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*Full Length Research Paper*

# Customers' satisfaction with ATM banking in Malawi

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**Automated Teller Machine (ATM) banking is the second popular access channel to banking services behind branch banking in Malawi which offers competitive advantage in the homogenous market of retail banking products and services. It is important that banks achieve service quality and customer satisfaction to remain competitive through ATMs. The results are from 353 ATM card users where over half are satisfied with ATM services from their respective banks. All the ATM service attributes within the five service quality dimensions are important to ATM service users but performance is perceived good in ATM technology related attributes and poor in employee and management functionality related attributes. The results have further found that all service quality dimensions significantly correlate with customers satisfaction with ATM services and that reliability is the most important dimension followed by responsiveness, empathy, assurance and tangibles are the least important dimension agreeing with previous studies by Berry et al., Parasuraman et al. and Zeithmal et al. However, not all service quality attributes rated important by users contributed to their satisfaction. Therefore, the results designate that for banks to remain competitive through ATM banking efforts should be exerted in providing responsive ATM services. Further investment in newer ATM technologies may have marginal returns in creating competitive advantage since all banks are installing newer ATM technologies that enhance functionality and reliability of ATMs but differences are in the provision of responsive services that augment the ATM services provision.**

**Key words:** Customers' satisfaction, ATMs, service quality.

## Introduction

Customer satisfaction is one of the frequently researched areas in marketing, although satisfaction literature has not yet explicitly or implicitly established a generally accepted definition of satisfaction. One can agree with Oliver (1997) that everyone knows what satisfaction is until asked to give a definition and then nobody seems to know. Various researchers (Churchill and Surprenant, 1982; Day, 1984; Fornell, 1992; Halstead et al., 1994; Oliver, 1997; Swan et al., 1980; Tse and Wilton, 1988; Westbrook, 1980; Westbrook and Oliver, 1981; etc) have

come up with conceptual and operational definitions of satisfaction. The common elements in the definitions are that satisfaction is a response, emotional or cognitive, pertaining to a particular focus either expectations about a product or a consumption experience which occurs at a particular time, after the consumption, or choice or based on accumulated experience.

This concept of customer satisfaction has become important in firms' operations and marketing because empirical researches show that it is an important

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antecedent of customer loyalty (retention) and long term profitability (Bloemer and Kasper, 1994; Jones and Sasser, 1995; Macintosh and Lockshin, 1997; Taylor and Baker, 1994). Firms recognise that it is more profitable to keep existing customers than to attract new ones. As such efforts to achieve customer satisfaction focus on provision of service quality which influences performance superiority (Poretla and Thanassoulis, 2005) and performance directly affect customer satisfaction (Spreng and Page, 2001; Swan and Combs, 1976).

The retail banking industry in Malawi was dominated by two local commercial banks for decades but today there are over ten commercial banks. The homogenous nature of retail banking products and services poses challenges towards achievement of sustained competitive advantage and profitability.

Auto Teller Machines (ATMs) were introduced in Malawi in the late 1990s and offered competitive advantage during the early years because only few banks could afford installing ATM technology. ATMs were a strategic tool that helped decongest banking halls and further helped cut down operational costs as banks reduced the number of tellers required in the banking halls. The most important factor was the improved accessibility to banking services. ATMs provided a 24 h access to cash and customers' account information and that attracted customers to open accounts with banks which had installed ATMs. Ideally ATMs helped banks to be competitive, improved customer service and cut down costs (Cabas, 2001) since they facilitated speed of transactions, improved accessibility and saved time for customers. ATMs helped banks to achieve customer satisfaction.

### Research problem and objective

Nowadays, each bank in Malawi has its own network of ATMs and that ATMs have become the second most used channel for accessing banking services behind branch banking. However, long queues are becoming common in banking halls. Are ATMs not offering the range of services and level of service quality (SQ) customers expect for their continued preference to other modes of accessing retail banking services? Why are queues becoming common in the banking halls despite increased investments in ATM networks in the country?

Although ATMs have been in use for over a decade in Malawi, not many studies have been conducted on customer satisfaction with ATM banking to analyse factors that determine their usage and competitiveness to help managers craft strategies for positioning ATM technology within the banks' offering for improved customer satisfaction.

The objective of this study was therefore to measure customers' satisfaction with ATM banking in Malawi. Specifically, the study was designed to examine the important dimensions of ATM SQ and their performance

and then assess customers' satisfaction with ATM banking based on perceived performance with implications. The study therefore assessed customers' perceptions of the importance of ATM service attributes, the perceived performance of ATMs in each SQ attribute as offered by banks and finally participants' overall satisfaction with the ATM banking services.

The research is therefore relevant to customer satisfaction, ATMs and service quality.

### Concept of customer satisfaction

Customer satisfaction has been defined by various empirical researchers. Kotler (2000), Westbrook and Oliver (1981) define customer satisfaction as a mental state which results from customers' comparison of expectations prior to a purchase with performance perceptions after a purchase. According to Halstead et al. (1994), customer satisfaction is a transaction specific affective response from customers' comparison of product performance to some pre-purchase standard whereas Day (1994) states that customer satisfaction is a post choice evaluative judgment concerning a specific purchase selection. Churchill and Surprenant (1982) define customer satisfaction as summation of satisfaction with various attributes of a product whereas Fornell (1992) define customer satisfaction as an overall post purchase evaluation. It is a feeling developed from an evaluation of the use experience (Cadotte et al., 1987:305) whether the product has performed relatively well or poorly or that the product was suitable or unsuitable for its purpose (Swan et al., 1980).

There are common elements in these definitions as well as several other definitions that are reviewed by Giese and Cote (2002:5) in that customer satisfaction is referred to as a response, emotional or cognitive, pertaining to a particular focus either expectations about a product or consumption experience which occurs at particular time after the consumption, or choice or based on accumulated experience.

That means customer satisfaction with ATM banking is similarly a response to the used experience of ATMs which occurs at a particular time and is based on customers' accumulated experience of ATM banking services from respective retail banks. The evaluative judgment about satisfaction is conceived as falling somewhere on a bipolar continuum where at the lower end it signifies low level of satisfaction (expectations exceed performance perceptions) and at the higher end it signifies a higher level of satisfaction (performance perceptions exceed expectations).

This concept of customer satisfaction has become of particular importance because empirical researches have shown that it is an antecedent of customer retention (loyalty) (Newman, 2001; Szymigin and Carrigan, 2001; Rust et al., 1994). Customer satisfaction increases sales (Kish, 2000; Levesque and McDougall, 1996), increases



market share (Fisher, 2001) and improves corporate image (Newman, 2001). Profitability results from customers' behaviour such as word of mouth recommendations, reduced price sensitivity and product or service loyalty that follows from certain levels of satisfaction achieved. Teich (1997) notes that product or service loyalty develops over a long period of time of consistent provision of SQ above the threshold of customer satisfaction and studies by Anderson and Sullivan (1993), Bloemer and Kasper (1994) show positive association between customer satisfaction and repurchase intentions which affect continued purchase from a supplier over a period of time (loyalty).

### Service quality and customers' satisfaction

Service quality (SQ) is an important construct in the study of customer satisfaction. It is the other most researched area in services marketing (Fisk et al., 1993) and just like customer satisfaction, despite all the studies on SQ there is no commonly accepted definition. SQ is best defined by the consumer of the product or service. It is generally understood, however, that quality implies the totality of features and characteristics of a product or service that bears its ability to satisfy implied or stated needs of consumers. Lewis and Booms (1983) define SQ as a measure of how well a service delivered matches the customers' expectations, a definition that has been used by other researchers that include Lewis and Mitchell (1990) and Asubonteng et al. (1996). Robinson (1999) defines SQ as an attitude or global judgment about superiority of a service whereas Gronroos (1990) defines SQ as an outcome of a comparison that customers make between their expectations about a service and their perceptions of the manner in which the service has been performed. Interestingly, Gronroos (1990)' definition of SQ has similarities with the definition of customer satisfaction by Westbrook (1980) in the sense that both are responses or outcomes of comparison between expectations and perceived performance.

However, SQ is important in the study of customer satisfaction because empirical researches have shown that it is an antecedent of customer satisfaction (Anderson and Sullivan, 1993; Anderson and Fornell, 1994). According to Poretla and Thanassoulis (2005), SQ influences performance superiority and that performance directly affects customer satisfaction (Swan and Combs, 1976). Therefore, SQ is the critical aspect of customer experience that determines customers' satisfaction and Lewis et al. (1994) ascertain that excellence in SQ has become an imperative for organisational sustainability. It is not surprising therefore that several studies have focused on investigating the interrelationships between SQ and customer satisfaction (Bitner and Hubert, 1994; Bolton and Drew, 1991; Woodside et al, 1989) and that measurement of SQ has been used as a precursor in the

process of measuring and understanding customers' satisfaction.

### Measurement approaches of customers' satisfaction

From the reviewed definitions, customers' satisfaction has generally been understood as the feeling generated after an evaluation of perceived performance of a product or service against expectations before the purchase, choice, usage or experience whether the outcome was as good as it was supposed to be. And the measurement of customer satisfaction has therefore been dominated by expectations-disconfirmation paradigm (Parasuraman et al., 1985). Within this framework, customer satisfaction is hypothesized to be a function of expectations about a product/service and subsequent experience of product/service and expectations are used as a standard of comparison.

One measurement approach, the *Importance-Performance model* (after Fishbein and Ajzen, 1975) proposes that customers' satisfaction with a product or service is a composite of (1) the perceived importance of a range of the product/service attributes or benefits and (2) their beliefs about the degree to which the product/service has each attribute. When the perceived performance of the product/service is measured, the importance scores are weighed against the performance scores on each attribute to determine the product/service strengths or weaknesses. The measurement model takes into account product/service attributes considered important by customers and what customers consider the product/service to have and that determines overall satisfaction with the product/service. This model has received considerable empirical support in literature (Sheppard et al., 1988).

The second measurement approach, the *Expectations-Performance* (Parasuraman et al., 1985) is based on the proposition that customers evaluate the quality of a product or service by comparing pre-consumption expectations with their post-consumption perceptions (performance). With this approach expectations are measured before purchase, choice, use or consumption and perceived performance of the product/service is measured after purchase, choice, use or consumption to measure customers' satisfaction. This approach is the basis of a popular model, SERVQUAL by Parasuraman et al. (1988).

The third approach to measuring customer satisfaction is the *Performance Only* (after Cronin and Taylor, 1992) which challenges the other two approaches by proposing that evaluations of a product or service are affected by the perceptions of the performance (or experience) only. The approach by Cronin and Taylor (1992) therefore ignores the importance of attributes and customers' expectations in the consumer satisfaction equation creating a performance only based measure of SQ called

the SERVPERF model.

From the three approaches there is a consensus that customer satisfaction comes after an overall judgment about product or service superiority, the judgment that elicits from comparing importance with performance of products/services attributes (Fishbein and Ajzen, 1975), or comparing performance with expectations based on ideal standards (Parasuraman et al., 1988) or from perceptions of performance alone (Cronin and Taylor, 1992). Therefore, customer satisfaction with ATMs could either be based on performance of ATMs only. However, customers have levels of expectations on the performance of ATM services offered by their banks which could form the underlying basis when measuring their satisfaction with the services received. On the other hand, customers have perceived important attributes about ATM services which carry weight when making judgments about the performance of ATM services and their satisfaction.

### Measurement models of service quality

SQ is an antecedent of customer satisfaction (Anderson and Sullivan, 1993; Anderson and Fornell, 1994) and a precursor in the measurement of customer satisfaction. At the centre of making product/service quality comparisons are the product/service attributes. Models conceptualising SQ reveal that SQ is a multi-dimension and multi-attribute concept (Gronroos, 1984; 1990; Parasuraman et al., 1985; Rust and Oliver, 1994, Cronin and Taylor, 1992; Haywood-Farmer, 1988) but neither model generally agrees with the other on the nature or context of the dimensions of SQ, a fact observed by Brady and Cronin (2001).

In the SERVQUAL model, consumers rate the product or service on a set of general attributes presented in a Likert type scale (Parasuraman et al., 1988). This model has been adopted in various studies (Fick and Ritchie, 1991) although it has received criticism from other quarters. Carman (1990) argues that subjects should be asked to rate a product or service on criteria that are relevant to the specific product or service rather than a general or ideal criteria because that, according to Tribe and Snaith (1999), carries an in-built bias towards dissatisfaction since the expectations are determined by the ideal product or service provision. The researchers therefore propose that the SERVQUAL model be product specific rather than general so that a realistic and more valid assessment of a product or service attributes' performance can be obtained.

Several other models have been developed and used to conceptualise and measure SQ in the process of trying to understand customers' satisfaction. Seth et al. (2005) provide a good review of nineteen SQ models used to conceptualise and measure SQ and that include: Technical and Functional Models (Gronroos, 1984); GAP Model which is the basis of SERVQUAL model

(Parasuraman et al., 1985, 1988); Attribute Service Quality Model (Haywood-Farmer, 1988); Synthesised Model of Service Quality (Brogowicz et al, 1990); Performance Only Model (Cronin and Taylor, 1992); Ideal Value Model of Service Quality (Mattison, 1992); Evaluated Performance and Normed Quality Model (Teas, 1993); IT Alignment Model (Berkley and Gupta, 1993); Attribute and Overall Affect Model (Dabholkar, 1996); Model of Perceived Service Quality and Satisfaction (Spreng and Mackoy, 1996); PCP Attribute Model (Philip and Hazlett, 1997); Retail Service Quality and Perceived Value Model (Sweeney et al, 1997); Service Quality Customer Value and Customer Satisfaction Model (Oh, 1999); Antecedents and Mediator Model (Dabholkar et al, 2000) and Internal Service Quality Model (Frost and Kumar, 2000).

Of these models the SERVQUAL and SERVPERF models were of practical interest to this study. Parasuraman et al. (1988) developed SERVQUAL model based on the GAP Analysis and identifies five dimensions of SQ that include tangibles, reliability, responsiveness, assurance and empathy with 22 items within the five dimensions.

SERVQUAL model has been widely used in SQ and customer satisfaction studies across industries (Aldlaigan and Buttle, 2002; Asubonteng et al., 1996; Boulding et al., 1993; Yavas et al., 2004). However, Buttle (1996) found serious concerns with the number of dimensions in SERVQUAL as well as their inconsistency when applied in different contexts; whereas Woo and Ennew (2005) found that in business service markets, the dimensions were completely different. Carman (1990) then warned that SERVQUAL provides a start for items development and that all items within the SQ dimensions need to have validity and reliability checks before commercial application. Therefore, the five dimensions and items should only be used as a starting point rather than as a tool that can be immediately used in the field.

Following on from the works of Parasuraman et al. (1988) Cronin and Taylor (1992) developed the performance only model for measuring SQ based on the belief that SQ is a form of consumer attitude and performance only measure is an enhanced means of measuring SQ not the performance-expectations disconfirmation. Cronin and Taylor (1992) therefore use the same multi-dimension and multi-attribute scale and called the SERVPERF where SQ is evaluated by perceptions of performance only without expectations or important weights being used as a standard of comparison. SERVPERF was tested in four industries that included banks, pest control, dry cleaning and fast food and it was found it outperformed SERVQUAL. Several other studies agree that customers' assessment of continuously provided products or services may depend solely on performance (Bolton and Drew, 1991; Boulding et al., 1993; Gotlieb et al., 1994) and that SERVPERF may have less bias than SERVQUAL in measuring SQ (Cronin and Taylor, 1992; Llusar and Zornoza, 2000; Quester et al., 1995).

The understanding from this review demonstrates that the SQ dimensions are the starting point and it requires that items in each dimension be properly defined and tested for their validity to measure SQ in particular study context. Therefore applying the definitions of the SQ dimensions in an ATM study, the tangibles would comprise the physical equipment, its appearance, support services and even the appearance of service personnel. Reliability would refer to the degree to which the ATMs offer accurate, dependable and timely services to the users, whereas responsiveness would be the willingness of ATM service providers to help their customers and meet their needs and wants. In difficult situations it would also mean the ATM service provider's ability to respond effectively. Assurance would refer to the issues of confidence and trust that customers have towards ATMs and feeling of safety in usage in case of perceived problems and lastly empathy would refer to the attention and care that the ATM service provider may offer to its customers which may also refer to convenient operating arrangements in the use of ATMs.

### **ATM service quality attributes**

At the centre of measuring SQ are the product or service attributes. There has been growing literature on the measurement of customer satisfaction with banks and ATMs where the focus has been on developing measurement models, determining ATM SQ attributes and measuring customer satisfaction itself. The commonly used models have been SERVQUAL (Parasuraman et al., 1988), SERVPERF (Cronin and Taylor, 1992) and BANKSERV, a model developed by Avkiran (1994) based on SERVQUAL. All these models are based on the similar dimensions of SQ that include tangibles, reliability, responsiveness, empathy and assurance. However, depending on the product or service under study the attributes in each of the dimensions have been different.

Several empirical studies have identified and verified a number of common elements within the five dimensions for ATM SQ. The attributes of ATM SQ identified by empirical researchers include: user friendliness of ATM systems (Joseph and Stone, 2003; Lovelock, 2000), speed of ATM operations (Patricio et al., 2003; Yavas et al., 2004), cash availability in ATMs (Dilijonas et al., 2009), accuracy of transactions by ATMs (Dilijonas et al., 2009, Shamsdouha et al., 2005), ATMs not out of order (Islam et al., 2005; Patricio et al., 2003; Howcroft, 1991), waiting times at ATMs (Moutihno and Brownlie, 1989), employee effectiveness in solving ATM problems, employee speed in responding to ATM problems (Islam et al., 2005), returning fast swallowed cards (Islam et al., 2005), quick replacement of lost cards, bank employee friendliness, security at ATMs (Al Hawari and Ward, 2006; Dilijonas et al., 2009; Islam et al., 2005; Joseph and Stone, 2003; Shamsdouha et al., 2005), fees charged

(Athanasopoulos, 2000; Dilijonas et al., 2009), convenient location (Al Hawari and Ward, 2006; Dilijonas et al., 2009; Islam et al., 2005; Joseph and Stone, 2003; Lovelock, 2000; Moutihno and Brownie, 1989), accessibility of employees to solve ATM problems, easy access to ATMs (Joseph and Stone, 2003), advice on ATM usage and security, privacy when using ATMs (Shamsdouha et al., 2005), easy process of applying for ATM cards, cleanliness of ATMs and ATM stations, appearance of corporate branding on ATMs, issuing of clean or new notes (Islam et al., 2005), issuing of readable slips, accessibility of a wide range of services via ATMs and the number of ATMs per ATM locations (Dilijonas et al., 2009; Islam et al., 2005; Joseph and Stone, 2003; Lovelock, 2000). There is a total of 25 ATM SQ attributes validated by empirical researchers that the study adopted and tested for measuring customer satisfaction with ATM banking services in Malawi.

### **RESEARCH MODEL**

From the review of literature the following understanding comes to the fore. SQ is an antecedent of customer satisfaction. A firm has to provide quality products, services and performances to achieve customer satisfaction. Customers will measure quality of products or services based on perceived performance of attributes of the products or services within the five dimensions; tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988). If customer satisfaction is achieved, the firm benefits through retention of satisfied customers who make repeat purchases and word of mouth recommendations resulting into increased sales and profitability of the business as depicted diagrammatically (Figure 1). The diagram therefore constitutes the study model that guided the research and provided the structure for its execution.

The model helped the researcher assess customers' satisfaction with ATM banking in Malawi by providing a structure for assessing customers' perceived SQ of ATM banking in Malawi through the measurement of their perceptions of the importance and performance of ATM SQ attributes in each of the five dimensions (tangibles, responsiveness, reliability, assurance and empathy) and then analysing the relationships between importance and performance of ATM SQ attributes and dimensions; and customers' overall satisfaction with ATM banking services offered by respective banks in Malawi.

### **RESEARCH METHODOLOGY**

The study adopted the importance-performance approach (Fishbein and Ajzen, 1975) to measuring customer satisfaction. This enabled the researcher to ascertain ATM attributes participants considered important then assessed their perceived performance and lastly, participants' satisfaction with ATM banking. Therefore measurement of satisfaction is based on performance only (SERVPERF) whilst

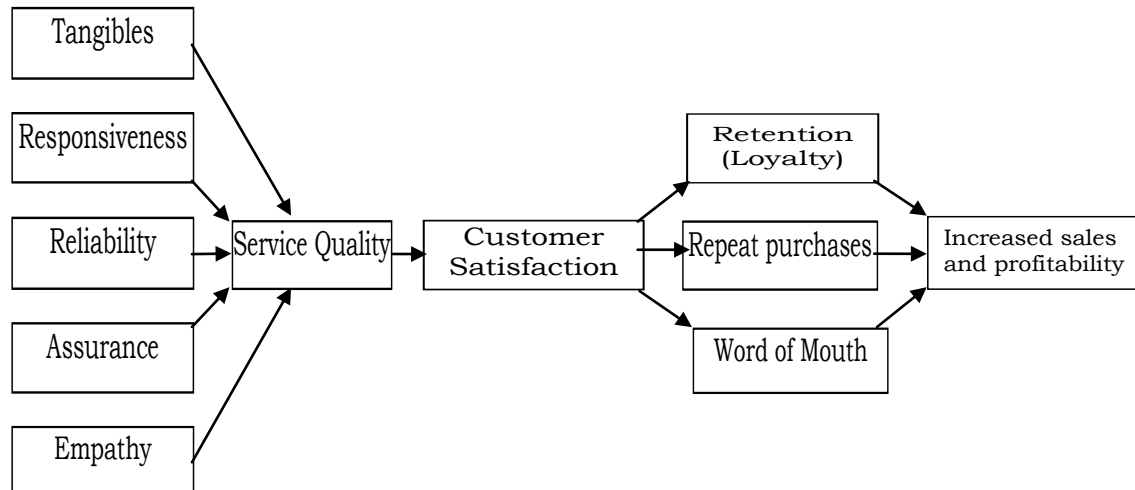


Figure 1. Study model.

the importance element qualifies performance with implications to managers of ATM services. In so doing the researcher is able to contribute to the understanding of important attributes of ATMs in local context of the study and the areas banks would require to improve in for the overall enhancement of ATM SQ in Malawi.

To develop the measurement scales, the study adopted 25 validated ATM SQ attributes from various empirical studies (Al Hawari and Ward, 2006; Athanassopoulos, 2000; Dilijonas et al., 2009; Howcroft, 1991; Islam et al., 2005; Joseph and Stone, 2003; Lovelock, 2000; Moutihno and Brownlie, 1989; Patricio et al., 2003; Shamsdouha et al., 2005; Yavas et al., 2004). The items comprised tangibles (6 items), reliability (6 items), responsiveness (6 items), assurance (3 items) and empathy (4 items) the five SQ dimensions provided by Parasuraman et al. (1988). The participants were asked to rate the ATM SQ attributes on Likert scales of 1 to 5 where 1 was very unimportant / very poor, 2-unimportant / poor, 3-neutral, 4-important / good and 5-very important / very good on importance and performance scales respectively.

The questionnaire was piloted on 30 ATM card holders to assess its comprehensibility and structure before being administered to a convenient sample of 500 customers who held and used ATM cards from five commercial banks in Malawi. The convenient sample of ATM card holders was opted for because banks approached could not make available details of ATM card holders as this is classified bank information. The Cronbach's Alpha of 0.776 and 0.853 for the importance and performance measurement scales respectively demonstrated the scales ability to provide reliable measurement within the two constructs with internal consistency (Nunnally and Bernstein, 1994). The questionnaire was administered through email where two rounds of reminders were sent at a week's interval to improve on the participants' response rate.

### Limitations

The study results are from urban ATM users in Malawi. There may be factors such as culture, experience, education, exposure, tolerance levels of SQ (Johnston, 1995) that would differentiate the study sample from ATM users in rural contexts or other countries. For example, all the respondents are educated at undergraduate level to postgraduate level which does not reflect the levels of education among the general population in Malawi. Therefore

generalization of the results to a wider population or banking industry should be taken with caution.

## RESULTS AND DISCUSSION

95.5% of the respondents in the study have been with their banks for over 2 years and 87.2% use ATM services at least every week. 353 responses were generated from a study sample of 500 ATM card users representing a 70.6% response rate where 68.8% of the respondents were male and 31.2% female. 30.3% of the respondents were undergraduates, 52.7% graduates and 17.0% post-graduates. With these demographic characteristics, the study perceived the respondents were knowledgeable and capable of rating the ATM services from their respective banks and able to provide opinion on the perceived importance and level of performance of each ATM SQ attribute and lastly provide their perceived overall satisfaction with the ATM services offered by their respective banks.

The results in Table 1 show the total percentage of respondents who rated each ATM SQ attribute important or very important (4 or 5) and also rated performance of each attribute as either good or very good (4 or 5) on a Likert scale. The table further shows the strength of association (correlation) between the performance of each ATM SQ attribute and customer's satisfaction with ATM services using Pearson correlation and the statistical significance of that association.

The results first support empirical researchers: Al Hawari and Ward (2006), Athanassopoulos (2000), Dilijonas et al. (2009), Howcroft (1991), Islam et al. (2005), Joseph and Stone (2003), Lovelock (2000), Mobarek (2007), Moutihno and Brownlie (1989), Patricio et al. (2003), Shamsdouha et al. (2005) and Yavas et al. (2004) who through separate studies, each contributed to the list of

**Table 1.** Rating of ATM attribute.

Item	Importance	Performance	ATM SQ performance correlation to Customer Satisfaction with ATM service	
			Pearson Correlation	Sig.(2-tailed)
Cleanliness of ATMs	95.5	78.7	.508**	.000
Brand Appearance	78.4	87.0	.011	.830
Issue of Clean Notes	81.6	70.2	.101	.058
Readable Slips	95.7	81.6	.517**	.000
Range of Services	90.9	69.9	-.077	.148
Number of ATMs per Station	82.2	39.1	-.006	.910
ATM System Userability	100.0	91.5	.178**	.001
Speed of ATMs	100.0	70.0	.394**	.000
Cash Availability	100.0	69.7	.635**	.000
Transaction Accuracy	100.0	70.2	.514**	.000
ATM not out of order	99.7	51.9	.612**	.000
Waiting times at ATMs	95.7	26.4	.400**	.000
Easy Application Process	95.2	36.1	.475**	.000
Employee Effectiveness	95.5	36.1	.402**	.000
Employee Speed	99.7	26.0	.457**	.000
Fast return of Cards	90.3	13.0	-.111**	.036
Quick replacement of Cards	95.8	8.8	.014	.800
Employee Friendliness	98.3	70.3	-.014	.786
Privacy at ATMs	100.0	56.1	.574**	.000
Security at ATMs	95.7	60.6	.040	.448
ATM Usage & Security Advice	69.9	30.3	-.153**	.004
Convenient Location	100.0	38.8	.330**	.000
Easy ATM access	100.0	39.1	.464**	.000
Employee Accessibility	95.5	30.8	.509**	.000
ATM Fees Charged	73.4	26.9	.655**	.000

\*\*Correlation is significant at the 0.01 level (2-tailed); \*Correlation is significant at the 0.05 level (2-tailed).

attributes within the ATM SQ construct which this study adopted for measuring ATM SQ and satisfaction. 80% of the attributes across the five dimensions were rated important to very important by over 90% of the respondents. ATM system usability, speed of ATMs, cash availability, transaction accuracy, ATMs not out of order, employee speed, convenient location and easy ATM access were considered important ATM SQ attributes by 100% of respondents to the study.

When SQ dimensions are ranked based on average importance ratings of all attributes in each dimension, reliability (99.2%) ranks first in importance followed by responsiveness (95.8%), empathy (92.2%), assurance (88.5%) and lastly tangibles (87.4%). Reliability refers to the degree to which ATMs offer accurate, dependable and timely service; responsiveness is the willingness of ATM service providers to help their customers and meet their needs and wants. Empathy is the attention and care that ATM service providers may offer to their customers whereas assurance is the confidence and trust that customers have towards ATM usage and tangibles refer to the physical equipment or items and its appearance

and further include the appearance of service personnel.

Therefore, these study results find that within the five SQ dimensions, with regard to ATM services, reliability is the most important dimension followed by responsiveness in delivery of the ATM service and that tangibles are the least important to customers of ATM services. These results agree with Parasuraman et al. (1988) and Zeithaml et al. (1990) who reported that regardless of the service studied, reliability was the most important dimension followed by responsiveness (Berry et al., 1985) and that tangibles are of least concern to service customers. ATMs card users want a reliable ATM service from their bank as highlighted by the highest ratings on importance scores on attributes in this SQ dimension. ATM card users want ATM systems that are user friendly, ATMs that are fast, ATMs that do not run out of cash, want accurate transactions, ATMs that are not out of order and no long queues at ATMs. The reliable service has to be complimented by responsive service delivery of ATM services starting with easy application processes for ATM cards and employees that are effective and fast in dealing with ATM issues.



On the performance of ATM SQ attributes and dimensions, the results present a different perspective. Performance in tangibles SQ dimension ranks the highest followed by reliability. These are the only two dimensions to be ranked to be performing 'good' to 'very good' by over 50% of the respondents to the study. Notably corporate branding appearance was rated to be performing well by 87% of the respondents surpassing the 78.4% who rated it as important. ATM services have been rated to perform extremely well in system usability (91.5%), corporate brand appearance (87.0%), readable slips (81.6%), cleanliness of ATMs (78.7%), employee friendliness (70.3%), transaction accuracy (70.2%), issuing of clean notes (70.2%), ATM speed (70.0%), range of services offered by ATMs (69.9%), and availability of cash in ATMs (69.7%).

Performance ratings on average have been very low in empathy (33.9%) and responsiveness (31.7%). Banks in Malawi are performing poorly in the provision of responsive ATM services. Employee effectiveness was rated good by only 36.1% of the participants; ATM card application process, 36.1%; convenient location of ATM, 38.8%; ease of access to ATMs, 39.1%; employee speed, 26.0%; fast return of cards, 13.0% and quick replacement of cards, 8.8% and all these attributes perceived low in performance relate to personnel and management decision making.

Therefore, it is interesting to note that attributes in the tangibles and reliability dimensions whose performances are perceived good, are closely related to performance of ATM technology while the attributes in responsiveness, assurance and empathy dimensions whose performances are perceived not so good relate to personnel and management functionality. This demonstrates that banks in Malawi have invested in effective ATM technologies that enhance the performance of ATM SQ but the downside is the supporting services and management decisions in the delivery of ATM services. This study therefore identifies that whilst every bank invests in modern ATM technologies, competitive advantage would no longer be achieved through ATM technology itself but through effective decision making and provision of responsive ATM services. Customers want easy ATM card application processes, effective and fast employees, fully accessible, to deal with ATM issues and ATM managers that are making good decisions in locating ATMs in convenient and easily accessible locations.

Overall 53.0% (over half) of the respondents were satisfied with ATM services provided by their banks in Malawi. Participants rated their satisfaction with ATM services on a Likert scale where 1 was 'very dissatisfied', 2 – 'dissatisfied', 3 – 'neither dissatisfied nor satisfied', 4 – 'satisfied' and 5 – 'very satisfied'.

### **ATM service satisfaction**

The correlation analysis between ATM service satisfaction

and ATM SQ attributes shows that all SQ attributes under reliability and empathy dimensions significantly correlate to customers' satisfaction. Notably cash availability, ATMs not out of order and ATM fees strongly and significantly correlate to ATM service satisfaction. Under the responsiveness dimension, easy application process, employee effectiveness and employee speed significantly correlate to customers' satisfaction with ATM services. Furthermore, employee effectiveness and employee speed correlates to fast return of cards which does not in itself correlate to customers' satisfaction.

Privacy at ATMs is the only one of the three attributes under assurance that significantly correlates with ATM service satisfaction whilst under tangibles despite a number of SQ attributes being rated to perform well, only two attributes; cleanliness of ATMs and readable slips significantly correlates to ATM service satisfaction.

Therefore these results demonstrate that all SQ dimensions significantly correlate to customer satisfaction at varying degrees depending on the type of SQ attribute they contain. Reliability is the SQ dimension that strongly and significantly correlates with ATM service satisfaction among the five SQ dimensions. These results concur with Khan (2010) who found positive and statistically strong relationships between ATM SQ and customer satisfaction with ATMs in Pakistan. The study results further show that despite ATM SQ attributes being rated important by the respondents, not all SQ attributes influence satisfaction. For example; issue of clean notes, range of services offered by ATMs, number of ATMs per station and security at ATMs, although participants rated these SQ attributes as important in the use of ATMs and some of these attributes even performed well, they do not have impact on satisfaction with ATM services.

This draws the study to the important concept of satisfiers and dissatisfiers (Johnston, 1995) within the customer satisfaction construct. Swan and Combs (1976) note that as customers judge products or services on a range of attributes, some SQ attributes are relatively important in determining satisfaction while others are not critical to customers' satisfaction but are related to dissatisfaction when performance on them is not satisfactory. Therefore the provision of security at ATMs, a range of services through ATMs or a number of ATMs per station may not affect customers' satisfaction with ATM service but no provision of same may cause dissatisfaction, among customers, with the ATM services offered by their respective banks.

Therefore care should be taken on such important SQ attributes that despite not contributing to customers satisfaction their provision is necessary as they can be the source of dissatisfaction when not provided.

### **Conclusion**

This study has found that over half of the respondents are satisfied with ATM services from their respective

banks in Malawi. All the SQ attributes adopted from empirical researches are valid attributes of ATM SQ and that all the five SQ dimensions significantly associate with customer satisfaction. The study has agreed with Parasuraman et al. (1988) and Zeithaml (1990) that reliability is the most important SQ dimension followed by responsiveness, empathy and assurance and tangibles are the least important to customers' satisfaction.

The study has found that all ATM SQ attributes have been rated important by customers but not all of them significantly affect satisfaction with ATM services. That strongly suggests that important SQ attributes that do not associate with satisfaction would be dissatisfiers; meaning that they are the necessary SQ attributes which may not cause customer satisfaction with ATM services but their absence may cause customer dissatisfaction with ATM services.

The ATM technologies in Malawi are user friendly, have good operational speed, produce accurate transactions, do not frequently break down, produce readable slips, and offer a range of banking services. However, since all banks have of late been investing in these newest ATM technologies that provide reliable services, it is through ATM service responsiveness and empathy that banks would create competitive advantage and achieve more customer satisfaction not through ATM technology itself as it were in the late 1990s when ATM technology was introduced to the market in Malawi. While all ATM SQ attributes associated with technology have been perceived good performers, all attributes associated with employee performance and management functionality have been perceived not so good in performance. There is a requirement to improve in ATM cards application processes, employee effectiveness and speed in handling ATM issues such as fast return of cards and quick replacement of cards. Good management decisions are required when installing ATMs to provide customers with ease of access and convenience in the usage of ATM services to ensure increased preference to ATM banking. Therefore to create competitive advantage through ATM banking in a country like Malawi, banks need to improve performances in responsiveness and empathy SQ dimensions.

### Future research

It will be necessary to replicate this study on a sample different in demographic characteristics such as having low levels of education and in rural contexts for comparison of study results. Secondly, the growing in importance of other access channels to banking products and services in the third world such as mobile banking and internet banking necessitates a study on the impact of ATM banking on customers' satisfaction with their banks. This would help understand issues of importance in developing ATM banking as a strategic access channel for bank products and services.

### Conflict of Interests

The author(s) have not declared any conflict of interests.

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*Full Length Research Paper*

## Corporate social responsibility: A literature review

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While corporate social responsibility was widely discussed in the last forty years of the twentieth century, the idea that business has societal obligations was evident at least as early as the nineteenth century. The concept of corporate social responsibility constantly adapts to the needs of global business. Given the recent development of corporate social responsibility and sustainability ideologies, along with methodologies and criteria used to meet the standards of a “responsible” company. However, a specific connotation of corporate social responsibility (CSR) has not been unified, though the norms and standards related to CSR are developing now. There is a growing interest in social responsibility of the corporations among academicians and practitioners. Companies now are not only expected to be responsible to their shareholders but to society in general. During 1972 to 2001, round-about ninety-five empirical evidences have been provided by Margolis and Walsh (2001) and Orlitzky et al. (2003) regarding CSR and financial performance. In these studies, CSR was independent variable ;whereas, financial performance was dependent variable. Fifty three percent showed positive relationship between them, twenty four percent shows no relationship between them, nineteen percent showed mixed relationship with them, and five percent showed negative relationship between them. Dam (2008) also further provided empirical evidences regarding CSR and financial performance but there was one uniqueness and common thing. The uniqueness of work was distribution of empirical findings in tabulated form on the base of return on assets (ROA), return on equity (ROE), return on sales (ROS), Tobin’s Q, and stock market returns and common thing was that only empirical findings from 1972 to 2001 was tabulated. The findings of this study are important for corporations and future researchers on corporate social responsibility and consumer behavior.

**Key words:** corporate social responsibility; corporate citizenship; multinational corporations.

### Introduction

Since Bowen’s (1953) seminal piece on social responsibility inaugurated the modern thinking period (Carroll, 1999) on corporate social responsibility (CSR), a large debate on the nature of the topic has been developed in management academic literature (Anderson and Frankle, 1980); academics and practitioners seem to have renewed their interest on the topic (Angelidis and

Ibrahim, 1993) propitiating a plethora of theories, perspectives and terminology, which cause confusion when attempting to deeply understand the notion. Within a bibliometric analysis of a 30 year period of research on CSR encompassing from 1972 to 2002 developed and applied a specific methodology based in Content Analysis (CA) seeking to clarify the direction of CSR

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epistemological evolution. Even when their results allowed them to discard that the epistemological evolutionary sense of CSR had a normativist orientation, they were not able to discriminate which of two remaining possible perspectives, progressive or variegational, prevailed over the other, calling to replicate their research within some distance future to provide evidence on this issue (Carroll, 1999).

A modern concept of CSR has evolved since the 1950s, formalized in the 1960s and proliferated in the 1970s (Carroll, 1999). Based on various studies from the CSR literature (Carroll, 1999; Engardio et al., 2007; Hart, 1995; Holme and Watts, 2000; McWilliams and Siegel, 2001; Nicolau, 2008; Tsoutsoura, 2004), CSR can be broadly defined as the activities making companies good citizens who contribute to society's welfare beyond their own self interests. Throughout the past several decades, numerous aspects of CSR have been the subject of investigation in academic and business literature, and according to the framework of Schwartz and Carroll (2003), economic, legal and ethical domains can be epitomized as the most common components of CSR.

One aspect of CSR interesting to many financial economists is the economic domain: financial impact of CSR for profit-seeking corporations. Regarding the relationship between companies' CSR activities and their performances (especially, financial performance), the literature presents three assertions. The first group of researchers, based on the viewpoint of Friedman (1970), has found a negative relationship between CSR activities and financial performance as measured by, for example, stock price changes (Vance, 1975), excess return (Wright and Ferris, 1997), or analysts' earnings-per-share forecasts (Cordeiro and Sarkis, 1997). Friedman argued that managements are selected by the stockholders as agents and their sole responsibility is acting on behalf of the principals' best interests. From Friedman's perspective, the one and only social responsibility of business is to use its resources and engage in activities designed to increase profits and wealth of owners. Any other activities disturbing the optimal allocation of scarce resources to alternative uses exert an adverse influence on firm performance. The second group argued for positive impact from companies' CSR activities on financial performance (Arago'n-Correa et al., 2008; Bird et al., 2007; Bragdon and Marlin, 1972; Grave and Waddock, 1994; Hart and Ahuja, 1996; Heinze, 1976; Judge and Douglas, 1998; Klassen and McLaughlin, 1996; Nicolau, 2008; Orlitzky et al., 2003; Pava and Krusz, 1996; Preston and O'Bannon, 1997; Waddock and Grave, 1997). This group's assertion, based on stakeholder theory (Freeman, 1984), suggests that firms expand the scope of consideration in their decision-making and activities beyond shareholders to several other constituencies with interests, such as customers, employees, suppliers and communities. The second group asserts that CSR activities, which encompass all legitimate

stakeholders' implicit claims as stakeholder theory suggests, can improve firm value by (1) immediate cost saving, (2) enhancement of firm reputation, and (3) dissuasion of future action by regulatory bodies including governments which might impose significant costs on the firm (Bird et al., 2007). A third group has supported no particular relationship between CSR activities and financial performance (Abbott and Monsen, 1979; Alexander and Buchholz, 1978; Aupperle et al., 1985; Teoh et al., 1999), partially arguing for the existence of too many confounding factors for researchers to uncover a particular impact from CSR on firm performance.

Seemingly contradictory themes between Friedman's (1970) viewpoint and the stakeholder theory arise from the assumption that CSR, which considers the interests of a broad spectrum of stakeholders (suggested by stakeholder theory), is in fact detrimental to value maximization activities of the firm (asserted by Friedman's viewpoint). However, Jensen (2001) attempted to reconcile the potential conflict between these two viewpoints by proposing enlightened stakeholder theory, which asserts that a firm cannot maximize its long-term value if it ignores the interests of diverse stakeholders. And, according to Post et al. (2002), a firm's capacity that generates sustainable wealth over time and its long-term value are determined by the relationship with both internal and external stakeholders. CSR, if it contributes to enhancing firm value, can be an appropriate corporate strategy as the stakeholder theory suggests, not an exploitation of shareholders' wealth to benefit other parties, as Friedman (1970) worried.

Although, there are many ways to implement CSR, three CSR initiatives that firms commonly use are sponsorship, cause-related marketing (CRM), and philanthropy. The current study enhances knowledge about CSR initiatives by investigating the relative contribution of three types of CSR initiatives, sponsorship, CRM and philanthropy, to consumers' ability to identify with a company. The more a consumer identifies with a company, the more likely he or she will exhibit both in-role and extra-role behaviors that will benefit the company. While many companies engage in these three common CSR initiatives to enhance C-C identification, to our knowledge, little research has been addressed on their relative effects on consumers' identification with a company. Thus, such research is important in terms of providing guidance to practitioners in selecting appropriate CSR initiatives to increase C-C identification, particularly when the chosen CSR initiative ultimately becomes the "face" of the company (Karaibrahimoglu, 2010).

### Key Characteristics of CSR

Every company is accountable to its stakeholders. Depending on a company's size and scope, its stakeholders can



range from employees and consumers, to suppliers, investors, contractors, governments, non-government organizations and media. First and foremost, a company is established to meet the financial needs of these stakeholders. However, this fiduciary responsibility does not account for what, 70 years ago, Merrick Dodd called the compact that a company enters and “service to the community” that a company should provide when operating in any industry or society (Karaibrahimoglu, 2010). Companies therefore require a means of responsibly repaying the profit they make for their stakeholders by positively influencing and benefiting the communities within which they operate. CSR is a purposely vague, all-encompassing concept designed to facilitate corporate activities that go beyond mere fiduciary responsibility. In other words, CSR is ideally a framework within which a company can influence the society it operates in, in the interest of building a mutually beneficial relationship.

So what exactly is CSR? The number of definitions available makes it difficult to provide an authoritative answer. Shallini Taneja and colleagues, by quoting Bowen's description of CSR in 1953, defined CSR as a company's obligation to pursue actions “in terms of the objectives and values of our society” (Vyakarnam, 1992). CSR has assumed a variety of meanings, descriptions and manifestations since its inception. This becomes apparent simply by reviewing the titles of the CSR reports issued by different companies, which include corporate responsibility, corporate sustainability, corporate philanthropy, sustainable development and citizenship and sustainability, among others. Ideally, then, what should CSR be? Simply put, it should be a loose set of guidelines on how a company can make constructive and productive contributions to its community. It should not be a set standard of criteria that companies look to meet for the sake of an “admirable” reputation (Karaibrahimoglu, 2010).

Bowen (1953) sets the scene in this field by suggesting that the concept of specifically corporate social responsibility emphasizes that:

1. Businesses exist at the pleasure of society and that their behaviour and methods of operation must fall within the guidelines set by society; and
2. Businesses act as moral agents within society.

Wood (1991) expanded these ideas, encapsulating them into three driving principles of social responsibility, which are:

(1) business is a social institution and thus obliged to use its power responsibly; (2) businesses are responsible for the outcomes relating to their areas of involvement with society; and (3) individual managers are moral agents who are obliged to exercise discretion in their decision making. In general, the social responsibilities of a firm seem to arise from the intersection (and compatibility) of the political and cultural systems with the economic

system (Jones, 1983). However, Friedman (1970) argued that the successful functioning of our society depends on the role specialization of its institutions (or systems). According to him the corporation is an economic institution and thus should specialise in the economic sphere; socially responsible behavior will be rectified by the market through profits. In Friedman's (1970) view business has only one social responsibility and that is to maximise the profits of its owners (to protect their property rights). Organisations are seen purely as legal entities incapable of value decisions. A manager who uses a firm's resources for non-profit social purposes is thought to be diverting economic efficiency and levying an “illegal tax” on the organisation. Opponents (Frederick *et al.*, 1992) of this view, challenge the very foundations of Friedman's thesis – the economic model. They claim that the economic model and role specialisation of institutions (or systems) are not working as suggested.

This comes as a result of the rise of oligopolies in certain sectors; the separation of ownership and management; government's involvement in the economy and conversely industry's involvement in the political process through lobbying. In addition, if corporations do not adopt “social responsibility”, government with its potential for inefficiency and insensitive bureaucratic methods may be forced to step in. With respect to Friedman's argument that the legal conception of corporations' articles and memorandums of associations limits a firm's involvement solely to economic roles, it can be claimed that they are broad enough to allow departures from this narrow path.

Social responsibility is also seen as a consequence of and an obligation following from the unprecedented increase of firms' social power (as tax payers, recruiters, etc.) (Davis, 1975). Failure to balance social power with social responsibility may ultimately result in the loss of this power and a subsequent decline of the firm (Davis, 1975).

Another school of thought sees social responsibility as a contractual obligation firms have towards society (Donaldson, 1983). It is society in the first place that has permitted firms to use both natural and human resources and has given them the right to perform their productive functions and to attain their power status (Donaldson, 1983).

As a result, society has an implicit social contract with the firm. Thus, in return for the right to exploit resources in the production process, society has a claim on the firm and the right to control it. The specifics of this contract may change as social conditions change but this contract in general always remains the basis of the legitimacy of the demand for or assertion of the need for CSR (Epstein, 1987).

A growing number of scholars take the view that firms can no longer be seen purely as private institutions but as social institutions instead (Frederick *et al.*, 1992; Freeman, 1984; Lodge, 1977). The benefits flowing from firms need to be shared collectively. This thesis is similar

to the stakeholders model (Freeman, 1984) and claims that a firm is responsible not only to its shareholders (owners) but to all stakeholders (consumers, employees, creditors, etc.) whose contribution is necessary for a firm's success. Thus, CSR means that a corporation should be held accountable for any of its actions that affect people, communities and the environment in which those people or communities live (Frederick *et al.*, 1992). Carroll (1979) suggests that CSR is defined as the economic, legal, ethical and discretionary demands that society places on business. Similarly, Zanies conceptualized CSR as the degree of "fit" between society's expectations of business and the ethics of business. He argues that CSR is really nothing more than another layer of managerial responsibility resulting from the evolution of capitalism. An interesting twist to the argument is provided by Tuzzolino and Armandi (1981) who provide a motivational theory of organizational social response based on Maslow's hierarchy of needs. CSR is the fulfillment of a firm's "internal and external self-actualization needs" which are located on the top of their organizational needs pyramid.

According to this view, firms adopt CSR after they have satisfied three earlier layers of needs (which include: "physiological" or survival needs fulfilled by corporate profits; "safety needs" such as dividend policy, conglomeration and competitive position; and "affiliative needs" such as participation in trade association, lobby groups, etc.). Epstein (1987) attempted to differentiate "business ethics" and CSR and to incorporate them into a strategic process. According to him "business ethics" refer to issues and dilemmas related to the morality of organisational actions or decisions. CSR focuses more on the consequences of organisational actions. He defined CSR as the "discernment of issues, expectations and claims on business organizations regarding the consequences of policies and behaviour on internal and external stakeholders" (Epstein 1987, p. 101). Angelidis and Ibrahim (1993) defined CSR as "corporate social actions whose purpose is to satisfy social needs". They developed an equilibrium theory based on social demand and supply, identifying a set of factors that affects them (social supply and demand).

Thus, opinions differ in terms of the basis or scope of CSR and even the very definition of the term. As a consequence different aspects of a firm's operations can be seen to come under its sway – depending on the stance one adopts. As has been shown, what can be conceived as "social responsibility" can range from simply maximisation of profits, to satisfaction of stakeholders' social needs, or fulfillment of social contractual obligations, fulfillment of a firm's needs, achievement of a social equilibrium, etc. – depending on the stance taken.

While academic debate abounds at the theoretical level, at the operational level insights are more sparse.

Schwartz and Dahl observed that socially acceptable behaviour of North American firms at the time of writing –

the 1970s included:

1. disclosure of information to shareholders;
2. disclosure of the board of directors;
3. monopolistic behaviour (predatory pricing, etc.);
4. equality of treatment for minorities;
5. profit sharing;
6. environmental protection;
7. ethics in advertising; and
8. social impact of technology.

However, according to Vyarkarnam (1992), many of these have now been regulated by statute. Present day concerns have changed focus. He found that current CSR concerns, which are in substance the same for both North American and the UK firms, encompass such areas as:

1. environmental protection (e.g. reduction of emissions and waste and the recycling of materials);
2. philanthropy (donating to charities, etc.);
3. involvement in social causes (involving anything from human rights to AIDS education);
4. urban investment (working with local government to regenerate small businesses and the inner city environment generally); and
5. employee schemes (higher standards of occupational health and safety, good standard of staff treatment, job-sharing, flexitime, etc.).

Empirical research into the effects of corporate responsibility has produced mixed results. Some studies have suggested a positive relation, whereas others have concluded that the effects are negative or inconsequential. For example, Belkaoui (1976) investigated the information content of pollution control disclosures. His results suggested a positive relationship between economic performance and social responsibility, at least in this area. Other studies produced results consistent with the notion that corporate social responsibility activities impact on the financial markets (Anderson and Frankle, 1980; Shane and Spicer, 1983; Spicer, 1978a,b). However, certain studies have replicated earlier research and found conflicting results. Frankle and Anderson (1978) rejected Belkaoui's (1976) interpretation and argued that non-disclosing firms had consistently performed better in the market. In a similar manner, Chen and Metcalf (1980) disagreed with Spicer's (1978a,b) conclusions, arguing that his results were driven by spurious correlations. In response Spicer (1980) stated that Chen and Metcalf (1980) misinterpreted the purpose of his study, emphasizing that associations not causal relationships were being investigated. Ingram (1978) concluded that the information content of social responsibility disclosures was conditional on the market segment with which a firm is identified.

Alexander and Bulcholz (1978) and Abbott and Monsen (1979) found no significant relationship between a corporation's level of social responsibility activities and stock market performance.

In addition, Chugh (1978), Trotman and Bradley (1981) and Mahapatra (1984) concluded that corporate social responsibility activities may lead to increased systematic risk. Cochran and Wood (1984) used corporate social responsibility rankings developed by Moskowitz (1972) to test the relationship between corporate social responsibility activities and firm's performance. After controlling for industry classification and corporate age, a weak positive association between corporate social responsibility activities and economic performance was found. Mills and Gardner (1984) concluded in their analysis of the relationship between social disclosure and economic performance, that companies are more likely to disclose social responsibility expenditures when their financial statements indicate favourable economic performance.

One drawback of the above empirical studies is that they failed to distinguish between past, concurrent and subsequent to CSR economic performance, and thus to make possible reliable inferences about direction of causation. In most of the previous studies, economic performance covered a (commonly five year) period "surrounding" the CSR performance and/or social disclosure periods. Routinely, the CSR performance and/or social disclosure periods were the midpoints of that period. However, in Mahapatra (1984) and Mills and Gardiner (1984) studies, economic performance periods were concurrent to the CSR performance period. Only Shane and Spicer (1983) looked at economic performance subsequent to CSR disclosure period, finding a positive association. Practically, McGuire *et al.* (1988) were the first to break this tradition and to separate economic performance into past, concurrent and subsequent to CSR performance. They used Fortune magazine's ratings of corporate reputations to analyse the relationship between perceived corporate social responsibility and economic performance. Prior economic performance of the firms, as measured by both stock market returns and accounting based measures, were found to be more closely related to corporate social responsibility than was subsequent economic performance. McGuire *et al.* (1988) suggested that economic performance may be a variable influencing.

Thus, the empirical research into the relationship between corporate social responsibility and economic performance is confusing and far from conclusive. According to Ullmann (1985) this may be attributed to the use of varying and questionable measures of CSR, differences in the research methodologies and the financial performance measures used. To overcome these limitations, this study will use a more comprehensive measurement of CSR performance (admittedly within the context of the UK social and business environment), a combination of

economic performance measures and including the necessary intervening variables in the research design.

### **CSR integrated management and corporate governance**

Since CSR is founded on the reasoning that the company owes duties not only to its shareholders but also its stakeholders, it follows that corporate governance structures and management regimes that accommodate the former to the detriment of the latter must be replaced. Contemporary corporate governance, whether law-based<sup>136</sup> or otherwise, requires transparency with regard to major share ownership and voting rights, independence of board members and key executives, precise information on their remuneration, and consultation with stakeholders and others.

The necessity of such transparency is confirmed not only by recent corporate scandals, but has even prior to these been incorporated into major international initiatives, particularly the 1999 Organisation for economic co-operation and development (OECD) principles of corporate governance, and the OECD guidelines for multinational enterprise (MNEs), which adopt the corporate governance provisions of the Principles. The OECD Corporate Governance Principles, moreover, encourage member States to provide effective redress for violation of stakeholder rights where these are protected by law. Ultimately, the adoption of a CSR approach requires that it become an integral part of corporate strategic planning and routine operational performance. 140 CSR due diligence must persist throughout the managerial structure and into the entire workforce through constant training and evaluation of strategies. For outsourcing MNEs, this obligation extends to suppliers and other agents. In order to ensure CSR compliance at all levels of management and production, some corporations have established CSR departments. This ethical aspect of managerial procedures must foremost be incorporated into the curricula of business schools and taught as an intrinsic component of business degrees.

### **CONCLUSION**

With more attention to social problems, such as resource exhaustion and environmental deterioration, what role should company play in society has been a hot issue in the last decades (Vyakarnam, 1992). Under this background, researches and government propose and urge that the companies should not only maximize the interest of shareholders, but also balance the interest among stakeholders, including government, employees, communities and others.

Companies should actively take on their social respon-

sibilities and disclose related information to the stakeholders CSR, also known as social responsibility of business, is no stranger to the developed world. It becomes a contemporary issue not only for companies but also for consumers in the world. In fact, there have been a number of suggestive examples, such as Nike Corporation which was ostracized for harsh working conditions in the East and Southeast Asia, and GAP which was attacked for using child labor or any acts causing environmental pollution that can also damage the reputation of a big company. CSR can be defined as “the obligation of a firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company” (Wood, 1991). This definition raises two important points: firstly, a company should conduct its business which is socially responsible to society as an integral part of its ongoing strategy; and secondly, it is implied that a business cannot be separated from societal issues such as community and environment. Consequently, these two points lead to the basic premise that a company is responsible, not only to maximize profits, but also to protect the environment and to contribute to the well-being of society.

Whilst there has been increased public attention to CSR worldwide, most CSR studies conducted so far have been in the context of developed countries such as Western Europe, the USA and Australia (Gray et al., 1995). The relationship between corporate social performance and corporate financial performance could be positive, neutral and negative. Griffin and Mahon (1997) discussed, after reviewing sixteen studies, the relationship between corporate social performance (CSP) and corporate financial performance (CFP) for the period of 1970s, twenty seven studies for 1980s, and eight studies for 1990s with total of fifty one articles. In the 1970s, there were sixteen studies reviewed with twelve of which was positive trend of the relationship. For the 1980s, the positive relationship had been accounted for fourteen of twenty seven studies. For the 1990s, the positive relationship has been found for seven out of eight studies. The negative results were favored by only one study in the 1970s, and found seventeen studies in the decade of 1980, and there were only three studies in the 1990s decade. The results remained unconvincing for four studies in the decade of 1970, five studies in the decade of 1980, and nothing found in the 1990s.

It is considerable in the work of Griffin and Mahon (1997) that one or more studies might have one or more findings. Moreover, the work of Griffin and Mahon (1997) is not all inclusive. There are few studies contributing to the dimension of corporate social performance to corporate financial performance relation in the 1990s.

During this period, positive direction of the relationship is shown by Froomean (1997), Waddock and Graves (1997), Preston and O'Bannon (1997), Roman et al.

(1999). Wright and Ferris (1997) provided the negative direction of the relationship. Moreover, in the decade of 2000, a few number of researchers provided additional elements to the discussion regarding the corporate social performance and corporate financial performance link with different settings of methodology. Positive dimension had been reflected by the eminent research works of Ruf et al. (2001), Konar and Cohen (2001), Simpson and Kohers (2002), Murphy (2002) and Orlitzky et al. (2003).

The negative relationship was found by Patten (2002) and Wu (2006). Gray (2006) remained unconvincing about the results between the relationship of CSP and CFP. Murray et al. (2006) concluded the same results with the support of cross sectional data analysis, however, by considering the longitudinal data analysis, they drew different results. Hill et al. (2007) investigated and found the impact of corporate social responsibility on financial performance with particular center of attention on market-based measures and they concluded positive results regarding the long-run term scenario.

This article has argued that the widely touted general case for making a more substantial commitment to CSR must be assessed relative to the specific vulnerabilities and opportunities of a particular organization. This assessment, in turn, should help clarify societal obligations and thereby (if the business case is persuasive) inform the formulation of a CSR strategy and decisions about specific CSR programs. Nonetheless, there remain major challenges in developing and implementing CSR strategy, especially the measurement of corporate social performance and engaging with stakeholders. There are also possible questions about the legitimacy of CSR initiatives. Concerns might be voiced about the appropriateness of management action on social issues and there may be a backlash against a well-intentioned CSR initiative; concerns that become all the more important if CSR assumes a more central role in corporate strategy. These challenges might well undercut an otherwise convincing business case. While a business case might be identified for many CSR initiatives, what of those that do not appear to offer any return to shareholders? Martin has proposed that, absent an economic incentive, collective action is required that would involve other firms as well as governments and non-governmental organization (NGO's). For GSK and the access issue, this suggests a requirement for involvement of other parties because of the limited economic incentives for action by the pharmaceutical industry alone (the problem also demands the collaboration of multiple participants, such as healthcare organizations and governments, because of the specialised skills or resources they can bring). However, it is unclear as yet whether these other parties will come to the table; the response from governments to requests for contributions to Kofi Annan's global fund is modest, to date. Another approach is to acknowledge the normative case and assert a moral basis for obligations beyond

those to stockholders. Thus it has been claimed by U.K. business leaders, for example, that a company should “balance and trade off the competing claims of customers, suppliers, employees, investors and the communities in which it operates.” The implication of this view of the firm balancing stakeholder interests—a fiduciary duty to shareholders notwithstanding—is that the interests of shareholders might in some instances be considered secondary to those of other claimants, not an argument that sits easily with many managers of public corporations. However, managers might well choose to exercise their discretion consistent with their beliefs about management action on social issues. Ultimately, if such action is grounded in an accurate assessment of society’s best interests, then the normative case may well also be consistent with the long-term interests of the firm. Unfortunately, however, there is no guarantee that this would always be the case.

In aggregate, the results of our study conclude that CSP has no effect on financial performance (CFP) under slack resources theory and good management theory. However, CSP has effect on market performance under these theories. It is obvious from the results that CSP has negative effect on the market value of the share but no relationship to D/E behavior of the firm significantly. In addition, it was also shown that CFP does not have mediating effect in between the CSP and market value of the share and also in between the CSP and debt level of the firm (Ali et al., 2010).

## Conflict of Interests

The author(s) have not declared any conflict of interests.

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*Short Communication*

## Rural women entrepreneurship in India: Challenges and opportunities

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The entrepreneur is an economic man, who tries to maximize his profits by innovation. Innovation involves problem solving and entrepreneur gets satisfaction from using capabilities in attacking problems. There are around seven lakh villages in India and also that more than 70% of our population that live in villages half are women. Rural women represent a sizeable percentage of labor force in our country, yet they have not been brought under the main stream of development. The rural women may be mobilized and may lead the nation towards the path of progress and prosperity. The rural women by all means can be very effective agents of change for better homes, better society and ultimately for robust economy in the present global scenario.

**Key words:** Entrepreneur, Satisfaction, Progress and Prosperity, Global scenario

### INTRODUCTION

Entrepreneur is an economic man who tries to maximize his profits by innovation. Innovation involves problem solving and entrepreneur gets satisfaction from using capabilities in attacking problems. Women entrepreneurs may be defined as women or a group of women who initiate, organize and run a business enterprise. Women owned businesses are highly increasing. "You can tell the condition of a nation by looking at the status of its women" Jawaharlal. Men and women are two wheels of society and the contribution of both is very essential for building healthy nation. There are around seven lakh villages in India and more than 70% of our population live in villages. In rural sector, 56% of the male and 33% of

the female are in the labour force. About 66% of the female population in the rural sector are idle and unutilized. Even after 56 years of independence women in India are struggling for entrepreneurial freedom.

They have to face various socio-economic problems. But now the scenario is changing fast with modernization, urbanization and development of education and business. Thus the opportunities of employment for women have increased drastically. We have an example of Kerala State in India. In 1975-76, the number of Industrial units run by women entrepreneurs in Kerala was 73. It has increased to 4, 190 industrial units in 1993-94. The women entrepreneurs in Kerala are now at the top of

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all industries right from readymade garments to high tech computers (Kuruksehtra, 1998). In our state, Jharkh and Silli (legislative assembly area) is one of the best example where 15,000 women are involved in "Gunj Pariwar" (NGO) and women entrepreneurs are involved in Knitting, mushroom agriculture and pickle making Industry etc.

### **Growth in women entrepreneurship**

In recent years, entrepreneurship has gained wide popularity in the whole globe. The rate of becoming entrepreneurs among women is more compared to men. (Renzulli et al., 2000) In North America, 38 percent and small businesses are owned by women (Brush and Hierarch, 1999). The growth rate in women owned enterprises in some of the developing countries is higher as compared to the developed countries. According to I.L.O. Statistics the growth rate is 24% in Malaysia, 30% in Thailand, 36% in Philippines and 42% in Indonesia. The growth rate was highest in the Tamil Nadu State of India. It was 18% in 2001.

### **CHALLENGES FACED BY RURAL WOMEN ENTREPRENEURS**

The main challenges faced by rural women in business are educational and work background. They have to balance their time between work and family. Some of the challenges faced by rural entrepreneurs are as follows:-

#### **1. Growth of mall culture**

The greatest deterrent to rural women entrepreneurs is that they are women. India is a kind of patriarchal male dominant society. Male members think it is a big risk financing the ventures run by women.

#### **2. Illiteracy**

The literacy rate of women in India is found at low level compared to male population. The rural women are ignorant of new technology or unskilled. They are often unable to do research and gain the necessary training (UNIDO, 1995, pi). According to economists, women are treated as second-class citizens which keeps them in a "pervasive cycle of poverty". The uneducated rural women do not have the knowledge of measurement and basic accounting.

#### **3. Low Ability to Bear Risk**

Women in India live protected life. They are taught to depend on male members from birth. They are not

allowed to take any type of risk even if they are willing to take and have the ability to bear. Economically, they are not self dependent.

#### **4. Lack of infrastructure and rampant corruption**

These are also other problems for the rural women entrepreneurs. They have to depend on office staffs and intermediaries to get the things done, especially the marketing and sales side of business. Here is the more probability for business fallacies like the intermediaries take major part of the surplus or profit.

#### **5. Lack of finance**

The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business. Therefore, they are forced to rely on their own savings, loan from their relatives and family friends.

### **MOBILITY CONSTRAINTS**

Rural women in Indian society have restricted mobility. The carrier of women is limited in four walls of kitchen. The women confined themselves to three KS-Kitchen, kids and knitting. There is hardly any opportunity to cross this boundary (Manimakalai and Rajeshwais 2000). Mobility problem has been solved to certain extent by the explosion of Information technology and telecommunication facilities.

### **OPPORTUNITIES FOR RURAL ENTREPRENEURS**

I. Integrated rural development programme:- The main objectives of Integrated rural development Programme is to increase the income generating power of family who are below the poverty line to alleviate the poverty. They impart technical and entrepreneurial skills and raise the income level of the poor. Some of the major employment and anti poverty programme are,

(a) IRDP (Integrated Rural Development Programme):- and its allied programmes

i. TRYSEM (Training Youth for Self Employment)

ii. DWCRA (Development of women and Children in Rural Areas.)

(b) JRY (Jawahar Rozgar Yojna):- It is wage employment programme implemented by Panchayats at village block and district level in the ratio of 70:15:15 etc.

2. Regional Rural Development Centres.

3. Technology for Bank.

4. Fund for Rural Innovation.

5. Social Rural entrepreneurship
6. Entrepreneurship Development Institute of India.

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## SUGGESTION

Right efforts from all areas are required in the development of women entrepreneurs. Role of rural women entrepreneurs in economic development is inevitable. The following efforts can be taken into account for effective development of women entrepreneur:

- i. Better educational facilities and schemes should be extended to women folk and from Govt. part.
- ii. Training Programme on management skill should be provided to women community.
- iii. Counseling through the aid of committed NGOS, psychologists, managerial experts and technical personnel should be provided.
- iv. Making provisions of marketing and sales assistance from Govt. part.
- v. Making provisions of micro credit system and enterprise credit system to the women entrepreneurs at local level.
- vi. A women entrepreneur's guidance cell set up to handle the various problems of women entrepreneurs all over the state.
- vii. Training entrepreneurial attitudes should be given at the high school level through well designed course.

## Conclusion

Rural women are not so aware and literate as to handle all the legal and other formalities involving in loan taking and establishing an industrial unit. They also lack confidence in their ability to run entrepreneurship. They need capacity building and training in functional areas such as finance, literacy skills, marketing, production and managerial skills. The only urgent need is to create a favorable atmosphere to increase self employment for women and over all developments of the country. Thus there are bright prospects for rural women entrepreneurship in India.

## Conflict of interest

Author(s) have not declared any conflict of interest

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