

# Do Consumers Consider CSR, A Case of Cellular Companies in Pakistan?

Muddassar Sarfraz<sup>1</sup>

<sup>1</sup> Chongqing University

*Received: 15 December 2013 Accepted: 3 January 2014 Published: 15 January 2014*

---

## Abstract

Corporate Social Responsibility is key issue and under debate in the recent business world. In the developing countries, companies have to face serious consequences regarding implementation of Corporate Social Responsibility. Research on this topic is mostly done in developed countries. The first purpose of this study is to investigate 'Does consumers consider CSR?' and second part of this study focuses on Pakistan telecom industry analysis. According to literature reviews from previous studies, it is proven that role of corporate social responsibility play vital role in the organization's success. It was important to explore that does CSR have same role in telecom industry of Pakistan? This research involved a questionnaires survey conducted over 160 consumers of different telecom companies in Pakistan. Data were collected through verbal and non-verbal manner. Results showed that in Pakistan telecom industry corporate social responsibility has no role in the retention of consumers.

---

**Index terms**— corporate social responsibility, CSR, telecom industry, consumer retention, pakistan

## 1 Introduction

Corporate Social Responsibility is key challenging issue in the recent business world. Firm should take the responsibility of the society or not, is still debatable issue. Many organizations are effectively involved in the CSR. Such firms firmly believe that they should return back something to society. Toyota is one of the key examples for CSR practices. The fact is that corporate social responsibility is present in the current society and its presence can't be denied. Research shows that consumers take interest in the corporate social responsibility so companies should participate for the development of society. This is also in the interest of organization. We say 'seem to care' because the concept of CSR is characterized by a significant attitude-behavior gap (Roberts, 1996; Simon, 1995). Nevertheless, mostly consumers expect high level of corporate social responsibility the concept of corporate social responsibility (CSR) has gained wide consideration in academic field as well as in business world in recent years. Organizations are using CSR to develop competitive advantage and establish congenial relations with its stakeholders. Despite the popularity of CSR in the developed world, the potential benefits of CSR are less emphasized in the developing economies like Pakistan. This study examines the influence of CSR on purchase intentions in Pakistan. The data has been collected from the respondents regarding their perceptions about CSR actions and its influence on consumer purchase intentions.

This study is intended to evaluate corporate social responsibility and its impact on the consumer retention. If CSR activities have no impact on the consumer retention then question is that why organization is doing CSR activities? Impact of CSR activities is not only important for any one organization but it is also important for all organizations. There are a lot of consequences arising as a result of CSR activities.

## 2 II.

### 3 Literature Review

Corporate social responsibility is also called as corporate citizenship. 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."

Corporate social responsibility is a popular topic nowadays. "its phenomenal rise to prominence in the 1990s and 2000s suggests that it is a relatively new area of academic research(Crane, McWilliams, Matten, Moon, & Siegel, 2008, p. 3). Although it is true that CSR is mainly a product of the second half of the twentieth century, the roots of the concept, as we know it today, have a long and wide-ranging history ??Carroll, 2008). The business community's concern for society is certainly not a new thing and can be traced back for centuries ??Carroll, 2008).

CSR is originally considered an American concept (Craps, 2012a). It came into existence at the beginning of the 20th century and was at that time mainly linked to philanthropy. Even though the CSR concept did not originate in Europe, social entrepreneurship, which can be considered a form of CSR, exists even longer, already since the industrial revolution (Craps, 2012a). There is not a lot of literature on CSR found prior to 1950, but this doesn't mean that this period was lacking social initiatives and practices. During the Industrial Revolution there was a strong trend of emerging businesses, whose main concern during the mid to-late 1800s was the employees and more specifically how to make them more productive workers ??Carroll, 2008). In that time, but also still nowadays, it is often difficult to distinguish between what organizations are doing for social reasons and what they are doing for business reasons ??Carroll, 2008). In the late 1800s philanthropy, or corporate contributions, gained importance. Here it was difficult to distinguish whether this was actually individual philanthropy or business philanthropy.

The different views on to whom an organization is expected to have responsibility have not been constant over time. Van Marrewijk (2003) acknowledges a sequence of three approaches to CSR that has been referred to by various authors in academic literature. Each approach includes and transcends the previous one and tries to formulate the subject of responsibility for the organization ??Van Marrewijk, 2003).

A first approach is the shareholder approach. Van Marrewijk (2003) quotes Friedman (1962), who says that according to the shareholder approach "the social responsibility of business is to increase its profits" (p. 96). This approach starts from profit maximization as an ultimate goal and believes that "socially responsible activities don't belong to the domain of organizations but are a major task of governments" (Van Marrewijk, 2003, p. 96). This approach states that organizations should only be concerned with CSR to the extent that it contributes to the profit maximization goal of the business ??Van Marrewijk, 2003).

A second approach is the stakeholder approach. This approach indicates that an organization should not only be accountable to its shareholders, but that it should also take into consideration the interests of all its stakeholders which might be affected by the organization trying to achieve its objectives ??Van Marrewijk, 2003). Under this definition an organization is accountable to all its stakeholders, which are according to Jensen (2002) "all individuals or groups who can substantially affect the welfare of the firm -not only financial claimants, but also employees, consumers, communities and government officials" (p. 236).

A third and last approach is the societal approach. Van Marrewijk (2003) considers this to be the broader view on CSR, but not necessarily the contemporary one. This approach indicates that companies are responsible to society as a whole, of which they are an integral part" (Van Marrewijk, 2003, p. 97). It means that an organization should operate in a way that serves and satisfies the needs of society.

## 4 III.

### 5 Research Analysis and Results

Companies are moving rapidly towards globalization. They are looking across the boundaries. This thing is resulting competition, companies are introducing new strategies and tool. Organizations are focusing more on CSR so they can have better workforce, by this organization can achieve competitive advantage. There is more competition between multinational companies, especially in the developing countries.

There are looking for a strong relationship between the civil society and organization. One of the key strategic advantages is good will of the society. Companies those gained society good will, they again more strategic advantage. The practices of CSR in Pakistan are still under debate. It has been observed from last few years, that corporate social responsibility has become an effective strategy to gain competitive advantage. Now a day, large number of companies is engaged with society for delivering social benefits. Society is also warmly welcoming such companies. Large multinational companies are implementing CSR strategies very effectively. But there are still key issues those are debatable regarding corporate social responsibility. In Pakistan, CSR polices and strategies are implemented by many multinational organization. This might be because of high competition. Pepsi, Coca-Cola, big brothers and Nestle are more focusing on the CSR activities, now a days, bank sector has also started to implement corporate social responsibility activities and polices by sponsoring in the sport games. Total 200, questionnaires were distributed among consumers of telecommunication companies in Pakistan. These questionnaires were distributed in different cities, and among different age of people. It includes both male and

female. Returned back questionnaires are 140, later some survey e.g. face to face interviews were also conducted, so total sample size is 160 from the consumers' side. Most of the respondents are working in Pakistan; they are 67 out of 160. The second largest sample is collected from the students, 33.75% of total respondents. Data was collected from students, workers and unemployed so it reduces income effect on CSR.

## 6 Conclusion and Recommendations

Telecom sector is playing very vital role in the economic growth of Pakistan. Telecom sector is being considered as one of the fastest growing sector since it has opened doors for the private companies. In 2007, sector growth rate was 80 percent, but in last four years, average growth rate of sector is more than 100 percent. 20 percent growth has been observed in the telecom sector. Pakistan telecom sector is most heavily taxed in the comparison to regional and comparable economics. Sector has strong contribution in the foreign direct investment (FDI). It has produced a very healthy and strong impact on the economy and society. Role of telecommunication sector is indispensable for economic development. Telecommunication infrastructural investment can lead to economic growth in several ways: transaction costs of data collection, placing and receiving orders have greatly reduced due to the availability of advanced telecommunication infrastructure.

Study was conducted in Pakistan, to know the role of corporate social responsibility in consumer's retention. As it has been already discussed that telecom industry is being considered one of the key industries in the country. Different companies are doing corporate social activities.

Results show that CSR activities have no role in the telecom consumer retention. Consumers are using services of different telecom companies. They are satisfied with the CSR policies of the telecom companies but CSR policies have no effect on the retention of the consumers. Corporate Social Responsibility has a key role in the development of society. It has been observed that in the developed countries or countries where CSR policies have been implemented successfully, their economic and social growth is outstanding.

Companies have played a significant role in the development of society.

But when we talk about the CSR policies in Pakistan the scenario is different; companies are doing but have no impact on the consumers. So, what role should government play? Some key recommendations are following.

- 1) Low Taxes for CSR companies
- 2) CSR Law
- 3) Subsidy

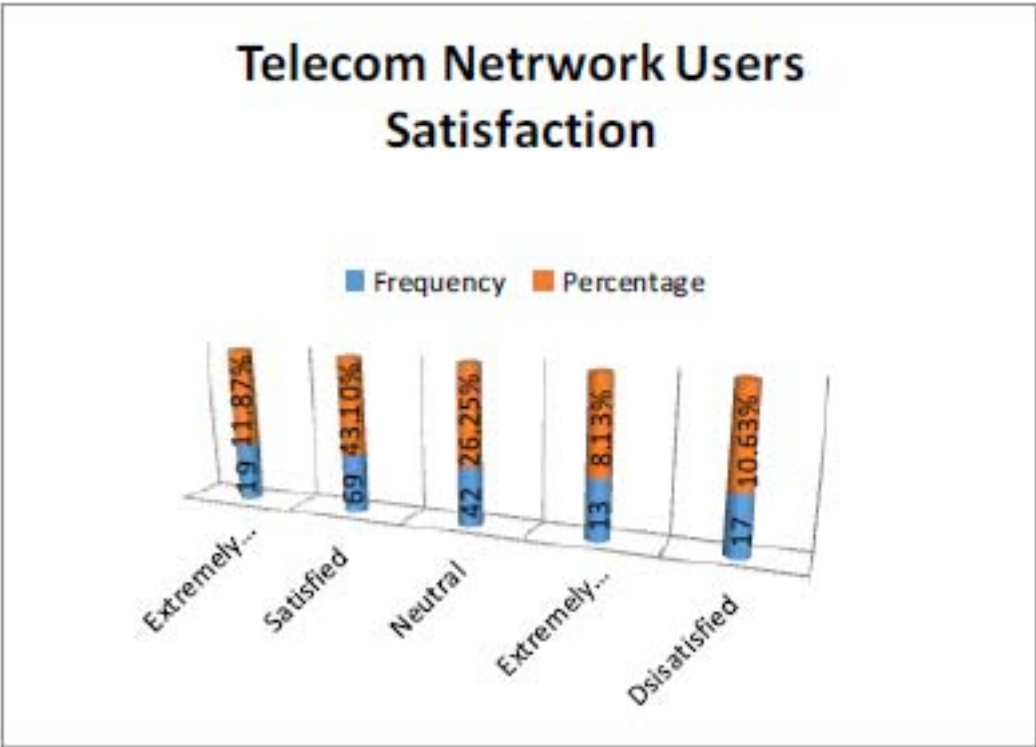


Figure 1: Figure 1 :

<sup>1</sup>© 2014 Global Journals Inc. (US)

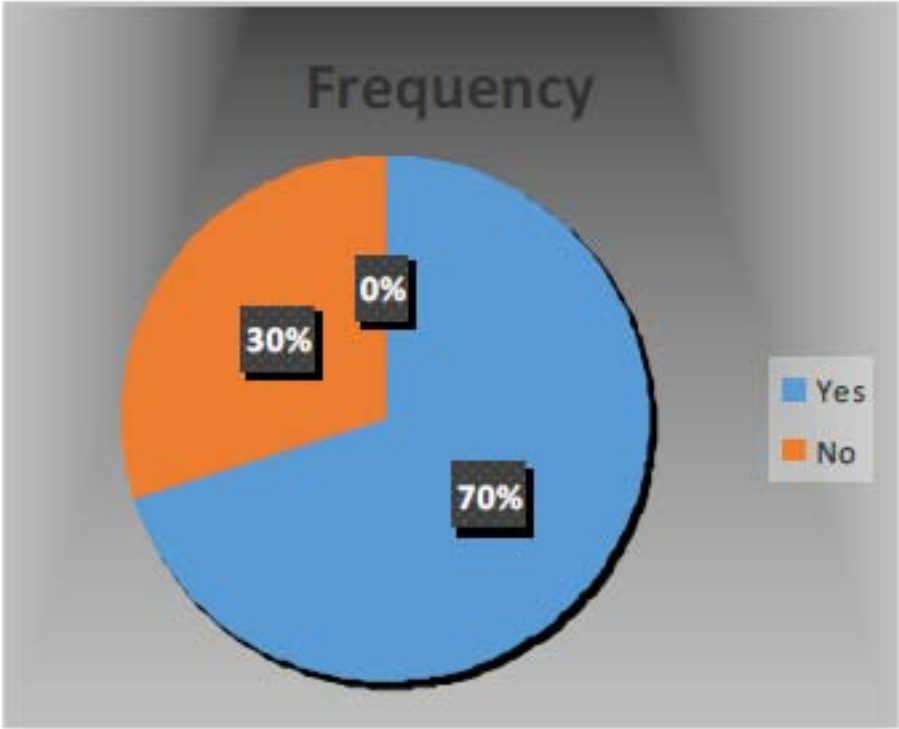
<sup>2</sup>( ) 2014 Do Consumers Consider CSR, A Case of Cellular Companies in Pakistan?

<sup>3</sup>Do Consumers Consider CSR, A Case of Cellular Companies in Pakistan?



2

Figure 2: Figure 2 :



2

Figure 3: 2 Global

1

Different Age Groups	Frequency	Percent	Cumulative Percent
Age 18	65	40.62%	40.62%
Age 28	38	23.75%	64.37%
Age 38	25	15.62%	79.99%
Age 48-57	18	11.25%	91.24%
Age 58 -67	14	8.75%	100.0%
Total	160	100.0%	

Figure 4: Table 1 :

2

Year			
2			
Global Journal of Management and Business Research A Volume XIV Issue VI Version I ( )			
Occupation	Frequency	Percentage	Cumulative Percentage
Student	54	33.75%	33.75%
Worker	67	41.87%	75.62%

Figure 5: Table 2 :

3

Company	Frequency	Percentage	Cumulative Percentage
Utone	53	33.12%	33.12%
Mobilink	26	16.25%	49.37%
Zong	39	24.3%	73.67%
Telenor	15	9.3%	82.97%
Other	27	16.875%	100%
Total	160	100%	

Figure 6: Table 3 :



- 
- 127 [Clarkson ()] 'A stakeholder framework for analyzing and evaluating corporate Social performance'. M E Clarkson  
128 . *Academy of Management Review* 1995. 20 (1) p. .
- 129 [Wood ()] 'Corporate Social Performance Revisited'. D Wood . *Acad. Manage. Rev* 1991. 16 (4) p. 693.
- 130 [Riddleberger and Hittner (2009)] *Corporate social responsibility: Much more talk than*  
131 *action*, E Riddleberger , J Hittner . [http://www.forbes.com/2009/07/01/](http://www.forbes.com/2009/07/01/corporate-socialresponsibility-leadership-citizenship-ibm.html)  
132 [corporate-socialresponsibility-leadership-citizenship-ibm.html](http://www.forbes.com/2009/07/01/corporate-socialresponsibility-leadership-citizenship-ibm.html) 2009. July 1.
- 133 [McWilliams et al. ()] 'Corporate Social Responsibility: strategic implications'. A McWilliams , D S Siegel , P M  
134 Wright . *Journal of Management Studies* 2006. 43 (1) p. .
- 135 [Mohr et al. ()] 'Do consumers expect companies to be socially responsible? The impact of corporate social  
136 responsibility on buying behavior'. L A Mohr , D J Webb , K E Harris . *Journal of Consumer Affairs* 2001.  
137 35 (1) p. .
- 138 [Simon ()] 'Global corporate philanthropy: A strategic framework'. F L Simon . *International Marketing Review*  
139 1995. 12 (4) p. .
- 140 [Green and Peloza ()] 'How does corporate social responsibility create value for consumers?'. T Green , J Peloza  
141 . *Journal of Consumer Marketing* 2011. 28 (1) p. .
- 142 [D'astous and Legendre ()] 'Understanding consumer's ethical justifications: A scale for appraising consumer's  
143 reasons for not behaving ethically'. A D'astous , A Legendre . *Journal of Business Ethics* 2009. 87 (2) p. .
- 144 [Jensen ()] 'Value maximization, stakeholder theory, and the corporate objective function'. M Jensen . *Business*  
145 *Ethics Quarterly* 2002. 12 (2) p. .
- 146 [Roberts ()] 'Will the real socially responsible consumer please step forward?'. J A Roberts . *Business Horizons*  
147 1996. 39 (1) p. .