

MASTER THESIS

Course Code: BE309E

Candidate Name: Prakash Devkota

Impact of 'Reactive CSR Strategy' on Consumer Loyalty
-A Case Study of Ncell, Nepal

Date: 2nd December 2019

Total Number of pages:69

Acknowledgement

Foremost, I would like to thank Nord University for making a research report as a part of the course structure consisting of 30 credits. This thesis is done under International Business and Marketing specialization. It was a great opportunity for me to extend my knowledge and understanding while undergoing this task. Despite many challenges and pressures, I enjoyed each and every span of time while creating this report.

I am very grateful to my supervisor Vivi Marie Lademoen Storsletten for the immense support, guidance, and motivation throughout the process and completion of the research project. I would like to express my special gratitude to professor Ove Daniel Jakobsen for providing his valuable time, support and inspiration to complete this research project.

I am also thankful to professor Tor Agnar Korneliussen and professor Frank Lindberg for the initial insights, suggestions, and ideas for the preparation of my thesis. My sincere gratitude towards Roberto Rivas Hermann for providing theoretical knowledge on research methodology and guidance to start the research project. Also, I am thankful to the faculty members of Nord University for all the love and support throughout my journey.

I am thankful to all the participants of my research interview who agreed to be part of my work. With their support and help, I am able to complete and shape my research thesis.

Lastly, a warm thank you to my parents who always believed in me and supported my decisions. I am thankful to my teachers, family, friends and all individuals who were part of the research directly or indirectly whose guidance and support helped me to complete my research study.

Thank You all.

Prakash Devkota

Abstract

Although CSR has emerged as an important element of marketing strategy in recent decades, still there are numbers of companies adopting a reactive-CSR approach and hesitate to fulfill their basic social responsibilities. The purpose of this thesis is to develop an understanding of the possible impact of such a reactive-CSR-strategy of a company on its consumers' loyalty focusing on four aspects of CSR-loyalty relationship; consumer identity, trust, attitude and perceived satisfaction. For this purpose, I have conducted a qualitative case study of Ncell, a large telecommunication company of Nepal which has been condemned for attempting to void its capital gain tax. Primary data were collected from strategically selected five consumers of Ncell through the skype interviews. Findings indicate that consumers perceived reactive-approach of Ncell to pay its capital gain tax differently that led to different impacts on their identity, trust, attitude, satisfaction and eventually, on their loyalty. It was found that four out of five consumers lost their faith with Ncell after the tax issue whereas one participant did not found a significant impact of the issue on his loyalty with Ncell. Based on the result of the thesis, I recommend the management of Ncell to be more transparent and responsible in the future to maintain its market share in Nepal.

Keywords: CSR, 'Reactive CSR Strategy', Consumer Loyalty, C-C Identification, Consumer Trust, Consumer Attitudes, Consumer Satisfaction.

Table of Contents

| | |
|---|----|
| Acknowledgement | i |
| Abstract..... | ii |
| List of Figure..... | v |
| List of Tables | v |
| List of Acronyms | vi |
| Chapter 1 | 1 |
| Introduction..... | 1 |
| 1.1. Background of the Study | 1 |
| 1.2. Context of the Study | 3 |
| 1.2.1. Increasing Attention Towards CSR | 3 |
| 1.2.2. About Ncell, and its Current Tax Issues in Detail | 4 |
| 1.3. Problem Statement..... | 5 |
| 1.4. Significance of the Study | 7 |
| Chapter 2..... | 8 |
| Literature Review..... | 8 |
| 2.1. Corporate social responsibility (CSR) | 8 |
| 2.1.1. Management Perspectives of CSR..... | 11 |
| 2.1.2. The value-creating potential of reactive, defensive & proactive Modes of CSR | 12 |
| 2.2. Consumer Loyalty..... | 14 |
| 2.2.1. Phases of Consumer Loyalty | 16 |
| 2.3. CSR and Consumer Satisfaction..... | 16 |
| 2.4. CSR, Consumer Identity and Loyalty | 16 |
| 2.5. CSR, Consumer Trust and Loyalty | 18 |
| 2.6. CSR, Consumer Attitude & Loyalty | 20 |
| 2.7. CSR, Consumer Behavior & Loyalty | 21 |
| Chapter 3..... | 23 |
| Method | 23 |
| 3.1. Philosophical Foundation..... | 23 |
| 3.1.1. Ontological Considerations..... | 23 |
| 3.1.2. Epistemological Consideration. | 23 |
| 3.2. Qualitative Research Method..... | 24 |
| 3.2.1. Qualitative Case Study Method | 24 |

| | |
|--|----|
| 3.3. Case Selection | 25 |
| 3.4. Data Collections | 26 |
| 3.4.1. Interview Guide | 26 |
| 3.4.2. Questionnaire Design | 27 |
| 3.4.3. Selection of Research Participants | 27 |
| 3.4.4. Conducting Interviews | 28 |
| 3.5. Ethical consideration | 28 |
| 3.6. Validity and Reliability | 29 |
| 3.7. Data Analysis Technique | 30 |
| Chapter 4 | 31 |
| Findings and Data Analysis | 31 |
| 4.1. Understanding the Participants' Viewpoint | 31 |
| 4.2. Focusing on the Problem Statement. | 38 |
| 4.3. Reactive CSR and consumer Loyalty: Mediating by Consumer Identity, Trust, Attitude, and Satisfaction. | 47 |
| 4.4. Analysis of Heterogeneous Responses. | 50 |
| Chapter 5 | 51 |
| Conclusion | 51 |
| 4.1. Limitation of the Research | 52 |
| 4.2. Future Research Possibilities | 52 |
| References | 53 |
| Appendix | 60 |

List of Figure

| | |
|--|----|
| Figure 1:Carroll’s Pyramid of CSR adopted from (Carroll, 1991, p. 42)..... | 9 |
| Figure 2:CSR engagement and value generation (Midttun, 2013, p. 26) | 12 |
| Figure 3:Six representation of satisfaction-loyalty associations (Oliver, 1999, p.34)..... | 15 |
| Figure 4:Impact of Reactive CSR Strategy on Consumer Loyalty | 49 |

List of Tables

| | |
|--|----|
| Table 1: List of Participants | 28 |
| Table 2:Findings overview from interviewees (2,3,4 & 5)..... | 38 |
| Table 3: Overview of findings from interviewee 1..... | 40 |

List of Acronyms

CSR: Corporate Social Responsibility

B2B: Business to Business

CSR-CA: Company Ability (Relevant) Corporate Social Responsibility

CSR- NCA: Company Ability Irrelevant Corporate Social Responsibility

NTC: Nepal Telecom

AOSIS: Alliance of Small Island States

NPR: Nepalese Rupees

C-C Identification: Consumer-Company Identification

WBCSD: World Business Council for the Sustainable Development

BOP: Base of Pyramid

Chapter 1

Introduction

1.1. Background of the Study

The overall objective of this thesis is to understand how consumers perceive the ‘reactive CSR strategy’ of a company in the buying decision process and its impact on their loyalty. CSR is getting more and more attention from international media and civic communities in recent decades and most of the large companies are adopting a proactive CSR strategy to strengthen their competitive advantage in the market (Midttun, 2013). “Cost-leadership and product-differentiation are two major strategies to achieve a competitive advantage in the market” (Hooley, Piercy, Nicoulaud, & Rudd, 2017, p. 45). Today’s business environment demands a wider perspective on marketing. Before marketing was considered a process of satisfying consumers’ needs in order to generate profit, but today it refers to an act of creating value to the consumers and firm by developing a good relationship and cooperation. Marketing fulfills the expectation of stakeholders such as consumers, community, government, etc. and provides the reward to the investment (Emery, 2012). The major challenges of business in today’s environment is to incorporate social and environmental considerations into their production and marketing plans. However, there are always opportunities for those companies to create their superior personality in the global market which will deliver long-term competitive advantages similarly, companies conducting unethical and illegal activities get punished by customers and authorities. The responsibility of business in the era of a sustainable society is not only being profitable to the shareholders but also need to contribute to reduce the economic gap between individuals and promote social justice (Welford, 1995).

CSR is getting significant interest from business philosophers, and marketing researchers in recent decades. A lot of research has been conducted on CSR and its effects on a firm’s financial and non-financial performance. CSR has a direct positive effect on corporate brand credibility, corporate reputation, and consumer loyalty; the relationship between CSR and consumer loyalty is mediated by credibility and brand reputation. Companies’ initiative to invest in CSR has a positive advertising effect they are; informative advertising effects of CSR and the Persuasive

advertising effect of CSR. CSR has only an informative advertising effect on brand reputation whereas it has both advertising effects on brand equity and customer satisfaction leading positive impact on consumer loyalty (Hur, Kim, & Woo, 2014).

In business, to business (B2B) market, customer's perceived quality, brand loyalty, brand awareness, and brand association are positively affected by the company's initiatives to invest in CSR (Lai, Chiu, Yang, & Pai, 2010). The concept of CSR has grown rapidly especially after globalization. Most of the successful companies in the world are involved in the CSR concepts which have created a positive influence on social growth with the improvement of the environment. CSR has become the most significant tool to attract more customers to buy or use the products. CSR has a positive influence on customer identification with the company, trust, and satisfaction as CSR motivates consumers to connect with philanthropic companies by creating the feeling of being socially responsible (Ghazzawi, et al., 2016). Finding of research conducted in Iranian manufacturing firms also support the concept that CSR plays a positive role on customer identity, trust, satisfaction, and brand reputation which provides competitive advantages to the firm market, but they disagree with the direct relationship between CSR and firm's financial performance (Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015).

It is not clear that CSR is always beneficial to the firm, as CSR can be divided into two parts company ability relevant and company ability irrelevant CSR (CSR-NCA) where CSR-CA model helps to improve the firm's new product development and manufacturing capabilities, along with increasing customer trust on quality assurance but excessive investment in CSR can lead to customer's perception of greenwashing which might cause a negative effect on brand reputation and consumer loyalty (Bhardwaj, Chatterjee, Demir, & Turut, 218)

A study conducted on the Spanish hospitality industry shows that consumer loyalty is indirectly affected by different CSR strategies adopted by Spanish hotel companies where the significant role of mediating variables, consumer identification, trust, and perceived satisfaction was observed (Martínez & Bosque, 2013). Proactive CSR strategy has a positive impact on consumers' perceived value by improving the relationship between consumers and companies where increasing consumer trust, commitment, identification, attitude and perceived satisfaction leads consumers' loyalty to the firm (Francés & Tomás, 2019).

1.2. Context of the Study

1.2.1. Increasing Attention Towards CSR

CSR has gathered significant attention in international media all over the world. Thousands of news articles and television programmes have been published in recent years. More than 16,000 articles were published in North American and Asian countries in the year 2010 alone. Articles on CSR also increased in Australia, New Zealand, and European countries. The increasing number of news coverage in most popular international media has increased awareness of consumers and other social stakeholders regarding the activities of business corporations. Media attention on the biggest companies' unethical activities and their approach towards society and environment forced them to be more transparent, responsible and accountable. (Midttun, 2013)

As media push CSR issues through articles and television programmes, social activists and leaders started to raise their voices louder. Numbers of virtual civic communities have been established in different countries which keep close eyes on the unethical activities of business corporations and protest them. The development of media communication made it easy to increase the pace of information spreading to individuals and society. The rise of civic communities and increasing media coverage offers both opportunities and challenges. Companies which are more sensitive with their responsibilities towards society and environment and truly fulfill them have the opportunity to take their brand image to a different level by publishing their CSR initiative. But at the same time, companies conducting distraction of environment, acting against social norms and values and avoiding formal regulation can be caught immediately and collapse their brand image. The establishment of civic communities and media support has given more pressure to the companies to be more responsible, transparent and accountable (Midttun, 2013).

Even though CSR has been word-of-mouth in every corner of the world, still there are numbers of companies adopting a 'reactive CSR strategy' and challenging legal system to avoid its social responsibility. Even in this 21st century, there are many countries called 'third world' where people are still unable to fulfill their basic needs. Corruption is one of the major problems in most of the developing countries and business companies are directly or indirectly involved in those issues. Companies adopting a 'reactive CSR perspective' are attempting to avoid their basic social

responsibilities using vulnerabilities of the control mechanism and organized corruption in developing countries such as Nepal.

Nepal is listed among the poorest 28 countries in the world by World Economic Forum in 2015 (Tasch, 2015). Similarly, Nepal has stated as a higher corrupted country ranked on the 124th position published by transparency international (Corruption perceptions index 2018, 2018). Nepalese citizens are becoming more aware of the social problems and started to protest against corruption and unethical activities of the business and political system.

After witnessing a series of issues in Nepal, where larger companies were condemned for attempting to avoid its legal and ethical responsibilities, I am inspired to study the response of consumers towards the companies adopting a 'reactive CSR strategy'. It is interesting to know whether the loyalty of consumers does affect by evidence where the company failed to fulfill its social responsibilities and convicted of being unethical. Thus, one of the biggest telecommunication companies in Nepal (Ncell), has been chosen as a case in this thesis. Ncell has been accused of avoiding a huge amount of capital gain tax. This issue has grabbed major media attention in Nepal and many social activists and political parties have been protesting against the company and appealing consumers to avoid the service of the company.

1.2.2. About Ncell, and its Current Tax Issues in Detail

There are two major companies in the telecommunication market of Nepal, where 48 percent of the telephone market share is occupied by Nepal Telecom (NTC) and 45 percent by Ncell. Similarly, NTC holds 55.06 percent on the internet data market and Ncell holds 42.08 percent (Nepal Telecom, 2018). Nepal Telecom (NTC) was the first telecommunication company founded in 1975 with full government ownership and later operating with government-private partnerships. Similarly, Ncell was founded in 2004 with the name of 'Mero Mobile' being the first telecommunication company in Nepal operated by the private sector. After that, it rebranded in 2010 as Ncell after Swedish company Telia Sonera brought it. (Nepal Telecom, 2018).

Currently, Ncell is going through lots of criticisms. It was claimed that Ncell was avoiding billions of capital gain tax while transferring its ownership from Telia Sonera to Axiata Group in April 2015. According to the income tax act of Nepal, foreign investors are obligated to pay 25 percent

as a capital gain tax. But Ncell paid only NPR 9.97 billion capital gain tax on 2015 based on its own calculation and refusing to pay the remaining amount claiming they already received clearance from the tax authority of Nepal. But after the extreme pressure from the public sector Ncell deposited additional NPR 13.6 billion in June 2017 (Giri, 2017). However, in response, six social activists, including former government secretary Dwarika Nath Dhungel filed the complaint to the supreme court demanding the Nepal government to collect all due tax amounts from Ncell in a transparent manner. On 6th Feb 2019, the supreme court of Nepal gave the decision on the case directing the Nepal government to recover all due capital gains tax from Ncell and Axiata (Pradhan, 2019). As per the direction of Court, the tax authority of Nepal sets NPR 87 billion in capital gain tax on Ncell including NRs 12 billion charges for tax fraud and interest (Shrestha, 2019).

However, Ncell denied to pay it and again filed the complaint against tax authority in the supreme court claiming they do not need to pay the amount determined. During the process, a lot of protests leading by social activists and some political parties is going on in Nepal since February 2019. As the protest lead by some extremist group got violent, at least a dozen telephone towers of the company have been destroyed and three innocent civilians get injured including the death of one (Phuyal, 2019)

Based on available information about Ncell and its approach to pay capital gain tax, it is understandable that Ncell is trying to skip or minimize its basic social responsibility of paying tax. Ncell is also criticizing the tax regulation of government and concerning authorities for imposing extensive obligations on them. According to (Carroll 1998; Jakobsen 2017), companies following a ‘reactive CSR management perspective’, give more emphasis on profit generation and tries to minimize its social and environmental responsibilities and it suggests that Ncell is adopting a ‘reactive CSR strategy’.

1.3. Problem Statement

Most of the previous research in the field of CSR and consumer loyalty were focused on how proactive CSR initiatives can contribute to building a loyal consumer to the companies. According to (Hur, Kim, & Woo, 2014) & (Martínez & Bosque, 2013) & (Francés & Tomás, 2019),

companies initiatives to invest on CSR influences the consumers loyalty indirectly as they claimed CSR improves company-consumer identification, increase the consumers trust, develop the positive attitude and increase the consumers' perceived satisfaction.

Although, research findings have shown that investment in CSR initiatives had an indirect positive effect on consumers' loyalty but there is limited information regarding the impact of 'reactive CSR strategy' on consumers' loyalty. How might 'reactive CSR strategy' affect consumers' identification with company, trust, attitude and perceived satisfaction? When the company is condemned for being unethical, do consumers end their loyalty towards the brand or not? Those are interesting subjects to understand further. Information from the current literature is limited and those questions are yet to be answered. Thus, the need for further research in this field is required. In order to give more insight into those questions, a case study research on the Ncell Nepal has been conducted in this thesis. The following research question has been used in this case study.

How might 'reactive CSR strategy' affects consumers' loyalty in the context of Ncell in Nepal?

Understanding the impact of the 'reactive CSR strategy' on consumers' loyalty as a whole could be complicated as there are various possible aspects of consumer loyalty that can be affected by reactive- CSR. In order to make this task manageable in a limited time frame and for deeper understanding of variables, study has been focused on only four aspects of consumer loyalty, they are consumers' identification, trust, attitude and perceived satisfaction as suggested by previous researchers such as (Hur, Kim, & Woo 2014) & (Martínez & Bosque, 2013) & (Francés & Tomás, 2019).

In order to answer above maintained research question, this thesis has been organized in the following way. First of all, in the introduction chapter, the background of the study and the inspiration behind the selection of the research topic, review of the previous research findings and identification of the information gap, problem statement and the contribution of the study are presented. Secondly, different theories connected with the research topic and the problem statement has reviewed for the theoretical understanding. The third chapter contains a description of the research method used in this thesis. Fourthly, findings and data analysis have been

presented. The fifth chapter consists of the conclusion of the thesis, limitations of the study and future research possibilities. Also, the list of references and appendixes are disclosed at the end of this report.

1.4. Significance of the Study

Business managers are facing more complex challenge than ever before because he/she needs to lead the business in such a way that provide profitability to shareholders and value to the society and environment. Balancing economic, social and environmental interest is difficult (Welford, 1995). Managers need to understand consumer's behavior in order to anticipate and fulfill consumer's expectations (Ghazzawi, et al., 2016). This work is aimed to contribute to understanding how consumer's loyalty to the company might be affected by the 'reactive CSR strategy' of the company. Understanding consumer's reactions towards different CSR initiatives in terms of their buying decisions is very important for business managers to formulate such a CSR strategy that provides a competitive advantage in the market. Case study research on Ncell has been conducted from the consumers' perspective with the aim of getting a clear understanding of how the loyalty of Ncell consumers can be influenced by a 'reactive CSR strategy' of Ncell. Finding from this thesis will especially help the management of Ncell to understand how 'reactive CSR strategy' can affect their consumers' loyalty and gives guidelines to formulate future strategies to maintain and improve its loyal consumer base. In addition, the finding of this thesis is expected to assist other companies to understand consumers' behavior in some extent.

Chapter 2

Literature Review

This chapter consists of the analysis of theories that are relevant to the problem statement and research question of the thesis. Firstly, different meanings and definitions of CSR analysed along with Carroll's pyramid and different management approaches of CSR and its value-creating potential. Secondly, theories related to consumer loyalty are presented. After describing the concept of CSR and consumer loyalty, I explain the four mediating variables, consumer-company identification, trust, attitude and perceived satisfaction along with its mediating role between 'reactive-CSR' strategy and consumer loyalty.

2.1. Corporate social responsibility (CSR)

Corporate social responsibility (CRS) has defined by many scholars and institutions in different ways. According to (Van, 2003) Socially responsible companies give emphasis on the betterment of society and the environment along with its economic goal. World business council for sustainable Development (1999) define CRS as the cooperation of business organization with authorities to achieve sustainable development. Organization's contribution to the improvement of quality of life of its workers and their families, local communities and other stakeholders. According to The Commission of the European Communities (2003), CSR is the initiative of business organizations to be accountable for their impact on societies. It is the commitment made by a business to operate fairly and responsibly and contribute to economic development while assisting to improve the living standards of employees and consumers. UK Government (2001), states that CSR is the recognition of social needs made by the business organization while fulfilling its economic interest. The company should consider its possible negative impact on the internal and external stakeholders and must take initiatives to minimize it. In the word of Woodward (1999) CSR is an agreement between the local community and business company where the community gives permission to the business organization to operate its activities. Here, a business organization assures the community that it will behave in an acceptable manner and fulfill its social obligations.

Based on the above definitions, we can conclude that CSR is a business company's initiative to assimilate social and environmental interest along with their motive for profitability. Although CSR has been subjecting to greater concern over the long period it is rare in practice.

Most of the companies are still trying to skip from their responsibility and we have examples of those companies who already paid penalties for their actions. In general, CSR is a responsibility of business firms towards its various stakeholders like shareholders, employees, customers, suppliers, society, government, etc.

Carroll (1991) developed a very comprehensive model of CSR with the four major dimensions of responsibility towards the firm's stakeholders. The model of CSR is one of the widely accepted models and called Carroll's pyramid of CSR.

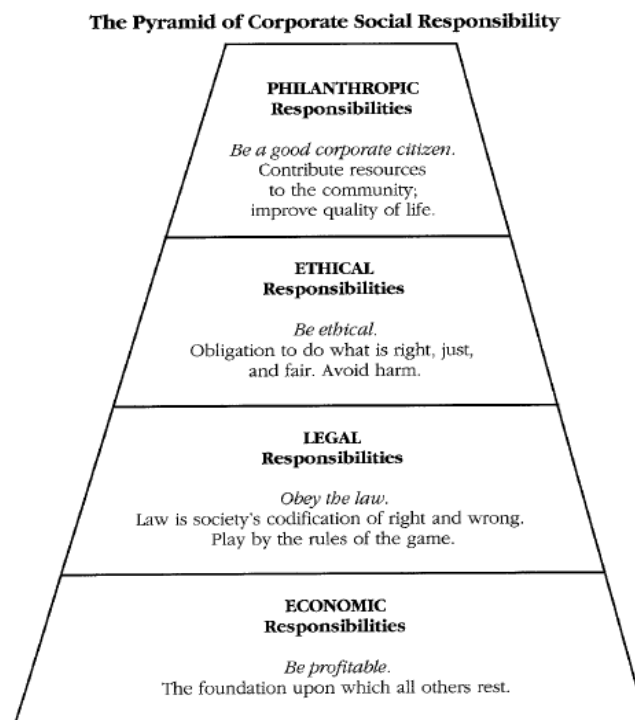


Figure 1: Carroll's Pyramid of CSR adopted from (Carroll, 1991, p. 42)

a. Economic Responsibilities

Economic responsibility is the basic responsibility of any business firm. The business should provide the reward to the investment of shareholders which is called profit. Shareholders invest their capital, time and efforts and take the risk of loss and they deserved to be rewarded for their sacrifice. So, business needs to perform in a consistent manner with maximizing earning per share. A business manager needs to be committed to being profitable and should able to lead his/her employees' activities for the betterment of the firm. Maintaining a strong competitive position in the market is important to be profitable. Effective and efficient use of available resources increases the productivity of the firm. If the business is providing

consistent profit, then it is called an economically successful business. As the economic responsibility of business placed at the bottom of the responsibility pyramid indicating most of the business organizations giving more emphasis to fulfill the economic responsibilities.

b. Legal Responsibilities

Business needs to follow the rules and regulations of government and the authorities. It is very important that business organizations comply with the various federal and local authorities where it operates. Paying the tax and royalties, following the environmental preservation guidelines, fulfilling the quality assurance made with the consumers are some examples of legal responsibilities of business. While fulfilling economic responsibilities a firm needs to be a law-abiding corporate citizen. A firm needs to make sure that the goods and services provided by the firm fulfill all the legal requirements. Legal responsibilities of a business positioned at the second layer from the bottom suggesting that business companies giving the second highest importance after the economic responsibilities. Without fulfilling all the legal requirements, a company cannot be a successful organization.

c. Ethical Responsibilities

Maintaining the social norms, values, and morals is another important responsibility of the organization. The business organization should recognize and respect new or evolving ethical/moral norms adopted by the society where it operates. While fulfilling other corporate goals ethical and social norms shouldn't be compromised. Corporate honesty and ethical behavior go beyond laws and regulations. It means fulfilling legal requirements is never enough to be a socially responsible business firm. It is the duty of management of the business organization to make sure that the organization is operating morally and ethically. Ethical business firms voluntarily integrate the interest of external stakeholders such as consumers, suppliers, local communities, government, etc. and they do not need to be forced by authorities to fulfill their obligation. Ethical firms are always transparent and accountable for their stakeholders.

d. Philanthropic Responsibilities

When a business organization provides services beyond the expectation it makes stakeholders delighted. A business organization needs to contribute to the betterment of society by

involving in charitable expectations of society. Participation of managers and employees in voluntary and charitable activities of local communities is very important to develop a positive attitude of local society towards the business organization. Providing financial and non-financial assist the local educational institutions and supporting the learning process of the community are philanthropic components of a business.

From the above Carroll's pyramid of CSR, it is very clear that a business needs to fulfill all four dimensions of responsibility to be successful and repeated. Based on Carroll a proper business organization for the sustainable society is one which provide economic benefits to the shareholders, fulfills all the rules and regulation of government and coordinates with local authorities, respect and promote the norms and values of society and finally, involve in the charitable activities of community and assisting for social wellbeing and social justice.

2.1.1. Management Perspectives of CSR

In the above section, we discuss different dimensions of corporate social responsibilities of business defined by Carroll. Although there are a lot of responsibilities of business expected by its stakeholders, business management has its own perspectives dealing with CRS. According to Carroll (1998); Jakobsen (2017), there are four major management approaches to business dealing with CSR.

- a) Reactive Management
- b) Defensive Management
- c) Constructive Management
- d) Proactive Management

Business organizations that follow the reactive management perspective consider profitability as the only responsibility of a business firm. They always trying to skip from their social and environmental responsibility. Managers of firms normally criticize the government and local authorities for their rules and regulations which affects the profitability of the business. Business organizations following reactive CSR strategy are trying loop-hole in the regulations of authorities in order to skip or minimize their societal responsibilities. Reactive business companies perceive CSR as a barrier while fulfilling their economic goals. Defensive managers believe that they should take some social and environmental responsibilities to make a good reputation among the stakeholders. Organizations following the defensive approach take CSR

as a tool for competitive advantages. Most of the organizations adopting defensive CSR strategy take minimum CSR initiatives and try to communicate extensively to enhance their reputation in the market and minimizing the risk of losing their competitive advantage in the market. Management who believes in a constructive approach happily accepts social and environmental responsibilities. Constructive managers try to fulfill all the requirements of government and they are ethically and morally responsible. Organizations adopting a constrictive CSR strategy accept social and environmental responsibilities as their obligation, not as a burden. Finally, management following the proactive approach, not only fulfills the requirements of the authorities, but they take their own initiatives and assist society. They extend moral and ethical responsibilities beyond the requirement line. Proactive business organizations take initiatives to minimize social and environmental problems such as climate change, alleviation of poverty, controlling different forms of pollution and to establish human rights and social justice (Carroll, 1998); (Jakobsen, 2017)

2.1.2. The value-creating potential of reactive, defensive & proactive Modes of CSR

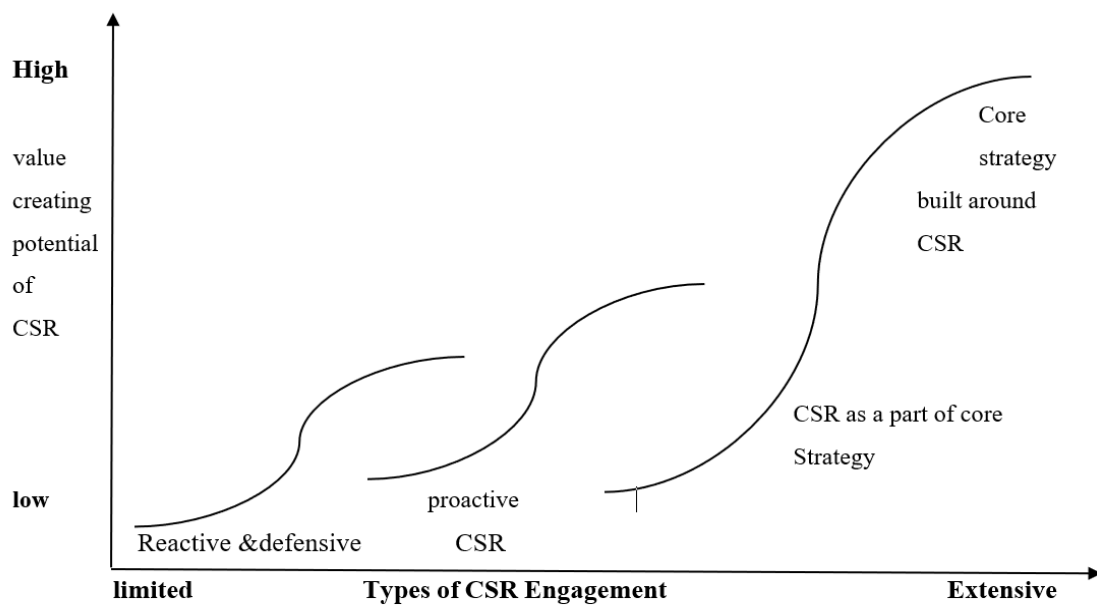


Figure 2: CSR engagement and value generation (Midttun, 2013, p. 26)

Companies initiatives to invest in CSR contains value-creating potential. The strength of value-creating potential differentiates according to different modes of CSR strategies adopted by the company.

i. Reactive and Defensive mode of CSR & its potential for value creation

Reactive and defensive CSR modes of companies have very limited CSR engagement which contains the lowest value-creating potential as shown in the above figure. This mode of CSR just helps to minimize the risk of being illegal or unethical, but it doesn't enhance the competitive advantage of companies. As companies adopting reactive CSR mode refuse to fulfill their social and environmental responsibility voluntarily it normally faces criticism from media and public which impacts consumers' perceived value negatively. Business companies having a reactive CSR approach generally have a reputation of the profit-oriented company and that increases the consumers' perceived risk due to reduced trust.

ii. Proactive mode of CSR & its potential for value creation

Proactive CSR mode contains a higher potential of value creation than reactive and defensive mode. In this mode, CSR may become part of the business model. Companies engage in CSR initiatives proactively and invest beyond the legal requirement. Basically, in the starting phase of proactive mode, CSR works as a supporting factor, but continuing proactive CSR initiatives can serve the company as a major tool for value creation (Midttun, 2013).

Furthermore, when companies adopt CSR as a part of its core strategy, CSR has the potential to assist as a strategic tool for consumer value creation. By including CSR in core strategy, a company can generate mutual value among the company and society which gives a competitive advantage to the company and value to the society. Building a core strategy around CSR is a more advanced model of CSR which has the highest potential of value creation. By formulating a core marketing strategy based on CSR create the highest value to the consumers with better product evaluation and perceived satisfaction which enhances consumer loyalty towards the sustainable brand. Companies formulating its core strategy based on CSR highly interested to cooperate with local and national authorities for the social and environmental betterment. In order to minimize the environmental and social problems, the active engagement of business society is pivotal. "Initiatives such as the World Business Council for the Sustainable Development, the vision of Sustainable Development project 2050 are the example of active business engagement for the environmentally sustainable future world." (Midttun, 2013, p. 27).

The mutual effort of the business sector and authorities to eliminate poverty is another example of proactive CSR where companies are taking initiatives to fulfill the basic needs of poor

peoples along with the fulfillment of business' economic goals (Midttun, 2013).

2.2. Consumer Loyalty

“Consumer loyalty is the repetitive buying of the same product or service, or relative volume of the same brand by a consumer” (Tellis, 1988, p. 134). Loyal consumers are those who rebought a brand, who recognize only one brand to fulfill his/her need and doesn't feel the need of seeking brand-related information while buying and using the product or service of that brand. Loyal consumers are convinced of the reliability of the brand based on their previous experience (Nweman & Richard, 1973). According to Oliver (1997), Consumer loyalty is closely concerned with consumer satisfaction. Consumer satisfaction is the outcome of the fulfillment of consumers' needs and expectation of consumer efficiently. The only aggregate of frequent or cumulative satisfaction influences consumer loyalty. Thus, consumer loyalty is “a deeply held commitment to rebuy or re-patronize a pre-ferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1997, p. 392). Single time satisfaction doesn't necessarily convert into loyalty but, most of the loyal consumer is satisfied with the brand. Here we understand that satisfaction is only one input of loyalty behavior.

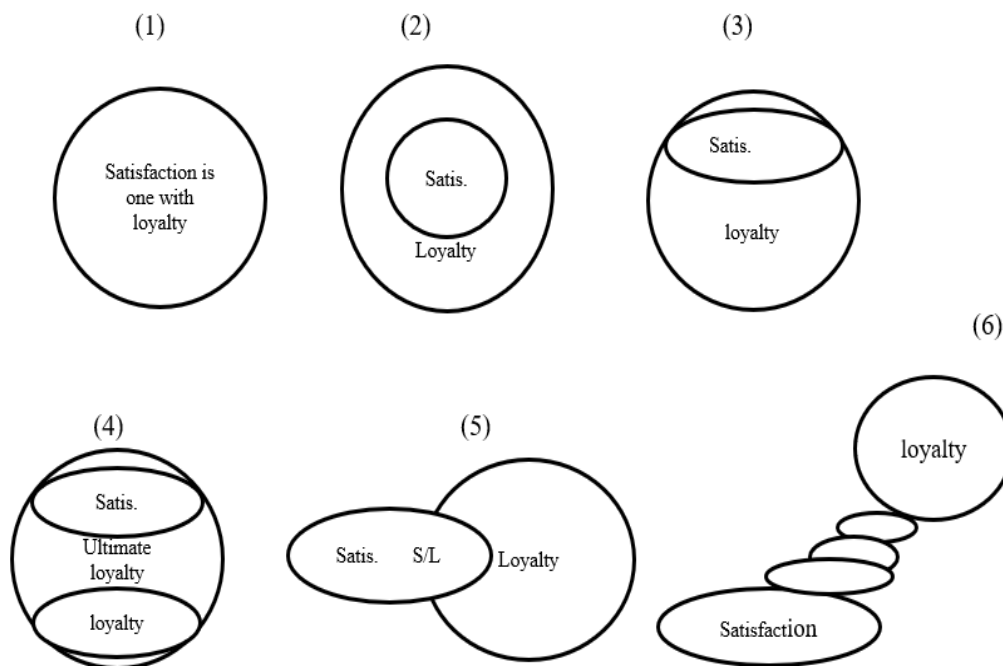


Figure 3: Six representation of satisfaction-loyalty associations (Oliver, 1999, p.34)

Oliver (1999) reveals that the satisfaction-loyalty relationship is not very clear, based on the study of the previous literature, there are six of many diverse possible associations of consumer satisfaction-loyalty as shown as panels in the above figure. In first panel, satisfaction and loyalty are presented as a different interpretation of same concept. Consumer Satisfaction and loyalty are an identical phenomenon. Panel two suggests that loyalty can't exist without satisfaction, satisfaction is the core of loyalty. In panel three satisfaction presented as an important aspect of consumers' loyalty, but it is just a component of loyalty. In panel four, 'simple loyalty' and satisfaction are presented as components of superordinate 'ultimate loyalty'. In panel five satisfaction has been shown as a minor element of loyalty which enhances loyalty in some extent but is not a key element. Finally, panel 6 suggests that satisfaction is the beginning, the sequence of satisfaction finally leads to a separate state of loyalty. Oliver (1999) concludes that 'panel 6' represents the most convincing consumer satisfaction-loyalty association.

(Jacob & Chestnut, 1978) explored the psychological meaning of consumer loyalty which distinguishes itself from the previous definition i.e. repeat purchase. Frequent purchasing is not always mean consumer loyalty, there could be many other factors responsible behind the consumers' repetitive buying such as coincidence buying, avoidance of switching cost, convenience consideration, etc.

"In order to detect true consumer loyalty, we need to access consumer's beliefs, affect and intention within a consumer attitude structure. These three essential conditions should be fulfilled for the true loyalty firstly, brand attributes rating (beliefs) must be preferable among the available alternative offerings secondly, this information must coincide with effective preference (attitude) for the brand and finally, consumer should have higher intention (conation) over other competitive brands" (Oliver, 1999, p. 34).

Based on the above argument of the (Jacob & Chestnut, 1978) & Oliver (1999), we understand that only repetitive buying of a product of a particular brand doesn't confirm consumer loyalty. The researcher needs to adopt a holistic approach and should analyze the decision-making process of the consumer's buying. Consumer's preference for convenience, coincidence or ignorance also could be the reason behind frequent buying. In order to detect loyalty or disloyalty, we must identify the motivation which power buying decision of the consumer.

2.2.1. Phases of Consumer Loyalty

There are four stages of consumer loyalty based on the strength level of association with the brand. In the first phase of loyalty (cognitive loyalty), the consumer becomes loyal based on attribute information of brand for instance: price, quality, availability, etc. In the second phase of loyalty development (affective loyalty), consumer-like or develop an attitude towards brand based on cumulative fulfillment of need and satisfaction. Perceived quality and consistency with it are major elements of loyalty in this phase. At the next phase (Conative loyalty) of loyalty development, consumers committed to repurchase products of the brand. Cumulative fulfillment needs and satisfaction create a deep association between brand and consumer. Finally, at the action phase of loyalty, the consumer becomes the companion of the brand and cooperates for the betterment of the brand. This is the deepest level of loyalty that lies at the top of the loyalty ladder (Oliver, 1999).

2.3. CSR and Consumer Satisfaction

Consumer satisfaction is an overall evaluation of consumer's total purchase and consumption of goods and services over a time period. Corporations' initiatives to invest in CSR policies increase consumer value and perceived satisfaction. Due to increasing media coverage of CSR issues, companies are taking direct and visible steps to communicate their CSR initiatives to its stakeholders. CSR initiatives lead to gather consumer satisfaction.(Frances & Tomas, 2019). CSR initiative helps to develop a close relationship between the company and the stakeholders including the consumer. Appealing consumers to buy a company's product via relationship marketing is a popular marketing strategy in recent decades (Luo & Bhattacharya, 2006).Companies initiatives to invest in CSR boost consumer's attitudes towards the company along with higher product evaluation. The philanthropic identity of the company in society and consumer's identification with the company increases consumer value and satisfaction. All else being constant, a consumer is a likely to have better-perceived value, and consequently higher satisfaction from the product made by a socially responsible company (Bhattacharya & Sen, 2003).

2.4. CSR, Consumer Identity and Loyalty

As (Levy, 1959) and (Ng, Butt, Khong, & Ong, 2014) suggested that consumers' do not buy only commodities, but they also buy the symbol of identity and the identity of a person is

belongs to the identity of the brand they consume it means, consumers get better identity by consuming brand which is more responsible towards society than the one with reactive CSR strategy. According to (Martin, Ruiz, & Rubio, 2009), CSR initiatives are strongly linked with loyalty because of two major reasons. First, consumer develops a positive company evaluation and secondly, the consumer identifies themselves more strongly with the company. The CSR initiative of the brand gives a kind of pride and reputation to its consumer which attracts them to subscribe the company. Research conducted by (Singh, 2016) shows a very interesting idea of alliance CSR. Singh suggests that when two or more companies come together for a motive of CSR it increases the reputation of alliance and its members. CSR initiatives taken by alliance seem more transparent and ethical which also conveys ethical identity to the consumers.

According to (Martin, Ruiz, & Rubio, 2009) Companies' reputation in society is the key that determine whether consumers like to identify with the company or not. The better identity attractiveness of an organization helps individuals/consumers to satisfy their important self-definitional needs, CSR strongly helps to develop positive brand in society and that delivers the competitive advantage. Similarly, companies failing to attain their social responsibility reduce the attractiveness of the company and consumers do not like to identify with such a company which creates a competitive disadvantage in the market. Aaker (1997) reveals five major personalities of the brand according to their nature of product and marketing strategies. A brand personality is attributes associated with the brand that the company aims to spread and maintain over time. Through CSR company can promote their brand with sincere brand personality and finally, by using the product of brand involved in the CSR program, consumers feel more responsible, ethical and honest individuals in the society whereas attempting to avoid CSR leads a negative impact to the company and consumers identity.

Bhattacharya & Sen (2003) claim that customer identification with the company (C-C identification) influences customer loyalty. C-C identification gives the reason and motivation to individuals to connect with the brand. Mutual identification of consumer and brand in society provide a strong association between them. Consumers like to be a part of the corporation in order to separate him /her shelves from others who are not connected to that particular brand. In C-C identification, the consumer identifies with the company more than products and services so, the consumer became loyal to other new products and services of the company as well here it can understand that positive identification of consumer with the company increases the consumer loyalty similarly, negative identification of consumers decreases consumer

loyalty. According to (Levy, 1959), in modern societies business companies sell not only product but also the symbol which conveys meaning and identity to the consumer. So, a successful marketing manager needs to be able to manipulate and fulfill the inner forces of the consumer through their product because the symbolic meaning of the product has become more relevant than the functionality of the product. The author describes consumer behavior in modern society in the following dimensions:

a. Uneconomic man

People in modern societies are no longer an economic man who only takes self-interest and utility into account while making buying decisions. Today's society consists of an uneconomic man who cares more about what other people think about them based on their consumption. Uneconomic consumers give more emphasis to the identity of brand and company in the society. In this scenario, the price and functionality of product and service become less relevant and the symbolic identity becomes more relevant. In today's brand society, the classical theory of 'law of demand' which explains the price -demand relationship has become unrealistic.

b. New ways for buys

Previously, people were buying a product to fulfill their needs and decisions were taken based on the functionality of the product. In modern society, people buy things to maintain a superior lifestyle and personality. Nowadays, the fulfillment of needs is not the only reason to effects products but identifying oneself through symbolic meaning conveying from the brand is dominating motivation of buying.

c. Psychological things

Based on the current viewpoint, the product has become more psychological things than an object. Business companies have been designing product in such a way that contains the meaning along with functionality. A psychological thing contains spirituality on the commodity which attempts to fulfill consumer's desire along with need.

2.5. CSR, Consumer Trust and Loyalty

According to (Stanaland, Lwin , & Murphy, 2011), CSR helps to develop a positive

reputation, consumer trust and perceived quality of ethics statements. Moreover, CSR helps to reduce the perceived risk that consumers experience in buying and using the product in contrast, 'reactive CSR of the company increases the perceived risk of the consumer.

Companies' initiatives to invest in CSR helps to present themselves as an ethical player in the market. Companies based on CSR strategy, subject themselves to increased expose and accountable and always tries to maintain their reputation. Status of being ethical, accountable and transparent influences consumer's calculative trust. Based on a positive relationship with the community, consumers can consider such a company likely to fulfill their promises in the future and recognize them better than other, 'not CSR-oriented' companies (Pivato, Misani, & Tencati, 2008). CSR initiatives are statements sent by the company to the stakeholders assuring that the interest of consumers and society will be considered seriously. CSR also an indirect impact on consumer trust in terms of product evaluation and brand reputation. The company's initiatives of CSR increase the brand reputation of the company. Brand reputation is a kind of respect or association that can be gained through assisting societies and the environment. Brand reputation has a positive relationship with a firm's performance (Stanaland, Lwin , & Murphy, 2011)

CSR initiatives help to build special associations with consumers and such associations influence consumer for the positive response of product evaluation to the company, negative association leads to negative response from the consumer. Positive CSR enhance company's evaluation among consumer and society but, negative CSR will harm the company's product evaluation So, the consumer's product judgment can be enhanced through CSR initiatives (Brown & Dacin, 1997).

The concept of trust implies a calculated process based both on the ability of corporation to continue to fulfill its obligations. Consumer trust is the assurance of quality and functionality of products provided by the company which will serve the long-term interest of the consumer. Consumer's trust on company is the beginning phase of consumer loyalty.(Doney & Cannon, 1997).

Trust is the major building block of a long-term relationship between the consumer and the company. Trust of the supplier/brand influences a buyer's future interaction with the supplier. Mutual trust among the parties (consumer-brand) finally results in consumer loyalty in the long-run. Trust refers to the consumer's belief in a brand before making the intention of

buying any product or service. Trust depend on the credibility of the corporation owning a particular brand and its interest in consumer satisfaction (Valerie & Ruben, 2008).

There are many perceived risks that might take place in the consumer mind during the purchase and consumption of goods and services so, it is very important that the company make sure that consumers can trust products and services will fulfill their expectations. Consumer trust towards the company eventually delivers symbolic satisfaction to them. Companies initiatives to fulfill CSR increase the trustworthiness, which motivates the consumer to associate with the company. “To gain the loyalty of customers, you must first gain their trust” (Reichheld & Schefter, 2000, p. 107).

2.6. CSR, Consumer Attitude & Loyalty

Attitude can be defined as an individual’s positive or negative state of mind towards any object and consumer attitude refers to the feeling of consumer towards the product of the company or towards the brand. CSR is highly connected with consumers' positive attitude towards the company. If the consumer is satisfied by the value provided by the company through CSR it develops a positive attitude in the consumer’s mind (Peter, Olson, & Grunert, 1999).

There is a close relationship between CSR initiatives taken by the company and consumer’s attitudes. The company’s ethical and honest behavior motivates the consumer to buy their product. When a product has the same attributes, but one company is ethical, and another is unethical consumers will select an ethical company’s product. In this modern era, consumers are more aware and able to compare a company’s ethical behavior. CSR helps companies to differentiate their products from the product of competitor which provides them a long-term competitive advantage in the market. The satisfied consumer has a positive attitude towards the company and advocates on favor of it (Flokes & Kamins, 2009)

According to (Anderson, 1998), informal conversations between consumers and potential consumers of the company are called word of mouth and it is positive or negative as well. Positive word-of-mouth comes from satisfied consumer and negative word of mouth comes from the dissatisfied consumer. Better consumer service which fulfill or exceeds the expectation of consumers creates positive word of the mouth whereas if the company cannot meet the expectation of consumers through their product and service negative word of mouth

takes place. Positive CRS initiative leads to positive word -of- mouth and we know that word-of-mouth strongly influences the buying decision of the consumer.

According to the study by Business in community/ Research international (Adkins 2006) companies making their CSR values visible through marketing campaign especially with collaboration with a non-profit organization (i.e. NGO& INGO) highly rewarded. Research with communities shows that respondents are more likely to use product/service more likely to recommend, more likely to be loyal and more likely to be positive with the company when it invests in CSR initiatives (Midttun, 2013). Research by Vidaver-Cohen and Bronn (2013) in Scandinavian Companies shows that CSR significantly contributes to building corporate reputation. Consumers were likely to support companies even it faces product or service problems believing it will improve in the future.

2.7. CSR, Consumer Behavior & Loyalty

Consumer attitude, loyalty, product evaluation, word-of-mouth are main aspects that play a role in the consumer's buying process, CSR initiatives of the company influences consumers attitude and product evaluation positively. Loyalty takes place when a consumer prefers a product of a company and keeps the re-purchasing the same product. Consumer loyalty is always important for business companies to be successful and always a challenge for the business manager. Business managers have taken CSR as a tool for achieving it. Consumers' loyalty is strongly influenced by how the company fulfills its social and environmental obligations (Schiffman & Kanuk, 2010).

(Bhattacharya & Sen, 2004) also revealed when the company takes proactive CSR initiatives, the consumer will prefer company's other products or brands as well, focusing more on CSR's good performance, the consumer may become loyal to the company.

(Foxall, 1991) the cognitive perspective of human behavior view human as an information processor. The response of individuals comes when he/she process information received from external and internal sources. The cognitive approach of the study of the consumer is more realistic and capable to explain very complex behaviors.

Fawcett & Downs (1992) define the cognitive consumer behavior model into two major models, analytical model and perspective model. The analytic model contains a framework of

the key elements that supposed to explain the behavior of the consumer. The analytic model identifies the influencing factors and intimates the relationship between the factors which exist during consumer decision making. Erasmus, Boshoff, & Rousseau (2001) argue that analytic modes follow the traditional buying decision-making process they are problem recognition, information search, alternative evaluation, and choice. Here firstly, the consumer recognizes the need for goods and services. Secondly, the consumer starts to collect information regarding potential goods or services which satisfy his/her need. Thirdly, consumer evaluates the available potential product and finally, consumer select one of the best options based on the evaluation. The perspective model suggests how consumer behavior factors should be organized. These models include the proper order in which elements should appear and prescribe the effect that should be observed in given certain casual factors.

Consumer loyalty is highly affected by consumer behavior. The field of consumer behavior is the study of the process involved while an individual or group making the buying decision which includes select, purchase, use or dispose of product or ideas or experience to satisfy their needs and desires (Solomon et al., 2016).

Martin and Schouten (2012) suggest experiences and activities of people that engaged in buying, using, and disposing of goods and services constitute consumer behavior. The behavior of consumers motivated by different psychological and social needs and desires. Consumer behavior is a dynamic phenomenon and influenced by the surroundings and environmental context.

Martin and Schouten (2012) also claim that sustainable societies adopt sustainable consumption behavior where people fulfill their needs without compromising the ability of other individuals to fulfill their own needs in the present and future. Sustainable consumption behavior seems possible because people are becoming more concern and awareness of the environment and future generations. Now, people are not asking for food and clean water but also seeks a sustainable society and future.

According to (Ng, Butt, Khong, & Ong, 2014) demand for the green product has been increasing from concerned consumers and led companies are forced to introduce new product lines that match or environmental concerns. In such scenarios, maintaining continuous profitability through green products and strategies is more challenging for business leaders. Consuming products with green attributes consumers achieve green value (symbolic and emotional

benefits) and producer able to establish the green brand image in the market. Researchers conclude that brand perceived quality and its overall credibility is significantly influence by green brand image and green brand equity.

Consumer behavior is a very wide and complex phenomenon and has been graving important attention from business researchers and philosophers.

Chapter 3

Method

3.1. Philosophical Foundation

3.1.1. Ontological Considerations

According to Bryman & Bell (2011) Ontology is concerned with how researcher perceives and interoperate the fact from the natural world. Positivism and constructionism are two major ontological positions. The inclusion or exclusion of societal and humanistic subjective phenomenon in the research process has been the major difference between the positions. A positivist perceives social entities as an independent object whereas a social constructionist perceives social entities as a subjective phenomenon dependent on social attributes such as social culture, norms, and values, etc. This thesis is inspired by the ontology of social constructionism because understanding the consumer's loyalty towards any brand is a subjective phenomenon and also closely connected with society's culture, norms, and values. Individuals' loyalty or disloyalty with any brand depends on their perception and, individuals might have a different insight towards the same attributes of the brand.

3.1.2. Epistemological Consideration.

Logical positivism and social constructionism are the major epistemology/philosophies in the field of social science. Epistemology is the set of assumptions and beliefs regarding the different ways of studying the natural world A positivist researcher conduct research by developing a different possible hypothesis and test them by analyzing large numbers of sample whereas social constructionist collects in-depth information through observation and understanding the experience of participants. We can find significant arguments in the favor

and against both positions. In practice, the mixed approach has been used by researchers widely (Smith, Thorpe, & Jackson, 2015).

This thesis is based on the philosophy of social constructionism because consumer loyalty is a subjective phenomenon and a researcher needs in-depth information about participants to understand their loyalty towards any brand holistically. According to the epistemology of social constructionism, the researcher needs to collect rich data for an in-depth understanding of the phenomenon which generates the knowledge (Smith, Thorpe, & Jackson, 2015). Thus, the interview approach has used in this thesis.

3.2. Qualitative Research Method.

According to Bryman & Bell (2007), a qualitative research method is associated with inductive research which is more focused on explaining findings using words. Qualitative research methods can be used to understand human individuals' experiences or opinions in a subjective approach (Jackson II, Drummond, & Camara, 2007).

The impact of the 'reactive CSR strategy' on consumer loyalty can be examined by studying the prospection of consumers towards various CSR initiatives of companies. As the motive of this study is to analyze how the consumer reacts against CSR in terms of their repetitive buying activities. As per the research topic and research question, we need interpretive and explorative methodology because this is a more subjective phenomenon and individuals might have a heterogeneous opinion. Thus, in order to understand the impact of reactive CSR strategy of Ncell on its consumer's loyalty, a qualitative case study research technique has implied in this study.

3.2.1. Qualitative Case Study Method

According to Baxter & Jack (2008), qualitative case study method become a very important tool for researchers to study complex phenomena within their context. "When the approach is applied correctly, it becomes a valuable method for research to develop theory, evaluate programs, and develop interventions" (Baxter & Jack, 2008, p. 544). Primary data has been collected via Skype interviews with consumers, observing their gestures while responding to the question. Study of previous articles in this field, historical data, newspaper, magazine and company website are the source of secondary data.

Qualitative case study techniques can be used for holistic, in-depth investigation which allows the researcher to examine data closely. The case study method is appropriate when a researcher studying limited events and their relationship within a limited geographical area and with a limited number of individuals as the research subject (Zainal, 2007). “A case study is an empirical inquiry that (1) investigates a contemporary phenomenon (“the case”) in depth and within its real-world context, especially when (2) the boundaries between phenomenon and context may not be clearly evident” (Yin R. K., 2014, p. 16).

(Zainal, 2007) also argued that it is difficult to generalize the conclusion of the single case study when events and their relationship is rare to eliminate this problem multiple case study technique could be applied for greater validity. The case study can be used in all three different types of research they are; (i) exploratory, (ii) descriptive and (iii) explanatory. In descriptive research, the case study technique appropriate when the following conditions are fulfilled. (a). the research question is beginning with ‘how’ and ‘why’(b). researchers do not have control over behavioral events and (c) researcher focuses on contemporary events (Yin R. K., 2014, p. 4).

As per the above arguments, I believe that the qualitative case study technique is very suitable in this thesis. Impact of the ‘reactive CSR strategy’ of company and criticism for being an unethical company in public media and its impact on consumer loyalty can be examined through analyze of the opinion of loyal consumers Ncell in Nepal.

3.3. Case Selection

Case selection is an important task for the researcher. The researcher must be able to select appropriate firm, individuals, groups or element as a case which allow one to fulfill research objectives (Cooper & Schindler, 1984). As the motive of this paper is to understand how ‘reactive CSR strategy’ affects the loyalty of consumer I have chosen a company which has been adopting a reactive CSR strategy. The selected case in this thesis is Ncell Nepal, currently part of Axiata Group Berhad, a Malaysian telecommunications group. Ncell has been criticizing heavily in Nepalese media due to its strategy to skip a big amount of capital gain tax. Since the issue is attracting major media attention in Nepal and various forms of protest are going on, I find this case is a very interesting subject for this thesis. According to Ghauri & Gronhaug (2005) selecting a bigger firm as a case helps to collect in-depth information about complex issues. Ncell Nepal is one of the biggest telecommunication companies in Nepal.

3.4. Data Collections

Ghauri & Gronhaug (2005) define primary data as original information collected by the researcher through empirical study and that has not been available in the secondary source. Primary data is generally more consistent and well connected with the research question. In this thesis, primary data has been collected through skype interviews among the 5 consumers of Nell from different backgrounds with open-ended interview questions. All interviews were conducted in Autumn 2019. The Nepali language was used in interview conversations for the comfort of interviewees. A detail conversation notes were made during the interviews and transcribed into precise form in English subsequently. Similarly, secondary data collected from historical data, company websites, a financial report published by the company, internal reports, newspapers, and magazines, etc. All secondary data presented in this paper are extracted from sources that are accessible in the public domain. The majority of the information regarding the Ncell tax fraud issue has been collected from one of the reputed daily English newspapers of Nepal, The Kathmandu Post and English online newspaper E-Kantipur.com.

3.4.1. Interview Guide

An interview guide refers to the set of questions on a specific research topic (Bryman and Bell (2007, p. 474). There are different kinds of interviews such as structured and semi-structured interviews etc. According to Smith, Thorpe, & Jackson (2015), a semi-structured interview approach allows the researcher to develop follow-up questions during the interview which empowers the interviewer to collect high-quality data. In this thesis, a semi-structured interview was conducted with open-ended questions along with follow-up questions. Important aspects of interview guide suggested by Bryman and Bell (2007, p. 483) has been considered in this thesis such as, interview questions have been ordered according to research topic, interview questions were designed in such way to answer the research questions, interview conversation language were determined according to comfort of interviewees, interviewees were given higher degree of freedom while answering the interview questions and useful-general information of interviewees like age, occupation, duration of Ncell consumption were noted during the interview with the permission of interviewees to understand interviewees general characteristics.

3.4.2. Questionnaire Design

The interview conversations were divided into four different stages see (appendix 1). In the first stage, interviewees were informed about the purpose of the study, confidentiality of data and were asked if they have any confusion. The second stage of conversation was focused on understanding participants better and their viewpoints. In this stage, five major questions were asked to participants where, three questions were designed to understand participants' opinions in bigger-picture such as how they understand the social responsibility of business, their assessment of business ethics in Nepal, their criteria to select a particular brand, etc. Similarly, two questions were intended to understand their general viewpoint on the selected case (Ncell) like how participants understand the Ncell tax issue and their overall experience with Ncell, etc. In the third stage, conversations were focused on research questions of this thesis with five major questions along with follow-up questions. Finally, in forth stage interview notes were reviewed with interviewees and asked if I understood right and offered them to ask questions if they had any confusion.

3.4.3. Selection of Research Participants

According to Flyvbjerg (1998), there are two types of selection they are, random selection and information centered selection. Random selection strategy is generally used to avoid irregularities whereas information centered selection is used to select participants strategically. In this thesis, I follow the information centered selection strategy and select five consumers who fulfill the predetermined criteria. As the purpose of primary data collection is to answer the problem statement participants were supposed to be loyal consumers of Ncell, for that purpose first criteria of selection were a minimum of five years of regular consumption of Ncell. It is very difficult to represent a large number of consumers with a small sample size so, I have selected participants from a different occupation, education, age groups and involvement/interest on societal issues. In detail, the first and fifth participants were businessman man, representing consumers who have their own business. Here, two participants were selected from the business background because there are two types of business-persons in our society they are, economic and philanthropic business-man. The fifth participant is selected as a philanthropic man based on his initiatives to contribute to society. He has been providing financial and non-financial support to open a library in schools in rural areas of Nepal, taking initiatives to help poor people for their health treatment, and providing ambulance service, etc. The second participant was an employee representing the consumers

from a service background. The third participant was a social activist who used to advocate against different social problems (i.e. corruption) representing a group of people involving in civic protest. Finally, fourth students at university representing a group of young and educated people.

Table 1: List of Participants

| Name | Age | Occupation | Sex | Years of Ncell consumption |
|---------------|------------|-------------------|------------|-----------------------------------|
| Interviewee 1 | 35 | Business-man | M | 12 |
| Interviewee 2 | 29 | Employee | M | 7 |
| Interviewee 3 | 32 | Social Worker | M | 6 |
| Interviewee 4 | 25 | Student | F | 9 |
| Interviewee 5 | 33 | Business-man | M | 10 |

3.4.4. Conducting Interviews

In order to collect primary data, a list of eligible participants was prepared based on the above-maintained criteria. Possible participants were approached through personal contact and the internet for their participation. According to Britten (2006) researcher must inform participants about the research purpose, anonymity, and confidentiality of information. Therefore, all participants were sent an informed consent form via email explaining the research purpose, data confidentiality, and voluntary participation and requested to sign it if they are interested to participate, see Appendix 2. After receiving the signed consent form back, an appointment for the interview was taken as per the convenience of interviewees. Skype interviews were taken with five participants and a total length of interviews was between 45 minutes to 1 hour see appendix 1.

3.5. Ethical consideration

Emphasis has been given to maintain ethical consideration. This thesis has prepared as per the fourth edition of the guideline of The Norwegian National Research Ethics Committees (2016). A proper justification of choice of research topic, context, method and technique, and documentation to support the conclusion which has explained in the above section. In this thesis, primary data was collected through direct (skype) interview with respondents. Thus,

respect for individuals and preservation of their rights is very important and here are some major issues addressed in this paper.

(a) Human dignity and privacy

In this paper, the open-ended semi-structured questionnaire was used, and participants are asked to give their opinion and the researcher doesn't have any control over the response. Throughout the entire process privacy of an individual and their information has given more importance.

(b) Informing the purpose

While collecting the primary data participants were provided a proper information to the participants regarding the purpose and field of research, use of results, and probable consequences. Participants have told that this is an educational research project and the purpose is to fulfill the requirement of the educational program of the university.

(c) Confidentiality and storage of personal data

Collected data has processed confidentially with prior notification to the respondents. Information from the Skype interview conversation was noted in detail instead of recording the to avoid storage of personal information. Interviewees were assured that that personal data and other information will be protected against any abuse and will keep security.

(d) Respect for other stakeholders

I am aware and anticipate the likely effects of this thesis and its result on other stakeholders like the selected firm and its competitors, society and other consumers in the market. This thesis will not affect any third parties since the purpose of the study is one and only educational purposes.

3.6. Validity and Reliability

Validity and reliability are key aspects of research which assure fellow researchers to accept findings as credible and trustworthy. As the nature of the qualitative research method, it doesn't lead to the statistical or empirical calculation of validity. Researchers must ensure the internal and external validity of the research. 'Internal validity' refers to the extent to which research

findings are a true reflection of social reality similarly, ‘external validity’ refers to the degree to which such representations of reality are legitimately applicable across the group. The reliability of research is concerned with the consistency and stability of information and the ability of the researcher to collect information accurately (Brink, 1993).

To increase the validity and reliability, several criteria suggest by Brink (1993) has used in this paper. Respondents were informed about the research topic, purpose and the context of the study clearly in order to build trust-relationship with the subject and to ensure communicative validity. Similarly, respondents were asked open-ended questions along with follow-up questions to gather the comprehensive answer. The researcher confirmed findings/information with the respondents and respondents were also asked to demonstrate their answer with real examples. The researcher focused to keep accurate interview notes and confirmed it with respondents before finishing the interview.

3.7. Data Analysis Technique

As per the suggestion of Smith, Thorpe, & Jackson (2015), the grounded data analysis technique has been used in this thesis. This technique offers a more ‘open’ approach to data analysis needed for qualitative research. Different stages of grounded data analysis techniques were followed for the comprehensive analysis of primary data. First of all, interview conversation notes were transcribed precisely to begin the analysis. All transcripts were reviewed carefully to access the whole point of data considering the backgrounds of interviewees to understand their opinion in a holistic way. Information from interviewees was evaluated and checked how they were connected with the problem statement and different research questions. Next, important concepts from conversation transcript were condensed in a shorter statement (unit of analysis) and organized according to their proximity with different aspects of research questions and presented as an overview of findings. Thus, the analysis of empirical data is based on an overview of the findings presented in tables.

Chapter 4

Findings and Data Analysis

In order to understand how might consumers' loyalty gets affected by 'reactive CSR strategy' in the context of Ncell, skype interviews were conducted with five loyal consumers from different backgrounds. The interview conversations contain two major parts; understanding the participants' viewpoints and focusing on the problem statement. Findings from interviews and primary data analysis have been presented below.

4.1. Understanding the Participants' Viewpoint

While asking about the social responsibilities of business in their own words, it was found that interviewees understand CSR as respecting the social culture, norms, and values, following regulations of local and national authorities, fulfilling all the promise made to consumers. comparable with the definition of CSR by Woodward (1999), CSR as an agreement between society and business. All respondents apart from respondent 1, argued that business should stretch its responsibilities beyond the legal requirements and need to contribute proactively for social development.

In a developing country like Nepal, business companies should contribute to social betterment. Conducting awareness campaigns to control social problems, minimize pollution, helping for child education, healthcare facilities, etc.

(Interviewee 2, p.5)

Fulfilling its promise made with customers, following the regulations such as paying taxes and royalties, and it also needs to cooperate with residents of local communities. For me, meeting the legal requirement is not sufficient. The business should contribute to the development of a local society where it operates. The business makes all profit from society, so some portion needs to invest in social welfare.

(Interviewee 3, p.9)

A business needs to pay tax, giving the consumer what they deserve, respecting the local culture, etc. Businesses must help the local community such as helping poor people, infrastructure development, etc. instead of focusing on profit only.

(Interviewee 4, p.12)

I think business plays a very important role in the development of society and the country as well. The transformation of society is only possible through good business practices.

(interviewee 5, p15)

Interviewee 1, from service background highlighted that business' social responsibility is much more important in developing countries like Nepal where people are having very low living standards and surrounded by various social problems and specified that a business organization can help to minimize social problems by increasing awareness of people in community, and helping for fulfillment of basic need of society such as child education and healthcare facilities to the local residents, etc. Interviewee 5 who is a businessperson himself, argues that business organizations need to contribute to the transformation of society. Similarly, interviewees 2, and 3 understand CSR as providing value to the consumers and fulfilling the promises made with them and apart from that separating certain portion of the profit for the development of the local community where the business operates its activities. Literature also provides similar information, according to Welford (1995), in the 21st century, a business must be able to assimilate social and environmental interest along with its economic interest. World business council for sustainable development (1999) states CSR as the participation of business for sustainable development similarly, Commission of the European Communities (2003) stated that businesses must be responsible to minimize its negative impact in society and the environment.

But, interviewee 1, one of the participants from a business background understands CSR as fulfilling the legal requirements but he thinks business companies should not be forced to invest beyond the legal requirement.

I don't think businesses necessarily need to invest their profit beyond the legal requirements, but it is the responsibility of businesses to pay taxes and royalties determined by the government.

(Interviewee 1, p.1)

Interviewees were also asked to tell their opinion on the current situation of business ethics in Nepal. The aim of this question was to understand the level of awareness of consumers on ethical issues associated with business practice in Nepal. Responses from participants also help to access their lookout in general and also provides the ground behind the response on the selected case. Mixed responses were found from different interviewees. Interestingly, both interviewees from business occupations (1 and 5) told business organizations are being more ethical in recent years whereas other interviewees from service, student and social work backgrounds argued that the ethical behavior of business organizations in Nepal is not satisfactory.

It is much better now. In the last two years, the business environment has improved after this stable government. Our current finance minister is making a lot of improvement in business regulations which force business companies to be ethical.

(Interviewee 1, p.1)

It's bad. Every day, I heard news of corruption and cheating by big companies. I think most of the bigger companies in our country are not ethical. Everyone trying to avoid their obligation. It hurts me.

(Interviewee 3, p.9)

The above quotes show the heterogeneous opinion of participants on the same issue. It shows that people from the business background are claiming that companies are being more responsible than before, but a social activist perceived situation differently followed by participants from service and student backgrounds indicating that business peoples try to defend themselves against the criticism from the other consumers that business organizations being more unethical in recent years in Nepal.

When consumers were asked about their criteria to select a particular brand, respondent 1 from business told price and quality are the deciding factors while selecting a brand. This argument is supported by Hooley, Piercy, Nicoulaud, & Rudd (2017) as they suggest superior product quality and lower selling price are the main routes of creating a competitive advantage in the market. Respondents (2, 3, 4, 5) said that they consider the brand reputation and goodwill along with the price and quality.

For me, quality is very important. I compare quality and choose a better one and definitely, price. Other things come later. I also consider its reputation a bit, but my ultimate decision is based on quality and price.

(Interviewee 1, p.1)

first of all, I consider the brand reputation. I want to know what kind of brand it is? Different brands have a different reputation, for example, some are a premium brand, some are an economical brand, some are ethical, and some are unethical, etc. then I check its price and quality of the brand.

(Interviewee 2, p.5)

I consider the reputation of the brand I normally chose which is more popular. I believe that aware consumers like us should support companies which are good for us and good for us and good for our country. Then compare, price and, that is also important.

(Interviewee 3, p.9)

I look goodwill and past experience with the company to select a brand. I believe any company's reputation holds about half of its investment out of all other assets. So, company reputation is what I look before buying anything. If it loses trust once, I don't believe it again. Apart from that, I also look at the quality, price of the company's product.

(Interviewee 5, p.15)

Those quotes from interviewees show that consumers have different criteria while selecting a particular brand. Some consumers only consider functional attributes and some consumers give

more emphasis on brand reputation. According to participant 2, he checks whether the brand has a reputation for a premium brand or economic brand while making the buying decision. Participant from a social working background has other criteria he believes that he chooses an ethical and transparent brand that is good for him and the country. The fifth respondent claimed past experience with brand and trust is an important motivation to select the brand. Responses from participants suggest that all consumers do not satisfy only by getting products and services at a lower price, but they also want the brand to have a good reputation as argued by Levy (1959) that, consumers in the 21st century are no longer an economic man. Frances & Tomas (2019) also support the arguments of participants that the socially responsible reputation of the brand motivates the consumer to use its product and services.

After understanding the overall opinion of interviewees about their views on CSR, current scenarios of business ethics in Nepal and their criteria of brand selection, conversations were navigated towards selected cases (capital gain tax issue of Ncell). Here, conversations were aimed to know how different informants perceived the current tax-fraud issue of Ncell.

I think Ncell is playing a bad game. It is rich and powerful. Ncell shows it can even manipulate the government of Nepal. The company to be blame because of its unethical activities. Ncell is making a lot of profit and trying to skip tax. It should be more transparent and more responsible. I blame the government and Ncell equally. The government should be able to impose regulations on all companies either they are big or small. Now in Nepal, small companies have to pay maximum taxes, but large companies are skipping it.

(Interviewee 2, p.6)

I think it happened because of the ignorance of our government and the dishonesty of Ncell. I blame Ncell most because they didn't publish details of its takeover and that was the beginning of the problem.

(Interviewee 3, p.9)

I blame the company and its management most, they were not transparent during the transfer of ownership. They calculate Tax themselves that is ridicules, but our corrupted politicians and bureaucrats are also responsible.

(Interviewee 4, p.13)

Ncell, being one of the biggest companies in Nepal lacked to fulfill its basic responsibility. It turned out to be disloyal towards the society and the government. Being one of the biggest multinational company in Nepal and not paying tax regards as the biggest crime. Also, the company has misused its powers as well to change the decision made by the government which is both unethical and illegal.

(Interviewee 5, p.15)

Participants viewed the current Ncell tax issue as an unfortunate event and a big economic loss for the country. During the interview, it was observed that interviewees were frustrated by issue and that was reflected in their gesture, and voice pitch. According to informants (2,3,4 and5), the government and tax authorities of Nepal are to blame along with Ncell. The inefficient control mechanism, corrupted bureaucrats and politicians of Nepal and unethical behavior of Ncell was presented as major reasons behind the problem.

Finding suggests that consumers do not support a company when it is conducting unethical activities and get upset. Consumers want their company to be responsible, transparent and accountable. Information from the literature also supports this finding, according to Midttun, (2013), consumers and civic community surveillance and protest against the unethical activities of the corporation, similarly Welford (1995) argues companies trying to hide their illegal activities get criticized by consumers and other stakeholders.

But interviewee 1 had a different view, he argued that the company's intention to avoid its obligation is not good, but authorities should be blamed the most.

I do not blame the company much because everybody tries to skip obligation if they can. It's a duty of government and authorities to collect the right tax at the right time. I think it happened because of the weak Nepalese government and tax authority that time (2015), they had to force Ncell to pay all taxes transparently which they did not.

(Interviewee 1, p.2)

Interviewees were asked the duration of Ncell consumption and to describe their experience with Ncell before tax issues came in the public media. The purpose of this question was to identify interviewees' state of loyalty towards Ncell and their satisfaction. From the conversations, it was found that interviewees have been using Ncell between 6 to 12 years. All informants were convinced that Ncell has been superior in terms of network quality and competitive price. Findings suggest that Ncell was the first telecommunication company founded by the private sector which broke the monopoly of Nepal Telecom (NTC) and enabled consumers to get mobile facilities. According to Interviewees, different offers from Ncell such as 'cheap night call skim', loan facility, 'call aayo paisa aayo' were the most exciting aspect of Ncell. Information from interviewees shows that consumers were satisfied with Ncell for many years before it was condemned for the tax fraud issue.

I have been using Ncell for 6 years. It has been good in terms of price and network service in fact better than Nepal Telecom. It was satisfying. It was the first telecom company that actually breached the monopoly of NTC and gave access to a telephone to all. It reduced the price and improved the overall quality of telecom services in Nepal.

(Interviewee 3, p. 10)

As a consumer I liked Ncell. It's been 12 years since I started to use Ncell. Its quality was far better than NTC actually, there are no competitors of Ncell. It is also comparatively cheaper than others. Ncell offers various facilities like gives the loan, cheap international call, and cheap night call. I was highly satisfied.

(Interviewee 1, p.3)

Those statements from interviewees show that consumers liked Ncell's functional attributes, consumers had a positive attitude towards the company, and consumers had higher intentions over other telecommunication companies in Nepal which fulfills the criteria of consumers' loyalty suggested by Oliver (1999). According to Tellis, (1988) loyal consumers buy the same product and services repetitively. Oliver (1997) argues aggregate/cumulative satisfaction from repetitive consumption of the same product or services over the period of time constructs consumers' loyalty.

Moreover, information from interviewees shows that they were at the stage of affective loyalty as they like attributes of Ncell and they also had a positive attitude among the four different stages of loyalty suggested by (Oliver 1999).

4.2. Focusing on the Problem Statement

During interviews with participants, heterogeneous responses were found. The interview fiending section is organized in the following two tables (i.e. table 2 and 3). Findings from respondents 2, 3, 4, and 5 have presented on the table ... Similarly, table 2 is the overview of findings from an interview with respondent 1. Findings are divided into four different categories according to their connection with four different aspects of the CSR-consumer loyalty relationship.

Table 2: Findings overview from interviewees (2,3,4 and 5)

| Aspects of CSR-consumer loyalty relationship | Findings | Using Ncell in future |
|---|--|---|
| Consumers Identity | <ul style="list-style-type: none"> - Ncell users get taunt - Ncell users are perceived as unusually odd while sharing the contact number - Ncell consumers are not perceived as patriotic - Consumers think their personality doesn't match with brand personality of Ncell - Consumers are discomfort when others talk about fault activities of Ncell | <ul style="list-style-type: none"> - Consumers are preparing to quit Ncell - Consumers are using Ncell just to maintain their existing contact - Consumers already reduced |
| Consumers Trust | <ul style="list-style-type: none"> - Consumers do not believe Ncell's recent offers - Consumers think Ncell is trying | |

| | | |
|-------------------------|---|------------------------------------|
| | to cover up its tax issue from the general public | consumption of Ncell |
| | - Consumers can't trust slogan of Ncell "Here for Nepal" anymore | - Consumers started to use another |
| | - Consumers are suspicious about the frequent ownership transfer | company as an |
| | - Consumers are not confident if their personal information is safe with Ncell | alternative phone number |
| Consumers Attitude | - Consumers think Ncell exemplify a bad business culture | |
| | - Consumers feel they are being deceived by Ncell | |
| | - Consumers do not recommend others to use Ncell | |
| Consumers' Satisfaction | - Consumers do not enjoy using Ncell like before | |
| | - Consumers feel uneasy about being a part of Ncell's unethical activities | |
| | - Consumers find it embarrassing when others do not answer their call due to Ncell number 1 | |
| | - Consumers feel they are being irresponsible citizen while using Ncell | |
| | - Consumers feel their money is not wisely spent while paying for Ncell | |

Table 3: Overview of findings from interviewee 1

| Aspects of CSR- Consumer Loyalty Relationship | Findings | Using Ncell in future |
|--|--|--|
| Consumers Identity | <ul style="list-style-type: none"> - A consumer does not hesitate to identify himself with Ncell - A consumer does not like when others blame him being irresponsible citizen while using Ncell | <ul style="list-style-type: none"> - The consumer wants to continue using Ncell |
| Consumers Trust | <ul style="list-style-type: none"> - A consumer thinks his trust in Ncell is still the same - A consumer believes Ncell will fulfill its promise in future - A consumer thinks his information is safe with Ncell | |
| Consumers Attitude | <ul style="list-style-type: none"> - A consumer still like Ncell - A Consumer will tell about superior quality and better price of Ncell to other | |
| Consumers Satisfaction | <ul style="list-style-type: none"> - A consumer does not feel a big difference in his perceived satisfaction level - A Consumer thinks | |

| | | |
|--|---|--|
| | functional attributes are more important for his satisfaction | |
|--|---|--|

In order to understand the impact of reactive CSR strategy of Ncell on consumers' identity, interviewees were asked to describe how they relate themselves with the current Ncell tax issue and how others perceive them as a Ncell's consumer. participants said that they are directly or indirectly connected with the Ncell tax issue as a consumer.

Yes, I do feel uncomfortable while exchanging my phone number with others. I have a bad experience. One day, I had a meeting with one of our clients and we were exchanging our phone number suddenly he asked me, are you also getting free service from Ncell or you need to pay? that was quite humiliating.

(Interviewee 2, p.7)

I think being a consumer, I am closely connected with the company and its activities. It is unpleasant that Ncell is being unethical and I am using its service. Actually, nobody told me anything about using Ncell but I don't want to tell others that I am using Ncell especially with people who are involved in the protest.

(Interviewee 3, p.10)

The above quote shows that consumers do not like to be known as a part of Ncell because it has been alleged for being unethical. According to interviewees, they do not like to identify themselves as a Ncell consumer because of the bad reputation of the company. Informants also claimed that they feel uneasy when other people perceive them differently and make fun of them just because of using Ncell's service. Interview findings show that some people connect the Ncell tax issue with nationalism and characterize Ncell user as a careless citizen. Literature also provides similar information. According to Levy (1959), the consumer's identity in society is closely connected with the identity of the brand they used. Marin & Ruiz (2006) argue that whether consumers like to identify themselves with the company or not is depend on the attractiveness of the company. It means consumption of brand with philanthropic identity symbolize consumer as a generous person whereas consumption of brand with bad brand image gives negative identity to the consumers. Ncell tax issue became a more complex

issue when some extremist groups in Nepal started to destroy Ncell's physical property and also caused death and illness of civilians. In this case, it is understandable that consumers do not pleased when the company is being criticized heavily in national media, and the community frequently.

But there was different opinion as well. According to interviewee 1, he does not have any problem to identify himself as a Ncell consumer. Interviewee 1 also claimed that this Ncell tax issue shouldn't connect with consumers' identity and their own reputation because as a consumer everyone wants a quality product at the lower possible price. As interviewee 1 was from a business background and his criteria to choose brand was based on functional attributes, his statement, in this case, seems relevant.

Yes, some of my friends asked me why I'm using Ncell. Many people connect this case with nationalism, I do not know why? Me personally, I do not feel any bad to identify myself as a Ncell Consumer.

(Interviewee 1, p.3)

While interviewees were asked whether they perceived any difference in terms of their trust with Ncell or not, most of them argued their trust with Ncell was natively affected.

I cannot say my information is not safe with Ncell but I am not very confident about it. If they can avoid tax, they can also misuse information for economic purpose. We have seen a recent example from Facebook, and they paid penalties as well.

(Interviewee 3, p. 10)

It has changed a lot. I do not trust Ncell like before. If they can manipulate authorities and attempt to avoid taxes how can we trust them? Now I do not trust in their slogan 'Here for Nepal' it says here for Nepal, but it doesn't fulfill its minimum obligation. Now it is clear that they are lying.

(Interviewee 5, p.16)

Ncell is launching different new offers after this issue, I think it is doing this to distract consumers from its tax issues, so I do not trust its offer as a genuine skim like before.

(Interviewee 2, p.7)

Not only me, but most of the Nepalese people have also lost their faith from Ncell, I think this is why Ncell change its ownership every time to avoid the capital gain tax.

(Interviewee 4, p.13)

Interviewee 3, who has been engaged in social work stated that he was not sure about the safety of their personal information with Ncell because he thinks Ncell is a profit-oriented company and personal information could be used for another unethical purpose. Similarly, interviewee 3, was suspicious regarding the purpose of frequent ownership transfer of Ncell and transactions were not transparent enough to understand and she assumed as a strategy of Ncell to avoid tax. As Ncell has been launching various offers after its tax-issue got major media attention, consumers perceived them as a strategy of the company to mask tax issue and they did not follow. Participants also criticized Ncell's slogan 'here for Nepal' as Ncell is not being able to fulfill its basic responsibilities. Literature also provides similar information. According to Pivato, Misani, & Tencati, (2008), consumers trust companies having an ethical, transparent and responsible reputation. Stanaland, Lwin, & Murphy (2011) also argued that philanthropic companies enjoy a good reputation in society which increases consumer trust and in contrast unethical reputation of the company such as Ncell lose faith from the even loyal consumers. Similarly, Brown & Dacin, (1997), also argued that proactive initiatives of the company increase consumer trust along with better product evaluation, in contrast, reactive CSR strategy reduces consumer trust. Here, responses from interviewees (2,3,4 and 5) and literature suggest that consumers do not trust companies adopting reactive CSR strategy.

But, one of the interviewees argued his trust in Ncell has not affected by this issue. According to interviewee 1, he always found Ncell trustworthy during his long experience with Ncell. He stated that the government must be responsible for this issue more than Ncell.

I have been using Ncell for 12 years, their customer service has been always good. Based on my experience, I do not think this case has anything to do with my trust. I hope they will fulfill

their promises made with consumers. Even-though it is blaming for being unethical, I do not think consumers need to worry about information safety and other things. They are good at business

(Interviewee 1, p.3)

This quote suggests that some loyal consumers keep supporting their company although others criticize it. Findings also suggest that the long experience of the consumer with the brand increases the perceived trust.

Interviewees were further asked how they feel about Ncell and whether they will recommend Ncell to other people or not. The intention of this question was to understand consumers' attitudes towards Ncell after Ncell alleged for attempting to avoid its capital gain tax. Findings suggest that consumers have negative feelings towards Ncell because of its unethical activities. According to interviewees (2,3,4 and 5), they do not like Ncell as before. From the interview conversation, it was found that consumers feel they were betrayed by Ncell because Ncell collects tax from consumers including in the price, but it did not pay to the government. Interviewees stated that they will not recommend their friends and families to use Ncell rather they will suggest them to use another reputed brand Nepal telecom. Again, interviewee 1 argues he still likes Ncell because its price and quality are the same even after this issue and he will tell positive about the company if others ask him. Interviewee 1 further explains that he was sad when this issue came into media and it made him feel low. Although he like Ncell, He wants Ncell to be more transparent and accountable in the future.

I am not really happy with all these issues. I think Ncell should be more transparent and accountable, they must clarify consumers and other citizens of Nepal actually what is going on. But Ncell is not responding to anything. It is the only thing, that makes me feel bad about Ncell.

(Interviewee 1, p.3)

For me, Ncell is not a good company in terms of its ethical personality. Ncell is very profit-oriented. Ncell established a bad business culture-avoiding obligation through manipulation.

I do not recommend others to use Ncell. I think aware people do not want to subscribe to Ncell in this scenario.

(Interviewee 2, p.7)

I hate Ncell for its activities. This is not what a successful company supposed to do. I will not recommend others to use it. Rather I will tell try to convince not to use the product. Ncell has created a big mess in the country and most people are amidst with the situation.

(Interviewee 4, p.13)

These quotes from interviewees show that unethical activities of the company develop a negative attitude on consumers. Even loyal consumers want the company to be more transparent and ethical. Literature also provides similar information. According to Folkes & Kamins (1999), the company's initiatives to invest in CSR helps to develop a positive attitude towards the company whereas the inability to fulfilling ethical responsibility leads negative attitude in consumers' minds. Anderson (1998) also reveals similar idea, companies' initiative to invest on CSR increases consumers' satisfaction and satisfied consumers recommend other to use the same brand similarly, companies failing to fulfill its responsibilities leads negative word-of-mouth.

Consumers were also requested to describe if they perceived any difference in their satisfaction after this case. The purpose of this question was to understand how Ncell's tax fraud issue, directly and indirectly, affect its consumers' perceived satisfaction. Interview findings show that most of the interviewees (2,3,4 and 5), perceived a decrease in their overall satisfaction after Ncell convicted for being unethical in Nepal. According to participants, they feel guilty while using Ncell because they think that aware citizens are not supposed to support companies that are socially irresponsible. From the interview, it was observed that Ncell consumes had to embarrassed in different accusations because of Ncell's bad reputation. After consumers knew Ncell is not interested to pay its capital gain tax, they felt their money is being wasted. Although functional attributes of Ncell are superior to its competitors, consumers do not achieve the level of satisfaction from the consumption of Ncell. According to participant 1, level of satisfaction

is almost the same as before because Ncell's functional attributes are still as usual and he thinks functional attributes are more important for his satisfaction.

After I understood everything, I do not enjoy using Ncell like before. I feel I am supporting the unethical behavior of Ncell. It is like I am betraying my country and wasting my money together. I do not have any motivation to use Ncell

(Interviewee 3, p.11)

Yes, I do feel different. It creates some kind of regret in my heart, and I ask myself why I'm using Ncell after hearing all this news in media, I cannot be satisfied only with service quality alone.

(Interviewee 2, p.8)

Before I used to use Ncell without any second thought but now I feel something bad using Ncell

After knowing all this issue, I feel betrayed by the company and using Nell is like motivating them to be more unethical.

(Interviewee 4, p.14)

I feel guilty after the issue since knowingly or unknowingly I was a part of this as a consumer. I was anxious and cheated by the company. The company totally played an unethical and unacceptable act towards society.

(Interviewee 5, p.17)

The above quotes from interviewees show that consumers' overall satisfaction has significantly affected after Ncell appeared as an unethical company in Nepal. Findings from interview conversations are similar to information from the literature. According to Frances & Tomas (2019), the company's proactive initiatives to contribute to society lead to better product evaluation whereas the company's reactive CSR strategy results in lower product evaluation and finally, better product evaluation brings consumer satisfaction. Luo & Bhattacharya (2006), also support the interview findings, arguing that a proactive CSR strategy of the company helps to establish a close relationship with consumers whereas, the inability to fulfill

CSR leads the poor relationship with stakeholders including consumers and that leads lower satisfaction.

4.3. Reactive CSR and consumer Loyalty: Mediating by Consumer Identity, Trust, Attitude, and Satisfaction.

How might 'reactive CSR strategy' affect consumers' loyalty in the context of Ncell in Nepal?

Based on the information provided by participants it was found that majority consumers do not like to identify themselves as a Ncell consumer because people in society perceive them as an unethical person, consumers do not trust Ncell and its promises, consumers have negative attitude towards Ncell and consumers' satisfaction affected negatively by Ncell's tax issue. After understanding the impact of Ncell's reactive strategy to pay its capital gain tax on consumers' identity, costumers' trust, attitude and perceived satisfaction, consumers were asked about their plan to use Ncell in the future. From interviews, it was found that all interviewees are currently using Ncell service however, participants other than participant 1, we're planning to switch Ncell in the near future. participants (2,3,4 and 5) claimed that their motivation behind the current consumption of Ncell was just to maintain their existing contact. There consumers' repetitive consumption of Ncell does not reflect the deep commitment of consumers nither their belief towards the Ncell by connecting findings with argument by Oliver (1999); & Jacoby & Chestnut (1978), Simply repetitive buying doesn't reflect the true meaning of consumer loyalty, it can be said consumers are not loyal with Ncell anymore.

In fact, I do not want to use Ncell anymore, but I can't quit it immediately. I use this mobile number for all official purpose, if I change my mobile number, I might lose important contact. But I already start to use another phone number with NTC as an alternative, soon I will replace Ncell with it.

(Interviewee 2, p.8)

I am planning to discard this Ncell number within a year. For that, I am gradually informing my friends, relatives, colleagues, and clients about my new number of NTC.

(Interviewee 5, p.17)

I am planning to switch from Ncell as soon as possible. I am not changing till now because I have to change my mobile number and I will lose my contact. I'm not enjoying using Ncell. I feel bad because I am supporting a company which is not good for society and our country as well.

(Interviewee 3, p.11)

Those statements from interviewees clearly indicate that consumers were not happy to use Ncell and they were planning to quit Ncell in the near future. Based on the information provided by participants it can be understood that consumers punish company when it caught for conducting unethical/illegal activities. we can find similar information in the literature as well. According to Midttun, (2013), reactive CSR strategy of the company creates the least value to the consumers and that could affect consumers' loyalty negatively. Communities supervise and protest unethical activities of business companies and in some worst situations, consumers backouts the company as well. Bhattacharya & Sen (2003) suggest that positive consumer company identification (C-C identification) generates a strong commitment to rebuy and consumer loyalty, in contrast, Ncell consumers do not like to identify themselves with Ncell which reduces consumers loyalty. Reichheld & Schefter (2000) argue if the company failed to gain consumers' trust, it cannot gain consumers' loyalty in the context of Ncell, finding shows that consumers lost their trust with Ncell because of its reactive CSR strategy and that resulted in decreased consumer loyalty. Finding shows tax Ncell tax issue caused negative consumer attitude and that diminished the consumers' loyalty which is supported by the argument of Folkes & Kamins (1999) saying that negative attitude of the consumer towards company reduces consumers loyalty and resulted in negative word-of-mouth. According to Oliver (1999), consumer loyalty is the outcome of cumulative satisfaction of consumers over the period of time, in the context of Ncell consumers perceived satisfaction has reduced and it is logical that leads to decreased consumer loyalty.

After the analysis of empirical data and existing literature, I have presented the inter-connection of reactive CSR strategy and consumer loyalty in the following figure. The role of mediating variables consumer company identification (C-C identification), consumer trust, consumer attitude, and consumers perceived satisfaction to establish the relationship between CSR and consumer loyalty are also shown in the following figure.

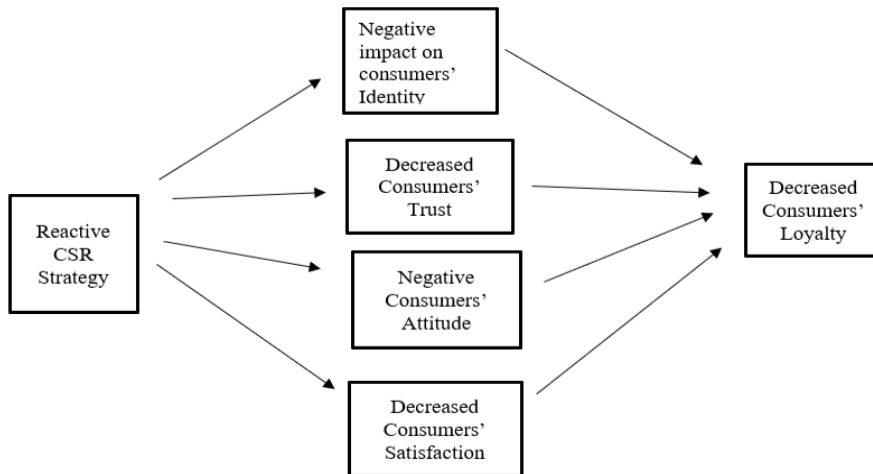


Figure 4: Impact of Reactive CSR Strategy on Consumer Loyalty

However, there were other findings as well. According to Participant 1, the Nepal government and tax authorities were responsible for the entire issue therefore, Ncell should not be condemned as a bad company and he does not feel bad being a Ncell consumer. Participant 1 wants to continue to use Ncell in the future because his criteria to select brand is based on price and service quality and he finds Ncell is better on his assessment.

Immediately I do not want to quit Nell. As I told before, I have been using Ncell for 12 years it has been a part of me. I hope Ncell will be more responsible in the future and will fulfill its obligation if something is missing there. I do not see any reason to quit Ncell.

(Interviewee 1, p.4)

This quote from interviewee 1, suggest that consumers focusing more on functional attributes have less effect of Ncell tax issue on their loyalty. So, overall findings from interviews show mix results. Although, four out of five interviewees claimed they have ended their loyalty to Ncell we cannot generalize the findings since another finding suggests the very limited impact of ‘reactive CSR strategy’ on consumers’ loyalty. This finding shows that different consumers perceive the company’s CSR strategies differently, and it also has a different level of impact on consumers’ loyalty. Although, information from interviewees (2,3,4&5) suggests that Ncell has already lost consumers’ loyalty significantly but it is the fact that Ncell is still operating and is one of the largest companies in Nepal thus response from interviewee 1 cannot be ignored. As claimed by Midttun (2013) CSR and sustainability have become word -of -mouth

but not implemented much in practice in this sense, it could be the case that consumers hesitate to express their willingness to use Ncell in the future. However, it is also the fact that Ncell has been criticized all over the country and became one of the major political agenda in Nepal. Various anti-Ncell movements lead by political parties, social activist and civic communities are going-on and it seems reasonable that consumer loyalty has been affected by the issue.

4.4. Analysis of Heterogeneous Responses

The findings of this thesis also show the connection between consumers' criteria to select a particular brand and the impact of the 'reactive CSR strategy' of Ncell on their loyalty. As interviewee 1 stated his criteria to select brand is product quality and price, it was found that his loyalty to Ncell is not significantly affected by the Ncell tax issue. However, interviewees apart from 1, stated they give more emphasis on brand reputation ahead of price, and findings suggest that their loyalty on Ncell has affected drastically.

Oliver (1999, p.36) suggested four stages of consumer loyalty according to the strength of association between consumers and company which can be linked with findings of this thesis for better understanding. As all participants stated that they were loyal with Ncell because of its functional attributes that mean they were at the stage of a conative level of loyalty with Ncell. However, interviewee 1 claimed that Ncell was a part of himself because of his long engagement and he argued that 'he uses Ncell because he like it' and that indicates he was at the conative level of loyalty we can say that consumers at the stage of cognitive loyalty with the company end their loyalty when the company alleged for being unethical but consumers with the conative loyalty keep supporting the company expecting that company will improve its mistakes in the future.

Interestingly out of five, four interviewees from different backgrounds had an almost similar understanding of CSR as they stated that only fulfilling the requirements of regulations does not mean business is fulfilling its social responsibility, but a business must contribute to the transformation of society. But participant 1 from a business background, argued that businesses should not be forced to conduct CSR beyond the boundary of legal requirement. Here two participants from business background have different positions in terms of CSR which suggest that some businessman have an economic approach and some businessman have the philanthropic approach and that reflect the different impact on their loyalty with Ncell.

Another aspect of the discussion of the findings is the connection between how consumers perceived the Ncell tax issue as a whole and its impact on their loyalty. As interviewee 1 perceived Ncell tax issue was the failure of government and tax authorities, therefore, he argued that the system to be blamed the most instead of blaming Ncell and that resulted in the least effect of tax issue on his loyalty. However, interviewees apart from 1, perceived Ncell tax issue was all about dishonesty of Ncell and company should be blamed for that since, its transaction during the transfer of ownership was not transparent enough, and some evidence suggested that Ncell manipulated the authorities to skip its tax obligation and this perception eventually led to the end of consumers' loyalty. Here we can understand that different individual consumers could perceive 'reactive CSR strategy' differently and those heterogeneous perceptions generate different reactions.

Chapter 5

Conclusion

The purpose of this thesis has been to develop an understanding of how loyal consumers perceive the 'reactive CSR strategy' of a company and what effects it has on their loyalty from the case study of Ncell Nepal. For a deeper understanding of the relationship between 'reactive CSR strategy' and consumer loyalty, four mediating variables of CSR-loyalty relationship: consumer identity, trust, attitude and perceived satisfaction have been studied through a qualitative case study of Ncell.

Findings suggest a mixed result, as four out of five participants argued their loyalty with Ncell has decreased significantly due to its reactive approach to pay its capital gain tax, however, one participant claimed that his loyalty with Ncell has not been affected much by the issue. Findings indicate the different reasons behind the mixed result, consumers with an economic approach emphasize the price and utility and their loyalty with the brand are less CSR sensitive whereas, consumers with the uneconomic approach concern more about the brand image in society and their loyalty with the brand is highly CSR sensitive. Similarly, consumers at the level of 'cognitive' loyalty protest strongly 'against reactive CSR strategy' and consumers with the 'conative' stage of loyalty. Here we can understand that different individual consumers could perceive 'reactive CSR strategy' differently and those heterogeneous perceptions generate different reactions.

From the overall findings, it could be observed that significant numbers of Ncell consumers in Nepal has become aware and they displeased to be known as a part of such organization that does not fulfill its obligation, their trust, and perceived satisfaction get negatively affected along with negative attitude towards company hence, as a consequence, consumers do not want to use Ncell in future although it offers a superior quality network at a competitive price. The result of this thesis also indicates that consumers do not always behave as an economic entity since they also consider the ethical behavior of the organization and its approach to accomplish social responsibilities apart from the economic dimension of price and utility. Based on this result it can be argued that the business strategy of achieving the competitive advantage in the market only depending on cost-leadership and product-differentiation is not always sufficient as CSR has emerged as an important dimension of marketing in recent decades.

5.1. Limitation of the Research

This thesis is all about only one company which is a limitation indeed since multi-case study research could have generated a result with higher external validity. Apart from that, all participants were from the capital city of Nepal and all of them were well aware of the Ncell tax issue hence, their voice does not represent the large numbers of Ncell users located in various rural areas of Nepal who might not have sufficient information about the Ncell tax issue. Another limitation of this thesis is the selection of mediating variables, as consumer identification, trust, attitude and perceived satisfaction have presented as a determinant of consumer loyalty but there might be other factors affecting consumer loyalty which has not been studied.

5.2. Future Research Possibilities

Next research can be done with the multi-case study approach which will enable the researcher to compare and contrast the results for better understanding. The findings of this thesis also can be verified or falsified through quantitative research surveying the large numbers of respondents or even qualitative research could be done with the complex model of mediating variables showing degrees of consumer loyalty based on different consumers characteristics and motivation.

References

- Aaker, J. L. (1997). Dimensions of personality. *Journal of Marketing Research*, 34(3), 347-356.
doi:10.2307/3151897
- Adkins, S. (2006): Putting your marketing where your values are. *Market Leader*, Winter, 2-5.
- Anderson, E. W. (1998). Customer Satisfaction and Word of Mouth. *Journal of Service Research*, 1(1), 5-17.
- Arnold, J., Silvester, J., Patterson, F., Robertson, I., Cooper, C., & Burnes, B. (1991). *Work Psychology: Understanding Human Behavior in the Work Place* (2nd ed.). London: Pitman.
- Baxter, P., & Jack, S. (2008). Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers. *The Qualitative Report*, 13(4), 544-559.
Retrieved from <https://nsuworks.nova.edu/tqr/vol13/iss4/2>
- Bhardwaj, P., Chatterjee, P., Demir, K., & Turut, O. (218, March). When and how is corporate social responsibility profitable? *Journal of Business Research*, 84, 206-219.
doi:<https://doi.org/10.1016/j.jbusres.2017.11.026>
- Bhattacharya, C., & Sen, S. (2003, April). Consumer- Company Identification: A Framework for Understanding Consumers' Relationships with Companies. *Journal of Marketing*, 67(2), 76-88.
- Bhattacharya, C., & Sen, S. (2004, October). Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives. *California Management Review*, 47(1), 9-24. doi:<https://doi.org/10.2307/41166284>
- Brink, H. (1993). Validity and Reliability in Qualitative Research. *16*(2), 35-38.
- Britten, N. (2006). Qualitative Interviews. *Qualitative Research in Health care*, 3, 12-20.
- Brown, T. J., & Dacin, P. A. (1997, January). The Company and the Product: Corporate Associations and Consumer Product Responses. *Journal of Marketing*, 61(1), 68-84.
doi:10.2307/1252190

- Bryman, A. (2016). *Social research methods*: Oxford university press.
- Bryman, A., & Bell, E. (2007). *Business research methods* (Second ed.). Oxford, New York: Oxford University Press, cop.
- Bryman, A., & Bell, E. (2011). Ethics in business research. *Business Research Methods*, 7(5), 23-56.
- Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 39-48.
- Carroll, A. B. (1998) The Four Faces of Corporate Citizenship, *Business and Society Review* 100:1, PP. 1-7
- Commission of the European Communities. (2003, May 23). *What is Corporate Social Responsibility (CSR)?*
- Cooper, D. R., & Schindler, P. S. (1984). *Business Research Methods* (10 ed.). McGraw Hill.
- Cooper, H. M. (1984). *The Integrate Research Review: A systematic Approach*. Beverly Hills: Sage
- Corruption perceptions index 2018*. (2018). (Transparency International) Retrieved 06 27, 2019, from <https://www.transparency.org/cpi2018>
- Doney, P. M., & Cannon, J. P. (1997, 4). An examination of the nature of trust in buyer-seller relationships. *Journal of marketing*, 61(2), 35-51
- Emery, B. (2012). *Sustainable Marketing*. Birmingham: Pearson.
- Erasmus, A. C., Boshoff, E., & Rousseau, G. (2001). Consumer decision-making models within the discipline of consumer science: a critical approach. *Journal of Family Ecology and Consumer Sciences*, 82-90.
- Fawcett, J., & Downs, F. S. (1992). *The relationship of Theory and Research* (2nd ed.). Philadelphia: F.A. Davis Company.
- Folkes, V. S., & Kamins, M. A. (1999). Effects of Information About Firm's Ethical and

Unethical Actions on Consumer's Attitudes.

Flokes, V. S., & Kamins, M. A. (2008). Effects of Information About Firms' Ethical and Unethical Actions on Consumers' Attitudes. *Journal of Consumer Psychology*, 8(3). Retrieved from https://doi.org/10.1207/s15327663jcp0803_03

Flyvbjerg, B. (1998). Habermas and Foucault: Thinkers for Civil Society? *The British Journal of Sociology*, 49(2), 210-233. doi:10.2307/591310

Foxall, G. R. (1991). Consumer Psychology in Behavioral Perspective. *The Journal of Consumer Affairs*, 25(2), 405.

Frances, D. S., & Tomas, L. P. (2019). The effects of corporate social responsibility on consumer loyalty through consumer perceived value. *Economic Research Ekonomska Istraživanja*, 32(1).

Ghauri, P. and Gronhaug, K. (2005). *Research Methods in Business Studies* (third edition). Prentice Hall

Ghazzawi, K., Nemar, S. E., Sankari, A., Tout, S., Dennaoui, H., & Shoghari, R. E. (2016). The Impact of CSR on Buying Behavior: Building Customer Relationships, *Management*, 6(4), 103-112. doi:10.5923/j.mm.20160604.02

Giri, S. (2017, June 5). Ncell deposits Rs13.6 b in due capital gains tax. Kathmandu, Nepal: The Kathmandu Post. Retrieved July 15, 2019, from <https://kathmandupost.com/national/2017/06/05/ncell-deposits-rs136-b-in-due-capital-gains-tax>

Hooley, G., Piercy, N. F., & Nicoulaud, B. (2012). *Marketing Strategy & Competitive Positioning* (fifth ed.). London: Pearson Education.

Hooley, G., Piercy, N. F., Nicoulaud, B., & Rudd, J. M. (2017). *Marketing Strategy & Competitive Positioning* (6 ed.). Harlow: Pearson.

Hur, W.-M., Kim, H., & Woo, J. (2014, November). How CSR Leads to Corporate Brand Equity: Mediating Mechanisms of Corporate Brand Credibility and Reputation. *Journal of Business Ethics*, 125(1), 75-86. doi:10.1007/s10551-013-1910-0

- Jacob, J., & Chestnut, R. W. (1978). *Brand Loyalty, Measurement and Management*. New York: John Wiley & Sons.
- Jakobsen, O. (2017). *Transformative Ecological Economics: Process Philosophy, Ideology and Utopia*. Taylor and Francis. doi:10.4324/9781315205434
- Jackson II, R. L., Drummond, D. K., & Camara, S. (2007). What Is Qualitative Research?
- Lai, C.-S., Chiu, C.-J., Yang, C.-F., & Pai, D.-C. (2010, September). The Effects of Corporate Social Responsibility on Brand Performance: The Mediating Effect of Industrial Brand Equity and Corporate Reputation. *Journal of Business Ethics*, 95(3), 451-469. doi:<https://www.jstor.org/stable/40785194>
- Levy, S. J. (1959). Symbol for Sale. *Harvard Business Review*, 37(4), 117-124.
- Luo, X., & Bhattacharya, C. B. (2006, 10). Corporate Social Responsibility, Customer Satisfaction, and Market Value. *Journal of Marketing*, 70(4), 1-18. Retrieved 10 19, 2019, from <https://www-jstor-org.ezproxy.nord.no/stable/pdf/30162111.pdf?refreqid>
- Martin, D; Schouten, J. (2012). *Sustainable Marketing*. New Jersey: Pearson
- Martin, L., Ruiz, S., & Rubio, A. (2009, January). The Role of Identify Salience in the Effects of Corporate Social Responsibility on Consumer Behavior. *Journal of Business Ethics*, 84(1), 65-78.
- Martínez, P., & Bosque, R. d. (2013, 12). CSR and customer loyalty: The roles of trust, customer identification with the company and satisfaction. *International Journal of Hospitality Management*, 35, 89-99. doi: <https://doi.org/10.1016/j.ijhm.2013.05.009>
- Midttun, A. (2013). *CSR and Beyond- a Nordic Perspective*. Oslo: Cappelen Damm AS.
- Nepal Telecom. (2018, September 30). *Mobile penetration in Nepal crosses 100%*. Retrieved from <https://www.nepalitelecom.com/2016/06/mobile-penetration-in-nepal-crosses-100.html>
- Ng, P. F., Butt, M. M., Khong, K. W., & Ong, F. S. (2014, May). Antecedents of Green Brand Equity: An Integrated Approach. *Journal of Business Ethics*, 121(2), 203-215.

- Nweman, J. W., & Richard, W. A. (1973). Multivariate Analysis of Brand loyalty for Major Household Applications. *Journal of Marketing Research*, 10(000004), 404-409.
- Oliver, R. L. (1997). Satisfaction: A Behavioral Perspective on the Consumer. *Journal of Marketing Research*, 392
- Oliver, R. L. (1999). Whence Consumer Loyalty? *Journal of marketing*, 63, 33-44.
- Phuyal, S. (2019, February 24). Communist Party of Nepal owns up to Nakkhu blast and arsons in districts. Kathmandu, Nepal: The Kathmandu Post. Retrieved July 15, 2019, from <https://kathmandupost.com/national/2019/02/24/chand-led-communist-party-of-nepal-claims-responsibility-for-blast-and-arson-attacks>
- Pivato, S., Misani, N., & Tencati, A. (2008). The impact of social responsibility on consumer trust: the case of organic food. *Business Ethics: A European Review*, 17(1).
- Pradhan, T. R. (2019, April 10). Supreme Court sets three-month deadline for Ncell, Axiata to clear tax dues. Kathmandu, Nepal: The Kathmandu Post. Retrieved July 15, 2019, from <https://kathmandupost.com/national/2019/04/10/supreme-court-sets-three-month-deadline-for-ncell-axiata-to-clear-dues>
- Saeidi, S., Sofian, S., Saeidi, P., Saeidi, S., & Saeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of Business Research*, 68(2), 341-350. doi:10.1016/j.jbusres.2014.06.024
- Schiffman, L., & Kanuk, L. (2010). *Consumer Behavior* (10 ed.). Pearson.
- Shrestha, P. M. (2019, February 11). Tax authority sets Rs 87 billion in capital gains tax on Ncell deal. Kathmandu, Nepal: The Kathmandu Post. Retrieved July 15, 2019, from <https://kathmandupost.com/money/2019/02/11/tax-authority-sets-rs-87-billion-in-capital-gains-tax-on-ncell-deal>
- Singh, J. (2016). The Influence of CSR and Ethical Self-Identity in Consumer Evaluation of Cobrands. *Journal of Business Ethics*, 138(2), 311-326. doi:10.1007/s10551-015-2594-44

- Smith, M. E., Thorpe, R., & Jackson, P. (2015). *Management & Business Research* (5 ed.). London: SAGE Publications Inc.
- Solomon, M., Bamossy, G., Askegaard, S., & Hogg, M. (2016). *Consumer behavior: a European perspective*: Prentice Hall
- Stanaland, A. J., Lwin , M. O., & Murphy, P. E. (2011). Consumer Perceptions of the Antecedents and Consequences of Corporate Social Responsibility. *Journal of Business Ethics*, 102(1), 47-55.
- Tasch, B. (2015, July 16). *Which are the poorest countries in the world?* (World Economic Forum) Retrieved 05 15, 2019, from <https://www.weforum.org/agenda/2015/07/which-are-the-poorest-countries-in-the-world>
- Tellis, G. J. (1988). Advertising Exposure, Loyalty, and brand purchase: A Two-Stage Model of Choice. 25(2), 134-44. doi:10.2307/3172645
- The Norwegian National Research Ethics Committes. (2016). *Guidelines for Research Ethics in the Social Sciences, Humanities, Law and Theology* (4 ed.). The Norwegian National Research Ethics Committes.
- UK Government. (2001, June 23). *UK Government Response to European Commission Green Paper on Corporate Social Responsibility*.
- Van, M. M. (2003). Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion. *Jouranl of Business Ethics*, 44, 95-105.
- Valerie, S., & Ruben, C. C. (2008). Impact of Corporate Social Responsibility on consumer trust. *Journal of marketing*, 23(4).
- Vidaver-Cohen, D. and P.S. Bronn (2013): Reputation and Responsibility in Scandinavian Firms: A Comparative Analysis. *Journal of Business Ethics*. special edition on CSR in Scandinavia.
- Welford, R. (1995). *Environmental Strategy and Sustainable Development*. New York: Routledge.
- Woodward, C. (1999). *Key Opportunities and Risks to New Zealand's Export Trade from*

Green Market Signals, final paper, Sustainable Management Fund Project 6117. New Zealand Trade and Development Board: Auckland.

World Business Council for Sustainable Development . (1999). *Corporate Social Responsibility: Meeting Changing Expectations.* Retrieved from World Business Council for Sustainable Development: Geneva.

Xu, D., & Yang, D. (2012). The Influence of Corporate Social Responsibility Initiatives on University Students' Buying Behavior.

Yin, R. K. (2014). *Case Study Research: Design and Methods* (5th ed.). Los Angeles: Calif: Sage

Zainal, Z. (2007). Case Study as a Research Method. *Jurnal Kemanusiaan*, 5(1).

Appendix

Appendix 1

Interview-conversation guide.

Stage one: (5 min)

1. Informing about subject, purpose of study
2. Assuring participant about confidentiality, voluntary participation.
3. Answering participant's question if they have any.

Stage two: (10 min)

Understanding participant better and their viewpoint.

1. Can you tell me your age please?
2. What is your occupation?
3. How do you describe social responsibilities of a business/ business man?
4. What do you think about current situation of business ethics in Nepal?
5. What are your criteria to select particular brand?

How do you describe current Ncell tax issue?

- In your opinion, what went wrong?
 - Who should be blame most? Practice? Company?
6. Could you please describe your experience with Ncell before this tax issue?
 - How long have you been using Ncell?
 - How was your satisfaction level?

Stage three: Focusing topic (25-30 min)

7. As a consumer how you relate yourself with this case?
 - How other perceive you while using Ncell?
 - Do you fell any uncomfortable identifying yourself as a Ncell consumer?
8. Has your trust on Ncell influenced by this issue?
 - Do you believe on their promises as before?
 - How confident are you that your information is safe with Ncell?
9. How do you feel about Ncell?
 - Will you recommend other to subscribe Ncell?
 - Why? Why not?
10. Have you perceived any change on your overall satisfaction after this issue?

-
- What differences you felt using Ncell before and after this issue?
11. What is your plan to use Ncell in future?
- Why? Why not?

Stage Four: Summarizing

1. Overall review of interview notes.
2. Have I understood right?
3. Do you have to add something?

Appendix 2

Informed consent form

Participation request for interview and conversation related for data collection for master thesis.

I am master student at the Nord University- Business School; Bodo, Norway working for my master thesis. The topic of my thesis is impact of ‘reactive CSR strategy’ on consumer loyalty mediating by C-C identification, Trust, attitude and consumer satisfaction. A case study of telecommunication company Ncell, Nepal. In this thesis, I will explore how might consumer loyalty get affected by ‘reactive CSR strategy’ of Ncell regarding its ethical and legal obligation.

Consent and Confidentiality:

In order to collect primary information, I would like to conduct skype interview with 5-8 consumers of Ncell who has been using/ used Ncell for three or more than three years. You are requested to participate voluntary and you can withdraw your participation at any time without any justification. I will treat information confidentially and will be used only for academic purpose.

If you are interested to participate in the interview, please sign the consent statement below and send it back to me. If you have any questions, please feel free to contact me Prakash Devkota, on mobile +47-48645685 or send an email prakashdevkota85@gmail.com. You can also contact my supervisor Associate Professor Vivi M. L. Storsletten at Nord University, Business school on +47-75517837 or send her an email vivi.m.storsletten@nord.no.

Declaration of consent:

I understand the purpose of interview and I would like to participate.

Signature..... Phone