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The Impact Of Corporate Social
Responsibility on Customer Loyalty
A Case Study of StanBed Tours ky

Business Economics 2017
2017

TIIVISTELMÄ

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Opinnäytetyön nimi	Yritysten sosiaalisen vastuun vaikutus asiakasuskollisuuteen. Tapaustutkimus StanBedTours ky
Vuosi	2017
Kieli	suomi
Sivumäärä	57 + 5 liitettä
Ohjaaja	Rosmeriany Nahan-Suomela

Tässä tutkimuksessa analysoitiin yritysten sosiaalisen vastuun (CSR) vaikutusta asiakasuskollisuuteen, erityisesti suomalaisten matkailijoiden kanssa StanBed Tours ky: n avulla tapaustutkimuksena.

Tutkimuksen tavoitteena oli selvittää yritysten yhteiskuntavastuuta koskevan tietoisuuden taso, jonka yhteiskunnallisesti vastuullinen yritys olisi toteuttanut ja joka myös vahvistaisi yritysten sosiaalisen vastuun vaikutuksen StanBed Toursin asiakkaiden lojaliteettiin. Kirjallisuuskatsauksessa keskityttiin yritysten sosiaalisen vastuun historiaan syntymisestä nykyaikaan, yritysten sosiaalisen vastuun tyypeihin, yritysten yhteiskuntavastuun integroitumiseen, asiakasuskollisuuteen, asiakasuskollisuuteen ja brändipääomaan.

Kvantitatiiviset tutkimustiedot saatiin web-kyselyllä. Yhteensä 100 vastaajaa saatiin suoritetun verkkotutkimuksen, joka tallennettiin ja tuloksia analysoitiin. Yritysten sosiaalisen vastuun vaikuttavuuden mittaamiseen käytetyt muuttujat on otettu teoreettisesta kehyksestä, ja siinä on CSR: n taloudellinen osa, CSR: n oikeudellinen osa, CSR: n eettinen osa, CSR: n hyväntekeväisyysosa ja asiakasuskollisuus.

Verkkoselvityksen tulokset osoittivat, että asiakkaat olivat hyvin tietoisia yhteiskuntavastuuseen liittyvistä toiminnoista, joita vastuulliset yritykset tarvitsevat. Lisäksi havainnot osoittavat, että yritysten sosiaalinen vastuu vaikuttaa niiden uskollisuuteen StanBed Tours ky ja asiakkaat ovat halukkaita ostamaan matkoja yritystä heidän sitoutumisestaan yritysten yhteiskuntavastuuseen.

Keskeiset suositukset kuten kehittää hyvin jäseneltyä yhteiskuntavastuuta, joka hallinnoidaan tehokkaasti aiottuneille edunsaajilleen ja joka välittää yritysten yhteiskuntavastuuta koskevia toimintoja vuosikertomuksen kautta, lisäksi asiakkaiden uskollisuutta ja brändipääomaa. Tutkimuksesta saatu päätelmä vahvisti, että yritysten sosiaalinen vastuu vaikuttaa asiakasuskollisuuteen.

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ABSTRACT

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Title	The Impact of Corporate Social Responsibility on Customer Loyalty. A Case Study of StanBed Tours ky
Year	2017
Language	English
Pages	57+ 5 Appendix
Name of Supervisor	Rosmeriany Nahan-Suomela

This study analyzed the impact of Corporate Social Responsibility (CSR) on Customer loyalty, specifically among Finnish tourists with StanBed Tours ky as the case study.

The objective of the study was to determine the level of customer awareness of CSR activities that ought to be carried out by a socially responsible company and also establish the impact of CSR on the loyalty of StanBed Tours customers. The literature review focused on the history of CSR from the genesis to modern time, the types of CSR, benefits of integrating CSR into an organization, customer loyalty, antecedents of customer loyalty and brand equity.

Quantitative research data was obtained through a web-survey. In total 100 respondents completed the web- survey which was recorded and the findings were analyzed. The variables used to measure the impact of CSR on customer loyalty was taken from the theoretical framework and it includes the economic component of CSR, legal component of CSR, ethical component of CSR, philanthropic component of CSR and customer loyalty.

The findings from the web-survey indicated that customers were very much aware of the CSR activities that responsible companies should engage in. In addition, the findings indicated CSR has an effect on their loyalty to StanBed Tours ky and customers were willing to purchase trips from the company because of their engagement in CSR.

Key recommendations such as developing well-structured CSR which will be administered efficiently to its intended beneficiaries, communicating CSR activities via an annual report, were given to increase customer loyalty and brand equity. The conclusion drawn from the study affirmed that CSR has an impact on customer loyalty.

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1 INTRODUCTION

An introduction to the thesis is presented in this chapter. The chapter begins with the introduction of the concept of corporate social responsibility and customer loyalty. Secondly, the Finnish travel and tourism industry and the case company are highlighted. Sequentially, the research problem and purpose of the research, significance of the study, research methodology, scope, limitation and structure of the study are outlined in that order respectively.

1.1 Corporate Social Responsibility

Formerly, financial performance was the benchmark in evaluating a company's value. More prominence in respect to higher financial margins was a firm's sole objective. Thus emphasis of Corporate Social Responsibility (CSR) was evidently ignored in the past. This perception about CSR, however, has evolved considerably in this decade with societal contribution of a company used as a yardstick to measure companies' success (Pokorny, 1995; Saunders, 2006). Carroll (1999) noted that CSR as a concept has been evolving and it was previously referred to as social responsibility.

Corporate social responsibility, as the name suggests, is considered as a vital marketing tool for companies due to the effect that it has on consumer behavior. Competition in emerging economies brought about by globalization has propelled companies to engage in this activity as a strategic way of alluring new customers for a brand as well as retaining old customers. Kotler and Lee (2005) define CSR as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.

As affirmed by Carroll & Buccholtz (2003) the increase in CSR has resulted in society's contentment with businesses, which has effected in less business criticism yet raising the level of assurance in business in their total satisfaction and performance.

In essence, CSR is a mechanism through which businesses address their obligations to the local environment in which they operate. These obligations include social, environmental, moral and economic responsibilities. Although there is wider perception that CSR is mainly about charity service of a business, it is important to note that CSR actually goes beyond the aforementioned by ensuring that business processes are managed effectively to maintain a positive impact on society.

Factors that account for businesses engaging in CSR include corporate objectives, globalization, civil society and consumer demand. For global companies, CSR serves more as a strategic objective due to their global nature of operations and the need to safeguard their brand image. In effect businesses are able to recruit top talents into their workforce, charge premium price for products and service due to the enhanced reputation that CSR seeks to give although at a higher cost which is offset by the benefits.

Thus, as mentioned above, the role of CSR has become more and more important and cannot be said to be over-emphasized especially in Africa and other emerging economies. Raman, Lim & Nair (2012) maintain that the major plus point that CSR brings is to ensure that companies are on par with the expectations of their customers.

1.2 Customer Loyalty

Customer Loyalty, on the other hand, is “ A deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby, causing repetitive same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”(Mascarenhas, Kesavan, & Bernacchi, 2006). Therefore the benefits of having loyal customers is enormous, ranging from being protected by the competition in the market, higher volume of sales from repeat business as well as encouraging referrals. Pan, Sheng & Xie (2011) revealed that by carrying out and managing customer loyalty, a firm will foster an effective lasting relationship with its customers. Various studies have

revealed that it cost more in attracting new customers than retaining the old customers. Oliver (1999) argued that loyalty is a particular conviction that a customer has about a product or brand other than a just repeat purchase.

Thus, CSR and customer loyalty can be said to be mutually correspondent in the sense that an increase in more CSR activities by a company increases the likelihood of more customer retention. As a result, companies derive a long term beneficial relationship with customers when they establish and preserve customer loyalty. The realisation of CSR activities by customers of a particular brand has exhibited to induce purchase retention, whereas purchase retention consequently induces the loyalty and retention of customers. (Ali, Rehman, Yilmaz, Nazir & Ali 2010)

1.3 The Finnish Travel & Tourism Industry and StanBed Tours

The Finnish Travel & Tourism industry has been growing steadily over the years. An increase of 17.7% of international overnights was registered in the year 2016 accounting for about 7.7 million visits to the country during that same calendar year, mostly Russians and Asians (www.investinfinland.fi). Additionally, the World Economic Forum Travel and Tourism Competiveness Report (2017) ranked Finland as the safest country globally. 2017 key statistics indicates that the Travel & Tourism sector of Finland contributed EUR 4.3 billion directly to GDP and these figures are projected to increase to EUR 5.7 billion as direct contribution to GDP from 2017-2027. Furthermore, the vibrancy of this very important industry is revealed as the sector contributed 238,500 jobs directly and indirectly in 2016 and this figure is estimated to rise to 309,000 jobs in 2017. Similarly, the investment within the sector in Finland is EUR 1.7 billion in 2016 with an estimated projection of EUR 1.7 billion in 2017 (World Travel & Tourism Council, 2017). Clearly, the importance of Travel and Tourism to the economy of Finland cannot be underestimated as such industry plays a vital role in the economic growth. With the tourism industry experiencing a boom, clients are becoming more and more selective in which travel agency to engage their service. As such, CSR and

sustainability, have become key factors in determining which travel agency conducts their business in a manner that ensures a win-win situation.

StanBed Tours ky, incorporated on 15.11.2016, is a new Destination Marketing Company (DMC) located in the Ostrobothnia region of Vaasa providing top notch travel solutions to individuals and group leisure clients to experience Ghana, in a uniquely and exciting way. The company has a vision to “become a world class leisure and corporate travel agency in projecting and promoting Africa (Ghana) as the future of travel and tourism. (StanBedTours, 2016).

As a company engaging in the tourism industry, StanBed Tours provides the following service to clients:

Cultural Enrichment Tours: The cultural enrichment tour package is specially crafted for the clients who are interested in experiencing the unique African cultural lifestyle and festivals as well as getting an opportunity to live with the local folks to appreciate their customs and traditions (StanBed Tours, 2016)

Historical Landmark Tours: Ghana is the first sub Saharan African country to get in contact with Europeans and such a long history of European influence. Thus, this tour is primarily for researchers as well as tourist interested in understanding the deep history of such colonial influence. It is of interest to also note that Ghana has most European castles on its coast as it was the hub of the Trans-Atlantic slave trade (StanBed Tours, 2011).

Safari Sightseeing Tour: This tour package is for tourist who are interested in knowing most about wildlife in Ghana. However, Ghana is not well renowned as most East African countries and as such the StanBed Tours projects the wildlife side of Ghana through the Safari Sightseeing Tours.

Student Volunteer Trip: Student volunteering around the world is a very positive life changing experience and for this reason StanBed Tours has this initiative to enable Nordic students to Travel to Ghana and volunteer for three weeks in the local

communities of the tours engaging in teaching mathematics and English as well as swimming lessons to the local community.

Business Travels to Ghana: As part of the founders vision to project and promote Ghana as the future for investment and international business, StanBed Tours provides business travels for corporate executives in the Nordic regions for them to meet up with the Investment Promotion Council in Ghana as well as Free Zones Board in order to form strategic business alliances.

CSR activities undertaken by StanBed Tours includes, tree planting exercise to mitigate CO2 emissions accrued from flying with airplanes to Ghana from the Nordic countries (Norway, Finland, Denmark, Sweden) educational support for children in the community of tours by providing books and other educational materials to these communities as well as voluntary beach cleaning exercise undertaking during visits to beaches in Ghana to protect marine life.

The aim of this thesis is thus to investigate the impact of CSR on customer loyalty amongst Finnish tourist. As demanded by the requirements, firstly, the research problem and objectives of this study are defined. Likewise, the related literature is reviewed briefly. The final section, relates to the examination of research methods used in the study and an estimation of the budgeted timeframe for this research.

1.4 Research Problem and Objective

The objectives of this study are:

- i. To establish the extent of customer awareness of CSR activities
- ii. To determine the effect of corporate social responsibility activities on customer loyalty of StanBed Tours

1.5 Significance of the study

CSR is increasing becoming important from a theoretical and practical perspective and this research will aid in augmenting the data and research within this field of

study. From a practical perspective, consumers are becoming more expectant of companies conducting their business in a socially acceptable way. In addition, business managers have identified that infusing CSR as a strategic tool creates competitive advantage for their business.

1.6 Research Methodology

The research methodology of this study simply refers to the systematic way through which a problem is investigated and solutions found to such a problem. Thus the quantitative approach will be used in the conduct of this study.

1.7 Scope and limitation of the study

The main objective of the study is to explore and analyze the relationship that exists between CSR and customer loyalty. There are however some limitations to this study which are explained below.

Firstly, financial factors was a major constraints to the conduct of this study. The researcher had to budget personal financial resources in order to successfully carry out this study. In addition to that, the scope of the study within the academic calendar which this research had to be completed was a limitation to the conduct of the study.

Furthermore, the case company (StanBed Tours) is quite newly incorporated and thus a questionnaire had to be distributed through the company's social media platform thereby causing a lackadaisical attitude from respondents to answer the questionnaire since they would have preferred a face to face interview.

Moreover, due to the nature of CSR encompassing legal, economic, moral, social and environmental aspects of the business, getting such information from the case company proved a little difficult since management treat such internal information with a high level of confidentiality.

1.8 Structure of the study

This thesis is sub-divided into five different chapters, namely, the introduction, theoretical framework, research methodology, empirical findings as well as recommendations and conclusions.

The introduction chapter gives a brief description of what the entire study consists of. It is further divided into research problem and objective, research question, significance of study, scope and limitations of study and the structure of the study.

The second chapter, which is the theoretical framework, addresses the diverse papers, literature and publications of prior writers on this topic. Several aspects including definition, brief overview of CSR activities, customer loyalty and antecedents will be discussed.

The third chapter will primarily explain the research process and methodology to analyze and explain the data. Sampling techniques, research method, population, validity and reliability will be discussed into detail in this section.

The fourth chapter will focus on the empirical findings of this research. Thus the data collected will be thoroughly analyzed.

The final chapter will be based on conclusions and recommendations which are based on the analyzed data from the previous chapter.

2 THEORETICAL FRAMEWORK

In this chapter the theoretical framework related to this study is clarified. The chapter begins with a historical analysis of CSR from the 1950's to the present day. Secondly, the types of CSR is explained. Next, the benefits of integrating CSR into an organisation are also revealed. Thereafter customer loyalty, antecedents of customer loyalty as well as brand equity are explained. Subsequently, the concept of CSR and customer loyalty are reviewed together. Lastly, the CSR of StanBed Tours ky are outlined and explained.

2.1 Corporate Social Responsibility: A literature Review

1950's: The Genesis of CSR

CSR traces its roots back to the 1950's, which was more focused on the responsibility of businesses in the society. In his book, *Social responsibilities of the businessman*, regarded as the foundation for CSR, Bowen gave a distinct definition to the concept as "the obligations of businessmen to pursue those policies, to make decisions, or to follow those lines of action which are desirable in term of the objectives and values of our society" (Bowen, 1953, cited in Rahman, 2011:2).

1960's: CSR beyond economic and legal requirement.

The 1960's was an era where the question of businesses engaging in social responsibility cropped up. Keith Davies who published the article *Can businesses ignore social responsibility*, came up with a revised definition for CSR as "Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960:1). With this new definition came two distinctions in CSR: namely, socio-human and socio economic obligation. The former refers to the business development of human values such as morality and motivation which cannot be measured on an economic scale whereas the latter suggests the responsibility of businesses in the economic development of the society which it operates in.

1970's: A surge of definitions

The 1970's marked an era of exponential growth in CSR as a result of growing interest by business people (Rahman, 2011). This led to a myriad of CSR definitions published by different authors (Carroll, 1999). Harold L. Johnson's publication, *Business in Contemporary Society: Framework and Issues* in 1971 analysed four different perspectives on CSR (Rahman, 2011). Conventional wisdom was the first perspective on CSR which he defined as a socially responsible firm whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation" (Johnson, 1971, cited in Carroll, 1999:7). The second perspective Johnson (1971) gave to the definition of CSR was "Social responsibility states that businesses carry out social programs to add profits to their organization" (Johnson, 1971, cited in Carroll, 1999:8). This perspective implied CSR as an activity to create profits. The third perspective on CSR by Johnson (1971) was tagged as the utility maximisation which meant that CSR was not only intended for profits however, to achieve multiple goals. Thus utility maximisation was defined as "A socially responsible entrepreneur or manager is one who has a utility function of the second type, such that he is interested not only in his own well-being but also in that of the other members of the enterprise and that of his fellow citizens" (Johnson, 1971, cited in Carroll, 1999:8). Lastly, the fourth perspective on CSR by Johnson (1971) expounded it as "strongly profit-motivated firms may engage in socially responsible behavior. Once they attain their profit targets, they act as if social responsibility were an important goal— even though it is not" (Johnson, 1971, cited in Carroll, 1999:8). This perspective, also known as the lexicographic view, means that goals by companies were measured and assessed on the level of importance and multiple factors such as the previous experience with their goals or the past performance of similar firms (Carroll, 1999; Rahman, 2011).

The Committee for Economic Development (CED) provided more clarity in light of the economic and non-economic obligation of social responsibility which was coined as the three concentric circles. The inner circle entails basic organizational obligations such as the provision of jobs, products/service and economic growth. The intermediate circle, pivots the obligation of ensuring economic duty with discernment evolving social values including employee relations, environmental conservation as well as hiring. The outer circle however concerns with the developing but not so obvious responsibilities that the organisation ought to be engaged in to ensure the improvement of its social environment. (CED, 1971, Cited in Carroll, 1999).

1980's: CSR and profitability

The relationship between CSR and organizational profitability emerged in the 1980's with Cochran and Wood (1984) being among the pioneers to identify the relation. The ratio of operating earnings to asset, the ratio of operating earnings to sales and market valuation were the methods employed by Cochran and Wood (1984) to measure profitability indicators. However, results of their findings revealed a weak link between CSR and profitability. Nevertheless, Peter Drucker (1984) proposed a new meaning for CSR by exploring the relation between CSR and financial performance. Thus prior studies showing no correlation between CSR and profitability was rejected by Drucker (1984) and insisted on a compactible relationship.

1990's: The pyramid of CSR

The 90's was a defining period of a new concept of CSR with the introduction of Carroll (1991) CSR pyramid. The CSR pyramid is based on four elements namely: economic, legal, ethical and discretionary/philanthropic. The economic responsibility underscores the foundational block without which all other elements would not exist. The legal element aspect sets the framework to which corporations conduct responsible business. The ethical aspect deals with the responsibility of

corporation to conduct their operations without harming stakeholders/environment. The philanthropic element on top of the pyramid indicates corporations' obligation and resourcefulness to their business environment in ensuring a better life quality (Carroll, 1991).

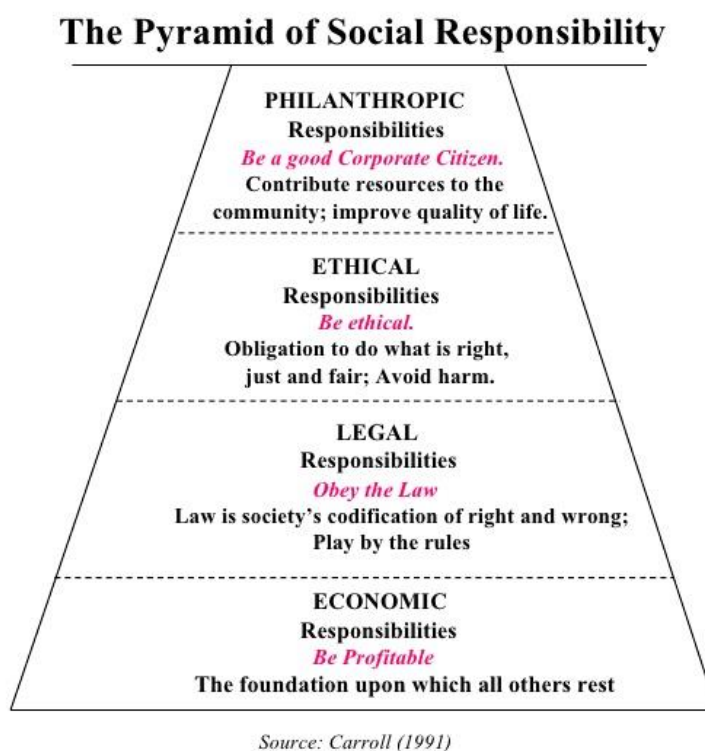


Figure 1 – The pyramid of Corporate Social Responsibility

From 2000-Presently

Issues on CSR has continued to gain momentum from the 2000's till now. Increased pressure from governments and stakeholders has been placed on how corporations affect the environment. As evident in the 2002 European Commission Report, CSR is defined as a concept whereby companies integrate social and environmental concerns in their business operations and interaction with stakeholders on a voluntary basis (Commission of EC, 2002).

The consumer perspective focus has been on the horizon, as a result of consumer's interest rising from CSR participation by corporations. This led to a study by key researchers on the topic to understand the relationship between CSR and consumer buying behavior. The study revealed that a greater part of respondents were inclined to corporations who were socially more responsible albeit a tiny fraction of respondents revealed that CSR was not their purchasing behavior. (Mohr, Webb & Harris, 2001)

It is worthy to also note that a study conducted by Backer-Olsen and Hill (2006) to analyse the result of perceived CSR on consumer behaviour unveiled that a greater number of respondents asserted that firms should participate in CSR, whilst 76% of respondents maintained that such participation will be beneficial to the firms eventually. In contrast, half of respondents alluded to switching to nearest alternative if firms were unethical or irresponsible in act. Beyond any doubt, results of the study affirmed that consumers will reciprocate firms' commitment in engaging in social activities through their purchasing behaviour (Baker-Olsen & Hill, 2006).

2.2 Corporate Social Responsibility - A definition

Although there has been several definitions of CSR by different scholars and researchers due to the broad nature of the concept of CSR. For the purpose of this research, our definition will be focused on the exposition by the European Commission. Thus CSR is defined as “the responsibility of enterprises for their impacts on society” (European Commission, 2011). This definition is concise, abridge and encompasses all aspect of CSR including environmental, social, human rights amongst others in business activity.

2.3 Types of CSR

CSR can be classified into various types as a result of its extensive nature and activities, objectives, ethical and other important factors in a business process.

Carroll's (1991) perspective on CSR established the concept of the CSR pyramid in order for firms to evaluate their relationship and responsibility to customers and the business environment. Thus, as implied by Carroll, the CSR pyramid is classified according to the following obligation of the business:

1. Economic Responsibility

The economic responsibility of firms translates into the supply of goods and services by a business to members of the society with profit as an incentive. Therefore the maintenance of a strong competitive position, commitment to profitability, maximising of earnings per share, maintenance of business operation efficiency and maximising profit consistency are the major economic responsibilities a firm has to adhere to. It is worth noting that the economic responsibility is the bedrock for which all other responsibilities rest on.

2. Legal Responsibility

Albeit the primary motive of a business is to generate profit, as a requirement business activities have to be conducted within the stipulated the established federal and local government laws in pursuit of their economic mission. Such laws includes, but not limited to tax laws, certificate of incorporation amongst others.

3. Ethical Responsibility

Operating in a fair and justifiable business conduct is what ethical responsibility is about. Hence, although not often a law unto itself, ethical responsibility encourages practices that society approves and expects businesses to align itself it whilst inhibiting the norms that society frowns upon in other to protect the moral rights of stakeholders such as consumers, shareholders and employees. Thus it is worth noting that although ethical responsibility is component of the CSR pyramid, it is often interchange with the legal responsibility which in effect broadens the scale of legal

responsibility while concurrently pressuring business to conduct business above the legal requirement.

4. Philanthropic Responsibilities

Businesses are expected by society as good corporate citizens to be involved in engagements that promotes human welfare and goodwill of the society in which the business is located. Such example of philanthropy includes beneficence of financial resources in either cash or kind as well as infrastructural development such as building of schools, hospitals, provision of text books amongst others for the betterment of the community. However it is important to note that although society expects a firm to be philanthropic, this responsibility is more of a voluntary activity. Thus the inability of a firm to perform its philanthropic responsibility at the desired level does not in any way make it disreputable unlike the ethical responsibility which requires operating by the standard set by the law.

Similarly, eminent scholars of CSR such as Kotler and Lee (2005) has underscored and coined the concept corporate social initiative which essentially is a set of six core activities which firms undertake to fulfil their social cause. These six social initiative are examined as follows:

1. Cause Promotion: This charitable initiative to contribute cash, kind or other resources and volunteering to increase the social awareness of a particular cause if well organized and fulfilled will eventually increase sales and loyalty for the firm as well as motivate staff and other major stakeholders the firm engages with in its business operations.
2. Cause Related Marketing: This social initiative is a promotional strategy whereby a firm and a charity engage in joint funding whereby sales of the firms product goes to the support the social cause of the charity organization.

3. **Corporate Social Marketing:** This social initiative occurs as a result of a firm's decision to promote the wellbeing of community members in which the business is located by through the provision of educational facilities, healthcare, access to portable water amongst others.
4. **Corporate Philanthropy:** In this social initiative, firms make a direct contribution in donating either cash or kind in support of a charity or cause.
5. **Employee Engagement:** This type of social initiative involves firms encouraging their staff or employees to volunteer their expertise in fulfilment of a social cause in the community. For instance, when a hospital located in the community organises free health screening for members of the society, this can be regarded as employee engagement.
6. **Social Responsible Business Practice:** These are practices, codes and conduct that a firm subscribe to in order to improve the well-being of the community and the environment and support social causes. The distinct feature about this initiative is due to its discretionary nature and not a legal mandate for firms to comply with.

2.4 Benefits of Integrating CSR into an Organization

Elizaveta (2010) noted that some benefits that a business might accrue from implementing CSR includes customer loyalty, improved brand value, safe work environment, motivated workforce, vigorous risk management, increased stake holder trust and access to finance. Thus, integrating CSR into a business is more advantageous to a business in its effort to improve competitiveness in the industry it operates in and should be seen as strategic positioning instead of just an action of goodwill to the public. On the other hand, the lackadaisical attitude of a firm's failure to incorporate CSR as a strategic marketing tool might lead to the dwindling

of such brands reputation. Mirfazli (2008) revealed that the ineptitude of a firm to undertake its social responsibility might undermine its reputation.

Manhachitara & Poolthong (2011) emphasize that social responsibility programs can provide a variety of benefits for companies, not just increased loyalty. Several studies have identified that this initiative dramatically improves the goodwill of companies thereby establishing lasting relationship with customers and stakeholders. The fit between a company and CSR activities exerts a meaningful effect on corporate image and the fit between consumers and CSR activities exercises a meaningful influence on corporate image and loyalty intention (Tingchi Liu, Anthony Rongwei & Tseng, 2014).

Similarly, Diffey (2007) revealed that consumers are more willing to be associated with CSR focused companies. Elizaveta (2010) pointed out that quite often, unsuccessful firms are as a result of lack of engagement in CSR. However, bigger firms have a better knowledge and understanding of CSR and as such structures and incorporates CSR as a way of attracting and retaining talent and consumers.

In addition to the above concepts, Balqiah, Setyowardhani & Khairani (2011) conceptualise that CSR constitutes social marketing which has three major components: proactive, communicating charity activities as well as other activities that have social purpose and motivating other parties to support the charity regarding community wellbeing and environment.

2.5 Customer Loyalty

The importance of customer loyalty to businesses cannot be said to be underestimated or overemphasized enough and has been widely acknowledged by managers, corporate executives as well as scholars which has resulted in the myriad of definitions and interpretation of the concept. Thus, for businesses to maximize profit and ensure long term success, it is important to build up worthwhile relationship with clients through customer loyalty. As defined by Pan, Sheng & Xie (2011), “Customer loyalty is the strength of a customer’s dispositional attachment

to a brand and his/her intent to rebuy the brand in the future’’. In the ever evolving and competitive business environment, customer loyalty is an essential factor for the survival of a business.

The concept of customer loyalty can however be divided into three parts namely: stochastic, deterministic and composite. The stochastic approach can be said to be behavioral whereas the deterministic approach is attitudinal. However, the composite approach is a combination of both attitudinal and behavioral approaches. Loyalty thus evolves from the process of purchase, to satisfaction then thirdly to trust and commitment which progresses into customer loyalty (Rundel-Thiele, 2006). As such, composite loyalty which is also referred to as intentional loyalty is the truest form of customer loyalty (Day 1969).

Bagram and Khan (2012) explains further that customer satisfaction and customer retention are two major attributes that results in customer loyalty. Whereas customer satisfaction depends on perceived quality and perceived value, the latter depends on product attributes, customer relationship and trust-worthiness.

According to Jones and Sasser (1995) behavioral loyal customers act loyal but do not have an emotional attachment to a brand. As such, these customers when given options to choose from will not act loyal but only do so due to limited financial access, are contract bound, among other things. Such Phenomenon is referred to as false loyalty.

Although customer loyalty might be challenging to sustain, it is more economically prudent in retaining existing customers than it is to win new ones (Kumah & Shah, 2004). In fact, benefits such as repeat purchase and increased profitability are enjoyed by the firm whereas discounts, opportunity to become brand ambassadors in addition to being savored by customers by the exclusive relationship created through customer loyalty.

2.6 Antecedents of Customer Loyalty

For the concept of customer loyalty to be thoroughly analyzed and measured, it is important to understand the antecedents of loyalty. Various scholars have in the past conducted numerous researches to justify their conclusion, however there has been lack of unanimity in their findings. Behavioral factors of loyalty such as price, purchase intention and word of mouth has been the focus of studies in their effort to measure customer loyalty (Baldinger & Robinson, 1997; Bloemer et al., 1999; Ibrahim & Najjar, 2008)

For the purpose of investigating the effect of CSR on customer loyalty, we divide the antecedents into two groups namely; Customer related factors and product related factor. In respect to customer related factors, trustworthiness is essential in ensuring that customers remain loyal to a specific product or brand. As postulated by Chauduri & Holbrook (2001) both attitudinal loyalty and purchase have a correlation with trust. In addition, absolute satisfaction with a product is another customer related loyalty factor (Dick & Basu 1994, Hesket et al., 1994, Oliver, 1997).

Moreover, regarding the products related factors of loyalty, Pan et al., (2011) maintains that quality and brand image are the most fundamental. Ashforth & Mael (1989) assert that brands that exhibit attributes that customers intend to identify themselves with are the ones they incline to. Additionally, Ashforth and Mael (1989) affirm that people identify with social groups where they evaluate values and objectives in comparison to other similar associations.

2.6.1 Customer Satisfaction

As an important factor in ensuring competitive advantage in business, customer satisfaction cannot be said to be overemphasized. The concept as defined by Kotler and Keller (2006) is “a person’s feeling of pleasure or disappointment which resulted from comparing a product’s perceived performance or outcome against his/her expectations”. As such, customer satisfaction is a great tool in predicting

customer repurchase intension, customer loyalty and word of mouth recommendation (Eggert & Ulaga, 2002). Customer satisfaction is therefore a subjective positive or negative feeling arising as a result of customer perception meeting customer expectation. For this reason, firms have to ensure that these expectations are met or else the resultant effect will be, as Anderson & Srinivasan (2003) put it, “a displeased customer is expected to acquire facts on replacement plus extra likelihood of yielding to proposal of competitors than a satisfied customer”.

2.6.2 Service Quality

Providing high quality service is fundamental to business survival in the long-term. Kotler & Keller (2009) explains that service refers to the intangible offer a firm makes to an individual or another firm for monetary exchange in satisfaction of their needs.

Kang (2006) defines quality as “the imaginary expected performance against real performance. In effect, a firm’s ability in maintaining its competitive advantage depends on its actuality of exceptional service offered (Yoo & Park, 2007). Kotler et al., (2002) argues that the quality of a product offered can increase either the satisfaction or dissatisfaction customers perceive of it.

Gronroos (1983) revealed the two aspect of quality services namely; the technical and the functional which forms a profile in the minds of customers. This profile enables customers to empathise with firms when they commit a blunder.

2.6.3 Brand Image

Brand image has always been an influential determinant of consumer behavior and marketing. Earlier research by scholars in this field suggests that product and services are often purchased for their esteem and status reason rather than for the mere purpose of functionality. Thus, as Smith & Taylor (2004) points out, images conceived through various senses such as taste, touch, smell, sight, feelings and

sound assimilated through customer service, product usage, commercial environment and corporate communication. As such, the perception of brand image transcends into how customers identify both human and physical resources as well as features and attitudes of a firm.

2.6.4 Customer Trust

As Morgan & Hunt (1994) put it, customer trust is an essential factor in playing an integral role in the loyalty and retention of customers. Trust happens when the reliability and integrity of a partner to execute a commitment is unquestionable (Morgan & Hunt, 1994). Various scholars have stressed on the importance of trust in retaining customer loyalty. Garbarino & Johnson (1999) denote trust as being indispensable in developing customer relations and maintaining their commitment. Macmillan et al., (2008) argues out that through the experience and interaction of people, actions of relationship partners are observed which creates perceptions of how such partners will act in the future.

2.7 Brand Equity

Carroll and Buccholtz (2003) revealed that in the past, businesses in their quest to identify with customers, gave out branded products. However, in today's ever evolving business world, CSR has been identified to be linked company reputation and brand identity (Holding & Piling, 2006). Thus, as asserted by Manhaimer (2007) customer loyalty has a linkage with brand equity. This assertion reveals that loyalty and CSR could be correlated through brand equity. CSR engagements by businesses has the likelihood to improve the brand equity of such business which eventually improves the customer loyalty. Smith, Gradojevic & Irwin (2007) maintained that developing brand equity was one of the stimulating marketing elements private organisations were regale in. Similarly, Pakseresht (2010) asserted that today, an increasingly number of businesses have positioned themselves to be identified with their brand and as such measured based on their social performance.

Van Heerde, Gupta & Wittink (2003) proposed that loyalty could be stirred by brand equity and in effect these two influences be propelled by CSR activities.

Balsara (2009) remarked it imperative for CSR in support for a comprehensive brand strategy of a business. Thus he insisted that in addition to CSR bolstering a cause, it also enables a firm craft a distinct company brand identity.

In similar manner, Myers (2003) advocated that customers gravitate towards definitive brands based on its value. Thus based on such cogent association with the brand, a firm can develop an exclusive identification with the customer.

2.8 Relationship between Corporate Social Responsibility and Customer Loyalty

CSR has often been used as marketing tool to compel consumer behavior by businesses. Garcia de los Salmones, Herrero & Rodriguez (2005) based on a study conducted on the mobile telephone industry argued that CSR seems to have a compelling edge on consumers' valuation service which in effect has a positive impact on customer loyalty. Liu & Fenglan (2010) conducted a similar study in the Chinese diary market which revealed that although there was no considerable connection between CSR and customer loyalty the antecedent of loyalty such as product satisfaction, image, trust and quality however showed a positive influence. This findings convinced the researchers that perceived CSR might have a resultant effect on customer loyalty. Du, Bhattacharya & Sen (2007) in their investigation of how brands social initiatives influences its competitive positioning affirmed that consumers are receptive and inclined to brands associated with CSR in respect to loyalty and will advocate for such brand as compared to when a brand is not engaged in CSR. Similarly, Keller & Aaker (1992) affirmed that responsible companies are more appealing to consumers than irresponsible companies and for that reason prefer their products and services.

Moreover, studies conducted by Pelozo & Shang (2011) revealed that CSR effort leads to customer loyalty and in addition curtails the reputational risk a company encounters during a negative period. Sen, Bhattacharya & Korschun (2006)

revealed that the awareness of CSR initiatives of a company made customers willing to be associated with the company by seeking for employment opportunities and buying their products or service rather than customers who are unaware of CSR. In addition, Brown & Dacin (1997) revealed that CSR is able to impact on customer response by creating a positive association related to the product. As such, this favorable association leads to a positive assessment of the company and results in the positive assessment of their product and satisfaction.

Dawkins (2004) explained that a research conducted by MORI to understand British public opinion on CSR revealed that majority of the respondents were of the opinion that most companies failed to listen to and address concerns of public opinion with regards to environmental and social issues even though such environmental and social issues are of greater stake to the public. 38% of the respondents indicated that they consider whether a company is socially responsible before making a purchase decision.

CSR has a positive effect on consumers in the sense that they feel included in the society when consuming such goods and services. As a result, a strong bond is formed between the company and customers which increases the value perception of the company as compared to other companies who are regarded as less responsible (Ochoti, Muathe, Ronoh, Maronga & Ochoti, 2013).

Thus, based on the theoretical overview discussed, the research objective of investigating customer CSR awareness and determining the impact of CSR on customer loyalty will be conducted to confirm or refute whether CSR really has an effect on the loyalty of customers.

2.8.1 Corporate Social Responsibility of StanBed Tours ky

Established in November 2016 as a Destination Management Company (DMC) in Vaasa Finland, to project and promote Ghana as an exotic tourist destination for tourist in the Nordic region, StanBed Tours prides itself with CSR which forms an

integral part of its branding in contributing positively to the local communities of the various tourist destination in Ghana.

The strategy of StanBed Tours CSR affirms the company's commitment in being responsible to the local communities of tours through the allotment of a percentage of total profit from the tours to empower the local community in an economic, environmental and philanthropic manner. This is evident in the company's steadfastness in ensuring sustainable ways improving the myriads of challenges that engulfs the local tour communities.

Although StanBed Tours is still in its infant stages as a tour operator, the company's vision is not only to be a market leader in service provision for African destinations in the Nordic countries but also engaging in quality standards of accountability and corporate governance which is beneficial to its internal and external stakeholders. In terms of CSR, Stanbed Tours has outlined environmental, economic and philanthropic strategies in ensuring the sustainability of its operations in the local communities of the tours which is explained in detail below.

Environmental Strategy: StanBed tours acknowledges that sustainable tourism is integral in order to ensure that the business remains relevant in the long-term. As such, the company takes pragmatic measures in securing that the local environment suffers minimal impact due to activities of tourist. As a result, management of StanBed Tours ensures that CO₂ emissions that occurs during the long flight from the Nordic regions to Ghana is mitigated by tree planting exercise in the tour region so as to protect the environment from climate change.

In addition, due to the fact that most local communities of the tours are not well informed on how to protect the marine ecosystem, they dump waste and other plastic materials in the ocean which becomes harmful to marine life. Based on this fact, StanBed Tours has a strategy in place to educate, organise and train local folks in the coastal regions of its tours on the importance of protecting marine life as well as contribute financially to the local folks for the removal of plastics and other waste

from the shores of the beaches so that these plastics do not find their way into the ocean and ultimately harm the marine eco-system.

Economic Strategy: For tourism to be meaningful, it has to be beneficial to the local economy. For this reason, StanBed Tours empowers the local economy by directly hiring tour guides from the locality. Through this, employment is created for the local folks to gain monetarily in exchange for their knowledge and guide through the locality. Women also gain economically through the sale of beads and other crafts to the tourist which StanBed Tours includes as part of the tour package.

Philanthropic Strategy: The philanthropic activities that StanBed Tours employs in respect to CSR is supplying educational stationary such as pens, pencils, erasers and exercise books and white chalks to the local community school in support of their educational development. StanBed Tours deems this responsibility important because most of the local communities have difficulties in accessing such basic educational supplies.

In addition, StanBed Tours has a volunteer program where students volunteer their time to teach English, Maths and Science in the local primary schools due to inadequate teaching staff in the local communities.

3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter will focus on the methodology of the research used in gathering data for the study. This is important because the accuracy and dependability of a research is heavily influenced by the research method implemented during the study. As such, this chapter will explain the research design, the purpose of the study, the sampling and sampling techniques as well as the research quality.

3.2 Research Approach

The correlation between theory and research is the determinant factor in selecting the research approach for a study. Two approaches namely: the deductive and inductive research methods are often used by researchers to analyze collected data on a specific topic. The deductive research approach has its basis in theory and the researcher advances to form hypothesis based on the theoretical basis with collected data to back the hypothesis. The inductive approach, on the other-hand, commences with measures and observations that the researcher identifies patterns with leading to the construction of hypothesis, which is further researched to formulate theories. An inductive approach stems from the precise to formulation of hypothesis and finally theories to be proven. (Blumberg et al., 2011; Bryman & Bell 2005).

Furthermore, it is important to note that gathering research data through questionnaires involves either using the quantitative or qualitative method. Quantitative method is used to gather data that answers clear cut questions. Observation, survey and experiments are the three major techniques of gathering quantitative research data. The survey approach, however, is the frequently implemented technique for quantitative research (Kent 2007).

Qualitative research, on the other-hand, is effected to investigate and analyze data which cannot be measured in a statistical form such as relationship or cause and effect. Kent (2007) explained that the test of value of qualitative research often

relies on researchers experience and knowledge. Thus it is based on more on the researchers' intuition, imagination and creativity of previously substantive information

Accordingly, the research approach to be implement for the conduct of this study will be the quantitative method as a resulted of our already formulated questions which will be examined to verify or invalidate the impact between CSR and customer loyalty.

3.3 Research Design

Bryman & Bell (2011) argues that more often than not, quantitative research implements surveys and questionnaire as procedure for data collection. Cross sectional design will be the research design used for the purpose of this research case. Cross sectional designs are outlined to measure the attributes defined in the research question by testing the hypothesis from the theory (Hair, Babin, Money & Samouel 2003)

3.4 Data collection

In order to successfully conduct this research, primary and secondary sources of data was used. Primary data refers to the data gathered purposely for a research. This type of data is regarded as reliable because it originates directly from the population sample of the research Thus, the primary data for this study is gathered from the answers of respondents from the questionnaire and web survey. A questionnaire is a statistical data gathering form that research partners fills in gathering data for the conduct of a research. Qualitative research is often constructed with open ended question in order to understand into detail and theorize whereas quantitative research are often constructed with close ended questions in order to gather statistical evidence to verify a hypothesis.

Web based survey has two distinctions namely; target web survey and self-selected web survey. Target web survey refers to where the researcher determines who is

allowed to participate in the survey by either sending a direct web-link to the survey participants or via email. Self-selected web survey on the contrary refers to where participants to the web survey are not directly invited by researcher and as such invited to participate in web survey through pop-up windows from a webpage. Web based survey are important because it allows the researcher to gather data from a broad geographical location in as little time as possible. Secondly the anonymity of the respondents increases the likelihood of gathering more responses to the questionnaire. However, it is important to note that when using web based surveys, questionnaires have to be as concise as possible without ambiguity so as respondents can answer with relative ease because researcher is not accessible during the period the respondent answers the questionnaire (Blumberg et al., 2011).

Sage (2008) asserted that secondary resources of data are data collected from second hand sources such as books, magazines, journal, webpages, and articles. Thus in other words data from published and unpublished sources

For this study, data from both primary and secondary sources are used. Primary data is directly gathered from the questionnaire through web survey. This aids in analysing the empirical aspect of this study whereas the secondary sources of data was gathered from books, journal, articles, webpages and other published sources to develop the theoretical framework of this study.

3.5 Data Analysis

For data to be valuable, it has to be compiled, arranged and analyzed. In other words, data has to be refined to be understood and applicable. Thus based on this study the quantitative data gathered will be analyzed as follows:

- Cataloguing Google Docs to harmonize with the structured questionnaire.
- Automatic key-in collected data into Excel spreadsheet from Google Docs.

- Statistical tables generated from keying-in answers from questionnaire.
- Analytical tool that generates graphs from statistical tables.

3.6 Population and Sample

In order to conduct a successful research, it is important to ascertain the population and sample to be used purposely for such research.

Osuala (2001) revealed that a research population could be referred to as a cluster of individuals or items that share similar traits. Sample, however refers to the representation of the total population in such a way that the traits of the total population are characterized in the sample selected (Amin, 2005).

Sampling technique can be categorized into two groups namely; probability and non-probability technique. For this research however, the simple random technique which falls under probability sampling technique was used as a result of the fact that every person in the sample has an equal amount of being selected.

For the purpose of this study, the sample size is 100 because the survey was restricted to only Vaasa. As such, through the web-survey, random selection of 100 respondent was chosen to gather primary data necessary for analyzing the study.

3.7 Validity and Reliability

Validity is the degree a research method measures the elements of what it seeks to find. This implies that the instrument used to measure the survey achieves its intended purpose and reflect the reality. As such, a lack of validity in the research will indicate that findings of the research cannot be attested to and as a result, does not reflect the truth (Churton & Burton 2010).

Therefore, in order to achieve the validity of this research, the questionnaire was based on the theoretical framework. In addition, quantitative research method was employed for the conduct of this study because quantitative research is based on

facts. This ensures that the results of the study stays the same even if the study is conducted again after a while, thus establishing the validity of the research.

Reliability is the measure a test replicates identical result when on several trials. A research is said to be reliable if the similar result is achieved when the test is repeated. Heale & Twycross (2015) explains that in a research, if there is a low degree of error, then the research is said to be reliable

Thus to check the reliability or a survey, a test- retest of the same study should be conducted after a period of time.

3.8 Measurement

Based on the theoretical framework of the studies, the following variables are chosen to measure the impact of CSR on customer loyalty.

- Economic Component of CSR
- Legal Component of CSR
- Ethical component of CSR
- Philanthropic Component of CSR
- Customer Loyalty

3.9 Ethics and Limitation

From an ethical perspective, our basic priority is to ensure information given by respondents in answering the questionnaire is not used maliciously against them.

Along these line, in ensuring compliance within such perimeters as aforementioned, the purpose of the research was spelt out to respondent for them to understand that data was gathered solely for an academic purpose. In addition, the approval of respondents was sought before questionnaire distribution. Moreover, respondents were assured of the anonymity of their response in order to protect their identity in answering the questionnaire.

4 EMPIRICAL FINDINGS

4.1 Introduction

This chapter discusses the data results realised through the web survey. The main objective of the study is to determine the level of customer CSR awareness and the effect to which CSR affects customer loyalty. In order to simplify the analysis, the data is explained with illustration of charts and tables.

4.2 Response Rate

The targeted sample size for the web survey is 100 respondents. 100 respondents filled the web survey making it a 100% response rate. Thus a 100% response rate is excellent to thoroughly analyze data effectively and appropriately interpret findings.

4.3 Gender Distribution of respondents

Amongst the 100 respondents who filled the web survey, only 99% indicated their gender. The findings reveals that 55 respondents indicated to be male, thus making 56% of total respondents whereas 44 respondents indicated to be female making a total of 44% of total respondents. Figure 2 gives a detailed illustration.

What is your gender?

99 responses

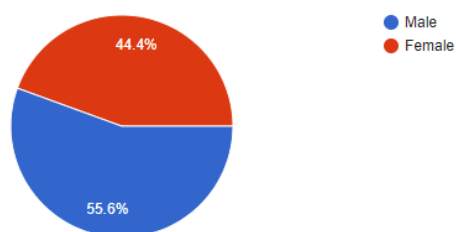


Figure 2. Respondents by Gender

Source: Web survey

4.4 Age Distribution of Respondents

The web survey revealed the largest age group of respondents to be in the range of 26-35 years which accounted for 58% of total respondents. The second largest age group was 18-25 years, which accounted for 26% of total respondents. In addition, eight respondents were between the age ranges of 36-45 years, whereas the age range of “Below 18 years” made up 4% of the total respondents. The age range of 46-55 years accounted for 3%. The smallest age group of respondents was recorded for “More than 55 years”, which accounted for only 1% of total respondents.

Table 1. Age Distribution of Respondent

Age range	Number of respondents	Percentage (%)
Below 18 years	4	4
18-25	26	26
26-35	58	58
36-45	8	8
46-55	3	3
More than 55	1	1
Total	100	100

Source: Web survey 2017

What is your age- bracket ?

100 responses

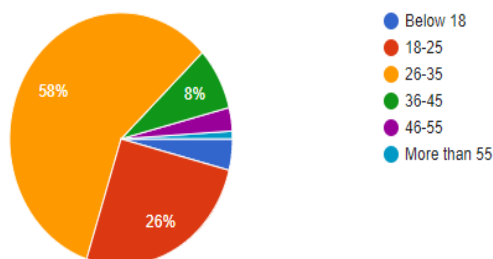


Figure 3. Age of Respondents

Source: Web survey 2017

4.5 Marital Status of Respondents

Table 2. Marital status of respondents

Marital Status	Number of respondents	Percentage (%)
Single	52	52
Married	45	29
Divorced	3	3
Widowed	0	0
Total	100	100

Source: Web survey 2017

As recorded by the web survey, the marital status of the respondents indicated that singles emerged as the highest number of respondents to the survey with 52% of the total valid respondents. Married couples accounted for 29%. Whereas 3% of others indicated to be divorced.

What is your marital status ?

100 responses

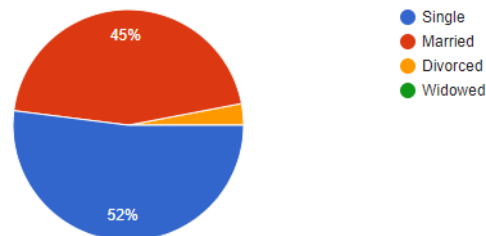


Figure 4. Marital status of respondents

Source: Web-survey 2017

4.6 Level of Education

The level of education as recorded in the web survey revealed that 97 % of the respondents indicated their level of education. The web survey revealed 66 respondents with a Bachelor's degree emerged as the most respondents with a figure of 68% of total response. Sixteen respondents with a Master's Degree represented 16.5% of total response whereas nine respondents indicated to have a Diploma indicating a 9.3% of total respondents. The lowest score of 6% was recorded for respondents with a "High school certificate" which amounted to six respondents.

What is your level of education ?

97 responses

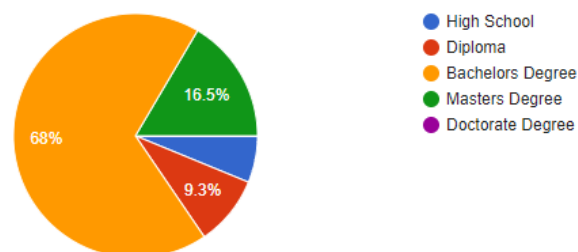


Figure 5. Level of Education of respondents

Source: Web-survey 2017

4.7 Case Company Awareness

According to the response from the web-survey, 90% of the respondents indicated to have heard about the case company by selecting “Yes” whereas 10% was recorded for respondents who indicated to have “Maybe” heard about the case company. Null response was recorded for No.

Have you heard about StanBed tours ?

100 responses

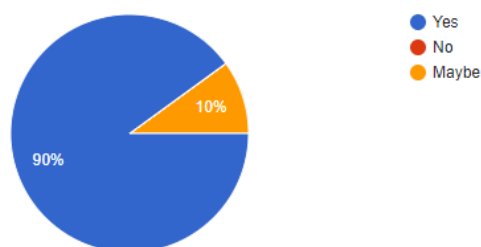


Figure 6. Case company awareness

Source: Web survey 2017

4.8 Customer CSR Awareness

The first objective of this research was to identify whether customers are aware of CSR and how a socially responsible firm should engage CSR activities. The degree of measurement used was from Strongly Disagree to Strongly Agree as well as the Neutral point. Strongly Disagree was assigned a numerical number 1 whereas Strongly Agree was assigned a numerical number 5. The point of Neutral was assigned a numerical number 3.

This was done in order to ascertain the level of agreement by customers in their total awareness of CSR implication and customer awareness for a responsible. Table 3 below gives a detailed description of the mean scores and standard deviation gathered from the test of customer CSR awareness.

Table 3. Customer Awareness of CSR Efforts

To what extent do you agree that StanBed Tours should be engaged in the following (Customer CSR Awareness):	Mean	Standard Deviation
Recruitment Policies.	4.58	0.5716
Safe Working conditions for employees.	4.49	0.5954
Reduction of paper and increase in technology.	4.58	0.5534
Reduction of waste and pollution to environment.	4.70	0.4574
Ensure operational transparency.	4.64	0.5404
Use Service to create awareness of needy projects.	4.70	0.5200
Beneficial marketing to company, customer and society.	4.64	0.5212
Voluntary donations for charitable cause.	4.69	0.5041
Positively contribute to educational needs of the local community of Tours	4.84	0.3876

Source: Web survey 2017

The findings from the web survey indicated that customers were very much aware and concerned about CSR efforts by companies. The highest mean score of 4.84 was recorded for ‘positively contribute to educational needs of the local community of Tours. This means that customers agreed and were much concerned about the educational needs of local tour communities and required StanBed tours

to put in effort to contribute to the educational development of such local communities. “The reduction of waste and pollution to the environment” as well as “the use of tour service to create awareness for needy projects” came in second with a mean score of 4.70. This meant that customers agreed and were expectant that the firm should operate in such a sustainable way to ensure that the operation does not have a negative impact on the environment. Additionally, it showed that customers were much interested in companies who use their service to advocate for needy projects in their community of operation. Similarly, the voluntary donation for charitable causes had a mean score of 4.69 and a standard deviation of 0.5041 meaning customers agreed that firms should endeavor to donate to charitable causes voluntarily as they were much aware of such social responsibilities. Moreover, although good working conditions for employees are quite an important social responsibility for companies, the survey recorded the least mean score of 4.4 and a standard deviation of 0.5954 meaning that although customers agreed that companies should ensure that employees have a good working condition and have a good pay, they regarded this aspect of social responsibility as an internal issue and, thus, were not as interested in such matters since it does not affect the immediate social environment of such companies.

4.9 Customer attitude towards StanBed Tours

The findings from the web survey revealed an interesting analysis of customer attitudes towards StanBed Tours in regards to their CSR approach which in effect has an impact on their loyalty. The survey brought to light that customers indeed value and think about the CSR activities of StanBed Tours as the question “I do not think about the CSR activities of StanBed Tours” had the lowest mean score of 2.75 and a standard deviation of 0.10. This reveals that customers evaluate the CSR actions of StanBed Tours before purchasing vacation trips from them.

The highest mean score of 4.87 was recorded for “I support StanBed Tours because I believe that part of their profits goes into initiatives that support environmental sustainability”, meaning that customers were loyal to StanBed Tours as a result of

knowing that a percentage of their profits goes into environmentally sustainable initiatives and will continue being loyal as long as they engage in environmentally sustainable actions. Thus, revealing a strong relationship between the environmental component of StanBed Tours CSR activities and customer loyalty. On the economic component of StanBed Tours CSR activities, a mean score of 4.40 and standard deviation of 0.3280 was recorded for “StanBed Tours ensures a good working condition for its employees”. Similarly, on the aspect of the ethical component of StanBed Tours CSR, the mean score of 4.69 and standard deviation of 0.4619 was recorded for “StanBed Tours does not engage in unfair and unethical practices in its activities” meaning that, customers of StanBed Tours are loyal to the firm due to their business conduct in an ethically responsible way. Furthermore, on the legal component of StanBed Tours CSR, customers agreed to the fact that their loyalty is influenced by StanBed Tours’s adherence to the regulations that oversees its business activities with a mean score of 4.59 and a standard deviation of 0.5134 for “StanBed Tours is compliant with the laws in its business activities”. Likewise, the philanthropic component of StanBed Tours CSR recorded a mean score of 4.68 and a standard deviation of 0.5080 for the question I support StanBed Tours because I believe part of their profits goes in to charitable causes.

Table 4. Customer Attitude towards StanBed Tours

To what extent do you agree that the CSR activities of StanBed Tours has an effect on your loyalty? (Customer attitude towards StanBed Tours)	Mean	Standard Deviation
I do not think about the CSR activities of StanBed Tours.	2.75	1.0699
StanBed Tours ensures a good working condition for its employees	4.40	0.5517
I am satisfied purchasing a trip from StanBed Tours knowing company makes effort in CSR	4.66	0.4948

StanBed Tours is compliant with the laws in its business activities.	4.59	0.5134
StanBed Tours does not engage in unfair and unethical practices in business activities.	4.69	0.4619
I support StanBed Tours because I believe part of their profits goes in to charitable causes.	4.68	0.5080
StanBed Tours actively participates and supports CSR activities.	4.72	0.4698
I choose to purchase vacation trips from StanBed Tours because of its active engagement in CSR practices	4.76	0.4244
I support StanBed Tours because part of profits goes into environmental sustainable initiatives.	4.87	0.3280

Source: Web survey 2017

4.10 The impact of Corporate Social Responsibility on Customer loyalty

In the quest to determine the impact of CSR on customer loyalty, the study analyzed the results gathered from the web survey according to the various components of CSR in relation to customer loyalty (Customer Attitude towards StanBed Tours) and the effects are discussed below.

The research identified that customers do really think about the CSR activities of firms and, as a result, the provision of quality service was not enough in keeping and maintaining public endorsement.

In addition, the caliber of employees that the firm has also plays an integral part in their support for such an organization. Thus, it is imperative for firms to develop and train responsible and ethical staff who can serve quality service to customers with integrity as such ethical aspect of business operation is important to customers.

The research further uncovered that CSR policies of the firm can generate a supportive admiration of such firm. Through such policies, employee commitment to the firm is positively influenced as customers are appreciative of the work such

companies engages in their locality and as such are delighted to be associated with such an organization and desirously share the “good will” that the firm engages in with the general public.

Furthermore, the research revealed that customers are aware of CSR activities of firms and are more willing to engage trips such firms knowing that paying for a holiday package with such a firm goes indirectly in supporting needy and charitable causes as well as sustainable initiatives that helps to protect the environment. Such scenario creates a win-win situation whereby the company and their customers can benefit from their business transaction and ensure the loyalty of such customers.

As a result of such findings by the study, it means that StanBed Tours can build a competitive advantage with its CSR practice over competitors through a well-crafted organizational strategy. In addition to the above mentioned, the study further reveals that for service business to thrive in a competitive market, there is the need to develop and maintain long-term relationship between the firm and customer to ensure repeat purchase as a result of customer commitment.

4.10.1 Economic Component of CSR and customer loyalty

Respondents affirmed the importance of the economic impact of CSR on their loyalty to StanBed Tours Ky. The economic impact is derived from ensuring good working conditions to employees encompasses the making of profits by the company, employee compensation, labor rights, elimination of child labor during business operations etc. Accordingly, 56% of the respondents agreed that their loyalty to StanBed Tours ky was a result of their implementation of a good working condition to their employees. In addition, 43% of the respondents “Strongly Agreed” that their loyalty to StanBed Tours was a due to their good working condition which employees receive. This meant that majority of the respondents confirmed that the economic component of CSR is necessary in ensuring continuous customer loyalty. However, only 1% of the respondents considered otherwise that their loyalty to StanBed Tours was as a result of their policies in

ensuring good working condition for their employees. Therefore, in order for StanBed Tours to retain their loyalty, they need to ensure operational efficiency and support good remuneration practice to make profits enable the sustainability of their operations in order to meet their economic responsibility.

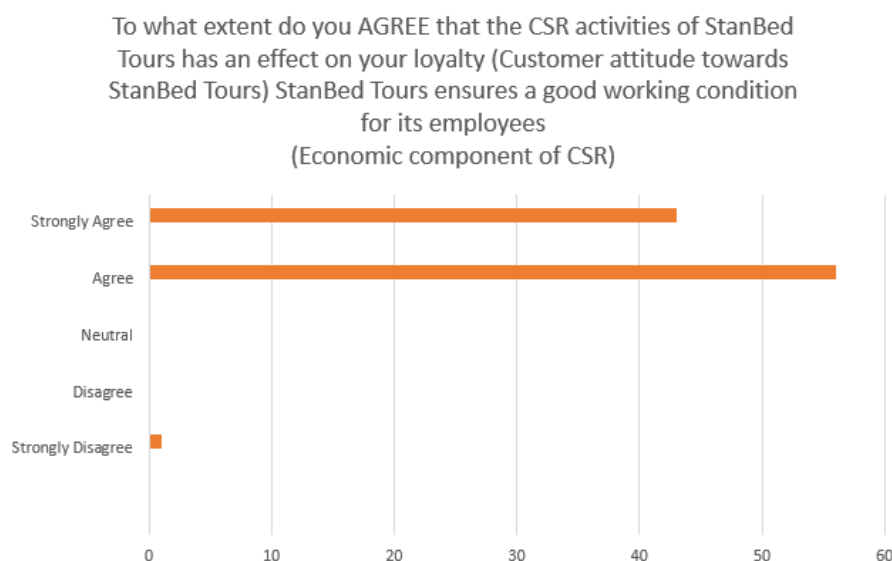


Figure 7. Economic Component of CSR and customer loyalty

4.10.2 Legal Component of CSR and Customer loyalty

The findings uncovered from the web survey indicates that the legal component of CSR does have an effect on their loyalty. 60% of the respondents “Strongly Agreed” that their loyalty to StanBed Tours was as a result of the compliance with the statutory laws and legal framework in their business operations. Moreover 39% of the respondents also agreed that their loyalty to StanBed Tours was as a result of the compliance with the laws. Thus, with the majority of the respondents indicating that the legal component of CSR has an effect on their loyalty, this means that the more StanBed Tours carries out its business operations in a way that is acceptable to the governmental laws, the more loyal their customers will be.

There was, however, 1% of the respondent who indicated Neutral, meaning their loyalty did not depend on the fact that StanBed Tours observes its legal

responsibility.

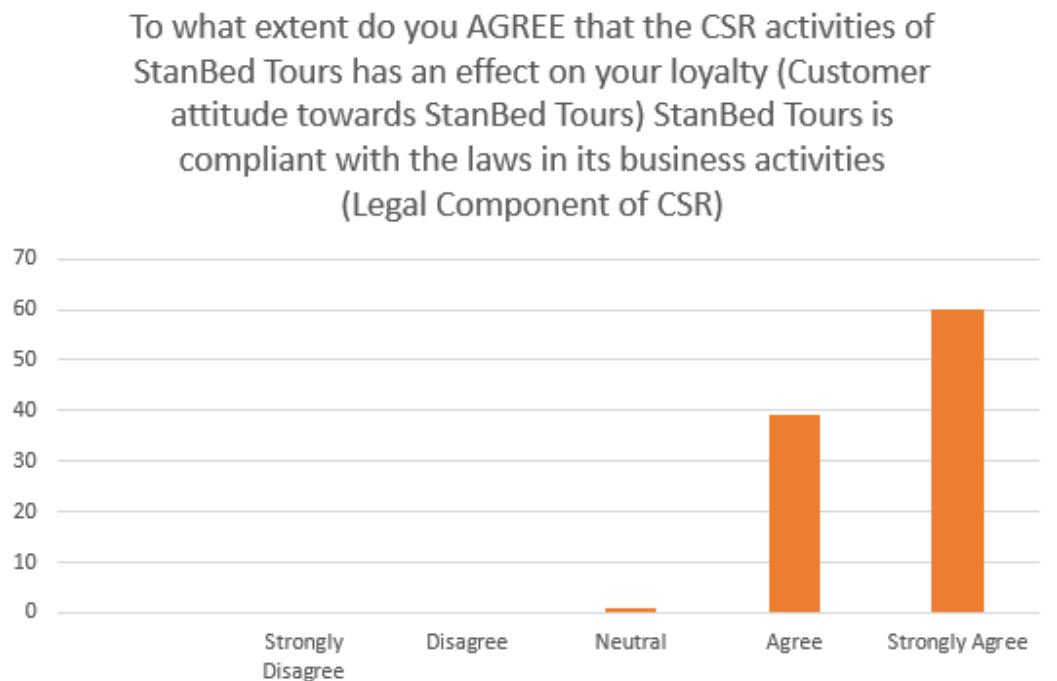


Figure 8. Legal Component of CSR and customer loyalty

4.10.3 Ethical Component of CSR and Customer loyalty

In analyzing the effect of the ethical component of CSR on customer loyalty the study uncovered that 69% of the respondents indicated to “Strongly Agree” that their loyalty to StanBed Tours was as a result of the company engaging in ethical business. In addition, 31% of the respondents indicated to “Agree” that their loyalty was a result of the ethical practices StanBed Tours implements in its business operation. This means that the more the StanBed Tours conducts its business with integrity the more loyal their customers will be and vice versa. Thus, StanBed Tours needs to ensure that all their business activities are guided by an ethical code of conduct to continue benefitting from the loyalty of their customers because the ethical component of their CSR is an important reason why they have loyal customers.

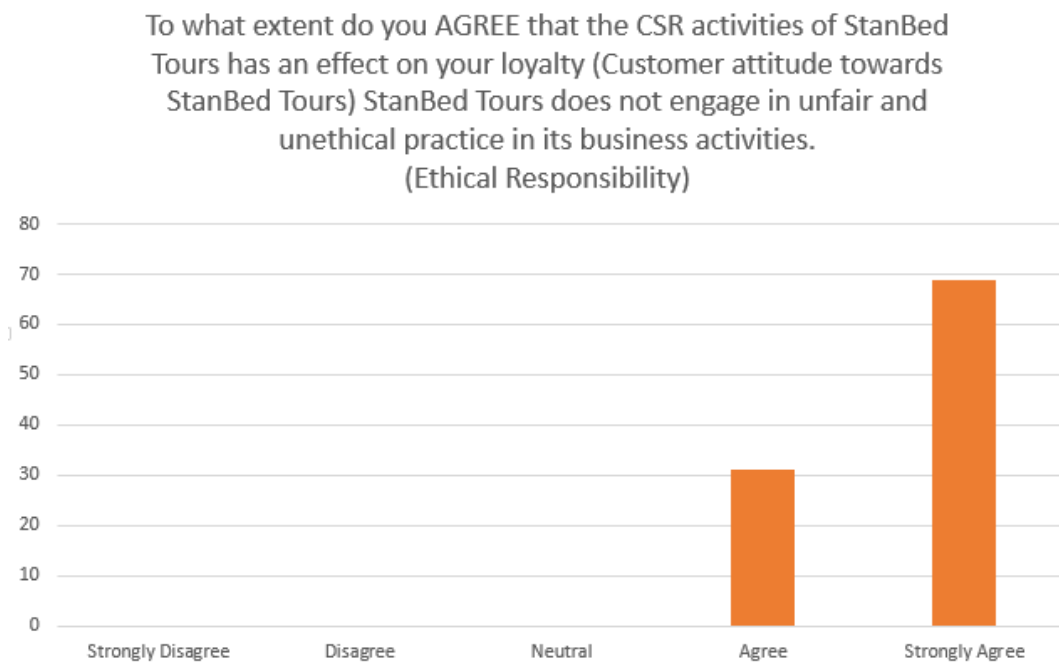


Figure 9. Ethical component of CSR

4.10.4 Philanthropic component of CSR on customer loyalty

The research uncovered that there was a relationship between the philanthropic component of CSR and the impact it had on the loyalty of StanBed Tours customers. 70% of the respondents revealed that they “Strongly Agree” that the charitable activities that StanBed Tours engages was their reason or loyalty to the company. 28% also registered that they “Agree” their loyalty to StanBed Tours was a result of their engagement in donations and other charitable activities in their communities of tour. Only two revealed that their loyalty was “Neutral” and did not depend on their involvement in such philanthropic activities. Thus, what this reveals is that the more StanBed tours engages in such philanthropic activities the more loyal customers they attract whereas the less StanBed Tours engages in the philanthropic component of CSR, the less customers stay loyal.

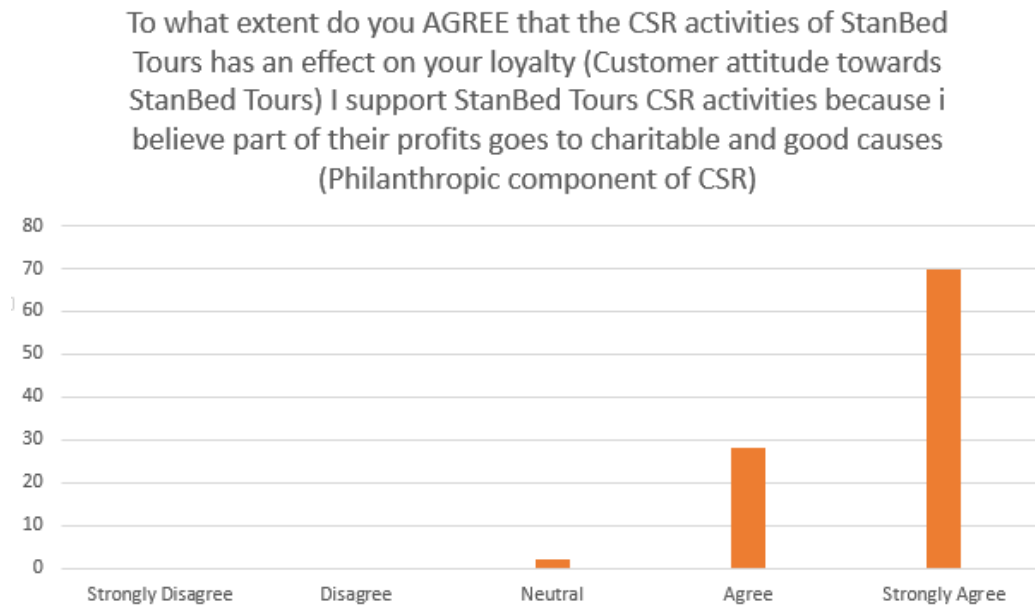


Figure 10. Philanthropic component of CSR and customer loyalty

5 CONCLUSION AND DISCUSSION

This chapter concludes the entire study. Firstly, a summary of the study will be discussed and then a conclusion will be presented based on the data analysis discussed from the previous chapter and suggestions will be made for supplementary research on this topic for management to increasingly understand and successfully execute effective CSR activities.

5.1 Summary

From the onset of this research, the resolve was purposely to investigate the impact of corporate social responsibility on customer loyalty. The research objective was to ascertain the extent of customer awareness to CSR and the impact of CSR on customer loyalty of StanBed Tours ky.

According to the study, it was evident that StanBed Tours has embraced the practise of CSR. The company's mission statement of "Positive contribution to our community and environment" are keenly aligned with its CSR policies indicating how important the concept is to the company.

In order to fully understand the key factors underpinned in this study, the fundamental concept of CSR were analysed and discussed from a historical perspective to the present day CSR concept. In addition, customer loyalty was fully discussed and the antecedents of loyalty analysed as well as brand equity. Thus, ensuring that all factors required in understanding CSR and customer loyalty fully dissected.

Finally, a web survey questionnaire was constructed to gather primary data on the topic using StanBed Tours Ky as the case study. The questionnaire was based on categories such as gender, age, marital status, level of education, customer CSR awareness and customer attitude towards CSR of StanBed Tours ky. The variables used to measure the impact of CSR on customer loyalty was the economic

component of CSR, legal component of CSR, ethical component of CSR and the philanthropic component of CSR.

The study found out that customers are very aware of the CSR efforts undertaken by companies and as such management should approach the concept of CSR with a strategic intent. The study uncovered that the philanthropic component of CSR with regards to “positively contributing to the educational needs of local community of tours” scored a high mean of 4.84, which signifies how important the philanthropic component of CSR is to customers.

The study further disclosed that on the aspect of customer attitude towards StanBed Tours, the highest mean score recorded was 4.8 for “I support StanBed Tours because i believe part of their profits goes into initiatives that support environmental sustainability”. This explains that customers will continue to be loyal to StanBed Tours as long as they engage in CSR activities with emphasis on their philanthropic component. Additionally, the research also revealed that customers of

To conclude, CSR is regarded as important for business to retain customers and to win new customers through word of mouth recommendation. Thus it is prudent for service companies to carefully plan and streamline CSR practice in their operation in order to gain the goodwill of the community and stakeholders as well as build its competitive advantage. This has become necessary because customers have become aware of the effect that business operations has on the environment and businesses can build a competitive advantage through CSR to improve brand image, customer loyalty as well as the market share of the business in its industry.

5.2 Recommendation

Suggestions to be considered by the academia, corporate organizations and stakeholders are made in this section.

5.2.1 Theoretical Implication of the Study

From a theoretical perspective, our findings contribute to the tourism industry's aim of increasing CSR activities because although CSR has become a topic of discussion in several fields of work, CSR in the tourism industry lags behind as compared to other fields.

The current awareness of CSR remains inadequate. Although, there has been a number of current research that has explored the concept of loyalty in the tourism industry, only a few have primarily focused on CSR and its related effect on customer loyalty in the tourism industry. Thus, this study has responded to the research gap fundamentally in the tourism marketing fields.

5.2.2 Practical Implication of the Study

CSR merits more advocacy and engagement than just for increasing customer loyalty because firms stand to gain from the implementation of the concept which leverages the services the firm provides within the long-run. By developing an effective framework for CSR, a company can benefit from product/service differentiation, customer loyalty and customer/investor appeal. Our findings from this study indicated that when customers are of the CSR efforts of companies they display a higher level of loyalty.

CSR should be well systemized to administer in order to achieve optimum benefits and improve the well-being of the intended beneficiaries. This could be done through a loyalty program. This will enable the company to differentiate itself from other competitors as well as create good public relations which will ultimately affect brand image. In that case, the firm could cooperate with the local community authority to identify the pressing needs of the people which will have direct benefit to them.

Thirdly, the case company should make it a priority to communicate their CSR activities to stakeholders through an annual report, which will increase the awareness

of customers to the company's CSR engagements and by so doing gain and retain more loyal customers.

In addition, from a demographic point of view, the insights gathered from this study will enable marketers in the tourism industry to adequately target specific groups of the population to implement better marketing strategies.

Finally, further studies on the impact of Corporate Social Responsibility on loyalty in the tourism sector of Finland with more emphasis on management and should be conducted in order to gain more understanding and increase the reliability on the topic as this study was narrowed to a single travel company in Vaasa.

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APPENDIX 1

Web-Survey

Hello There,

This questionnaire is aimed at gathering data on the impact of Corporate Social Responsibility on customer loyalty: Case study (StanBed Tours ky) for my thesis; in partial fulfillment for my Bachelors Degree in International Business. I would appreciate if you could answer this questionnaire as your input will enable the researcher to contribute some knowledge in this field of study.

All responses are anonymous and will be used for this academic purpose only.

Here's the link

<https://goo.gl/forms/xJW0GxAXO1ELn5Aw1>

Thank You!

The impact of Corporate Social Responsibility on Customer Loyalty: Case Study (StanBed Tours)

This web-survey is aimed at finding out about the impact Corporate Social Responsibility has on the customer loyalty of StanBed Tours Ky

*Obligatorisk

What is your gender? *

- Male
- Female

What is your age- bracket ? *

- Below 18 years
- 18-25 years
- 26-35 years
- 36-45 years
- 46-55 years
- More than 55 years

What is your marital status ? *

- Single
- Married
- Divorced
- Widowed

What is your level of education ? *

- High School
- Diploma
- Bachelors Degree
- Masters Degree
- Doctorate Degree

Have you heard about StanBed tours ? *

- Yes
- No
- Maybe

To what extent do you agree that a socially responsible company should be engaged in the following (Customer CSR Awareness): *

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Has no discrimination in all its recruitment policy towards age, gender, race, religion etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensures a good working condition for employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduce usage of paper and uses technology in support of business activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduce waste and pollution to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure operational transparency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Uses its service to raise awareness of need projects in the local destination communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engages in marketing activities beneficial to the, company, customer and society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engage in voluntary donations for charitable causes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positively contribute to educational needs of the local community of it's tours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To what extent do you agree that the following CSR activities of StanBed Tours has an effect on your loyalty (Customer attitude towards StanBed Tours) *

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I do not think about the CSR activities of StanBed Tours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
StanBed Tours ensures a good working condition for its employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am satisfied purchasing a trip from StanBed Tours knowing that the company makes an effort to engage in CSR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
StanBed Tours is compliant with the laws in its business activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
StanBed Tours does not engage in unfair and unethical practice in its business activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I support StanBed Tours CSR activities because i believe part of their profits goes to charitable and good causes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
StanBed Tours actively participates and support CSR activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I choose to purchase vacation trips from StanBed Tours because of its active engagement in CSR practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I support StanBed Tours because i believe that part of the profits goes into initiatives that ensures environmental sustainability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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