

## ***Corporate Social Responsibilities and Customer Loyalty: The Mediating Role of Customer Satisfaction in Commercial Bank***

Manish Gautam\*

### ***Abstract***

*The study aims to investigate the mediating and moderating role of customer satisfaction and corporate image on the relationship between corporate social responsibilities and customer loyalty in Commercial Banks. Data were collected thoroughly from the customers of commercial banks by using a convenience sampling technique, targeting 385 customers of commercial banks. The study utilized an adopted questionnaire featuring a rigorous five-point Likert scale. Likewise, a descriptive and causal comparative research design was employed, complemented by a comprehensive array of statistical measures, including Mean, Standard Deviation, Correlation, and Regression, One way ANOVA, sample t-test meticulously chosen for robust data analysis. The finding revealed that the corporate social responsibilities of commercial bank positively contribute to customer loyalty and customer satisfaction. Likewise, the consumer protection has positively effect on corporate social responsibilities. Likewise, economic responsibilities, environmental contribution, ethical responsibilities, legal responsibilities and philanthropic responsibilities of commercial bank or the good indicators of corporate social responsibilities. The study suggests that focusing on corporate social responsibilities, including consumer protection, economic, environmental, ethical, legal, and philanthropic aspects, can enhance customer satisfaction and loyalty in commercial banks.*

**Key words:** *Corporate social responsibilities, customer loyalty, customer satisfaction, corporate image, commercial One-way bank.*

**Mr. Manish Gautam\***

*Department of Management, Lumbini Banijya Campus, Trivhuvan University, Nepal*

*\*Corresponding author*

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## **I. Introduction**

Today, businesses are not only accountable to shareholders but also to a diverse set of stakeholder, including employees, consumers, society, and the nation. Failure to align decisions with societal interests, as noted by Akrani (2013), poses a threat to a company's existence in the community.

Drawing from historical perspectives and contemporary research, it is evident that CSR is not only a moral imperative but a business imperative for companies seeking sustained success in today's dynamic and culturally diverse marketplace (Chung et al., 2015). Thus, the intensifying competition and the Spartan expectations of today's consumers necessitate a strategic embrace of CSR. Research supports the pivotal role of CSR in customer satisfaction and loyalty (Dimitriadis & Zilakaki, 2019).

CSR, as defined by Carroll and Shabana (2010), is the commitment of businesses to contribute to sustainable economic development while enhancing the well-being of employees, families, and the

broader community. As economic and social entities created by society, companies are intricately linked to their surroundings, and their survival depends on their ability to discharge CSR effectively. This includes preventing pollution, prioritizing local employment, and engaging in social welfare programs, aligning with the major approaches of CSR – social obstruction, obligation, response, and contribution.

In the age of social consciousness, companies' concern for corporate social responsibility (CSR) has grown dramatically (Ahmed et al., 2021). Customers therefore anticipate that businesses will invest in CSR initiatives (Shah& Khan, 2019). Numerous earlier researches indicate that CSR influences consumers' attitudes and behaviour in a good way (Sen & Bhattacharya, 2001) According to (Kotler & Lee, 2005), businesses can gain a long-term competitive advantage by investing in CSR initiatives. Because industrial and service sector companies share similar tangible

resources, it has been challenging for them to stand out from the competition.

Customer loyalty plays a pivotal role in the success and prosperity of commercial banks, influencing various aspects of their operations and performance. Anderson and Sullivan (1993) highlight that loyal customers contribute significantly to revenue generation through increased transactional activity and utilization of banking services. Additionally, retaining existing customers is more cost-effective than acquiring new ones, leading to reduced marketing expenditures Reichheld (1996). (Kumar & Reinartz, 2018) emphasize the stability and predictability that a loyal customer base provides, enabling banks to plan for long-term growth and investment. Furthermore, loyal customers act as brand advocates, enhancing the bank's reputation and attracting new clientele (Homburg et al., 2009). Finally, customer loyalty serves as a buffer against market fluctuations and economic downturns, mitigating risks associated with external shocks (Keiningham et al., 2015). In essence, customer loyalty is integral to the sustained success and prosperity of commercial banks, influencing revenue, cost management, stability, brand reputation, and risk mitigation strategies.

Corporate Social Responsibility (CSR) means businesses doing good things for society and the environment, not just making profits. It's about helping people, protecting nature, treating employees well, and being honest in how they operate. The goal is to make the world a better place while running a successful business. CSR activities stimulate customer satisfaction and help build sustainable relationships with customers, especially in the service sector (Rajaobelina et al., 2018); (Gustafsson et al., 2005). CSR, directly and indirectly, affects customers' loyalty. Both satisfaction and loyalty are important constituents of relationship marketing. CSR has four categories it includes: "economic, legal, ethical, and philanthropic" A brief discussion of these is provided in the following sections: Economic activities aim to support a company's revenue and

contribute to the overall economic development of society (Kim et al., 2017). Companies serve a crucial function by providing desirable after products and services to customers, all while ensuring a fair return on investment. While businesses have additional responsibilities, such as social and environmental concerns, these are considered subsidiary to their primary economic goals (Shabbir et al., 2020). Legal Activities are related to compliance with the laws, rules, and regulations of society. Thus, a firm performs its economic activities by staying within the legal framework of society. It is a kind of a "social contract" between society and businesses (Schwartz & Carroll, 2003). Ethical activities involve following the standards and values of society, emphasizing fairness, moral principles, and the welfare of everyone connected to the company, such as customers, employees, shareholders, and the community (Sen & Bhattacharya, 2001). Many experts argue that ethical behavior goes beyond simply obeying laws and regulations (Abd-Rahim et al., 2011). Philanthropic responsibilities are about businesses helping others and giving back to society. When a company fulfills these responsibilities, it chooses to share its profits by supporting education and social programs (Pinkston & Carroll, 1996).

This study emphasizes measuring the mediating effect of customer satisfaction on the relationship between corporate social responsibilities and customer loyalty. Customer satisfaction depends on the variation between their expectations of a product and its actual value (Chung, Yu, Choi & Shin, 2015). In case the real value is more than the customers' desire, they would be fulfilled and create an economical relationship with the brand (Kim, Tune, Lee & Lee, 2017). Customer satisfaction helps build sustainable relationship between a firm and its customers and enhances a firm's profitability and market share. Many previous studies have documented that CSR and brand loyalty is positively correlated.

The research gap lies in the limited exploration of the mediating and moderating roles of factors such as customer satisfaction

and corporate image in the relationship between corporate social responsibility (CSR) and customer loyalty within the commercial banking sector. Additionally, existing thinks about extremely depend on self-reported measures of loyalty, ignoring real behavioral results. Also, investigate is biased towards created economies, dismissing the mixed scenarios of developing markets.

The objectives of the study are as mentioned below:

- a. To identify the relationship between corporate social responsibilities and customer loyalty.
- b. To assess the mediating effect of customer satisfaction on the relationship between CSR factor and customer loyalty.
- c. To examine the moderating effect of corporate on the relationship between customer satisfaction and customer loyalty.
- d. To measure the moderating effect of corporate on the relationship between CSR factors and customer satisfaction and customer loyalty.

## **II. Review of Literature**

### **Theoretical Review**

#### **Social Identity Theory**

Social identity theory proposed by Tajfel and Turner (1986) suggests that individuals experience collective identity based on their membership in a group, such as racial/ethnic and gender identities. Social identity leads individuals to categorize themselves and other salient groups into “us” versus “them.” Self-categorization based on group membership might be so salient that it can get activated automatically even with subtle stimuli.

According to social identity theory, people have a tendency to identify with groups that they believe hold similar values and ideas. A commercial bank demonstrates its dedication to societal ideals and issues by participating in corporate social responsibility (CSR) initiatives. Clients who connect with these ideals are likely to become more attached to and devoted to the bank. Customer loyalty is increased as a result of this identification, which fosters a feeling of affiliation and belonging with the bank.

#### **Corporate Image Theory**

Corporate image theory was developed by Barich and Kotler (1991). According to corporate image theory, how stakeholders—including customers—perceive a business as a whole has a big impact on how they behave and feel about it. According to Corporate

Image Theory, a commercial bank's corporate image can be improved through CSR initiatives when they are implemented in the context of customer loyalty and CSR. CSR initiatives undertaken by commercial banks can contribute to customer satisfaction. The corporate image of a commercial bank serves as a crucial moderator in the relationship between CSR and customer loyalty.

According to Corporate Image Theory, commercial banks' corporate image is shaped by their CSR initiatives, and this in turn affects client loyalty and satisfaction. A strong corporate image highlights the interdependence of these elements in fostering long-lasting relationships between commercial banks and their clients, reinforcing the beneficial impacts of CSR on customer satisfaction and loyalty.

#### **Social Exchange Theory**

Social exchange theory was propounded by George Homans (1958) According to the Social Exchange Theory; people enter into relationships with the hope of receiving something in return. Social Exchange Theory can clarify the processes via which CSR initiatives affect customer satisfaction, corporate image, and eventually customer loyalty when it comes to the relationship between CSR and customer loyalty in commercial banks. CSR initiatives undertaken by commercial banks can contribute to customer satisfaction. CSR

activities shape the corporate image of commercial banks, influencing how customers perceive the bank's values, reputation, and credibility. The corporate image of a commercial bank moderates the relationship between CSR activities and customer loyalty

In general, Social Exchange Theory emphasizes how CSR initiatives, client happiness, business reputation, and client loyalty are all correlated in commercial banks. CSR activities are an investment in establishing goodwill and trust with clients, which eventually promotes loyalty and enduring connections.

### **Empirical Review**

Empirical research is based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief.

Ahmad et al. (2021) in their study they attempt to ascertain how corporate social responsibility affects customer satisfaction and loyalty, taking into account the moderating influence of corporate image and the mediating role of consumer satisfaction. The findings show that consumer satisfaction is positively impacted by corporate social responsibility. Additionally, the findings imply that CSR has a favorable impact on consumer satisfaction. However, there is little correlation between CSR and client loyalty. Likewise, Seda Suer et al. (2020) state that customer loyalty and relationships in the Turkish banking sector are affected by factors such as customer happiness, service quality, and perceived value of services, corporate image, and corporate reputation. Additionally, the mediating impacts of corporate image and reputation as well as perceived value are examined. Within this framework, a survey is created, and SEM analysis is carried out to investigate the types of correlations between variables of interest that are thought to have an impact on consumer behavior and loyalty. According to the survey's results, a bank's success can be evaluated using typical marketing benchmarks such as corporate image and reputation. Furthermore, Hawamdeh et al.

(2022) in their study they look at how customer loyalty in Jordanian commercial banks is affected by corporate social responsibility. The study's findings demonstrated that corporate social responsibility (CSR) has a major effect on patron loyalty. Additionally, the outcome showed that the association between the corporate social responsibility dimension—which includes environmental, philanthropic, and ethical responsibilities—and customer happiness was mediated by customer satisfaction. Moreover, Muhammad Muflih (2021) in their study they examine how Islamic banks' corporate social responsibility (CSR) affects consumer loyalty on an individual basis as well as through the combined effects of reputation, image, trust, and satisfaction. Similarly, Md. Hafez (2018) in their study they try to determine the moderating effect of corporate image and brand awareness, the goal of this article is to measure the influence of CSR on BE. The findings also support the hypothesis that brand awareness and business image moderate the association between BE and CSR to some extent.

Hypothesis is the statement of assumption or guess of final outcome. It has to be tested once the analysis of data is completed. The hypothesis of the study is as follows:

- H<sub>1</sub>: There is a significance effect of Philanthropic responsibility and customer loyalty.
- H<sub>2</sub>: There is a significance effect of Ethical responsibility and customer loyalty.
- H<sub>3</sub>: There is a significance effect of Legal responsibility and customer loyalty.
- H<sub>4</sub>: There is a significance effect of Economic responsibility and customer loyalty.
- H<sub>5</sub>: There is a significance effect of Environmental contribution and customer loyalty.
- H<sub>6</sub>: There is a significance effect of Consumer protection and customer loyalty.
- H<sub>7</sub>: There is a mediating effect of customer satisfaction on the relationship between CSR factor and customer loyalty.

H<sub>8</sub>: There is moderating effect of corporate image on the relationship between CSR factor and customer satisfaction.

H<sub>9</sub>: There is moderating effect of corporate image on the relationship between customer satisfaction and customer loyalty.

H<sub>10</sub>: There is moderating effect of corporate image on the relationship between CSR factor and customer loyalty.

### III. Research Methodology

This section incorporates research design, population, sample size, sampling method, nature and source of data, instrument for data collection and methods for analysis.

#### Research design

In this study, a causal-comparative design, as outlined is employed to establish relationships between independent and dependent variables following a specific action or occurrence. The study uses extra statistical tool like independent sample t-tests and parametric and non parametric test, correlation and regression analyses, Chi-square and study designs. Thus, the chosen research designs provide a comprehensive framework for conducting the study.

#### Population and sample size

The research area for the study is butwal. There are altogether 20 commercial banks in butwal sub metropolitan city. The total employees in these 20 commercial banks are 384 based on field survey, 2024. Therefore the population of the study is 384.

The sample size for unknown population has been determined based Yamane formula which is as mentioned below:

$$n = \frac{Z^2 p (1 - p)}{e^2} \quad (\text{Yamane, 1967})$$

Where,

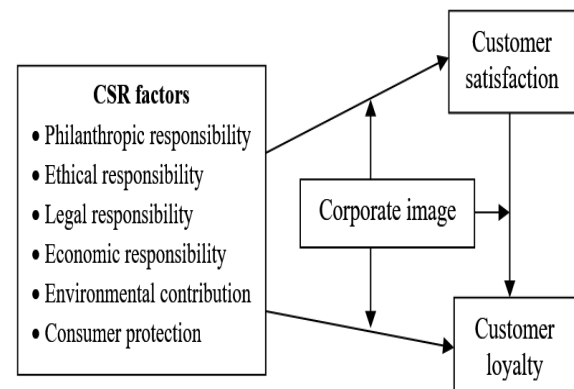
n = sample size, P = Estimated proportion of an attribute that is present in population (0.5), q = Estimated proportion of an attribute that is not present in population = 1-p, e = Margin of error (MOE), e=0.05 based on research condition, Z<sub>2</sub> = abscissa of normal curve (z-score)

#### Sampling method

### Figure 1

#### Research Framework

**Note:** Adopted from Ki-Han Chung et al., (2015)



The sampled respondent from the population has been approached through convenience sampling technique.

#### Nature and sources of data and instrument for data collection

Quantitative data for the study were collected through a primary source. An adopted questionnaire was prepared based on conceptual knowledge obtained from previous literature (Carroll & Shabana(2010), Sandhu & Kapoor(2010), Ishaq(2012), Kaur and soch(2012) . The questionnaire employs a five-point Likert scale (5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, and 1=Strongly Disagree) to collect the responses from the participants.

In the initial phase, detailed practices and constructs related to the chosen variable were identified. In this perspective, four variables have been incorporated in the framework of the study. Among these variables corporate social responsibilities is an independent variable, customer satisfaction is a mediating variable, customer loyalty is a dependent variable and corporate image is a moderating variable. In this regard, six construct has been chosen under the umbrella of Independent variable i.e. corporate social responsibilities. Subsequently, sets of questions were designed for each independent and dependent variable having total of 33 items. Lastly, a pilot test of the questionnaire was

conducted by distributing it to a sample of 15 respondents to mitigate errors and ambiguities. From the total questionnaire i.e. 384 distributed to the participants only 272 complete filled questionnaire were collected with response rate 71 percent.

#### Statistical tools

The research study has used Smart PLS and SPSS version 20 registered software of LBC to analyze the collected data. In this regard, the study employed various statistical tools based on the appropriateness of the data. Descriptive statistics, including mean and standard deviation (SD), were computed to analyze and identify customer responses. Additionally, a reliability test was conducted to assess the reliability of the research

instrument. A Normality test, specifically the K-S test, was employed to check the normal distribution of the data.

Following the assessment of data normality, parametric and non-parametric tests were utilized in inferential statistics. Furthermore, a Correlation tool was employed to measure the relationship between variables, and a Regression tool was used to examine the effect of independent variables on the dependent variable. Moreover, mediating analysis has been done to identify the direct and indirect effect among the variables. Likewise, moderation analysis has been used to identify the moderating effect on the relationship between independent and dependent variables.

## IV. Results and Analysis

This section deals with the analysis and results of the paper. The data collected have been analyzed using different tools of Smart

PLS and SPSS software, and the results obtained have been incorporated into this section.

**Table No. 1**

*Measurement items Assessment of survey items*

Variables	Items	Loadings	VIF	Mean	SD	Mean of construct	SD of construct
Customer Loyalty	CL1	0.858	1.707	3.651	0.857	3.722	0.831333
	CL2	0.844	1.613	3.64	0.820		
	CL3	0.770	1.433	3.875	0.817		
Consumer Protection	CP1	0.767	1.533	3.732	0.890	3.8455	0.851
	CP2	0.822	1.752	3.746	0.873		
	CP3	0.775	1.539	3.860	0.815		
	CP4	0.721	1.340	4.044	0.826		
Customer Satisfaction	CS1	0.889	1.914	3.588	0.907	3.723	0.857
	CS2	0.760	1.460	3.732	0.817		
	CS3	0.751	1.424	3.857	0.848		
Environmental contribution	EC1	0.745	1.801	3.096	1.049	3.454	0.95375
	EC2	0.827	2.030	3.393	0.945		
	EC3	0.810	1.964	3.643	0.908		
	EC4	0.743	1.455	3.684	0.913		
Economic responsibilities	ER1	0.786	1.685	3.724	0.975	3.8805	0.87525
	ER2	0.823	1.787	3.912	0.874		
	ER3	<b>0.698</b>	1.272	3.930	0.817		
	ER4	0.786	1.620	3.956	0.835		
Ethical responsibilities	ETHR1	0.738	1.357	3.746	0.731	3.8115	0.807
	ETHR2	0.772	1.475	3.846	0.756		
	ETHR3	<b>0.600</b>	1.179	3.746	0.873		
	ETHR4	0.778	1.424	3.908	0.868		

Legal responsibilities	LR1	0.781	1.586	3.783	0.836	3.91725	0.80775
	LR2	0.828	1.721	3.908	0.815		
	LR3	0.731	1.415	4.018	0.730		
	LR4	0.739	1.436	3.960	0.850		
Philanthropic responsibilities	PR1	0.740	1.394	3.779	0.837	3.7415	0.84175
	PR2	0.820	1.609	3.746	0.817		
	PR3	0.712	1.303	3.636	0.893		
	PR4	<b>0.644</b>	1.315	3.805	0.820		

Table 1 indicates the measures and validity related to the outer model. It shows the standardized outer loading, Variance Inflation Factor (VIF), mean, and Standard Deviation (SD) of the outer model. Thirty scale items are used to assess four latent variables. The outer loading values of all the items are above the threshold value of

0.70 except ER3, ETHR3 and PR4, which indicates the absolute contributions of each item to measuring the respective variable (Sarstedt et al., 2017). In the case of ER3, ETHR3 and PR4, according to Hair et al. (2022), the items having outer loading values above 0.6 can also be retained for further analysis.

**Table 2**

*Construct reliability and validity assessment*

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>	<b>Average variance extracted (AVE)</b>
CSR	0.904	0.909	0.916	0.517
Consumer Protection	0.773	0.774	0.855	0.596
Customer Loyalty	0.765	0.774	0.864	0.68
Customer Satisfaction	0.72	0.73	0.844	0.644
Economic responsibilities	0.776	0.776	0.857	0.601
Environmental contribution	0.788	0.793	0.863	0.612
Ethical responsibilities	0.797	0.711	0.815	0.526
Legal responsibilities	0.772	0.779	0.854	0.594
Philanthropic responsibilities	0.709	0.723	0.82	0.535

Table 2 contains the internal reliability and validity of the constructs used in this study. The Cronbach's Alpha values of all constructs are above the standard threshold value of 0.705 (Bland & Altman, 1997), which indicates that the internal consistency of all constructs and validates the scale used

for measuring each of the constructs is reliable. Further, Composite Reliability (CR) rho\_a and CR rho\_c values are above 0.70, indicating construct reliability and validity (Saari et al., 2021; Hair et al., 2022). The Average Variance Extracted (AVE) values are above 0.50 threshold values,

suggesting that the convergent validity of all the constructs is established (Hair et al.,

2022). Hence, the results of the above table qualify all the quality criteria measures.

**Table 3**

*One-Sample Kolmogorov Smirnov Test*

	Philanthropic Responsibilities	Ethical Responsibilities	Legal Responsibilities	Economic Responsibilities	Environmental contribution	Consumer protection	Customer Loyalty	Customer Satisfaction	Corporate Image
Kolmogorov-Smirnov Z	2.454	1.843	1.979	1.999	1.731	2.178	2.411	2.976	2.613
Asymp. Sig. (2-tailed)	.000	.002	.001	.001	.005	.000	.000	.000	.000

As shown in Table 3, since the Z value for Philanthropic Responsibilities, Legal Responsibilities Economic Responsibilities, Consumer protection, Environmental Perception, Customer Loyalty, Customer Satisfaction, and Corporate Image and does not lie between -1.96 to +1.96, Philanthropic Responsibilities, Legal Responsibilities Economic Responsibilities, Consumer protection, Environmental Perception,

Customer Loyalty, Customer Satisfaction, and Corporate Image do not follow a normal distribution. However, the z-value of Ethical Responsibilities Environmental contribution follows a normal distribution as their Z values lies between -1.96 to +1.96. For a normal distribution, we use parametric tests, and for a non-normal distribution, we use non-parametric tests.

**Table 4**

*Independence sample T-test for gender*

	Gender	N	Mean	T-Value	P-Value
Ethical Responsibilities	male	92	3.92	2.228	0.027
	female	180	3.76		
Environmental contribution	male	92	3.63	2.717	0.007
	female	180	3.37		

Since the p value is less than 0.05 the alternative hypothesis is accepted at a 5% level of significance concerning Ethical Responsibilities. Hence, there are significant different between male and female customers concerning Ethical Responsibilities. Based on the mean score the male opinion concerning the Ethical Responsibilities is better than female customers.

Likewise the p value is less than 0.05 the alternative hypothesis is accepted at a 5% level of significance concerning Environmental Contribution. Hence, there are significant different between male and female customers concerning Environmental Contribution. Based on the mean score the male opinion concerning the Environmental Contribution is better than female customers.

**Table 5**

*One way ANOVA for age*



		N	Mean	F value	P value
Ethical Responsibilities	below 30	230	3.77	2.857	0.038
	30 to 40	32	4.05		
	41 to 50	9	4.08		
	50 Above	1	3.75		
	Total	272	3.81		
Environmental contribution	below 30	230	3.41	2.063	0.105
	30 to 40	32	3.70		
	41 to 50	9	3.75		
	50 Above	1	3.00		
	Total	272	3.45		

From table 5, it is shown that the p value of Ethical Responsibilities is 0.038 which is less than 0.05. Thus it can be said that alternative hypothesis is accepted at 5 percentage level of significance. This means the opinions of different age group of customer has different opinions towards Ethical Responsibilities. From the mean value of different age groups of customers, it can be noticed that their opinions toward Ethical Responsibilities are different.

From table 5, it is shown that the p value of Environmental contribution is 0.105 which is greater than 0.05. Thus it can be said that alternative hypothesis is rejected at 5 percentage level of significance. This means the opinions of different age group of customer has similar opinions towards Environmental contribution. From the mean value of different age groups of customers, it can be noticed that their opinions toward Environmental contribution are similar.

**Table 6**

*Non parametric: Mann-Whitney U Test for gender*

	Gender	N	Mean Rank	Z value	P value
Philanthropic Responsibilities	male	92	148.17	-1.770	0.077
	female	180	130.54		
	Total	272			
Legal Responsibilities	male	92	155.04	-2.811	0.005
	female	180	127.02		
	Total	272			
Economic Responsibilities	male	92	165.36	-4.357	0.000
	female	180	121.75		
	Total	272			
Consumer protection	male	92	155.76	-2.914	0.004
	female	180	126.66		
	Total	272			
Customer Loyalty	male	92	156.22	-2.994	0.003
	female	180	126.42		
	Total	272			
Customer Satisfaction	male	92	154.72	-2.767	0.006
	female	180	127.19		
	Total	272			

Corporate Image	male	92	150.49	-2.132	0.033
	female	180	129.35		
	Total	272			

From table 6, it shown that the P value of Philanthropic Responsibilities is 0.077 which is greater than 0.05 the alternatives hypothesis is rejected at 5% level with regard to Philanthropic Responsibilities. Hence, there is significant difference between male and female customers with respect to Philanthropic Responsibilities. Based on mean rank as shown in the above table, it is found that the male customer has better opinion towards Philanthropic Responsibilities in comparison to female customers.

From table 6, it shown that P value of Legal Responsibilities, Economic Responsibilities, Consumer protection, Customer Loyalty, Customer Satisfaction and Corporate Image is 0.005, 0.000, 0.004, 0.003, 0.006 and 0.033 which is less than

0.05 the alternative hypothesis is accepted at 5% level with regard to Legal Responsibilities, Economic Responsibilities, and Consumer protection, Customer Loyalty, Customer Satisfaction and Corporate Image. Hence, there is significant difference between male and female customers with respect to Legal Responsibilities, Economic Responsibilities, and Consumer protection, Customer Loyalty, Customer Satisfaction and Corporate Image. Based on mean rank as shown in the above table, it is found that the male customer has better opinion towards Legal Responsibilities, Economic Responsibilities, Consumer protection, Customer Loyalty, Customer Satisfaction and Corporate Image in comparison to female customers.

**Table 7**

*Kruskal Wallis H Test for age group*

	Age group of respondents	N	Mean Rank	Chi square	P value
Philanthropic Responsibilities	below 30	230	132.92	3.321	0.345
	30 to 40	32	156.53		
	41 to 50	9	158.00		
	50 Above	1	125.50		
	Total	272			
Legal Responsibilities	below 30	230	130.93	9.812	0.020
	30 to 40	32	166.42		
	41 to 50	9	180.89		
	50 Above	1	60.00		
	Total	272			
Economic Responsibilities	below 30	230	130.46	10.039	0.018
	30 to 40	32	175.28		
	41 to 50	9	156.56		
	50 Above	1	103.50		
	Total	272			
Consumer protection	below 30	230	128.72	20.504	0.000
	30 to 40	32	189.70		
	41 to 50	9	159.83		
	50 Above	1	13.50		
	Total	272			

Customer Loyalty	below 30	230	127.86	23.984	0.000
	30 to 40	32	192.66		
	41 to 50	9	171.56		
	50 Above	1	12.00		
	Total	272			
Customer Satisfaction	below 30	230	131.02	9.899	0.019
	30 to 40	32	168.63		
	41 to 50	9	172.28		
	50 Above	1	46.00		
	Total	272			
Corporate Image	below 30	230	130.72	9.479	0.024
	30 to 40	32	173.44		
	41 to 50	9	157.28		
	50 Above	1	98.00		
	Total	272			

Since the P value of Philanthropic Responsibilities is 0.345, which is greater than 0.05 the alternative hypothesis is rejected at a 5 percent level concerning Philanthropic Responsibilities. Hence, this means that the opinion of different age of respondents has similar opinions regarding Philanthropic Responsibilities. Based on mean rank as shown in the above table, it is found that the age group of 41 to 50 respondents has better opinions towards Philanthropic Responsibilities in comparison to other respondents.

Since the P value of Legal Responsibilities is 0.020, which is less than 0.05 the alternative hypothesis is accepted at a 5 percent level concerning Legal Responsibilities. Hence, this means that the opinion of different age of respondents has different opinions regarding Legal Responsibilities. Based on mean rank as shown in the above table, it is found that the age group of 41 to 50 respondents has better opinions towards Legal Responsibilities in comparison to other respondents.

Since the P value of Economic Responsibilities is 0.018, which is less than 0.05 the alternative hypothesis is accepted at a 5 percent level concerning Economic Responsibilities. Hence, this means that the opinion of different age of respondents has different opinions regarding Economic

Responsibilities. Based on mean rank as shown in the above table, it is found that the age group of 30 to 40 respondents has better opinions towards Economic Responsibilities in comparison to other respondents.

Since the P value of Consumer protection is 0.000, which is less than 0.05 the alternative hypothesis is accepted at a 5 percent level concerning Consumer protection. Hence, these mean that the opinion of different age of respondents has different opinions regarding Consumer protection. Based on mean rank as shown in the above table, it is found that the age group of 30 to 40 respondents has better opinions towards Consumer protection in comparison to other respondents.

Since the P value of Customer Loyalty is 0.000, which is less than 0.05 the alternative hypothesis is accepted at a 5 percent level concerning Customer Loyalty. Hence, this means that the opinion of different age of respondents has different opinions regarding Customer Loyalty. Based on mean rank as shown in the above table, it is found that the age group of 30 to 40 respondents has better opinions towards Customer Loyalty in comparison to other respondents.

Since the P value of Customer Satisfaction is 0.019, which is less than 0.05 the alternative hypothesis is accepted at a 5 percent level concerning Customer Satisfaction. Hence,

this means that the opinion of different age of respondents has different opinions regarding Customer Satisfaction. Based on mean rank as shown in the above table, it is found that the age group of 41 to 50 respondents has better opinions towards Customer Satisfaction in comparison to other respondents.

Since the P value of Corporate Image is 0.024, which is less than 0.05 the alternative

hypothesis is accepted at a 5 percent level concerning Corporate Image. Hence, this means that the opinion of different age of

Respondents have different opinions regarding Corporate Image. Based on mean rank as shown in the above table, it is found that the age group of 30 to 40 respondents has better opinions towards Corporate Image in comparison to other respondents.

Table 8  
Correlation

		Philanthropic Responsibilities	Ethical Responsibilities	Legal Responsibilities	Economic Responsibilities	Environmental contribution	Consumer protection	Customer Satisfaction	Corporate Image	Customer Loyalty
Philanthropic Responsibilities	Pearson Correlation	1	0.562**	0.413**	0.338**	0.331**	0.304**	0.446**	0.324**	0.363**
Ethical Responsibilities	Pearson Correlation		1	0.627**	0.518**	0.443**	0.487**	0.573**	0.570**	0.516**
Legal Responsibilities	Pearson Correlation			1	0.496**	0.444**	0.566**	0.541**	0.565**	0.497**
Economic Responsibilities	Pearson Correlation				1	0.325**	0.435**	0.446**	0.486**	0.508**
Environmental contribution	Pearson Correlation					1	0.462**	0.490**	0.475**	0.469**
Consumer protection	Pearson Correlation						1	0.623**	0.624**	0.678**
Customer Satisfaction	Pearson Correlation							1	0.680**	0.602**

Corporate Image	Pearson Correlation								1	0.653**
Customer Loyalty	Pearson Correlation									1
**. Correlation is significant at the 0.01 level (2-tailed).										

From table 8 it is found that the value of correlation coefficient between philanthropic responsibilities and customer loyalty is 0.363, indicating a weak positive relationship between them. Similarly, it is found that the value of coefficient between ethical responsibilities and customer loyalty is 0.516, indicating a moderately positive. Likewise, it is found that the value of coefficient between legal responsibilities and customer loyalty is 0.497, indicating a moderately positive. Furthermore, it is found that the value of coefficient between economic responsibilities and customer loyalty is 0.508, indicating a weak positive.

Likewise, it is found that the value of coefficient between environmental contribution and customer loyalty is 0.469, indicating a weak positive. Similarly, it is found that the value of coefficient between consumer protection and customer loyalty is 0.678, indicating a moderate positive. Likewise, it is found that the value of coefficient between customer satisfaction and customer loyalty is 0.602, indicating a moderate positive. Furthermore, it is found that the value of coefficient between corporate image and customer loyalty is 0.653, indicating a moderate positive.

**Table 9**

*Model Fit Assessment: F square*

	f-square	Effect
CSR -> Customer Loyalty	0.312	Small effect
CSR -> Customer Satisfaction	1.017	Large effect
Customer Satisfaction -> Customer Loyalty	0.045	Small effect

The f-square value of CSR and customer satisfaction is 0.312 and 1.017. It shows that CSR and customer satisfaction have a small

effect size on customer loyalty. Further, the f-square value of CSR is 1.017. It shows that CSR has large effect size on customer satisfaction.

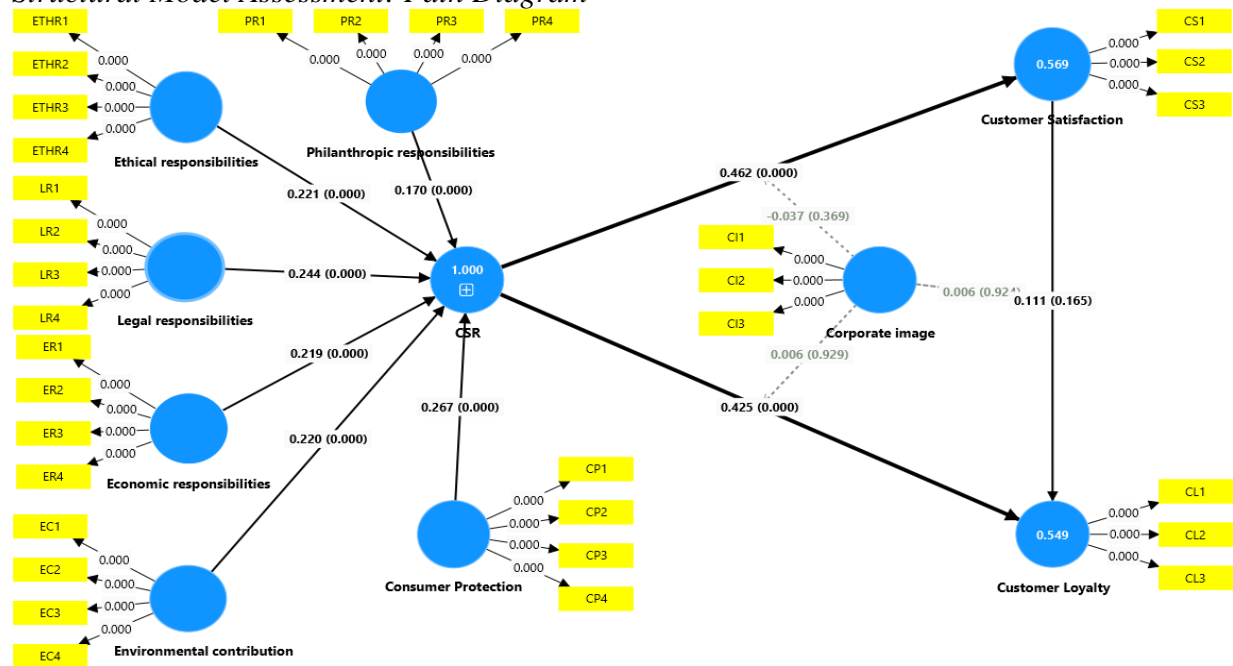
**Table 10**

*R-square*

Variables	R-square	R-square adjusted
Customer loyalty	0.549	0.541
Customer satisfaction	0.569	0.564

From the above table, the R-square value of customer loyalty is 0.549 and the R-square adjusted value of customer loyalty is 0.541 which indicates moderate predictive power (Hair et al., 2013). Likewise, the R-square

value of customer satisfaction is 0.569 and the R-square adjusted value of customer satisfaction is 0.564 which indicates the moderate predictive power.

**Figure 2****Structural Model Assessment: Path Diagram****Table 11****Hypothesis Testing (Direct Effect)**

Hypothesis	$\beta$	Mean	STDEV	T-statistics	P values	Decision
H1:CSR -> Customer Loyalty	0.425	0.429	0.078	5.433	0	Accepted
H2:CSR -> Customer Satisfaction	0.462	0.466	0.055	8.478	0	Accepted
H3:Customer Satisfaction -> Customer Loyalty	0.111	0.118	0.08	1.387	0.165	Rejected

Table 13, shows the boot strapping results under 5000 subsamples and decisions on hypotheses. Hypothesis H1 and H2 are accepted at significant level 0.05 and H4 are insignificance. Hence, there is a positive and significance impact of CSR ( $\beta = 0.425$ ;  $p < 0.05$ ) on customer loyalty. Similarly,

there is a positive and significant impact of CSR ( $\beta = 0.462$ ;  $p < 0.05$ ) on customer satisfaction. Likewise, there is a positive and insignificance impact of customer satisfaction ( $\beta = 0.111$ ;  $p > 0.05$  and customer loyalty.

**Table 12****Moderating Effect**

Hypothesis	$\beta$	Mean	(STDEV)	T statistics	P values	Decision
Corporate image -> Customer Loyalty	0.285	0.273	0.083	3.423	0.001	Accepted
Corporate image -> Customer Satisfaction	0.338	0.335	0.068	4.993	0	Accepted
Corporate image x CSR -> Customer Loyalty	0.006	0.01	0.064	0.09	0.929	Rejected
Corporate image x CSR -> Customer Satisfaction	0.037	0.037	0.041	0.898	0.369	Rejected

Corporate image x Customer Satisfaction -> Customer Loyalty	0.006	0.003	0.064	0.095	0.924	Rejected
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The table indicates the bootstrapping results and the decisions relating to the hypothesis with moderating effects. The direct effect of the moderating variable i.e. corporate image ( $\beta=0.285$  and  $0.338$ ;  $p<0.05$ ) has positive and significant moderating effect between the customer loyalty and customer satisfaction. Likewise, corporate image ( $\beta=0.006$ ;  $p>0.05$ ) has positive but

### Table 13

#### Mediating Effects

Hypothesis	$\beta$	Mean	(STDEV)	T statistics	P values
CSR -> Customer Satisfaction -> Customer Loyalty	0.051	0.054	0.038	1.369	0.171

The table indicates the bootstrapping results and the decision relating to the hypothesis with mediating effects. The results indicate a positive and insignificance mediating

insignificant moderating effect on CSR and customer loyalty. Furthermore, corporate image ( $\beta=0.037$ ;  $p>0.05$ ) has positive but insignificant moderating effect on CSR and customer satisfaction. Likewise, corporate image ( $\beta=0.006$ ;  $p>0.05$ ) has positive but insignificant moderating effect on customer satisfaction and customer loyalty.

effect of customer satisfaction ( $\beta=0.171$ ;  $p<0.05$ ) in the relationship between CSR and customer loyalty in banking industries.

## V. Discussion

From the literature, Ahmad et al. (2021) found that Corporate Social Responsibility (CSR) positively influences both customer loyalty and satisfaction. Similarly, Ahmad Kamal Al Hawamdeh et al. (2022) found that corporate image has a moderating effect on customer loyalty and a mediating effect

on customer satisfaction. Thus, previous studies are consistent with the present findings. This means that when companies engage in CSR activities, customers tend to be more loyal and satisfied with their services.

## VI. Conclusion and Implication

Based on the major findings, it is found that among all variables, CSR and Customer satisfaction are major determinants of Customer Loyalty. Therefore, the study suggests that commercial banks should categorize Corporate Social Responsibility

(CSR) initiatives as they directly impact customer satisfaction. Similarly, Banks should align CSR activities with customer values and expectations to enhance satisfaction levels.

### Implications

- Organization:** organization can plan their Corporate Social Responsibility (CSR) activities, ensure customer satisfaction, and improve their overall image. This helps keep customers loyal, making them stay longer and think positively about the bank.
- Future Research:** This study suggests that future research can look into specific CSR activities that really make customers happy, improve a bank's image, and keep customers loyal.

Researchers can also study how different CSR strategies work for different types of customers in banking.

- Managerial Implications:** Bank managers can use the study's insights to decide where to invest, how to design CSR programs, and improve the bank's image. Understanding customer satisfaction and image roles helps create focused plans for boosting loyalty and overall bank performance.

d. **Policy Holder:** Policyholders can speak up for banks to focus on making customers happy, doing CSR well, and having a good image. When customers are more loyal, policyholders benefit from stable bank relationships and increased satisfaction.

e. **Academic:** This study adds to academic knowledge by showing real evidence of how CSR, customer satisfaction, image, and loyalty are connected in banking. It also encourages more research to better understand these connections and create effective ways to use CSR for customer loyalty.

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