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Assessing the CSR information needs of Microfinance institutions' (MFIs) customers

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Abstract

Purpose – This paper aims to seek to ascertain the corporate social responsibility (CSR) information needs of customers of microfinance institutions (MFIs). It also ascertains their media preferences for CSR disclosure.

Design/methodology/approach – The study adapted Wilson's (1981) concept of information needs as the conceptual basis of this study. Case study research design was used. The respondents consisted of customers of MFIs in Ghana. Semi-structured interview was used to collect the data. Data were analysed using thematic analysis technique.

Findings – The study found that the CSR information needs of MFIs' customers relate to moral disclosure, business survival disclosure, financial and business terms and conditions disclosure, donations disclosure and capacity building and training disclosure. The study also found that family and friends are the most reliable sources of CSR information for MFIs' customers.

Originality/value – There is a great deal of literature available on CSR disclosure. However, limited studies have investigated the information needs of customers regarding CSR disclosure. Again, CSR disclosure in the Microfinance sector has received limited attention in the existing literature. This study expanded the existing literature by investigating the CSR information needs of MFIs' customers.

Keywords Information behaviour, Communication, Corporate accountability, Information needs

Paper type Research paper

Introduction

Corporate social responsibility (CSR) disclosures have received much attention from scholars in recent times. Terms such as CSR reportage and CSR communication have been used interchangeably with CSR disclosures. Following this trend, this study uses these terms interchangeably, as they all connote dissemination of CSR information. Podnar (2008) defined CSR disclosures as the process of identifying the needs and expectations of the various stakeholders of a company, devising a CSR policy and managing various company communication channels to disseminate credible and transparent information about a company, its social and environmental activities. CSR disclosure involves dissemination of information about an organisation's legal, economic and ethical responsibilities. The need to identify and anticipate stakeholders' needs is very critical to the success of CSR communication (Freeman, 1984). However, it



appears that existing studies have paid little attention to identifying information needs of target audiences of CSR disclosures.

According to the stakeholder's approach to CSR, organisations have the responsibility towards different stakeholders including customers (Freeman and Liedtka, 1991). Nielsen and Thomsen (2009) asserted that in designing CSR communication, firms must take into consideration the context, the firm's strategy and the information needs of all the stakeholders of the firms. This current study finds the information needs of stakeholders in the context of CSR communication very essential. Thus, we assess the information needs of customers of MFIs. Wilson (1981) argues that an individual's information needs is linked to his or her physiological, affective and cognitive needs. These needs are influenced by contextual factors. Information needs of MFIs' customers therefore can be said to be linked to the operations and circumstances in the Microfinance sector. For example, like most economies, the Microfinance sector in Ghana has experienced over-indebtedness and sometimes some MFIs are not able to protect their customers' investment. There are cases where some customers have lost their investments through mismanagement on the part of some MFIs (Bank of Ghana, 2006). This has arguably created uncertainty and affected the trust customers have in these MFIs. Moreover, some studies have argued for the need for organisations to align their CSR activities to their business operations (Maignan *et al.*, 2005). MFIs' CSR engagement and disclosure must therefore address the challenges in the Microfinance sector.

CSR disclosure has the potential of building good reputation for organisations and fostering mutual relationships between an organisation and its customers (Kloppers and Fourie, 2014). Achieving this objective will require that firms disclose CSR information that meets the information needs of customers. Pickton and Broderick (2005) asserted that organisations must ascertain customers' information needs and media preferences before implementing any communication strategies. Similarly, Hinson *et al.* (2011, p. 103) asserted that "lack of clarity on the audience can pose additional difficulties in selecting the right content for CSR communication". Kloppers and Fourie (2014) also advised that in developing and implementing CSR communication strategies, organisations must decide on target audiences' information needs and their media preferences. However, the CSR communication literature appears to provide limited empirical studies on MFIs' customers CSR information needs and their media preferences. Previous studies on CSR disclosures have focused on analysing the contents of organisations' CSR reports and the media used for such disclosures (Hinson *et al.*, 2010; Kloppers and Fourie, 2014). On the other hand, studies conducted using public relations or marketing approaches have explored the effects of CSR on customers' perceptions, attitudes and behaviours (Becker-Olsen *et al.*, 2006; Menon and Menon, 1997).

Uusi-Rauva and Nurkka (2010) explored the CSR information needs of employees and noted that employees whose work does not have a direct impact on the environment tend to pay little or no attention to environmental policies of their organisations. They also noted that employees have their preferred channels for CSR communication. This means that the CSR information needs and preferred channels of CSR communication for MFIs customers are likely to differ. However, it appears that the existing literature does not provide any empirical evidence on MFIs customers' CSR information needs. This shows a gap in the literature that needs to be addressed through extensive

empirical research. Thus, this current study explores the CSR information needs of MFIs customers. It also examines the media preferences of MFIs customers with regard to CSR disclosures.

The rest of the paper is divided into six parts. Part one presents the context of the study while the second part covers the literature review and research framework. The third part captures the methodology used, while part four presents the findings and discussions. Part five presents the post study research framework. The last part contains the conclusions and implications of the study.

Microfinance sector in Ghana

The Microfinance sector in Ghana contributes substantially to economic development in Ghana, but it is a sector that has received little attention from researchers (Boateng *et al.*, 2015) especially in the field of CSR. The sector has contributed to poverty reduction, created jobs and provided capital to individuals and micro enterprises that the main stream banking institutions have failed to do adequately (Boateng and Agyei, 2013). During the launch of the International Year of Micro Credit in 2005, the former UN Secretary General, Kofi Annan re-echoed that:

[...] sustainable access to Microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs (Annan, 2005).

This seems to suggest the need for MFIs to engage in CSR practices, as CSR addresses these issues.

Despite this, the sector is faced with so many difficulties. For example, some MFIs in Ghana are unable to protect customers' investment, over-indebted, credit default, inadequate capacity, inadequate infrastructure, etc. (Kyereboah-Coleman, 2007). This creates a serious risk which affects borrowers' lives, sustainability of MFIs and the reputation of the MFI sector, as well as that of governments, donors and investors. As noted by Mr Raymond Amanfu, Head of Other Financial Institutions Supervision Department of the Bank of Ghana, the number of:

[...] unlicensed institutions and fun clubs, promising unsustainable rates of between 30 and 55 per cent every two months (330 per cent per annum) was worrying. Such institutions collapse in no time, creating the impression that the Bank of Ghana had placed moratoriums on their operations when they had not (Amanfu, 2015).

Such situations have implications for CSR engagement and communication. As asserted by Carroll (1991), social responsibility of every organisation includes economic, legal, ethical and discretionary responsibilities. In this view, it can be argued that if MFIs engage in CSR, it can help deal with some of these challenges. Some studies have shown that CSR disclosures have the potential of enhancing corporate image, business survival and building mutual relationship with stakeholders (Decker, 2004; Kloppers and Fourie, 2014). However, scholars seem not to be interested in CSR practices and communication in the Microfinance sector, as limited studies have been conducted in the area. Thus, there is the urgent need for more research to be conducted in the area to fill this knowledge and research gap in the CSR literature.

Literature review

Corporate social responsibility practices in the financial services sector

The concept of CSR and the need for firms to engage in it have received much debate over the decades. [Friedman \(1962, p. 133\)](#) for example argued that the only social responsibility of a firm is “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game”. That is, firms must only engage in activities that bring them economic benefit. [Carroll \(1991\)](#) however argued that firms’ social responsibility goes beyond economic performance to include legal, ethical and discretionary responsibilities. [Smith \(1967\)](#) argues that:

[...] a company’s institutional imperative is to survive as an originator of wealth: to produce material goods and bring them to market, safeguard capital, maximise profit and do justice to stockholders.

These arguments support the notion that an organisation’s core business is to satisfy the needs of its customers while maximising shareholder value. The proponents of this school of thought argue that, in economically challenged areas of the world, managing to remain profitable as a firm and employing people alone is being socially responsible. [Donaldson and Preston \(1995\)](#) also argued that CSR should be investigated from stakeholders’ perspectives. [Clarkson \(1995, p. 106\)](#) defined stakeholders as:

[...] persons or groups that have, or claim ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective.

These stakeholders include shareholders, investors, employees, customers, suppliers, non-governmental organisations, media, communities, environment, competitors, regulatory bodies, governments, etc. ([Freeman, 1984](#)). For the purpose of this study, only customers were focused on.

Corporate social responsibility disclosure in the financial services sector

Arguably, in recent times, CSR literature is making a quick shift from CSR engagement to CSR disclosure. There has been growing interest from researchers to understand CSR disclosures by firms. This might be partly due to stakeholders’ call for firms to disclose their CSR activities strategically to exercise legitimacy ([Schlegelmilch and Pollach, 2005](#)). CSR disclosure has been used as a strategic public relations tool to build mutual relationship with different stakeholders, create competitive advantage and a positive brand reputation ([Hooghiemstra, 2000](#)). Most organisations now disseminate information about social, ethical, environmental and best practices performances apart from economic performance using different media. Studies have shown that the financial services sector, especially banks, have been making a lot of community involvement disclosures ([Clarke and Gibson-Sweet, 1999](#)). Banks have used CSR as a strategic tool to “make the creation and maintenance of goodwill in the local community particularly important” ([Clarke and Gibson-Sweet, 1999, p. 8](#)). Some other studies have shown that large banks disclose more information than small banks ([Hinson *et al.*, 2010](#)). This might explain the scanty literature on CSR disclosure by MFIs. Studies have shown that banks have mainly reported donations to communities, best practices, environmental sustainability, customer and employee wellbeing in their CSR disclosures ([Hinson *et al.*, 2010](#)). Despite this, little attempt has been made to show

whether these information meet the information needs of customers who might rely on this to make future purchasing decisions. It appears that existing CSR communication strategies by firms have mainly been one-way where organisations churn out their CSR information to their target audience with little or no effort to get feedback from the recipients of the information. However, as Grunig and Grunig (1992, p. 320) stated, two-way symmetrical communication “is a major component of excellence in public relations and communication management”. Thus, organisations must find out whether their CSR disclosures are meeting the information needs of their customers. Firms that are able to disclose information that meet the exact needs of customers can positively impact on the future decisions of customers (Etter, 2014).

Another area that CSR disclosure literature has focused on is the media through which organisations disclose CSR information. Studies have shown that some organisations use multiple media to disclose CSR information. The media include corporate websites, sustainability reports, CSR reports, social media, etc. (Hinson *et al.*, 2011; Etter, 2013). The choice of media sometimes depends on firm’s resources and strategic intent (Sutantoputra, 2009). For example, some firms use the internet to disclose their CSR activities because of its interactivity but this might not be target audience’s preferred media for such information as found by Etter (2014). Again, most of the existing studies have analysed the contents of these media with little information about the suitability of these media as the preferred media for the target audiences of the disclosure. For example, Hinson *et al.* (2011) examined CSR disclosures of four banks and concluded that some banks are good at engaging in CSR but bad at disclosing such activities online. The issue with this conclusion is that those banks might have used different media to communicate such CSR activities. This notwithstanding, there are limited studies on how organisations select media for CSR disclosures and whether they are the preferred media for the target audience. The appropriateness of media is key to the success of CSR communications. Etter (2013), for example, noted that CSR-related tweets receive limited interactivity than other tweets. In this view, Twitter might not be appropriate for disclosing CSR information. Alnajjar (2000) on the other hand noted that annual reports have mainly been the medium through which most firms disseminate their CSR information to their stakeholders. In summary, it seems that there is paucity of studies that examine stakeholders’ preferred media for CSR communication. Thus, this paper examines MFIs customers’ preferred media for CSR disclosure.

Research framework

Studies on information needs dominate library and information science literature, but limited studies exist in the CSR communication literature. Previous studies have defined information needs from different perspectives and in different contexts. According to Case (2002, p. 5) “information need is a recognition that your knowledge is inadequate to satisfy a goal that you have”. This definition seems to suggest an individual’s state of deprivation of information. Wilson (1981, p. 8) argued that individuals’ information need is linked to their human needs. Consequently, he conceptualised an individual’s information need from three perspectives: physiological, cognitive and affective needs. Physiological information need relates to the need for food, water, shelter and the like, while affective need relates to the need for attainment, for domination, etc. Furthermore cognitive information need relate to the need to plan, to learn a skill and the like. He concluded that “as part of the search for the satisfaction of these needs, an individual

may engage in information-seeking behaviour". From this, it can be argued that as part of MFIs' customers quest to satisfy their investments needs will engage in information seeking behaviour. Thus, the information needs theory becomes relevant in understating CSR disclosures by MFIs.

Furthermore, Wilson noted that these perspectives of information need are rooted in personal factors, role demands or environmental context of an individual. That is, environmental contexts and an individual's personal factors and role shape his or her information need. In this case, it can be said that MFIs customers' information need might be different from for example, that of commercial bank customers. Although this theory emerged from the information science and library disciplines, it is applicable in this context, as firms are social systems (Katz and Kahn, 1966) dealing with customers who are also social beings. As social beings, customers need information to make rational decisions (Thivant, 2005) and CSR information serves as the basis for some consumers' decision-making (Menon and Menon, 1997). Additionally, the motivation to use this theory is that CSR disclosure is about dissemination of information about an organisation's CSR (Hooghiemstra, 2000). Thus, assessment of stakeholders' information needs become important for organisations in achieving their purpose for disclosing such information.

Earlier, Crawford and Gram (1978) noted that the definition of information need is determined by factors such as discipline of interest, motivational factors, the need to verify an idea and make decisions. Following this argument, this study defines information need as the kind of CSR information that satisfy the physiological, affective and cognitive information needs of MFI customers which enable them to make future purchasing decisions. MFI customers' physiological CSR information need in this context refers to CSR disclosures that provide evidence of how MFIs are supporting customers and their businesses to survive. Examples include CSR disclosure about how MFIs are helping their customers to get food, water, shelter, protecting their investments, etc. Affective CSR information need relates to the need for information about how MFIs are empowering customers financially and helping them out of poverty and achieving their business goals. Cognitive CSR information need involves the need for information about how MFIs are building the capacity of their customers and employees, for example, training them on financial literacy and helping them to make use of the loans they take. It may also involve information about how MFIs are supporting educational institutions and education of customers or their wards. In some previous studies, customers' CSR expectations have been identified as information about worker and labour rights, environmental protection and customer protection issue (Auger *et al.*, 2007), while other customers expect information about the ethical posture of financial institutions, for example whether the financial institutions are engaging in CSR friendly investments (Carrigan and Attalla, 2001). From these studies, it is not clear the kind of information needs that these expectations meet. In other words, these studies do not relate customers CSR expectations to their information needs. Bravo *et al.* (2012) asserted that savings banks tend to disclose more information on transparency issues than commercial banks. In other words, transparency-related issues are key information needs of saving and loans banks' customers. Wilson (2000) noted that once information need arises, an individual relies on several information sources such as friends and family, television and internet to seek for information to satisfy these needs. Thus, ascertaining the "information field" or the sources that MFIs

customers rely on for CSR information that satisfies their information need is very critical. However, from the extant literature, it appears that limited evidence exists. Previous studies have mainly relied on companies' websites, CSR documents, etc., to study CSR disclosure (Hinson *et al.*, 2010). However, information contained in such reports might be scanty and might not meet the exact expectations of customers. This current study seeks to address this gap in the CSR disclosure literature. Indeed, Figure 1 presents MFIs' customers CSR Information Needs framework based on Wilson's (1981) information needs theory.

Methodology

Addressing the research objectives, we used the case study research design. According to Stake (1995), case study design is the most appropriate method for exploring, describing and explaining a phenomenon. As CSR communication is a contemporary phenomenon and the researchers sought to explore and explain the CSR information needs of customers of MFIs, this design was deemed appropriate. Again, most of the customers of MFIs are micro traders, and therefore we purposively selected 20 of such customers. This study is a qualitative study, and the purpose is not to have a representative sample to generalise the findings; thus, our decision is justified. We selected the customers from some major markets in Accra, the capital of Ghana, due to its cosmopolitan nature. Besides, most MFIs in Ghana operate in Accra and have their headquarters in Accra (www.bog.gov.gh). Additionally, Accra is one of the main business hubs in Ghana justifying the selection of these participants.

The customers save/invest their moneys in the MFIs. They have limited seed capital and operate small retail businesses like selling shoes, second hand clothes, toiletries, etc. These customers also sometimes take loans from the MFIs. The investment is normally done each day of the week, and the MFIs send their employees to these customers for their daily investments. The participants have been doing business with their respective MFIs ranging from six months to seven years. Some of the participants could not speak English so they spoke vernacular which was later translated to English. Yin (2003) pointed out the following as some sources of data for case study research: documentation, archival records, interviews, physical artefacts, direct observations and participant-observation. For the purpose of this study, interview was conducted as the

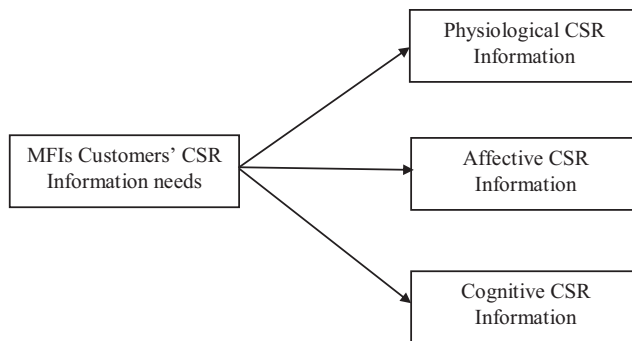


Figure 1.
MFIs CSR
Information Need
framework

Source: Adapted from Wilson (1981)

means for data collection. To ensure flexibility, the semi-structured interview technique was used. The interview questions were designed based on Wilson's (2000) concept of information need (physiological, cognitive and affective) in the context of CSR (Carroll, 1979)(Appendix). This also ensured the validity of the interviews, as according to Lincoln and Guba (1985), developing interview questions based on existing literature ensures validity. Again to ensure validity, quotations from the transcript have been used to support the findings. This is consistent with the assertion of Whittemore *et al.* (2001) who advised that researchers should provide "verbatim transcript" to ensure validity of results. Additionally, following Merriam and Simpson (1995), we used peer-examination to ensure dependability (reliability) of the results. That is, researchers who are knowledgeable in information science and CSR examined the recorded interviews, transcripts, codes and final report to ensure that there are no vague descriptions, and no point is underemphasised.

Before the interviews, appointments were scheduled with all the participants of the study. We explained the purpose of the study to the participants. Each interview lasted for an average of 30 min. With permission from the interviewees, the interviews were recorded and later transcribed for analysis. The interviews took place in the various shops where the participants sell their goods. Data were analysed using thematic analysis techniques. This technique enabled us to identify emerging themes from the interviews. The themes were based on Wilson's (1981) information needs theory and conceptualised into the CSR Information Needs framework as explained in the research framework. This was to make it easier to relate and discuss the findings in context.

Presentation and discussions of findings

We have divided this part into two; the first part presents findings on CSR information need, while the second part focuses on the channels customers use to seek CSR information. The study's findings are very interesting. There are several themes that emerged during the analysis regarding CSR information need, and these have been grouped under Wilson's (1981) classification of information need: physiological needs, cognitive needs and affective needs.

Physiological corporate social responsibility information need

Individuals' physiological information need related to the kind of information that will help the individual to survive. In this study, we considered it as information that will help MFIs' customers as well as their businesses to survive. Under this category, the following sub-themes emerged: moral disclosure, business survival disclosure and financial and business terms and conditions disclosure.

Moral disclosure. During the interview, it emerged that customers of MFIs need information about whether the MFIs are honest. They want MFIs to be truthful about their loan policies. For example, they want to know the interest rate and all payment terms. Most of the participants shared this view. This is how one of the participants summarised it:

[...] when they come they will just persuade you to take a loan, they will not tell you all the terms and conditions of the loan till you take it before they will tell you harsh terms and conditions. For example they will not tell you the whole interest you are supposed to pay on the loan you are taking.

This finding supports Pérez and del Bosque (2014) claim that bank customers' CSR expectations include transparency issues. Bravo *et al.* (2012) also noted elsewhere that most savings and loans companies have been providing their customers with information on transparency issues. However, as noted in this study, the MFIs do not provide their customers with information on transparency issues.

Furthermore, we noted that the customers of MFIs want information about how courteous MFIs employees are, their ability to sympathise with a customer and provide words of encouragement to customers. They also want to know the regularity of communication between MFIs and their customers. According to participants, constant communication shows that the company cares about you and the growth of your business. Of the 20 participants, 12 expressed this view.

These are some of the words from the participants:

[...] you know, some of them, all that they want is your money, they don't care whether you are well or sick and whether business is going on well but if I am sick or business is not going on well, I can't save or pay my loan.

Financial and business terms and conditions disclosures. We also found that customers of MFIs want a constant update on their savings or investments. This, according to the participants will prevent situations where there is a disagreement between a customer and an MFI. It was noted that sometimes some MFIs do not keep proper records on customers' savings or investments. One of the participants stated it this way:

[...] me I usually want to know how much I have in my account, the interest I am getting. Any time I pay money to the collectors, I want to have an evidence for the payment from the MFI because sometimes when the collectors come for our savings, they don't take it to their bosses, they spend the money in this same market and later on when you are going for your money they will tell you an amount smaller than what I have saved.

Similarly, the participants indicated that they need information on how MFIs are securing customers' investments/savings. This point was mentioned by all the participants. They have the fear that MFIs will not protect their investments/savings. This makes these customers look for information from their friends and relatives about the ability of an MFI to protect customers' savings. All the 20 participants expressed the view that friends and relatives are credible sources for such information.

These are some of the quotations from the interviews:

[...] they always run away with our monies [...] so I make sure I see a friend or sister saving with an MFI before I will save with them.

This finding is not surprising at all since some MFIs have misappropriated customers' savings while others keep on collapsing (Amanfu, 2015).

Additionally, most of the participants indicated that they want MFIs to tell them about interest rates and interest on their investments. It was noted that customers look for MFIs that pay a higher interest rate on investment to do business with. Customers hold the view that MFIs should be able to pay them a higher interest on their savings. However, if they want to take a loan they look for information about an MFI that charges a lower interest rate.

These are some of the views of the participants:

[...] their interest is too much [...] If you take small money you pay so much interest but banks that charge low they will not give you loan [...] they will ask for collateral and me I don't have.

Again, most of the participants stated that they want MFIs to be flexible with their payment terms like giving customers a grace period to pay loans before any sanction is applied.

One of the participants described it this way:

[...] nowadays business is not good, when I come they don't buy a lot so sometimes I don't get money to pay my interest on the day I am supposed to pay but some of these Microfinance will not understand, so me now I ask of those with flexible payment terms [...] yeah that is it.

Some of the participants indicated that because most of the MFIs either do not survive or misappropriate customers' funds, they normally find out from friends and family members if the MFI they want to do business with has a licence from the Bank of Ghana which is the regulatory body.

This is what one of the participants said:

[...] yeah, me I try to find out if they have accreditation from the Bank of Ghana. I was told that they monitor them [...] me I will not save money with any Microfinance that is not registered by the Bank of Ghana [...] you know sometimes some of them do kululu(using fraudulent means) to get their licence so me I make sure I ask my friends who are already saving with them before I join.

Business survival disclosure. We also found that most of the customers want information about how long a Microfinance Institution had existed. They believe that the number of years a MFIs had existed shows they are very responsible and can be trusted. For this reason, they normally look for information about how long an MFI has existed before they do business with it especially when they want to save or invest their monies.

One of the participants had this to say:

[...] when they start it will not be long and the business collapses. Sometimes, those who collect our savings stop coming and later you will find out that the company has collapsed. Recently Noble Dream have run away with our monies so I always want to know how long a Microfinance company has been in existence before I will do business with them.

Another participant also said:

"[...] me all that I want is that they will not run away with my money. If they are operating you know you can get your money".

This finding confirms [Smith \(1967\)](#)'s assertion that the social responsibility of every company is its continuous existence; the mere fact that the business is surviving makes it socially responsible.

Affective corporate social responsibility information need

Affective CSR information need relates to the need for fulfilment, accomplishment, love and companionship. In this study, affective CSR-related information needs were identified as follows: donations disclosure.

Donations disclosure. Interestingly, only two participants mentioned donation-related information as their information need. They indicated that just like how most companies reward their customers during Christmas, they look for MFIs that also give donations to their customers. We see this a form of affection especially in the Ghanaian context where people their affection through gifts.

One of them succinctly put it this way:

[...] they should give us something at the end of the year [...] we have been saving with them so they should show appreciation [...] me I look for those that give hampers to their customers during Christmas.

Cognitive corporate social responsibility information

The cognitive CSR information need that emerged from this study include capacity building and training disclosure.

Capacity building and training disclosure. The participants were interested in MFIs that help their customers to manage and make good use of the loans they take. Again, they want to know how MFIs are building the capacity of their customers in terms of how they can manage their businesses and become successful. Furthermore, it was noted that employees of some of the MFIs do not have adequate knowledge about the products and services of their companies; they are not able to describe the features of the products and services. This sometimes negatively affects the decisions of the customers. This is not surprising as [Kyereboah-Coleman \(2007\)](#) noted that the lack of human resource capacity is affecting the growth of the Microfinance sector.

The following are some of the quotes from the interviews:

[...] I asked my friend about how his business is going and he told me about the advice that his Microfinance Company has been giving him so I also went there.

[...] Oh these collectors, they don't know anything, they can't even tell me about loan terms and my profit [...]. so me now if I see that your collectors are not knowledgeable I won't save with you [...]. I think that because they don't pay well they just hire anybody.

Channel of corporate social responsibility information

We found that friends and family are the channels that customers use to access the information relating to CSR issues. Also some participants rely on the sales people for such information. Even with information from sales people, the customers verify from friends and relatives before they take a decision based on the information they have received. This is not surprising because traditionally some Ghanaians have always relied on relatives and friends they trust for vital information and advice in their decisions makings. Additionally, we found that sources such as radio, TV, websites, annual reports and brochures were not consulted because according to the participants they are not credible sources for these kinds of information. They believe that information from these sources are full of deception.

These are some of the comments of the participants:

[...] I normally ask my friends and those sellers here. They will tell me the truth, and I can even detect if they are telling the truth. [...]. What they say on radio and TV are not true, they will tell you sweet things but when you go and save with them you see that they are lying.

[...] my sister introduced me to this one, she said good things about them and I can even see when the lady comes around [...] if you don't have money she will allow you to pay the next day [...] In fact they are good.

Post study research framework

To help determine MFIs customers' CSR Information needs, Wilson's (1981) information needs framework was adapted for the study. Based on the study's findings, we propose a further adaptation of the framework for future studies as presented in Figure 2. The proposed framework indicates that Wilson's tripartite components of information needs are still relevant for MFIs customers' CSR information needs. However, within the context of CSR information, the Physiological CSR Information comprises moral disclosure, business survival, financial and business terms and conditions disclosure; affective CSR Information is dimensioned as donations disclosures; cognitive CSR information relates to capacity building and training disclosures. The proposed framework indicates that MFIs must integrate these dimensions into customers' CSR information needs to attract and nurture the relationship with them.

Conclusions and implications of the study

We found that MFIs customers' CSR information needs include information on the following:

- moral disclosure;
- business survival disclosure;
- financial and business terms and conditions disclosure;
- donations disclosure; and
- capacity building and training disclosure.

We also found that family and friends are the most reliable sources of CSR information for MFIs' customers.

The findings have shown that there is inconsistency between the kind of information that customers need and the information that firms disclose in their CSR communications. As noted by Hinson *et al.* (2010), the contents of the CSR reports or

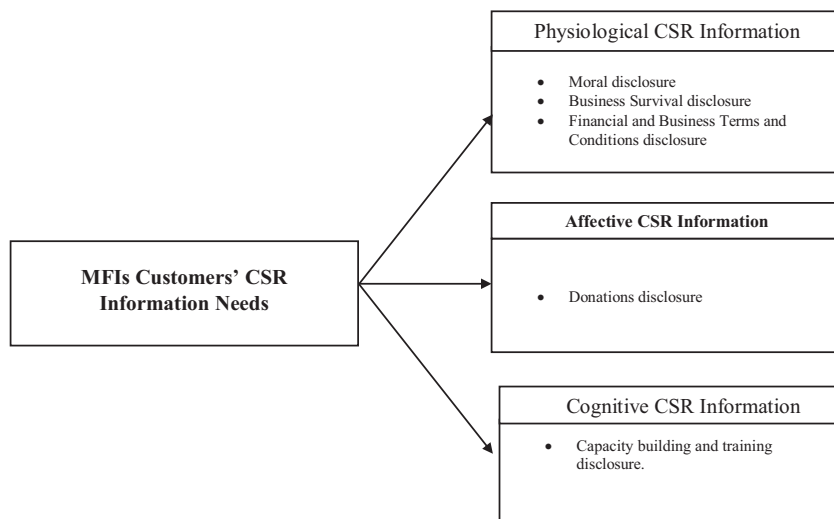


Figure 2.
Proposed MFIs
customers' CSR
Information Needs

disclosures have mainly focused on the donation to communities, best practices, environmental sustainability and employee wellbeing. Customer-focused CSR disclosures have on the other hand focused on product information, complaint handling and good customer service. These findings substantiate our conclusion that there is inconsistency between the contents of banks CSR disclosures and customers CSR information need especially in the Microfinance sector in Ghana.

Our study has also confirmed [Smith's \(1967\)](#) claim that the mere fact that a company is surviving indicates that it is socially responsible. This was shown in MFIs customers' quest to look for information about how long a MFI has existed before they do business with such a firm.

We also conclude that CSR information need of MFIs customers are more of ethical, moral and economic than legal and discretionary or philanthropic disclosures. Our findings are parallel to that of [Bravo *et al.* \(2012\)](#) who found that transparency issues dominate CSR disclosures of savings and loans banks. The findings are also in line with the conclusions of [Pérez and del Bosque \(2014\)](#) who found in their study on customers CSR expectations in the banking sector in Spain that customers expect socially responsible banks to be efficient, reliable, courteous and trustworthy.

Again, in the Microfinance sector, friends and relatives are the most credible sources of CSR-related information. Customers do not necessarily patronise the well-known sources that companies have been using to disclose CSR information. As some scholars ([Etter, 2013](#); [Alnajjar, 2000](#); [Hinson *et al.*, 2010](#)) noted, Twitter, Facebook, corporate websites and annual reports have been the main channels of CSR disclosures for most companies. While we acknowledge these channels may be effective for CSR disclosures in large corporations, we conclude that they are less effective for CSR disclosures in the Microfinance sector.

We recommend that firms assess the information needs and behaviours of their customers and take them into consideration in disclosing their CSR information. We also recommend that CSR engagement and disclosures must be based on the sector in which a firm operates, as different customers might have peculiar CSR expectations and information need. Again, MFIs must deploy a system that gives instant and regular update on customers account. Considering the fact that virtually all customers possess a mobile telecommunication device, the use of a short message service will be most appropriate. Personal visits to such customers is also highly recommended to improve interaction and help gain firsthand information which will further boost the firm's CSR disclosures. It is also recommended that MFIs should weave into the CSR disclosures capacity building in the form of training and advice to customers who require such information to improve upon their businesses.

As limited studies have been conducted on customers CSR information needs, we recommend that future studies should examine the study area in other sectors and industries such as insurance, retail and telecommunication. Again, for generalizability purposes, future studies should use a quantitative approach using a large sample size to test the proposed framework. Additionally, CSR engagement and disclosure by MFIs should be investigated in other context especially in developed economies.

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Appendix

Semi-structured interview guide

- How long have you been with this Microfinance company?
- What informed your decision to choose this Microfinance company?
- As a customer of this Microfinance company, can you tell me the kind of information you want to receive from them and why? What other things do you want to know about this Microfinance company?
- How did you get information about this Microfinance company? Why did you choose this channel of information?
- What do you expect this Microfinance company and other Microfinance companies to do for customers?
- Can you tell me your experiences with this Microfinance company and other Microfinance companies? (whether good or bad).
- How will you describe a responsible Microfinance?

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