

# Chapter 2

# Corporate Social Responsibility and Organizational Performance Mediated by Customers Satisfaction: Corporate Social Responsibility and Organizational Performance

**Ali Shaibu**

*Islamic University College, Ghana*

**Geoffrey Norman Tumwine**

*Kyambogo University, Uganda*

**Mohammed Kassim**

*Islamic University College, Ghana*

**Anas Sandow Seidu**

*University of Business and Integrated Development Studies, Ghana*

**Hajara Mohammed**

*Islamic Finance Research Institute, Ghana*

## **ABSTRACT**

*Institutions in Ghana nowadays are beginning to realize the significance of corporate social responsibility (CSR) and its relevance to the society. Many studies today*

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*have linked corporate social responsibility activities to customer satisfaction and organizational performance. The main objective of this paper is to determine the mediating role of customer satisfaction on the relationship between corporate social responsibility activities and organizational performance in some organizations in Ghana. A cross sectional design was employed, the sample size was 246 and the respondents were selected on a convenient basis from different organizations. Data were analyzed using the structural equation model and partial least squares. Findings from this study indicated that the more an organization embarks on CSR activities the more the customers will be satisfied with the organization thereby increasing to organizational performance. The study also shows that customer satisfaction has positive influence on organizational performance.*

## **INTRODUCTION**

During the last decade, financial performance was the major standard to assess firm's value. Institutions were ranked based on their profit margins. The main focal point of every organization was to maximize the shareholders wealth and nothing else. Corporate social responsibility was not part of corporate strategies and had no seat in the budget of most institution.

In recent time, however, the understanding and perception about corporate social responsibility has changed outstandingly (Aasad, 2010). Today, the achievement of many companies is measured by their social contribution to the society (Latif et al., 2015; Raman, M. et al., 2012). Companies have realized the importance of corporate social responsibility and how it can impact positively on the well-being of the society. In other parts of the world, scoring and rating system is being developed by agencies like the stock exchange and the security and exchange commission (SEC) to measure companies' with corporate social responsibility actions aside the financial performance of the companies. A country like China has made it compulsory to include corporate social responsibility rating in their corporate report and to the extent that, they publish the score to the general public (Welford, 2005, p.1). This confirms the importance of corporate social responsibility in our modern day business and management style.

In Ghana, there were international firms engaged in large scale manufacturing, communication, banking and oil and gas exploration that were predominantly practicing CSR practices. Their initial goal was capacity building, employee skill improvements and helping the government. However, as this concept expanded the local firms were also made part of CSR campaign to achieve the sustainable development goals. Ghana is undergoing rapid development in public infrastructure and industrial growth. Environmental and social concerns are key areas to look for in

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