

Full Length Research Paper

Effects of corporate social responsibility on consumer retention in cellular industry of Pakistan

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Numbers of researches have been conducted to investigate interrelationship among corporate sustainability, corporate social responsibility and consumer purchase intentions. However conflicting results were found regarding effects of corporate social responsibility on consumer behavior. This research has investigated the effects of product/service quality and consumer satisfaction along with corporate social responsibility actions on consumer purchase intentions and further on consumer loyalty. This was an exploratory research based on primary and secondary data with some experimentation to manipulate respondents' attitude towards organization and its corporate social responsibility actions. The primary data has been collected from university students, whereas secondary data was collected from newspapers and website of corporation. The data has been analyzed using structural equation modeling through AMOS 7.0 version. The study found no relationship between awareness of corporate social responsibility activities and consumer purchase intention. However significant relationship was observed between service quality and customer satisfaction. Moreover the study noted no relationship between consumer satisfaction and purchase intentions and purchase intention and consumer retention for cellular industry of Pakistan. The findings of this study are important for corporations and future researchers on corporate social responsibility and consumer behavior.

Key words: Corporate social responsibility, corporate sustainability, consumer behavior, consumer satisfaction, consumer retention.

INTRODUCTION

In current business environment, corporations try to find the ways of optimization to triple bottom line concept of sustainability management. Triple bottom line (TBL) is an important concept to create a positive impact of business organization in the society, environment, and the business community. The objective is to achieve sustainability by equally balancing economic, environmental and social criteria. Corporations bridge interrelationship between economic, social and environmental aspects

through their business. This concept is famously known as corporate social responsibility (CSR), and is focus of business literature since recent decades. Corporate social responsibility (CSR) often referred as corporate citizenship, corporate social performance and sustainable responsible business, is focus of management researchers and business practitioners. Corporate social responsibility is defined (Wood, 1991), as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships." Current corporate performance measures involve the corporate social performance. This measure has critical importance to corporate sustainability and reputation management. CSR is being used today to establish good rapport with the public. It is

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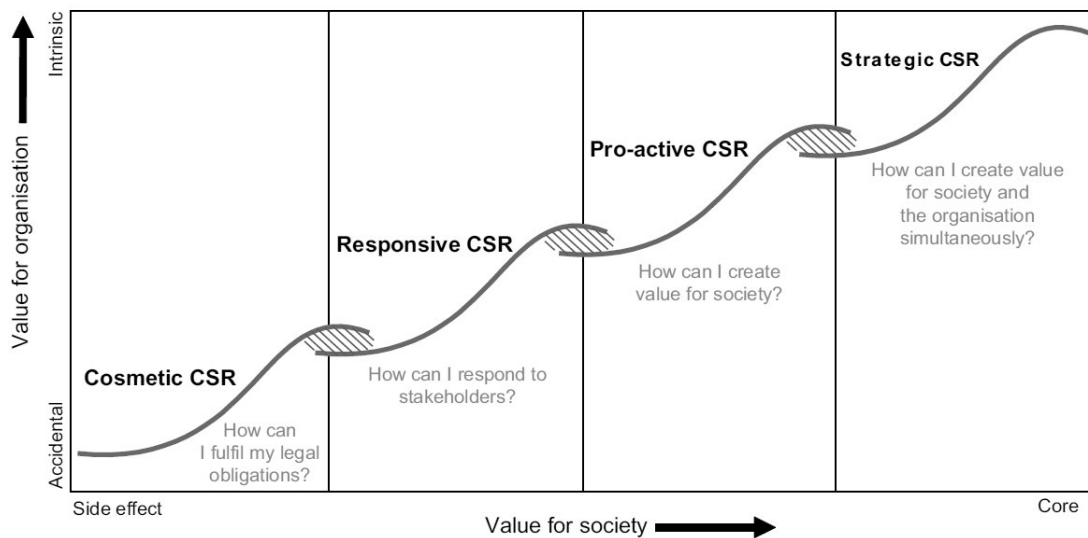


Figure 1. CSR development framework (Nolan, Norton and Co., 2009).

also used as pre-emption strategy by the corporations to save their skin from unforeseen risks and corporate scandals, possible environmental accidents, governmental rules and regulations, protect eye-catching profits, brand differentiation, and better relationship with employees based on volunteerism terms. Corporations today are much conscious to publish their CSR activities on their websites, sustainability reports and their advertising campaigns in order to get the sympathy of the customer. CSR is also practiced because customers as well as governments today are demanding more ethical behaviors from organizations. In response corporations are volunteering themselves to incorporate CSR as part of their business strategies, mission statement and values in multiple domains, respecting labor and environmental laws, while taking care of the contradictory interest of various stakeholders (Kashyap et al., 2006).

Another justification in favor CSR actions by the leading corporations today is to gain competitive advantage which may not be enjoyed by the peer corporations. CSR actions in this respect also help corporations to attract, retain not only customers but motivated employees as well which in turn ensure long-term survival of the corporation. Berger and Drumwright (1996) supported that companies with sound CSR actions develop positive social identity and enjoy increased loyalty from both customers and employees. CSR actions are also often associated with better financial performance of the organizations. However this required long-term perspective as in short-run CSR actions may be view as expense but in fact it is an investment which will yield additional cash flows for the corporations. Margolis et al. (2001) has found significant positive relationship between CSR and corporate financial performance.

CSR actions have potential to create additional value for corporates. CSR combines the social and environ-

mental aspects in doing business. CSR is an approach whereby a company considers the interests of all stakeholders both within the organisation and in society and applies those interests while developing its strategy and during execution. CSR offers organisations various opportunities not only to differentiate themselves from competitors but also for reducing costs. If managed adequately, a CSR approach creates value for both business and society simultaneously (Figure 1) (Nolan, Norton and Co., 2009).

Two research questions are the foundations of this study. Firstly does a company's CSR action matter to consumers? Number of studies has examined this question by investigating the effects of CSR on consumer purchase intentions. But the results are conflicting with some studies which suggest positive effects of CSR activities on consumer attitude and hence on consumer purchase intentions, while others stating no effects of CSR on consumer purchase intentions (for example Berger et al., 1999; Holmes and Kilbane, 1993; Mohr et al., 2001). McWilliams and Siegel (2000) noted no association between CSR and corporate financial performance. There is no doubt that better financial performance is the result of higher consumer purchase intention and consumer loyalty. Secondly, what motivates consumers to become more loyal to an organization? It is important to investigate and understand additional factor that can be combined with CSR actions to influence consumer purchase intentions and afterwards gain consumer retention/loyalty. In initial discussion with respondents product/service quality and consumer satisfaction have been found useful variable along with CSR activities to shape favorable consumer behavior. Consumer satisfaction attained from product/serviced quality is an important tool for retaining consumers. Although, some studies have considered price as important variable along-with

CSR actions to study consumer behavior (for instance Webb and Deborah, 2005). But price alone is not a comprehensive representative of determinants that satisfy consumers. Therefore this study has used product/ service quality as a variable, which is quite comprehensive and broader barometer to determine consumer satisfaction.

In Pakistan, mostly multinationals are doing CSR actions and local organizations are not paying required attention to this subject. This perhaps might be due to resource constraints within the local organizations. However in industries where there is hyper competition like telecommunication the local organizations are also using CSR actions as competitive weapon. As far as interventions of CSR are concerned mostly organizations in Pakistan are working in the field of health, education and clean environment. Corporate philanthropy is also one of the major sources for organizations in situations like earthquakes, issue of internally displaced persons (IDP's) of war against terrorism.

This research is an important advancement in the literature of CSR and consumer behavior because it uses a model that combines CSR actions, consumer awareness, and product/service quality and consumer satisfaction to measure their impact on consumer purchase intentions and later on consumer's retention/loyalty behavior. This study will systematically measure the knowledge/ awareness level of consumer regarding CSR activities, consumer satisfaction arising out of product/ service quality of the same corporation and then their effects on consumer purchase intentions and future retention/loyalty behavior. This research will help business scholars, marketing managers, and corporate stakeholders, who are taking into account corporate social contribution as a more strategic way to benefit community as well as do well to their business.

The following section contains the history of CSR along-with CSR definition and overview of the findings of previous researches. This section will also include debate on CSR action of corporations. New model on CSR will also be offered and discussed in detail and the theoretical justification for inclusion of product/service quality and consumer satisfaction with CSR actions and their impact on consumer purchase intentions and retention/loyalty will be discussed.

LITERATURE REVIEW

History of corporate social responsibility

Corporate social responsibility has been defined by various authors in different ways. Petkus and Woodruff defined social responsibility as "both avoiding harm and doing well" (as cited by Mohr et al., 2001). Deetz (2003) stated CSR actions as being reactive to the needs of the community. Mohr, Webb and Harris (2001) has defined

CSR as "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society". However the basic essence of these definitions is same that the organizations are undertaking CSR activities for producing hygienic products, consciousness for better environment, social awareness of leading issues, treating employees fairly, and philanthropic activities to achieve sustainability in the business markets.

The concept of corporate social responsibility has emerged from the voice that required business community to examine the ethical or moral principles to minimize problems in the business environment and maximize the public good. Since 1950's the concept of CSR is under discussion, but it got tremendous attention of business and research community during recent decades due to the advent of rapid globalization and mass international trade (Guo et al., 2009). Bowen (1953) is known as one of initial advocators of CSR suggested that businessmen should pursue those policies, decisions, lines of action which add objectivity and value to our society. CSR becomes the focus of spotlight during 1960s and 1970s as the social activism arose high. Manne (1972) argued people seem to enjoy while knowing that business has a personal responsibility to them outside the market place. This provides a sense of power and relieve to people who cannot figure out a multifaceted market system. Likewise Beyer (1972) viewed about the shape of the future relationships among the businesses and community as a reckless effort graced by concepts of social responsibility, redistributed wealth, a clean environment, positive action and organizational self-ombudsmanship.

According to Drucker (1974) corporations are expected to pay back to public, and they also started to respond to this concern. Carson (1977) stated about the new conception of the social responsibilities of the corporation advocated by faculties of leading business schools, business, labor leaders, consumer advocates and such traditional critics of market capitalism as the liberal clergy, the new view urges the corporation to identify needs for socioeconomic change, to formulate programs of action consistent with the needs of the society. Many other researchers contributed towards CSR including Porter and van der Linde (1995); Hart (1995); Klassen and McLaughlin (1996); Judge and Douglas (1998) which viewed that environment consciousness can improve business performance because environment friendly firms can create competitive advantage through cost reduction, differentiation, positive corporate image and strategic vision. Hull E.C. and Rothenberg (2008) supported about positive relationship between level of CSR actions and organizational financial performance. Guo J., Sun L., and Li X., (2009) measured different corporations in China on an assessment index system and found that organization with higher scores have high financial performance. All these studies confirm the strong relationship between CSR, consumer behavior and firm performance. Many

theories also emerged regarding CSR. For instance Iron Law of responsibility which declared that businesses must behave responsibly or lose the power and legitimacy granted by the society (Davis, 1973). Similarly normative stakeholder theory required that firms are moral agents due to contractual obligations to satisfy societal expectations (Donaldson, 1983). Instrumental stakeholder theory which argued that firm must satisfy stakeholders because they are instrumental in achieving firm objectives (Freeman, 1984; Smith, 2003). Another theory of slack resources argued that firms that have resources to spare outperform those that don't in terms of social performance (Waddock et al., 1997). Recent theories include 'sustainable theory of firms', according to which satisfying stakeholders is the sole purpose and reason for a firm's existence (McWilliams and Siegel, 2000; Stead and Stead, 2001). Another is 'sustainable value theory' which argues that strategies which simultaneously drive sustainable development and shareholder value create sustainable value (Hart et al., 2003). Triple bottom line approach that includes people, planet, and profit to cater social, economic and environmental aspects of the community (Elkington, 1994). Unfortunately there are no formal and internationally recognized standards rules and regulations for CSR actions which can be used as benchmark across the globe. However some efforts have been made which can be used as guideline including John Elkington's triple bottom line reporting, the ISO 14000 environmental management standards, Global Reporting Initiative's Sustainability Reporting Guidelines.

Corporate social responsibility in Pakistan

CSR is now a leading business management concern over the globe. An increasing body of research is exciting the business world towards more socially and environmentally responsive corporate feelings. In Pakistan, mostly multinationals are doing CSR actions. This perhaps might be due to immense competition. Organizations like Unilever's, Lever Brothers, Nestle, Siemens, Pepsi, and Coca Cola have led the scene in Pakistan. And lately banks have started a new trend by starting sports marketing. This is a much desired contribution made by the bank in the part of talent grooming. The contribution made by English Biscuits Manufacturers in sustaining varying causes from cricket, entertainment to grooming and improvement is a thing to be appreciated. Aga Khan Foundation and Resource Centre NGO conducted a survey of senior officials in over a hundred major companies working in Pakistan. This survey exposed that there is enormous potential for further involving business in community improvement activities in the country. Mainly corporations are donating in cash to education and health related issues. Many corporations are donating their financial resources to schools and hospitals on regular basis. Donations to environmental

protection and pollution prevention causes are also common. Cause-related marketing or social marketing is undertaken to link company products or services with a cause, which is relatively limited in Pakistan. Aerial is one of examples of such cause-related marketing. Generally the pharmaceutical, chemical, food and beverage Industries donate their products on a customary basis to different charities and beneficiaries, and also actively react to disaster relief contingencies resulting by floods and other unforeseen natural calamities by donating required products to the affected areas (as cited by Ali, 2004).

The October 2005 and 2008 earthquake and recent issue of IDP's brought in front examples of corporate giants contributing towards rehabilitation. Some other organizations are also striving hard to do CSR actions for instance Mobilink and other telecommunication companies. Unfortunately the local industry is not realizing the importance of CSR and not investing in this area, however academia is advocating the importance of CSR. Electronic media as well as print media are often silent on this topic. Very few programs or interviews have been seen on some television channels and the focus is often limited to elements like labor rights or environmental obedience. A few supplements on connected topics like environmental reporting and CSR best practices mostly focus on the extraordinary corporate activities and reports on environmental prevention measures. Main CSR parameters are still mislaid from media (Waheed, 2005). Several organizations take the subject of environment under the poster of Corporate Social Responsibility. This is due to environmental reporting practices which are also one area on lift in global dome. In Pakistan, regular awards are being held to acknowledge industries in this area (Arshad, 2006).

Numbers of debates are under investigation regarding CSR. This study will focus on the issues that relate to consumer behavior towards corporation resulting from CSR activities and other factors that play important role in retaining consumers along-with CSR actions. The following model has been proposed which explains product/service quality and consumer satisfaction as factors which can be combined with CSR in order to obtain maximum retention/loyalty of consumers.

The above model of CSR consumer satisfaction and consumer loyalty is new in a sense that it combines consumer awareness regarding CSR actions and its impact on consumer purchase intentions on consumer retention/loyalty (Figure 2). Moreover it also combines the concept of product/service quality with CSR; the logic behind this addition is that unless the consumer is satisfied with the quality of products offered by the corporations, doing CSR actions to mold consumer behavior in corporations favorable would not be possible. In this regard this is an interesting research, which will stress the importance of product quality and consumer satisfaction along-with CSR to have loyal consumers. The awareness level of customers regarding company's CSR actions will

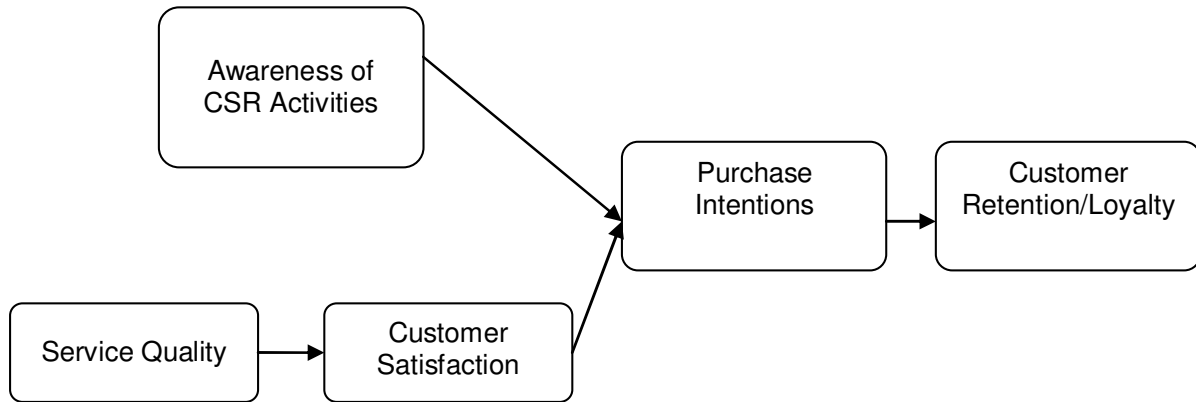


Figure 2. Model of CSR, consumer satisfaction and consumer loyalty.

be measured through asking questions to respondents regarding company's current CSR actions and its effects will be measured on consumer purchase intentions and later on consumer retention behavior. On the other hand, customer's perceptions about company's service quality will be measured along-with overall level of satisfaction from company's services. The effects of consumer satisfaction will then be measured on consumer purchase intention and later on consumer retention behavior. In this way, the study will cover both aspect of this model; the CSR and consumer satisfaction on purchase intentions and consumer retentions.

THEORETICAL FRAMEWORK AND DEVELOPMENT OF HYPOTHESES

There are number of opinions regarding promotion of CSR activities by the corporations for instance J.P Morgan and Sara Lee Corporation have a policy of not actively making publicity of their CSR activities and charitable actions (Tichy, et. al., 1997). Marx (1992) found that only 10% of the organizations promote their CSR actions to public. Critics of CSR argue that corporations are doing social welfare on the cost on consumers and employees. On one hand corporations are undertaking heavy CSR actions and on the other hand they are charging more prices by the consumers and paying low salaries to employees. Friedman (1970) opposed the concept of CSR by arguing that corporations are not meant for any social action, neither they are specialized in this, they should only concentrate on profit maximization and fulfillment of legal requirements. Ultimately if any corporation is abiding the rules and regulations of any society and paying taxes, it is playing vital role for the economic development of that society. However majority of researchers agree that CSR actions of corporations should be performed, promoted and publicized due to their positive impact on consumer

behavior towards corporate products. For example Abdeen (1991) stated that promotion of CSR actions increases consumer retention. Daughtery (2001) also suggested that corporations should ensure visibility of its charitable actions to demonstrate its commitment towards community and gain competitive position in marketplace. Saleh et al. (2007) found positive relationship between CSR actions disclosure and firm performance in the short run.

Mohr et al. (2001) also believed that consumer must be aware of CSR actions in order to have positive impact on purchase intentions, but consumers usually found it difficult to obtain information about the CSR actions of corporations. McWilliams and Siegel (2000) stressed that awareness level of consumer is crucial in order to expect any positive attitude from consumer. Maignan's (2001) emphasized for research on investigating the extent of awareness of CSR actions. Corporations usually use their websites to promote their CSR actions in their sustainability reports, but very few consumers read such reports. Increased promotion of CSR actions may lead to more consumer awareness, which in turn might produce positive results for the corporation. Before investigating effects of CSR actions on consumer retention, it is important to measure how aware consumers are responding to such activities. Once the awareness level of consumer is gauged regarding CSR actions, it is important to note, what are the effects of increased consumer awareness level on consumer purchase intentions? Logically the increased awareness of CSR should positively influence consumer purchase intentions.

Surprisingly previous studies show mixed results of CSR awareness on consumer purchase intentions. For example Nelling and Webb (2006) found that CSR actions do not have any influence on firm performance. Holmes and Kilbane, (1993); Berger, Cunningham and Kozinets, (1999); Mohr et al., (2001) also found discrepancy between consumer level of awareness and purchase intentions. Mohr et al. suggested use of Bandu-

ra's theory of self-efficacy and self-response to analyze consumer behavior towards purchase intention and retention. This theory has been used by many researchers to explain human behavior in different scenarios (Biran and Wilson, 1981; McAuley et al., 1994; Weinberg et al., 1979; Chin and Kameoka, 2002; Schyns, 2004). Self-efficacy can be used to explain behavior change that occurs in different situations. According to Bandura (1977) self-efficacy is concerned with judgments of how well one can perform courses of action required to deal with forthcoming situations. Bandura (1982) found self-efficacy as believe of consumers that they can make knowledgeable purchase decision based on a firm's CSR actions and response-efficacy as outcome of their purchase decision. Mohr et al. (2001) discussed the contradiction between self-efficacy and response-efficacy due to the construct that consumer have in their mind regarding company's honesty about CSR. To measure this, instrument of self-efficacy and response-efficacy have been used developed by Bandura's (1977; 1982). The following hypothesis is used to gauge effects of purchase intention on consumer retention/loyalty.

Although it is generally considered that purchase intention of consumer should lead consumer towards purchase decision. Purchase intention does not always result in an actual purchase. The relevant internal psychological process that is linked with purchase decision is important. The organization must facilitate the consumer to influence on their purchase intention. The CSR actions of the organization may encourage purchase intentions of customers. Alexandris et al. (2002) observed positive relationship between consumer purchase intention and retention. This research assumes that CSR actions of an organization will positively affect the consumer purchase intentions and will result in favorable purchase decision. Moreover this behavior will also continue in future in shape of consumer retention.

The notion of customer loyalty is viewed as a combination of customers' favorable attitude and the repurchase behavior. Although product/service quality is not the only parameter of consumer satisfaction, yet this study has included many aspects of consumer satisfaction within product/service quality e.g. price, complaints, expectation about the product and value addition of the product. Earlier studies on variables affecting customer loyalty usually set the focus on customer satisfaction (e.g., Dick and Basu, 1994; Gerpott et al., 2001; Lee and Cunningham, 2001). Although the concept of customer satisfaction catch significance attention in early 1970s (Churchill and Surprenant, 1982), companies strictly began to realize the considered benefits of quality in the 1990s (Bolton and Drew, 1991), the achievement of customer satisfaction has already become a keystone of business practice across companies and industries (Szymanski and Henard, 2001). Customers enjoying a high level of satisfaction seem to continue with existing organization. Studies have confirmed positive relationship between product/service quality, consumer satisfaction

and consumer retention/loyalty.

Cronin and Taylor (1992); Oliver (1999); van Riel et al. (2004) and Woodside et al. (1989) have stated the positive linkage between satisfaction and loyalty. Kanji, (1998); Oliver, (1999); Parasuraman and Grewal, 2000 and Chang (2006a); have found that companies can develop consumer loyalty by offering superior value, generated from excellent services and quality products. Chang et al. (2009) found positive relationship between service quality, consumer satisfaction and consumer loyalty. Bolton and Drew (1991); Parasuraman (1997) and Zeithaml (1988) viewed consumer satisfaction and consumer loyalty as a tool to develop sustainable competitive advantage. According to Oliver (1980) and Yi (1990) customer satisfaction is a key determinant of long-term consumer retention (as cited by Cooil et al., 2007). In this context, it is important to combine consumer satisfaction along-with CSR actions in order to retain consumers for gaining sustainable business profits. To measure the product/service quality this study has used mobile telecommunication industry due to its great potentials and usage in Pakistan. A leading cellular network corporation has been selected having large customer base and higher CSR actions.

Different researches show that consumer satisfaction is having positive influence on consumer purchase intentions. Oliver (1994); Alexandris et al. (2002) and Harrison (2004) found positive relationship between consumer satisfaction and purchase intention. This study also assumes positive relationship between consumer satisfaction and consumer purchase intention. The following hypothesis has been developed for this sake. Finally, it is important to link consumer awareness, consumer satisfaction and consumer loyalty to meet the objectives of this study. Number of studies has investigated effects of CSR on consumer behavior with incongruous results (e.g. Kim, 2004). Luo and Bhattacharya (2006) investigated Fortune 500 companies, finding a positive link between CSR and customer satisfaction. However, literature lacks the investigation of linkage between CSR actions and consumer satisfaction on consumer loyalty. Yu et al. (2005) also found that overall customer satisfaction positively influences customer loyalty. The following hypotheses have been designed to address these queries (Table 1).

RESEARCH METHODOLOGY

This study is based on experimental design to examine the awareness level of consumer regarding CSR actions of a particular corporation and then investigation of consumer's purchase intention and later on their linkage with consumer loyalty. To measure consumer responses a leading cellular company was selected having highest CSR actions in Pakistan. The reason behind selection of cellular industry is its frequency of usage and consumer consciousness regarding corporation's service quality and corporation's dynamic consumer strategies. The cellular industry of Pakistan has shown an outstanding annual growth of 119% during 2000 - 2007 in terms of users. With over 74 million of user support, the cell tele-

Table 1. Hypotheses statements.

Hypotheses statements	
H ₁	Increased customer awareness of CSR activities will effect positively on customer purchase intention
H ₂	Higher service quality leads to higher consumer satisfaction
H ₃	Higher the consumer satisfaction higher will be the customer purchase intentions
H ₄	Higher customer purchase intentions will leads towards higher consumer retention

communication industry has achieved an average addition of more than two million subscribers in a month in last two years (The Bangladesh Journal, 2008). The study has manipulated the information regarding corporation's CSR activities to assess their impact on consumer's purchase intention and loyalty. This study has also investigated the effects of consumer satisfaction derived from product/service quality on consumer purchase intention and loyalty.

The study has adopted structural equation modeling (SEM) technique to analyze data. SEM is a statistical technique for testing and estimating causal relationships using a combination of statistical data and qualitative causal assumptions. This view of SEM was articulated by the geneticist Sewall Wright (1921), the economists Trygve (1943) and Herbert (1953), and formally defined by Judea (2000) using a calculus of counterfactuals. SEM normally starts with a hypothesis, develops it as a model, operationalises the constructs of interest with a measurement instrument, and tests the fit of the model to the obtained measurement data. Among the strengths of SEM is the ability to construct latent variables: variables which are not measured directly, but are estimated in the model from several measured variables each of which is predicted to 'tap into' the latent variables. This allows the modeler to explicitly capture the unreliability of measurement in the model, which in theory allows the structural relations between latent variables to be accurately estimated. Factor analysis, path analysis and regression all represent special cases of SEM.

Sample

250 Respondents ($n = 250$) were selected from graduating business classes using cellular services in Pakistan with an average age of 20 years having 83% male and 17% female. Survey questionnaires were distributed in the class rooms, 6 questionnaires were found incompletely filled and hence abandoned. Respondents were given clear instructions regarding filling of the questionnaires. This study was conducted in contrived environment to manipulate the feedback of the respondents. Moderate interference was also made to inform the respondent about the different facets of the survey.

Instrumentation and measurement

The survey questionnaire consisted on six parts distributed and collected in the same order. The survey instruments were adopted from different researched. The service quality has been measured on 5 point Likert scale instrument adopted from (Kim et al., 2004). The respondents were also exposed to the message of CSR action of X Corporation so that later their behavior may be measured regarding purchase intention and loyalty towards X corporation. The message of CSR actions was obtained from the website of the X Corporation and verified from different other sources like newspapers. The purchase intention was measured from the instrument developed by Yi (1990) having three 7-point bipolar scales. Respondent's behavior towards corporation was measured by six set of bipolar adjectives used by Lee and Pfau (1997); Pfau et al.

(1997); Pfau et al. (1992); Pfau and Burgoon (1988) and Miller and Burgoon (1979). Consumer satisfaction and consumer loyalty was measure by instruments was adopted by Yu et al. (2005), containing 2 and 5 items respectively. Since the awareness of CSR actions was the key element in consumer response. It was measured by a questionnaire to fill in the blank, 8 questions that contain missing information regarding corporation's CSR actions and two situations are generated from the answers of the respondents including knowledge and no knowledge.

Procedure

This is an experimental study conducted in contrived environment to assess, moderate and manipulate the feedback of the respondents. For this sake sessions were held with university students in the classrooms to conduct the survey of this research. Since this survey has focused the CSR actions of a leading telecommunication corporation of Pakistan. Only those students were selected for the survey, who are using the services of that particular company or who has used in the past the services of the same organization and has left due to some reasons. This insures that respondents are in connection with the organization and are observing the campaigns and other activities for the betterment of their consumers. In the start of the questionnaires regarding self-efficacy and response-efficacy questionnaires were distributed in the students and students were asked to keep all these filled questionnaires with themselves in order to ensure that questionnaire may not get mixed with each other. Clear instructions were made regarding not to copy the response of other fellows. Then consumer awareness of CSR actions of that particular organization was measured through a questionnaire asking questions about different CSR actions of the same organization in various fields conducted in the past in Pakistan. After measuring the awareness level of respondents, the data about the same questions were provided to the respondents to let them know those main CSR actions of that organization. In this way the respondents were educated regarding CSR actions of corporation X.

In next phase the questionnaires pertaining to quality of product/service quality were distributed to gauge the satisfaction level of the respondents. At the end respondent were asked to state their over all satisfaction, purchase intention, attitude and future intention to remain loyal with corporation X and recommend others. All the questionnaires were then stapled individually to avoid mixing and collected one by one. Thus comprehensive primary data was collected from respondents to test hypotheses.

RESULTS AND DISCUSSIONS

The index fit of the model is shown in the Table 2. With (6) degree of freedom into consideration, most index values satisfy the general standard values for index fit. The general accepted standards for model fit are; Chi-square value (significant level > 0.05), goodness of fit

Table 2. Index of the fit of the model.

Index of fit	Chi-square (df)	P	GFI	AGFI	NFI	CFI	RMR
Value	19.144	.004	.862	.654	.000	.000	.218

Table 3. Regression weights (results of hypotheses tests).

Path	Estimates	S.E.	C.R.	P	Hypotheses	Results
Customer awareness - purchase intention	.367	.456	0.803	.422	H ₁	Reject
Service quality - consumer satisfaction	1.064	.215	4.942	.000	H ₂	Accept
Consumer satisfaction – purchase intentions	-.212	.180	-1.178	.239	H ₃	Reject
Purchase intentions – consumer retention	-.203	.139	-1.463	.143	H ₄	Reject

index (GFI > 0.80), adjusted GFI (AGFI > 0.80), normed fit index (NFI > 0.90), comparative fit index (CFI > 0.90), and root means square residual (RMR < 0.05). Although this model fit does not meet all standards, it may be overall an accepted model.

Table 3 represents the regression weights to test the hypotheses of the study. After structural equation modeling the results indicated customer in Pakistan do not have sufficient knowledge of CSR actions of Corporations. Even customers who were aware regarding CSR actions of corporations do not considered it important in their purchase decision because there was no relationship between consumer awareness and customer purchase intentions with p value of 0.422 which is not significant. The significant relationship can only be found if value of p is less than 0.05. This results in rejection of our first hypothesis and answer to our first research question. Service quality is having significant relationship with consumer satisfaction with p value of 0.000 which is less than 0.05. It is important to note that in this study service quality includes factors like; reasonability and variety of price schedules, call connectivity, call clarity, and network coverage which are very important of customer satisfaction in case of cellular industry. So, these results are very logical and important for cellular corporations.

Table 3 also denotes no relationship between consumer satisfaction and purchase intention with p value of 0.239. There is also no relationship between customer purchase intentions and consumer retention. The reason might be the frequent switching of customers in cellular industry due to regular changes in different service packages of cellular service providers. The frequent change in price packages and product designs stimulates consumers to change their cellular company from one to another offering lower prices and best packages regarding call charges, SMS rates and other service related attractions.

The answer to our second research question i.e. what motivates consumer to become more loyal to corporations is that in cellular industry the consumer retention

can only be possible through offering competitive pricing packages and services otherwise the consumers will switch to other service providers offering lower prices and better services.

The above given Figure 3, shows the SEM results of our model on CSR and consumer retention. The figure also contains the values of error term in the model. It also explains the nature of regression relationship that exists among the variables. The Figure 3 shows positive relationship between consumer awareness and consumer purchase intentions, and service quality and consumer satisfaction. However negative relationship was found between consumer satisfaction and purchase intentions and consumer retention, which means that consumer retention, is not influenced by customer satisfaction and customer purchase intentions in cellular industry. The fact remains that switching rate is very high in cellular industry of Pakistan. In order to retain customers, the cellular service provider company will have to continuously provide quality of service to its customers; otherwise the customers will switch to other service providers.

Summarizing, the study found no effects of CSR activities on consumer purchase intentions. Better service quality has significant impact on consumer satisfaction, but consumer satisfaction has no effect on consumer purchase intention. Finally, consumer purchase intentions also do not have any effect on consumer retention in cellular industry of Pakistan.

Conclusion

The study has analyzed the linkage between corporate social responsibility and customer attitude regarding purchase intention and retention with corporation in future. The study has also combined the effects of service quality and customer satisfaction on consumer satisfaction. This study was conducted in cellular industry of Pakistan, which is fastest growing sector in Pakistan. Moreover consumers are also more aware and conscious in selection of service provider in cellular industry. For

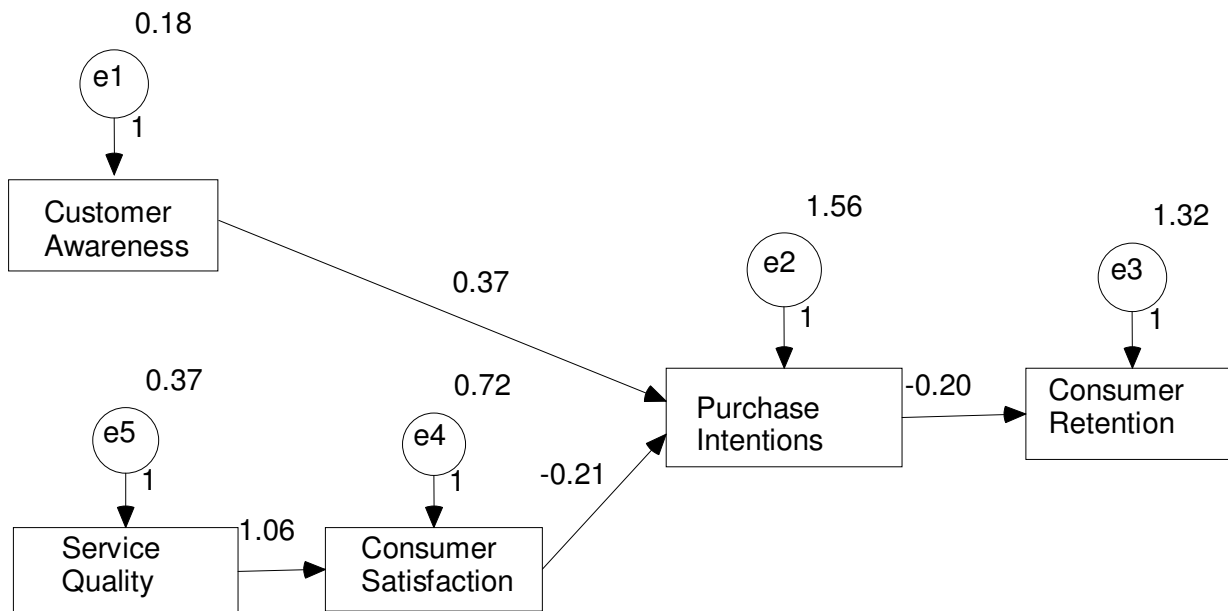


Figure 3. Structural equation modeling of CSR, consumer satisfaction and consumer retention.

this purpose a leading cellular company was selected, having high level of CSR activities in Pakistan. The study found very low awareness level in customers regarding CSR activities. No linkage was found CSR activities and customer purchase intentions. This depicts that customers in Pakistan do not consider corporation's contribution towards society in their buying decisions. Significant relationship was found between service quality and customer satisfaction. Service quality also included reasonability and variety of pricing schedules, call clarity, network coverage. It shows that customer pay more attention to pricing strategies than CSR activities of service providers. No relationship exists between customer satisfaction and purchase intention and customer purchase intentions and consumer retention. It means that customer in cellular looks towards best packages of service providers and do not build strong and long-term associations with corporations rather they often look towards better options to enjoy best packages on more cheaper rates.

The findings of this study are useful for cellular service providers in formulation of marketing strategies and designing better products which can better cater customer needs in Pakistan. The study will also contribute towards literature on CSR and consumer behavior. The study has certain limitations; firstly to know consumers responses only university students were selected and view of other consumers were not obtained due to experimental nature of the study, secondly the study is conducted with regard to cellular industry of Pakistan which has its own market conditions regarding competition and consumer behavior. Thus the findings of this study cannot be generalized to other industrial sectors in Pakistan.

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