Finland, where customers of StanBed Tours were very much aware of the CSR activities that responsible companies should engage in. In the same way, the result is comparable to the study by Al-Abdallah and Ahmed (2018) in the Middle East, where customers in the telecommunication sector of Qatar expressed their awareness of CSR activities as noticed through their responses.

However, this discovery was at variance with the finding of some investigator in the field. For instance, the result contradicted the study by Dapi and Phiri (2015) in South Africa, where most consumers the South African mobile phone service provider Vodacom were not aware of the concept of CSR. Equally, the result disagrees with that of Liu and Rahman (2017) in China, where customers of two leading sports companies: Nike and Adidas declared that not all CSR initiatives were equally important in sportswear industry. The next section explores the challenges faced by PBC Limited in implementing CSR at Seftwi Wiawso.

Research Objective Two: Challenges Faced by PBC Limited in Implementing CSR at Seftwi Wiawso

The second objective of this report sought to explore the challenges faced by PBC Limited in implementing CSR at Seftwi Wiawso. In analysing this objective, seven indicators were measured on a five point Likert-like scale and the data collected for each of the indicators were analysed into means on a

mean scale of 1 to 5 with 1.00 to 2.90 indicating ‘disagreement’ and 3.00 to 5.00 indicating ‘agreement’. This cut-off point was arrived at using the mean of the scale minus 0.1 and this criterion has been used by earlier researchers (Amissah, 2017; Koomson, 2017). Mean was preferred over median because the data set were not characterised by extreme scores or outliers (Adam, 2018).

First and foremost, the average value of “Scholarship schemes provided by PBC Limited favour more farmers in the urban communities than those in the rural communities” as an indicator, from a sample of 280 was 3.83, signifying agreement from respondents, with a degree of variability from the standard deviation of .967 (Table 4). This revelation confirms that statement made by Ghana Cocoa Board (2012) that, some farmers complained that CSR programmes favour some cocoa farmers than others.

Table 4: Challenges Faced by PBC Limited in Implementing CSR

SN	Indicators	Mean	SD	N
1	Scholarship schemes provided by PBC Limited favour more farmers in the urban communities than those in the rural communities.	3.83	.967	280
2	People who are not farmers enjoy the scholarships schemes at the expense of farmers.	3.77	1.018	280
3	Farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes.	3.51	1.010	280
4	There is limited quantity of sales promotional items supplied by the PBC Limited.	3.49	.710	280

Table 4, continued

5	There is delay in the supply of sales promotional items by the PBC Limited.	3.08	.897	280
6	PBC experience higher operational cost in the implementation of CSR programmes to farmers.	3.05	.784	280
7	PBC face the risk of farmers running away with seed funds.	3.01	1.024	280

Scale (Mean): Low = 1.00 – 2.90; High = 3.00 – 5.00

Source: Field survey (2019)

Comparably, the middling score of “People who are not farmers enjoy the scholarships schemes at the expense of farmers” as an indicator, from a sample of 280 was 3.77, signifying agreement from respondents, with a degree of reliability from the standard deviation of 1.018 (Table 4). This outcome mirrors the declaration by Ghana Cocoa Board (2012) that, some non-farmers enjoy the scholarships offered by Ghana Cocoa Board, in the opinion of farmers. In the same vein, the mean of “Farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes” as an indicator, from a sample of 280 was 3.51, signifying agreement from respondents, with a degree of reliability from the standard deviation of 1.010 (Table 4). This revelation emulates that assertion by Ghana Cocoa Board (2012) that, farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes.

Additionally, the mean of “There is limited quantity of sales promotional items supplied by the PBC Limited” as an indicator, from a sample of 280 is the mean value was 3.49, signifying agreement from

respondents, with a degree of variability from the standard deviation of .710 (Table 4). This outcome is in line with the proclamation by the Ghana Cocoa Board (2012) that, there is limited quantity of sales promotional items supplied by the PBC Limited. Indistinguishably, “There is delay in the supply of sales promotional items by the PBC Limited” as an indicator, from a sample of 280, recorded a mean value of 3.08, and this suggest agreement from respondents, with a degree of reliability from the standard deviation of .897 (Table 4).

In a similar fashion, the mid-point of “PBC experience higher operational cost in the implementation of CSR programmes to farmers” as an indicator, from a sample of 280 was 3.05, signifying agreement from respondents, with a degree of reliability from the standard deviation of .784 (Table 4). This outcome resembles the finding by Essegbey and Ofori-Gyamfi (2012) that, PBC experience higher operational cost in the implementation of CSR programmes to farmers. Identically, the mean of “PBC face the risk of farmers running away with seed funds” as an indicator, from a sample of 280 was 3.01, signifying agreement from respondents, with a degree of reliability from the standard deviation of 1.024 (Table 4). This revelation matches up that discovery by Essegbey and Ofori-Gyamfi (2012) that, PBC face the risk of farmers running away with seed funds thereby resulting in losses to the company.

Gleaning from the results above, respondents confirmed that there were challenges facing PBC Limited in implementing CSR at Seftwi Wiawso. This conclusion is evident from the results in Table 4, where all the seven indicators measured recorded mean values above 3.00. These challenges were unfair distribution of scholarship schemes between farmers in the urban and

those in the rural communities, misallocation of scholarship schemes, lack of parity between farmers with small sizes of farms and those with larger farmer sizes regarding the award of scholarship schemes, limited quantity and delay of sales promotional items supplied by the PBC Limited, higher operational cost in the implementation of CSR programmes to farmers, and the risk of farmers running away with seed funds. The subsequent section is dedicated to examining the relationship between CSR and customer loyalty among customers of PBC Limited.

Research Objective Three: Relationship between Corporate Social Responsibility and Customer Loyalty

The standard multiple regression technique was used to examining the relationship between corporate social responsibility and customer loyalty among customers of PBC Limited. The use of standard multiple regressions was based on the recommendation by Pallant (2007) that it allows prediction of a single dependent continuous variable from a group of independent variables. It can also be used to test the predictive power of a set of variables and to assess the relative contribution of each individual variable (Green & Salkind, 2016). After satisfying the assumptions underlying the use of regression, Table 5 provided information on the relationship between the dependent variable (customer loyalty) and independent variable (corporate social responsibility) indicated as (R).

Table 5: Relationship, Amount of Variation and Autocorrelation Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.57 ^a	.36	.34	2.11	1.51

a. Predictors: (Constant), corporate social responsibility

b. Dependent Variable: Customer loyalty

Source: Field survey (2019)

Furthermore, Table 5 presented the information on the amount of variation in the dependent variable explained by the independent variable, indicated as R-Square and information on the amount of variation in the dependent variable explained by the independent variable as a result of an Adjustment, indicated as (Adjusted R-Square). From Table 5, the R value of .57 indicated the relationship that exists between the dependent variable and the independent variables (all put together). Thus, there is a positive relationship between CSR and customer loyalty among customers of PBC Limited at the Sefwi Wiawso Municipality.

This finding is equivalent to the study by Shin and Thai (2015) in Pakistan, where the analysts showed a positive direct effect of corporate social responsibility on customer loyalty. In a similar fashion, this discovery mirrors the study by Dapi and Phiri (2015) that, the knowledge of a firm's CSR initiatives lead to enhanced brand loyalty among customers of the South African mobile phone service provider Vodacom. Identically, this discovery matches up with the quantitative study by Chun and Bang (2016) in Jinji City in South Korea, where the researchers revealed a positive effect of corporate

social responsibility on brand loyalty among university students in a fast food restaurant.

In like manner, this result mirrors the study by Bediako (2017) in Finland, where the analyser discovered that CSR has an effect on their loyalty to StanBed Tours and customers were willing to purchase trips from the company because of their engagement in CSR. In a similar fashion, the discovery is consistent with the study by Lu et al. (2017) in China, where the scientist found a positive and significant relationship between CSR dimensions on customer loyalty among customers in two international sports companies: Nike and Adidas.

Indistinguishably, Afridi and Gul (2018) uses empirical data from 150 subscribers of telecommunication sector of KPK in Pakistan with the help of adopted questionnaire and found a strong and positive relationship between CSR and customer loyalty. By the same token, Hsu (2018) revealed that the implementation of CSR in the communication industry has a positive impact on customer loyalty. Likewise, Al-Abdallah and Ahmed (2018) found a positive direct significant impact of CSR activities on customer loyalty among customers within the telecommunication sector of Qatar in the Middle East.

Furthermore, the R Square explains the amount of variation that exists in the dependent variable caused by the independent variables. Therefore, the result further indicated that 36% variation in customer loyalty as the dependent variable is explained by the independent variable of CSR. The remaining 64.00% of the variation in customer loyalty is explained by the residual. This result looks similar to the study by Stanisavljević (2017) in

Serbia, where the author showed that perceptions about CSR dimensions explained 19.5% of the total variance of loyalty.

Chapter Summary

In line with the three research objectives of this study, the study found that, customers of PBC Limited demonstrate high level of awareness towards corporate social responsibilities. Moreover, unfair distribution of scholarship schemes between farmers in the urban and those in the rural communities, misallocation of scholarship schemes, lack of parity between farmers with small sizes of farms and those with larger farmer sizes regarding the award of scholarship schemes, limited quantity and delay of sales promotional items supplied by the PBC Limited, higher operational cost in the implementation of CSR programmes to farmers, and the risk of farmers running away with seed funds were the challenges facing PBC Limited in the implementation of CSR programmes for farmers in the Sefwi Wiawso Municipality. Furthermore, there is a positive relationship between CSR and customer loyalty among customers of PBC Limited at the Sefwi Wiawso Municipality. Overall, 36 per cent variation in customer loyalty as the dependent variable is explained by the independent variable of corporate social responsibility.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents a summary of the study including major findings derived from the study, conclusions arrived at and recommendations arising from the findings. The chapter ended with suggestions for future research.

Summary of the Study

This study sought to examine the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana. The study employed the quantitative research approach and descriptive research design. The study organisation was PBC Limited. The population of the study was farmers who are at least 20 years of age residing in Sefwi Wiawso Municipality and are registered customers of PBC Limited, , numbering 1,552. The sample size was determined using Yamane's (1973) formula, and it was calculated as 286. The sample size was increased to 372 to cater for non-response rate of 30%, recommended by Israel (2013). A semi-structured questionnaire was the sole instrument used for data collection, and it was self-administered.

Items that measure the awareness of CSR was sourced from the study by Hsu (2018) and it contained 11 items. Sample item was "PBC Limited strives to improve the company's operating performance" (CSR01). In the same way, items that measure customer loyalty was sourced from the study by Hsu (2018) and it consisted of five items. Sample item was "I am willing to renew with my telecom company" (CLT01). Moreover, indicators that measure the challenges faced by PBC Limited in implementing CSR were

obtained from the literature obtained, and it contained seven items. Sample item was “Scholarship schemes provided by PBC Limited favour more farmers in the urban communities than those in the rural communities” (CHA01).

All the items that measured CSR, customer loyalty and the challenges faced by PBC Limited in implementing CSR were anchored on a five-point Likert-like scale ranging from 1=Strongly disagree, 2: Disagree, 3: Neutral, 4: Agree, to 5: Strongly Agree. The demographic characteristics covered sex, age, and level of education. In all, the instrument contained 26 items, grouped into four sections (A to D). Ethical issues considered were confidentiality, anonymity, voluntary participation, and informed consent. Copies of the questionnaire with pens were put in envelopes and distributed to the 372 registered farmers with the help of five field assistants. Data collection lasted for four weeks from the day the questionnaires were administered (4th April, 2019) to the day they were retrieved (2nd May, 2019).

Eventually, of the 372 questionnaires distributed, 287 questionnaires were returned, however, 280 returned questionnaires were complete, valid and usable for the purposes of data analysis. Therefore, a response rate of 75.27% was attained. The non-response rate was 24.73%. The demographic characteristics of respondents were analysed using frequencies and their associated percentages. Subsequently, research objective one and two were analysed using mean and its associated standard deviations. The third and final objective was analysed using standard multiple regression analysis. IBM SPSS Statistics for windows, version 23 was the software used to analyse the data. Prior to analysing the data, a test for normality in the data was conducted, and

the test result informed that the choice of measure of central tendency and dispersion adopted for this study.

Key Findings

In line with the research objectives of the present study, the study found that customers of PBC Limited demonstrate high level of awareness towards corporate social responsibilities. Moreover, unfair distribution of scholarship schemes between farmers in the urban and those in the rural communities, misallocation of scholarship schemes, lack of parity between farmers with small sizes of farms and those with larger farmer sizes regarding the award of scholarship schemes, limited quantity and delay of sales promotional items supplied by the PBC Limited, higher operational cost in the implementation of CSR programmes to farmers, and the risk of farmers running away with seed funds were the challenges facing PBC Limited in the implementation of CSR programmes for farmers in the Sefwi Wiawso Municipality.

Furthermore, there is a positive relationship between CSR and customer loyalty among customers of PBC Limited at the Sefwi Wiawso Municipality. Overall 30 per cent variation in customer loyalty as the dependent variable is explained by the independent variable of corporate social responsibility.

Conclusions

The study examined the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso in the Western North of Ghana. Rapidly changing market conditions require companies to formulate a business strategy to allow the easy

adaptation and maintenance as well as improvement of their competitive position. The creation of a business strategy based on the CSR concept is an important opportunity for differentiation as it considers the interests of numerous different stakeholders and is dedicated to achieving social goals and environmental protection.

The study concluded that customer of PBC Limited are aware of the corporate social responsibilities required by companies. Furthermore, the study settled that unfair distribution of scholarship schemes between farmers in the urban and those in the rural communities, misallocation of scholarship schemes, lack of parity between farmers with small sizes of farms and those with larger farmer sizes regarding the award of scholarship schemes, limited quantity and delay of sales promotional items supplied by the PBC Limited, higher operational cost in the implementation of CSR programmes to farmers, and the risk of farmers running away with seed funds were the challenges facing PBC Limited in the implementation of CSR programmes for farmers in the Sefwi Wiawso Municipality. Finally, the study established that customers of PBC Limited were willing to do business with PBC Limited because of their engagement in CSR.

Recommendations

After examining the promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso Municipality, it was appropriate to make recommendations to inform policy direction. The study recommends for management of PBC Limited to develop a well-structured CSR programme which will be administered efficiently and fairly to its intended beneficiaries. Moreover, the company should consider

addressing the numerous challenges encountered during the implementation of corporate social responsibility programmes to their beneficiaries. The study further recommends the communication of CSR activities by PBC Limited through their annual reports, so as to increase customer loyalty

Suggestion for Future Research

Future research should be directed to the identification of specific activities that customers consider as being the most relevant and that contribute the most to the creation of an image of a socially responsible company; the recommendations for companies could be given in terms of resource allocations for such activities. Research could be expanded by including new variables in the model (such as, quality of products/services, price). Using a regression analysis, the impact of these new variables respecting CSR dimensions could be determined.

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APPENDIX

Appendix A: Questionnaire for farmers

PROMOTING CUSTOMER LOYALTY THROUGH CORPORATE SOCIAL RESPONSIBILITY: EVIDENCE FROM PBC LIMITED, SEFWI WIAWSO, WESTERN NORTH OF GHANA

Dear Respondent,

My name is Evelyn Osei-Bonsu, a Master of Business Administration student at the Department of Management, School of Business, University of Cape Coast. This study forms part of the requirement for the award of my Master of Business Administration Degree in Management and it seeks to examine the *promotion of customer loyalty through corporate social responsibility with evidence from PBC Limited in Sefwi Wiawso.*

I am writing to ask for your help with my research. I would be grateful if you could spare about 30 minutes of your time to answer these questions for the research, with all honesty. There is no right or wrong answer. Your questionnaire is strictly anonymous and will only be read and used by myself. Participation is voluntary. In the event that anything is published from this research, no information supplied will be identifiable to you since only aggregated data will be reported in this study.

It is expected that the findings of this research provide guidelines for management during business strategy formulation in terms of paying attention and emphasizing dedication to corporate social responsibility. I would be very

grateful if I could get the completed questionnaire within a week. If you need any clarification on this questionnaire, its nature or its purpose, or you wish to be informed on the results of the study, do not hesitate to contact me on 024-461-9324 or email: *evelyn.osei-bonsu@ymail.com*. Thank you for your valuable time and input.

Questionnaire

Section A: Demographic Characteristics

A1. Sex: a. Male [] b. Female []

A2. Age in years: _____

A3. Level of education: a. Basic [] b. Secondary [] c. Tertiary []

Section B: Corporate Social Responsibility

Corporate social responsibility is a concept by which the company integrates the care for society and environment in its business activities and interaction with its stakeholders on a voluntary basis. Please indicate your *level of agreement or disagreement* to each of the following statements that relate to corporate social responsibility, by **ticking** the appropriate number, on the scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree.

<i>Economic Responsibilities</i>						
CSR01	PBC Limited strives to improve the company's operating performance.	1	2	3	4	5
CSR02	PBC Limited values service quality.	1	2	3	4	5

<i>Legal Responsibilities</i>						
CSR03	PBC Limited is able to comply with the relevant authorities' regulations.	1	2	3	4	5
CSR04	PBC Limited does not deceive customers in marketing and advertising.	1	2	3	4	5
CSR05	PBC Limited focuses on information disclosure and transparency, such as financial and business information.	1	2	3	4	5
CSR06	PBC Limited provides complete cocoa production information to all customers.	1	2	3	4	5
CSR07	PBC Limited has certain norms and standards for business conduct.	1	2	3	4	5
<i>Ethical Responsibilities</i>						
CSR08	PBC Limited values employee education, development and welfare.	1	2	3	4	5
CSR09	PBC Limited is committed to using part of its profits to help non-profits.	1	2	3	4	5
<i>Philanthropic Responsibilities</i>						
CSR10	PBC Limited encourages partnerships with local businesses and schools.	1	2	3	4	5
CSR11	PBC Limited values and often participates in charitable activities.	1	2	3	4	5

Section C: Customer Loyalty

Customer loyalty is a customer’s unconditional commitment to a company and his or her strong relationship with the brand, which is not likely to be affected under normal circumstances. Please indicate your *level of agreement or disagreement* to each of the following statements that relate to customer loyalty in your organisation, by **circling** the appropriate number, on the scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strong agree.

<i>Customer Loyalty</i>						
CLT01	I am willing to renew with PBC Limited.	1	2	3	4	5
CLT02	PBC Limited will be my first preferred option in the future.	1	2	3	4	5
CLT03	If there is any need for other cocoa buying companies in the future, I will continue to contact PBC Limited.	1	2	3	4	5
CLT04	When relatives and friends need to deal with cocoa buying companies, I will take the initiative to recommend PBC Limited.	1	2	3	4	5
CLT05	If my PBC Limited raises monthly fees to maintain good service quality, I will still choose PBC Limited.	1	2	3	4	5

Section D: Challenges in Implementing Corporate Social Responsibility

The statements below relate to the challenges faced by PBC Limited in implementing corporate social responsibility at Sefwi Wiawso. Please indicate your *level of agreement or disagreement* to each of the following statements, by **circling** the appropriate number, on the scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strong agree.

<i>Challenges in Implementing Corporate Social Responsibility</i>						
CHA01	Scholarship schemes provided by PBC Limited favour more farmers in the urban communities than those in the rural communities.	1	2	3	4	5
CHA02	People who are not farmers enjoy the scholarships schemes at the expense of farmers.	1	2	3	4	5
CHA03	Farmers with small sizes of farms enjoy the scholarship than farmers with large farm sizes.	1	2	3	4	5
CHA04	There is limited quantity of sales promotional items supplied by the PBC Limited.	1	2	3	4	5
CHA05	There is delay in the supply of sales promotional items by the PBC Limited.	1	2	3	4	5
CHA06	PBC experience higher operational cost in the implementation of CSR programmes to farmers.	1	2	3	4	5
CHA07	PBC face the risk of farmers running away with seed funds.	1	2	3	4	5