



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**

**THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON
BRAND LOYALTY: THE CASE OF ONE WATER BRAND OF
MOGLE BOTTLED WATER MANUFACTURING PLC.**

BY

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**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF
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ADVISOR: BEZA LIBEYESUS (Ph.D.)

JUNE, 2022

ADDIS ABABA

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APPROVAL SHEET

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BY

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CERTIFICATION

This is to certify that Mrs. Eskedar Getachew has completed her thesis work entitled “The effect of corporate social responsibility on brand loyalty: the case of ONE- Water Brand of Mogle Bottled Water Manufacturing Plc”. As I have evaluated, her research is original work and appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Business Administration.

Thesis Advisor

Signature June 2022

DECLARATION

I, Eskedar Getachew, hereby declare that the thesis entitled “The effect of corporate social responsibility on brand loyalty: the case of ONE- Water Brand of Mogle Bottled Water Manufacturing Plc” is my original work and submitted by me for the award of the Degree of Master of Marketing Management of Addis Ababa University at Addis Ababa and it hasn’t been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution and that all sources of material used for the study have been appropriately acknowledged.

Eskedar Getachew

Student

Signature, June 2022

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II. ACRONYMS AND ABBREVIATIONS

| | |
|------------------|--------------------------------------|
| ANOVA: - | Analysis of Variance |
| CBBE: - | Consumer Based Brand Equity |
| CSR: - | Corporate Social Responsibility |
| EIA: - | Ethiopian Investment Agency |
| Ph.D. : - | Doctor of Philosophy |
| RBV: - | Resource-based view |
| SME: - | Small and Micro Enterprise |
| SPSS: - | Software Package for Social Sciences |
| VIF: - | Variance Inflation Factors |

III. ABSTRACT

Corporate Social Responsibility can be considered as a principle that obliges corporate entities to comply with regulations and to take voluntary steps to assure the best interest of society. Running a business is, thus, no longer just considering how to make profits, but also includes bearing certain corporate responsibilities in the society. This study sought to investigate CSR practices and its influence on brand loyalty taking One-Water brand of Mogle Bottled Water Manufacturing Company in Addis Ababa as a case. Explanatory research design was applied and a total of 233 sample respondents who bought or consumed One-Water brand were participated in the survey. Convenient non-probability sampling was used for selecting the targets to collect primary data through self-administered questionnaires. The data were coded and analyzed with the help of SPSS 21.0. The findings showed that the overall CSR practices accounted for 63.2% variation on overall Brand loyalty. It is evidenced that all the dimensions of CSR activities such as economic, social, ethical and philanthropic responsibilities had positive and statistically significant effect on brand loyalty. Specifically, philanthropic social responsibilities had relatively the highest effect on brand loyalty but ethical and economic social responsibilities had less contribution to the model. Substantially extra efforts of public relations management are required for further improvement in terms of disseminating information related to the company's corporate social responsibility activities through appropriate media to create public awareness.

Keywords: Social Responsibility; Corporate Image, Mogle Bottled Water Company, Economic Responsibility, Philanthropic Responsibility

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Working for society and accepting its responsibilities within the operating business environment has gained a new resonance and attracted more attention worldwide (McWilliams, 2016). Such social responsibility has resulted in the call and urge for enhanced transparency and opened the gateway for a culture that allows business firms to show up their cares by taking on a guardian role while parallelly positioning their brands in society. Firms are concerned and accountable to take social responsibility for the community's best interest in which companies run businesses that go beyond their interests and legal obligations. The definitive aim of firms has, thus, become building reputable brands as consumers are getting more conscious of what a business contributes to the wellbeing of society. But the core issue of accepting social responsibility in the developing economies is seen as the response to communication rather than the effective integration of social and environmental activities (Chen and Chang, 2018).

Nielsen (2015) defines corporate social responsibility (CSR) as a management concept in which companies incorporate social and environmental concerns into their business activities and partnerships with their stakeholders. It is a strategy companies do as part of business management designed to ensure that the company's operations are ethical and beneficial to the community. Consumers, employees, and stakeholders interact through prioritizing CSR when choosing a brand or company, and they are holding corporations accountable for effecting social change with their business beliefs, practices, and profits. Thus, managers are figuring out to find ways to help their businesses work for the development of society and the economy (Lvina, 2019). A strong social commitment system is an opportunity to demonstrate good corporate citizenship by looking at all aspects of the social and environmental environment around the company. Firms indulge in accepting CSR services not only for the benefit of the community but also to create a positive image in the eyes of the consumers leading to the creation of customer loyalty.

Failure to consider the corporate social responsibilities of a company may lead to imposing unnecessary pressure from stakeholders, adversely affecting the organization's sustainability (Lvina, 2019). For instance, in 2012, Starbucks lost \$27 mil revenue due to facing a public relations outbreak/allegation over its failure to pay corporate tax to Britain (Monitor, 2013). Multinational companies

are characterized by not paying fair wages to employees in Asia under the cover of cheap labor costs, while in Africa, they are known for paying unfair prices to coffee growers; thus, they are suffering from allegations, critiques, and court suing frequently which broken their image portraying to consumers (Aman, 2016).

Experts (Beckmann, 2007; Bhattacharya and Sen, 2004; Smith, 2003) summarize research into consumer opinions and feedback on CSR and suggest that there is a positive relationship between a company's CSR function and consumer reactions to that company's image and product type. This holds for societies in developed counties where consumers respond to CSR activities based on their perception as most of this research was conducted in developed countries (e.g., Maignan, 2011; Maignan and Ferrell, 2010; Sankar, 2016; Oksanen, 2014). This suggests that research on consumer perception of social responsibility in developing countries needs to be done. According to Jamali (2017), in stark contrast to CSR in developed countries, the need to focus on CSR in developing countries stems from rapidly growing economies, growing lucrative markets, and the dramatic social and environmental effects of business in communities.

In line with this, Ethiopia is one of the developing countries where corporate social responsibility philosophy and practices are in their infancy stage. Simegnew (2017) claims that the practice is not well developed yet as the governance system merely controls rather than encourages the implementation of a well-developed code of ethical conduct. On the other hand, due to increasingly fierce competition, manufacturing companies in particular are struggling to sustain customers through adopting social responsibility as a strategic tool (Eleni, 2019). However, the question is whether consumers have a positive perception of a company's CSR and support it through favorable responses toward its products. Thus, the need for further investigation on consumer perception of social responsibility in developing countries and their influences on consumer brand loyalty is undeniable. As it helps to examine whether CSR is an appropriate strategy to be adopted.

1.2 Statement of the Problem

The escalating demand for clean water has been growing as a result of increased economic development, healthy lifestyle awareness, urbanization, and population growth in the country. For example, at present, there are about 70 of the 110 bottled water companies in Addis Ababa, a city where they can reach the largest number of consumers in the country. In total, the water bottle industry produces about 3.5 billion water bottles a year which provides only 5% of the 110 million people in

the country. One healthy person should drink 2 liters of water daily (WHO, 2019). Meanwhile, in Ethiopia, all bottled water industries supply about 100 milliliters of water per head per day when total production is divided by population. In comparison, neighboring Kenyans less than half the size of the Ethiopian population have factories that contain about 600 water bottles, meaning there is a huge gap in service delivery (Natnael, 2020).

In the Ethiopian context, rapid escalation of urbanization, disposable income, and awareness of a healthy lifestyle are the economic and social factors that aggravated the gap (Andualem, 2018). These economic and social factors have transformed the use of bottled water products from luxury to a basic or mass consumer market. Such a lucrative market puts existing and emerging companies at a competitive edge (Chandler, 2015). To ascertain sustainability in stiff competition, according to Turnbull (2010), customer loyalty is one of the marketing strategies that plays an important role. But how to develop customer loyalty has thus become a critical issue for companies in a competitive business environment. For instance, the pioneer and most known bottled water brands like 'Highland Spring' have left the market. While other brands like 'Aqua Safe', 'Abyssinia', and 'Yes' bottled water brands are still suffering to maintain their market share due to customers switching over to new entrant brands (Ministry of Trade - MoT, 2018).

Due to the criticality of bottled water for healthier life, the market has become fragile and high sensitivity to allegations over counting on certification by authorities. Getachew (2019) claims that there persists a lack of awareness among ordinary customers about which brand is certified rather a tendency to rely highly on word of mouth is evidenced. To mitigate such adverse effects of allegations, bottled water manufacturing companies are taking initiatives to develop CSR policies to take up their businesses. Hoeffler (as cited by Liu, 2014) points out CSR is a pro-social marketing activity that can shape a differentiated market strategy for building brand value, which in turn, might keep consumers loyal in the long run.

More specifically, the 'ONE' bottled water brand has incorporated CSR as a marketing strategy to promote its corporate image. According to Zelalem (2020), the company is currently amongst the prominent brands in the market that offers various sizes of premium potable water products. Contributing to a healthier and contented environment, unlike other competitors, the company adopts the lightest plastic bottles to make them easily compressible. Furthermore, it engages in various philanthropic activities such as supporting various disadvantaged groups, sponsoring various

religious and cultural events, and contributing to large infrastructure projects throughout the country (Natnael, 2020). But how far the end consumers positively value the responsible behavior of the company is in question.

The demands for CSR have increased in time as the social expectations have incorporated a broad genre of social, environmental, and financial issues (Carrol, 1991 as cited by Chandler, 2015). Companies have been attempting to become more responsible in terms of the economic, environmental, and social well-being of the societies in which they operate. As a result, the practice of social responsibility has grown and spread dramatically during the recent decade in the business world (Ratnayake, 2017). Therefore, by incorporating CSR policy into their core business strategies, firms are developing competitive advantages that separate them from competitors. However, all positive results of this operation depend on the client's attitude towards CSR action and the firm's ability to inform or communicate with customers about its CSR-focused business processes.

The aim of this study is, thus, to assess the extent of consumers' awareness of a company's CSR activities and the influence of their perception on brand preference. This can be achieved through examining the effect of CSR dimensions in terms of economic, ethical, legal, and philanthropic responsibilities on consumer brand loyalty in the case of ONE bottled water brand. The survey targets consumers of ONE brand bottled water at selected retail shops in Addis Ababa.

1.3 Research Question

- What is the effect of legal responsibility on brand loyalty of ONE bottled water brand?
- What is the effect of ethical responsibility on customer loyalty of ONE bottled water brand?
- How does economic responsibility influence the brand loyalty of ONE bottled water brand?
- How does philanthropic responsibility affect customer loyalty to ONE bottled water brand?

1.4 Objectives of the Study

1.4.1 General Objective:

The general objective of this study is to investigate the effects of corporate social responsibility practices on brand loyalty in the case of the One-Water brand of Mogle Bottled Water Manufacturing Plc in Addis Ababa.

1.4.2 Specific Objectives

To realize the general objective, the following specific objectives **will be addressed**:

- To examine the effect of economic responsibility on brand loyalty of ONE bottled water brand
- To analyze the effect of legal responsibility on brand loyalty of ONE bottled water brand
- To ascertain the effect of ethical responsibility on brand loyalty of ONE bottled water brand
- To examine the effect of philanthropic responsibility on brand loyalty of ONE bottled water brand

1.5 Significance of the Study

Concerned managers of the Mogle water manufacturing company might benefit from this study as an integrated part of the study, that **will help** to design a criterion for the management of their corporate social responsibility while planning their strategies and giving some recommendations for providing their services with social attributes to satisfy their client's demands and consequently increase their customer's loyalty. The study recommendations will develop and improve the company's quality of services provided to the consumers and it will help in continuing the humanitarian-development across all economic and social sectors and making a positive impact in the communities. As one of few local academic studies that engaged the vitality of CSR and brand loyalty, it may serve as a springboard for further studies on the subject matter.

1.6 Scope of the Study

To fulfill the intended purpose of the research, several delimitations have been made that reinforce and facilitate the investigation. The survey **will be** conducted in Addis Ababa. It excludes other customers out of the capital city intentionally as the study participants are almost homogeneous throughout the country.

The model of this study is framed based on social responsibility theories for marketing strategies such as branding. According to Wu and Wang (2014), four independent dimensions of CSR practices namely ethical, legal, economic, and philanthropic responsibilities are taken as independent variables which predict the outcome (dependent variable- brand loyalty) variable.

Consumers of ONE bottled water brand are targeted as a study population. Due to the largeness of the population and lack of a complete name and address list, adapting the random sampling technique is impractical. Thus, convenience non-probability sampling will be appropriate to select the sample elements from the sampling frame. The study also focuses on only a particular service sector (bottled water company) and excludes others in the food/ beverage industries such as soft drinks, dairy products, and the likes as they are out of the scope.

1.7 Definitions of Key Terms

Corporate social responsibility: a set of activities that contribute to developing the local economy and the quality of life, the social responsibility of organizations encompasses the legal, economic, ethical, environmental, and voluntary activities. (Farcane and Bureana, 2015).

Economic social responsibility: economic impacts (direct and indirect) of an organization's operations on the society and stakeholders as well such as maximizing profits, creating jobs, and establishing local business linkage. Economical responsibility includes economic affairs such as creating return on investment for owners and stockholders, employment, labor fairly compensation, promotion of modern technology, innovation, and producing new goods and services. (Uddin & Hassan, 2008)

Legal social responsibility: Performing in a matter consistent with all the state laws, and governmental regulations, within the legal framework of the society. Legal responsibility includes the expectation of obeying laws and playing a role besides obeying the play rules. (Carroll, 2016).

Ethical social responsibility: To act by the expectations of public norms and standards, to recognize and respect the new or evolving norms/standards accepted by the public. The obligation of ethics includes activities that are not defined but that are expected to be performed by business units to prevent damage and loss of community and respect for the community (Carroll, 2016).

Philanthropic social responsibility: To act on issues that are in line with community expectations by giving, such as conducting educational and cultural projects to improve the quality of life, and

involving managers and staff in volunteer and community service activities within their local communities. (Carroll and Shabana, 2009).

Brand loyalty: Defined as a commitment to repurchase services or an overall feeling about the services provided despite any situational influences that cause switching behavior (Schiffman, 2010)

1.8 Organization of the study

The targeted research will be organized into five key chapters. Part of the research introduction, which includes the research background, problem statement, research objectives, hypotheses, scope, and purpose of the research is mentioned in the first chapter. The second chapter discusses the review of related texts. It includes theoretical discussions, concepts, and analytics that lead to the identification and intelligence of the mind to address the identified research gap. The third chapter deals with the research design and methodology, the amount of research, sampling methods, sample size, data collection tools, data analysis, and presentation methods. The fourth chapter, in the end, shows mathematical features, statistical analysis (both descriptive and subtly), the results of the findings, and their specific meanings. A review of important findings, conclusions, and recommendations is shown in the final chapter.

CHAPTER TWO

2. REVIEW OF THE RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Concepts of Corporate Social Responsibility

Corporate social responsibility (CSR) is the idea of businesses that increase, take part in, and initiate community programs to deal with a problem or concern within the wider network. The vast definition, which encompasses many dimensions along with philanthropy and participants, is famous among pupils (Godfrey 2006; Piercy, 2009). Social duty has long been defined and the notion in lots of ways by way of exclusive authors, however, researchers do no longer proportion the equal which means or core principles of what social duty entails. However, the definition of CSR has progressed through the years from the 1950s to the present. The literature from the 1990s onwards affords some reasons and in addition studies into CSR (Carroll, 1991). Porter and Kramer (2002) described CSR as a shape of corporate philanthropy, which might be blended with financial advantages to offer a competitive gain. Even though Godfrey (2006) shows responsible movements in society and the wider concept of CSR does not have a clear connection.

There are many distinctive methods of considering what CSR includes and what it covered. recent studies have located those definitions frequently discover exclusive sides that reflect their meaning. With the use of content analysis, this study identified the five dimensions of CSR and the frequency calculation utilized by Google search to calculate the relative usage of each dimension. The study determined the following as the overall size of the CSR: the dimensions of participants, community size, economic size, voluntary size, and location size (Dahlsrud 2006). Although this size is determined by way of Google search, no research is being executed to affirm it. some other manner to think about CSR is to identify extraordinary classes of CSR and to alter company activities according to these differing types, instructions, or CSR types.

Using this approach, it is decided to hire four distinctive Carroll's CSR categories, which consist of business fulfillment of economic, legal, ethical, and voluntary/social obligations. The four-part definition of CSR is as follows: 'The social duty of the enterprise network includes the financial, prison, moral, and [philanthropic] choices that society has in organizations at some point in time

(Carroll, 1991). because this definition has been used effectively for studies purposes for more than 25 years, will be the most constructive and suitable definition due to its consistent use in CSR studies.

Some other reasons why this definition is useful is that it clarifies the economic responsibility of an organization as something to be considered inside the CSR, and this turns into very important in thinking about a 'business case'. Entrepreneurs, especially, like to think of their economic/monetary performance as something they not most effectively do for themselves but additionally for society, as they fulfill their institutional purpose of offering the community goods and offerings. In addition, it classifies legal, ethical, and philanthropic/operational classes, and this affords a rigorous assessment of the various enterprise practices.

In addition, the four responsibility/ overall performance categories undertake the 5 formerly mentioned CSR standards. whether in the defined shape or its use, environmental business sports, stakeholders, and the societal (society) are taken together with the monetary and voluntary categories (discretionary/ philanthropic). The four stages of CSR - economic, prison, social, and social - cope with the implications of sectoral packages and help figure out unique types of benefits that go returned to groups and groups in their success. yes, these ideas may be varied and related in their definition and alertness, but they do assist to remedy sure varieties of profits for corporations, and this is essential in constructing an 'enterprise case'.

2.2 Theoretical foundation of corporate social responsibility

2.2.1 Consumer Behavior Theory

Consumer ethics theory is used in diverse fields which include economics, marketing, psychology, and many others. Its main assumption is that the consumer's effort to allocate their cash for items and offerings to growth price therefore will lead to pleasure. customer satisfaction can in the long run bring about customer loyalty to a selected product, provider, or organization. The decision to purchase can be stimulated through factors such as family and pals, the monetary potential of the consumer, the attitude and mindset of the customer about the product, external factors inclusive of advertising or market opinion, and so forth. patron conduct is an important guiding precept. in the knowledge of how client loyalty is linked to CSR.

The most distinguished example of this idea is the utility theory. This concept assumes that the customer is a prudent economist, who buys based totally on the effects of the purchase, and

consequently, for his benefit (Schiffman & Kanuk, 2007). consumer behavior may be described as a “have a look at of the method worried wherein people or organizations pick, buy or do away with goods, services, ideas, or information in addition to satisfy the desires and dreams (Solomon, 2006). Businesses can use CSR to attract customer behavior. Product advertising and promoting can be used to raise the consciousness of services and products, which serve as a platform for CSR sports. Other than the reality that CSR is for the advantage of the community, companies use it to attract and take care of customers, who like or need recognition with the corporation that plays CSR sports.

2.2.2 Stakeholder Theory

This vision lists and describes those individuals and groups that will be affected (or affected) by the actions of the organization. These individuals and groups have a right and a responsibility to contribute to the running of the organization. We cannot stop thinking about whose rights should be considered due to the large number of participants involved. Stakeholders around the business should be defined as those who are affected by the activities of the organization. However, it would not be an easy task and a daily challenge for management. Indeed, Wood (2011) suggested that participants may develop a different understanding of what CSR means and what they can expect from an organization in terms of CSR. Therefore, stakeholder management means allocating organizational resources in such a way as to consider the impact of these allocations on the various groups within and outside the firm. (Jones, 1999).

2.2.3 Corporate Social Performance Theory

Corporate Social Performance theory has been developed and acquired in a few previous concepts and approaches. Its basis was transferred to Bowen (1953) who explained that corporate social responsibility was to set policies and decisions that were in line with the goals and values of the community in 1979, Carroll introduced the concept of corporate social functioning, incorporating a basic principle. Of social responsibility, and a particular philosophy of reaction to public affairs. This included four economic, legal, ethical, and social obligations. Garriga and Melé (2004) Corporate social responsibility includes CSR principles, expressed in terms of institutions, organizations, and individual standards, responses to CSR policies, such as environmental ratings, stakeholder management, and governance; and the consequences of business conduct including social outcomes; community plans, strategies, and policies.

2.2.4 Dimensions of Corporate Social Responsibility

The concept of CSR encompassed a wide range of economic, legal, ethical, and philanthropic (optional) business operations over a given period, excluding domain structure (Carroll, 1991). He was one of the first controversial researchers and was instrumental in the concept of CSR. He said the economic category was the most important among the social obligations, and the other three were ranked in the following declining order of importance: legal, ethical, and humanitarian. Carroll (1991) developed a well-known and advanced CSR paradigm in the field of management: The Pyramid of Corporate Social Responsibility. To this day, Carroll's paradigm is still widely known in the business world.

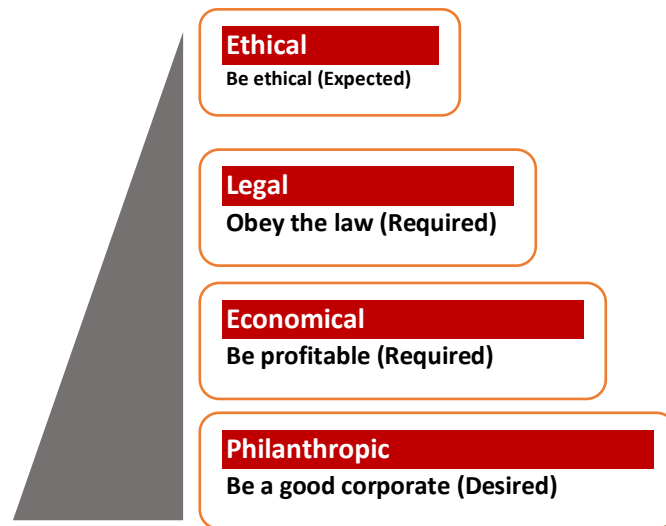


Figure 1: The Pyramid of Corporate Social Responsibility Model

[Source: Carroll, 2016]

The primary responsibility of all corporations is the monetary burden on which the commercial enterprise ought to produce and sell what society needs as a way to achieve the monetary goal. This economic depend has to perform under the felony obligation of the legal guidelines and regulations. each financial and felony obligations have to undertake a code of conduct, but some conduct isn't nicely defined and exceeds the criminal requirements. however, the CSR activities asked with the aid of the general public are expected to be adhered to. The image of the enterprise's stakeholders promotes ethical values. moral obligations suggest that agencies ought to produce items and offerings that customers want and preference, for instance, at an affordable charge and successfully. The

obligation to serve the community consists of the choice of every enterprise, in which the expectancies of the community have to be considered. The sports used inside this size are voluntary (Carroll, 2016), e.g., to avoid hazardous waste inside the service enterprise or to engage in public affairs. those four sorts of social bonds shape what is referred to as CSR. with the aid of designing exact CSR strategic corporations create a unique and clear role inside the market by establishing a selected company picture diagnosed via their clients (Uddin, 2000).

Another famous version observed the emergence of a company social paintings model via specializing in 3 demanding situations of CSR imaginative and prescient, instead of four as inside the Pyramid of Corporate Social responsibility. All three are monetary duty, social responsibility, and social response. Friedman (1970) is understood for claiming that the social responsibility of an enterprise is an approach to maximize income, which one needs to pay for (typically customers or employees). because the CSR idea objective is to increase income, the priority, in step with Friedman, is to boom the number of shareholders. alternatively, Uddin (2008), regarding Friedman's definition of CSR and states that: because the strategy increases income, CSR is not a risk to achieving the monetary desires of the business enterprise, the concept of CSR is rather an opportunity.

Nowadays, public commitment is a vital element for clients and shareholders. As companies make an income only whilst the products and offerings are used by the general public, the business ought to conduct its sports in a way that is socially ideal to maintain lengthy-time period relationships and long-term commercial enterprise sustainability (Uddin, 2008). businesses learn that top governance and CSR are no longer something corporations can do, and it's far no longer a further expense for the agency. in addition, he says firms need to broaden and integrate CSR into their marketing strategy if they want to have a long-time period of success, due to the social call for customers and shareholders.

Research performed via the European Union on research confirmed that ultra-modern consumers now not handiest need conventional, stunning, and secure products however additionally care that the production is carried out in certain approaches which are socially responsible. some EU institutions and groups guide and help big agencies, as well as small and medium organizations (SMEs) to expand the capacity to participate in CSR and improve commercial enterprise sustainability. SMEs are less powerful in CSR and want extra equipment and guidance to perform CSR efficaciously. that is performed, inter alia, by using accepting a declaration of cause, ethics, or belief wherein organizations nation their intentions, standards, and responsibilities to their stakeholders; the process should usually

be equal. research shows that clients reward companies, especially provider agencies, for their support of community packages. because of the high stage of similarity among service businesses and their features between social and environmental structures, effective CSR management in this subject may be very crucial and appealing to clients (Calabrese, 2008).

2.2.5 Marketing Perspective of Corporate Social Responsibility

CSR can encompass lengthy-term participation and organizational guide that desires to be included in the strategy. The method is the imaginative and prescient and lengthy-time period dreams of the business enterprise wherein the emphasis is on incorporating CSR right into a company business approach (Cruz, 2009). He advised three regions that must be addressed on the way to integrate CSR efficaciously into strategies. this is governance (which includes a verbal exchange with stakeholders), ethics, and studying (growing CSR cognizance and expertise). He additionally shows that there are few studies on CSR and global businesses. further research is wanted on the effect of various organizational systems and the effectiveness of CSR implementation. Having flexible processes and techniques concerning enforcing environmentally-friendly rules can assist an organization compete; enterprise leaders want to create flexibility in responding to extraordinary environmental situations and develop guidelines on an ongoing basis (Dwyer, 2009).

Godfrey (2008) indicates that CSR may also have “insurance” properties in risk management. The high-quality popularity a company develops from CSR can assist combat bad advertising and marketing and the effect on shareholders from a bad occasion, which means much less impact on the product. popularity is associated with purchaser developments and affects emblem trust. He received a CSR of the group that desired the contributors and made a great contribution. businesses taking part in CSR may be taken into consideration as less risky and extra economically cozy (Menz, 2010). He decided the risky premiums or the anticipated go back on risky assets because the companies liable for society have been superior, all other things being equal. investors were additionally less concerned about CSR scores in terms of hazard in comparison to debt estimates.

different factors affect the ability to increase an aggressive gain (De Sousa, 2010) which may additionally encompass organizational values, stakeholder relationships, and control choices; CSR can affect all of those elements. CSR may be managed systematically to generate aggressive company profits. it could additionally be taken into consideration a stable approach in which to boom profits. Quairel (2011) concluded that competitive benefit is to be had so long as the CSR method isn't

modeled and proposes distinctive CSR techniques based on the sort of competitive surroundings. A competitive gain may be gained by way of increasing the business enterprise's recognition and goodwill, in addition to attracting higher-equipped personnel. CSR jobs can entice high-quality employees and this may supply the business enterprise with a competitive area.

2.3 Brand Concept

There are many product descriptions. Various experts provide their definitions of product descriptions. According to Kapferer (2008), a brand name is a trademark or a unique name that identifies a product or manufacturer. Refers to a name, name, mark, mark, or design used by a company to distinguish its offerings from those of its competitors. The brand name is the displayed part of the product and the brand mark is the non-verbal part. He also describes the brand as a word that has an impact on consumers. He also notes that the brand directs people's attention because it has the characteristics of brightness, diversity, firmness, and trust. A successful brand conveys a consistent message and creates an emotional bond with customers.

Additionally, Hammond (2008) defines style as the sum of the feelings a customer has about your company and its product or service. The author describes the product as an imaginary object of customers who have experienced working with a company or communicating with employees of a company, product, or service. He also discusses 10 significant benefits that can come from a strong brand in the company. A strong brand enhances the company's sales volume, creates greater awareness, and introduces the product or service offered by the company, in addition, builds lasting customer relationships and loyalty, and in some cases, allows the company to offer their product and services at higher prices.

Companies with strong brands also enjoy having dedicated employees who believe in the product and are loyal to it. On the other hand, having a strong brand is a huge amount of money added to a company's balance sheet. The American Marketing Association product description is supported by many authors and is available in a variety of publications. This definition explains a product as a name, term, symbol, symbol, design, or combination, which is intended to identify the goods or services of one seller or group of sellers and to distinguish them from its competitors (Kapferer (2008). Marketing plays many roles in companies. According to Kotler (2009), Brands are an important and intangible asset in companies, a unique tool that builds long-term relationships with

consumers, and protects their rights. For consumers, products reflect their knowledge and experience; to facilitate the processing of information collected over time about the company and its products or brands. In addition, the brands reflect consumer information; thus, facilitating the processing of information collected over time about the company and its products or types. Thus, brands serve as indicators of high-quality products with low perceived risk, thus, allowing consumers to capture both the perceptual and non-judgmental values expressed in the positive or self-expressing emotions they experience (Aaker, 2006).

Ultimately, the product is a source of competitive advantage. To gain a competitive advantage, companies must make a profit for consumers through an effective product strategy. A solid product undoubtedly separates the product from the same products, but having a strong brand name alone is not enough. The product itself needs to be different in some way (Blythe, 2005). A strong brand is a product that has very valuable products or that has a strong intangible value-added (Kapferer, 2008). As he said, in some companies, the main focus of strategic development is on product development, development, and job creation. Therefore, firms should properly consider the development of a solid product. If advertisers can build a solid brand, users can easily be enticed into a company's offers. In addition, branding leads to a wide variety of product and consumer preferences. It assists consumers by providing more information about products and guiding their purchase decision.

2.3.1 Brand Loyalty

Product integrity may be seemed as a management idea, as an intangible monetary asset, as a related idea, or as a client-primarily based attitude from a man or woman patron attitude (Tuominen, 1999). In marketing literature, product integrity works in two ways: those who recollect purchaser ideas together with product attitudes, product attention, product association, and fictional pleasant; as well as the ones who have experienced consumer behavior such as product loyalty, extra fee, and so on. each techniques measure product reliability from a consumer perspective.

Integrity is done whilst clients recognize the product, are faithful to the product, and spot the product as best. attention, honesty, and satisfactory belief are the three key additives of a successful product (Seetharaman, 2001). Aaker (2006) argues that there are three components to product reliability which consist of product focus and agencies (product consciousness and product affiliation), concept-frightening first-class, and product reliability.

Brand loyalty makes value for both customers and the organization. Brand loyalty creates customer costs using enhancing the procedure of powerful records, ensuring choice-making, strengthening purchases, and contributing to self-respect and trust. Moreover, inside the business enterprise, product loyalty creates product loyalty, earnings margin development, gaining strong have an impact among outlets, and accomplishing a unique competitive advantage in the aggressive surroundings (Amini, 2010). consistent with Yoo (2000), the full quantity of product reliability is recognized as a consultant of marketplace overall performance. From a holistic attitude, product reliability is described in terms of marketing outcomes which are broadly speaking because of the kind of product. this is, product reliability is related to the reality that exceptional effects are because of the advertising and marketing of products or services because of the nature of its product, instead of the consequences of those services or products aren't always capable of perceiving the product brand (Tuominen, 1999).

One reason for studying brand loyalty arises from a strategy-oriented incentive to provide marketing productivity. Having more values, larger rivalry, and immense demand in most markets, has been able to increase the efficiency of marketing expenses. Therefore, marketers need to take consumer behaviors as a base for making a better strategic decision about the target market and positioning. To obtain productivity in marketing, perhaps one of the most precious assets of one corporation is knowledge and awareness of the brand that was made in consumer mind about investiture in corporation obvious marketing plans (Amini, 2010).

2.3.2 Corporate Social Responsibility and Brand Loyalty

today, influential clients are predicted by CSR in agencies and this influence is developing exponentially because of the developing importance of CSR. As stated earlier, customers assume a price proposition that encompasses each emotional and social value. Emotional-based merchandise is fairly protected from aggressive erosion (Martinez, 2014). CSR may be seen as an emotional detail of a product image that enhances the agency's competitive benefit. while an organization's prevention strategy is based on its CSR sports, key values are centered on CSR key values. some other result of incorporating it into a marketing approach is to make sure that the product isn't compromised (Chandler, 2015). this means that the CSR can act as a "damage insurance" to protect the product.

An organization with a sturdy product is less probable to have issues, for example, recognition (Casado, 2014). in terms of CSR, it will become a method to mark the customer management expectancies. He says CSR programs create an advantageous consumer mindset and conduct. This in

turn strengthens the agency's emblem photo, which is one of the major motives why an organization is concerned with CSR sports. CSR and product image are carefully associated. CSR will become a central aspect that undoubtedly influences the picture of the product and is therefore taken into consideration as a strategic want, instead of something that simplest contributes to the social fee of the purchaser (Crespo, 2005; Cretu and Brodie, 2007; Wu and Wang, 2014).

Casado (2014) said that customers decide on corporations worried about CSR. If clients see the company as a legal responsibility to the public, they may be extra fine when assessing the provider nicely. customers suppose that public responsibility is connected to higher service fines and as a result, they'll use CSR statistics to reduce service uncertainty (Casado, 2014). He says CSR has a superb impact on the product image which also engages the patron in product reliability. In addition, the authors show that a robust product image enhances word of mouth and top buying intentions. However, it's far essential to communicate efficaciously with its moves to boom consumer cognizance and attitude, if you want to increase a strong logo image.

The provider industry is a quick-developing area and, as referred to in advance, even product-primarily based agencies to a point are growing their businesses into provider establishments. consumers today have more knowledge of sustainability and extra cognizance of company moves this means that CSR has received influence. At that time, the photograph of the product has become known as one of the most important parts of advertising. but, the range and scope of research on how extraordinary CSR sizes affect a product photo is restricted and calls for similar research.

2.4 Empirical Review and Hypothesis Formulation

2.4.1 Effect of Economic Social Responsibility on Brand Loyalty

Hamadan (2016) conducted a study entitled “The Effect of Corporate Social Responsibility on Customer Loyalty of Jordan Telecommunication Companies.” The study aims to assess the impact of CSR size (economic responsibility, legal responsibility, moral responsibility, generosity responsibility), on customer loyalty in mobile telecommunications companies from the perspective of Jordan University students. The researcher uses the questionnaire as a data collection tool; The number of surveys included mobile telecom operators in Jordan, namely: Zain, Umniah, and Mobilcom. A sample of 600 customers was used, 404 queries were returned, and data were analyzed using the SPSS system depending on mean, standard deviations, correlations, and ANOVA one-way

tests. The results show that: there is a statistically significant impact of the use of economic responsibility on customer product integrity.

In support of the above findings, Doda (2015) states that social-economic responsibility is fundamental to any organization that seeks to make a profit; the business must produce and sell what the public needs to fulfill its economic function. In terms, they should maintain a strong competitive position in the industry and aim for efficiency. The economic obligation lies in nurturing not only the interests of shareholders but also the interests of other stakeholders as well. The role of economic responsibility is also reflected in the Triple Bottom Line (TBL) described by the Elkington model, which focuses on working in a way that is consistent with the interconnected human (social) and planet (environment), and profit (financial) as tools to achieve sustainability (Jusubova, 2015), highlighting the organization's commitment to profitability.

These studies have shown the relationship between economic responsibility and corporate life and the improvement of corporate product loyalty. Based on this theory, the following hypothesis is proposed:

H1 – Economic Responsibility has a significant effect on Brand Loyalty

Effect of Legal Social Responsibility on Brand Loyalty

Mehjez (2016) learned about the impact of a company's commitment to the community on the credibility of banking products in the Gaza Strip (Employee Vision). The main objective of this study was to measure the impact of social responsibility (staff, customers, services and economic development, legal regulations, ethics, and finally, management concerns for investors, owners, and the public) on the trust of Brand banks in the Gaza Strip. The study targeted all 11 banks operating in the Gaza Strip. The questionnaire was used as a data collection tool distributed to all 184 senior and middle managers by number. A total of 151 questions were allowed to be analyzed. The results found that: Key features of the CSR have a positive impact on product banking credibility in the Gaza Strip. It is noteworthy that management concerns about employees, ethics, and finally, management concerns about investors, owners, and the community have a significant impact on product reliability as local banks show that a public social obligation is an important factor that has positive imperfect product reliability.

A successful firm fulfills its legal obligations, which are key to keeping the company operational. Conchius (2006, quoted in Doda, 2015) argued that the legal obligation includes compliance with consumer and product laws, environmental laws, and employment laws while adhering to the rules and regulations governing competition in the marketplace. It has been shown in the Doda (2015) study that functioning within the framework of laws and regulations itself is the fulfillment of part of the social contract between companies and the public, thus playing an important role in building the credibility of the company's product. Based on this hypothesis, the following hypothesis is proposed:

H2 – Legal Responsibility has a significant effect on Brand Loyalty

Effect of Legal Social Responsibility on Brand Loyalty

Chun and Bang (2016) investigated the effect of CSR on customer loyalty mediated by authenticity. The purpose of this study was to investigate the effects of CSR (ethical, environmental, and well-being CSR) on customer loyalty through brand image and customer trust as well as to represent the moderating effect of authenticity for fast food corporations such as McDonald, Lotteria, Mom's touch, etc. The survey was filled by 220 people including most university students in Jinju city. The findings revealed that ethical social responsibility has a positive effect on customer loyalty. This study demonstrates that authentic CSR plays a role of a contributor to customer loyalty through brand image and customer trust.

According to Valentzas and Broni (2010), ethical concerns express those standards and expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. The stakeholder's image of the company encourages ethical standards. According to Carroll (2016), business performance can be determined by the corporation's consistency in promoting moral and ethical standards. If a corporation practices good corporate citizenship, the activities of the corporation are trusted. Ethical responsibility also recognizes that corporate integrity and ethical behavior should go beyond the requirements of laws and regulations. For example, the programs that are telecasted should adhere to the ethical value of the community.

Studies have reflected that ethical responsibility, which includes concerning for what consumers, employees, shareholders, and the community regard as fair, just, or moral is important to raise stakeholders' image of the company, which also in return influences company performance. Based on this concept, the following hypothesis is proposed:

H3 – Ethical Responsibility has a significant effect on Brand Loyalty

Pérez and Bosque (2015) conducted a survey on corporate social responsibility and customer loyalty: assessing the role of identification, satisfaction, and company type. The study aims to explore the impact of the corporate social responsibility image from three dimensions (community, customers, and employees) on customer-related relationships (identification and satisfaction) and loyalty (recommendations and repurchases) in the banking industry. In this quantitative study, a structural statistical model was evaluated to determine the extent to which CSR magnitude influenced customer response and corresponding responses to each sample, using research data completed complementary in-depth simultaneous interviews. per month, the survey sample contains 648 savings bank customers and 467 commercial bank customers in Spain. The concept of CSR systems has a positive impact on customer product reliability. Among the magnitude of CSR, philanthropy, and ethics have a significant impact on customer product reliability. Conservative bank customers respond to community-based gift-giving programs and employees better than commercial bank customers.

Philanthropy is based on the voluntary and optional field of corporate responsibility and has not always been associated with corporate profits or ethics (Ferrell, 2004). A business committed to helping people may improve the image of a business, especially those with a high social profile. According to Carroll (2016), management and staff need to participate in volunteer and community outreach activities, especially in projects that improve the quality of life of the community. While society wants companies to make a living by helping people, it is voluntary on the part of companies.

According to Fombrun, Gardberg, and Barnett (2000, quoted in Doda, 2015), strategic philanthropists argue that, although generosity may not produce direct economic returns, it will improve the company's long-term competitive position with tangible benefits, legitimacy, or employee loyalty. The study concluded that social responsibility enhances the company's long-term competitive position with tangible benefits such as product reputation and reliability, which reflects a positive relationship between factors (Carroll, 2016; Doda, 2015). Based on this hypothesis, the following hypothesis is proposed:

H4 – Philanthropic Responsibility has a significant effect on Brand Loyalty

2.5 Conceptual Framework

The theoretical framework includes two main concepts: CSR and brand loyalty. The following model has been developed and based on established theories from previous research. In this proposal, this theoretical model consists of components that have been selected from Carroll's (2016) pyramid (ethical, legal, economical, and philanthropic) and Keller's (1993) brand loyalty model. Brand loyalty is a widely used marketing tool across different industries. Nevertheless, there is no consensus in the literature regarding the measurement of brand loyalty since the concept is multidimensional (Malik, 2011). Extant studies show the positive effect of CSR on brand loyalty, but a few are conducted within the food chain industry, specifically on bottled water companies. It is therefore relevant to examine how the different dimensions of CSR affect brand loyalty to optimize CSR as a marketing strategy.

By operationalizing these two (CSR and Brand Loyalty) concepts, they have become empirically testable. Figure -2 illustrates the direct relationship between the dimensions of CSR and brand loyalty. Consequently, this model is used as a framework when exploring the effect that the CSR dimensions have on brand loyalty. Thus, the four CSR dimensions namely economic, ethical, legal, and philanthropic social responsibilities are considered independent variables while brand loyalty is the dependent variable of this study.

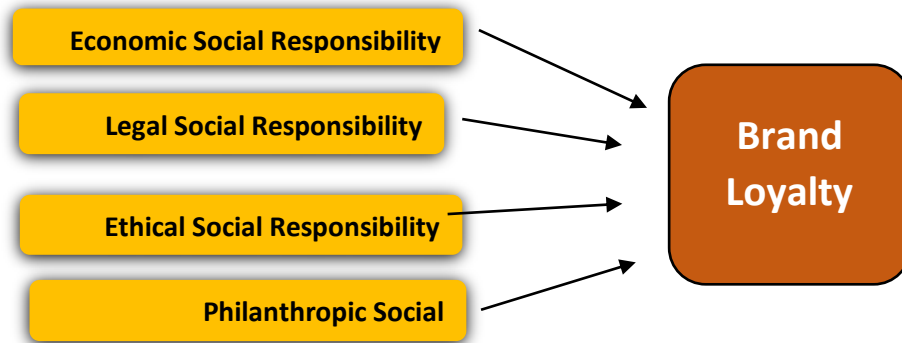


Figure 2: Conceptual Framework of the Study

[Source: Carrol, 1991 as cited by Wu and Wang, 2014]

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Approach

To meet the objectives of this study, the quantitative research approach was applied as it appropriate research approach which involves studies that make use of statistical analyses to obtain their findings.

Key features include formal and systematic measurement and the use of statistics to carry out the analysis and its respective interpretation of the data collected through a questionnaire-based survey. Since the main objective of this study was to explain the underlying causal relationships between variables, a quantitative research approach was employed. That is, hypotheses on the causal relationships are deduced from existing knowledge (literature), subjected to empirical scrutiny (testing), and, based on the findings would either be supported or refuted.

3.2 Research Design

There are three types of research design namely exploratory, descriptive, and explanatory research. Explanatory research was applied to establish cause-and-effect relationships between variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004). This study followed the explanatory research design to investigate the relationship between CSR dimensions and consumer brand loyalty.

3.3 Population, Sample Size, and Sampling Technique

3.3.1 Target Population

A target population is the entire group of people or entities that the researcher is interested to conclude (Kothari, 2004). Consumers of ONE-Water brand bottled water of Mogle Plc are recognized as a population from which the sample frame is drawn. The sample frame for this study will be a set of consumers residing in Addis Ababa City, including both genders, of all ages above 18 years and customers (individual and corporate). The target population of the study were considered as the infinite population as the exact number of ONE bottled water brand consumers were unknown.

3.3.2 Sampling Procedure

There are two sampling strategies in use to select the targeted respondents from the sample frame. There is a probability of non-probability methods of sampling (Creswell, 2009). The former applies to a random (equal chance) selection, while the latter is subjective and relies on the researcher's decision or reasoning. The probability sampling strategy is preferable to select respondents from the target sample population to make it easier to generalize, but it is hard to access the list of customers

as well as impractical to get the home address of randomly selected respondents within the specified time frame easily. The convenience non-probability sampling technique was therefore used as it is found to be more efficient in contacting each respondent before the measured or calculated sample size was reached. Thus, the study considered buyers of ONE bottled water at selected retail shops in the city.

3.3.3 Sample Size

Determining sample size is a very important issue because samples that are too large may waste time, resources, and money, whereas samples that are too small may lead to inaccurate results. According to Saunders (2007) researchers normally work to a 95% level of certainty. Sampling is the process of selecting some study units from a defined study population (Zikmand, 2010). It is economical to take a representative sample for the intended investigation when conducting a census is unrealistic. Since the number of the population was unknown, the simplified formula for proportion sample size was determined by the following formula (as stated by Cochran (1999). Therefore, the formula to determine the sample size proportion for an unknown population is:

$$n = \frac{Z^2 \times p}{(e^2)} = \frac{1.96^2 \times 0.5}{(0.05^2)} = 385$$

Where: $Z^2 = 95\%$ of confidence level and equals 1.96

$P =$ expected prevalence which equals 50%

$e^2 =$ the level of precision or sampling error and equals 5% (0.05)

Therefore, the targeted sample size was a total of 385 targeted consumers.

3.4 Source of Data

Depending on the objective and the research questions, the only primary data source **will be used** for this study. Primary data consists of all data obtained during the study that may be specifically relevant to the purpose of the study. The primary data were collected from responses to self-administered questionnaires. Besides, primary and secondary sources like journal articles, research, and books were also used for articulating the literature review part. But no secondary data were used for analysis.

3.5 Data Collection Instruments

This research was primarily carried out using quantitative data collected through a self-administered questionnaire. A questionnaire as a survey instrument is used for collecting the primary data. As suggested by (Creswell, 2009), administering questionnaires allows the researcher to collect data at a low cost even when the universe is large and is widely spread geographically, it is free from the bias of the interviewer; answers are in respondents' own words, respondents have adequate time to give well thought out answers. Respondents who are not easily approachable could also be reached conveniently and large samples can be made use of thus the results can be made more reliable. Quantitative data on CSR and brand loyalty attributes were collected through a close-ended questionnaire based on Carroll's (2016) and Keller's (2004) model as cited by Wu and Wang (2014).

The adopted questionnaire, which were used in data collection, consisted of three parts. The first part of the questionnaire includes basic questions about respondents. The second part refers to CSR dimensions. This part consists of 20 items, grouped so that 5 items refer to each of the CSR dimensions (economic, legal, ethical, and philanthropic). Items that refer to each of the dimensions are formulated under the characteristics of these dimensions given by Carroll (2016) in his definition of the Pyramid of CSR. The third part refers to customer brand loyalty. This part consists of 5 items which are mostly used in similar research about customer loyalty, and according to the questionnaires used in the research of Keller (2014). The respondents showed the level of agreement/disagreement with these items on the five-level Likert scale (1 – disagree; 5 – agree).

3.6 Data Collection Procedure

The research was conducted in person for the fulfillment of the academic requirement. The data collection was carried out in two phases. The first phase was for pretesting the data collection instruments' validity and reliability by disseminating a total of 30 questionnaires. Then once confirmed their validity, the questionnaires were distributed to the targeted respondents. While the second phase was intended to collect the required data for analysis purposes from targeted respondents at selected sales outlets in the Marcato neighborhood in Addis Ababa. Due to the nature of the marketplace, it was really hard to disseminate questionnaires physically but the student researcher tries to take all the necessary methods to convince the targeted respondents as well as the contact persons as well. Respondents fill out the questionnaires accordingly after having their full consent regarding the purpose of the study.

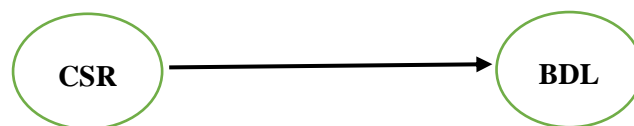
3.7 Data Analysis and Presentation

Both descriptive and inferential statistics were used to analyze the quantitative data collected through a structured questionnaire. All the variables were coded and entered into the SPSS 20.0 to analyze the collected data. Descriptive statistics are used to describe the usefulness of the data set and examine relationships between variables. To describe the data, preliminary descriptive statistics such as frequency, percentages, mean scores, and standard deviation were computed. To view the internal consistency of the scale items, Cronbach coefficients (alpha) were also computed.

Multiple regression analysis was performed using the four selected CSR dimensions as independent variables, and Brand Loyalty as the dependent variable. The basic aim is to see the extent to which Brand Loyalty is affected by the CSR dimensions in terms of the coefficient of determination (R^2 value), the regression coefficient (Beta coefficient), and the P-values for the significance of each relationship. Correlation coefficients was used to quantitatively describe the direction and magnitude of the association between the variables. According to Hair (2016), the Pearson correlation coefficient measures the degree of linear association between two variables. The scale varies between -1.00 to +1.00, whereas zero (0) represents absolutely no relationship between the three variables.

Model Specification - The study adopts multiple linear regression models to evaluate hypotheses derived from empiric reviews. Regression analysis is a statistical method for evaluating the mathematical model representing the relationship between variables that can be used to predict the value of the outcome variable, given the measures of the independent variable (Kothari, 2004). Multiple linear regression calculates the coefficients or relative importance of the individual predictors in the multiple linear equations, with one or more independent variables that better predict the value of the dependent variable. Multiple linear regression is made to define the relationship to evaluate the most dominant variable that affects brand loyalty. To do so, the relationship between the variables is formulated as:

- X - Independent Variable (Corporate Social Responsibility (CSR) – Economic, Legal, Ethical , and Philanthropic)
- Y₂ - Dependent Variable (Brand Loyalty - BDL)



To assess the relation between CSR and Brand Loyalty dimensions, a multi-regression analysis of the hypotheses proposed for testing is shown as:

The effect of CSR and Brand Loyalty (H1 – H4)

$$BDL = \beta_0 + \beta_1 ECR + \beta_2 LGR + \beta_3 ETR + \beta_4 PHR + e$$

*Where: Y= Overall Brand Loyalty; X₁ = Legal; X₂= Economical; X₃ = Ethical; X₄= Philanthropic Responsibility; e = error term, β_0 = constant, term $\beta_{1, 2, 3, 4, 5}$ = coefficients of predictors

3.8 Validity

The researcher ensures the validity of the study by pre-testing (external validity) with questionnaires to correct any ambiguity in the questions when detected and also by asking clearly stated questions to the respondents. Validity is the extent to which data collection method(s) accurately measure what they are intended to quantify (Saunders, 2009). According to Fink (2003), it is significant to pilot test the questionnaire in making sure validity and the minimum number of questionnaires to be pilot tested should not be below 10 questionnaires. The pretesting, thus, was conducted by distributing 30 questionnaires to ONE-Water marketing officials, and marketing scholars at different universities as well as consumers who went through the questionnaires to verify the suitability of questions, language (style of expression), and forwarded their suggestions to improve it. Finally, after having all the required modifications, it was found satisfactory to distribute to the targeted respondents accordingly.

3.9 Reliability

Reliability can be defined as the degree to which measurements are free from errors and, therefore, yield consistent results. Operationally, reliability is defined as the internal consistency of a scale, which assesses the degree to which the items are homogeneous. This study uses Cronbach's alpha to assess the internal consistency of variables in the research instrument. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Zikmund (2010), a scale with a coefficient alpha between 0.6 and 0.7 indicate fair reliability, so for this study, a Cronbach's alpha score of 0.70 or higher is considered adequate to determine the reliability.

Table 1: Reliability Test

| | N | Cronbach's Alpha |
|------------------------------|----|------------------|
| Economic Responsibility | 5 | .822 |
| Legal Responsibility | 5 | .715 |
| Ethical Responsibility | 5 | .796 |
| Philanthropic Responsibility | 5 | .803 |
| Brand Loyalty | 5 | .711 |
| Total | 25 | .829 |

Source: Own Survey, 2022

The result was found to be in the range of acceptance, with Cronbach's alpha coefficient above 0.7. Thus, as an indicator of acceptability of the scale for further study, all the four CSR (Legal, Ethical, Economic and Philanthropic Responsibilities), and the brand loyalty dimensions were found to be above 0.7. The alpha score of all the constructs yielded the Cronbach alpha of $r = 0.814$ on average. Based on the Alpha score within the range, the scale was considered a reliable tool for performing data analysis due to its ability to yield stable and consistent results.

3.10 Ethical Consideration

Before the start of this research task, informed consent will be inquired from the management of Mogle bottled water manufacturing plc and One Water brand consumers as well. The approval request (consent) form for this study **will be** granted from Addis Ababa University and formal consent of the targeted respondents **will also** be requested from each participant before the commencement of data collection. The student researcher undertakes to protect the rights of the respondents by ensuring that none of the respondents **will be** marked during the study or any subsequent thesis and that the respondents will be chosen to participate without coercion.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The data presentation, analysis, and interpretation part contained the findings and interpretations of the data analyses. The analyses were carried out using descriptive and inferential statistics. The descriptive statistics include the description of the respondents' demographic profiles, as well as the participants' responses to each CSR attribute, whereas the inferential statistics include the assumption test, correlation, and multiple regression analysis.

The questionnaires were physically distributed to consumers of ONE bottled water located in Addis Ababa City. Out of the 385 distributed questionnaires, 289 were returned which accounted for a 75% response rate. According to Nigel (2019), the acceptable response rate of a survey conducted in person is 57% (Appendix IV). Thus, the response rate is more than the expected margin. However, after having screened the collected responses for missing data and other discrepancies, 233 valid and usable responses were statistically analyzed. This sample response is representative, as a rule of thumb, a size of 200–300 is considered to be adequate for proper analysis (Gaur,2009). Then, the data were

encoded into SPSS 21.0 to make them suitable for the proposed technique of data analysis. Once the preparation was completed, the required analysis is carried out and the results are presented below.

4.1 General Information about the Respondents

The descriptive statistics provide information about the sample respondents under study. The results in Table -2 show that out of 233 respondents who participated in this survey, male respondents comprised 147 (63.1%) and the rest 86 (36.9%) were their female counterparts. It implies the majority of the respondents were male subscribers. With the scope and sample size of this study, it would be premature to make conclusive statements about what this gender disparity means, other than the sampling diversity. Possibly future endeavors with a gender-specific focus could investigate this venue from a gender-related perspective.

As indicated in Table -2 regarding the age of the respondents, the majority 103 (44.2%) were found to be below 30 years old followed by 74(31.8%), and 38(16.3%) were found within the age range of 30 – 45 years and 46 – 60 years respectively. The rest 18(7.7%) are above 60 years. This finding is positive in its indication that ONE bottled water made interested people from all age groups, from adolescents to the elderly.

Table 2: Summary of Demographic Profile

| Category | Freq. | Percent (%) |
|-----------------|------------|---------------|
| Sex | | |
| Male | 177 | 76.0% |
| Female | 56 | 24.0% |
| Total | 233 | 100.0% |
| Age | | |
| <30 | 103 | 44.2% |
| 30 - 45 | 71 | 30.5% |
| 46 - 60 | 41 | 17.6% |
| >60 | 18 | 7.7% |
| Total | 233 | 100.0% |
| Religion | | |
| Orthodox | 65 | 27.9% |
| Protestant | 53 | 22.7% |
| Muslims | 89 | 38.2% |
| Catholic | 15 | 6.4% |

| | | |
|------------------|------------|---------------|
| Others | 11 | 4.7% |
| Total | 233 | 100.0% |
| Education | | |
| Illiterate | 23 | 9.9% |
| High School | 52 | 22.3% |
| First Degree | 77 | 33.0% |
| Masters & above | 19 | 8.2% |
| Others | 62 | 26.6% |
| Total | 233 | 100.0% |

Source: Own Survey, 2022

Of course, it is noteworthy to acknowledge that this phenomenon is largely due to the nature of the product category, as water is as utilitarian a product as it gets, appealing to perform regardless of age. However, it would be intriguing because it indicates that ONE bottled water piqued the curiosity of people of all ages, from teens to the elderly.

As far as consumer's religious sect is considered, 89(38.2%) of the respondents are Muslim, while Orthodox, Protestant, and Catholic took a share of 65(27.9%) and 53(22.7%), and 15(6.4%) respectively. Whereas other religious followers shared the rest 11(4.7%). This indicates that Muslim and orthodox customers are more in number as the two sects are the largest population in the country. The trend also shows that the protestant religion followers are growing which can be seen as a market opportunity for customer segmentation.

Their educational backgrounds reflected that the majority 77(33.0%) of the respondents were first degree holders. Master's degree & above comprised 19(8.2%). Whereas 52(22.3%) were high school certified and 23(9.9%) were illiterate. The rest comprises 62(26.6%) were other qualification holders. Almost three fourth of the respondents were educated and it implies that the possibility of understanding the questions and the purpose of this survey by the majority of the participants is higher.

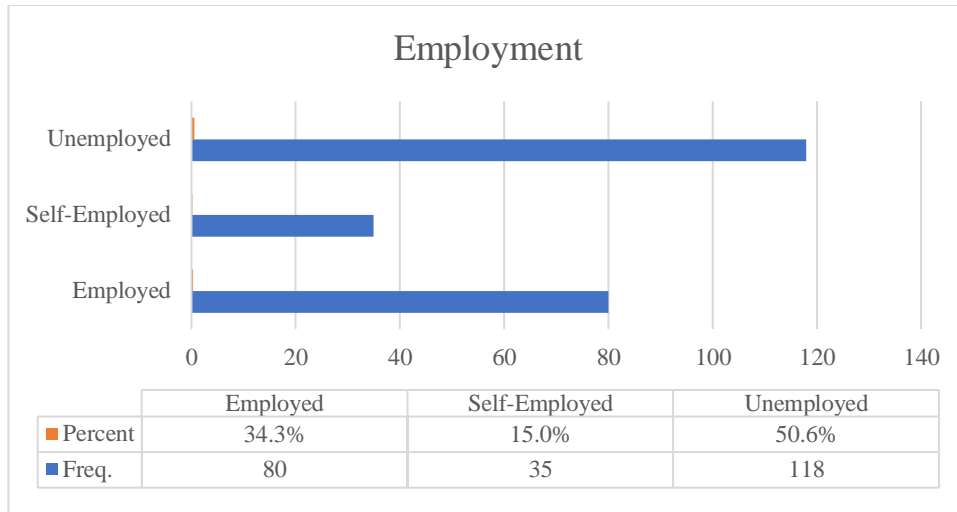


Figure 3: Employment Status

The employment status of the respondents in Figure -2 also showed that 80(34.3%) were employed, 35(15.0%) were self-employed but the rest 118(50.6%) were unemployed in different organizations. An almost equal number of respondents were either employed or unemployed but afforded to buy bottled water. Despite their status, the respondents preferred purified water to consume. It can be taken as a good opportunity for the company to target heterogeneous consumers.

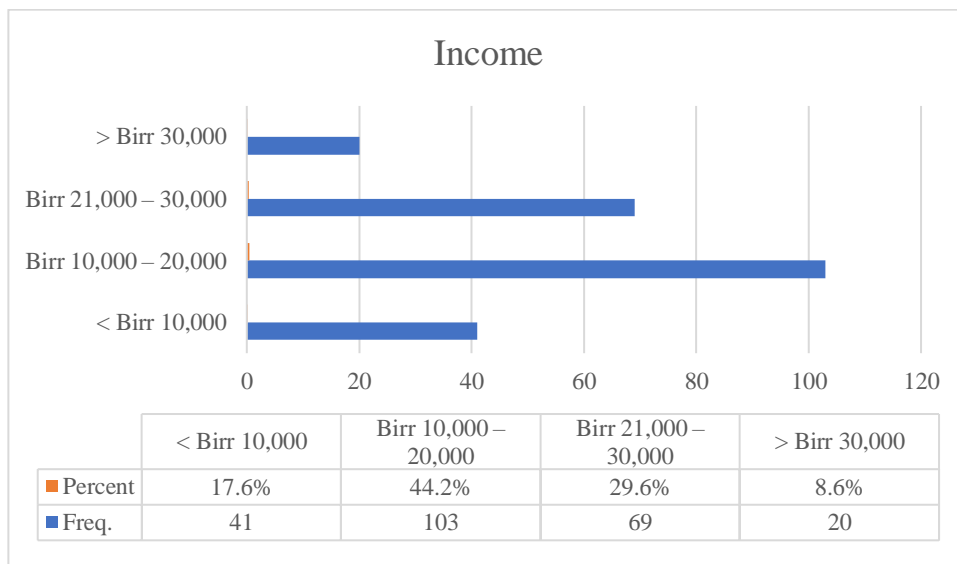


Figure 4 : Monthly Income Distribution

Figure -3 shows the respondent’s monthly income status. It revealed that 103(44.2%) earned in the range of Birr 10,000 – 20,000, while 69(29.6%), 41(19.6) and 20(8.6%) were those who got from Birr 21,001 - 30,000, less than Birr 10,000 and more than Birr 30,000 respectively. This implies the majority of the respondents who owned the houses were in good financial status.

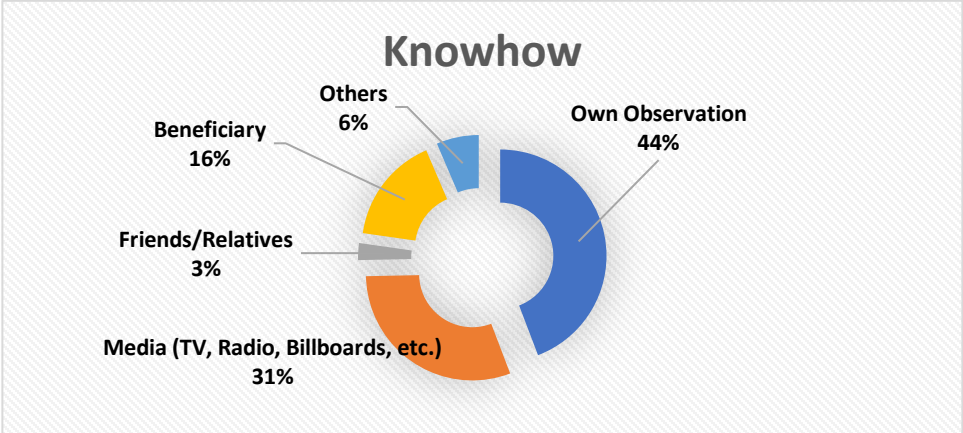


Figure 5 : How to Know About the Company

Regrading the means that the respondents’ know-how about the company’s social responsibility activities, the results in figure -4 illustrates that respondent’s own observation took the highest share 103(44.2%), while transmitted media and heard from beneficiaries took the next levels as shared 71(30.5%) and 38(16.3%) respectively. Information from friends and other relatives constitutes a share of (2.6%) and (6.4%) respectively via word-of-mouth. This implies that the company had less commitment to addressing what it had done to society.

In general, it can be concluded that the overall demography of the respondents was characterized by the domination of male participants, both Muslim and Christian educated middle-income citizens. This also reconciles with the bottled water industry serving all age groups despite their employment status and income level.

4.2Description of Study Variables

The study variables constitute CSR dimensions (independent) and brand loyalty (dependent) variables. To attain the research objectives, a total of 19 questions were grouped into the four dimensions of CSR factors such as economic (5), legal (5), Ethical (5), and philanthropic (5) attributes. For the brand loyalty dimension, 5 questions were designed. A total of 25 questions were entertained to carry out the descriptive statistics.

To compare the respondents' perception of the variables, descriptive statistics of mean and standard deviation were used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. As designed by Best (1977), the scale is set in such a way that respondents strongly disagreed if the mean scored value is in the range of 1.00 – 1.80; disagreed within 1.81 – 2.60; neither agreed nor disagreed within 2.61 - 3.40; agreed if it is in the range of 3.41– 4.20; while strongly agreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response.

4.2.1 Economic Social Responsibility

Table 3: Description of Economic Social Responsibility Activities

| Economic | N | Mean | Std. |
|--|-----|-------------|--------------|
| I believe that One-Water works hard for generating revenue persistently | 233 | 4.22 | 1.439 |
| I believe that the company makes a fair profit compared to other suppliers | 233 | 4.12 | 1.476 |
| I believe that the company treats its employees nicely | 233 | 3.49 | 1.822 |
| I believe that the company invests its profit in the betterment of the society | 233 | 4.21 | 1.377 |
| The company supplies quality products at a competitive price | 233 | 3.12 | 1.942 |
| ECR | 233 | 3.83 | 1.109 |
| Valid N (listwise) | 233 | | |

Source: Own Survey, 2022

The results in Table -3 revealed that the majority of the respondents strongly agreed with the statement which refers to One-Water working hard for its persistent profit-making (mean 4.22), generating revenue persistently (mean 4.12), and investing its earnings in social affairs (mean 4.21). Similarly, the respondents slightly agreed (mean of 3.49) that the company treated its employees nicely. However, they neither agreed nor disagreed with the production of standardized products/ services with competitive prices (mean 3.12). Since social responsibility refers to economic activity, earning profit is undeniable in such a lucrative mineral bottled water in Addis Ababa. The overall economic responsibility, based on the respondents' perception, was found to be relatively higher (grand mean of 3.83). This implies that the respondents believed that One-Water strived for making its profits but had doubts about sharing their benefits for social affairs. It also indicates the failure of the companies regarding efficient utilization of their valuable resources that need to be exploited optimally to generate a healthy profit from their businesses and strive for maintaining long-term success from their CSR activities.

4.2.2 Legal Social Responsibility

Table 4 : Description of Legal Social Responsibility Activities

| Legal | N | Mean | Std. |
|---|------------|-------------|--------------|
| One Water brand is known for fighting corruption. | 233 | 3.42 | 1.726 |
| I believe that the company promotes/ respects human rights (in terms of using child labor, putting on excessive workload, sexual harassment, etc.). | 233 | 3.69 | 1.619 |
| I believe the company operates within the boundaries set by different authorities | 233 | 3.42 | 1.860 |
| I believe the company complies with the legal frameworks of the country | 233 | 3.18 | 1.701 |
| Overall, the company protects its surroundings from pollution. | 233 | 2.76 | 1.679 |
| LGR | 233 | 3.30 | 1.159 |
| Valid N (listwise) | 233 | | |

Source: Own Survey, 2022

Based on this, the respondents' perception of One-Water's legal responsibilities was evaluated. The results in Table -4 show that the respondents agreed with the idea that the company respects or promotes human rights (mean of 3.69). Meanwhile, they slightly agreed with the company fighting corruption (mean, 3.42) and operating within the legal framework of the country (mean 3.42). But neither agreed nor disagreed regarding the compliance of the company with the requirements of different stakeholders (mean 3.18) and protecting its surroundings from pollution (mean 2.76) as well. As a legal entity, it is normal to expect the company follows laws and rules as every business has a responsibility to operate within the boundaries set by the various regulatory bodies but it's often violated in a corrupted society. Overall, the legal responsibility (mean 2.30) of One-Water was perceived as neutral or indifferent which implies that the majority have doubts on its compliance with different regulatory bodies' requirement, promoting/ respecting of human rights, fighting corruption and concern for the environment.

4.2.3 Ethical Social Responsibility

Table 5 : Description of Ethical Social Responsibility Activities

| Ethical | N | Mean | Std. |
|--|-----|------|-------|
| One Water brand gives priority to the interest of the public | 233 | 3.48 | 1.559 |
| I believe that the company is accountable for its actions | 233 | 3.71 | 1.739 |
| I believe that the company treats people with a disability equally | 233 | 3.33 | 1.854 |

| | | | |
|--|------------|-------------|--------------|
| I believe that the company is loyal to all stakeholders equally | 233 | 3.47 | 1.689 |
| I believe that the company marks fair profit margins on its products | 233 | 3.41 | 1.864 |
| ETR | 233 | 3.48 | 1.177 |
| Valid N (listwise) | 233 | | |

Source: Own Survey, 2022

The perception of the respondents on ethical responsibility of One-Water in Table -5 showed that the respondents slightly agreed with One-Water’s accountability for its actions (mean 3.71), but slightly agreed with its loyalty to all stakeholders (mean 3.47), marking up fair profit margins (mean 3.41) and provision of priority for public interest (mean 3.48). However, they were neither agreed nor disagreed with equal treatment of disabled persons by the company (mean 3.33). The majority of the respondents had slight positive attitude toward the overall ethical responsibilities (grand mean 3.48) of the company. That means, the respondents believed the company seems failed to aware of the mass regarding how its ethical business activities affected the environment. Such ethical responsibilities are all about the behavior of the firm that is expected by the society but not codified in law. These imply that One-Water gave priorities for their own businesses rather than the public interest.

4.2.4 Philanthropic Social Responsibility

Table 6 : Description of Philanthropic Social Responsibility Activities

| Philanthropic | N | Mean | Std. |
|---|-----|-------------|--------------|
| One Water brand protects the work environment for the well-being of the staff | 233 | 4.06 | 1.530 |
| The company invests to support educational activities of the community | 233 | 4.12 | 1.525 |
| The company raises funds when natural disasters occurred | 233 | 3.62 | 1.680 |
| The company provides infrastructural facilities to the society | 233 | 3.66 | 1.725 |
| The company invests to support healthcare activities in the community | 233 | 4.30 | 1.334 |
| PHR | 233 | 3.95 | 1.231 |
| Valid N (listwise) | 233 | | |

Source: Own Survey, 2022

The results on Table -6 illustrates that the majority of the respondents strongly agreed with One-Water’s investment on supporting healthcare activities of the community (mean 4.30). Similarly, they also had positive attitude toward the company’s support in education (mean 4.12) and the work

environment of its staff (mean 4.06) but slightly agreed with its concern in fundraising for natural disaster and providing infrastructure facilities like water, electricity, road, etc. (mean 3.62) to the community (mean 3.66). In general, the overall perception of respondents on philanthropic activities of One-Water was found satisfactory (mean, 3.95). This implies that the respondents had enough information regarding in what philanthropic activities the company involved and the managements disseminated their philanthropic activities to the public accordingly.

4.2.5 Overall Brand Loyalty

Table 7 : Description of Philanthropic Social Responsibility Activities

| Brand Loyalty | N | Mean | Std. |
|--|------------|-------------|-------------|
| I believe the brand is unique in addressing my needs | 233 | 3.53 | 1.352 |
| One Water brand suits my needs of purified water requirement | 233 | 4.16 | 1.279 |
| Buying One Water makes me feel self-esteeme | 233 | 3.45 | .950 |
| I have a positive attitude towards the One Water brand | 233 | 3.68 | 1.554 |
| I prefer this water brand even if I have other options | 233 | 3.44 | 1.159 |
| BDL | 233 | 3.65 | .873 |
| Valid N (listwise) | 233 | | |

Source: Own Survey, 2022

Regarding the overall brand loyalty perception of the respondents, the results in Table -7 showed that the majority believed that the brand suits their requirements of purified bottled water (mean 4.16), thus they had positive attitude to the brand (mean 3.68). But slightly agreed that it was unique in exceeding their needs (mean 3.53), make them feel self-esteeme (mean 3.45), and preferred it over other brands even if they had other options (mean 3.44). They also confirmed that they were loyal to the brand to some extent (grand mean, 3.65 with std. .873). This shows that the overall brand loyalty perception of the respondents was positive implying that their purchase decisions were related to or connected with the reputations and brand image of the company.

4.3 Inferential Analysis

The inferential statistics comprises correlation test among variables, different assumption pretests of the data itself for their suitability or fitness to the intended regression analysis model, and finally the regression analysis.

4.3.1 Correlation Test

To determine the relationship between CSR and brand loyalty, Pearson correlation was first investigated for the categorical data of the study variables. The four dimensions of CSR were taken as independent, and overall brand loyalty as dependent variable in this study. As per the guideline suggested by Field (2005), the strength of relationship 0.1 to 0.29 shows weak relationship; 0.3 to 0.49 is moderate; > 0.5 shows strong relationship between two variables.

Table 8 : Correlation Test Results

| | ECR | LGR | ETR | PHR | BDL |
|------------------------------------|--------|--------|--------|--------|-----|
| Economic Responsibility - ECR | 1 | | | | |
| Legal Responsibility - LGR | .183** | 1 | | | |
| Ethical Responsibility - ETR | .168* | .129* | 1 | | |
| Philanthropic Responsibility - PHR | .343** | .212** | .134* | 1 | |
| Brand Loyalty - BDL | .473** | .520** | .321** | .627** | 1 |

(Source, Own Survey, 2020)

The results on Table -8 shows that overall, all dimensions of CSR had positive and statistically significant relations with brand loyalty. Specifically, philanthropic responsibility ($r = .627$) and Legal responsibility ($r = .520$) has positive and strong relationship with brand loyalty. Whereas, economic responsibility ($r = .473$), and ethical responsibility ($r = .321$) had a positive and moderate relationship at $p < .05$. This implies that all dimensions of CSR had positive and significant relation with brand loyalty and can be considered as good predictors of the model.

4.4 Multiple Regression Assumption

Multiple regressions are an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. The regression assumptions considered in this study are multicollinearity, linearity, normality and homoscedasticity.

4.4.1 Multi-collinearity

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinearity, there is “overlap” or sharing of predictive power. Thus, the impact of multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. “Tolerance” and “variance inflation factors” (VIF) values for each predictor is a means of

checking for multicollinearity. Tolerance value below 0.1 and VIF value above 10 percent indicate a multicollinearity problem (Robert, 2006).

Table 9 : Multicollinearity Test

| Model | | Collinearity Statistics | |
|--|-------------------------------------|-------------------------|-------|
| | | Tolerance | VIF |
| 1 | Economic Social Responsibility | .857 | 1.167 |
| | Legal Social Responsibility | .933 | 1.071 |
| | Ethical Social Responsibility | .957 | 1.045 |
| | Philanthropic Social Responsibility | .855 | 1.169 |
| ^a . Dependent Variable: Brand Loyalty | | | |

Source: Own Survey, 2022

In this study, the results in Table -9 showed that the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.045 to 1.169 and Tolerance value ranging with 0.957 to 0.855 indicated there was no collinearity problem. This could be taken as a confirmation that there were no multi-collinearity issues to proceed for regression analysis. That means, had it been the CSR variables in this model were highly related with one another, they would have been basically measuring the same thing or they both convey essentially the same information.

4.4.2 Homoscedasticity and Linearity

Testing for Homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZRESID against ZPRED, the distribution is checked whether the graph looks like a random array of dots evenly dispersed around zero. This is to mean that at each point along any predictor variable, the spread of residuals should be fairly constant. The linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure -5.

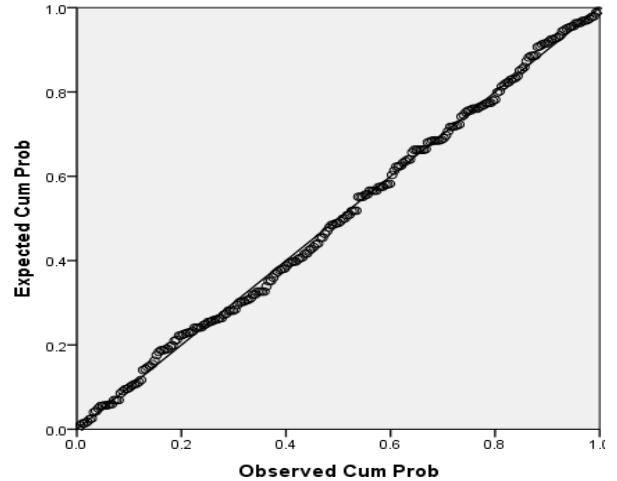
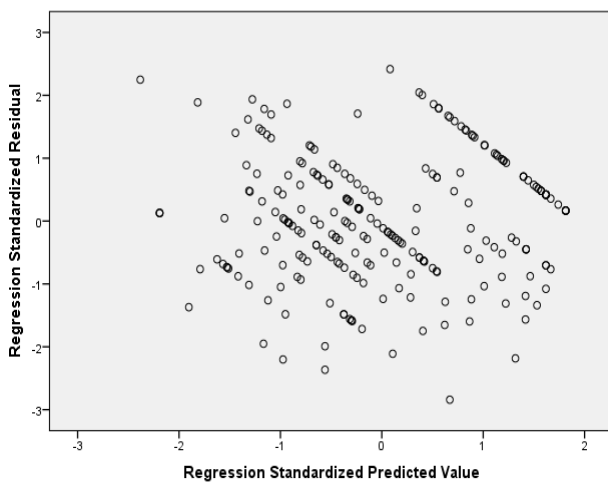


Figure 6 : Scatter Plot of Linearity Test

In Figure -5, it shows that each of the overall outcome against the predictor variable. The plot shows that how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicative of a situation in which the assumption of linearity and homoscedasticity have been met.

4.4.3 Multivariate Normality

To check that a distribution of scores is normal, it needs to look at the values of Kurtosis and Skewness. Both of which have an associated standard error. The values of skewness and kurtosis should be zero in a normal distribution. Positive skewness values suggest a piling of the distribution scores to the left, whereas negative values suggest a flat dispensing. The more zero the value, the more likely the data will be distributed normally. Both have a corresponding default. The actual importance of skewness and kurtosis is, however, not insightful in itself. Rather, the value must be taken and converted to a z value. The z-score is simply a standardize score from a distribution that has Mean of 0 and standard deviation of 1.0.

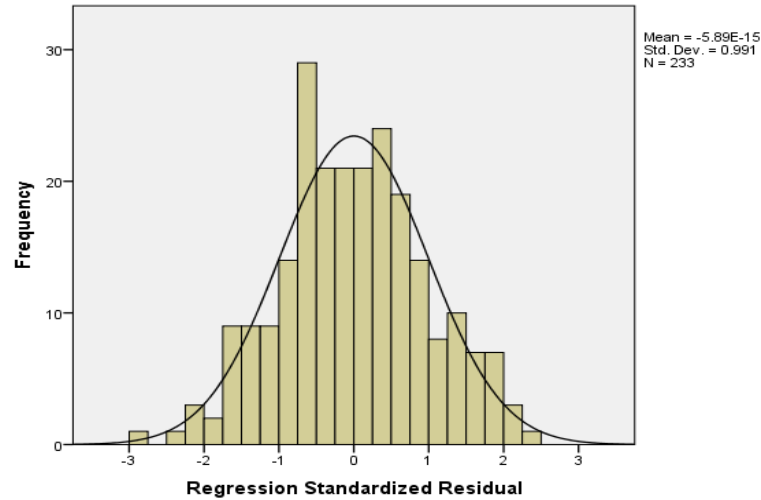


Figure 7:- Histogram for Multivariate Normality Test

As presented in Figure -6, except legal and economic responsibility, all CSR dimensions' z-scores were skewed to the left side but were found to be within acceptable range (skewness within -2.0 to 2.0; and Kurtosis within -2.0 to 2.0). Therefore, it is pretty clear then that the numeracy scores are positively skewed, indicating a pile-up of scores on the left of the distribution.

4.5 Regression Analysis

Multiple regressions were conducted to identify the most dominant CSR variable that influences the overall Brand loyalty in the case of One-Water brand in Addis Ababa. Moreover, the multiple regression analysis in this research was conducted to test a total of four proposed hypotheses. They are compassed in the test of whether the four CSR dimensions have significant and positive effect on brand loyalty; In order to indicate the impact that each factor had on the dependent variables, the standardized coefficients are checked. The model summary, ANOVA test and beta coefficient are the three outputs of the multiple linear regression analysis in this study.

Table 10: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---|----------|-------------------|----------------------------|
|-------|---|----------|-------------------|----------------------------|

| | | | | |
|---|-------------------|------|------|--------|
| 1 | .795 ^a | .632 | .626 | .53417 |
|---|-------------------|------|------|--------|

a. Predictors: (Constant), ECR, LGR, ETR, PHR

Referring Table -10, it indicates the model summary of the analysis, there is a positive relationship between CSR and Brand loyalty and the level of association between these two variables is $R = .795$ which shows that the relation of both variables is positive and strong. The value of R^2 is 63.2% which means that CSR cause 63.2% change or variation in Brand Loyalty. Thus, it can be concluded that the goodness of fit, which accounted for about 63% of variation of brand loyalty of the model is by CSR dimensions. The discrepancy between the observations and the expected value (residual), contributed by other unsought factors, is relatively smaller (36.8%).

Table 11 : ANOVA Test

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 111.783 | 4 | 27.946 | 97.938 | .000 ^b |
| Residual | 65.058 | 228 | .285 | | |
| Total | 176.841 | 232 | | | |

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant), ECR, LGR, ETR, PHR

The ANOVA Test, F-value of 97.938 is significant at $p < 0.01$. Therefore, it can be inferred that with 63.2% of variance (R-Square), CSR is significant and the model appropriately measures the brand loyalty of customers. That means, the regression model predicts overall brand loyalty and has been significantly explained by the CSR dimensions.

Table 12 : Estimated Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .416 | .180 | | 2.308 | .022 |
| 1 Economic | .138 | .032 | .176 | 4.280 | .000 |
| Legal - | .339 | .033 | .450 | 10.368 | .000 |
| Ethical | .166 | .032 | .223 | 5.143 | .000 |
| Philanthropic | .256 | .029 | .361 | 8.682 | .000 |

^a. Predictors: (constant), Economic, Legal, Ethical, Philanthropic Responsibility.

^b. Dependent Variable: Brand Loyalty

Based on multiple regression analysis on Table -12, substituting the results in the model yields:

$$BDL = .416 + .176ECR + .450LGR + .223ETR + .361PHR$$

The regression analysis revealed that each CSR dimensions have positive and significant effect on overall brand loyalty. Philanthropic social responsibility (B = .361, p< .05) dimension has the highest effect on brand loyalty preceded by legal social responsibility (B = .450, p< .05) but economic social responsibility (B = .176, p< .05) and ethical social responsibilities (B = .223, p< .05) have relatively lower contribution to the prediction model. The results imply that legal and philanthropic social responsibilities highly influenced consumers' loyalty of One-Water brand. That means, operating in the legal framework of the country, exceeding requirements of concerned authorities, and voluntarily supporting society in which One-Water brand runs its business affected the image of the company in the minds of the consumers.

Thus, the findings of the multiple regression analysis, it has enabled the student researcher to examine the four proposed hypotheses and the subsequent relationship of the independent variables (CSR) to Brand Loyalty (the dependent variable in the equation). Through careful examination including successive runs, support has been found to accept all the four proposed hypotheses at a significance level of 5%. A summary of each of the hypotheses listed in Table 13.

Table 13 : Summary of the Research Hypothesis Test Result

| Hypothesis | Result |
|---|-----------|
| H1: Economic Social Responsibility has significant positive effect on brand loyalty | Supported |
| H2: Legal Social Responsibility has significant positive effect on brand loyalty | Supported |
| H3: Ethical Social Responsibility has significant positive effect on brand loyalty | Supported |
| H4: Philanthropic Social Responsibility has significant positive effect on brand loyalty | Supported |

4.6 Discussion

The discussion part focuses on the major findings of the analyses for further elaboration. It encompasses the demographic characteristics of the respondents, addresses the research objectives which refer to CSR practices of One-Water brand under Mogle bottled water manufacturing plc company and its effects on the overall consumers' brand loyalty. The responses to the CSR practice

dimension, their responses indicated a significant variation among the consumers tested, which might be reflected in the impact on sales, brand image, and loyal customer creation in relation to strategically implementing CSR.

Referring to the demographic characteristics of the respondents, customer who bought One-water brand from the different outlets in Addis Ababa, ONE bottled water made interested people from all age groups, from adolescents to the elderly but more dominated by male educated Muslim and Orthodox adults who earned their incomes (ten to twenty thousand birrs monthly) from different activities (other than employment). It is expected that male consumers are more financially strong than their female counterparts for a number of reasons (Lin, 2013) and adults have more interest to have invested more for healthier lifestyle. However, it is evidenced that buyers from higher earning preferred to pick their glossaries from supermarket and restaurants than retailing shops.

As far as the corporate social responsibility activities of Mogle bottled water manufacturing plc is concerned, the current status of the company's CSR practice had a positive and significant effect on brand loyalty but in different intensity. Among the practices, philanthropic and legal social responsibilities showed relatively the highest contribution while economic and ethical issues were less predictors. These findings are consistent with Salmoes, Grespo and Bosque's (2005) study which discovered that CSR could enhance consumers' overall evaluation of company's product quality, which would further improve consumers' loyalty to the business.

Specifically legal social responsibility practices of One-Water brand had the strongest effect on brand loyalty ($B = .450, p < .05$). Working in the legal framework of the country's rules and regulations has significant impact on creation of strong brand loyalty. It is in support of Conchius (2006, quoted in Doda, 2015) study who claimed adhering to the rules and regulations (the obligation like compliance with consumer laws, environmental laws, and employment laws) governing competition in the marketplace. It has been shown in the Doda (2015) study that functioning within the framework of laws and regulations itself is the fulfillment of part of the social contract between companies and the public, thus playing an important role in building the credibility of the company's product.

Similarly, next to legal social responsibility, the philanthropic social responsibilities of the company contributed relatively the highest effect on consumer's brand loyalty ($B = .450, p < .05$). this illustrates volunteer contribution of the company to the concerned society which consists of its business discretion, where societal expectations have been taken into consideration. The implemented

activities within this dimension are voluntary (Iamandi, 2007; Carroll, 1979), e.g., efficient utilization of the natural resources, treating industrial waste within the bottled water manufacturing industry or being involved in community issues. By designing a good CSR strategy companies create an exclusive and an explicit position in the market by establishing a definite company image that is recognizable by their customers (Valentzas and Broni, 2010).

However, economic social responsibility showed the least contribution to brand loyalty ($B = .175$, $p < .05$). Companies implemented slightly in the economic responsibility's context. That may point the prevalence of some portions of the social responsibility's practical implementation in the bottled water industry is at the basic level. The causal effect of the economic dimension on brand loyalty was proven to be very weak, which is somewhat unexpected. It is against Ottoman's (2011) study which states that consumers are concerned with the business's ability to sustain society's economic interest. Furthermore, customers are becoming unaware of the stewardship effect of business firms regarding the natural resource and a source of employment for the community (Chan, 2011; Chung & Parker, 2010). This knowledge among customers might be an explanation to the low causal effect of the sustainability dimension since CSR initiatives form the customer's attitude (Du, Bhattacharya & Sen (2007). The low causal effect can also depend on the fact that economic related attributes are not standardized and can be accommodated, depending the industry in which the business is indulged (Slapper and Hall, 2011).

Besides, finally, the ethical social responsibility of the company has a positive but relatively weak contribution to brand loyalty ($B = .223$, $p < .05$). This causal relationship was proven to be statistically significant, which shows that the relationship is not caused by a coincidence. But the weak contribution in this case is also against the findings of Valentzas and Broni's (2010) research which claimed that the ethical dimension's strong effect on brand loyalty the fact that the ethical CSR activities have a direct effect on the customer's everyday life. The direct effect of the ethical activities are the desired actions requested by the 'informed' or aware consumers. Such customer's requirements are more pronounced in developed countries when consumers now their rights (Friedman, 2015). Thus, lack of awareness on relevant ethical issues practiced by the company might lower the impact of the ethical concerns on brand loyalty.

In conclusion, as a business entity, participating in mandatory or volunteer obligations of the society more efforts are required by the management in terms of executing or involving in the welfare of the

society paralleling with achieving the organizational goals for sustainability in such highly competitive market environment.

CHAPTER FIVE

5. SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Summary of Major Findings

The major findings based on the results of the analyses are summarized as follows:

- The overall demography of the respondents was characterized by:
 - 147 (63.1%) of male respondents
 - 103 (44.2%) were below 30 years followed by 74(31.8%) within a range of 30 – 45 years
 - 89(38.2%) were Muslim, while Orthodox took a share of 65(27.9%).
 - 77(33.0%) were first degree holders while 52(22.3%) were high school certified
 - Regarding the know-how of the brand, respondents' own observation took the highest share 103(44.2%), while transmitted via media and heard from beneficiaries took the next levels as shared 71(30.5%) and 38(16.3%) respectively.
- The correlation test revealed that all the four dimensions of CSR had a positive and statistically significant relationship with brand loyalty. Specifically:
 - philanthropic responsibility ($r = .627$) and Legal responsibility ($r = .520$) had positive and strong relationship
 - whereas, economic responsibility ($r = .473$), and ethical responsibility ($r = .321$) had a positive but moderate relationship at $p < .05$.
- The regression model explains 63.2% of variation in brand loyalty through the variations in the four dimensions of CSR practices, statistically significant at $p < .05$.
- The beta coefficients also revealed that the four dimensions of the study variables has a positive and significant effect on brand loyalty. Specifically:
 - The majority of the respondents strongly agreed with One-Water working hard for its committed in generating revenue persistently (mean 4.12), and investing its earnings in social affairs (mean 4.21). However, they had doubts about the production of standardized

products/ services with competitive prices (mean 3.12). However, economic responsibility ($B = .176, p < .05$) had the least contribution to brand loyalty.

- Legal social responsibility ($B = .450, p < .05$) dimension has the highest effect on brand loyalty. The respondents slightly agreed with the company's commitment in operating within the legal framework of the country (mean 3.42) but had doubts about the compliance of the company with the requirement of different stakeholders (mean 3.18) and protecting its surroundings from pollution (mean 2.76) as well.
- And similarly, ethical social responsibilities ($B = .223, p < .05$) have relatively lower contribution to the prediction model. The respondents slightly agreed with One-Water's accountability for its actions (mean 3.71), but slightly agreed with marking up fair profit margins (mean 3.41). They were also neither agreed nor disagreed with equal treatment of disabled persons by the company (mean 3.33).
- Next to legal social responsibility, philanthropic social responsibility ($B = .361, p < .05$) had also the strongest effect on brand loyalty. In this regard, the majority of the respondents strongly agreed with One-Water's investment on supporting healthcare activities of the community (mean 4.30). But slightly agreed with its concern in fundraising for natural disaster (mean 3.62).

5.2 Conclusions

The main objective of this study is to investigate the effect of CSR practices on overall brand loyalty taking Mogle Bottled Water Manufacturing Plc under the brand of One-Water in Addis Ababa. Hence, the study sought to identify the most important attributes of CSR schemes to enhance loyalty of the brand in the minds of the consumers which might be used to review or amend the current CSR practices and dissemination of the relevant information via its preferred and effective media. In One-Water brand's context, the overall CSR practices in the course of building brand loyalty is mainly focused on the philanthropic and economic aspect of the CSR at the expense of other social responsibility dimensions. In such situation, how corporate managers can reconcile and integrate different components of CSR to build their company's image would be the major challenges that need to be addressed properly. In this regard, the specific objectives of the study were initiated to address the effects of each CSR dimension namely Economical, Legal, Ethical and Philanthropic variables on overall brand loyalty.

Results of the findings supported that all the CSR activities have positive and significant effect on the overall brand loyalty. Philanthropic and legal social responsibility had relatively the higher positive and statistically significant effect whereas economic and ethical dimensions showed lower significance on overall brand loyalty of One-Water. It can be concluded that the companies focused on their philanthropic social responsibilities through participating and supporting the society in terms of funding educational and health care facilities. However, the company failed to promote its ethical and economic social responsibility activities and creating awareness to customers regarding what the company has done so far. Ethical issues should have been executed entirely and exercised sensibly along with creating the awareness in the society as well. The perception of inefficient utilization or considerable wastages of the valuable and scarce natural resources was also evidenced which needs to be exploited optimally to the best benefits of society. Philanthropic responsibility was also plausible and has been exerted substantial efforts in supporting the wellbeing of the community.

It can, thus, be concluded that CSR activities had positive significant effect on brand loyalty. Focusing only on legal and philanthropic social responsibilities and failing in promoting its ethical and economic social responsibility activities lead to customer drift to other better performers. Besides, creating awareness to customers through different effective media regarding what the company has done so far is the area that needs more consideration as well.

5.3 Recommendations

Based on the results of this study, the following recommendations are forwarded to the One-Water brand managers and marketers so as to improve the brand reputation through CSR practices. The recommendations are:

- According to the research results in this paper, One-Water brand should rationally allocate the resources invested in every aspect of CSR activities, basing on the different response of consumers to various aspect of CSR, which makes it possible for the company to obtain greater benefits from inputs of CSR activities.
- One-Water brand strived for supplying quality products to the market to be profitable and sustain in the bottled-water market. However, the respondents had doubts on the production of standardized products with competitive prices. Management of the company should aggressively promote the quality of the product through different media (commercials/social /printed media, etc.)
- Legal social responsibility dimension has the highest contribution to brand loyalty of One-Water brand. The respondents had weak perception toward the company's commitment in operating within the legal framework of the country as well as the requirement of different stakeholders. Management of the company are advised to invest on protecting its surroundings from wastes and pollution by forestation.
- Ethical social responsibilities had relatively lower contribution to the prediction model. One-Water's brand accountability for its actions, marking up fair profit margins, and giving priorities for disabilities were perceived weak. The management needs to promote its ethical social responsibility activities through efficient public relations strategies.
- One-Water brand's investment on supporting healthcare activities of the community but less concerned in fundraising for natural disaster. The active role of mass media and increasing public awareness regarding philanthropic social responsibilities to create more opportunities for good environmental reporting and disclosure. The corporate managers of the company are advised to address its philanthropic activities to society through different commercial medias in collaboration with local broadcasting broadcasters.

5.4 Limitations and Recommendation for Further Research

The limitation of this paper includes two aspects. One is that this paper studies only a single company – Mogle Bottled Water Manufacturing Company and the other is that the data are all from Addis Ababa. The results have no strong generalizability. Future research can be extended to other companies and industries or consumer groups in other areas to test the findings in this paper. In addition, dividing brand loyalty into different dimensions to analyze the relationships between CSR and brand image in detail can also be explored in future research. Role of moderator variables like stakeholder involvement, management commitment, and employee competency, etc. are worth mentioning too.

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V. ANNEX



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

Survey Questionnaire

Questionnaire to be filled by Respondents

Dear Participant,

My name is Eskedar Getachew, a postgraduate student of Addis Ababa University, College of business and economics. I am conducting a study to investigate the effect of corporate social responsibility on brand loyalty in the case of "ONE Water" brand bottled water in Addis Ababa. The purpose of this questionnaire is to gather information about consumers' perception of the corporate social responsibility practices and their effects on brand loyalty of the product offered. Your honest and sincere responses to this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purposes. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any questions, please feel free to contact me by the below contact:

Eskedar getachew

Phone: +251 913064201

Email: eskedargetachew0@gmail.com

Part 1: General Information

Please kindly tick on the check-boxes which suit your demographic characteristics.

1. Sex

- Male Female

2. Age

- 18 – 30 years 30 – 45 years 46 – 60 years > 60 years

3. Education

- Certificate Diploma Degree Masters & above

4. Income – Monthly

- < 5,000 birr 5,000 – 10,000 birr >10,000 birr

PART II. Study Variables (Corporate Social Responsibility and Brand Loyalty Dimensions).

This section is aimed to evaluate “ONE” brand bottled water corporate social responsibility activities on its brand loyalty. Each statement relates to your feelings or perceptions about the brand based on your experience. This part is organized in five Likert scale measurements that express your level of evaluation by ticking (√) under the numbers of the five alternatives. The score levels are described as 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5- Strongly Agree.

| Description | SD | D | N | A | SA |
|--|----|---|---|---|----|
| Economic Social Responsibility | 1 | 2 | 3 | 4 | 5 |
| I believe that One-Water works hard for generating revenue persistently | | | | | |
| I believe that the company makes a fair profit compared to other suppliers | | | | | |
| I believe that the company treats its employees nicely | | | | | |
| I believe that the company invests its profit in the betterment of the society | | | | | |
| The company supplies quality products at a competitive price | | | | | |
| Legal Social Responsibility | 1 | 2 | 3 | 4 | 5 |
| One Water brand is known for fighting corruption. | | | | | |

| | | | | | |
|---|----------|----------|----------|----------|----------|
| I believe that the company promotes/ respects human rights (in terms of using child labor, putting on excessive workload, sexual harassment, etc.). | | | | | |
| I believe the company operates within the boundaries set by different authorities | | | | | |
| I believe the company complies with the legal frameworks of the country | | | | | |
| Overall, the company protects its surroundings from pollution. | | | | | |
| Ethical Social Responsibility | 1 | 2 | 3 | 4 | 5 |
| One Water brand gives priority to the interest of the public | | | | | |
| I believe that the company is accountable for its actions | | | | | |
| I believe that the company treats people with a disability equally | | | | | |
| I believe that the company is loyal to all stakeholders equally | | | | | |
| I believe that the company marks fair profit margins on its products | | | | | |
| Philanthropic Social Responsibility | 1 | 2 | 3 | 4 | 5 |
| One Water brand protects the work environment for the staff wellbeing | | | | | |
| The company invests to support educational activities of the community | | | | | |
| The company raises funds when natural disasters occurred | | | | | |
| The company provides infrastructural facilities to the society | | | | | |
| The company invests to support healthcare activities in the community | | | | | |
| Brand Loyalty | 1 | 2 | 3 | 4 | 5 |
| I believe the brand is unique in addressing my needs | | | | | |
| One Water brand suits my needs of purified water requirement | | | | | |
| Buying One Water makes me feel self-esteem | | | | | |
| I have a positive attitude towards the One Water brand | | | | | |
| I prefer this water brand even if I have other options | | | | | |

Many thanks for your valuable time!!

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