CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMER LOYALTY IN FLORICULTURAL COMPANIES IN UGANDA: A CASE STUDY OF WAGAGAI COMPANY LIMITED

BY

NARINDA ELLEN

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A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF BUSINESS ADMNISTRATION (MANAGEMENT)OF NKUMBAUNIVERSITY, ENTEBBE UGANDA

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DECLARATION

I Narinda Ellen, sincerely declare to the best of my knowledge this research study under the title "Corporate Social Responsibility and Customer Loyalty in Floricultural Companies in Uganda: A case study of Wagagai Company Limited" is an outcome of my own effort and has never been presented to any institution or university for both professional and academic purposes. Where the work of others has been used, due acknowledgement has been done.

Signed: …………………………..   Date: ………………………….

NARINDA ELLEN (STUDENT)

APPROVAL

This is to certify that this research proposal entitled "Corporate Social Responsibility and Customer Loyalty in Floricultural Companies in Uganda: A case study of Wagagai Company Limited" is being conducted by Narinda Ellen under my supervision and is now ready for submission.

Signed:………………………..   Date: ………………………….

Supervisor: MS. ASIMWE VIOLA

DEDICATION

I wish to dedicate this Dissertation to my dear parents Mr. and Mrs. Tumanyiire George and Jane

and to my sisters, Susan, Racheal, Doreen and Edinah plus my brother Lucan.

ACKNOWLEDGEMENTS

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LIST OF ACRONYMS AND ABBREVIATIONS

CSR   Corporate Social Responsibility

CVI   Content Validity Index

SAQ   Self-administered Questionnaire

OPERATIONAL TERMS

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the firm's responsibility and protection of welfare of society as well as for organization in future sustainable benefits for all stakeholders and also CSR as 'corporate social actions whose purpose is to satisfy social needs (Angelidis 1993).

Customer loyalty

Customer loyalty is attitude or behavior of customer towards company product, brand, and service and how strong is their tendency to select one brand over the competition.

ABSTRACT

This study was about the Corporate Social Responsibility and Customer Loyalty of Floricultural Companies in Uganda: A case study of Wagagai Company Limited and it was guided by the following objectives: To find out whether Wagagai Company limited environmental friendliness promotes customer loyalty, to examine the contribution of community support to customer loyalty and to find out whether treating employees fairly promotes customer loyalty.

The study used a cross sectional study design and this was because the researcher wanted to gather data once over a period of time in order to answer the research questions. The study population was 57 with a sample size of 50 respondents which was determined using the slovin;s formula. Simple random, purposive and census sampling techniques were used to select the sample. Self-administered questionnaire and the interview guide were the main data collection instrument.

The study revealed that environmental friendliness contributes to customer loyalty in the following ways: encouraging customer associations with the company, making customers feel part of the company's operations and encourage close interaction between customers and employees. The study also found that community support contributes to customer loyalty by building goodwill with support products, encouraging customer patronization and relating customers' value with the company's value. However, the study revealed that community support does not promote price evaluation and the study discovered that treating employees fairly contributes to customer Loyalty by promoting customer satisfaction and making employees work hard towards customer loyalty. However, the study revealed that treating employees fairly does not provide betterment of customers neither fulfilling both company and customers' objectives.

The study concluded that, corporate social responsibility contributes up to 56.3% to customer loyalty in Wagagai Company Limited. This means the remaining percentage (43.7%) is contributed by other factors

The study recommended that, management of Wagagai Company Limited should get ways of promoting price evaluation since community support has failed to contribute 100% to customer loyalty. Management of Wagagai Company Limited should strengthen its environment such as inviting suggestions from the community, getting more lines of customer care, extending customer care services closer to the community. And there is need for the management to come up with strategies that fulfils both company and customer objectives and this can be done by consulting customers before company strategies are formulated. The study also came up with areas of further study which include:

Corporate social responsibility and performance of Wagagai Company Limited Uganda.
Corporate social strategies and the growth of horticulture industry in Uganda.
The effect of corporate social responsibilities to the organizational effectiveness

CHAPTER ONE

INTRODUCTION

1.0. Introduction

This chapter presents the background of the study, problem statement and purpose of the study, research objectives, and research questions, scope of the study and significance of the study.

1.1. Background of the study

The study was about the Corporate Social Responsibility and Customer Loyalty of Floricultural Companies in Uganda: A case study of Wagagai Company Limited. This study was very important because corporate social responsibility as an area of research has evolved over a period of time. Wagagai Company Limited was chosen because it was one of the biggest flower companies in Uganda. There are different studies on the impact of CSR on firms' performance across different industries and countries. Mostly, the studies have focused on evaluating impact of CSR on the financial performance of the corporation given the fact that it offers the most tangible performance measurement criterion. The study was important because many companies in Uganda mostly in flowering industry were facing challenges of sustainability and this was due to the complexity of competitive environment and therefore the study shall help them to utilize the competitive advantage.

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,

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2011:2).

Initially, the concept of Corporate Social Responsibility was referred to as 'Social Responsibility' and the focus was mainly on business people, however, Davis (2008) generalized the term to include institutions and corporations as well. At different periods of time, different terms were coined parallel to CSR such as corporate citizenship or corporate sustainability (Smith, 2001). One of the recent perspectives on CSR is illustrated by Brown (2000) where the author explained that the CSR can be used as a tool to align corporate and individual interests in order to enable economic markets to function properly. Smith (2001) explained that once the interests of the corporations are aligned with the common interest of the society, the need to assess the impact of corporations' doings on the society will diminish. CSR has gained the attention of corporations over the last few decades and several organizations are streamlining their CSR efforts to ensure they become socially responsible organizations and ultimately avail the benefits of corporate citizenship. Today's competitive environment and keen focus of businesses on giving back to the community has motivated many organizations to display socially responsible behaviors. Literature shows that Corporate Social Responsibility brings several benefits for the firms and has a significant impact on firm's performance (Pirsch, 2006).

The 1960's was an era where the question of businesses engaging in social responsibility cropped up. Anglidis (1993) 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, 2008).

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.

The corporate social responsibility (CSR) means firm's responsibility for improvement and protection of welfare of society as well as for organization in future sustainable benefits for all stakeholders and also CSR as 'corporate social actions whose purpose is to satisfy social needs (Angelidis 1993). In 1960s first concept of corporate social responsibility developed. Over the past decades both the concept and the practice have evolved as a reflection of the challenges created from an ever-changing society (Nilanthi 2007). There are three schools of thoughts on CSR (Bowdet 2006); business by its existence had a responsibility to society contrasting view that business's responsibility is to conduct in accordance to the desires of owners, to generate profit and the recent view or a moderating view of the above, achieving organizational goals by strengthening intangible assets such as reputation or brands through level and stakeholder relationships believe that CSR string between two extremes, the market concept and the socially oriented approach.

Company's economic, legal, ethical and philanthropic obligations are those concepts which define the dimension of corporate social responsibility (Salomones, 2005). Initially, the concept was exclusively associated with economic aspects. Companies can increase own recognition with the help of corporate social responsibility. Moreover, it is claimed that, over the past decade, a growing number of companies have recognized the business benefits of CSR policies and practices and many companies choose to make an explicit commitment to CSR in their mission, vision and value statements (Schiebel 2003). This statement gives equal weight to both

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profit maximization and recognize of company's responsibility to stakeholders and pressures from suppliers, employees, investors especially from customer enforce companies to adopt CSR activities. Therefore, company's concept of CSR has increased in recent year with company's main organizational objective.

Corporate social responsibility (CSR) is an obligation that is required by the law and economics for the firm to pursue long term goals that are good to the society, it also refers to the continuing commitment by the business to behave ethically and contribute to economic development while improving the quality of life of workforce and their families as well as that of local community and society at large (Angelidis, 1993).The term 'Corporate Social Responsibility (CSR)' was first coined by Brown(2000) where the author emphasized on the responsibility of the businessmen to ensure their actions and policies are complementing society's values while contributing to the betterment of the overall community. This concept was further augmented by several authors in 1960's with prominent contributions by Davis (2008)**.**

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Customer loyalty is attitude or behavior of customer toward company product, brand, and service. It is a commitment to repurchase the goods of company within competitive environment. There is a research which state that about seventy - seven percent company brand's choice depends upon company reputation in environment (Enderle, 2001). Customers always search for some benefits from companies. So, CSR programs have positive effects on customers purchase (Maignan, 2004). CSR either in the form of support for a non-profit organization and/or positive ethical practices, led to customer loyalty, which then impacted customer behaviors in the form of the percentage of purchase (Benzra, 2008). Consumers are becoming more concerned with corporate social responsibility (Benzra, 2008) and consumers' perceptions of this responsibility

influence their beliefs and attitudes about new products manufactured by a company (Brown 2000). A company which is socially responsible, research told the 88 percent of consumers are more likely to buy from that company (Smith, 2011). Because people or consumers like those company which fulfill the social need of people. Company image come from the combination of a person's trust, feelings and impressions about a company (Van, 2008).

Customer loyalty is used to describe the behavior of repeated customers as well as those who offer good ratings, reviews or testimonials. Customer loyalty is achieved through offering quality products, free offers, coupons, law interest rates on financing, high value trade ins, extended warrants, rebates, rewards and incentive programs. The main goal of customer loyalty is happy customers who will return to purchase again and persuade others to use the company's products or services (Dagndi, 1991). Globally, financial performance was the major criterion to evaluate a firm's value, higher ranks were given to firms that provide greater margins financially. Maximization of shareholders wealth was, by far, the focal point of profit-driven organizations. In this regard, the emphasis on CSR in the past was not evident. Currently the perception about CSR has changed significantly (Aasad, 2010). The success of a company is so being measured by its contribution to society (Saunders, 2006). To date, some countries have already made it compulsory to include CSR ratings into their corporate report and some are even required to publish their CSR scores to the public. This reaffirms the relevance of CSR to the context of modern-day business and management. Many studies have been conducted linking CSR to customer loyalty. Contemporary review of CSR related literature indicates that well implemented CSR initiatives improve customer loyalty (Aasad, 2010).

The study was guided by the Social Behaviors Theory which calls for enhancing customer relationship as a key to customer loyalty. This therefore creates a base for promoting corporate social responsibility and customer loyalty.

Customer loyalty is one of the most important consumer behaviors companies try to influence by using CSR as a marketing tool. Solomones, 2005 measured the direct and indirect relationship between CSR and customer loyalty in the horticulture industry. Smith (2001) performed a study on the perceived CSR and customer loyalty based on the dairy market in China. The results from the regression analysis showed that product quality, trust, image and satisfaction have a positive influence on customer loyalty, while there was no significant direct correlation between CSR and customer loyalty. Since the authors have identified the impact of perceived CSR on the other four factors in the regression analysis, they although concluded that the perceived CSR might have an indirectly impact on customer loyalty (Smith, 2001).

Davis (2008) suggested that companies that associate themselves with consumer attributes do better than companies that identify themselves by their products. Companies can distinguish themselves from their competitors through the way that they carry out their businesses in accordance with their own corporate mission that focuses on customer loyalty. Melisende (2007) explained that a firm can attract customers by providing a unique identity that attract them to benefit from CSR ideals. Sen, 2001argued that corporate performance is associated with CSR initiatives and those CSR ideals can help a company to raise its identity and attract customers thereby increasing customer loyalty. In this regard, one could hypothesize that CSR, company identity attraction, and customer loyalty are related.

Wagagai Company Ltd is a floricultural farm located in Nkumba parish, Katabi sub-county, Busiro County, Wakiso district, six (6) kilometers off Entebbe to Kampala road near Kasenyi landing site on the shores of Lake Victoria. The Company was founded in 1998. Wagagai is fully owned by Dutch investors. Wagagai is the largest flowering company in Uganda with about 4,000 employees which are selected from the community and it considers the social activities as its source of success and therefore it acts as the best representative of other companies meaning that, the findings will apply to most of the flowering companies.

Wagagai Company Ltd has been growing steadily over the years. An increase of 17.7% of international overnights was registered in the year 2016 (Wagagai Company Ltd annual report, 2016). Clearly, the importance of Wagagai Company Ltd to the economy of Uganda cannot be underestimated as it 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. The main objective of Wagagai Company Limited is to create a conducive environment for both internal and external stakeholders

1.2. Problem Statement

Although Wagagai company limited has registered success from Corporate social responsibility aimed at enhancing customer loyalty, realities on the ground (Wagagai company limited Annual Report, 2016) indicate that the pace of customer attraction per year has reduced from 15% to 10% in 2015-2016 financial year and it also indicated that some customers have moved to other Floricultural Companies which is an indication of poor customer loyalty policies. In addition, Wagagai Company Limited, has come far in the development and implementation of CSR activities, for example, it employs young children instead of sponsoring them to go to school. According to community meeting minutes held in June 2017, the community members openly

complained that their gardens are no longer productive due to continued chemical use, yet these gardens are used for commercial gains. In addition, they are charged highly when they visit the company's health center and this means that they are not helped at all. This results into poor corporate image and de-marketing the company. Therefore, this study investigates the concept of corporate social responsibility and how it is related to customer loyalty in Wagagai Company limited.

1.3. Purpose of the study

The purpose of the study was to find out the relationship between corporate social responsibility (CSR) and customer loyalty in Wagagai Company Limited.

1.4 Objectives of the study

The objectives of the study were;

i. To find out how environmental friendliness promotes customer loyalty at Wagagai Company Limited.

ii. To examine how community support contributes to customer loyalty in Wagagai Company Limited.

iii. To find out how treating employees fairly promotes customer loyalty in Wagagai Company Limited.

1.5 Research Questions

The research questions were;

i. Does Wagagai company limited environmental friendliness promote customer loyalty?

ii. What is the contribution of community support to customer loyalty?

iii. Does treating employees fairly promote customer loyalty?

1.6 Study hypothesis

H$_o$: There is no significant relationship between corporate social responsibility and customer loyalty in Wagagai Company Limited.

H$_1$: There is a significant relationship between corporate social responsibility and customer loyalty in Wagagai Company limited.

1.7 Scope of the study

The scope of the study covered the time, geographical and the content.

1.7.1 Time scope

The period considered under research was from 2012-2017 years and this period was chosen because it is when customer loyalty was affected by corporate social responsibility.

1.7.2 Geographical scope

The study was carried out at Wagagai Company Limited located in Nkumba Village near Kasenyi Landing Site in Wakiso District.

1.7.3 Subject scope

The study was about the corporate social responsibility (CSR) and customer loyalty in Wagagai Company Limited. The study was limited to find out how environmental friendliness promotes customer loyalty at Wagagai Company Limited, to examine how community support contributes to customer loyalty in Wagagai Company Limited and to find out how treating employees fairly promotes customer loyalty in Wagagai Company Limited.

1.8 Significance of the study

Management of Wagagai Company Limited

The study shall benefit the management of Wagagai company limited mostly those in the marketing department on how to improve on customer loyalty. It is anticipated that the findings of the study shall pave way for the authorities of the company to accept the variable that affects customer loyalty. It shall also visualize that the findings of this study shall enable the company to know how to address issues concerning the corporate social responsibilities.

Academics

It shall therefore serve as a reference material for future researches in this area. Also, the results shall throw more light on factors affecting corporate social responsibility as far as customer loyalty is concerned.

The study shall guide the academic researcher who will be in need of carrying out further research on the related topics. The research shall add knowledge to the existing literature for scholars and library.

The researcher

The researcher shall benefit from this study by being able to fulfill the requirements for the award of a Degree of Master of Business Administration (Management) of Nkumba University.

CHAPTER TWO

STUDY LITERATURE

2.0. Introduction

This chapter contains literature regarding the topic under investigation; it critically analyses different views and ideas that have been written about the area under study. This was covered in literature survey, literature review and conceptual framework. Sources of relevant information were consulted like text books, journals, internet etc.

2.1. Literature survey

Studies on corporate social responsibility (CSR) and customer loyalty in Uganda are not new. This section documents the different researchers in Uganda who have done related research in this area. A number of studies have been carried out on corporate social responsibility, though a few have conclusively analyzed the contribution of corporate social responsibility (CSR) on customer loyalty (Allouche, (2005).

Aguti (2011), carried out a research on the impact of corporate social responsibility on customer satisfaction of small and medium enterprises, a case study of selected retail business in Kawempe Division, Kampala Uganda. The study objectives were; To establish the corporate social responsibility strategies employed by retail business, to determine factors that influences customer satisfaction of retail business and to assess the relationship between corporate social responsibility and customer satisfaction in small and medium enterprises The key findings of the survey showed that 59% of the enterprises were using corporate social responsibility strategies, while only 41% were not using corporate social responsibility strategies, Out of those who used

internal controls, 67% of the enterprises were satisfying their customers well while 33% of the enterprises were not satisfying their customers well. In this case, if they continue operating, they may worsen their customer satisfaction. However, this study did not cover specifically customer loyalty and therefore the current study intended to close this gap.

Nsubuga (2001), carried out a research on the company's care and performance of manufacturing companies a case study of Mukwano Group of companies Kampala, the study objectives included: to find out how the company's care influences performance and to establish the challenges faced in creating the company's care and to find the possible solutions to improve the company's care. It was established that good company's care influences performance by 75% and therefore, majority agreed that company's care contributes to effective and efficiency performance of Mukwano Group of Companies. However, this study did not look at corporate social responsibility and customer loyalty and thus the gap the current study intended to close.

2.2. Models and Theories

2.2.1. Social behaviors theory

Customer loyalty is one of the most important consumer behaviors companies try to influence by using CSR as a marketing tool. Solomones, 2005 measured the direct and indirect relationship between CSR and customer loyalty in agriculture industry. The results revealed that there was no significant direct relation between the two variables. However, CSR appeared to have a significant influence on consumers' valuation services and since the overall service valuation turned out to have a strong positive correlation to customer loyalty, it was concluded that CSR indirectly influence customer loyalty (Solomones, 2005). Smith (2001) performed a study on the perceived CSR and customer loyalty based on the dairy market in China. The results from the regression analysis showed that product quality, trust, image and satisfaction have a positive

influence on customer loyalty, while there was no significant direct correlation between CSR and customer loyalty. Since the authors have identified the impact of perceived CSR on the other four factors in the regression analysis, they however, concluded that the perceived CSR might have an indirectly impact on customer loyalty (Smith, 2001).

2.2.2. Loyalty model

The loyalty model is a business model used in strategic management in which company resources are employed so as to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed. The loyalty model is illustrated in figure 2.1.

Figure2.1. **Loyalty model**
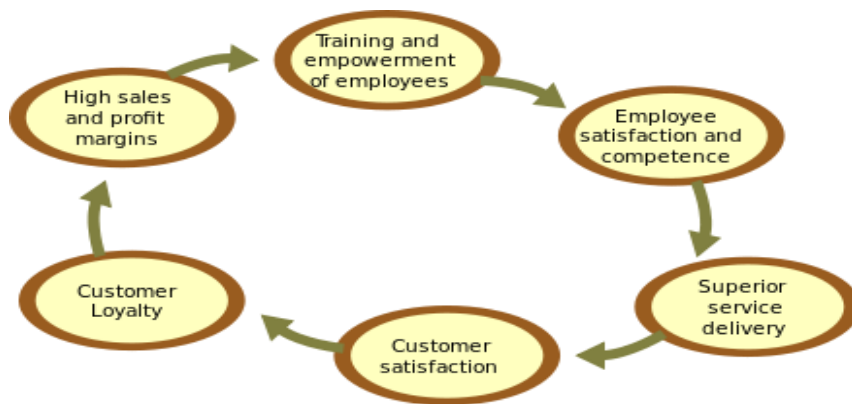
Source: Maignan et al 2004

Maignan et al 2004 added employee loyalty to the basic customer loyalty model. They developed

the concepts of "cycle of success" and "cycle of failure". In the cycle of success, an investment in

your employees' ability to provide superior service to customers can be seen as a virtuous circle.

Effort spent in selecting and training employees and creating a corporate culture in which they

are empowered can lead to increased employee satisfaction and employee competence.

Melisende (2007) expanded the loyalty business model beyond customers and employees. He

looked at the benefits of obtaining the loyalty of suppliers, employees, bankers, customers,

distributors, shareholders, and the board of directors

2.3. Review of related literature

2.3.1. Environmental friendliness and customer loyalty

Customer Related environment has become a popular term and consumers are able to

automatically associate it with environmental-friendly products. Sen (2001) indicates that

companies use friendly environment as tactic to build their customer base. Such initiatives are

taken by many companies to enhance their relationship with customers. Keeping consumers in

mind, companies engage in more of friendly relationship activities with customers and this yields

competitive advantage and higher level of customer loyalty and it is necessary to understand how customer-stakeholders perceive firms' environmental initiatives (Saunders, 2006).

For improved customer friendly relationships, companies have to perceive consumers' attitude towards their products and services and this make customer to make returns to purchase and therefore all companies mostly in Flowering industry should come up with strategies which can improve the consumers' relationships with company and the perceptions about the company (Aasad 2010).

Van (2008) noted that some benefits that a business might accrue from implementing environmental friendliness, 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 competiveness 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. Maignan and Ferrell (2004) 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 Maignan and Ferrell (2004).

Similarly, Dagndi (1991) revealed that consumers are more willing to be associated with CSR focused companies. Van (2008) 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, Dagndi (1991) conceptualize 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.

As an important factor in ensuring competitive advantage in business, friendliness cannot be said to be overemphasized. The concept as defined by Pirsch et al (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 repurchases intension, customer loyalty and word of mouth recommendation (Pirsch, 2006)). 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 Pirsch (2006) put it.

Maintaining friendly environment is fundamental to business survival in the long-term. Kotler & Brown, (2000) 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. Brown, (2000) 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 Enderle, (2001) 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 empathize with firms when they commit a blunder.

2.2.2. Community support and customer loyalty

Consumers modify their purchase behavior only when the CSR domain directly affects their actual experience with the company or brand with a great support. In this context, broad initiatives like community support build goodwill with supportive products and fair employee compensation, actions related directly to the products and people that consumers face and this bring both goodwill and loyal consumers (Davis 2008).

Customers patronize the company because they see personal benefits from the CSR initiatives and this because the initiatives resonate with their own values, an indirect benefit occur through consumers' perception of how fair the company's prices are. Consumers don't just respond to the price charged; they also respond to how fair they think the price is, high prices are considered fairer if they can be attributed to "good" motives like CSR efforts or costs rather than to "bad" motives like profit-taking (Solomones 2005).

Supporting community 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 & Pirsch (2001) 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.

As Smith & Pirsch (2001) 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. Solomones (2005) denote trust as being indispensable in developing customer relations and maintaining their commitment. Solomones (2005) still 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.

Saunders, (2006) 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 Saunders, (2006) 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 have the likelihood to improve the brand equity of such business which eventually improves the customer loyalty. Schiebel, (2003) maintained that developing brand equity was one of the stimulating marketing elements private organisations were regale in. Schiebel, (2003) again 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 (2008) proposed that loyalty could be stirred by brand equity and in effect these two influences be propelled by CSR activities.

Bowdet (2006) remarked it imperative for CSR in support for a comprehensive brand strategy of a business. Thus, he insisted that in addition to CSR bolstering cause, it also enables a firm craft a distinct company brand identity. In similar manner, Bowdet (2006) 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.

2.3.3. Treating employees fairly promotes customer loyalty

Customer loyalty is influenced, not only by customer satisfaction but also employee satisfaction. In many companies, especially service-oriented industries such as flowering, retailing, health-care, financial services, education, and hospitality the level of satisfaction experienced by front-line employees is a critical component. The level of employee satisfaction influences customer satisfaction such as large-scale study of managers, front-line employees, and customers: managers affect overall job-satisfaction of front-line employees, which in turn affect the satisfaction of customers they interacted with. The level of customer loyalty is much higher among customers who are themselves satisfied, but also interacted with more satisfied employees. Highly satisfied customers who dealt with relatively less satisfied employees are relatively less loyal (Melisende 2007).

Good corporate social performance can improve customer identification and customer support and then create benefits for the company (Bowdet, 2006). Increasingly more companies adopt the idea that socially responsible behavior generates positive consequences, such as increased customer satisfaction. Consumers have shown to be more willing to buy products from companies involved in social causes. The greater support for companies that put effort in social responsible behavior (such as donations, energy-programs, sponsorships, etc.) May materialize through satisfaction in stronger loyalty towards the company (Maignan et al., 2004) have shown that consumers prefer products and services from a responsible company to those from an irresponsible company.

CSR can also influence the consumers' response towards a product by creating associations (Brown, 2000). Brown, 2000 further state that positive CSR associations lead to positive

evaluations of the firm and consequently have positive effects on product evaluation and satisfaction. Similarly, negative associations (for example unethical company behavior) lead to negative evaluations of the firm and the product satisfaction. Brown, 2000 also proved that providing positive CSR information to the customer, positive associations can lead to positive customer behavior. In their research, however, Angelidis, (1993) found that a positive company evaluation is only triggered by CSR if the person highly identifies with the company. Furthermore, they state that a consumers' company evaluation is more sensitive to negative CSR information than to positive CSR information (Angelidis, (1993).

According to Angelidis, (1993), strong customer-company relationships often result from customers' identification with those companies, which helps them satisfy one or more important self-definitional needs. A positive and favorably image can be created by good corporate social behavior, leading to improved attitude of customers towards the company (Brown 2000). The strategy and communications agency Cone has found that 80% of customers indicated that corporate support of causes wins their trusting the company. When companies use CSR-based promotion, the perception of this information by the consumer is dependent on three factors; the perceived fit between the product and the promoted good cause, the perceived corporate motive and the timing of the promotion

In their examination, Angelidis, (1993) found that CSR based promotions are only successful when the perceived fit between the promoted product and the good cause is high. Furthermore, these promotions should not come from a corporate motive that is profit-oriented and should not be perceived as the reaction to a negative incident from the past. Summarized, CSR may positively influence consumer trust.

Product quality remains one of the most important factors of customer satisfaction, retention and loyalty. However, CSR plays a mediating role between quality perception and loyalty. Angelidis, (1993) proved that there exists a link between CSR and customer attitude. The companies' (un) ethical behavior influences customer attitudes which influence the customers 'evaluation of the company and the product. However, this influence is definitely not as great as that of the product attribute information; it only has an amplifying effect. When this effect is there, ethical behavior that is perceived as extrinsically motivated is not as favorably for the customer as ethical behavior based on intrinsic motives. It is important to note, however, that when a product's attributes are inferior the information about the company's ethical behavior has very minimal impact on the product evaluation (Angelidis, (1993)). Additionally, Creyer (2012) state that in general "virtuous behavior is not a substitute for product quality, nor does superior quality compensate for unethical behavior in influencing attitudes towards the firm. Nevertheless, CSR activities and information can stimulate differentiation of a product from its competitors, when product quality is equal (Creyer (2012).

2.3.4. Relationship between corporate social responsibility (CSR) and customer loyalty

In a study conducted by Saunders (2006), it is found that the percentage of consumers who are more likely to recommend a brand that supports a good cause over the one that does not 45%. Meanwhile55% of consumers contend that in a recession they will buy from brands that support good causes even if they are not necessarily the cheapest. Companies that have made CSR a central part of their businesses are reaping the benefits in the form of company sustainability, reducing liabilities, and insurance costs, as well as improved brand image (Saunders, 2006). Today, corporations know that CSR is inextricably linked to Corporate Social Responsibility and Consumer Loyalty.

Brand equity refers to the perception consumers have about a company above and beyond those that are narrowly reflected via product quality and company performance (Creyer, 2012).Brand performance refers to the contribution of the brand towards the business performance as a whole (Creyer, 2012). However, the relationship between CSR and customer loyalty remains largely unexplored (Creyer, 2012). CSR might affect the value of a company's brand. Intense competition has in many markets decreased the prospects for differentiation in terms of technology and product/service quality. For this reason, CSR is an important attribute that can enhance a company's image (Pirsch, 2006).

Corporate Social Responsibility During the industrial revolution a significant portion of the human work force was replaced with machines used in factories. This helped to produce a substantial number of millionaires and corporate figures causing a significant gap between the upper class and working class (Enderle, 2001). The significant income disparity between the rich (entrepreneurs) and the poor (working class), led to the call for social justice and hence the advent of sound realization of socially responsible practices (Pirsch, 2006). In the last twenty years, CSR has become increasingly important to multinational enterprises, with clear links to business case for corporations (Brown, 1997). The major plus point that CSR brings is to ensure that companies are on par with the expectations of their customers, CSR is the positive outcome a company provides while it manages its normal business trade.

 CSR is said to provide a long-term commitment to social contribution be it towards the society or for the development of a particular company's workers. In doing so, a company as a whole, can organize its business ethically in order to directly contribute to the betterment of the society as a whole (Maignan, 2004) stated that when blended together, CSR and branding strategies can add value to companies in the eyes of both customers and employees. Maignan(2004) suggested

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that due to the importance of CSR some non-governmental organizations (NGOs) are looking into options to make it legally mandatory for CSR programs to become part of every corporation's business agenda.

Sen (2001), in this context, argued that corporate performance is associated with CSR initiatives and that CSR ideals can help a company to raise its identity attraction thereby increasing consumer loyalty. In this regard, one could hypothesize that CSR, company identity attraction, and consumer loyalty are related (Schiebel, 2009). Consumer-company identification (CCI) is often defined as the extent to which a consumer affiliates her/himself to a particular company's business objectives and ideals in general (Davis, 2008).

CSR has often been used as marketing tool to compel consumer behavior by businesses. Garcia de losSalomones , Herrero & Rodriguez (2005) based on a study conducted on the Horticultural 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. These findings convinced the researchers that perceived CSR might have a resultant effect on customer loyalty.

Sauders (2006) 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, Angelidis, (1993) 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 Sauders (2006) revealed that CSR effort leads to customer loyalty and in addition curtails the reputational risk a company encounters during a negative period. Sauders (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 (2000) 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.

Brown (2000) 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 (Allouch, 2005).

2.4. Conceptual frame work

Independent variable   **Dependent variable**

```
┌──────────────────────────────┐              ┌──────────────────────────────┐
│ CSR                          │              │ Customer loyalty             │
│                              │              │                              │
│  • Environmental friendliness│─────────────▶│  • Increased customer base   │
│                              │      ▲       │                              │
│  • Community support         │      │       │  • Increased purchase        │
│                              │      │       │                              │
│  • Treating employees fairly │      │       │  • Increased demand          │
│                              │      │       │                              │
│                              │      │       │  • Growth and expansion      │
└──────────────────────────────┘      │       └──────────────────────────────┘
                                       │
                          Intervening variables
                                       │
                          ┌────────────┴─────────────────┐
                          │  • Organization policies      │
                          │                               │
                          │  • Employee empowerment       │
                          │                               │
                          │  • Customer relationship      │
                          │                               │
                          │  • Achievement                │
                          │                               │
                          │  • Skilled personnel          │
                          └───────────────────────────────┘
```
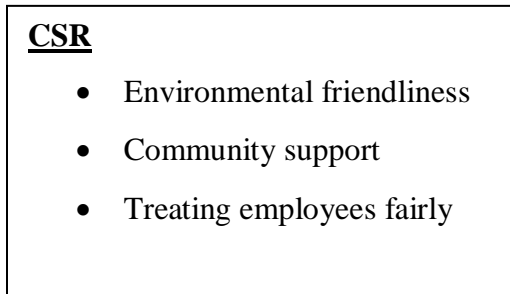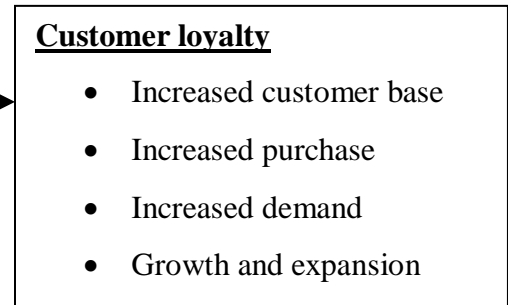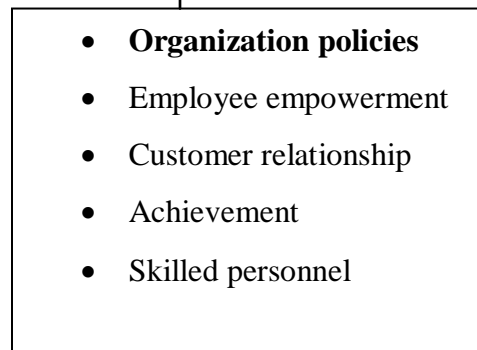
Figure 2.1. Conceptual framework

Source: Generated by the researcher from Literature review (2018)

The conceptual framework indicates that the factors that influence corporate social responsibility (independent variable) are environmental friendliness, Community support, treating employees fairly and many others, factors that influence Environmental friendliness, Community support, Treating employees fairly. The factors that influence Customer loyalty include increased customer base, increased purchase, increased demand, growth and expansion etc and are connected by the intervening variables which include: Organization policies, employee empowerment, customer relationship, achievement and skilled personnel

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes and justifies the research methods that were followed in this study. It specifies the research design, research approach, sample design (study population, sample size and sampling strategy). It also shows the instruments of data collection, data sources, quality assurance, data analysis procedure, data presentation, procedural issues that were followed in data collection, and study limitations.

3.1 Research Design

The study used a cross sectional study design and this was because the researcher wanted to gather data once over a period of time in order to answer the research questions i.e. April to May 2018.

Research strategy

Research strategy is a general plan of how the research was carried out (Joshua, 1998). The study was classified in exploratory, descriptive and explanatory studies. Descriptive was used in order ascertain and be able to describe various characteristics of variables in the study, exploratory was used to gather in-depth data about the topic and lastly the explanatory was used to explain the study variable by associating them with the study.

Research approaches

The study used both quantitative and qualitative approaches. The quantitative approach was used to quantify incidences in order to describe current conditions and assess the factors influencing customer loyalty at Wagagai Company limited using information gained from the questionnaire. The Qualitative approach was used to give the explanation of events and described findings using interviews**.**

Research duration

The study took place on snapshot and a representation of events over a given period of time and therefore considered information covered in the period between 2012-2017. It was carried out from April to June 2018. The researcher used a cross sectional design which was used in order to point out opinions about customer loyalty at Wagagai Company limited which was collected at that point in time from targeted population while considering a case study.

Research classification

The study was a phenomenological research in order to gain qualitative understanding of the underlying reasons and aiming at quantifying the data and generalizing the results.

3.2 Area of study

The study was conducted at Wagagai Company Limited located in Nkumba Village near Kasenyi Landing Site in Wakiso District.

3.3 Study population

The population for task analysis survey was drawn from Wagagai Company Limited. The population for this study comprised of managers, production, community leaders, operations and harvesters and customers which made a total of 57 respondents as shown in table 3. 1.

3.4. Sample size

The computed sample size comprised of 50 respondents and this was determined using the slovin;s formula, as shown below.

$$n = \frac{N}{1 + N\,(e)^2}$$

Where, N is the target population,

n is the sample size

e, is the level of statistical significance which was 0.05 for purpose of this study.

$(e)^2 = 0.0025$

For this case:

N = 57

$$n = \frac{57}{1+57(0.0025)}$$

$$\frac{57}{1.1425}$$

n   =   50

In addition to the above formula, Sekaran (2003) contends that, a sample size larger than 30 but less than 500 is appropriate for most studies and this agrees with the current study. The distribution of the population and sample size is indicated in table 3.1:

Table3.1. Distribution of the sample and sampling frame

Category	Population	Sample size	Sampling Techniques
Managers	5	5	Census
Production	7	6	Purposive
Community members	10	10	Census
Operations	10	8	Simple random
Harvesters	10	8	Simple random
Customers	15	13	
Total	**57**	**50**	

Source: Primary Data (2018)

3.5 Sampling Techniques

3.5.1 Purposive sampling

This is the selecting of respondents with the aim of obtaining specific information. In this method, the researcher targeted specific staff in Wagagai Company limited. This was because such members have gathered relevant and adequate information about the operations and involvement of Wagagai Company limited in community-based activities and is therefore more knowledgeable about the topic. They acted as key informants and provided reliable information on the problem under study. This was done by grading respondents in respect to a given data to be collected.

3.5.2 Simple random sampling

Random sampling is referred to as taking a number of independent observations from the same probability distribution, without involving any real population. The researcher applied this method to harvesters, operations department and community members because they were many in a number. The respondents were grouped into groups and random sampling was applied from each group.

3.5.3. Census Sampling

A census is a study of every unit, everyone or everything in a population. It is known as a complete enumeration, which means a complete count, Joshua (2008). When a population has been identified a decision needs to be made and taking a census sample is more suitable option. This method was used because it provides a true measure of the population (no sampling error). It also provided a benchmark data that may be obtained for future studies, and further provides detailed information about small sub-groups within the population that would have been left out.

3.6 Background information

The background information focused on gender, number of years in the organization, age group, and departments in which the respondents work, and their qualifications. Details of the findings are presented in tables 3.2 to 3.6:

Gender

The study asked respondents to state their gender and the results are indicated in the table 3.2:

Table3.2: Gender

		Frequency	Percent	Cumulative percentage
Valid	Male	20	40	60
	Female	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 20(40%) were males and 30(60%) were females. Majority of the respondents were females and this implies that females are more qualified than males and therefore employed by Wagagai Company Limited and at the same time they are willing to work with Wagagai Company Limited compared to males.

Age of the respondents

The study asked respondents to state their age and the results are indicated in the table 3.3 below;

Table3.3: Age group

		Frequency	Percent	Cumulative percentage
Valid	18-25	7	14	14
	26 - 35 Years	27	54	68
	36 - 45 years	13	26	94
	Above 46	3	6	100
	Total	**50**	**100**	

Source: Primary Data (2018)

From the table above, 7(14%) were between the age brackets of 18-25 years, 27(54%) were between 26-35 years, 13(26%) were of 36-45 years and 3(6%) above 46 years. All the respondents were above 18 years and this implies that Wagagai Company Limited employs mature people and this means that they understand their social responsibilities and at the same time young and energetic since the majority are below 46 years and these work hard to promote customer loyalty.

Marital status

The study asked respondents to state their marital status and the results are indicated in the table 3.4.

Table3.4: Marital status

		Frequency	Percent	Cumulative percentage
Valid	Single	27	54	54
	Married	13	26	80
	Divorced	7	14	94
	Separated	3	6	
	Total	**50**	**100**	**100**

Source: Primary Data (2018)

From the table above, 27(54%) were single, 13(26%) were married, 7(14%) had divorced and 3(6%) had separated. Majority of the respondents were single and this implies that Wagagai Company Limited employs people with less responsibilities and this will help them to put tension on customers and thus promoting customer loyalty.

Highest Academic Qualification

The study asked respondents to state their Highest Academic Qualification and the results are indicated in the table 3.5;

Table3.5: Education Level attended

		Frequency	Percent	Cumulative percentage
Valid	Certificate	23	46	46
	Diploma	16	32	78
	Degree	8	16	94
	Master	3	6	100
	PhD	0	-	
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 23(46%) had certificate, 16(32%) were diploma holders, 8(16%) were degree holders, and 3(6%) were master holders and 0(0%). All the respondents had at least attained a certificate and this implies that respondents would understand and interpret questions that were sent to them and thus they gave reliable data.

Duration of employment

The study asked respondents the period of stay in Wagagai Company Limited and the results are indicated in the table 3.6 below;

Table3.6: Duration in service

		Frequency	Percent	Cumulative percentage
Valid	Less than1 year	7	14	14
	1 – 4 years	13	26	40
	5-9 years	25	50	90
	Above 10 yrs	5	10	100
	Total	**50**	**100**	

Source: Primary Data (2018)

According to the table above, 7(14%) had worked in Wagagai Company Limited for less than 1 year, 13(26%) 1-4 years and 25(50%) 5-9 years and 5(10%) above 10 years. Majority of respondents had worked with Wagagai Company Limited and this implies it maintains experienced people and at the same time these respondents had gathered enough information about the topic under study and therefore they gave valid data.

3.7 Source of data

The study used both primary and secondary sources of data.

3.7.1 Primary data

This was obtained from the study population of the research. This was collected through distribution of questionnaires, interviews and observation. However some questions were close-ended for purposes of obtaining unbiased information from respondents.

3.7.2 Secondary data

This information was obtained from Published data. Published data sources included Newspapers, Magazines, Brochures and Websites.

3.8. Data collection methods

The study used the following research methods:

Questionnaires

The study used questionnaires when collecting data and this helped the researcher to get firsthand information.

Interviews

The researcher carried out face-to-face interview with the respondents and this helped to obtain data that cannot be collected by the use of questionnaire.

3.9. Data collection Instruments

The self-administered questionnaire was the major primary data collection instrument;

The self-administered questionnaire (SAQ)

The self-administered questionnaires with (Appendix I) questions reflecting the study objectives containing questions on corporate social responsibility and customer loyalty were addressed to the respondents. A pilot test of the questionnaire was conducted prior to administration using key staff with experience in the operations department.

The self-administered questionnaire method was preferred because it is an appropriate instrument for any survey research Groonos (2007). The questionnaire contained statements requiring the respondents to opt for one answer out of five which is designed using the Likert

scale. That is Strongly Disagree (SD) = 1, Disagree (D) = 2, Not Sure (NS) = 3, Agree (A) = 4, strongly Agree (SA) = 5, Questionnaires was appropriate for the study because the respondents filled them immediately in the presence of the researcher and this ensured positive response rate. Some questions were close-ended.

According to Groonos (2007), questionnaires are popular with researchers because information can be obtained fairly, easily and responses are easily coded. However, the major weaknesses of questionnaires is that they do not provide detailed information to the problem and this is why they were substantiated with documentary reviews on available literature on corporate social responsibility and customer loyalty as well as the interview guide.

Interview guide

The researcher also used interview guide to collect data from the respondents. The interview guide was preferred because most respondents were not in fixed places where questionnaires were delivered and picked later. This method was also preferred because it generated a wide range of responses and hence facilitates the collection of rich data. The interview guide easily collects data from the primary source which was used to collect firsthand information for this study.

3.10 Quality of research instruments

Validity

Omagor (1986) defines validity as the accuracy and meaningfulness of inferences, which are based on the research results. Validity of instruments was ascertained by discussing the questionnaire drafts with the supervisor. To ensure that data collection instruments are valid, they were pre-tested in Wagagai Company Limited using a reasonable number of respondents. The supervisor and other experts in the field were consulted about the content of instruments,

ambiguity of question items and their relevancy. Data collection instruments such as the questionnaire and the interview guide were presented to a panel of judges from Nkumba University who tested the content validity of the instrument thereafter pilot-tested on staff and top management of Wagagai Company Limited to measure content validity. Amin (2005) holds that validity is the appropriateness of the instrument. Validity is the extent to which data collection instrument collects data that have the characteristic or attribute the researcher wants to measure.

The instruments were given to few respondents who rated the relevancy of each item and a content validity index (CVI) was computed using the following formula:

$$CVI = \frac{R}{R+N+IR}$$

Where

CVI = content validity index; R= Total number of items rated as relevantly N = Total number of items rated as Neutral; and IR= Total number of questions rated as irrelevant

So using the formula above, the researcher calculated the content validity index for the questionnaire as follows; the results of the CVI are shown in table 3.7.

Table 3.7: Showing the Content Validity Index of the study variables

Variable	Number of items judged relevant (R)	Number of Neutral items (N)	Number of irrelevant Items (IR)	CVI
Environmental friendliness	8	1	1	0.8
Community support	8	-	2	0.8
Treating employees fairly	7	1	2	0.7
Average				**0.77**

Source: Primary Data (2018)

The computed CVIs were above the 0.5 or 50% threshold postulated by Okectch (2000) and an average of 0.77 is also above 0.5 and this implies that the tools that were used in data collection.

Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Omagor, 1986). The reliability of instruments was established basing on the preliminary results derived from the pilot study. Results realized were discussed with the supervisor for reliability and to make sure that, the instruments are acceptable. The reliability of the questionnaire was assessed using Cronbach's Alpha at 0.05 level of significance. According to Odiya (2009 :), Cronbach's alpha is used if the instrument which has more than two responses provided for each item. Cronbach's alpha coefficient was used to test for internal consistency of the research variables to test for the reliability of the questionnaire. The following formula was used;

$$\alpha = \frac{k}{k-1}\left(1 - \frac{\sum \sigma_k^2}{\sigma^2}\right)$$

Where

$\sum \sigma_k^2$ = the sum of the variances of the k parts (usually items) of the test.

σ = standard deviation of the test (items in the instrument).

α = reliability coefficient.

The results obtained were as follows;

Table 3.8: Reliability analysis

Variable	Number of questions tested	Cronbach's alpha coefficient
Environmental friendliness	8	0.9
Community support	9	0.91
Treating employees fairly	7	0.89

Sources: From primary data reliability test (2018)

Table 3.8 shows the alpha values of 0.9 for Environmental friendliness, 0. 91 for Community support and 0.89 for Treating employees fairly which were higher than 0.60 recommended for social research by Oketch (2000), thus suggesting that all the items used to measure each variable were consistent in measuring the reliability. Table 3.8 reveals that, all the variables have Alpha Values which are above 0.6 marks, and therefore all the variables in the instrument are deemed reliable.

3.11. Data Collection Procedure

A supporting letter from the school signed by the coordinator of research was attached to the questionnaire explaining the objectives of the research. The cover letter assured respondents of confidentiality of the data that was provided. Prior arrangements with the respondents were made and the researcher made arrangements for the facilitation and security of the collected data and how it was analyzed.

3.12 Data management and presentation

Analysis of quantitative data

Data from questionnaires was presented in form of tables, frequencies and percentages using Statistical Package for Social Scientists (SPSS) and the relationship between corporate social

responsibility and customer loyalty in Wagagai Company limited were evaluated using Pearson's correlation coefficient. Data from questionnaires was presented in form of tables using Microsoft word and excel.

Analysis of qualitative data

Qualitative data was descriptive and obtained from interviews, open ended questions and review of documents. This data was presented in accordance with the objectives of the study and helps to substantiate findings from quantitative data. This data was presented in accordance with the objectives of the study and helped to substantiate findings from quantitative data. In case of the qualitative data, the responses obtained were categorized into common responses and the data was analyzed using both inferential and descriptive statistics. Content analysis was used to edit the data from interviews and reorganize it into meaningful shorter sentences. This was then presented to supplement the quantitative data in order to have a clear interpretation of the results.

3.13. Research ethical Considerations

The respondents whom data was collected from shall be kept confidential, and the data was used for academic purpose only. On the other hand, the authors quoted in this study were acknowledged through citations and referencing. The researcher got a letter from the University signed by the dean of school and it was presented to the human resource department of Wagagai Company Limited. This was to ensure them about the confidentiality of the information that was gathered

3.14. Limitations of the study

The limitations of the study included;

Secrecy

The study area was perceived as sensitive by many organizations because it involved matters of secret information that could not be revealed. This was overcome by assuring the respondents of their anonymity and proving to them that the study was strictly for academic purposes.

CHAPTER FOUR

ENVIRONMENTAL FRIENDLINESS AND CUSTOMER LOYALTY AT WAGAGAI COMPANY LIMITED

4.0. Introduction

The chapter presents and discusses respondents' perception about environmental Friendliness and Customer Loyalty at Wagagai Company Limited

4.1: Environmental friendliness promotes customer associations with the company

The study asked respondents whether environmental friendliness promotes customer associations and the results are indicated in the table 4.1 below:

Table4.1: Environmental friendliness promotes customer associations with the company

		Frequency	Percent	Cumulative percentage
Valid	Strongly Disagree	0	0	-
	Disagree	0	0	-
	Not Sure	7	14	14
	Agree	20	40	54
	Strongly Agree	23	46	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 23(46%) strongly agreed, 20(40%) agreed and 7(14%) were not sure. Majority of the respondents agreed with the statement that environmental friendliness encourages customer associations with the company.

The study through interviews with the respondents discovered that, "association makes customers stick at the company and at the same time these customers feel as if they are part of the company".

This is in agreement with Sen, 2001 who states that customer related environment has become a popular term used by all companies and consumers are able to automatically associate it with environmental-friendly products which makes them remain with the company.

4.2: Environmental friendliness creates customer base

The study asked respondents whether environmental friendliness creates customer base and the results are indicated in the table 4.2 below:

Table4.2: Environmental friendliness creates customer base

		Frequency	Percent	Cumulative percentage
Valid	Strongly Disagree	3	6	6
	Disagree	10	20	26
	Not Sure	-	0	26
	Agree	7	14	40
	Strongly Agree	30	60	100
	Total	**50**	**100**	

Source: Primary Data (2018)

The table above indicates that, majority of the total respondents 30(60%) Strongly Agreed, 7(14%) agreed, 10(20%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed with the statement that environmental friendliness creates customer base.

Respondents told the researcher that, "it is true that customers are attracted by their friends and relatives for example if some one's friend works with Wagagai Company

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Limited, it will force a friend to buy also from Wagagai Company Limited line and by

doing so, the customer base is increasing".

This is supported by Saunders (2006) who argues that companies use friendly environment as tactic to build their customer base.

4.3: Environmental friendliness creates good relationship between customers and the company

The study asked respondents whether environmental friendliness creates good relationship between customers and the company and the results are indicated in the table 4.3 below:

Table4.3: Environmental friendliness creates good relationship between customers and the company

		Frequency	Percent	Cumulative percentage
Valid	Strongly Disagree	0	0	-
	Disagree	13	26	26
	Not Sure	0	0	26
	Agree	30	60	86
	Strongly Agree	7	14	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 7(14%), strongly agreed, 30(60%) agreed and 13(26%) Disagreed and 0(0%) were not sure. Majority of the respondents agreed with the statement and this implies that Environmental friendliness creates good relationship between customers and the company.

Respondents through interviews told the researcher that, "in some organizations,

customer and a company have no relationship and this means that what a company offers

connects them, for example offering quality service will also create a good relationship"

which is not true with Wagagai Company Limited".

This is also in line with Pirsch et al (2006) who states that, companies engage in friendly activities with customers in order to gain profits and higher level of customer loyalty.

4.4: Environmental friendliness yield competitive advantage for the company

The study asked respondents whether environmental friendliness yield competitive advantage for the company and the results are indicated in the table 4.4 below:

Table4.4: Environmental friendliness yield competitive advantage for the company

		Frequency	Percent	Cumulative percentage
Valid	Strongly Disagree	17	34	34
	Disagree	13	26	60
	Not Sure	3	6	66
	Agree	17	34	100
	Strongly Agree	-	-	
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(34%) strongly disagreed, 17(34%) agreed, 13(26%) disagreed and 3(6%) were not sure. Majority of the respondents disagreed and this implies that environmental friendliness does not yield competitive advantage for the company. Competitive advantage means getting much compared to your competitors and this means Wagagai Company Limited's competitive advantage comes from other areas other than environmental friendliness.

4.5: Environmental friendliness makes customers feel part of the company's operations.

The study asks whether environmental friendliness make customers feel part of the company's operations and the results are presented in the 4.10 tables below:

Table4.5: Environmental friendliness makes customers feel part of the company's operations.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	3	6	6
	Not Sure	4	8	14
	Agree	13	26	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 30(60%) strongly agreed, 13(26) agreed, 0(0%) strongly disagree, 3(6%) disagreed and 4(8%) were not sure. Majority of the respondents agreed and this implies that Environmental friendliness make customers feel part of the company's operations.

The study through interviews with respondents revealed that, "in all terms customers always aim at getting total satisfaction from the products they consume and when the environment makes their life health and to continue moving, they will automatically feel part of the company".

4.6: Environmental friendliness encourages close interaction between customers and employees

The study asked respondents whether environmental friendliness encourages close interaction between customers and employees and the results are indicated in the table 4.6 below:

Table4.6: Environmental friendliness encourages close interaction between customers and employees

		Frequency	Percent	Valid Percent
Valid	Strongly Disagree	7	14	14
	Disagree	-	-	14
	Not Sure	-	-	14
	Agree	13	26	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 30(60%) strongly agreed, 13(26%) agreed, 7(14%) disagreed. Majority of the respondents agreed and this implies that environmental friendliness encourages close interaction between customers and employees.

> *Respondents especially the community members told the researcher that, "when the environment is friendly, it makes both employees and customers become equal and the words from both of them will also become friendly and thus close interaction".*

Also Aasad 2010 states that, for improved customer friendly relationships, companies have to perceive consumers' attitude through close interactions with customers towards their products and services and this make customer to make returns to purchase

4.7: Environmental friendliness fulfils customer's expectations

The study asks respondents whether environmental friendliness fulfils customer's expectations. The results are indicated in the table 4.7 below:

Table4.7: Environmental friendliness fulfils customer's expectations

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	3	6	6
	Not Sure	7	14	20
	Agree	27	54	74
	Strongly Agree	13	26	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, majority of the respondents 27(54%) agreed, 13(26%) Strongly agreed, 3(6%), disagreed and 7(14%) were not sure. Majority of the respondents agreed and this implies that environmental friendliness fulfils customer's expectations.

> *The study through respondents discovered that, "employees will understand customers' wants and needs and they will try everything to fulfill customer's expectations and doing so, they will be fulfilling customer needs and expectations".*

4.8: Environmental Friendliness makes the products cheaper in front of customers.

The study asks respondents whether environmental friendliness makes the products cheaper in front of customers. The results are indicated in the table 4.8:

Table4.8: Environmental Friendliness makes the products cheaper in front of customers.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	3	6	6
	Not Sure	8	16	22
	Agree	26	52	74
	Strongly Agree	13	26	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, majority of the respondents 26(52%) agreed, 13(26%) Strongly agreed, 3(6%), agreed and 8(16%) were not sure. Majority of the respondents agreed and this implies that environmental friendliness fulfils customer's expectations.

> *The respondents told the researcher that, "as a result of making products cheaper, employees will understand what customers want and need and they will try everything to keep that product cheap and doing so, they will be making the products cheaper in front of customers".*

4.9: Environmental friendliness ensures that customers appreciate the work of the company.

The study asks respondents to state whether environmental friendliness ensures that customers appreciate the work of the company and the results are indicated in the table 4.11 below:

Table4.9: Environmental friendliness ensures that customers appreciate the work of the company.

		Frequency	Percent	Valid Percent
Valid	Strongly Disagree	7	14	14
	Disagree	-	-	14
	Not Sure	-	-	14
	Agree	13	26	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 30(60%) strongly agreed, 13(26%) disagreed, 7(14%) disagreed. Majority of the respondents strongly agreed and this implies that environmental friendliness ensure customers appreciation the work of the company. When the environment is friendly, this will ensure that customers appreciate the work of the company.

4.10: Environmental friendliness makes customers to bring in more ideas that may lead to the company success.

The study asks respondents whether environmental friendliness makes customers to bring in more ideas that may lead to the company success and the results are indicated in the table 4.10:

Table4.10: Environmental friendliness makes customers to bring in more ideas that may lead to the company success

		Frequency	Percent	Valid Percent
Valid	Strongly Disagree	8	16	16
	Disagree	-	-	16
	Not Sure	-	-	16
	Agree	13	26	42
	Strongly Agree	29	58	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 29(58%) strongly agreed, 13(26%) agreed, 8(16%) strongly disagreed. Majority of the respondents agreed and this implies that environmental friendliness makes customers to bring in more ideas that may lead to the company success.

By interviews, the study discovered that, "when the environment is friendly will make

both employees and customer become equal and the words from both of them will also

become friendly and thus company's succession".

This is in line with Van (2008) who noted that the benefits that a business accrues from implementing environmental friendliness include improved brand value, safe work environment, motivated workforce, increased stake holder trust and thus gaining succession.

CHAPTER FIVE

CONTRIBUTION OF COMMUNITY SUPPORT TO CUSTOMER LOYALTY

5.1 Community support identifies the purchase behavior of customers

The study asked respondents whether community support identifies the purchase behavior of customers. The results are indicated in the table 5.1 below:

Table5.1: Community support identifies the purchase behaviour of customers.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	-	0	32
	Agree	17	34	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(34%) strongly agreed, 17(34%) agreed, 3(6%) strongly disagree and 13(26%) disagreed. Majority of the respondents agreed with the statement and this implies that community support identifies the purchase behavior of customers.

> *The study through interviews revealed that, "providing people with their social needs such as providing education scholarships helps to determine the income levels of people in the community and thus knowing what products and services to be offered to the community".*

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5.2: Community support builds goodwill with support products

The study asks whether community support builds goodwill with support products and the Results are presented in the tables 5.2 below:

Table5.2: Community support builds goodwill with support products

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	3	6	6
	Not Sure	3	6	12
	Agree	14	28	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 30(60%) strongly agreed, 14(28%) agreed, 0(0%) strongly disagree, 3(6%) disagreed and 3(6%) were not sure. Majority of the respondents agreed and this implies that community support builds goodwill with support products.

> *The study through interviews revealed that, "since community support touches the life of the community, it builds goodwill from supportive products and fair employee compensation, actions related directly to the products and people that consumers face".*

5.3: Community support encourages customer patronization

The study asked respondents whether community support encourages customer patronization. The results are indicated in the table 5.3 below:

Table5.3: Community support encourages customer patronization

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	7	14	14
	Not Sure	0	-	14
	Agree	13	26	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 30(60%) strongly agreed, 13(26%) agreed and 7(14%) disagreed. Majority of the respondents agreed and this implies that Community support encourages customer patronization.

> *Study through interviews revealed that, "it is by nature that consumers don't just respond to the price charged, they also respond to how fair they think the price is, high prices are considered fairer if they can be attributed to good motives or costs rather than to bad motives like profit-taking and this means customers will to pay anything towards the company's products and service after attaining good attitudes towards the company".*

5.4: Community support relates customers' value with the company's value

The study asked respondents whether Community support relates customers' value with the company's value and the results are indicated in table 5.4:

Table5.4: Community support relates customers' value with the company's value

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	3	6	6
	Not Sure	7	14	20
	Agree	27	54	74
	Strongly Agree	13	26	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 27(54%) agreed, 13(26%) Strongly agreed, 3(6%), disagreed and 7(14%) were not sure. Majority of the respondents agreed and this implies that Community support relates customers' value with the company's value. Wagagai Company Limited exceeds the value offered by competitors and community support is the only way that can provide the competitive edge. Customers decide upon purchases on the judgments about their values in relation to the support they get from the company.

5.5: Community support promotes price evaluation

The study asked respondents whether community support promotes price evaluation and the results are indicated in the table 5.5:

Table5.5: Community support promotes price evaluation:

		Frequency	Percent	Valid Percent
Valid	Strongly Disagree	20	40	40
	Disagree	13	26	66
	Not Sure	-	0	66
	Agree	17	34	100
	Strongly Agree	-	-	
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(34%) agreed, 13(26%) disagreed and 20(40%) strongly disagreed. Majority of the respondents disagreed and this implies that community support does not promote price evaluation.

> *Findings from the interview guide revealed that, "customers can only know and understand the prices of products and services offered by the company when there is a close relationship with the company not community support".*

5.6: Community support encourages long term customer commitment

The study asked respondents whether community support encourages long term customer commitment and the results are indicated in the table 5.6:

Table5.6: Community support encourages long term customer commitment

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	7	14	46
	Agree	10	20	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 10(20%) agreed, 17(34%) strongly agree, 7(14%) were not sure, 13(26%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that Community support encourages long term customer commitment.

Respondents told the researcher that, "after customers understanding that they are part of the company, they will put their hearts on what is produced by the company".

5.7: Community support opens a room for potential customers

The study asked respondents whether community support opens a room for potential customers and the results are indicated in table 5.7:

Table5.7: Community support opens a room for potential customers

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	7	14	46
	Agree	10	20	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 10(20%) agreed, 17(34%) strongly agree, 7(14%) were not sure, 13(26%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that Community support opens a room for potential customers.

5.8: Community support encourages communication feedback from customers

The study asked respondents whether community support encourages communication feedback from customers and the results are indicated in the table 5.8:

Table5.8: Community support encourages communication feedback from customers.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	6	12	12
	Disagree	13	26	38
	Not Sure	7	14	52
	Agree	7	14	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(34%) strongly agreed, 7(14%) agreed, 7(14%) were not sure, 13(26%) disagreed and 6(12%) strongly disagreed. Majority of the respondents agreed and this implies that Community support encourages communication feedback from customers.

5.9: Community support tells customers that the company exists to serve them not only by making profits

The study asked respondents whether community support tells customers that the company exists to serve them not only by making profits and the results are indicated in the table 5.9:

Table5.9: Community support tells customers that the company exists to serve them not only by making profits

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	10	20	52
	Agree	7	14	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(40%) strongly agreed, 7(14%) agreed, 10(20%) were not sure, 13(26%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that community support tells customers that the company exists to serve them not only making profits.

5.10: Community support makes closer relationship between customers and the company

The study asked respondents whether community support makes closer relationship between customers and the company. The results are indicated in the table 5.10:

Table5.10: Community support makes closer relationship between customers and the company.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	10	20	26
	Not Sure	7	14	40
	Agree	7	14	54
	Strongly Agree	23	46	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 23(46%) strongly agreed, 7(14%) agreed, 7(14%) were not sure, 10(20%)

disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that

Community support makes closer relationship between customers and the company.

CHAPTER SIX

TREATING EMPLOYEES FAIRLY PROMOTES CUSTOMER LOYALTY

6. 1. Happy employees also make customers happy

The study asked respondents whether happy employees also make customers happy and the results are indicated in the table 6.1 below:

Table6.1: Happy employees also make customers happy.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	4	8	40
	Agree	17	34	74
	Strongly Agree	13	26	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(40%) agreed, 13(26%) strongly agreed, 4(8%) were not sure, 3(6%) strongly disagree and 13(26%) disagreed. Majority of the respondents agreed with the statement and this implies that happy employees also make customers happy.

> *The study through interviews with respondents revealed that, "some customers get satisfied not only by the products and services offered but also how they are welcomed and attended to and this means that happy employees with joyful face will also give smile to customers".*

6.2: Treating employees fairly promotes customer satisfaction

The study asks whether treating employees fairly promotes customer satisfaction and the results are presented in the table 6.2 below:

Table6.2: Treating employees fairly promotes customer satisfaction

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	7	14	14
	Disagree	3	6	20
	Not Sure	3	6	26
	Agree	7	14	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 30(60%) strongly agreed, 7(14%) agreed, 7(14%) strongly disagree, 3(6%) disagreed and 3(6%) were not sure. Majority of the respondents agreed and this implies treating employees fairly promotes customer satisfaction.

> *Employees of Wagagai Company Limited through interviews told the researcher that, "employees are service providers, they are also human beings and therefore the way they are treated is the way they also treat customers and this means that treating employees well, will have indirectly treated customers well to".*

6.3: Motivated employees work hard towards customer loyalty

The study asked respondents whether motivated employees work hard towards customer loyalty and the results are indicated in the table 6.3:

Table6.3: Motivated employees work hard towards customer loyalty

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	0	0	0
	Disagree	7	14	14
	Not Sure	0	-	14
	Agree	13	26	40
	Strongly Agree	30	60	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

According to the table above, 30(60%) strongly agreed, 13(26%) agreed, 7(14%) disagreed. Majority of the respondents agreed and this implies that motivated employees work hard towards customer loyalty.

> *The management of Wagagai Company limited told the researcher that, "Once employees are motivated, they work very hard to maintain the status quo and this means that they have to work hard to protect their jobs".*

6.4: Treating employees fairly provides betterment of customers

The study asked respondents whether treating employees fairly provides betterment of customers and hence customer loyalty and the results are indicated in the table 6.4:

Table6.4: Treating employees fairly provides betterment of customers

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	10	20	20
	Disagree	20	40	60
	Not Sure	7	14	74
	Agree	10	20	94
	Strongly Agree	3	6	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 3(6%) strongly agreed, 10(20%) agreed, 7(14%) were not sure 20(40%) disagreed and 10(20%) strongly disagreed. Majority of the respondents disagreed and this implies that treating employees fairly does not provide betterment of customers. Betterment of someone is universal to many aspects of life and the main objectives of employees is to sell not making customers better and they believe that customers will still buy no matter the situations they are in.

6.5: Treating employees fairly fulfils both company and customers objectives

The study asked respondents whether treating employees fairly fulfils both company and customers objectives and the results are indicated in the table 6.5:

Table6.5: Treating employees fairly fulfils both company and customers objectives

		Frequency	Percent	Valid Percent
Valid	Strongly Disagree	18	36	36
	Disagree	15	30	66
	Not Sure	0	0	66
	Agree	17	34	100
	Strongly Agree	0	0	
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 17(34%) agreed, 15(30%) disagreed and 18(36%) strongly disagreed.

Majority of the respondents disagreed and this implies that treating employees fairly does not

fulfill both company and customers objectives.

> *Management of the company told the researcher that, "most employees do well when they are under pressure, they tend to relax, come late or at times they absentee themselves and taking things to whom it is concerned".*

6.6: Treating employees fairly creates togetherness

The study asked respondents whether t**reating employees fairly creates togethernes***s* and the results are indicated in the table 6.6 below:

Table6.6: Treating employees fairly creates togetherness

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	7	14	46
	Agree	10	20	66
	Strongly Agree	17	34	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 10(20%) agreed, 17(34%) strongly agree, 7(14%) were not sure, 13(26%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that treating employees fairly creates togetherness.

> *Findings through interviews revealed that, "togetherness comes when management, employees and customers get common element in them, as discussed earlier, when the management treat well employees and employees treat well customers and in turn the customers will respond very well towards company's products and services and thus togetherness".*

6.7. Treating employees well improves their commitment to impress customers to continue buying the products

The study asked respondents whether treating employees well improves their commitment to impress customers to continue buying the products and the results are indicated in the table 6.7:

Table 6.7 Treating employees well improves their commitment to impress customers to continue buying the products

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	7	14	46
	Agree	7	14	60
	Strongly Agree	20	40	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 3(6%) strongly disagreed, 13(26%) disagreed, 7(14%) were not sure, 7(14%) agreed and 20(40%) strongly agreed. Majority of the respondents agreed and this means

that treating employees well improves their commitment to impress customers to continue buying the products.

> *Respondents from the field told the researcher that, "the company treats employees well because they are the representatives of the company, the study further found out through their commitment to impress customers to continue buying the products that makes customers stick on the products and services provided by the organization and thus customer impression".*

6.8. Well treated employees talk good things about the company in the community who are potential customers.

The study asked respondents whether well treated employees talk good things about the company in the community who are potential customers and the results are indicated in the table 6.8:

Table 6.8 well treated employees talk good things about the company in the community who are potential customers.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	3	6	6
	Disagree	13	26	32
	Not Sure	7	14	46
	Agree	7	14	60
	Strongly Agree	20	40	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 20(40%) strongly agreed, 7(14%) agree, 7(14%) were not sure, 13(26%) disagreed and 3(6%) strongly disagreed. Majority of the respondents agreed and this implies that well treated employees talk good things about the company in the community who are potential customers.

6.9. Treating employees fairly also improves on the customer care.

The study asked respondents whether treating employees fairly also improves on the customer care and the results are indicated in the table 6.9:

Table6.9 Treating employees fairly also improves on the customer care.

	Frequency	Percent	Cumulative Percent
Strongly Disagree	5	10	10
Disagree	11	22	32
Not Sure	7	14	46
Agree	7	14	60
Strongly Agree	20	40	100
Total	**50**	**100.0**	

Source: Primary D

ata (2018)

From the table above, 5(10%) strongly disagreed, 11(22%) disagreed, 7(14%) were not sure, 7(14%) agreed and 20(40%) strong agreed. Majority of the respondents agreed and this means that treating employees fairly also improves on the customer care**.**

Respondents from the field told the researcher that, "treating employees fairly also improves on the customer care because it makes customers feel part of the organization, the study further found out through customer care improvement makes customers stick on the products and services provided by the organization and thus employees' fair treatment".

6.10. Treating employees well promotes coordination while serving company's customers.

The study asked respondents whether treating employees well promotes coordination while serving company's customers and the results are indicated in the table 6.10:

Table6.10 Treating employees well promotes coordination while serving company's customers.

		Frequency	Percent	Cumulative Percent
Valid	Strongly Disagree	4	8	8
	Disagree	13	26	34
	Not Sure	9	18	52
	Agree	5	10	62
	Strongly Agree	19	38	100
	Total	**50**	**100.0**	

Source: Primary Data (2018)

From the table above, 19(38%) strongly agreed, 5(10%) agree, 9(18%) were not sure, 13(26%)

disagreed and 4(8%) strongly disagreed. Majority of the respondents agreed and this implies that

treating employees well promotes coordination while serving company's customers.

CHAPTER SEVEN

HORMONIZATION OF CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMER LOYALTY IN FLORICULTURAL COMPANIES

7.1. Introduction

This chapter links the study findings about corporate social responsibility and customer loyalty in Floricultural Companies with the literature review.

7.3. Environmental friendliness and customer loyalty

The study found out that, environmental friendliness creates customer base and this is because customers are attracted by their friends and relatives. This is supported by Van (2008) who states that some benefits that a business might accrue from implementing environmental friendliness, improved brand value customers and thus, integrating CSR into a business is more advantageous to a business in its effort to improve customer attraction 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 or chasing customers away.

The study also revealed that, corporate social responsibility yields the competitive advantage for the company and this is supported by Schiebel (2003) who conceptualize that CSR constitutes social marketing which is proactively, 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.

7.4. Community support and customer loyalty

The study found out that, community support identifies the purchase behave of customers and this is in line with (Davis 2008) who argues that, consumers modify their purchase behavior only when the CSR domain directly affects their actual experience with the company or brand with a great support. He adds that, community support builds goodwill with supportive products and fair employee compensation, actions related directly to the products and people that consumers face and this bring both goodwill and loyal consumers.

7.5. Treating employees fairly and customer loyalty

The study revealed that, treating employees fairly motivates employees towards customer loyalty. Also, Piesch et al confirms that, customer loyalty is influenced, not only by customer satisfaction but also employee satisfaction. In many companies, especially service-oriented industries such as flowering, retailing, health-care, financial services, education, and hospitality the level of satisfaction experienced by front-line employees is a critical component. The level of employee satisfaction influences customer satisfaction such as large-scale study of managers, front-line employees, and customers: managers affect overall job-satisfaction of front-line employees, which in turn affect the satisfaction of customers they interacted with. The level of customer loyalty is much higher

7.6. Relationship between Corporate Social Responsibility and customer loyalty

The relationship between corporate social responsibility and customer loyalty at Wagagai Company Limited was derived by the use of regression and correlation analysis

Hypothesis Testing

In order to examine the nature of relationship between corporate social responsibility and customer loyalty, correlation, regression, Anova and coefficients tests were performed on the data collected. The results are summarized in the tables 7.1- 7.4.

Table 7.1 Correlation Analysis Matrix

		Corporate social responsibility	Customer loyalty
corporate social responsibility	Pearson Correlation	1	0.754**
	Sig. (2-tailed)		0.000
	N	180	180
Customer loyalty	Pearson Correlation	0.654**	1
	Sig. (2-tailed)	0.000	
	N	57	57

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation result revealed a positive significant relationship between corporate social responsibility and customer loyalty (r = 0.654**, p<0.05). This implies that corporate social responsibility has the capacity to improve customer loyalty. It is suggested that utilizing corporate social responsibility results into customer loyalty.

Regression Analysis

Regression analysis was performed in order to establish the extent to which corporate social responsibility explained the degree of variance in customer loyalty. The result obtained is presented in the model summary table that follows:

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Table 7.2 Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.654a	0.568	0.563	0.47784

a. Predictors: (Constant), control environment

The regression analysis results in table 7.2 revealed that corporate social responsibility contributes up to 56.3% to customer loyalty in Wagagai Company Limited (Adjusted R square= 0.563, SEE = 0.47784). This means the remaining percentage (43.7%) is contributed by other factors. It also implies that when corporate social responsibility is utilized, customer loyalty will also be achieved.

ANOVA Analysis

ANOVA analysis was performed to test the hypothesis that corporate social responsibility significantly relates with customer loyalty. The results are summarized in table 6.13 below:

Table 7.3: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.499	1	28.499	124.812	0.000b
	Residual	21.691	95	0.228		
	Total	50.190	96			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), control environment

According to the ANOVA test results in the table 7.3, it is revealed that corporate social responsibility significantly enhances customer loyalty (F=124.81, P<0.05). This implies that best

practices of corporate social responsibility have the capacity of influencing customer loyalty in Wagagai Company Limited.

Table 7.4 Coefficient Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.190	0.287		0.663	0.509
	Control environment	0.838	0.075	0.754	11.172	0.000

a. Dependent Variable: Customer loyalty

In table 7.4, the coefficient test result show that corporate social responsibility significantly influences customer loyalty as reflected with beta value=0.754, t=0.663, P<0.05). This implies that the implementation of corporate social responsibility will have a positive impact on the nature customer loyalty in Wagagai Company Limited. Also in the study conducted by Saunders (2006), it was found that the percentage of consumers who are more likely to recommend a brand that supports a good cause over the one that does not is 52%. Meanwhile 48% of consumers contend that in a recession they will buy from brands that support good causes even if they are not necessarily the cheapest.

Solomones, 2005under social behaviors theory measured the direct and indirect relationship between CSR and customer loyalty in horticulture industry. The results revealed that there was no significant direct relation between the two variables and this supports the statement that

43.7% of customer loyalty is contributed by other factors other than corporate social responsibility. However, CSR appeared to have a significant influence on consumers' valuation services and since the overall service valuation turned out to have a strong positive correlation to customer loyalty, it was concluded that CSR indirectly influence customer loyalty (Solomones, 2005).

CHAPTER EIGHT

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

8.1. Introduction

This chapter presents the summary, conclusion and recommendations about the findings of the study and is guided by the study objectives. The summary conclusion and recommendations are reflected as shown below.

8.2 Summary of findings

The following were revealed from the study:

8.2.1. Environmental friendliness promotes customer loyalty at Wagagai Company Limited

As reflected in chapter four, most respondents indicated that environmental friendliness encourage customer associations with the company (basing on 86 agree rate), environmental friendliness creates customer base (basing on 74% agree rate), environmental friendliness creates good relationship between customers and the company (basing on 74% agree rate), environmental make customers feel part of the company's operations (basing on 86% agree rate), environmental friendliness encourage close interaction between customers and employees (basing on 86% agree rate) and environmental friendliness fulfils customer's expectations (basing on 80% agree rate). However, the study discovered that environmental friendliness does not yield competitive advantage for the company (basing on 60% disagree rate)

8.2.2. Community support contributes to customer loyalty at Wagagai Company Limited

As reflected in chapter four, most respondents indicated that community support identifies the purchase behavior of customers (basing on 68% agree rate), community support builds goodwill with support products(basing on 88% agree rate), community support encourages customer patronization (basing on 86% agree rate), community support relates customers' value with the company's value (basing on 80% agree rate), community support encourages long term customer commitment (basing on 54% agree rate). However, the study found out that community support does not promote price evaluation, (basing on 66% disagree rate),

8.2.3. Treating employees fairly promotes customer Loyalty at Wagagai Company Limited

As reflected in chapter four, most respondents indicated that happy employees also make customers happy (basing on 68% agree rate), Treating employees fairly promotes customer satisfaction (basing on (74% agree rate), motivated employees work hard towards customer loyalty (basing on 86% agree rate) and treating employees fairly creates togetherness (basing on 54% agree rate). However, the study showed that Treating employees fairly does not provides betterment of customers (basing on 60% disagree rate) and treating employees fairly does not fulfils both company and customers objectives (basing on 66% disagree rate).

8.3 Conclusions

The following conclusions were deduced from the examined literature:

The study revealed that environmental friendliness contributes to customer loyalty in the following ways: encouraging customer associations with the company, making customers feel part of the company's operations and encourage close interaction between customers and employees.

The study also found that community support contributes to customer loyalty by building goodwill with support products, encouraging customer patronization and relating customers' value with the company's value. However, the study revealed that community support does not promote price evaluation.

The study revealed that treating employees fairly contributes to customer loyalty by promoting customer satisfaction and making employees work hard towards customer loyalty. However, the study revealed that treating employees fairly does not provide betterment of customers neither fulfilling both company and customers' objectives.

8.4 Recommendations

The following have been suggested corporate social responsibility and customer loyalty:

Management of Wagagai Company Limited should get ways of promoting price evaluation since community support has failed to contribute 100% to customer loyalty. This can be done through carrying out seminars with customers and this will make customers to air out on how they want the goods and services to be priced.

Management of Wagagai Company Limited should strengthen its environment such as inviting suggestions from the community, getting more lines of customer care, extending customer care services closer to the community and this will tap more views of customers.

There is need for the management of Wagagai Company Limited to come up with strategies that fulfils both company and customer objectives and this can be done by consulting customers before company strategies are formulated. This will make the correlation of company's objectives and those of customers.

8.5. Areas for further research

The following areas have been recommended for further review:

Corporate social responsibility and performance of Wagagai Company Limited Uganda.

Corporate social strategies and the growth of horticulture industry in Uganda.

The effect of corporate social responsibility to the organizational effectiveness in Uganda.

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APPENDICES

Appendix A. Self-Administered Questionnaire

Dear Respondent, the researcher is conducting an academic study on the topic ''Corporate social responsibility and customer Loyalty'', as a partial requirement for the fulfillment of the award of the Degree of Masters of Business Administration of Nkumba University. Responses provided will be treated with utmost confidentiality and used for only academic purposes. I therefore kindly request you to spare some time and truly answer this questionnaire.

PART ONE

Please Tick Your Appropriate Option

1. Gender:

   Male ☐   Female ☐

2. Age (Years):

   18-25 ☐   26-35 ☐   36-45 ☐   Above 46 ☐

3. Marital Status

   Single ☐   Married ☐   Divorced/Separated ☐

   Others (Specify)……………………………………….

4. Highest Academic Qualification:

   Diploma ☐   Degree ☐   Masters ☐   PhD ☐

   Others (Specify)…………………………………

5. Duration of Employment:

   Below 1 Year ☐   1-4 Years ☐   5-9 Years ☐   A bove 10 Years ☐

PART TWO: Environmental friendliness promotes customer Loyalty at Wagagai Company Limited

Agree or disagree with this statement about environmental friendliness and customer Loyalty.

Use numbers in the table to answer the following statements for example strongly agree represents 1 in the table. Strongly Disagree 1, Disagree 2, Not Sure 3, Agree 4 and strongly agree 5.

Table 1: Environmental friendliness promotes customer Loyalty at Wagagai Company Limited

S/N	Statements	1	2	3	4	5
1.	Environmental friendliness encourages customer associations with the company					
2.	Environmental friendliness creates customer base					
3.	Environmental friendliness creates good relationship between customers and the company					
4.	Environmental friendliness yields competitive advantage for the company					
5.	Environmental make customers feel part of the company's operations					
6.	Environment friendliness encourages close interaction customers and employees					
7.	Environmental friendliness fulfils customers' expectations					
8.	Environmental friendliness makes the products cheaper in front of customers					
9.	Environmental friendliness ensures that customers appreciate the working of the company					
10.	Environmental friendliness makes customers to bring in more ideas that may lead to the company success					

PART THREE: Community support contributes to customer loyalty at Wagagai Company Limited

S/N	Statement	1	2	3	4	5
1.	Community support identifies the purchase behavior of customers					
2.	Community support builds goodwill with support products					
3.	Community support encourages customer patronization					
4.	Community support relates customers' value with the company's value					
5.	Community support promotes price evaluation					
6.	Community support encourages long term customer commitment					
7.	Community support opens a room for potential customers					
8.	Community support encourages communication feedback from customers					
9.	Community support tells customers that the company exists to serve them not only making profits					
10.	Community support makes closer relationship between customers and the company					

PART FOUR: Treating employees fairly promotes customer loyalty at Wagagai Company Limited

S/N	Statement	1	2	3	4	5
1	Happy employees also make customers happy					
2	Treating employees fairly promotes customer satisfaction					
3	Motivated employees work hard towards customer loyalty					
4	Treating employees fairly provides betterment of customers and hence customer loyalty					
5	Treating employees fairly fulfils both company and customers objectives					
6	Treating employees fairly creates togetherness					
7	Treating employees well improves their commitment to impress customers to continue buying the products					
8	Well treated employees talk goods things about the company in the community who are potential customers					
9	Treating employees fairly also improves on the customer care					
10	Treating employees promotes coordination while serving company's customers					

PART FIVE: Corporate social responsibility and Customer Loyalty

S/N	Statement	1	2	3	4	5
1	The community is appreciating the services of Wagagai Company limited					
2	Wagagai Company limited has created a fairly environment for everyone in the community					
3	Employees of Wagagai Company limited are happy with their terms of services					
4	Wagagai Company limited and the community work together to promote community development					
5	Corporate social responsibility ensures customers' commitment					
6	Corporate social responsibility makes customers to feel part of the company					
7	Corporate social responsibility creates a good image of the company					
8	Corporate social responsibility seduces customers to remain supporting the company					
9	Corporate social responsibility acts as awareness program towards the products of the company					
10	Corporate social responsibility encourages customer satisfaction					

THANK YOU FOR YOUR TIME AND COOPERATION

Appendix B: Interview guide

1. How long have been in Wagagai Company Limited?

2. What is your current position in Wagagai Company Limited?

3. Has environmental friendliness promoted customer loyalty?

     a. If yes, how?

4. Does environmental friendliness encourage customer associations with the company?

5. Has environmental friendliness created customer base?

6. Does environmental friendliness create good relationship between customers and the company?

7. Does environmental friendliness yield competitive advantage for the company?

8. Is there the contribution of community support to customer loyalty?

9. Can community support build goodwill with support products?

10. How does community support encourage customer patronization?

11. Does community support promote price evaluation?

12. Has community support related customers' value with the company's value?

13. Does treating employees fairly promote customer loyalty?

14. Does treating employees fairly promote customer satisfaction?

15. Can motivated employees work hard towards customer loyalty?

16. How has treating employees fairly provided betterment of customers?

17. Does treating employees fairly fulfils both company and customers objectives?

Appendix C: Budget

The budget is estimated in shillings as below:

Research fee   800,000

Transport   200, 000

Typesetting and printing   700, 000

Miscellaneous   100, 000

Total: **1,800, 000**

Appendix D: Time Frame

Estimated time frame for research activities.

Time/Period	Activity
January- march	Research Proposal Writing and Supervision
April – May	Data collection
May –June	Writing the Final Copy, Tying, Binding and Submission of the Research