

CORPORATE SOCIAL RESPONSIBILITY WITH CUSTOMER BRAND TRUST AND CLIENTS' CONSUMPTION OF FINANCIAL - BANKING PRODUCTS AND SERVICES

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ABSTRACT

This study aims to find out the influence of corporate social responsibility (CSR) on the clients' trust and buying behavior of financial – banking products and services. With exploratory factor analysis techniques, we surveyed 300 customers who have been using products and services of banks. The results show that the factors of CSR such as consumers CSR, CSR brand image, legal CSR and finally CSR stakeholders affect the clients' trust and buying behavior of financial – banking products and services.

Keywords: Corporate Social Responsibility, Clients' Trust, Clients' Consumption, Financial - Banking Products/Services.

JEL: G30, G38, G39

INTRODUCTION

Corporate social responsibility (CSR) is a concept that has increasingly received much attention among a number of scholars, business and Government in recent times. The concept of CSR has been known since the early 70s which indicates that corporate managers have increasingly paid much attention to the social issues, and to this day, many studies show that CSR has also a positive impact on the performance of companies. CSR is therefore a critical component of a firm's marketing toolkit since it satisfies customer expectations, enhances company performance and reputation, and supports worthwhile causes at the same time. Many empirical studies prove that CSR influences consumer behavior, influencing beliefs, attitudes, and decisions to purchase a certain type of product in the future (Mascarenhas et al., 2006; Bediako, 2017; Pan et al., 2011).

For the consumption of financial - banking products and services, the expansion and development of banking products and services is always a important concern for banks in the current period, especially in the context of the booming banking industry. With digital technology and the epidemic spreading globally, the development of products and services at banks needs to bring convenience, safety and cost savings to customers when participating in the banking trading process in the new situation.

In this research, we want to understand the impact of CSR on customers' consumption behavior of financial – banking products and services. Facing the trend of global competition

and the strong development of emerging economies, the bank must set up an appropriate business strategy. Therefore, the excellent implementation of CSR is also a commitment to improving obligations to the community and society.

LITERATURE REVIEW

CSR Frameworks

The concept of CSR is unfamiliar in many developing countries (Kwesi and Kwasi, 2015). Friedman (1970) argued that CSR is related to increasing profits. The companies have only one goal, which is to increase profits for their shareholders. According to another definition given by Wald (2004), CSR is the commitment of businesses to contribute to sustainable economic development, the commitment to work with employees, their families, local communities, and society at large to improve the quality of life in ways that are both good for business and good for development. CSR contributes to sustainable economic development. Thus, the concept of CSR has a long history of development globally (Carroll, 1999 & 2009).

Besides, the concept of CSR is also known as a measure of the success of enterprises (Pokorny, 1995; Saunders, 2006). In essence, CSR is a mechanism through which enterprises settle their environmental obligations and location. These obligations include social responsibility, environmental responsibility, and economic ethics (Bediako, 2017).

Since then, numerous concepts of CSR have been proposed and no clear definition is provided, complicating theoretical development and assessment. Throughout the academic literature, various scholars have referred to a series of three approaches.

Shareholder approach: According to Quazi (2003), the shareholder perspective is the traditional position on CSR (Friedman, 1970). The shareholder is the company's center point, and socially responsible actions are a primary responsibility of governments, not businesses. This means that businesses are only interested with CSR *“to the degree that it helps to the business goal, which is to create long-term value for the company owners”* (Foley, 2000).

Social approach: According to this perspective, which is seen as the wider view of CSR (and not necessarily the current one), businesses are accountable to the larger society, of which they are an essential part. They operate with the permission of the public (licensed to operate) in order to *“contribute positively to the fulfillment of society's demands”* (van Marrewijk 2003; Göbbels, 2002; Ward, 2004).

Philanthropic approaches: Are the roots of corporate sustainability and it is a new and distinct phenomenon. It necessitates a thorough rethinking of companies' positions and actions in light of the complicated social environment in which they operate. This is a novel point of view (van Marrewijk 2003; Göbbels, 2002).

In terms of customer consumption, many researchers give evidence for the theory of consumer behavior on CSR in the mid-twentieth century (Carroll, 1999; Van Marrewijk, 2003; Eggert & Ulaga, 2002; Jones, 1980). Moreover, in the face of the fierce competition of the emerging economy, companies and enterprises have to improve more and more to develop their business activities and increase their welfare. Therefore, facing the market competition, it is required that banks maintain several customers, build trust and maintain the consumption of their products. In other words, from the perspective of consumers, customers often consume products

and goods that they have faith in and tend to consume more of those products in the future (Bediako, 2017; Lacey et al., 2015; Alvarado-Herrera et al., 2017; Amponsah & Dartey, 2015).

In addition, CSR also represents the sustainable development between the economy, environment, and society. In particular, the vital role of stakeholders in responding to CSR through which consumers responds to established business activities (Alvarado – Herrera, 2017). Thus, it can be seen that the views, emotional perceptions, beliefs, and consumption behaviors of customers react to the products and services of the business when the business implements CSR well. To have better effects on consumers when businesses perform their CSR roles well, such as trust with consumer behavior, purchase intentions, product recommendation, and protection image of the business to the outside (Lacey et al., 2015).

CSR and Customer Consumption

The consumption behavior is expressed through the choice of products and tends to repeat and increase the same brand product - service set purchasing in the future. They tend to spread word of mouth about the products that they have consumed (Baldinger & Robinson, 1996; Bloemer et al., 1999). Thus, the manifestations of consumer behavior start from a process of perception, evaluation, and formation of beliefs and behaviors committed to their consumption in accordance with specific values, these values based on basic assessments of the reputation of organizations, businesses, CSR with society, the community and stakeholders. According to Oliver (1999), customer loyalty is a deep belief a consumer has about a product or brand that goes beyond a simple repeat purchase. But Mascarenha et al. (2006) defined a customer loyalty is a strong held commitment of customers to re-purchase or re-patronize a preferred product and service consistently in the future. This commitment makes the consumer repeat their purchase with the same brand despite situational influences and marketing efforts of the same products of other brand name. As a result, the advantages of having loyal customers are considerable, ranging from being shielded from market competition to increasing sales volume via returning customers and promoting recommendations. A company may develop an effective and long-lasting connection with its consumers by implementing and managing customer loyalty (Pan et al., 2011;). Numerous studies have shown that acquiring new consumers is more expensive than keeping existing customers.

In addition, another factor affecting customer's consumption behavior is customer satisfaction. Customer satisfaction has a direct and positive or negative influence on customer perception and customer expectations. Therefore, the company needs to pay attention to customer satisfaction. Customer satisfaction contributes to customer trust and loyalty. That increases market share and reinforces customer loyalty to the product. In addition, to maintain the business's competitive advantage, the service quality factor plays an essential role in creating trust and loyalty of customers.

The theory of consumer behavior suggests that the quality of a product can increase customer satisfaction or dissatisfaction with the product they consume (Kotler et al., 2002). At the same time, consumer behavior has a strong influence on the product's brand image. Many studies show that people tend to use a lot of their company's products because they value the image. The brand of the business first takes into account the function of the product. For consumers, the business's image is formed through the human senses, which people perceive through the service quality of the product. Thus, the perception of the image and product quality

of the service with the beliefs and consumption of customers stems from the way they perceive the quality of the product and the attitude of the business towards the customer (Smith & Taylor, 2004). Therefore, CSR has a positive impact on shoppers in that they feel satisfied with the product, trust and safe when consuming the product, especially since they tend to choose the product brand of the enterprise. Businesses do better with CSR than those that do not.

RESEARCH METHODS

We conducted interviews and surveys of 300 customers who regularly consume financial – banking products and services in commercial banks in Binh Duong province in this research. The quantitative statistical analysis technique is used in the research. Exploratory factor models are used to determine whether consumer perception of CSR affects the behavior of consumers of products and customer service.

We survey people who have been consuming financial – banking products and services at banks. We used a random sampling method to collect data samples. With a semi-structured question design and respondents answered on a Likert scale with five levels of agreement to answer the questionnaire. The observed sample was coded and cleaned before it can be analyzed.

As Carroll (1979) emphasizes, there are 3 different types of social responsibilities (CSR): a/ Economic obligations (be productive and economically viable), b/ legal and ethical obligations (follow the law and acknowledged values and norms), c/ philanthropic obligations (proactively give back to society).

The following factors are selected to assess the effect of CSR on customer trust and buying behavior based on the theoretical framework of the research: service quality, environment; image and brand building; activities for the community and finally, obligations to the state and the law. We have to answer the research question: How consumers have confidence and continue to regularly purchase products and services of the business in the future? The following hypotheses fill in the research question posed:

- H₁ Customers' CSR (CL) has positive effect on customers brand trust and buying behavior*
- H₂ Environmental CSR (MT) has positive effect on c customers brand trust and buying behavior;*
- H₃ CSR brand image (TH) has positive effect on customers brand trust and buying behavior;*
- H₄ Legal CSR (PL) has positive effect on customers brand trust and buying behavior*
- H₅ CSR stakeholders (LQ) have positive effect on customers brand trust and buying behavior.*

Deriving from the research hypotheses, the research model with 5 independent variables is expected to have a significant relationship between CSR, customer trust and consumption (Table 1).

Table 1 LATENT AND OBSERVED VARIABLES		
Construct	Items	Adapted from
Customer CSR (CL)	CL1. Financial and banking products and services satisfies the needs of customers	Smith & Taylor (2004); Kotler et al. (2002).
	CL2. Products and services ensure consumers' safety	
	CL3. Diversity and utility of products and services.	
	CL4. Convenience of products and services.	
	CL5. Banks have many activities aimed at customers and the community	
	CL6. Bank staff have good professional skills	
	CL7. Customers have great financial transparency options	
Environmental CSR (MT)	MT1. The bank cares about the working environment	Bediako (2017); Mascarenha et al. (2006)
	MT2. Banks have a modern infrastructures	
	MT3. Product design protect environment	
	MT4. Bank implements many activities related to the environment	
	MT5. Banks have a policy to encourage the consumption of products related to the environment	
CSR brand image (TH)	TH1. Banks regularly introduce the image of the bank	Pan et al. (2011); Alvarado-Herrera (2017)
	TH2. The bank has many advertising activities about products and services.	
	TH3. The bank cares about the interests of customers	
	TH4. The bank always focuses on improving brand reputation	
	TH5. Customers can identify the bank through the banks' logo	
	TH6. A bank with a long-standing reputation	
CSR legal (PL)	PL1. Banks thoroughly resolve customer problems	Bediako (2017); Mascarenha et al. (2006)
	PL2. The bank has clear and transparent processes and regulations	
	PL3. The interests of customers are always guaranteed	
	PL4. Banks Implement the interests of related parties	
	PL5. Financial – banking product policies are transparent	
	PL6. The Bank well implements the policies and regulations prescribed by law	
CSR stakeholders (LQ)	LQ1. The Bank has a responsibility to the community and related parties	Alvarado-Herrera (2017), Bediako (2017); Mascarenha et al. (2006)
	LQ2. Banks create convenience and speed for stakeholders when participating in transactions	
	LQ3. Banks pay attention and listen to stakeholders' feedback	
	LQ4. Banks have a close connection with stakeholders	
Consumer trust and buying behavior (TD)	TD1. Customers trust the bank's products and services	Bediako, 2017; Lacey et al. (2015).
	TD2. Customers maintain and regularly consume the bank's products and services	
	TD3. Customers refer family, friends and acquaintances to consume the bank's products and services.	

RESEARCH FINDINGS

Overview of Products and Services of Banks in Vietnam

A bank's products and services have a characteristics, features, and usage created by a bank to satisfy specific needs and wants of customers in the financial market. Over the years, the banking industry in Vietnam has formed and developed quite strongly with various products and services. Over the past decade, especially after Vietnam's extensive and comprehensive integration in many fields and regions, along with the openness of the economy, it has created a good premise for banking products and services. The development of Banks has quickly adapted to the new situation. They have designed and implemented many suitable innovating financial – banking products such as various type of transaction, satisfying the needs of customers to face the rapidly and strongly changing situation of society. Besides, the products and services of banks are increasingly focused on diversity. The inevitable trend of the digital banking will be challenging the traditional banking. Accordingly, the emergence of various types of banking transactions via the digital transactional platform, tend to increase enormously (Do Van Huu, 2020).

Impact of CSR on Clients' Trust and Buying Behavior

The study conducted to develop a CSR's scale. Our sample has 5 independent variables with 28 observations. To validate the modified questionnaire, the Cronbach's alpha coefficient is applied. The questionnaire has 63 questions and seven scores intended to determine internal consistency. The preliminary study of the reliability analysis revealed that all variables had high correlations (greater than 0.6). From there, the results of the scale test are shown in Table 2.

Constructs	Cronbach's alpha	Cronbach's alpha based on standardized items	No of items	Strength of association
Consumers CSR (CL)	0.774	0.787	7	Excellence
Environmental CSR (MT)	0.747	0.761	5	Excellence
CSR brand image (TH)	0.627	0.649	6	Excellence
Legal CSR (PL)	0.771	0.759	6	Excellence
CSR stakeholders (LQ)	0.601	0.620	4	Excellence
Consumer confidence and consumption (TD)	0.640	0.643	3	Excellence

Next, the study carried out an EFA test to explore the influence of CSR on consumer trust and behavior. Test criteria with index $0.5 < KMO < 1$, total rotation $> 50\%$, $sig. < 0.05$. The final result, after two times of testing and removing the observed variables that do not meet the requirements, the study carried out the third exploratory factor test, and the results are shown in Table 3.

	Component					
	1	2	3	4	5	6
CL1	0.860					
CL2	0.846					
CL6	0.776					
CL3	0.708					
MT3		0.766				
MT1		0.737				
MT5		0.731				
MT2		0.713				
MT4		0.656				
TH5			0.892			
CL4			0.876			
LQ1			0.742			
LQ3				0.885		
CL5				0.847		
CL7				0.766		
PL3					0.833	
PL6					0.795	
PL5					0.747	
TH4						0.800
TH3						0.741
TH6						0.628
KMO: 0,783; Sig. 0.00; Total Rotation: 71.686						

Finally, the study reclassifies the independent variables and performs research regression. The results of regression tested the hypotheses in the proposed study. The results show that four research variables reach the test value with a confidence level of 90% or more. Specifically, variables: consumers CSR (CL), especially in exploratory research, a new variable appears, which is CSR philanthropic (CD). This result is consistent with the theories mentioned, but the model has not included the research hypothesis. The theoretical assertion that CSR refers to the responsibility to the community is appropriate. The remaining variables are CSR stakeholders (LQ) and CSR brand image (TH). The results of the study regression are shown in Table 4.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	Beta	Std. Error	Beta			
(Constant)	1.005	0.225		4.458	0.000	
CL	0.141	0.048	0.149	2.901	0.004*	1.287
MT	0.051	0.042	0.065	1.223	0.222	1.380
CD	0.178	0.037	0.265	4.777	0.000*	1.505
LQ	0.366	0.056	0.340	6.486	0.000*	1.339
PL	-0.034	0.034	-0.053	-0.978	0.329	1.411
TH	0.081	0.044	0.095	1.811	0.071**	1.355
Adjusted R ² : 0.388; Sig. 0.000; DW: 1.697						
* Significance level < 0.05; ** significance level < 0.1						

No	Scale	Coefficient	p-value	Results
H1	Consumers CSR (CL)	0.141	0.004*	Accepted
H2	Environmental CSR (MT)	0.051	0.222	Rejected
H3	Community CSR (CD)	0.178	0.000*	Accepted
H4	Legal CSR (PL)	0.366	0.000*	Accepted
H5	CSR stakeholders (LQ)	-0.034	0.329	Rejected
H6	CSR brand image (TH)	0.081	0.071**	Accepted

In the regression model, the tests consider the phenomenon of multicollinearity, ensure the value <2 , test the model's goodness of fit with the adjusted R^2 value of 38.8%, this shows that the model reached 38.8% of the dependent variables explained by the independent variable, the rest of the other factors have not been mentioned in the model. The autocorrelation test of the regression model does not violate the autocorrelation of the research model (DW=1,697) (Table 5).

CONCLUSION

The aim of this research was to determine if there is a correlation between CSR strategy implementation and trust and purchasing behavior of consumers. This research examined a variety of elements and variables in order to determine if the impacts of CSR initiatives result in a change in trust and purchasing behavior. This research has found that the practices of CSR affect trust and buying of consumers who consume products and services of banks. Factor of CSR include the CSR quality of the bank's products and services, CSR community, CSR stakeholders and CSR brand image of banks. Through the findings of research, some issues are as follows:

Firstly, to maintain customers to consume products and services, banks need to pay more attention to the quality of products and services, convenience and safety for customers when participating in banking transactions.

Secondly, the bank needs to pay attention to activities for the community, enhancing the prestige and image of the bank's brand, partly creating a good image with the community, contributing to improving the competitiveness of banks in the financial market.

Secondly, the bank needs to pay attention to activities for the community, enhancing the prestige and image of the bank's brand, partly creating a good image with the community, contributing to improving the competitiveness of banks in the financial market.

Finally, banks constantly strengthen and promote their brand image through many positive activities, creating many cohesive activities such as activities for the community, for the environment, for consumers, contribute to creating a positive image for customers, thereby creating trust and maintaining customers' consumption for the bank's products and services in the future.

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