

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON BRAND LOYALTY

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Abstract

This article describes corporate social responsibility (CSR) as an organisational tool whose successful implementation can be used to gain brand loyalty. The benefits of CSR to society have been well documented to a great extent. However, there is very little information on the benefits of it to the actual corporations that practice it. This lack of knowledge is what motivated the study on which this article is based. The key objectives of the study for the article were to determine consumer attitudes towards specific CSR programs, determine the impact of CSR on brand image and brand loyalty and determine what kinds of CSR programs are considered to be adequate by consumers to qualify as socially responsible. A quantitative survey was done using customers of the South African mobile phone service provider Vodacom. A self administered questionnaire was used as the primary data collection instrument. The main findings of the study were that although most consumers were not aware of what CSR as a concept is, they felt that companies are obligated to be socially responsible. Most importantly however, it was determined that the knowledge of a firm's CSR initiatives may lead to enhanced corporate image and brand loyalty. From the findings, this article recommends that corporations need to take a more proactive rather than a reactive approach to societal and environmental issues. It also recommends that companies need to be more transparent about their CSR initiatives to consumers which in turn leads to increased stakeholder engagement.

Keywords: Corporate Social Responsibility, Corporate Responsiveness, Accountability, Corporate Branding, Brand Loyalty, Corporate Governance

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1. Introduction

This article will discuss how “the effective management of CSR can lead to increased brand loyalty among consumers”. The four primary objectives of the study carried out for this article were to determine the effects of CSR on brand loyalty, to determine consumer attitudes towards CSR, to determine what kind of CSR initiatives are considered by consumers to be adequate to qualify as socially responsible behaviour and finally to determine whether CSR has any effect on brand image.

2. Literature Survey

CSR is defined by the World Council for Sustainable Development as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (Crane, Matten & Spence, 2008:6). Societal expectations about the positive contributions from corporations are not a new phenomenon as the history of CSR dates back many centuries. CSR developed as a result of the interaction between industrialisation and

globalisation (May, Cheney & Roper, 2007:5). As industrialisation grew, corporations were criticised for advocating factory labour (May et al 2007:5). The factory labour system required many work hours and that workers live far away from home thus it was having a negative impact on family and the community. To counter this criticism, corporations developed “industrial welfare programs... which provided for the education, recreation and socialisation” (May, et al., 2007:4) of factory workers. Shortly after World War 1, Howard Bowen came up with what would become one of the earliest conceptions of CSR (May, et al., 2007:5). He suggested at the time that “we are entering a time when private business will be judged solely in terms of its demonstrable contribution to general welfare” (May, et al., 2007:5). As far as he was concerned, it was the responsibility of business to ensure better standards of living, economic growth, security and freedom. In the 1970s when corporations were reaping the highest benefits of industrialisation in America, the debate of CSR shifted from a focus on corporate responsibility to a one about corporate responsiveness (Crane, et al., 2007:7). The emphasis was no longer on business survival but rather on “political action, public affairs, lobbying, and public relations directed toward strategic philanthropy and

cause related marketing” (Crane, et al., 2007:5). Furthermore, according to Carroll & Buchholtz (2008:242), CSR was the brainchild of business ethics and thereafter became its right hand. Business ethics is “concerned with good and bad, right and wrong behaviour and practices that take place within a business context” (Carroll & Buchholtz, 2008:242). More recently, the scandals of companies such as Enron and Arthur Andersen in 2001 brought about issues of business ethics and corporate responsibility into sharp focus world over. The debate on CSR intensified as companies abandoned morally responsible behaviour in order to satisfy their financial imperatives (Crane, et al., 2007:7). It is through this intensified debate that companies are now called upon to display more responsible behaviour. While this may be viewed as a burden by many companies, those that practice it may find that it presents various advantages.

3. Reasons for the growth of CSR

Several factors have emerged over the past 10 years which have brought issues of CSR into sharp focus. Some of the most important ones include:

- Increased stakeholder activism - Corporate scandals such as those of Enron and Arthur Anderson have resulted in consumers becoming ever more aware of the activities of business. Some consumers have taken an active stance against companies that they feel are not contributing to the society as they see fit. In fact, consumers are fast relying on corporations rather than the government, to deal with social issues and have become more demanding (Van den Inde, 2004:29).

- Increased stakeholder engagement - There has been a paradigm shift among corporations from questions of whether to engage stakeholders or not to, how to engage them (Van den Inde, 2004:30). Corporations are realising the importance of engaging stakeholders as opposed to doing that which they themselves think is right. Stakeholder engagement on its own, can lead to improved consumer relations.

- Proliferation of CSR codes and standards - The growth in the development of voluntary CSR standards has added to the complex CSR landscape (Van den Inde, 2004:30). More and more companies are voluntarily designing CSR programs. However, it must be noted that there is also a growth in the belief that these standards need to be consolidated with those of other corporations in order to come up with appropriate codes of conduct for CSR across the board (Hohnen & Potts, 2007:25).

- Transparency and reporting - One of the core issues when it comes to CSR is transparency. Organisations are more than ever facing stakeholder demands for them to report on their initiative and continuously improve their social and environmental performance (Van den Inde, 2004:30).

- Market based incentives - Corporations have now noted that there are some market based incentives for engaging in CSR. An example of this is the growth in sustainability indexes such as the Dow Jones which have led to the realisation that CSR can also be viewed as a strategic business issue (Hohnen & Potts, 2007:6).

All the above mentioned factors taken together have resulted in the growth in the number of companies practicing CSR. After a company realises the need for CSR and implements it, there are several benefits that can be realised from it.

4. The Key Benefits of CSR

There are a variety of reasons why a business would want to be involved in CSR. These reasons are often influenced by the firm’s products or services, the location of production facilities, the firm’s size, the macro environment in which that firm operates and most importantly, the firm’s leadership (Hohnen & Potts, 2007:9). Essentially, the main reason why firms may want to adopt CSR is that it can be used as a strategic approach to enhance corporate image by addressing issues stemming from their existence, those which are of importance to stakeholders and the society (Hohnen & Potts, 2007:9). Below are some of the potential benefits of CSR to firms:

- Superior reputation management - The reputation of a company or the equity that is attached to its brand is based on the principles of trust, quality, reliability, credibility and consistency (Hohnen & Potts, 2007:11). Knowledge by consumers that a company practices CSR is likely to increase consumer attachment to a company which in turn may have financial benefits.

- Development of social capital - Social capital is the enduring belief by members of society that a corporate citizen such as a company has the right to operate because of its positive reputation (Hohnen & Potts, 2007:11). Consumers start to believe that an organisation has the right to operate due to the positive corporate image that they have. This also has positive implication for the public relations efforts of the company. If a company has this capital, then their sustainability within the marketplace is improved.

- Improved innovation, competitiveness and positioning (Hohnen & Potts, 2007:11) – Besides mitigating risk, CSR can be used as an opportunity identifier. This is due to the fact that CSR reporting usually results in feedback from stakeholders which can be used by the firm as a source for new idea generation (Esty & Winston, 2006). An example of how a firm can use CSR as a source of innovation is that it can implement environmental controls in its production processes so that it can become a supplier to those companies that will only accept such production methods.

- Increased productivity and quality - Companies that take time to try and improve the working conditions of their employees and come up with production methods that decrease environmental impact, will find that this reduces errors in production (Van Den Inde, 2004:33). Also such companies will be concerned with producing high quality products or services.

- Access to capital - Increasingly, financial institutions are using CSR compliance as one of the criteria for allocating capital to businesses as there is a belief that a correlation exists between a good approach to CSR and good management (Hohnen & Potts, 2007:12). This is especially important in highly competitive industries like the mobile services market.

- Enhanced operational efficiencies and cost saving (Van den Inde, 2004:33) - This is mainly the result of environmental sustainability strategies employed by the firm. For example, if a firm can come up with production methods that reduce toxic waste, then the costs that are associated with disposing of that waste are reduced. This in turn means that there are more funds to do that which will be financially beneficial to the company.

- Good relations with regulatory bodies - A 2006 study by PriceWaterhouse Coopers revealed that there are some companies whose approval processes for certain activities have been expedited by the fact that those companies are involved in CSR activities (Hohnen & Potts, 2007:12). The same study suggested that there are some countries where government uses CSR indicators to award contracts. Companies that are not socially responsible are not given the same consideration.

5. Important Concepts in CSR

It is important for the purpose of this article to explain some of the key concepts used in understanding CSR. These include:

5.1 Accountability

This is a concept of business ethics that is defined as comprising of the compliance with rules and regulations, transparency of activities and responsiveness to legitimate expectation (Visser, et al., and 2007:4).

5.2 Responsibility

In business terms, the generally accepted definition for business responsibility is that this is the “duty or obligation to satisfactorily perform or complete a task (assigned by someone, or created by one's own promise or circumstances) that one must fulfil, and which has a consequent penalty for failure” (Business Dictionary, 2010:paragraph 1).

5.3 Corporate Governance

The Organisation for Economic Cooperation and Development (OECD) defines the term as “procedures and processes according to which an organisation is directed and controlled... specifying the distribution of rights and responsibilities among the different participants of the organisation...” (OECD, 2014: paragraph 1). Simply, corporate governance is characterised by the process of addressing the relationship between a business and the society in which it operates (Sutton, 1993:201). The principles of corporate governance include performance orientation, value creation, disclosure, codes of conduct, responsibilities of directors etc (Butler & Melvin, 2008: ii).

5.4 Corporate Image

The fundamental definition of corporate image is that it is the perceptions that consumers have of a corporation based on brand associations (Keller, 2008). This can either be positive or negative. An important point to note about corporate image is that it is a changing social construction that is based on consumers’ interpretations and preferences (Christensen & Askegaard, 2001:293). It is thus the collection of all the mental associations that are stored in the memory of a consumer.

5.5 Sustainability

Sustainability refers to the ability to operate in the long term (Van den Inde, 2004:60). In relation to CSR this refers to both the organisation itself ensuring that it operates profitably for a long time and ensuring that the environment will be sustained as well. An organisation must balance the need for short term profitability and the need to operate for a sustained period of time (Freemantle & Rockey, 2004:7). Businesses cannot put the environment at risk because they have to maximise their profits. Companies that are sustainable, gain the trust of their customers thereby leading to customer loyalty.

5.6 Business Ethics

Business ethics is arguably the most important aspect of corporate social responsibility as it is the foundation upon which all the other factors lie. Business ethics encompasses a set of ‘organisational principles, values and norms’ that provide a framework individual and corporate behaviour (Ferrel, Fraedrich, & Ferrel, 2013:5). Business ethics is concerned with what is good, bad, right, wrong and acceptable behaviour.

According to Carroll (2005), there are four core responsibilities that a firm has toward society; these are economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic

responsibilities. The figure below illustrates some of the elements of the 4 responsibilities. If a company is able to meet all the above mentioned criteria and be able to keep to all these responsibilities, then it will be able to reap the benefits of being socially responsible.

6. Brand Loyalty and CSR

Firms that want to get ahead in today’s incredibly competitive world need to outperform competitors and maintain a competitive advantage over other firms so as to favourably influence customer brand selection. This is known as brand loyalty and it is defined “as a deeply held commitment to re-buy or re-patronise a preferred product or 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” (Hsieh & Li, 2008:31). This means that even in extremely competitive markets, characterized by price cuts and positioning wars, consumers may be persuaded to remain with a

product. Customer loyalty however is not easy to earn as consumers can be easily influenced by competitors.

The key benefits of brand loyalty are:

- lower customer price sensitivity;
- reduced expenditure on attracting new customers; and
- improved organisational profitability.

If an organization is able to satisfy its customers beyond the reach of its competitors, then it shall likely reap the benefits of repeat purchases. In industries like the mobile service provider, where purchases tend to be once off, customer retention is very essential. When consumers purchase new phones, they are sometimes given a new SIM card. This means that corporations have to ensure that they have good relationships with customers such that they will always use their network even when presented with an option. Not all consumers have the same level of loyalty to brands. Four distinct categories of customer loyalty have been identified.

Table 1. Four Cs of Customer Loyalty

Consumer Categories	Typical Behaviour	Typical Attitudes
Captive	Continues to purchase or use a product or service because they have no choice	Neutral to the brand, with experience of the brand which does not cause them to perceive the brand in a negative light
Convenience Seeker	Often associated with routine, low involvement purchases. Engages in regular repeat purchase transactions associated with the brand	No particular attitude to the brand, except that some brands may be associated with convenience
Contented	Evaluates products on their merits, but previous and existing engagement with the brand is an opportunity for the brand owner to build the relationship with the customer	A positive attitude in relation to the brand, which may be shared with acquaintances if their advice is requested
Committed	Barely considers other brands. Is prepared to “add value” to the brand, perhaps through participating in supportive customer-to-customer interaction	Engages in positive and delighted word-of-mouth exchanges with other customers or potential customers

Source: Adapted from: Rowley (2005: 576)

From Table 1 above, the relationship that a firm needs to achieve with a consumer is that of committed loyalty. A consumer who will barely consider other brands will more often than not find the need to justify their loyalty to the brand to others. Customers who are loyal to a brand may be responsible for encouraging other users to adopt a brand (Rowley, 2005:578). By being active advocates of a brand, they can have an influence on the decision of others concerning the brand (Griffin, 2002:151). Word of mouth is a promotional tool that a firm can benefit from and yet spend no money on. The advantage of referrals is that they are trusted by

consumers because they believe that they are coming from objective second parties (Griffin, 2002:154).

From a sales perspective, half the time is spent on selling to someone who has been referred rather than to someone who has not been told by a current customer. Finally, it has been realised that, “in conditions characterised by unsustainable product differentiation, increasingly sophisticated consumers and fragmented markets, the corporate brand is recognised as an important asset” (Tarnovskaya, Elg and Burt, 2008:943) for the purposes of customer loyalty. Any corporation that intends to stay afloat in today’s incredibly competitive world has to ensure that relations between it and its stakeholders are kept

at an optimum level to avoid customer defections. It is a strong corporate brand that will lead to sustained customer loyalty. Brand loyalty in turn will most likely lead to higher profit margins for the organisation.

7. Methodology

The study involved the administration of a survey designed to determine consumer attitudes toward CSR. The instrument was a self administered questionnaire that mainly consisted of scale measurement questions. The questionnaire was administered to 10 respondents in a pilot study to ensure validity and reliability of the instrument. Randomly selected Vodacom customers were used as the pilot test participants. This method of participant selection was justified in the sense that random selection was to be used for the official study. A total of 15 questions were then compiled for the final questionnaire.

8. The participants

The study was conducted in Pietermaritzburg, KwaZulu-Natal (KZN), South Africa. The target population for the study included all Vodacom customers located in Pietermaritzburg who are customers of the customer care centre at Liberty Mall. The total number of conveniently sampled respondents was 246. This sample size was determined by multiplying the number of customers who visit the customer care centre per day (230-5% repeat customers) over two weeks. Although the resultant number was not entirely representative of all Vodacom customers, it was relevant for the study given the time and resource constraints. The target population determined was 3059. The sample size calculator was then used to calculate the sample size. A 6% margin of error was allowed for with a 95% confidence level required. In line with the population characteristics of KZN and South Africa, 54.9% of the respondents of the study were females.

9. Results and discussion

9.1 Product Consumer attitudes towards CSR

The first question asked whether respondents were aware of what CSR was prior to reading the definition in the questionnaire that was administered. 59.3% of the respondents said that they were not aware of what CSR is. Only 40.7% knew what it was. This result was contrary to the declaration by the Sustainability Business Handbook of South Africa that there has been a collective light bulb moment in the country concerning CSR (Freemantle, 2007:4). This result suggests that South Africans are not yet at par with other developed or developing countries

where it is estimated that 90% of the people are aware of the concept (Porter & Kramer, 2003:10). In fact, in some countries such as England and Sweden, it is the consumers who play the watchdog to ensure that corporations are socially responsive (Caruana, 1997). However from the corporation's perspective, this can actually be a good thing as this means that expectations of South Africans concerning CSR are low hence little involvement in CSR would not be viewed negatively. This however does not mean that companies should take advantage of this as consumer expectations can change overnight and companies found wanting could find themselves under close and negative scrutiny.

Despite the presented results, when asked if companies were obligated to be involved in CSR, 57.7% of the respondents said yes as they believed that corporations are indebted to society. This may be due to the fact that although respondents may not be aware of the concept of CSR, they are expectant of the fact that companies need to give back to society. According to Crane, Matten & Spence (2007), it is important for companies to perform in a manner consistent with expectations of societal morals and ethical norms. This result also means that there is a natural expectation by society that a company be responsible. 19.9% of the respondents indicated that companies are not obligated to be socially responsible as this was their choice. This suggests that not all customers feel that the companies that they patronise should be involved in CSR. A further 13.8% indicated that they thought it all depended on what the company actually does. For example, in a latter question, some of the respondents did not believe that sport sponsorship qualifies as CSR. From the corporation's perspective, it is clear then that they have to be somewhat involved in CSR if this is the expectation of society. Being a good corporate citizen means meeting and adhering to social norms and expectations.

From the corporation's perspective, one of the core concepts involved in CSR is accountability. This is a concept of business ethics that is defined as comprising compliance with rules and regulations, transparency of activities and responsiveness to legitimate expectation (Visser, et al., 2007:4). In the study, 55.7% of the respondents answered negatively to the question "For the purposes of accountability, do you feel that Vodacom provides enough information on their CSR initiatives?" Although the company is not required by legally obligated to provide this information, it may be in their best interest to do so as this may contribute to customer knowledge of their responsibility in society. Considering that this was a significant number, Vodacom may need to be more forthcoming with the information that they have concerning CSR. The study found that most of the company's CSR initiatives are documented on the website, which is not a resource that all customers have access to.

Another question that was asked in relation to this objective was related to the advertising of CSR activities. One of the controversies of CSR discussed previously was the advertising of CSR initiatives by those companies that are involved. For example, in 1999, the tobacco company Philip Morris spent \$75 million on philanthropic activities, and then publicized them in a \$100 million advertising campaign (Hsieh & Lee, 2008:27). The company was thus heavily criticized. However, when asked what they feel about companies advertising their corporate social responsibility initiatives, 64.6% of the consumers said that they thought that CSR advertising is good as it helps consumers to be aware that the companies they are patronising are in fact responsible. There was however some 8.5% of respondents who felt that CSR advertising was bad as it reduces their philanthropic activities to marketing efforts. This finding is supported by the vast literature that is available on the criticism of CSR advertising (Hsieh & Lee, 2008 and Carroll & Buchholtz, 2008). Due to the fact that consumers feel that knowledge of CSR enables them to know that companies are responsible, it would then be wise for companies to set up appropriate reporting procedures. These communication procedures would have to strike a balance between reporting CSR activities and coming across as a company that is not trying to advertise their CSR.

The study found that based on the demographic factors of race and age, there were no significant differences among the respondents when they were faced with the question of whether corporate social responsibility had an influence on how they view a brand. For both factors, the value was less than 0.05, hence this conclusion was drawn. From a corporation's viewpoint, this can work in their favour as they know that they can tailor their communications in order to reach the same demographics the same way if they can be influenced alike. This means that the company does not have to implement different programs for different ages or races, which will save them money.

9.2 The effect of corporate social responsibility on corporate brand image

Corporate brand image is the perception that consumers have of a company. There are many ways in which CSR is used to build brand image. For example, it can take the form of event marketing in the form of sport sponsorship. The sponsorship of the 1984 Summer Olympics is credited as being the event that made companies realise that sport sponsorship can be used as a philanthropic platform. For example, although less than half of the respondents could not recognise Vodacom's CSR initiatives, most of them could recognise their sport sponsorships. Despite the fact that most of the respondents could not recognise more than 2 of Vodacom's CSR programs, most of

them could recognise at least 2 of their sponsorships. At 75.2%, the Vodacom Durban July was the most recognised of all the CSR activities of the company. This however can be attributed to the fact that the questionnaire was administered at a time when the Durban July was being extensively advertised and the fact that it is one of the premier events of the province for which people travel far and wide to attend.

Consumers seem to develop relations with firms that sponsor sporting events. "By becoming part of a special and personally relevant moment in consumer's lives, sponsors can broaden and deepen their relationship with their target market" (Keller, 2008:261). In fact, during the research, it was discovered that some of the respondents had not known that it was Vodacom that sponsors their favourite sporting events and their attitudes were affected positively upon this discovery. Furthermore, sponsored events "contribute to brand equity by becoming associated to the brand, improving brand awareness and adding new [positive] associations to the brand." (Keller, 2008:307). This has been proven in the past in America when Visa started sponsoring the Olympics. The company reached a brand awareness level of 87%, the highest level of brand awareness that any sponsor in key markets can achieve (Keller, 2008:310).

Another important element of brand image is business ethics. An essential aspect of business ethics is avoiding harm. A question that best illustrated this was whether respondents knew of Vodacom's environmental sustainability efforts. Disturbingly, only 4.9% of the respondents were aware while the majority of 95.1% said that they were not. These results are contrary to what Greg Garden of the Nedbank group was quoted as saying. He stated that contrary to what people believe about South Africans, they also see the importance of environmental sustainability issue with green consumerism becoming one of the key consumer issues of today (Da Silva, 2010: paragraph 3). The fact that these consumers, most of whom have been Vodacom customers for 3 years or more did not know about this, suggests that issues of environmental sustainability are still not a priority to most people or the fact that companies are not doing enough to ensure that consumers are actively involved in issues of the environment.

According to the chi-square tests that were done, based on the demographic factors of gender and age, there were no significant differences among the respondents when they were faced with the question of whether CSR had an influence on brand image or not. From the corporations' viewpoint, this can be a positive thing as this means that people of all races and both genders can be positively influenced by brand image management programs. However, the converse of this can be true as well.

9.3 Types of CSR initiatives that are considered by consumers as socially responsible behaviour

Another primary objective of this study was to discover which CSR programs are considered by consumers to qualify as social responsibility. In recent years CSR has been condemned for being a tool that corporations use for public relations rather than genuine attempts to improve society (Ying, 2005). Corporations have been accused of trying to escape their legal, ethical, philanthropic and economic responsibilities by engaging in activities that masquerade as CSR. One of the controversial issues is that of sport sponsorship. To answer this objective, the first statement given was "Critics are saying that Vodacom's sponsorships of the Vodacom challenge and the Super 14 does not qualify as CSR". 55.3% of the respondents said that they did not agree with critics of Vodacom's sport sponsorship as they felt that sport is an essential part of our community. According to the Encyclopaedia of Brands and Branding in South Africa, "sport is an inextricable part of the South African culture and fabric as defeats and triumphs of our national teams and athletes affects our national mood and self perception" (Ikalafeng, 2000:288). The recent world cup that was staged was a testimony to this. However, it must be noted that since the data was collected during the period of the world cup, there may have been some bias in terms of answering these questions. The euphoria at the time, may have influenced the responses. However, 19.1% of the respondents felt that the amount of money spent on sport sponsorship is wasted and could be spent on better things. A further 24.8% were neutral on the topic. This means that these respondents can be swayed either way, a fact that can work in the favour of the company.

Another dimension of this objective was whether or not the fact that some of the money generated from sport sponsorship was ultimately used in social responsibility programs like health initiatives actually justified the vast amount of money spent on sport sponsorship. 50% of the respondents said that this then justifies the amount of money that Vodacom uses on sport sponsorship. 22.8% said that this was no justification with the remaining 27.2% saying maybe. This means that if Vodacom or any other company that is involved in CSR would try to tie up their sport sponsorships with other initiatives that are considered to be "legitimate" by consumers, then they can add credibility to their programs.

9.4 The Impact of corporate social responsibility on brand loyalty

According to Anisimova, (2007), one of the primary goals for corporate branding is to increase brand

loyalty. If consumers are loyal to a brand then they are less likely to shift to use other brands. The key benefits of brand loyalty are lower customer price sensitivity; reduced expenditure on attracting new customers and improved organisational profitability (Rowley, 2005:574). Corporate responsibility is a corporate branding tool by which companies can possibly increase loyalty to their brand. Since Vodacom is heavily involved in CSR, a question was posed concerning this.

The most essential question that was asked in the study was, "Are the CSR initiatives of Vodacom likely to contribute to your loyalty to the brand". 27.2% of the respondents strongly agreed with this statement whilst 32.5% of them agreed with the statement. This was a total of 59.7% who felt that CSR initiatives of Vodacom, if they were aware of them, would contribute to their loyalty to the brand. This goes on to suggest that CSR does not only benefit the communities who are its direct recipients, but also the company which is the giver. If the results of CSR awareness include brand loyalty, then the company stands to benefit. As discussed previously benefits of customer loyalty are that it drives profitability and growth, reduces costs, leads to price insensitivity and results in sustainable brand equity. A further 22% of the respondents were neutral in their opinions about Vodacom's social responsibility initiatives. An analysis of the questionnaires revealed that the respondents who were not aware of the initiatives of Vodacom were the most likely to chose this response. The researcher would propose that if these respondents were to become aware of them then they might agree or strongly agree with the statement. Only 17.8% of the respondents said that they disagreed with the impact of corporate social responsibility on brand loyalty. This may be due to the fact that there are some respondents who felt that Vodacom does CSR for its own benefit not for the benefit of consumers, the society or other relevant stakeholders.

Based on the results, 27.2% of the respondents strongly agreed with the statement that corporate social responsibility will influence their brand loyalty. A further 32.5% agreed to the statement.

10. CSR and brand loyalty

According to the chi-square tests that were done, Table 2 and Table 3 below reveal that based on the demographic factors of gender and race, there were no significant differences among the respondents when they were faced with the question of whether CSR had an influence on their loyalty to a brand. This means that the corporation can tailor their loyalty gaining programs in such a way that they can influence people of all races and gender.

Table 2. Chi-square test for brand loyalty – Gender

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.848(a)	4	.097
Likelihood Ratio	7.879	4	.096
Linear-by-Linear Association	5.351	1	.021
N of Valid Cases	246		

Table 3. Chi Square test for brand loyalty – Age

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.233(a)	12	.352
Likelihood Ratio	14.523	12	.269
Linear-by-Linear Association	1.862	1	.172
N of Valid Cases	246		

11. Recommendations

11.1 Educate consumers about CSR

Consumers need to be educated by companies about what CSR is. A clear awareness of what this concept entails will reduce the chances of consumers being confused and thus having a bad impression of the company. An appropriate CSR reporting strategy should be employed such that the communication of CSR initiatives can be done in an appropriate way. Some companies have reported their CSR activities in ways that have been considered by consumers to be advertising.

11.2 A proactive approach to CSR

Corporations need to take a proactive rather than a reactive approach to CSR. Corporations that are known to be socially responsible are more likely to gain the trust and credibility necessary for times when something happens and they have to react.

11.3 Increased consumer engagement

Corporations need to engage all the relevant publics in terms of what they feel would be appropriate CSR activities. What the corporation may consider to be socially responsible behaviour may be seen by stakeholders, especially investors, as a waste of company resources.

11.4 Adopt a focused CSR Approach

One of the most controversial issues when it comes to CSR is sport sponsorship. It has been suggested that this does not qualify as CSR. A recommendation that can be suggested here is that Vodacom adopt a focused approach when it comes to sport sponsorship. The fact that the company sponsors so many sporting teams and events in South Africa can give the impression that the company is irresponsible in their spending.

11.5 Integration of sports sponsorship

Companies need to tie up sponsorships of events or sports with CSR programs that are considered by consumers to be legitimate. For example, an example of this would be to donate a computer to a disadvantaged school for every goal scored by one of the successful Premier Soccer League football team.

12. Conclusion

The article has discussed whether there was any relationship between socially responsible behaviour of an organisation and the increase of sales performance in an organisation. The secondary data analysis postulated that there is a significantly positive relationship between socially responsible behaviour of corporations and financial performance. Results reveal that the positive response to CSR initiatives by the practicing company would influence their brand loyalty to the company and in this case, Vodacom. As a significant number of customers indicated that they would be loyal to the brand, this may lead to the financial impact on the affirmative, leading to higher usage rates of the product which in turn will most likely influence the profit margins positively. This aligns very well with the argument that all business ventures have a profit maximisation interest as they operate. This is regardless an area where business should be established or even institute structures to manage and enforce CSR guidelines in an organisation.

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