Investigating the Impacts of Corporate social Responsibility Initiatives on Customers' Loyalty: A Study from Selected Private Banks in Bangladesh

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Abstract: As the significance of Corporate social Responsibility (CSR) initiatives on consumer attitudes, behavior, intention and loyalty has increased it remains imperative for the financial institutions especially banks to investigate the effects of CSR initiatives on customers' loyalty. By taking a model "Causal relationship between CSR initiatives and Customers' loyalty", therefore, this study has aimed to trigger the effects of customer centric, ethics, green environment, and philanthropic on customers' loyalty. A survey has been conducted on 320 visitors and the response rate is 88.75 percent. Initially, an exploratory factor analysis has been directed using SPSS 21 and subsequently Structural Equation Modeling (SEM) has been used to test both the proposed model and hypothesized relationships among the constructs. The result of the study has revealed that the constructs (customer centric, philanthropic, green environment and ethics) have significant impact on customers' loyalty. The study also revealed that customer centric has the greatest effects on customers' loyalty while ethics is the least influencing factor on loyalty in context of financial institutions in Bangladesh. The findings of the study will help the marketers of financial institutions to attract and retain their customers ultimately to develop customers' loyalty and equity of the institutions.

Keywords: CSR Initiatives, Customers' Loyalty, Financial Institutions, Financial Institutions Marketing

Introduction:

Banks are the life blood of modern economic system of a country like Bangladesh. Banks have been playing vital role in economy by providing credits for performing economic activities and at the same time conglomerate the surplus capital from general public through different types of depository incentives. Banking industry in Bangladesh has experienced incredible and continuous growth over the last decade with the latest new products and practices. Now 4 State-Owned Commercial Banks (SCBs), 4 State-Owned Specialized Banks (SBs), 39 Private Commercial Banks (PCBs), 9 Foreign Banks (FCBs) are operating in the banking industry of Bangladesh. The banking industry in Bangladesh is growing positively and contributing in total GDP of the country. As the sector is growing the industry has become incessantly very competitive. To sustain in the

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competitive marketplace, the industry players have to seek new strategies. High growth rate of any industry attracts large number of competitors and the competitors become engaged in taking away the market share from each other. In this situation the firms should build customers' loyalty. Customer Loyalty has been realized as a significant aspect in the establishment and maintenance of competitive edge in services sectors (Khan & Rizwan, 2014). Economic advantages can be achieved by building and maintaining customer loyalty as loyalty increases

business value by reducing defection rate and attracting new ones. Cost of attracting new customers is 5 to 12 times high than retaining (Singh & Khan, 2012). Loyal customers can be more profitable if they stay with the firm for a longer period of time (Kim & Cha, 2002). Reichheld & Sasser (1990) stated that if firms reduce their 5% customer defections then their profits improved from 2% to 8%. The major challenges of banking industry are most of the banks are delivering similar services that do not have any distinct feature to retain their loyal customers (Beerli, Martin & Quintana, 2004; Ghane, Fathian, & Gholamian, 2011; Gilmore, 1997). Different initiatives like quality services, services differentiation, relationship marketing, frequency marketing programs and CSR programs have been taken by the banks to develop customer loyalty (Yusof, Manan, Karim & Kassim, 2015; Khan at el., 2014; Ghane, at el., 2011; Beerli, at el., 2004).

Corporate Social Responsibility (CSR) has positive impact on customers' loyalty that has been shown by many researchers, scholars and academicians (Yusof, at el., 2015; Mirabi, Asgari, Tehrani & Moghaddam, 2014; Afzal, Ayesha & Zafar, 2014; Rashid, Abdeljawad, Ngalim, & Hassan, 2013; McDonald & Lai, 2010).Corporate Social Responsibility (CSR) has been emerging during last few years in Bangladesh and it's indisputably seen as a strategic business tool for doing business globally apart from benevolent social services in today's competitive and greener market place. CSR is an evolving concept with several meanings. Till now some companies confine CSR activities in only philanthropic activities. Now-a-days CSR is not only confined in philanthropic activities it crosses its own boundaries. The World Business Council for Sustainable Development (WBCSD) defines CSR as "The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." CSR needs to address the well-being of all stakeholders and not just the company's shareholders. Sensitive to customers, environmental issues, employees, ethics, local community, society at large beyond its direct stakeholders are considered as range of CSR. Now green investment, conservation of natural resources, sustainable development of environment, partnership with local communities, working on poverty alleviation, educational development, cultural enrichment, youth development, patronizing sports and music are dimensions of CSR. The dimensions of CSR have been classified as customer centric, green environment, ethics and philanthropic (Yusof, at el., 2015; Mirabi, at el., 2014; Afzal, at el., 2014; Rashid, at el., 2013; McDonald, at el., 2010). Carroll (1991)

presented his CSR model as a pyramid which dictates the way of practicing CSR including economic, legal, ethical and philanthropic activities. As there are many dimensions of CSR, the marketers of financial institutions confront with dual complexity. Where should they invest more? Which dimension attracts most customers' perception? Which CSR initiatives have significant impact on customers' loyalty? Lot of questions arises in the minds of researchers and financial marketers. Despite there is significant impact of CSR on customer loyalty (Yusof, at el., 2015; Khan, at el., 2014; McDonald at el., 2010) very little research has examined the effects of the CSR initiatives on customer loyalty in the context of financial institutions especially in Bangladesh.

This study has adopted the CSR initiatives and customers' loyalty model provided by (McDonald at el., 2010; Khan, at el., 2014). This study aims to explore the customers' perception of CSR initiatives on Customer loyalty. Thus, this study is aimed to scrutinize the impact of customer centric, green environment, ethical and philanthropy as the CSR dimensions in affecting customer loyalty. By proposing and subsequently testing the structural relationships among the five constructs, this study is intended to achieve the following research objectives: (1) to examine the perception of customers in terms of customer centric, green environment, ethical and philanthropy of the financial system, (2) to examine the impact of customer centric, green environment, ethical and philanthropy on loyalty, (3) to identify the variable that has the strongest effect on loyalty, (4) to provide guidelines for the financial institutions towards CSR initiatives.

Literature Review and Study Framework:

In recent years, CSR is getting more public attention because of socio-economic development and social progress. Consumers have become more concerned about whether enterprises are contributing to the betterment of society or not (Wul & Wang, 2014). Furthermore, most enterprises believe that carrying out CSR can make themselves familiar to the public (Kotler & Lee, 2005), because undertaking social responsibilities allows a company to build good images and a good reputation (Fombrun & Shanley, 1990; Giannarakis & Theotokas, 2011). Therefore, a company carrying out its policy of social responsibility can enhance its good image and create a competitive edge (Porter & Kramer, 2006; Boonpattarakan, 2012). Enterprises have endeavored to present good business images and reputation by contributing to the well-being of society. Ultimately business images and reputation generates the customers' loyalty.

Plentiful studies on CSR have been initiated that reveal that CSR initiatives have significant impact on consumer behavior- purchase behavior, purchase intention, repurchase intention, attitudes, loyalty and buying behavior (Yusof, at el., 2015; Wul at el., 2014; Mirabi, at el., 2014; Afzal, at el., 2014; Rashid, at el., 2013; McDonald at el., 2010; Jose, Rugimbana & Gatfield, 2012; Sen, Bhattacharya & Korschun, 2006).

Consumers' Perception of CSR:

The term corporate social responsibility in business is not a new concept. The name may be different, but the underlying meaning of corporate social responsibility (CSR) was present in almost all ages. Perception regarding CSR varies from consumer to consumer. Some consumers think that CSR means philanthropic activities, some thinks it's about ethics and so on. CSR includes many aspects ranging from customers' centric activities to philanthropic.

Simply CSR as company's management of the economic, social and environmental initiatives has impact of its activities. CSR Centre of Bangladesh defines CSR as "CSR is about achieving organizational excellences in ways that honor ethical values and respect people, communities and the natural environment".

Wul, at el., 2014; Brunk, 2010 and Clarkson, 1995 classified the CSR initiatives in five categories namely customer oriented, employee oriented, environmental oriented, economic oriented and community oriented CSR. Wul, at el., 2014 measured the customer perception

towards the five CSR initiatives and examined the impact of the dimensions on brand image, perceived quality and buying willingness.

Carroll (1991) presented CSR model as a pyramid and showed four aspects of CSR initiatives namely economic, legal, ethical and philanthropic. The model dictating the way of practicing CSR activities

McDonald, at el., 2010 classified the CSR initiatives into 4 orientations and showed how the dimensions affect customer loyalty. Customer centric, green environment, ethical and philanthropic are the dimensions of CSR that have been identified and developed by

McDonald, at el., 2010. After that the four dimensions have been tested and adopted to measure the impact on customer loyalty by Yusof, at el., 2015; Wul, at el., 2014; Afzal, at el., 2014.

Proposed Hypothesized Model:

Most of the past studies' findings (shown in previous section) indicate that various CSR initiatives have different impacts on consumer behavior. In CSR studies, various initiatives (customer centric, employee centric, ethics, legal, environmental, economical, philanthropic) have been considered in many different contexts as factors that have influence on consumer behavior- purchase intention, repurchase intention, buying behavior, willingness and loyalty. Through extensive literature review on CSR perception, initiatives and impacts of CSR initiatives on customer loyalty, brand image and perceived quality this study has developed a research model. Four initiatives of CSR (customer centric, green environment, ethics and philanthropic) are recognized as factors of CSR that have been widely studied (McDonald, at el, 2010; Afzal, at el., 2014). The research model has been adopted from the model given McDonald at el., 2010; Afzal, at el., 2014; Wul, at el., 2014; Chaudhuri & Holbrook, 2001;Yusof, at el., 2015. Figure 2 depicts the proposed hypothetical causal model for the current study. The proposed model indicates that the CSR initiatives have significant positive impact on customers' loyalty.

Figure-2: Causal Relationships between CSR Initiatives and Customers' Loyalty
Theoretical Overview of the Constructs: Customers'

Loyalty:

Generally loyalty has been and continuous to be defined as repeat purchasing frequency. Recently, in services industry building customers' loyalty accompanied with relationship marketing has been getting most priority. Loyal customers are valuable as well as life bloods to any organization because they decrease the cost of doing business and maximize the profits (Khan, at el., 2014; Ailawadi & Keller, 2004; Oliver, 1990). Customers' loyalty is not only expressed in repeat purchase it may be expressed with the psychological and attitudinal attachment. True Brand loyalty, which truly reflects a positive attitude and a strong commitment toward the specific brand and it also reveals the conscious decision to continue purchasing the same brand. In marketing literature, numerous research on antecedents of customer's loyalty and brand loyalty have been initiated. Khan, at el., 2014 showed perceived services quality,

trust, customer satisfaction, switching cost, corporate image, customer involvement act as antecedents of customers' loyalty in banking industry. Brand image (functional, symbolic and experiential), customer satisfaction and brand attitude affect customers' store loyalty (Wul, at el., 2014). Recently several studies have shown CSR initiatives have significant impact on customers' loyalty (Yusof, at el., 2015; Khan, at el., 2014; Wul, at el., 2014; Afzal, at el., 2014; McDonald at el., 2010). The findings of the past studies clearly conclude that there is a positive relationship between CSR initiatives and brand image. Ultimately brand image affects the customers' loyalty positively. Customer loyalty was measured by 6 items selected from (Chaudhuri, at el., 2001; Ailawadi, Neslin & Gedenk, 2001; Khan, at el., 2014; Yusof, at el., 2015- See Table:2).

Customer Centric:

Customers are the core element of any business. Firms should tend to focus on satisfying customers' needs. Providing high quality products and services to fulfill customer needs with charging fair prices is one of most vital corporate social responsibilities (Khan, at el., 2014). In financial sectors quality products, reasonable prices, innovative services, polite behavior and attitudes of employees, good at handling customers' complaints are the aspects of customer centric. The CSR initiative named customer centric has significant impact on consumer behavior and attitude (McDonald, at el., 2010). The customer centric initiatives are mostly preferred by customers in case of banking sectors (Yusof, at el., 2015). The customers' loyalty is strongly influenced by customer centric initiatives (Khan, at el., 2014; Yusof, at el., 2015). To measure customer centric, 8 items developed by McDonald, at el., 2010 and Yusof, at el., 2015 were adopted and refined to suit the current study context (See- Table:2). From the findings of the previous studies this study draws the following hypothesis.

Hypothesis 1: Customer centric has a significant positive effect on customers' loyalty.

Green Environment:

Every firm conducts its business operation in business environment. A firm can't operate its business activities in a vacuum tube. As business operates in environment, it has some

responsibilities to protect environment. Supporting environmental activities, and incorporating environmental sustainability into business operations now become corporate strategy to sustain in the business world (Wul, at el., 2014). Many leading financial institutions are also looking to reduce costs and to reduce papers waste in theiroperations (Yusof, at el., 2015). CSR Centre also promoting the issue like saves the planet. As natural resources are limited the firms should use the resources in a way that will meet the needs of present generation without compromising future generations. Customers have positive perception towards green marketing. In marketing literature, it is found that extensive studies on green marketing, green environment concept, customers' attitude towards green products and green marketing have been initiated particularly in consumer behavior. Scholars (Chen, 2008; Chen & Chaki, 2010) showed that the firms who invest in green/ environmental marketing are able to enhance their corporate image ultimately brand loyalty. Chen, at el., 2010 also investigated the consumers' attitude towards green products. The companies who have green image they have more customers' loyalty (Yusof, at el., 2015; Yusof, Musa, & Rahman, 2011; Khan at el., 2014; Chen, at el., 2010). The financial institutions can build green image by respecting and protecting natural environment, using

recycled materials, rationalizing the use of electricity and natural resources, investing environmental friendly projects and finally promoting recycling habits. To measure customer's perception of green environment toward the financial institution 8 multi scale items was used; the researchers adopted the measurement by McDonald, at el., 2010 and Yusof, at el., 2015.

Hypothesis 2:Green environment has a significant positive effect on customers' loyalty.

Ethics:

Generally, ethics means what is right or wrong with moral obligation. Every organization should maintain ethics in its operation. In services organization the value of ethics is considered most by customers. The organizations should build trusted relationship with their target customers in order to achieve ethical relationship. It's the duty of any organization to do business with maintaining societal acceptable way. Plenty of researches have been initiated to examine the relationship among ethics, trust and customer loyalty (Yusof, at el., 2015; Khan, at el., 2014; Wul, at el., 2014; Reast, 2005; Ballester & Aleman, 2001). Trust has gained the attention of marketers especially as they believe it boosts up customer loyalty (Reast, 2005). Customer responses like repeat purchases and high level of customer satisfaction are also a result of trust (Ballester, at el., 2001).Freeman and Gilbert (1988) assert that companies that link their corporate responsibility strategy more closely with moral values can achieve competitive advantage. From the ethical viewpoint financial institutions engage in CSR investment (Carroll, 1991). Ethical financial institutions have aims in their business that extend economics benefits which also include social objectives towards people, and planet (Dorasamy, 2013). The financial institutions should develop trustworthy relationships with their customers. The financial institutions are obliged to maintain honesty, integrity,

affinity, responsibility to develop ethical relationships with their customers (Yusof, at el., 2015; Dorasamy, 2013;). Customers expect transparent information regarding products and services, more ethical principles, ethical promotion (promised services), trustworthy relationship from financial institutions (Yusof, at el., 2015; Wul, at el., 2014; Afzal, at el., 2014). To measure ethical perception toward the financial institutions, the researchers adopted 5 items developed by McDonald, at el., 2010; Yusof, at el., 2015.

Hypothesis 3: Ethics has a significant positive effect on loyalty.

Philanthropic:

Philanthropic activity of any organization is also known as community oriented CSR. Simply philanthropic activities mean the way of giving back to the society. The business operates its operations in a society, so the business has some responsibilities to the society. Responsibilities to the society can be maintained by supporting charity institutions, sponsoring cultural, sporting and educational activities, to fulfill the commitment of improving communities. The organizations who have enough philanthropic activities the organizations have good corporate and brand image. Many studies showed the positive relationship among philanthropic activities, brand image and customers' loyalty (Yusof, at el., 2015; Wul, at el., 2014; Khan, at el., 2014). Philanthropic activities have impact on consumer behavior and philanthropic is ranked second among the CSR initiatives (Yusof, at el., 2015). The customers have positive perception towards the financial institutions who are making regular and adequate donations to charity, orphanages and welfare organizations; sponsoring social events (sports, dinner, music, contest);

focusing on societal well-being; and finally more concentrated on community involvement rather than profit.The researchers used 6 questions to measure philanthropic perception of the financial institutions developed by McDonald, at el., 2010; Yusof, at el., 2015.

Hypothesis 4: Philanthropic activities have significant positive on customers' loyalty.

Research Methodology:

This study has applied the both qualitative and quantitative approach. The population for this study has comprised of customers who have accounts in different private banks of Bangladesh. This research first has undertaken the design of a draft questionnaire draft based on the aforementioned theories and literatures. To ensure the effectiveness of the questionnaire, it was subjected to a pilot test. For the pilot survey, a convenient sampling was used to pick 50 customers for in depth interviews and response to the questionnaire. The results showed that the Cronbach α value was greater than 0.7 for all the measurement dimensions and the item-to-total correlation coefficients were all greater than 0.5, indicating that all the measurement dimensions had very good reliability (Nunnally, 1978; Kerlinger, 1978; Kaiser, 1958). The factor analysis showed that all the measurement aspects' eigenvalues were greater than 1, and the accumulative explained

variations were greater than 0.5, while all the variables' factor loadings were greater than 0.5, indicating that all the measurement dimensions had convergent validity (Kerlinger, 1978;). Therefore, this questionnaire was used for formal interview and survey. The questionnaire has 3 parts: perception of CSR initiatives, customers' loyalty and interviewee's background information. The first 2 parts use Likert 7-point scale ranging from 1 "highly disagree" to 7 "highly agree"; the 3rd part, the demographic data is measured by nominal scale. Total sample size was 320 and responses were received from
284 respondents. The respondents were asked to participate in a self-administered questionnaire. Through a non-probability sampling procedure data was collected from all the professionals and University students using Bank services from different private banks in Dhaka city. Non-probability sampling technique was convenience sampling. Convenience sampling is a sampling technique that obtains and collects the relevant information from the sample or the unit of the study that are conveniently available (Zikmund, 1997). Convenience sampling is normally used for collecting a large number of completed surveys speedily and with economy (Khan, et al., 2014).

Exploratory Factor Analysis (EFA) was applied using Principle Components Analysis (PCA) as method of convergence and Kaiser as method of normalization. Then CFA (Confirmatory factor Analysis) was conducted to test the model with factors identified through EFA.The five variables in the proposed framework were tested using the path analysis. The hypothesized model in this study was designed to measure causal relationships among the unobserved constructs and at the same time to determine whether customer centric, green environment, ethic, and philanthropic of the financial institutions could predict customers' loyalty. Finally, the goodness of fit of the proposed model was tested using Structural Equation Modeling (SEM) with the help of AMOS. All the data were analyzed in Statistical Package for Social Science (SPSS-21) integrated with AMOS.

Research Findings and Discussions:

This research used the Cronbach α to test the reliability. If the Cronbach α value was greater than 0.7 (Nunnally, 1978) that was taken to mean that the questionnaire had high reliability. The results show that all the Cranach α value was acceptable within the standard. As a result, the overall reliability of this research questionnaire proved to be good, as shown in Table 1. **Kaiser-Meyer-Olkin (KMO)** measure of sample adequacy test was applied on influential factors to test whether the sample was adequate to consider the data was normally distributed or not. The KMO value in all constructs were greater than or close to standard indicating that the sample size was adequate to consider the data normally distributed as the KMO values above 0.7 are considered to indicate normality of data (table:1)

The Table 1 shows the detail results of the descriptive analysis of each of the constructs.Overall, of all the four variables, perception of customer centric has reported

as having the highest means. This is shown in the mean value of 5.75, which appeared to be higher than other constructs. This indicates that the firms which have initiatives for customers that have strong preferences. This is followed with philanthropic activities and green environment, which have mean value of 5.65 and 5.63 respectively. Interestingly, ethics perception is reported as having the lowest mean with value 0f 5.38.

Within the customer centric factor SRC variable has the highest mean value of 6.20. Customers expect bank's staffs should be responsible to consumers' complaints (SRC). Secondly Banks' staffs should be responsible to customers' feedback (SRCF) which has achieved the mean value 5.83. All items except in the customer centric construct are strongly perceived by customers as mean score of the items are greater than 5.

For green environment, the highest mean score of 5.79 is on item (IEFP-Banks should invest in environmental friendly projects). This is regarding believe of the respondents that the bank is respecting and protecting the natural environment. The second highest item is (IEEP-Banks should invest in environmental friendly projects) with mean score
5.72. Banks should be concerned with respecting and protecting natural environment (RPE) item represents mean value 5.38. The results show that the customers perceived the bank as engaging in the environmentfriendly initiative. The overall mean score of
5.63 and mean of the rest of items indicates that the bank is seen to be reasonably environment friendly in nature.

The item trustworthy should be established (TSE) has obtained highest mean score (5.62) from the construct ethics. The questions ask transparent information regarding the products or services should be provided (TIRP) and in promotion of banks' products or services ethics should be maintained (EIP) have scored same 5.45. The results indicate that greater the ethical performance of banks greater the positive perception of customers that increase the trust and ultimately loyalty.

The construct philanthropic has achieved the highest mean score. These results imply that the customers highly perceived the bank as the bank as generous and also seen as taking care of the well-being of the society. The item (RDCO-banks should make regular donations to charity, orphanages and welfare organizations) has achieved the highest score 6.19. the item banks should be concerned to improve the well-being of society (IWBS) and the social work and community involvement is expected by customers (SWCI) have scored 5.84 and 5.76

respectively. The customers have greater positive perception towards the banks having the philanthropic activities.

Table 1. Descriptive statistics of four CSR initiatives (customer centric, environment, ethics and philanthropic) and Customers' loyalty

Attributes	Mean Score	Factor Loadings	Std. Deviation	Factor Mean	Reliability	Eigen Value	Total Variance Explained	KMO	Literature/ Source Review
Customer Centric (CC)									
I expect bank's staffs should be responsible to consumers' complaints (SRC)	6.20	.674	.63						McDonald, at el., 2010;
Quality products and services are expected (QPE)	5.79	.622	.74						Khan, at el., 2014
Banks' staffs should be efficient and reliable (SER)	5.46	.714	.74	5.75	0.742	2.81	40.084%	0.67	and Yusof, at el., 2015
Banks' staffs should be good at handling complaints (SGHC)	5.79	.828	.67						
Banks' staffs should be responsible to customers' feedback (SRCF)	5.82	.590	.62						
Positive attitude and behaviors are expected (PAB)	5.57	.435	.85						
Competent and well-presented staffs are preferred (CWP)	5.62	.481	.74						
Green Environment (GNE)									
Banks should be concerned with respecting and protecting natural environment (RPE)	5.46	.701	.81						McDonald, at el., 2010; Chen & Chai, 2010; Musa, & Rahman, 2011; Khan at el., 2014; Yusof, at el., 2015;
I believe banks should use recycled materials (URM)	5.30	.698	.72						
Banks should encourage recycling (SERY)	5.20	.776	.79						
Banks have to reduce electricity and water consumption (REWC)	5.38	.716	.73	5.63	0.826	3.77	47.10%	0.83	
Banks have to use environment-friendly products (UEFP)	5.79	.721	.78						
Banks should invest in environmental friendly projects (IEFP)	5.72	.750	.74						
Banks should promote recycling habits (PRH)	5.36	.731	.72						
Banks should invest in internal recycling	5.19	.241	.75						

Item									Reference
programs (IIRP)									
Ethics (ETS)									
Banks ought to deal ethically/honestly with its customers (DEHC)	5.24	.705	.73						McDonald, at el., 2010; Ballester & Aleman, 2001; Reast, 2005;
Banks should emphasize on ethical principles more than economic performance (EEP)	5.13	.679	.67	5.38	0.70	2.26	45.10%	0.70	
Transparent information regarding the products or services should be provided (TIRP)	5.45	.684	.68						
In promotion of banks' products or services ethics should be maintained (EIP)	5.45	.654	.71						Khan, at el., 2014; Wul & Wang, 2014; Yusof, at el., 2015;
Trustworthy should be established (TSE)	5.62	.635	.70						
Philanthropic (PHRC)									
I expect banks should make regular donations to charity, orphanages and welfare organizations (RDCO)	6.19	.734	.65						McDonald, at el., 2010; Khan, at el., 2014; Wul &Wang, 2014; and Yusof, at el., 2015
Adequate contributions to charities should be provided (ACC)	5.74	.734	.76						
Banks should involve in regular program to sponsor social events (e.g. sports, dinner, music, contest) (RPSE)	5.46	.743	.73	5.65	0.72	2.70	45.04%	0.70	
The social work and community involvement is expected by banks (SWCI)	5.76	.911	.67						
Banks should be concerned to improve the well-being of society (IWBS)	5.84	.449	.63						
Banks does not only focus on profits but also on society (FOS)	4.91	.198	.74						
Customers' Loyalty (CL)									
Bank involving in CSR activities would be my First choice (MFC)	4.66	.685	.61						Chaudh uri & Holbroo k, 2001; Ailawad i, Neslin & Gedenk, 2001;
I consider myself to be loyal to the bank who engaged in CSR activities (CMTL)	4.70	.521	.57						

I say positive things and recommend the banks (who conducting CSR) to other people (SPTP)	4.73	.632	.61	4.65	0.67	2.27	37.83%	0.72	Khan & Rizwan, 2014;
I will not use other bank's services if the same service is available at this bank (SSAB)	4.62	.585	.62						
I am getting good value for my money (if the bank involves in CSR) (GGVM)	4.61	.649	.64						
I will consider the bank my first choice in the next few years (CBFC)	4.57	.606	.61						

Full Model Analysis:

Confirmatory Factor Analysis (CFA):

CFA was conducted using AMOS -21 on CSR constructs that have impacts on Customers' loyalty using the information generated by EFA. The initial model was based on factors identified through EFA. Then it was evaluated using goodness of fit results and using modification indices to ensure that final model has good fit to the data. Through conducting CFA the variables PAB (.43), CWP (.48) from customer centric construct have been eliminated due to lower loadings. The item IIRP (.241) form green environment has been deducted. Due to higher standard error (near to 1) the item SWCI has omitted from factor green environment. The Variable FOS (.19) also has been eliminated as it denotes lower loadings. After that, the study has found the results fit well.

Structural Equation Modeling (SEM) and Hypotheses Testing:

SEM was conducted to evaluate the hypotheses formulated at the initial stage of the study as well as to test the goodness of fit of the hypothesized model. Here the full structural equation model was considered and hypotheses to be tested relates to the pattern of causal structures linking several factors (CSR initiatives) that bear on the construct of customers' Loyalty. This research used the AMOS software to perform the linear structural relation model analysis, for a better understanding of the causality and correlation among the variables. An excellent model was established in accordance with the following parameters shown in below table (2). The overall fit of the final hypothesized model was tested by using themaximum likelihood, goodness of fit indices and modification indices to ensure that final model had good fit to the data. The Chi- square statisticprovided in the AMOS (a software package for SEM, Version-21) output and their fit indicessuch as the ratio of Chi-square to Degrees of Freedom (df), Goodness- of-Fit Index (GFI), The Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index (CFI), Normed Fit Index(NFI). Chi square and Degree of freedom were 695.600 and 320. The Cmin/df value should be smaller than 3 to consider the model having

good fit, for the current study the Cmin/df value is 2.17. Goodness of fit indices of the final hypothesized model are shown in below

Table 2: Key Goodness-of-fit Indices

Type of Fit	Key Index	Acceptable Level	In Proposed Model
Absolute Fit	Chi-Square ( )	2df ≤ ≤ 3df	695.600
	Root Mean Square Error of Approximation (RMSEA)	0.05 ≤ RMSEA ≤ .08	0.064
	Goodness of Fit Index (GFI)	0.90 ≤ GFI ≤ 0.95	0.85
	Root Mean Squared Residual (RMR)	0.05 ≤ RMR ≤ .10	0.048
Comparative Fit	Normed Fit Index (NFI)	0.90 ≤ NFI ≤ 0.95	0.72
	Relative Fit Index (RFI)	0.90 ≤ RFI ≤ 0.95	0.69
	Incremental Fit Index (IFI)	0.90 ≤ IFI ≤ 0.95	0.82
	Comparative Fit Index (CFI)	0.90 ≤ CFI ≤ 0.95	0.82
Parsimonious Fit	Parsimonious Normed Fit Index (PNFI)	PNFI > 0.5	0.65
	Parsimonious Goodness-of-Fit Index (PGFI)	PGFI > 0.5	0.72
	Parsimonious Fit Index (PCFI)	PCFI > 0.5	0.75

Source: Adapted from Kline, 2005; Engel & Moosbrugger, 2003; Byrne, 2001; Kelloway, 1998.

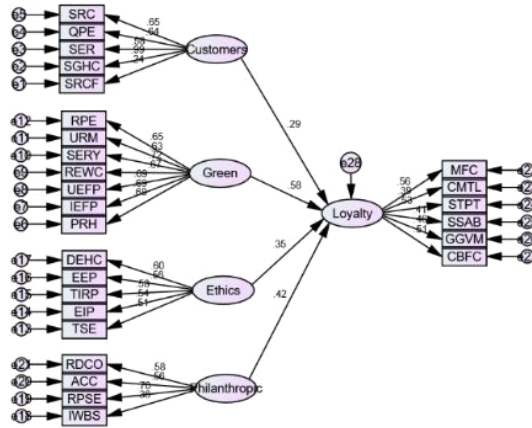**The final model is shown in figure 2**

Figure 2: Final Model of Causal Relationships between CSR Initiatives and Customers' Loyalty

The path analysis shows that all the hypotheses are confirmed to be true. The results of the hypotheses are shown in below table 3

Table 3: Result of the Research Hypotheses.

Hypo thesis	Dependent Variable	Independent Variable	Estimate	Std. Estimate	SE	C.R.	P	Supported
H1	Customers' Loyalty	Customer Centric	.637	.29	.212	3.006	0.03	Yes
H2	Customers' Loyalty	Green Environment	.397	.58	.063	6.322	0.00	Yes
H3	Customers' Loyalty	Ethics	.328	.35	.082	4.002	0.00	Yes
H4	Customers' Loyalty	Philanthropic	.616	.42	.164	3.748	0.00	Yes

In testing the hypothesized relationships among the constructs of CSR initiatives and customers' loyalty the authors have found that all the initiatives have significant impact on customers' loyalty.

Management Implications:

Relationship between CSR aspects and customers' loyalty has been established by this research that can be used as strategic tool for CSR investments. This research has identified effective measuring variables regarding the perception of CSR initiatives. The banking industry always face with a dilemma about where should they invest their CSR budget? The findings of the research show clear guidelines that customer centric and philanthropic initiatives have positive perception towards the customers. Banks should allocate their CSR budget as proportionate with customers' perception. The findings of the research have revealed that a business carrying out its policy of CSR could lead consumers to buy its products. A firm can create business image, positive brand image, brand loyalty, and ultimately find a business opportunity to accomplish its sustainability goal by contributing and giving back to the community. By carrying out social responsibilities the firms can find themselves with loyal customers. Therefore, this research proposesthe firms should proliferate their CSR efforts to augment consumers' perception of CSRso that consumers become more willing to buy the firms' products and show loyalty.

Study Limitations and Suggestions:

Customers show different degree of perceptions towards CSR initiatives that may result in variation of customers' loyalty. Therefore, further study can be carried out by considering the demographic variables (age, gender, occupation, income level, education) as moderating variable that will help to segment and better satisfy the target market. The proposed hypothetical model can be extended. In this study the authors have showed only the impacts of CSR initiatives on customers' loyalty, it could have been on brand attitudes, brand image and consequently to loyalty. This study is focused on geographically and categorically that may not bring the generalized results.

Conclusions and Implications:

Customers' loyalty is becoming the strategic tool to sustain in todays' competitive banking environment which is followed by effective CSR initiatives, brand attitude and brand image. Retention of new customers are more cost effective the attracting new ones. To retain the existing customers, it is inevitable to develop customers' loyalty. This study has been carried out to find out the impacts of CSR initiatives on customers' loyalty. This study has found the CSR initiatives have profound effects on customers' loyalty. This study has showed that greater the CSR investment on customer centric, philanthropic, green environment and ethical initiatives greater the positive perceptions about the organizations, consequently positive perceptions among the customers help to build customers' trust and loyalty. Customers' loyalty and trust build by the organizations create positive word of mouth, positive recommendation status and reduce the defection rate. This study also has found that CSR initiatives of firms enhance the corporate image and ultimately customers' loyalty. This study also supports the findings from previous research (Yusof, at el., 2015; Wul, at el., 2014; Khan, at el., 2014; McDonald at el., 2010) that customer centric has the highest impact on customers' attitude and loyalty. This study has contributed to extending each of the CSR initiatives and customer's loyalty framework in the financial institutions in context of Bangladesh. This study provides clear guidelines to the financial institutions of Bangladesh that to generate positive perceptions towards CSR initiatives, the financial institutions should give highest priority to customer centric and philanthropic activities. In customer centric dimension the financial institutions must have to ensure that their staffs are responsible, competent and good at handling consumers' complaints and taking customers' feedback. This study suggests the financial institutions to make regular donations to charity, orphanages and social wellbeing to build corporate image and customers' loyalty. Trustworthiness and transparent information regarding products and services should be established for building customers' loyalty. Commitment to greenness and green environment should be established and crystal cleared by the financial institutions in context of Bangladesh. Although the CSR investment on green environment has lower impact on loyalty among the all CSR initiatives, the financial institutions can take this as opportunity. The study has revealed that the institutions who will invest more on the initiative green environment they might have gained positive perceptions from customers. This study can be concluded that the customers are likely to continue having services from the financial institutions which are very much focused on customer centric, philanthropic activities, green environment and ethics.

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