

**EFFECT OF CORPORATE REPUTATION ON CORPORATE
SOCIAL RESPONSIBILITY (A Case Study of Nepal Telecom)**

A Thesis proposal

By

Laxmi Regmi

Central Department of Management

Campus Roll No.: 117/17

Registration No.: 7-2-849-17-2012

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1. Background of the study

Corporate Social Responsibility (CSR) is increasingly becoming an important way for companies to differentiate themselves from the competition. It is also a way for them to engage their stakeholders into doing meaningful things for the society. With the business scape changing so much over the last decade, and people having information about a company's non-core activities like never before, corporate social responsibility has now become an important strategic tool for any organization. Culturally, religiously and with similar socio-political background the Nepalese society have a lot of similarities with its Southern neighbor India. Most of our goals while dealing with poverty alleviation, education and development are also the same. With a royal family leading the way, and as a part of the culture Nepal has always been a giving society. Whilst the giving as a society can be traced back decades, the same cannot be said about corporate giving, or corporate responsibility towards society. Without a proper corporate structure in place, and having a lot of private enterprises, Nepal needs to develop better codes of conduct to be practiced, not just in CSR but also in corporate governance, etc.

In the words of Chapagain (2008), Nepalese companies still believe that profit is their primary motive, while activities like CSR are optional. Nepal's corporate history is relatively short. Plagued with labor strikes, lockouts, extortion, load-shedding Nepal is hardly the best place to start any industry. But in recent years there have been reforms in the industry sector, and with a growth in the consumption and demand, companies are again at a place where they can donate a portion of their profits to CSR initiatives. While still in its preliminary stages, companies in Nepal are embracing the need for CSR, not just as a way to benefit society but as a strategic tool to create brand value as well.

In summary, CSR is not an unknown phenomenon in Nepal. Companies have been well versed in the need to practice CSR and are engaged in CSR activities. These initiatives are helping them associate their brand names with positivity and societal change. A wide variety of CSR programs are in place, from education, to health and entrepreneurship development; but most of these initiatives are just superficial. Only time will tell how the implementation of these programs will help companies and the society in general.

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2. Problem statement and research questions

Government establishes PEs in different sectors aiming to serve its citizens. There are numerous PEs in Nepal such as Nepal Telecom, Nepal Oil Corporation, Food Management and Trade Company, Nepal Airlines Corporation, Agricultural Development Bank Ltd., Nepal Electricity Authority. Over years, most of the aforementioned PEs have been in loss; however, Nepal Telecom has been making profit. This might be due to its effective and efficient management system. Considering the progressive status, it essential to be assessed that status and trend of the revenue generation as well as its participants the various types of corporate social responsibility in Nepal. With Corporate Social Responsibility becoming a more integrated part of business functions, it is important for companies for evaluate the effect they have on the reactions they create in terms of their market base. Not all CSR activities have tangible returns for companies that partake in them, but for more companies to engage in CSR activities it is important for them to see the benefit. The factors used in this research have been adopted as measures of CSR in the Nepalese market place in context with the best target population to understand and evaluate those activities when making decisions. If there is no relationship between the independent variables of this research and the corporate reputation, then it can be concluded that the market is not at the point to where it is evaluating CSR actions as an indicator for corporate reputation decisions.

CSR is an accepted and effective concept for business to help solve societal problems and at the same time strengthen their core business activities. CSR is an important tool in increasing the goodwill of the company and eventually achieving profits to the company. This research mainly tries to solve the following questions.

- i. Is there any relationship between corporate social responsibility and brand image?
- ii. Is there any relationship between corporate social responsibility and corporate reputation?

3. Objective of the study

The objectives of this research are to identify the effects CSR has on brand related attributes of products and services and the corporate reputation of services in the Nepalese marketplace. The researcher intends to study the independent variables used

in the study to see if the correlation or relationships developed from the framework can be adapted into a real life model, helping firms carry out meaningful CSR activities yet, having a tangible benefit for them from the investment in aforementioned CSR activities. The objectives of the research are to study:

- i. To examine the relationship between corporate social responsibility and brand image.
- ii. To examine the relationship between corporate social responsibility and corporate reputation.

4. Significance of the study

The research will help marketers better understand the relationships between strategic CSR initiatives taken by companies, and the effect of their importance on the perception of the companies in public spaces. Many studies have been carried out on CSR and its effect on consumer perception, its relationship with financial performance, and corporate reputation. Most of these studies have been conducted in western societies where the development and history of both corporations and CSR is long. In Nepal where corporate culture is still new, and there is a shift from an agricultural economy to a service economy the findings of this research will benefit managers, researchers, scholars in crafting CSR policy as well as providing necessary tangible numbers to extend the amount invested in CSR activities.

Nepal Telecom, whose CSR and services are being used as a platform for this research will benefit from the results as a means to gain insight into one of their most important customer demographics. It will help Nepal telecom focus its CSR spending and help them with changing strategy such that CSR is included as a business process and not as an add-on.

5. Limitations of the study

While conducting any kind of research, there are a certain number of limitations that will ultimately effect the final outcome and the effectiveness of the study. In the process of this research, one of the important limitations to have affected the study is the time constraint. The researcher feels that in order to make a more in-depth and conclusive study the time frame should be enhanced. With only a limited time, the research that could be done to access the effectiveness of the selected dependent and

independent variables studied in the research. With a longer timeframe, the researcher believes that more variables could be added to the framework to make it more precise than it already is. The circumstances under which the study will be carried out can be called a limitation as well. As Nepal is going through major changes both politically and socially the data collected today may not be relevant in the future. The results that hold true in today's Nepal as a new a country with its corporate structure and industry in stages of infancy may not hold true in the future. Data is collection through self-administered questionnaire. Data collection from the individual understanding of the respondent. Respondents may provide wrong information.

- i. There will be chance of response errors because of factors such as unawareness of the respondents, hesitation of respondents, misinterpretations, etc.
- ii. The researcher will be limited the research to available literatures and observations for theoretical and general part of this study.
- iii. The study has a geographic limitation as the survey was conducted only on customers who live in Kathmandu valley.

6. Literature review

Corporate Social Responsibility (CSR) is increasingly becoming a high profile concept and has a great deal of strategic importance to companies. Up to 90% of fortune 500 companies now have and mention having CSR initiatives on their websites and literature (Kotler & Lee, 2004) (Lichtenstein, Drumwright, & Braig, 2004). Companies are engaging in CSR activities different forms, which could be cash donations, in-kind donations, cause marketing and employee volunteering programs. The term CSR seems to be a new word and a new concept to the corporate world today, but, literature reveals that the concept of CSR has been in existence for several decades and the definition of each decade has supported and evolved the concept of CSR known today.

Worldwide interest is growing day by day about corporate social responsibility (CSR). In the light of the fact stated just now, this paper symbolizes on how customer satisfaction and loyalty are influenced by CSR factors. This paper has investigated the effects of service quality and consumer satisfaction along with corporate social responsibility actions on consumer purchase intentions and further on consumer

loyalty. This research was based on primary and secondary data with some structured questionnaire. The primary data has been collected from university students, whereas secondary data was collected from newspapers and website of a related corporation. The data has been analyzed using Factor Analysis. The study found no relationship between awareness of corporate social responsibility and purchase intention. However, significant relationship was observed between service quality and customer satisfaction according to the data. Moreover, there was no relationship between customer satisfaction and purchase intention and purchase intention and consumer retention for telecommunication industry of Bangladesh. The findings of this study is important for corporations and future researchers on corporate social responsibility and consumer behavior. (Rubel & Alam, 2014)

The government requires enterprises to have adequate corporate social responsibility (CSR) and as such must prepare CSR reports to detail the avoidance of improperly obtained profits. Selling price is no longer the sole factor of purchase behavior to ensure that customers acquire better goods and a higher quality of service. The corporate image of enterprises within an industry has become the key factor of purchase behavior. Therefore, the implementation of CSR will not only affect corporate image, but also affect customer satisfaction and loyalty. This paper attempts to investigate whether or not CSR serves to enhance corporate image, customer satisfaction and loyalty in the telecommunication industry. After the questionnaire process was completed, regression studies were used to test the hypotheses. The results show that the implementation of CSR in the telecommunication industry has a positive impact on corporate image, customer satisfaction and loyalty (Hsu, 2018).

This study investigates the relationship between Corporate Social Responsibility (CSR) activities performed by a company and its behavioral effects on customer behavior indicators namely: brand image, perceived price fairness, awareness of CSR, and purchase intention. This study also takes into account perceived service quality and its influence on customer purchase intention. The researcher surveyed about 401 respondents of generation Y in Nepal. Structural Equation Modeling was applied for the data analysis. The results showed that there exists a relationship between corporate social responsibility, perceived price fairness, brand image and purchase intention. However, the research uncovered that there exists a negative relationship

between awareness of CSR and purchase intention, and that perceived service quality affects purchase intention in a positive manner (Sharma).

A corporate/company is a legal entity with perpetual succession and artificial person, which is formed to achieve profit motive. Generally, companies are established with traditional aiming to profit maximization but in modern aiming to wealth maximization. In the business organization there are two philosophies in existence. On the one hand, there is economic philosophy of business that believes on profit or wealth maximization and on the other hand, there is social philosophy that emphasizes on social responsibility that in social service, consumer satisfaction, protection of environment, Solution of unemployment, development of society and increasing the international relationship. This article discusses the concept of social responsibility of corporate and its significance in Nepal. It, however, emphasizes on the part of companies/corporate to comply with and motivates their activities for the protection of vulnerable section of society for promotion of research and development activities and helps government and social institutions to face several social problems like poverty, unemployment and environmental risk and others (Shah, 2012).

7. Research methodology

Research methodology helps to explore and assess on a particular subject matter in systematic and standard procedures or processes. Researcher has to follow specific and rigorous steps to analyze and justify the subjective matter based in the objective of this study. This study is concerned with corporate social responsibility as a determinant of corporate reputation of Nepal telecom. It will follow quantitative qualitative research approach.

7.1 Research design

To conduct this study, descriptive and analytical research design will be used. Selection of sample is very important part to carry out during the research. For this, Survey method will be used. The overall survey and study is guided by the objectives of the study that is set in the first chapter. The study will be designed to understand the perception of individuals towards corporate social responsibility and its relationship with the corporate reputation. The respondents of the research were those people who use NTC's product and services.

7.2 Population and sample

The populations of this study are the all the customer of using NTC product in Kathmandu valley. Out of total 150 will be included in sample by using convenience sampling and information will be collected.

7.3 Sources of data

The study will use primary and secondary data as sources of data or information. Those sources will be books, organization's publications, newspapers, journals, other government documents. The major source will be Nepal Telecom publications annual reports, financial reports and so on. In this research, primary data collection method will be used. The study of descriptive research and involved the use of survey method. Primary data will be collected with questionnaire survey and will be administered to obtain quantitative data.

7.4 Data analysis tools and techniques

After gathering all the questionnaires from the respondents, SPSS and Excel will be used for the analysis of the data. Total responses collected from the respondent were coded and tabulated into SPSS worksheet. Depending upon the nature of the question such as Likert scale, the coding was followed as per the rule. The data obtained from the research will be analyzed by using SPSS software. For presentation data, several graphical tools such as tables, charts, diagrams and graphs have been used. Mean and standard deviation will be presented for the descriptive study of variables. All the observed relationship and findings will be interpreted to drive the meaningful conclusions regarding the relationship between CSR and Brand Image and Corporate reputation.

8. Chapter plan

This study will be divided into five chapters. They are Introduction, Literature Review, Research Methodology, Data Analysis and presentation, Summary and Conclusions.

Chapter I: Introduction

Introduction chapter gives a brief outline of the topic of the study. This chapter states the background of the research studies, research problem statement and clarifies the objectives, significance and limitations of this study.

Chapter II: Literature review

This chapter includes reviews of previous writing, studies, and related literatures that are relevant to the problem being explored, and within the framework of the theory structure. Selected variables and proposed conceptual framework are also presented and discussed in this chapter using the previous research, articles and university publications. Likewise, a conceptual framework of this study is also provided in this chapter.

Chapter III: Research methodology

It includes all the topics describing how the entire data is collection and designed to carry out the entire tasks of the thesis report work. It basically defines: what research design is used for the research, what methods and tools is used to gather data from the respondents and what is the data processing and analysis procedure and the methodology used for the study. Also the validity and reliability of the variables are examined in this chapter.

Chapter IV: Result and discussion

This chapter first defines the type of analysis will be to process the data gathered for the research. Then it identifies the degree of relationship between various independent variables and dependent variables being identified for the study. Basically, this chapter analyses various data gathered and tried to find out relationship between factors identified for the research with the help of various statistical tools. The results help in concluding the research and interpreting results of the research.

Chapter V: Summary and conclusion

Finally, this chapter summarizes the whole research finding and appropriate recommendations are forwarded on the basis of the conclusion of the research. It comprises of summary, conclusions based on research question and the chapter ended with the recommendations. This chapter is based on the interpretation and findings of the results.

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