

HOW CORPORATE SOCIAL RESPONSIBILITY (CSR) IN BANKING  
INDUSTRY AFFECTING TO CUSTOMER LOYALTY



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**Title: HOW CORPORATE SOCIAL RESPONSIBILITY (CSR) IN BANKING  
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How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty (91 pp.)

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#### ABSTRACT

The purpose of this research was to study how corporate social responsibility (CSR) in banking industry affect to customer loyalty. The samples used in the study were collected from 385 respondents through the offline questionnaires. The statistics used in the data analysis were descriptive statistics which are percentage, mean, standard deviation and the inferential statistics used to test the hypothesis are multiple regression analysis.

According to the results, it was found that the most of respondents were female between the ages of 24 and 31 years old with bachelor degree. Moreover, the most of respondents were the private company employee with the income of under 15,000 Baht. The majority of respondents used the service of Kasikorn Bank PCL., having accounts and debit cards with being banking customers for 3 years. The frequency of using banking service at branch and using online banking service were 1-5 times per week. In addition, the majority of respondents chose banking service because they thought the bank had the brand trust and the good image and they knew the banks from seeing the branches.

The results of the hypothesis test showed that the most component which affects to customer loyalty in banking industry is economic responsibility then environmental responsibility, corporate governance, and philanthropic initiatives

severally. However, ethical business practices did not affect to customer loyalty in banking industry.

*Keywords: Corporate Social Responsibility, Customer Loyalty, Banking Industry*



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Rujika Thaithavorn

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## CHAPTER 1

### INTRODUCTION

In this chapter, researcher describe about background and information of Corporate Social Responsibility (CSR) and the process of the first chapter following:

#### 1.1 Background of Study

Nowadays, many organizations in society turn their attention to Corporate Social Responsibility which they operate both inside and outside the organization by taking into account the impact of the society with the use of resources in the organization or outside the organization to live together in society. The management of organization to be progress and success, it must be good and has a good parallel with each other because vulnerable organizations are not indicators of how an organization will be able to run a sustainable business in the future. The importance is Corporate Social Responsibility, it will make the organization recognized from social, not socially resisting and able to run its business sustainably with the morality of the organization for being aware of giving back to society in various ways (Promdougta, 2016). Moreover, participation in local community development where the organization is located, environmental protection by holding to sticking to ethic and governance to the organization management will build trust to customers and it also promotes a good image and is prepared to deal with business competition that has taken on CSR as a barrier to trade in the near future (Wongprasert, 2009, p.32-34).

CSR promotes a better social image of the organization, and uses less capital and money than advertising campaigns because it draws customers and non-clients into social events. In terms of direct benefits of CSR, employees are proud of working with organizations, at the same time, it can attract qualified people to work with the organization (Corporate Social Responsibility Institute 2009, p.14). Moreover, it can make the organization increasing the revenue and market share because the trend of customers who purchase products and service from organizations who have corporate social responsibility are increasing. Another benefit of CSR, indirect benefit, is customers will be loyalty to the brand by doing CSR activities with marketing (Weerasamrit, 2010).

Many business operators in Thailand recognize the importance of doing business to show their corporate social responsibility and take this issue to the next level. This is an operational strategy that will benefit the organization in terms of upgrading and developing the organization's management process which includes branding, brand loyalty, and brand confidence that will eventually lead to the loyalty of customer. Moreover, the company, who is responsible for society, will result in the company to build its reputation quickly (Srisuk, 2011).

Banking industry as well, there is the high competition in this industry, each banks use many strategies to motivate consumers to trust and using their services because banks are financial service that is difference with tangible products. Many financial institutions are turning their attention and strategizing on customer trust and customer loyalty by building a good relationship with customers, it is the best way to start creating trust is often based on intimacy and commitment. Therefore, the

products and services, which want to stand in the market by creating trust and credibility for making customer loyalty, need to accelerate good relationship with customers continuously. In addition, any activities that can give the target group.

The study is conducted on commercial banks in Malawi, Yeshmin (2012) explores CSR concerns in private commercial banks from the annual review of the 30 banks in 2009-2010, includes information on their CSR practices. In this study, 36.67% of the banks show CSR related activities. In the same year, 2012, in Bangladesh, it was presented the study on CSR practices for the period 2010- 2011. The study reveals that 100% of banks reported the implications on CSR practices (Masud & Hossain, 2012, p.42-47).

Nowadays, Corporate Social Responsibility became an important topic in the management and activity of banks (Hinson, 2007). Today, the banking industry is concerned with offering a full set of financial services. Changes in the technology, environment and customer demand call for the need and possibility for quick changes in strategy. As customers' wealth and demands increased, banks developed their services to include innovation service, variety product, and advisory services, including legal advice. In the same time, service charges increased and became more complex, which drove customers to ask for offers in many different banking institutions. (Holstius & Kaynak, 1995, p.10-20) Even though the banking industry move forward to develop the core product and service, the leading banks are exploring to another strategy. As a result, many leading banks have begun to integrate CSR factors within their long-term investment strategy.



The Bank's CSR activities can be categorized into four areas society, environment, employees and customers following:

- Society: Bank can initiated and cooperated with public and private agencies in staging social contribution activities including the development of youth and providing support to education, culture, sports, religion, public health, disaster relief and community development. Regarding to Corporate Governance, banker dedicated themselves to respect society with Philanthropic Initiative idea. Example, Bangkok Bank joined in efforts to help flood victims in the southern part of the country with relaxed repayment terms and reduced interest rates on existing loans for affected customers (Bangkok Bank annual report, 2017, p.55).

- Environment: Bank conducts its business while considering the sustainability of related parties, therefore it has always considered its responsibility to the economy, society, and environment. Bank has focused on preserving the environment by setting up policy and practical guidelines on environmental responsibility under the concept of sustainable development of business. Example, in 2017, Bangkok Bank replaced 41,000 fluorescent light bulbs at six buildings, the replacement helped save a large amount of national energy, and reduced impacts on health and the environment (Bangkok Bank annual report, 2017, p.48).

- Employee: In CSR practice toward employee, Bank enhance their employee knowledge, ability and skills to create optimum customer satisfaction not only business dimension but social responsibilities (Ethical Business Practice) as a position of banker. Moreover, Bank support employees family and society to ensure the pleasure in working and satisfaction in working atmosphere. Example, each year,

Kasikorn Bank allows one day leave for each employee of Bank to do good deeds with the goal to collect a total of 20,000 hours within 2016. These activities for public benefits require employees' contributions of their physical efforts, time, capabilities and wisdom, and not only financial donations (Kasikorn Bank annual report, 2016, p.59).

- Customer: Thai economy prospers, competition has become more intense. Bank became the importance of upgrading competitive potential to access entrepreneurs. Customer's bank have been provided with business-related knowledge to ensure them with a better understanding on how to effectively operate their businesses, tackle problems, and importantly, how to improve themselves. This will eventually lead to more sustainable growth in their business operations. To sustain Economic Responsibilities, bank plays big role in economic. Bank acts as an intermediary to convey to customers and business persons, business concepts, philosophy, operating practices and idealism that is in compliance with the government's policies. Example, Siam Commercial Bank organized trainings for young entrepreneurs aged 25 - 35 with more than 3 years of business management experiences. There were more than 110 people participating in this 8-week training program to develop skills and prepare for the business successor role (Siam Commercial Bank annual report, 2016, p.60).

Moreover, most of customers in banking industry are the generation X and Y because they get the salary by bank's accounts and most of them also have bank's loan (Institute for Population and Social, 2017). From previous sentence, they are the big target in banking industry and they will give the loyalty to the banks who have

Corporate Social Responsibility in organizations because there are some studies found that people who are generation X&Y care about the CSR. For example, the studied of Pasu Decharin (2009) shown there is one in four groups of generations X&Y thinks it is important for the organization to focus on environmentally sensitive work and environmental considerations.

From this information, the researcher needs to study how Corporate Social Responsibility (CSR) affecting to customer loyalty in banking industry by studying the organizing activities and projects, and Corporate Social Responsibility (CSR) to: corporate governance, safety, environment, and social involvement in banking industry. Furthermore, the result of this study will be the ways for banks to use it for developing Corporate Social Responsibility strategy to develop good relationships with customers and use to the management planning to create and promote the corporate image.

## 1.2 Statement of Problems

Banking industry has similar types of financial product (online banking, one stop service branches, 24-7 services, and etc.) with the high level of service standard. In term of product and service, it is quite difficult to sustain customer's loyalty or brand trust. In the situation of banking industry, new competitions and competitive markets have emerged from the accession to the ASEAN Economic Community (AEC) and to enter the digital era, as well as, changes from external factors such as economic, technological changes and fast-changing customer behavior. In addition, the success of a business does not just take into account its performance and financial

figures, the satisfaction of executives, shareholders or employees only but it must considers the response to social expectations by social participation is important in determining survival and the advancement of businesses to thrive in the future (Wongprasert, 2009). For example, in 2010, Egypt bank established CIB Foundation, a non-profit organization, dedicated to enhancing health and nutritional services for underprivileged children in Egypt. From this project, the bank increased the percentage of its net annual profit to 1.5% (Central of Egypt Bank, 2010, p.43). It is because this project can show the good image of bank and makes customer loyalty to its. In addition, regarding to CSR, it is a way to create new businesses, and has allowed banks to attract new investors and high growth from the loyalty of customers.

Therefore, doing Corporate Social Responsibility (CSR) is the important and imperative strategy for banking industries to learn how to apply the policy and to move across the organization for making customer loyalty to their organization. From this statement, researcher would like to investigate which components in CSR can affect to customer loyalty in banking industry.

### 1.3 Purposes of Study

1. To examine the effect of Corporate Governance component of CSR on customer loyalty in banking industry.

2. To examine the effect of Environmental Responsibility component of CSR on customer loyalty in banking industry.

3. To examine the effect of Philanthropic Initiatives component of CSR on customer loyalty in banking industry.

4. To examine the effect of Ethical Business Practices component of CSR on customer loyalty in banking industry.

5. To examine the effect of Economic Responsibility component of CSR on customer loyalty in banking industry.

#### 1.4 Importance of Study

This study provides the benefits to banking industry following:

1. The research results will improve and develop the strategy of Corporate Social Responsibility (CSR) in banking industry.
2. The research results will use in planning to create and promote image of banking industry.
3. The research results will use to help strengthen the positioning bank in banking industry.

#### 1.5 Scope and limitation of the Research

In this study, the researcher selected the quantitative research using survey method and collected data by questionnaire that was created and the research scope was defined as follows:

### 1.5.1 Scope of Sample

1.5.1.1 The respondents of this study are male and female banking customers who are generation X&Y, 24-53 years old or born in 1965-1994 (Jamnongvej, 2013).

1.5.1.2 Samples were selected from the population by convenient sampling method and used 385 samples that the sample size is determined by using the formula of Cochran (1953) for calculating the population, using the 95% confidence level and the maximum error value is 0.05.

### 1.5.2 Scope of Variable

1.5.2.1 There are two variables in this research:

1) Independent Variable

1.1) Corporate Governance

1.2) Environmental Responsibility

1.3) Philanthropic Initiatives

1.4) Ethical Business Practices

1.5) Economic Responsibility

2) Dependent Variable

2.1) Customer loyalty in banking industry

### 1.5.3 Scope of Time

The specific of time is on August - September 2018.

The limitations of this research are difficult to classify the respondents are the banking customer or not and lack of interest to answer questions due to the questionnaire may not directly affect to them.

#### 1.6 Definition of Term

- Corporate Social Responsibility (CSR)

The definition of Corporate Social Responsibility (CSR) which published the book, *The Social Responsibilities of the Businessman* are “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953).” CSR is the responsibility to social and environment of corporate which proceeds under ethics and the good management by responding to social and environment both of inside and outside company for becoming to sustainable development.

- Corporate Governance

The process carried out by the board of directors, and its related committees, On behalf of and for the benefit of the company's Shareholders and the other Stakeholders, to provide direction, authority, and oversight to management, “It means how to make the balance between the board members and their benefits and the benefits of the shareholders and the other stakeholders”. (Youssef, 2007)

- Environmental Responsibility

Environmental sustainability initiatives enacted by businesses generally focus on two main areas: limiting pollution and reducing greenhouse gases. As the awareness of environmental issues grows, businesses that take steps to reduce air, land and water pollution can increase their standing as good corporate citizens while also benefiting society as a whole. For example, Cisco Systems, a multinational technology company, has taken a variety of steps to reduce its carbon footprint, including the installation of photovoltaic systems at production facilities and developing platforms that allow employees to work from remote locations rather than commuting to the office. (Scott, 2018)

- Philanthropic Initiatives

Philanthropic initiatives include the donation of time, money or resources to charities and organizations at local, national or international levels. These donations can be directed to a variety of worthy causes including human rights, national disaster relief, clean water and education programs in underdeveloped countries. For example, Microsoft co-founder Bill Gates has donated billions of dollars to the Bill and Melinda Gates Foundation, which supports numerous causes including education, the eradication of malaria and agricultural development. In 2014, Bill Gates was the single largest giver in the world, donating \$1.5 billion in Microsoft stock to the Bill and Melinda Gates Foundation. (Scott, 2018)



- Ethical Business Practices

The primary focus on ethics is to provide fair labor practices for businesses' employees as well as the employees of their suppliers. Fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labor practices for suppliers include the use of products that have been certified as meeting fair trade standards. For example, Ben and Jerry's Ice Cream uses fair trade-certified ingredients like sugar, cocoa, vanilla, coffee and bananas. (Scott, 2018)

- Economic Responsibility

Economic responsibility focuses on practices that facilitate the long-term growth of the business, while also meeting the standards set for ethical, environmental and philanthropic practices. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering the cost of materials and also benefit society by consuming fewer resources. (Scott, 2018)

- Customer Loyalty

Oliver (1999, p.33) defines loyalty as "a deeply held commitment to rebuild and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors. "Customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and re-patronage.

Although customer satisfaction is a crucial part of a business, satisfaction alone cannot take a business to a top level. Customer satisfaction produces a positive financial result, especially in regular purchases. Today's unforgiving market where creating and maintaining customer loyalty is more complex than it used to be in the past years. This is because of technological breakthrough and widespread of the internet uses. Loyalty building requires the company to focus the value of its product and services and to show that it is interested to fulfill the desire or build the relationship with customers. (Griffin, 2002)

## CHAPTER 2

### LITERATURE REVIEW

In this study, researcher studies about concepts, theories, and literatures to support the main conceptual framework by providing to 6 categories including

2.1 Concepts on Customer Loyalty

2.2 Concepts on Corporate Social Responsibility (CSR)

2.3 Other Research

2.4 Conceptual Framework

2.5 Hypothesis

2.1 Concepts on Customer Loyalty

There are many researchers define the meaning of customer loyalty such as Newman and Werbel (1973) defined it as a characteristic of those who repurchased a brand, considering only that brand, without seeking any information related to it.

Day (1969) opined that in its most initial stage of conception, customer loyalty was perceived as the combination of repeat purchases from one service provider or brand coupled with the customers' psychological attachment toward the provider.

Oliver (1999, p.33) defined loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing...”

Dick and Basu (1994) described loyalty as the strength of the relationship between a customer's relative attitude and repeat patronage and four dimensions had been identified: true loyalty, latent loyalty, spurious loyalty and no loyalty.

In summarize, the meaning of customer loyalty is the deep commitment of customers to repurchase products or service by their satisfactions. Moreover, customer loyalty is also involved with the purchase behavior of customers and relate to customer attitudes toward products and services. Consequently, if customers have the good attitudes toward products and services and have long-term good relationships between customers and organizations, it will resulted in a repeat purchase behavior.

#### Degree of Brand Familiarity

Aaker (1991) divided the degree of brand familiarity to 5 degrees following:

1. *Non-loyal buyer*: non-loyal buyers are who look at each brand is not entirely different, it is equal that means brands are less choice to the decision making. They always pay attention to the products that are easy to buy or more discount. Sometimes, they are called Switcher or Price sensitive buyer.
2. *Habitual buyer*: habitual buyers are customers who satisfied with the product or at least not disgusted or dissatisfied in the brand to motivate them to switch

to another brand. This is a group that is difficult to reach because customers will feel that there is no reason for them to go looking for alternatives.

3. *Switching-cost loyal*: switching-cost loyal is customers who satisfied with the product and often considers the cost. To change to another brand, whether it is cost of time and the cost of learning in the current brand or the cost of the potential risk of switching to a brand new product, it may not be as good as the old brand. Therefore, if companies want to reach this group of customers, they must overcome by offering incentives or enough return to attract customers to change their mind.
4. *Friends of the brand*: friends of the brand is a group of customers who have a passion for branding, for example: like in the brand symbol, like in the quality of products, or have a passion in good experience about using products or service. Moreover, they also have the likelihood of a long association between the consumer and the brand, it is the mood or the sense of commitment to customers on the brand.
5. *Committed buyer*: committed customer is the most loyal of the brands. It is a group of customers who are proud to discover and use the brand, moreover, the brands is very important to them in term of using and it is also express their identity.

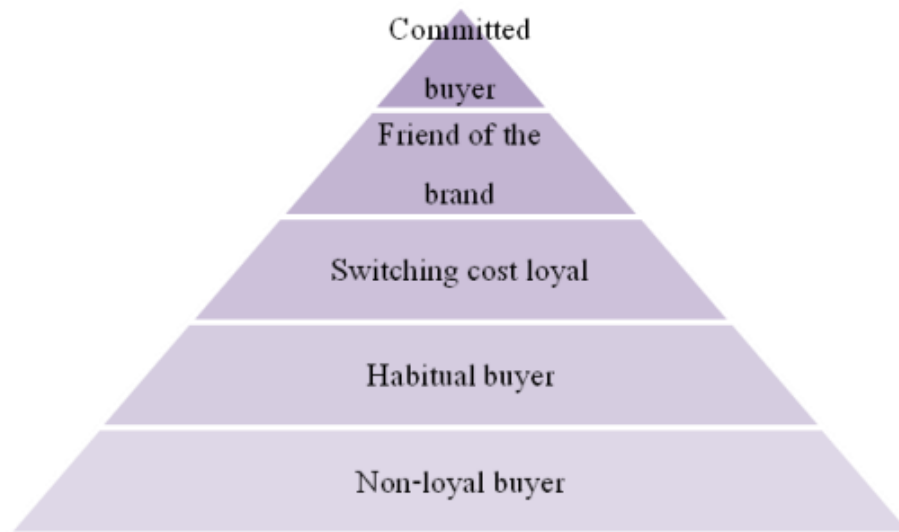


Figure 2.1: The pyramid - level of brand loyalty

Source: Aaker, D. A. (1991). *Managing Brand Equity: The Loyalty pyramid*. London: The Free.

Loyalty Status

Kotler (1991, p.274) said customers have the different levels of brand loyalty that can divide to four groups of loyal buyers:

1. Hard-core loyals: it is customers who purchase one brand at a time.
2. Soft-core loyals: it is customers who purchase two or three brands.
3. Shifting loyals: it is customers who change their preferences from purchasing one brand to another.

4. Switchers: it is customers who do not show any brand loyalty that divides to deal prone (purchasing brand at discounted price) and variety prone (need something different than ever before).

### The advantages of loyalty

There are some advantages of customer loyalty that affects to organizations (Weerasamrit, 2010):

1. Maximizing profits: loyal customers will increase profits because they will purchase the products of company and purchase for a long time. Loyal customers are more likely to buy on the day, because they have learned more about other products in the product line or are buying more. Reichheld & Sasser. (1990, p.89) found from their study that stores with a high proportion of loyal customers were more profitable as they attracted more customers. If the rate of new customers is fixed, but the old customers are more and more, the result is more and more customers. This increase is based on the relationship between loyalty and per capita income: the cost of attracting new customers is more than five times that of keeping satisfied customers.

2. Reduce marketing and make your competitors difficult to market: Kotler (2003, p.3) explained that greater loyalty can reduce advertising costs because most customers will return without advertising. In addition, customers who are highly satisfied and loyal will act on advertising.

3. Reduce cost of sales: marketing and cost-cutting to find new customers decreases. Redundant customers will have lower service costs. Loyal customers are easier to service and lower-cost products because they are familiar with the products

and services so there are not any questions from them. Companies are less likely to mistake, they can also change their behavior to the vendor.

4. Enhance negotiating power with distributors and retailers: the company can tell distributors about their existing customer base and continuous sales growth that can be negotiated.

5. Make new products easier: having a loyal customer base will ensure that the customer will buy the new product because the product is highly reliable.

6. Satisfied customers will be referred to: loyal buyers tend to tell others who may become very good customers in the future. This can reduce the cost of finding new customers. Moreover, many companies are successful in word-of-mouth.

7. Satisfied customers are willing to pay more: loyal customers tend to reduce their interest in price. If relationships are stronger by day, they are less likely to be motivated by competitors because they know the value that they will get, so they are willing to pay more.

8. Cross Selling: the opportunity for the company to sell products in the other product line is more successful.

## 2.2 Concepts on Corporate Social Responsibility (CSR)

World Business Council for Sustainable Development (1999) described Corporate Social Responsibility as commitment to business continuity in the pursuit of ethical conduct and participation in economic development by improving the life



quality of the workers and their families. It also contributes to economic development in the development of local communities and wider society.

United Nations Conference on Trade and Development (UNTAD) described Corporate Social Responsibility is the company is involved and has a positive impact on the needs and goals of European Commission Green Paper. CSR is the concept of the company is integrated social and environmental work into the affairs of the country and the interaction of stakeholder by voluntarily.

International Organization for Standardization (ISO) defined Corporate Social Responsibility (CSR) is the organization responds to economic, social and environmental issues by focusing on providing the main benefits to people, communities and society. Moreover, the role of organization of business in society and the expectations of society to business organizations by voluntarily and management must play a role in the activities. It can be measured in three dimensions: economic, social and environmental.

The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. (Carroll, 1979, p.500)

In summarize, Corporate Social Responsibility (CSR) is running business by considering the benefits of people, communities, society and the environment under ethic and good Corporate Governance to be succeed in a sustainable business (Corporate Social Responsibility Institute, 2009, p.6)

## Level of Corporate Social Responsibility

Corporate Social Responsibility Institute (2009, p.7) specified the CSR principles which applied to the business is divided into four levels:

1. Mandatory level: legislation means businesses are required to comply with relevant laws and regulations such as consumer protection laws, labor laws and tax payments etc.

2. Elementary level: economic profit means the business is concerned with its ability to survive and provide returns to its shareholders. At this stage, business should always be patrolled that the profit, which they get, is not the profit from exploiting the society.

3. Preemptive level: business code of conduct means the business can generate profit for shareholders at reasonable rates and business owner pays attention to the benefits to society, especially the nearby society that is expected to be taken care of or care from business owner.

4. Voluntary level: voluntary action means doing business with CSR principle by voluntary and it was not demanded by the society at all. At this stage, the business is based on the benefits of society and action CSR, in this section, deserves to be praised by the society.

In summarize, mandatory level, elementary level, preemptive level, and voluntary level are levels of Corporate Social Responsibility for applied to the business but businesses must comply with the criteria in level 1 at least and the next step is depending on the availability of different businesses. By the way, the main key

of CSR principle is it should be on the modest scale that businesses must not persecute themselves and, at the same time, it must not exploit the society.

### Corporate Social Responsibility Guidelines

Corporate Social Responsibility Institute (2009, p.8-23) defined CSR practices to five components following:

1. Corporate Governance

- 1.1 Principle

Corporate Governance is providing a knowledgeable management system and have responsibility to manage transparency, equality, fairness, efficiency and they can check. These will create trust and confidence for shareholders, investors, stakeholders and all parties involved. In addition, it will lead to sustainable growth and economic sustainability of the business.

ISO 26000 (International Organization for Standardization, 2010) concept discusses the meaning of Corporate Governance in the dimension of Corporate Social Responsibility is the good Corporate Governance is an organization system that determines and practices on decision making to achieve corporate objectives. Moreover, the good Corporate Governance consists of structure and formal systems and unofficial mechanisms, this is related to the culture and values of the organization. The company should practice and follow these mechanisms to increase the ability to be socially responsible and have a code of ethic in operation, environmental considerations and the benefits of community where the business operates.

## 1.2 Regulation

Study and practice the principles of corporate governance which issued by associations that related to business. Moreover, the principles have been improved in line with the corporate governance principles of OECD (OECD, 2004) which is in terms of disclosure and transparency, and responsibilities of the Board of Directors.

## 2. Environmental Responsibility

### 2.1 Principle

The increase in the world population and the economic growth factors, besides being the cause of consumption of natural resources, it also pollutes the water, air, waste, toxic substances, etc. This results in global warming followed and global warming will affect human and ecosystems. Therefore, businesses have a duty to improve the quality of human life by addressing environmental issues, by taking care of the environment is a common responsibility of everyone.

### 2.2 Regulation

2.2.1 Provide appropriate environmental management system and follow up the evaluation, including the studies on environmental issues such as ecology, global warming, pollution, etc.

2.2.2 Use technology and production process with environmental standards by considering to reduce the volume and pollution before release to nature.

2.2.3 Use resources efficiently, having energy saving measures and the resources are recycled.

2.2.4 Develop products and services that do not affect the environment, safe to use.

2.2.5 Encourage customers to be aware of the environmental concerns caused by the use of company's products and services.

### 3. Philanthropic Initiatives

#### 3.1 Principle

It is a direct way to help society by donation subjects or money. Most of organization use this factor in their strategy, actually it is the needed from outside not in company or stakeholder so this will not get the benefit for organization as expected.

#### 3.2 Regulation

Organize do the activities within the broad directors, employees and customers to assist the society, such as disadvantaged children, poor patient, or disable people.

### 4. Ethical Business Practices

#### 4.1 Principle

Doing business with fairness creates the trust with the people involved that will be beneficial to the company in the long run. Moreover, businesses should follow the guidelines to ensure fairness and businesses are not rewarded by other benefits that may be derived from improper operations.

## 4.2 Regulation

4.2.1 Avoid the way that may cause conflict of interest or if there is a conflict of interest, it should provide fair treatment and full disclosure and all important information has been disclosed.

4.2.2 Provide a system of management that can be found without delay, include powerful troubleshooting process with fairness, if that happens.

## 5. Economic Responsibility

### 5.1 Principle

To produce and services that people want and bring the form and the type of corporate social responsibility sales to profitability for business owners. In the case of a profit-making organization, it is the primary responsibility and original responsibility. In the economic responsibility, some executives in the past never took responsibility in other respects.

### 5.2 Regulation

Produce products or services to meet the needs of customers and not too profitable.

In summarize, corporate governance, environmental responsibility, philanthropic initiatives, ethical business practices, and economic responsibility are the important components of CSR that the business should do. CSR's component is divided into six types of Corporate Social Responsibility's activity: cause promotion, Cause-Related Marketing, Corporate Social Marketing, Corporate Philanthropy, Community Volunteering, and Socially Responsible Business Practices. Corporate

Social Responsibility's activities are about the activities that organizations doing by no profitable and no marketing but these activities can affect better image to organizations.

### Type of Corporate Social Responsibility's Activity

Kotler and Lee (2005) classified Corporate Social Responsibility's activity to six types which are:

1. Cause Promotion: to supply funds, materials, articles or other resources of the organization to expand awareness and concern for social issues. It also supports fundraising, participation and searching the volunteers for such purposes. Businesses may initiate and administer the promotion themselves or collaborate with any organization or with others.

2. Cause-Related Marketing: to ate or donate a portion of the proceeds from the sale of products to help or address specific social issues with times limited time or perform a specific procedure or charity listed only. This CSR's activity, businesses often collaborate with non-profit organizations to build relationships in mutual benefit by increasing product sales for the money to support charitable activities. At the same time, it gives customers the opportunity to participate in charitable giving through product purchases without additional costs.

3. Corporate Social Marketing: to support for the development or implementation of a campaign to change behavior in public health, security, environmental and health. The difference between marketing to address social

problems and promoting social awareness is marketing to address social problems focuses on behavioral change mainly while promoting awareness in social issues are focused on raising awareness. In addition, it also supports capital and volunteer resources to raise awareness of these issues.

4. Corporate Philanthropy: it is a direct help to the social issues in the form of donation money or objects. This CSR activities are found in virtually every business organization and are often based on external demand or proposers. It is the result of planning or designing activities within the organization itself, so that no link to the goals or mission of the organization.

5. Community Volunteering: to support or motivate employees and partners take the time and labor to work for the communities in which the organization is located and to respond to social issues that the organization is paying attention to or caring about. Organizations may doing the process by themselves or with any organization and may be that the volunteer activity themselves or employee selects the activity and presents it to the organization for support. Employees can be compensated in the form of holidays or additional leave.

6. Socially Responsible Business Practices: It is a business activity that is both discriminatory and avoidance of social problems or in common with the remedies to help the social problems with business processes by improve community health and environmental protection that organization can do it themselves or choose an external partner to do it together.

Regarding to CSR activities with considering in the order of the CSR, it is found that the first three activities involve speech behaviors. In other words, it is the



marketing communication that is used to conduct activities outside the organization. (Social-driven CSR). The following three activities are related to behavioral behavior or it is used to conduct activities inside the organization (Corporate-driven CSR). If considering in business process, CSR in order Corporate-driven CSR can also be classified as CSR division that is in business process (CSR in process) with CSR, those outside the business process or occur later, separately from the business process (CSR after process).

CSR process can start from raw materials to consumer using, then leave the CSR product at every step of the Value Chain, affecting every dimension of the business.

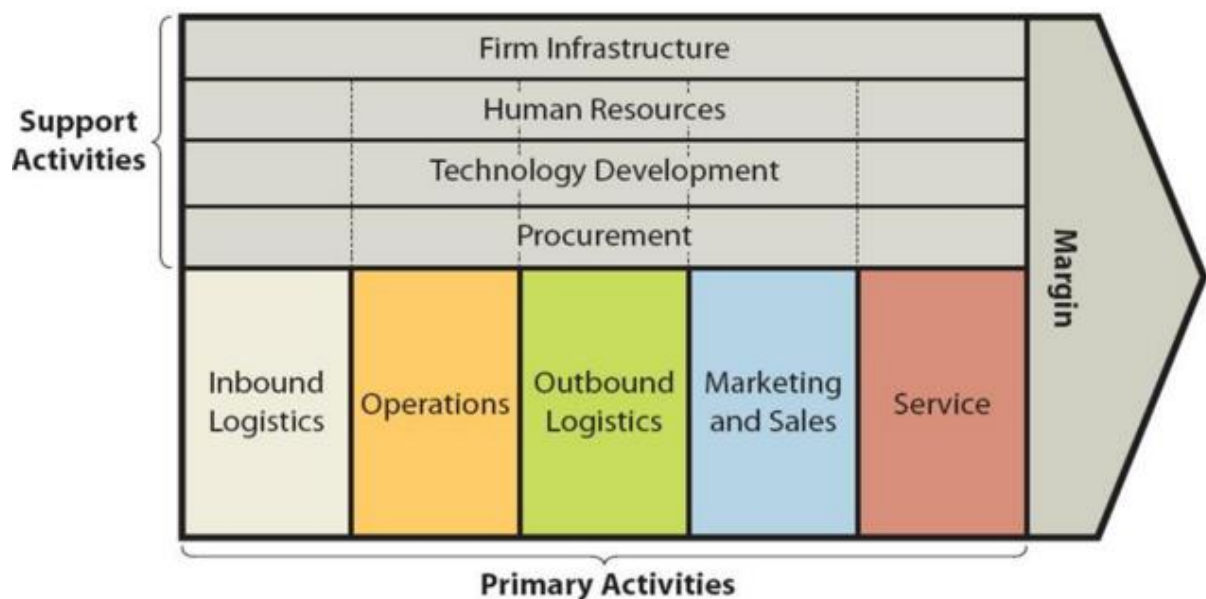


Figure 2.3: Value Chain

Source: Porter, M. E. (1985). *Marketing Management*. New York: Free.

## Benefits of CSR for the Business Sector

World leading consulting firm “Arthur D Little” (2002) founded that there are eight ways about benefits of CSR for business sector following:

1. Trust management: The company's credibility is determined by the expectations of its stakeholders that is founded the reliability is linked to the ability of the company. It was found that companies which can manage relationships and the expectations of stakeholders as a whole organization will affect sales up to 4 times.

2. Benefits of risk management: Social, environmental and governance management are very important to prevent problems arising from uncontrollable risks, especially, the risk of investor expectations.

3. Benefits of selection and motivation to work and retain good employees to stay with the company: In choosing a job, employees use corporate social responsibility to make a decision to choose or change to work with the company.

4. Benefits of investor relations and access to capital: Investors are awake and seeing the benefits of socially responsible investing.

5. Learning and Innovation: The company which has Corporate Social Responsibility can be used to promote creativity and innovation in a sustainable way.

6. Competitive capability and market position in Corporate social responsibility: To make a purchase decision more than branding or the financial success of the organization.

7. Performance of the operation: It is to focus on social responsibility that will lead to financial success by reducing the use of raw materials, reducing waste in the production process that will reduce the impact on the environment.

8. Social acceptance of the operation: The expectations or attitudes of stakeholders to Corporate Social Responsibility has a tremendous effect on the company's acceptance of its business.

There are some studies shown that how benefits of CSR for the business sector links to customer loyalty, for example:

Sen, Bhattacharya & Korschun (2006) revealed that the awareness of CSR initiatives of a company made customers willing to be associated with the company by seeking for employment opportunities and buying their products or service rather than customers who are unaware of CSR and they will be the customer loyalty.

Brown & Dacin (1997) revealed that CSR is able to impact on customer response by creating a positive association related to the product. As such, this favorable association leads to a positive assessment of the company and results in the positive assessment of their product and satisfaction.

Burim Otakanon (2009) said based on the research by Mahidol University on marketing communication in the topic of building loyalty to the provincial store brand, the objective is to build loyalty for agricultural merchants. The research found that the marketing communication tools are attractive and used to create loyalty is about "creating a community and participating in community activities" or cause marketing, which is a marketing of Corporate Social Responsibility's activity. Villagers who are doing farming have a good feeling about the shops that are involved

in creating or supporting the development or prosperity of the community, such as building a pavilion, building a school, building a community or taking part of participating in village development and participating in activities of the village.

### 2.3 Other Research

Muhammad Salman Shabbir (2018), University Utara Malaysia, studied the link of corporate image in the relationship of CSR and customer loyalty in special context of Islamic banks of Pakistan. There are 350 responses were collected from Islamic Bank customer in Lahore and Islamabad. The result of study is the customer loyalty is then divided into two dimension named as attitudinal loyalty and behavioral loyalty (Dick & Basu, 1994). The findings of this study reveal that corporate social responsibility can be utilize to enhance customer behavioral and attitudinal loyalty. Moreover, corporate image found as a strong mediating element in the relationship of corporate social responsibility and customer loyalty. The context of this study is limited to Islamic banking industry of Pakistan. It is important to mention that the socio-culture environment of Pakistan is different. There is a need to apply this model in different social and economic settings.

RAMLUGUN Vidisha Gunesh and RABOUE Wendy Geraldine (2015), University of Mauritius, studied in the topic “DO CSR PRACTICES OF BANKS IN MAURITIUS LEAD TO SATISFACTION AND LOYALTY?” and there are 384 respondents were collected in this research. The research purposes to assess the impact of CSR activities on consumer satisfaction and loyalty in the banking sector. The results of the study show that the philanthropic responsibility of banks has the

most significant impact on consumer satisfaction and loyalty and has the highest beta value, followed by economic responsibility and ethical responsibility. On the other hand, legal responsibility has been found to be insignificant. Results tend to suggest that the main concerns of Mauritian consumers are somewhat different from Carroll's four part pyramid. Results obtained may be explained by the fact that small economies are different as compared to the western perspective. The study contributes to existing literature by providing evidence that Carroll's model may not be applicable in non-western context, more particularly so, in small economies. Its findings significantly differ from Visser (2005) who found that economic responsibility was the most preferred responsibility, followed by philanthropic, legal and ethical responsibilities.

Jamaliah Mohd. Yusof , Hasman Abdul Manan, Norzitah Abd. Karim and Nor Akila Mohd. Kassim (2014), Universiti Teknologi MARA, studied in the topic "Customer's Loyalty effects of CSR Initiatives" and 257 questionnaires were analyzed. This study has contributed to extending each of the CSR initiatives and customer's loyalty framework in the financial institutions context. An important distinction was found that despite its widely recognized as an important issue, green environment was found not to be highly perceived by the customers. In addition, customer centric was found to be an important factor that predicts customer's loyalty. Thus, the finding is new to the knowledge and contributes in theory building in marketing as well as financial institutions contexts. Interestingly, there has been little attention directed toward examining each of the CSR initiatives and customer's loyalty relationship. Hence, this new finding suggests that customer

centric, green environment, ethics and philanthropic variables of a financial institution are important variables that have an effect on consumer behavior.

#### 2.4 Conceptual framework

This section presents a conceptual framework based on the preceding discussion of existing literature of the underlying concepts: corporate governance, environmental responsibility, philanthropic initiatives, ethical business practices, economic responsibility in term of corporate social responsibility, and customer loyalty in banking industry (see Figure 2.4).

The independent variable is the components of CSR. On the basis of the previous literature review, corporate governance is regarded as a responsible management system that is about the management of transparency, equality, fairness and efficiency (Corporate Social Responsibility Institute, 2009, p.8). Environmental responsibility is the responsibilities of companies for improving the quality of human life by addressing environmental issues (Corporate Social Responsibility Institute, 2009, p.10). Philanthropic initiatives includes the donation of time, money or resources to charities and organizations at local, national or international levels (Scott, 2018). Ethical business practices is the ethics to provide fair labor practices for businesses' employees as well as the employees of their suppliers (Scott, 2018). Lastly, economic responsibility means to produce and services that people want and bring the form and the type of corporate social responsibility sales to profitability for business owners (Corporate Social Responsibility Institute, 2009, p.22).

According to dependent variable, customer loyalty in banking industry, customer loyalty is the deep commitment of customers to repurchase products or

service by their satisfactions to companies (Oliver, 1999, p.33). Banking industry as well, banks need the loyalty of them for their wealth and sustainability so CSR's activities will be the good ways to build the better image to organization for getting customer loyalty. Therefore, independent variables, dependent variables, and their relationships are proposed in the following.

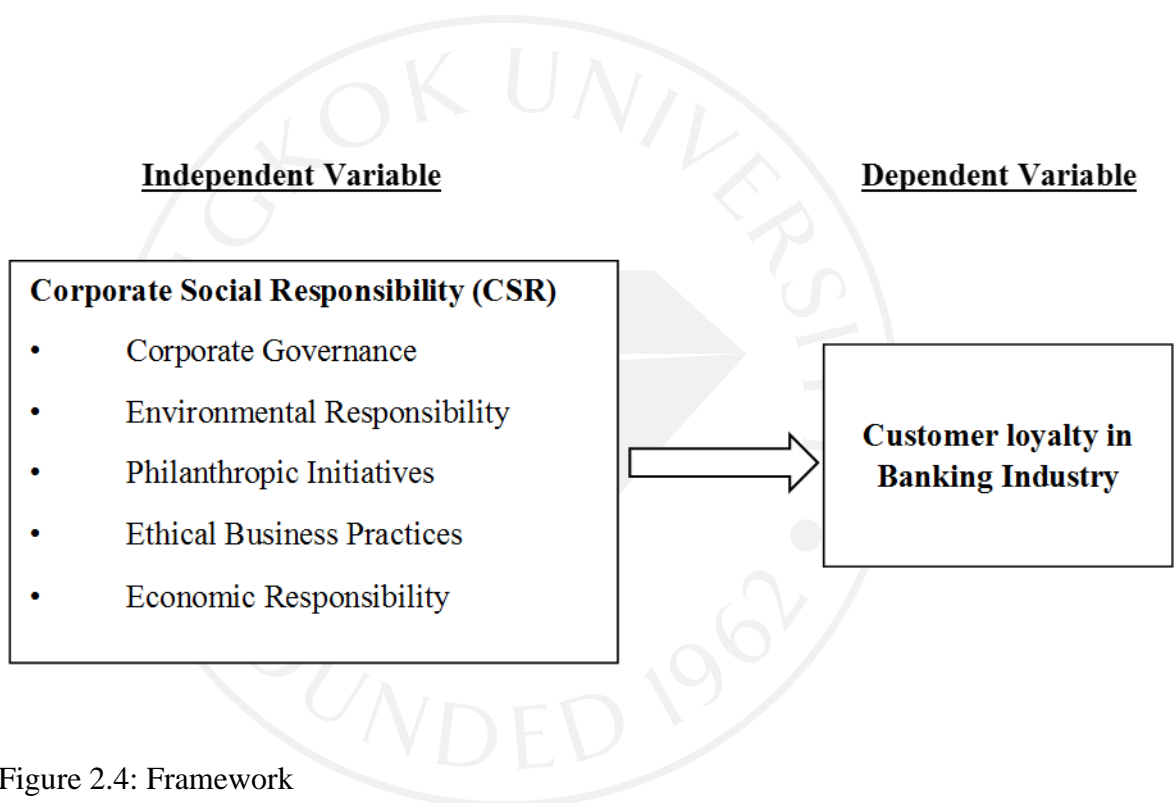


Figure 2.4: Framework

## 2.5 Hypothesis

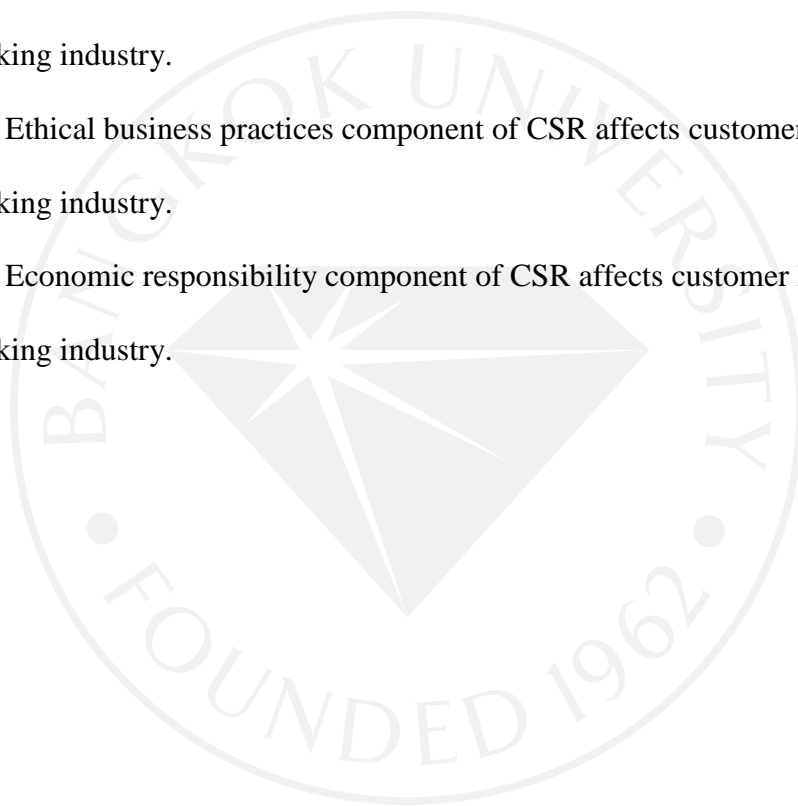
H1: Corporate governance component of CSR affects customer loyalty in banking industry.

H2: Environmental responsibility component of CSR affects customer loyalty in banking industry.

H3: Philanthropic initiatives component of CSR affects customer loyalty in banking industry.

H4: Ethical business practices component of CSR affects customer loyalty in banking industry.

H5: Economic responsibility component of CSR affects customer loyalty in banking industry.





## CHAPTER 3

### RESEARCH METHODOLOGY

In the study of “How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty”, researcher conducts as follows:

3.1 Population and Sampling to Determine

3.2 Steps to Create a Research Tools

3.3 Creating Tools Used in the Research

3.4 Data Collection

3.5 Analyses and Data Processing

#### 3.1 Population and Sampling to Determine

##### Population

The population used in this research is male and female banking customers who are generation X&Y, 24-53 years old or born in 1965-1994 (Jamnongvej, 2013). It is because there are some studies show that people who are generation X&Y care about the CSR. For example, the studied of Pasu Decharin (2009) shown there is one in four of generations X&Y thinks it is important for the organization to focus on environmentally sensitive work and environmental considerations so these group are interested to study of this research. Moreover, because the exact population is unknown, the sample size is determined by using the formula of W.G. Cochran (1953) for calculating the population, using the 95% confidence level and the maximum error value is 0.05.

$$n = \frac{P(1-P)Z^2}{E^2}$$

n	means	Sample size
P	means	Population at random (0.5)
Z	means	Confidence level 95% (1.96)
E	means	Maximum error value (0.05)

$$n = \frac{(0.5)(1-0.5)(1.96)^2}{(0.05)^2}$$

$$= 384.16$$

Therefore, the sample size should be at least 385 samples, so the researcher used a sample size of 385 samples

#### Sampling to Determine

The sampling methods, which researcher used, have the following sampling procedures:

##### Step 1: Simple random sampling

There are 50 administrative districts in Bangkok, researcher divides the samples into 5 administrative districts by draws lots: Pathum Wan, Don Mueang, Lat Phrao, Bang Na, and Klong Toei.

##### Step 2: Simple random sampling

Researcher chooses to collect samples at the department stores because the population of this study is the bank customers and there are many banks in one

department store so the department stores are better places to collecting samples. Researcher collects samples in the department stores that stay in 5 administrative districts. Therefore, researcher random samples by draws lots from the department stores in different districts. The result is following:

Table 3.1: List of department stores in the selected districts and the result of random department stores

<b>Selected districts</b>	<b>List of department stores</b>	<b>Random department stores</b>	<b>Number (set)</b>
Pathum Wan	1. MBK Center 2. Siam Paragon 3. Central World	- Siam Paragon	77
Don Mueang	1. Big C Don Mueang 2. IT Square	- IT Square	77
Lat Phrao	1. Central Lat Phrao 2. Union Mall 3. Big C Extra Lat Phrao 2	- Central Lat Phrao	77
Bang Na	1. Central Bang Na 2. Big C Bang Na 3. Mega Bang Na	- Mega Bang Na	77
Klong Toei	1. Tesco Lotus Rama 4 2. Big C Extra Rama 4 3. K Village	- Big C Extra Rama 4	77

### Step 3: Quota sampling

By the number of administrative districts of Bangkok that was drew lots in step 1 and setting the proportion of the total population to 385 samples, the proportion is divided into 77 samples per administrative district to the same number.

### Step 4: Convenience sampling

The data were collected at department stores and purposive sampling method was used by using the questionnaires to collect the data of samples who are using the services of banks at branches and have ages between 24 – 53 years old.

Table 3.2: List of department stores for collecting the data

<b>Selected districts</b>	<b>Department stores</b>	<b>Number (set)</b>
Pathum Wan	- Siam Paragon	77
Don Mueang	- IT Square	77
Lat Phrao	- Central Lat Phrao	77
Bang Na	- Mega Bang Na	77
Klong Toei	- Big C Extra Rama 4	77

### 3.2 Steps to Create a Research Tools

1. Secondary data from textbooks, papers, articles and related research were used as a guideline for the questionnaire.
2. Create a questionnaire based on a conceptual framework Corporate Social Responsibility (CSR) in banking industry and customer loyalty.

3. The questionnaire developed by the researcher was proposed to the independent study advisor for validation and ask for further suggestions and correct them as suggested by the advisor before completing the test.
4. Take the first tryout questionnaire with 40 non-sample groups to return for testing the reliability and make improvements to complete the questionnaire.
5. Reliability test by the researcher does Pre-test with sample group of 40 respondents to make sure that each question is appropriate and clearly to understand. Then, collect the research via computer program to test reliability coefficient with Cronbach's Coefficient Alpha analysis the value must not less than 0.7 (Vanichbuncha, 2016) and the results are divided into the following:

Table 3.3: Cronbach's Coefficient Alpha of Corporate Social Responsibility (CSR) in banking industry and customer loyalty

Variable	Example samples (n=40)		Sample (n=385)	
	Total of questions	Cronbach's Coefficient Alpha	Total of questions	Cronbach's Coefficient Alpha
Corporate Governance	3	0.901	3	0.884
Environmental Responsibility	3	0.815	3	0.769
Philanthropic Initiatives	4	0.841	4	0.919
Ethical Business Practices	4	0.873	4	0.864
Economic Responsibility	4	0.799	4	0.831
Customer loyalty in banking industry	5	0.889	5	0.886

From Table 3.3, the questionnaire was tested with 40 example samples of the study of How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty, the result of each questions are Corporate Governance 0.901, Environmental Responsibility 0.815, Philanthropic Initiatives 0.841, Ethical Business Practices 0.873, Economic Responsibility 0.799, and Customer loyalty in banking industry 0.889. Moreover, when the questionnaire was tested with 385 samples, the result of each questions are Corporate Governance 0.884, Environmental Responsibility 0.769, Philanthropic Initiatives 0.919, Ethical Business Practices 0.864, Economic Responsibility 0.831, and Customer loyalty in banking industry 0.886 which mean these questions have the reliability and clearly to understand because the value of Cronbach's Coefficient Alpha analysis is more than 0.7.

6. Use the completed questionnaire with the sample.

### 3.3 Creating Tools Used in the Research

For creating tool used in this research, the researcher used convenience sampling for collecting the data 385 samplings by the tools for collecting data in this research is offline questionnaire to study about How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty. The questionnaire structure following:

## Questionnaire Structure

Researcher divide questionnaire into 4 parts:

Part 1: Personal Information of respondents.

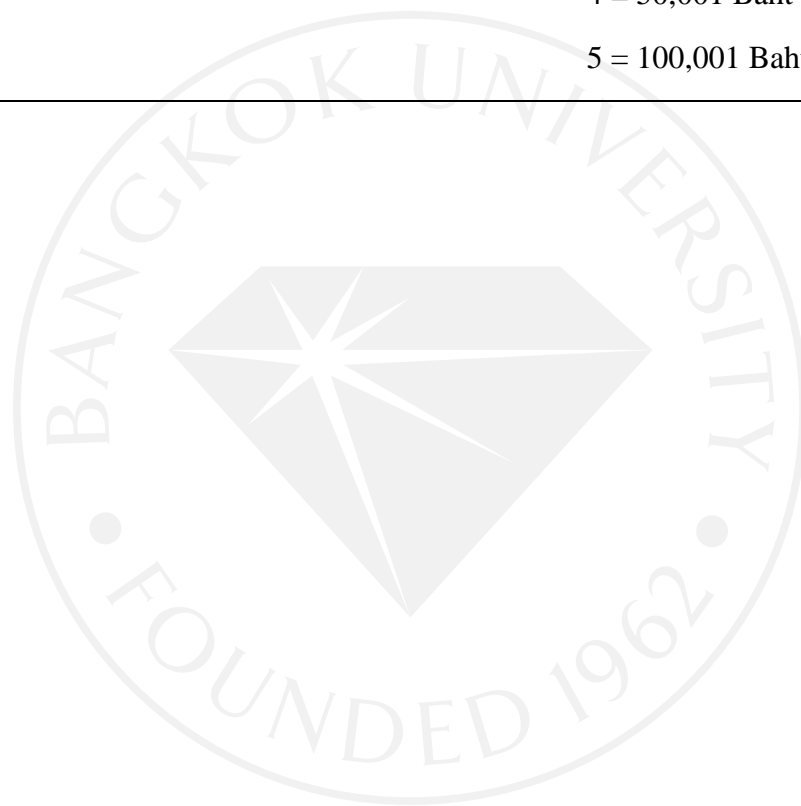
Table 3.4: The questions about personal information of respondents

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
1. Gender	Nominal	1 = Male 2 = Female
2. Age	Ordinal	1 = 24 - 31 2 = 32 - 38 3 = 39 - 45 4 = 46 - 53
3. Education	Ordinal	1 = High School/ Diploma 2 = Bachelor Degree 3 = Master Degree or Higher
4. Occupation	Nominal	1 = Student 2 = Government Official 3 = Employee 4 = Self Employed 5 = Other

(Continued)

Table 3.4 (Continued): The questions about personal information of respondents

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
5. Income	Ordinal	1 = Under 15,000 Baht 2 = 15,000 Baht – 30,000 Baht 3 = 30,001 Baht – 50,000 Baht 4 = 50,001 Baht – 100,000 Baht 5 = 100,001 Baht and Above





## Part 2: Banking Service Information

Table 3.5: The questions about banking service information

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
1. What banking service do you currently be customer and mostly use the service? (Can choose more than one choice)	Nominal	1 = Bangkok Bank 2 = Kasikorn Bank 3 = Siam Commercial Bank 4 = Bank of Ayudhaya 5 = Government Savings Bank 6 = Krung Thai 7 = TMB Bank 8 = Others
2. Which of bank products do you have? (Can choose more than one choice)	Nominal	1 = Account, Debit Card 2 = Credit Card 3 = Housing Loan, SME Loan, Car Loan 4 = Mobile Banking, Internet Banking 5 = Life insurance, Non-life insurance 6 = Trade Stock, Mutual fund 7 = Others
3. How long is a bank customer?	Ordinal	1 = Less than 1 year 2 = 1-3 Years 3 = 3 Years and above

(Continued)

Table 3.5 (Continued): The questions about banking service information

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
4. The frequency of using banking service at branch	Ordinal	1 = Everyday 2 = 1-5 times/week 3 = Twice a month 4 = Once a month 5 = Less than once a month
5. The frequency of using online banking service	Ordinal	1 = Everyday 2 = 1-5 times/week 3 = Twice a month 4 = Once a month 5 = Less than once a month
6. Why do you choose the bank from your answer of question no.1 in part 2?	Nominal	1 = This bank has the best service 2 = This bank has more varieties of products. 3 = This bank has many electronic machines. 4 = This bank has the brand trust and the good image. 5 = Other
7. How do you know the bank from your answer of question no.1 in part 2?	Nominal	1 = From my friends 2 = From my family 3 = From the advertises 4 = See the branches 5 = Others

### Part 3: Corporate Social Responsibility (CSR) in Banking Industry

It is about Corporate Social Responsibility (CSR) in banking industry by the question form is likert scale and the interval scale is divided into 5 levels which are Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree.

Table 3.6: The questions about Corporate Social Responsibility in banking industry

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
<b>Corporate Governance</b>	Interval	5 = Strongly Agree
<b>Environmental Responsibility</b>	Interval	4 = Agree
<b>Philanthropic Initiatives</b>	Interval	3 = Neutral
<b>Philanthropic Initiatives</b>	Interval	2 = Disagree
<b>Ethical Business Practices</b>	Interval	1 = Strongly Disagree

### Part 4: Customer Loyalty in Banking Industry

It is about customer loyalty by the question form is likert scale and the interval scale is divided into 5 levels which are Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree

Table 3.7: The questions about customer loyalty in banking industry

<b>Variables</b>	<b>Level of Measurement</b>	<b>Grouping criteria</b>
<b>Customer Loyalty in Banking Industry</b>	Interval	5 = Strongly Agree
		4 = Agree
		3 = Neutral
		2 = Disagree
		1 = Strongly Disagree

The researcher used the method to show the level of mean score, based on the score of the answers and then divided into the class (Vanichbuncha, 2006) following:

$$\begin{aligned} \text{Interval (I)} &= \frac{\text{Range (R)}}{\text{Class (C)}} \\ &= \frac{5 - 1}{5} \\ &= 0.8 \end{aligned}$$

Criteria for interpretation of consumer opinion of Corporate Social Responsibility (CSR) in banking industry and criteria for interpretation of customer loyalty in banking industry.

Mean score	Consumer opinion of (CSR) in banking industry, Customer loyalty in banking industry
4.21 – 5.00	Strongly Agree
3.41 – 4.20	Agree
2.61 – 3.40	Neutral
1.81 – 2.60	Disagree
1.00 – 1.80	Strongly Disagree

### 3.4 Data Collection

This research is a survey method for Corporate Social Responsibility (CSR) in banking industry affecting to customer loyalty and the data collection process is as follows:

1. The researcher study collecting information from similar research that can be guideline to creating questionnaire that appropriate for this research.
2. Primary data, the researcher design questionnaire and distribute to sampling populations as offline survey by using convenience sampling to collect samples at department store such as Siam Paragon department store, IT Square department store, Central Lat Phrao department store, Mega Bang Na department store, and Big C Rama 4 department store.
3. The period to collect the research from a random sample survey of 385 respondents is in the month of August – September 2018.
4. Secondary data, the researcher studied the literature, research papers, and general information on corporate social responsibility (CSR) as a guideline for this study.

### 3.5 Analyses and Data Processing

#### Data Processing

1. After collecting the data, the questionnaire was checked for the completeness and the incomplete questionnaire was selected out.
2. Take the complete questionnaires to coding in code for computer processing.
3. The data was recorded to the computer for data processing by using a computer program to analyze descriptive and inferential data.

## Data Analyses

1. The descriptive statistics were analyzed by using the following statistics:

1.1 Percentage is used to describe the data from questionnaire Part 1 which is Personal Information (qualitative variables): Gender, Age, Education, Occupation, and Income. In addition, percentage is also used to describe the data from questionnaire Part 2 which is Banking Service Information.

1.2 Mean score is used to describe the data from questionnaire Part 3 which is Corporate Social Responsibility (CSR) in Banking Industry and questionnaire Part 4 which is Customer Loyalty in Banking Industry.

1.3 Standard deviation is used to describe the data from questionnaire Part 3 which is Corporate Social Responsibility (CSR) in Banking Industry and questionnaire Part 4 which is Customer Loyalty in Banking Industry.

2. Inferential statistics correlations factors that are associated with a statistically significant or not significant. Data were analyzed using the computer program for testing the relationship between the variables in the hypothesis. There is a statistical analysis used in this study following:

2.1 Multiple linear regression is the most common form of linear regression analysis. As a predictive analysis, the multiple linear regression is used to explain the relationship between one continuous dependent variable and two or more independent variables. The independent variables can be continuous or categorical (Statistics Solutions, 2015).

## CHAPTER 4

### RESEARCH FINDING AND DATA ANALYSIS

In this chapter, researcher presents the result of the research “How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty”. Researchers have defined the symbols and abbreviations used in the analysis of data as follows.

$n$	=	Sample size
$\bar{X}$	=	Mean
S.D.	=	Standard Deviation
Sig.	=	Statistical significance of the test

#### 4.1 Presentation of Data Analysis Results

In this study, researcher collected data from the samples that is male and female banking customers who are generation X&Y, 24-53 years old or born in 1965-1994, with the 385 samples. The results are divided into 5 parts:

- 4.1.1: The analysis of respondent’s demographic characteristic
- 4.1.2: The analysis of respondent’s banking service information
- 4.1.3: The analysis of consumer perceptions about corporate social responsibility (CSR) in banking industry
- 4.1.4: The analysis of customer loyalty in banking industry
- 4.1.5: The analysis of hypothesis testing

#### 4.1.1: The analysis of respondent's demographic characteristic

The analysis of respondent's demographic characteristic is gender, age, education, occupation, and income. The numbers and percentages are as follows:

Table 4.1: Number and percentage of the respondent's gender

Demographic characteristics	Number	Percentage
1. Gender		
Male	136	35.3
Female	249	64.7
Total	385	100

Gender: The samples of banking customers were more female than male that can accounted for 64.7% and 35.3%, respectively.

Table 4.2: Number and percentage of the respondent's age

Demographic characteristics	Number	Percentage
2. Age		
24 – 31	179	46.5
32 - 38	99	25.7
39 - 45	57	14.8
46 - 53	50	13.0
Total	385	100



Age: Based on age in generation X&Y, it was found that most of the respondents were 24 – 31 years old in the total of 179 respondents or 46.5%. The next, 32 – 38 years old were 99 respondents or 25.7%. 39 – 45 years old were 57 respondents or 14.8%. Lastly, 46 – 53 years old were 50 respondents or 13.0%.

Table 4.3: Number and percentage of the respondent's education

Demographic characteristics	Number	Percentage
3. Education		
High School/ Diploma	66	17.1
Bachelor Degree	258	67.0
Master Degree or Higher	61	15.9
Total	385	100

Education: Most of the respondents had bachelor degree, 258 respondents or 67.0%. High School/ diploma was founded in 66 respondents or 17.1%. The lowest was master degree or higher that can be counted in 61 respondents or 15.9%.

Table 4.4: Number and percentage of the respondent's occupation

Demographic characteristics	Number	Percentage
4. Occupation		
Student	13	3.4
Government Official	34	8.8
Private company employee	238	61.8
Self Employed	83	21.6
Others	17	4.4
Total	385	100

Occupation: Most of the sample consisted of 238 employees, accounting for 61.8%. Second, self-employed was 83 respondents or 21.6%. Third, government official was 34 respondents or 8.8%. Fourth, others such as wife house, freelance, and early retire were 17 respondents or 4.4%. The lowest of 13 respondents were student, 3.4%.

Table 4.5: Number and percentage of the respondent's income

Demographic characteristics	Number	Percentage
5. Income		
Under 15,000 Baht	150	39.0
15,001 Baht – 30,000 Baht	111	28.8
30,001 Baht – 50,000 Baht	82	21.3
50,001 Baht – 100,000 Baht	31	8.1
100,001 Baht and Above	11	2.8
Total	385	100

Income: Under 15,000 Baht was the most samples that were 150 respondents or 39.0%. 15,001 Baht – 30,000 Baht was counted as 111 respondents or 28.8%. 30,001 Baht – 50,000 Baht had 82 respondents or 21.3%. 50,001 Baht – 100,000 Baht was 31 respondents or 8.1%. Lastly, 100,001 Baht and above was 11 respondents or 2.8%.

#### 4.1.2: The analysis of respondent's banking service information

Table 4.6: Number and percentage of the respondent's banking service

Banking Service	Number	Percentage
1. What banking service do you currently be customer and mostly use the service?		
Bangkok Bank	68	9.3
Kasikorn Bank	295	40.4
Siam Commercial Bank	140	19.2
Bank of Ayudhaya	48	6.6
Government Savings Bank	43	5.9
Krung Thai Bank	81	11.1
TMB	38	5.2
Other	17	2.3
Total	730	100

\* This question can answers more than one choice.

From table 4.6, the majority of respondents using the service of Kasikorn Bank which equal to 295 respondents (40.4%), Siam Commercial Bank 140 respondents (19.2%), Khung Thai Bank 81 respondents (11.1%), Bangkok Bank 68 respondents (9.3%), Bank of Ayudhaya 48 respondents (6.6%), Government Savings Bank 43 respondents (5.9%), TMB 38 respondents (5.2%), and other such as Thanachart Bank, Government Housing Bank, and Land and House Bank were 17 respondents (2.3%) severally.

Table 4.7: Number and percentage of the respondent's banking products

Banking Products	Number	Percentage
1. Which of bank products do you have?		
Account, Debit Card	349	36.9
Credit Card	201	21.4
Housing Loan, SME Loan, Car Loan	93	9.8
Mobile Banking, Internet Banking	186	19.7
Life insurance, Non-life insurance	70	7.4
Trade Stock, Mutual fund	44	4.7
Other	1	0.1
Total	944	100

\* This question can answers more than one choice.

From table 4.7, the majority of respondents having accounts and debit cards which equal to 349 respondents (36.9%), credit card 201 respondents (21.4%), mobile banking and internet banking 186 respondents (19.7%), housing loan, SME loan, and car loan 93 respondents (9.8%), life insurance and non-life insurance 70 respondents (7.4%), trade stock and mutual fund 44 respondents (4.7%), and other (GSB Lottery) 1 respondent (0.1%) severally.

Table 4.8: Number and percentage of the respondent's duration of banking customer

Duration of Banking Customer	Number	Percentage
1. How long is a bank customer?		
Less than 1 year	7	1.8
1-3 Years	57	14.8
3 Years and above	321	83.4
Total	385	100

From table 4.8, the majority of respondents being banking customers for 3 years and above which equal to 321 respondents (83.4%), 1-3 years 57 respondents (14.8%), and less than 1 year 7 respondent (1.8%) severally.

Table 4.9: Number and percentage of the respondent's frequency of using banking service at branch

Frequency of Using Banking Service at Branch	Number	Percentage
1. The frequency of using banking service at branch		
Everyday	31	8.1
1-5 times/week	110	28.6
Twice a month	89	23.1
Once a month	84	21.8
Less than once a month	71	18.4
Total	385	100

From table 4.9, the majority of respondents using banking service at branch for 1-5 times per week which equal to 110 respondents (28.6%), twice a month 89 respondents (23.1%), once a month 84 respondent (21.8%), less than once a month 71 respondents (18.4%), and everyday 31 respondents (8.1%) severally.

Table 4.10: Number and percentage of the respondent's frequency of using online banking service

Frequency of Using Online Banking Service	Number	Percentage
1. The frequency of using online banking service		
Everyday	76	19.8
1-5 times/week	189	49.1
Twice a month	66	17.1
Once a month	19	4.9
Less than once a month	35	9.1
Total	385	100

From table 4.10, the majority of respondents using online banking service for 1-5 times per week which equal to 189 respondents (49.1%), everyday 76 respondents (19.8%), twice a month 66 respondent (17.1%), less than once a month 35 respondents (9.1%), and once a month 19 respondents (4.9%) severally.

Table 4.11: Number and percentage of the respondent's reasons to choose banking service

Reasons to Choose Banking Service	Number	Percentage
1. Why do you choose the bank which you answer in question no.1 of part 2?		
This bank has the best service.	187	26.0
This bank has more varieties of products.	159	22.1
This bank has many electronic machines.	163	22.7
This bank has the brand trust and the good image.	189	26.3
Other	21	2.9
Total	719	100

\* This question can answers more than one choice.

From table 4.11, the majority of respondents choosing banking service because they think the bank has the brand trust and the good image which equal to 189 respondents (26.3%), the bank has the best service equal to 187 respondents (26.0%), the bank has many electronic machines equal to 163 respondents (22.7%), the bank has more varieties of products equal to 159 respondents (22.1%), and other such as company uses this bank, the bank is nearly to my home, and my salary uses this bank equal to 21 respondent (2.9%) severally.



Table 4.12: Number and percentage of the respondent knowing the bank

Knowing the Bank	Number	Percentage
1. How do you know the bank which you answer in question no.1 of part 2?		
From my friends	36	9.4
From my family	53	13.8
From the advertises	75	19.5
See the branches	200	51.9
Other	21	5.4
Total	385	100

From table 4.12, the majority of respondents knowing the banks from seeing the branches which equal to 200 respondents (51.9%), from the advertises 75 respondents (19.5%), from my family 53 respondent (13.8%), from my friends 36 respondents (9.4%), and other such as from my company, from my customer, and from my neighbors 21 respondents (5.4%) severally.

### 4.1.3: The analysis of consumer perceptions about corporate social responsibility (CSR) in banking industry

Table 4.13: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, overall 5 aspects.

Corporate Social Responsibility (CSR) in banking industry	$\bar{X}$	S.D.	Level
1. Corporate Governance	4.28	0.676	Strongly Agree
2. Environmental Responsibility	4.19	0.809	Agree
3. Philanthropic Initiatives	4.08	0.864	Agree
4 Ethical Business Practices	4.29	0.688	Strongly Agree
5. Economic Responsibility	4.33	0.675	Strongly Agree
Total	4.23	0.618	Strongly Agree

From table 4.13, the samples had opinions about corporate social responsibility (CSR) in banking industry was at the strongly agree level ( $\bar{X} = 4.23$ ). The majority of CSR activities was economic responsibility ( $\bar{X} = 4.33$ ), ethical business practices ( $\bar{X} = 4.29$ ), corporate governance ( $\bar{X} = 4.28$ ), environmental responsibility ( $\bar{X} = 4.19$ ), and philanthropic initiatives ( $\bar{X} = 4.08$ ) severally.

Table 4.14: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, Corporate Governance

<b>Corporate Governance</b>	$\bar{X}$	<b>S.D.</b>	<b>Level</b>
1. Bank X is an ethical business organization.	4.25	0.759	Strongly Agree
2. Bank X is a transparent organization.	4.26	0.731	Strongly Agree
3. Bank X is an auditable organization.	4.31	0.759	Strongly Agree
Total	4.28	0.676	Strongly Agree

From table 4.14, the samples had opinions about corporate governance component of corporate social responsibility (CSR) in banking industry was at the strongly agree level ( $\bar{X} = 4.28$ ). The majority of corporate governance was an auditable organization ( $\bar{X} = 4.31$ ), a transparent organization ( $\bar{X} = 4.26$ ), and an ethical business organization ( $\bar{X} = 4.25$ ) severally.

Table 4.15: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, Environmental Responsibility

Environmental Responsibility	$\bar{X}$	S.D.	Level
1. Bank X services email credit card statements to protect the environment for reducing paper consumption under "e-Statement".	4.37	0.869	Strongly Agree
2. Bank X has a 2-page Seal of credit card bill to reduce the use of paper to be environmentally friendly.	4.25	0.881	Strongly Agree
3. Bank X service opening online accounts with no passbook to protect the environment for reducing paper usage and reduce paper slip problems.	3.94	1.155	Agree
Total	4.19	0.809	Agree

From table 4.15, the samples had opinions about environmental responsibility component of corporate social responsibility (CSR) in banking industry was at the agree level ( $\bar{X} = 4.19$ ). The majority of environmental responsibility was “Bank X services email credit card statements to protect the environment for reducing paper consumption under e-Statement.” ( $\bar{X} = 4.37$ ), “Bank X has a 2-page Seal of credit card bill to reduce the use of paper to be environmentally friendly.” ( $\bar{X} = 4.25$ ), and “Bank X service opening online accounts with no passbook to protect the environment for reducing paper usage and reduce paper slip problems.” ( $\bar{X} = 3.94$ ) severally.

Table 4.16: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, Philanthropic Initiatives

Philanthropic Initiatives	$\bar{X}$	S.D.	Level
1. Bank X promotes religious institution such as donate money to construction Buddhist temple.	4.02	1.016	Agree
2. Bank X is a part of supporting and promoting the Foundation under the Royal Projects such as The Thai Red Cross Society.	4.14	0.939	Agree
3. Bank X provides opportunities and social support in various areas such as the scholarships for good poor students.	4.14	0.910	Agree
4. Bank X has provided social support to employees such as the afforestation.	4.02	0.982	Agree
Total	4.08	0.864	Agree

From table 4.16, the samples had opinions about philanthropic initiatives component of corporate social responsibility (CSR) in banking industry was at the agree level ( $\bar{X} = 4.08$ ). The majority of environmental responsibility was “Bank X is a part of supporting and promoting the foundation under the Royal Projects such as The Thai Red Cross Society.” ( $\bar{X} = 4.14$ ), “Bank X provides opportunities and social support in various areas such as the scholarships for good poor students.” ( $\bar{X} = 4.14$ ), “Bank X promotes religious institution such as donate money to construction

Buddhist temple.” ( $\bar{X} = 4.02$ ), and “Bank X has provided social support to employees such as the afforestation.” ( $\bar{X} = 4.02$ ) severally.

Table 4.17: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, Ethical Business Practices

<b>Ethical Business Practices</b>	<b><math>\bar{X}</math></b>	<b>S.D.</b>	<b>Level</b>
1. Bank X is a quality service organization.	4.23	0.806	Strongly Agree
2. Bank X is an organization that provides services at fair prices.	4.15	0.843	Agree
3. Consumers can complain when receiving unfair services from bank X.	4.28	0.895	Strongly Agree
4. Bank X operates under the supervision of Bank of Thailand.	4.49	0.711	Strongly Agree
Total	4.29	0.688	Strongly Agree

From table 4.17, the samples had opinions about ethical business practices component of corporate social responsibility (CSR) in banking industry was at the strongly agree level ( $\bar{X} = 4.29$ ). The majority of environmental responsibility was “Bank X operates under the supervision of Bank of Thailand.” ( $\bar{X} = 4.49$ ), “Consumers can complain when receiving unfair services from bank X.” ( $\bar{X} = 4.28$ ), “Bank X is a quality service organization.” ( $\bar{X} = 4.23$ ), and “Bank X is an organization that provides services at fair prices.” ( $\bar{X} = 4.15$ ) severally.

Table 4.18: Mean and standard deviation of corporate social responsibility (CSR) activities in banking industry, Economic Responsibility

<b>Economic Responsibility</b>	$\bar{X}$	<b>S.D.</b>	<b>Level</b>
1. Bank X provides efficient financial advice.	4.22	0.838	Strongly Agree
2. Bank X provides service branches coverage across Thailand.	4.48	0.688	Strongly Agree
3. Bank X has the bank Call Center as the primary center to help bank customers.	4.39	0.774	Strongly Agree
4. Bank X has a department to quickly respond the complaints.	4.21	0.939	Strongly Agree
Total	4.33	0.675	Strongly Agree

From table 4.18, the samples had opinions about economic responsibility component of corporate social responsibility (CSR) in banking industry was at the strongly agree level ( $\bar{X} = 4.33$ ). The majority of environmental responsibility was “Bank X provides service branches coverage across Thailand.” ( $\bar{X} = 4.48$ ), “Bank X has the bank call center as the primary center to help bank customers.” ( $\bar{X} = 4.39$ ), “Bank X provides efficient financial advice.” ( $\bar{X} = 4.22$ ), and “Bank X has a department to quickly respond the complaints.” ( $\bar{X} = 4.21$ ) severally.

#### 4.1.4: The analysis of customer loyalty in banking industry

Table 4.19: Mean and standard deviation of customer loyalty in banking industry

Customer Loyalty in Banking Industry	$\bar{X}$	S.D.	Level
1. You have been using bank X for several years.	4.59	0.654	Strongly Agree
2. You still use bank X, although other banks offer better promotions.	4.24	0.894	Strongly Agree
3. You have to tell others to use bank X.	4.05	0.983	Agree
4. You feel displeased when others talk about bank X in the bad way.	3.60	1.216	Agree
5. You are proud of the benefits you receive from bank X.	4.07	0.912	Agree
Total	4.11	0.733	Agree

From table 4.19, the samples had the customer loyalty in banking industry was at the agree level ( $\bar{X} = 4.11$ ). The majority of the customer loyalty in banking industry was using bank X for several years ( $\bar{X} = 4.59$ ), still use bank X, although other banks offer better promotions ( $\bar{X} = 4.24$ ), proud of the benefits you receive from bank X ( $\bar{X} = 4.07$ ), tell others to use bank X ( $\bar{X} = 4.05$ ), and feel displeased when others talk about bank X in the bad way ( $\bar{X} = 3.60$ ) severally.



#### **4.1.5: The analysis of hypothesis testing**

For the hypothesis testing of corporate social responsibility's components: corporate governance, environmental responsibility, philanthropic initiatives, ethical business practices, and economic responsibility in banking industry affecting to customer loyalty, researcher used Multiple Regression Analysis by choosing independent variables into the equation enter.

#### **Hypothesis**

H1: Corporate governance component of CSR affects customer loyalty in banking industry.

H2: Environmental responsibility component of CSR affects customer loyalty in banking industry.

H3: Philanthropic initiatives component of CSR affects customer loyalty in banking industry.

H4: Ethical business practices component of CSR affects customer loyalty in banking industry.

H5: Economic responsibility component of CSR affects customer loyalty in banking industry.

Table 4.20: Analysis of correlation between independent variable and the dependent variable using Simple Correlation Coefficient of corporate social responsibility's components which affect to customer loyalty in banking industry

Variable	CG	ER	PI	EBP	ECOR	CL
Corporate governance (CG)	1					
Environmental responsibility (ER)	.594**	1				
Philanthropic initiatives (PI)	.434**	.573**	1			
Ethical business practices (EBP)	.672**	.653**	.688**	1		
Economic responsibility (ECOR)	.605**	.574**	.601**	.831**	1	
Customer loyalty in banking industry (CL)	.562**	.581**	.550**	.624**	.604**	1

\*\* Correlation is significant at the .01 level

From table 4.20, it is the testing of multicollinearity by using Simple Correlation Coefficients on statistical program. The testing result is there is no multicollinearity problem because the correlation of each variable is not greater than 0.8 that it is not much related (Gujarati & Porter, 2009, p.338). It indicates that further hypothesis testing can be proceeded.

Table 4.21: The testing result of relationships between independent variables in corporate social responsibility (CSR) with customer loyalty in banking industry

Model	Unstandardized		Standardized	t	Sig
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	0.549	0.195		2.821	0.005
Corporate governance	0.213	0.157	0.196	3.764	0.000
Environmental responsibility	0.180	0.047	0.199	3.825	0.000
Philanthropic initiatives	0.155	0.044	0.182	3.487	0.001
Ethical business practices	0.067	0.085	0.063	0.797	0.426
Economic responsibility	0.226	0.072	0.208	3.135	0.002
Adjusted R Square = 0.485			Sig = 0.000		

From table 4.21, when considering the standard coefficients (beta) was found that the Corporate Social Responsibility (CSR) variables were correlated with customer loyalty in banking industry in 4 components: corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility.

Adjusted R Square had the value was 0.485 and the Sig. value was 0.000 that means the Corporate Social Responsibility (CSR) variables which were corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility can describe the change of customer loyalty level in banking industry with 48.5% statistically significant.

The coefficient (B) of Corporate Social Responsibility in corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility had a positive relationship with customer loyalty in banking industry. It can be explained the samples suggests that if corporate social responsibility (CSR) in corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility increased by 1 unit each without the influence of other variables involved, samples will have the loyalty level increased 0.213 unit, 0.180 unit, 0.155 unit, and 0.226 unit severally.

Table 4.22: Conclusion of the hypothesis testing between Corporate Social

Responsibility's components and customer loyalty in banking industry

Hypothesis	Testing result of hypothesis
1. Corporate governance component of CSR affects customer loyalty in banking industry.	Accept the hypothesis
2. Environmental responsibility component of CSR affects customer loyalty in banking industry.	Accept the hypothesis
3. Philanthropic initiatives component of CSR affects customer loyalty in banking industry.	Accept the hypothesis
4. Ethical business practices component of CSR affects customer loyalty in banking industry.	Reject the hypothesis
5. Economic responsibility component of CSR affects customer loyalty in banking industry.	Accept the hypothesis

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

The purpose of this study is to describe the components of corporate social responsibility which are corporate governance, environmental responsibility, philanthropic initiatives, ethical business practices, and economic responsibility that positively influence to customer loyalty in banking industry by using of closed-end questionnaire as a tool to collect data from 385 people who are generation X&Y, 24-53 years old or born in 1965-1994 and being the banking customer.

#### **5.1 Summary of Data Analysis Results**

The analyzing data to present this study results of “How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty” as follow:

##### **5.1.1 The analysis of respondent’s demographic characteristic**

The majority of respondents were female between the ages of 24 and 31 years old with bachelor degree. Moreover, the majority of respondents were the private company employee with the income of under 15,000 Baht.

##### **5.1.2 The analysis of respondent’s banking service information**

The majority of respondents used the service of Kasikorn Bank PCL., having accounts and debit cards with being banking customers for 3 years. The frequency of using banking service at branch and using online banking service were 1-5 times per week. Moreover, the majority of respondents chose banking service because they

thought the bank had the brand trust and the good image and they knew the banks from seeing the branches.

### 5.1.3 The analysis of consumer perceptions about corporate social responsibility (CSR) in banking industry

The respondents had opinions about corporate social responsibility (CSR) in banking industry was at the strongly agree level. The majority of CSR activities was economic responsibility, ethical business practices, corporate governance, environmental responsibility, and philanthropic initiatives severally.

In corporate governance, the majority of respondents had opinions about an auditable organization, a transparent organization, and an ethical business organization severally with the strongly agree level.

In environmental responsibility, the majority of respondents had opinions about Bank X services email credit card statements to protect the environment for reducing paper consumption under e-Statement, Bank X has a 2-page Seal of credit card bill to reduce the use of paper to be environmentally friendly, and Bank X service opening online accounts with no passbook to protect the environment for reducing paper usage and reduce paper slip problems severally with the agree level.

In philanthropic initiatives, the majority of respondents had opinions about bank X is a part of supporting and promoting the foundation under the Royal Projects such as The Thai Red Cross Society, bank X provides opportunities and social support in various areas such as the scholarships for good poor students, bank X promotes religious institution such as donate money to construction Buddhist temple, and bank

X has provided social support to employees such as the afforestation severally with the agree level.

In ethical business practices, the majority of respondents had opinions about bank X operates under the supervision of Bank of Thailand, consumers can complain when receiving unfair services from bank X, bank X is a quality service organization, and bank X is an organization that provides services at fair prices severally with the strongly agree level.

Lastly, in economic responsibility, the majority of respondents had opinions about bank X provides service branches coverage across Thailand, bank X has the bank call center as the primary center to help bank customers, bank X provides efficient financial advice, and bank X has a department to quickly respond the complaints severally with the strongly agree level.

#### 5.1.4 The analysis of customer loyalty in banking industry

The respondents had opinions about the customer loyalty in banking industry at the agree level. The majority of customer loyalty in banking industry was using bank X for several years, still use bank X, although other banks offer better promotions, proud of the benefits you receive from bank X, tell others to use bank X, and feel displeased when others talk about bank X in the bad way severally.

## 5.2 Hypothesis Testing

The research is to examine the components of corporate social responsibility (CSR) affecting to customer loyalty in banking industry; which comprised of corporate governance, environmental responsibility, philanthropic initiatives, ethical

business practices, and economic responsibility. Based on the sample size using the formula by Cochran (1953), 385 respondents were recruited to complete the survey with offline questionnaire method. Then analyzed the data by computer program. The result is following:

Corporate Social Responsibility (CSR) in banking industry affecting customer loyalty at the 0.05 level of significance was corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility severally. On the other hand, ethical business practices did not affect to customer loyalty in banking industry.

### 5.3 Discussion

From the study of “How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty” can discuss the result as follow:

1. Corporate governance component of CSR affecting customer loyalty in banking industry complied with the study of Muthaffar Younes Al-Qudah (2012), which showed the corporate governance affects to customer loyalty to the Jordanian Banks. The study found a high level of importance of corporate governance in Jordanian Bank with customer loyalty by transparency financial report can create good image of bank and trust worthiness toward existing customer.

2. Environmental responsibility component of CSR affects customer loyalty in banking industry complied with the study of Wendy Barasa (2016) which showed the environmental responsibility affects to client loyalty to Kenya Commercial Bank group. The results was found that the environmental activities of Kenya Commercial



Bank group would ultimately result to increase customer loyalty levels. The respondents confirm that they desire to continue dealing with the bank because KCB group supported environmental activities and also be the sponsoring tree planting events, creating awareness on the need to conserve environment and working with institutions like county government and Kenya forest service to improve sanitation, hygiene and tree planting efforts.

3. Philanthropic initiatives component of CSR affects customer loyalty in banking industry complied with the study of Mona Younis Abo Samra (2017), which showed the philanthropic responsibility affects to customer loyalty to the Bank of Palestine. The results was found that the bank clients were loyal to Bank of Palestine and they liked the bank's philanthropic projects because Bank of Palestine well implemented the concept of philanthropic responsibility, it approved that the bank concerned with philanthropic responsibility toward its community by providing grants to support the local community such as supporting college students, allocates part of its annual profits to support charitable projects, it actually budgeted 6% of its total annual profit to support community projects in the Palestinian society, enhancing infrastructure to support the local community (such as roads, hospitals and schools) and finally contributes in easing effects of the blockade and damage on Gaza strip after Israel's wars.

4. Ethical business practices component of CSR did not affects customer loyalty in banking industry that did not complied with the hypothesis because the respondents thought the banking industry had the ethical business practice in the industry so it did not affect to their loyalty. It complied with the study of Zia Khan, David Ferguson, Andrea Pérez (2015), which showed the ethical business practice did

not affect to customer loyalty to the Pakistani banking industry. The result was found that, regarding CSR perceptions, the findings demonstrate that customers fail to loyalty in ethical business practices in the banking industry but can indirectly stimulate customer loyalty through the establishment of customer trust and commitment in relationship quality because some respondents trust Pakistani banking industries do the business by ethical.

5. Economic responsibility component of CSR affects customer loyalty in banking industry complied with the study of Mona Younis Abo Samra (2017), which showed the economic responsibility affects to client loyalty to the Bank of Palestine. The results was found that bank clients are loyal to the bank, clients answers they had a word of mouth to others to get the service of bank of Palestine because of good economic responsibility. Bank of Palestine well implemented the concept of economic social through achieving the highest levels of profits comparing with its competitors and it seeks for excellence by providing a various services, professional performance, reduce the unemployment rate which considered one of the most economical problems faced Gaza strip by providing jobs opportunities within the bank or by providing training programs for university students in order to prepare and help them to get a job in a future in different places other than the bank. The bank help in improving the local, national economy of the country, by providing funding for small and medium projects and encouraging the entrepreneurial ideas to be funded and implemented.

#### 5.4 Managerial Implication

From the study of “How Corporate Social Responsibility (CSR) in Banking Industry Affecting to Customer Loyalty” can recommend as follow:

1. In term of corporate governance, effective corporate governance practices are essential to achieving and maintaining the public trust and confidence in the banking system, as a result they are critical to the proper functioning of the banking sector. Regarding to corporate governance activity, the banks should set external auditor to exam financial reports to create trust and loyalty from customers.

2. In term of environmental responsibility, environmental sustainability is a key part of banking industry, banks should have established environmental policies, goals and practices that help guide their activities inside and out. The example activities of environmental responsibility are reduce the using of paper such as having a service of email credit card statement, having a 2-page Seal of credit card bill, or having a policy to use renew material instead of plastic material to promote the environmental friendly organization.

3. In term of philanthropic initiatives, it is the strategy of banking industry to actively generate social impact by engaging in venture philanthropy and social investment. For example activities: a part of supporting and promoting the Foundation under the Royal Projects such as The Thai Red Cross Society, promotes religious institution such as donate money to construction Buddhist temple, and provides opportunities and social support in various areas such as the scholarships for good poor students.

4. In term of economic responsibility, banking industry should ensure that the financial institution are profitable in order to create long-term value for stakeholders

and customers, and contribute to a global and sustainable economy such as provide efficient financial advice, provide service branches coverage across Thailand, have Bank Call Center as the primary center to help Bank customers, and have a department to quickly respond the complaints.

5. Banking industry should use the corporate social responsibility (CSR) to one of strategies to competitive each other because the banking customers who are generation X&Y give the importance to social responsibility especially corporate governance, environmental responsibility, philanthropic initiatives, and economic responsibility which can increase the loyalty from customers.

#### 5.5 Recommendation for the Future Research

1. The future research should study about corporate social responsibility (CSR) relates with profitability of banking industry. Since this research studies about CSR and customer loyalty which could not directly reflect to the profit of banks.

2. The future research should study in other population especially generation B because this generation is in the period of a bank build-up, they will see all the changes that may be reflected in loyalty to the organization.

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## Questionnaire

### How Corporate Social Responsibility (CSR) in Banking Industry

#### Affecting to Customer Loyalty

This questionnaire is part of the Independent Studies of graduate students at Bangkok University in Master Degree of Business Administration. In order to collect datas for the study, the researcher would like to please to answer the questionnaire in the most truthfulness or opinion of you to complete the questionnaire. Datas from the questionnaire will be kept confidential and will only be used in this research.

Thank you for answering this questionnaire.

Ms.Rujika Thaithavorn

Graduate student of Bangkok University

#### Part 1: Personal Information

Instruction: Please mark ✓ in  for the most possible answer

##### 1. Gender

- 1) Male  2) Female

##### 2. Age

- 1) 24 – 31  2) 32 - 38  
 3) 39 - 45  4) 46 - 53

##### 3. Education

- 1) High School/ Diploma  2) Bachelor Degree  
 3) Master Degree or Higher

##### 4. Occupation

- 1) Student  2) Government Official  
 3) Private Company Employee  4) Self-Employed  
 5) Others.....

##### 5. Income

- 1) Under 15,000 Baht  2) 15,001 Baht – 30,000 Baht  
 3) 30,001 Baht – 50,000 Baht  4) 50,001 Baht – 100,000 Baht  
 5) 100,001 Baht and Above

## Part 2: Banking Service Information

Instruction: Please mark ✓ in  for the most possible answer

1. What banking service do you currently be customer and mostly use the service?

(Can choose more than one choice)

- |   |  |
|---|--|
| <input type="checkbox"/> 1) Bangkok Bank            | <input type="checkbox"/> 2) Kasikorn Bank    |
| <input type="checkbox"/> 3) Siam Commercial Bank    | <input type="checkbox"/> 4) Bank of Ayudhaya |
| <input type="checkbox"/> 5) Government Savings Bank | <input type="checkbox"/> 6) Krung Thai       |
| <input type="checkbox"/> 7) TMB                     | <input type="checkbox"/> 8) Others.....      |

2. Which of bank products do you have? (Can choose more than one choice)

- 1) Account, Debit Card
- 2) Credit Card
- 3) Housing Loan, SME Loan, Car Loan
- 4) Mobile Banking, Internet Banking
- 5) Life insurance, Non-life insurance
- 6) Trade Stock, Mutual fund
- 7) Others.....

3. How long is a bank customer?

- |   |                                       |
|---|---------------------------------------|
| <input type="checkbox"/> 1) Less than 1 year  | <input type="checkbox"/> 2) 1-3 Years |
| <input type="checkbox"/> 3) 3 Years and above |                                       |

4. The frequency of using banking service at branch

- |  |  |
|--|--|
| <input type="checkbox"/> 1) Everyday               | <input type="checkbox"/> 2) 1-5 times/week |
| <input type="checkbox"/> 3) Twice a month          | <input type="checkbox"/> 4) Once a month   |
| <input type="checkbox"/> 5) Less than once a month |  |

5. The frequency of using online banking service

- |  |  |
|--|--|
| <input type="checkbox"/> 1) Everyday               | <input type="checkbox"/> 2) 1-5 times/week |
| <input type="checkbox"/> 3) Twice a month          | <input type="checkbox"/> 4) Once a month   |
| <input type="checkbox"/> 5) Less than once a month |  |

**Part 2: Banking Service Information (Continued)**

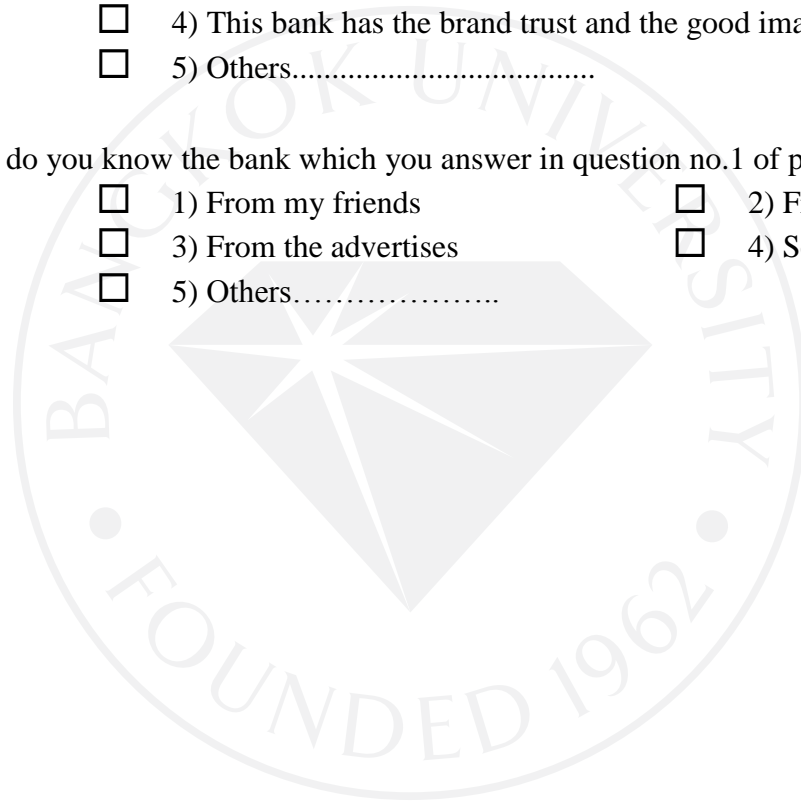
Instruction: Please mark ✓ in  for the most possible answer

6. Why do you choose the bank which you answer in question no.1 of part 2? (Can choose more than one choice)

- 1) This bank has the best service.
- 2) This bank has more varieties of products.
- 3) This bank has many electronic machines.
- 4) This bank has the brand trust and the good image.
- 5) Others.....

7. How do you know the bank which you answer in question no.1 of part 2?

- 1) From my friends
- 2) From my family
- 3) From the advertises
- 4) See the branches
- 5) Others.....



### Part 3: Corporate Social Responsibility (CSR) in Banking Industry

Instruction: Please mark ✓ in  of the statement that you are mostly agreed with.  
Please refer to Bank X according to your answer in Question No.1, Part 2.

Corporate Social Responsibility (CSR) in Banking Industry		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
		<b>Corporate Governance</b>				
1.	Bank X is an ethical business organization.					
2.	Bank X is a transparent organization.					
3.	Bank X is an auditable organization.					
<b>Environmental Responsibility</b>						
4.	Bank X services email credit card statements to protect the environment for reducing paper consumption under "e-Statement".					
5.	Bank X has a 2-page Seal of credit card bill to reduce the use of paper to be environmentally friendly.					
6.	Bank X service opening online accounts with no passbook to protect the environment for reducing paper usage and reduce paper slip problems.					
<b>Philanthropic Initiatives</b>						
7.	Bank X promotes religious institution such as donate money to construction Buddhist temple.					
8.	Bank X is a part of supporting and promoting the Foundation under the Royal Projects such as The Thai Red Cross Society.					

### Part 3: Corporate Social Responsibility (CSR) in Banking Industry (Continued)

Instruction: Please mark ✓ in □ of the statement that you are mostly agreed with.

Please refer to Bank X according to your answer in Question No.1, Part 2.

Corporate Social Responsibility (CSR) in Banking Industry		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
		<b>Philanthropic Initiatives</b>				
9.	Bank X provides opportunities and social support in various areas such as the scholarships for good poor students.					
10.	Bank X has provided social support to employees such as the afforestation.					
<b>Ethical Business Practices</b>						
11.	Bank X is a quality service organization.					
12.	Bank X is an organization that provides services at fair prices.					
13.	Consumers can complain when receiving unfair services from bank X.					
14.	Bank X operates under the supervision of Bank of Thailand.					
<b>Economic Responsibility</b>						
15.	Bank X provides efficient financial advice.					
16.	Bank X provides service branches coverage across Thailand.					
17.	Bank X has Bank Call Center as the primary center to help Bank customers.					
18.	Bank X has a department to quickly respond the complaints.					

#### Part 4: Customer Loyalty in Banking Industry

Instruction: Please mark ✓ in □ of the statement that you are mostly agreed with.  
Please refer to Bank X according to your answer in Question No.1, Part 2.

Customer Loyalty		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
1.	You have been using bank X for several years.					
2.	You still use bank X, although other banks offer better promotions.					
3.	You have to tell others to use bank X.					
4.	You feel displeased when others talk about bank X in the bad way.					
5.	You are proud of the benefits you receive from bank X.					

**The researcher would like to thankfully for your cooperation  
in responding to this questionnaire.**

**BIODATA**

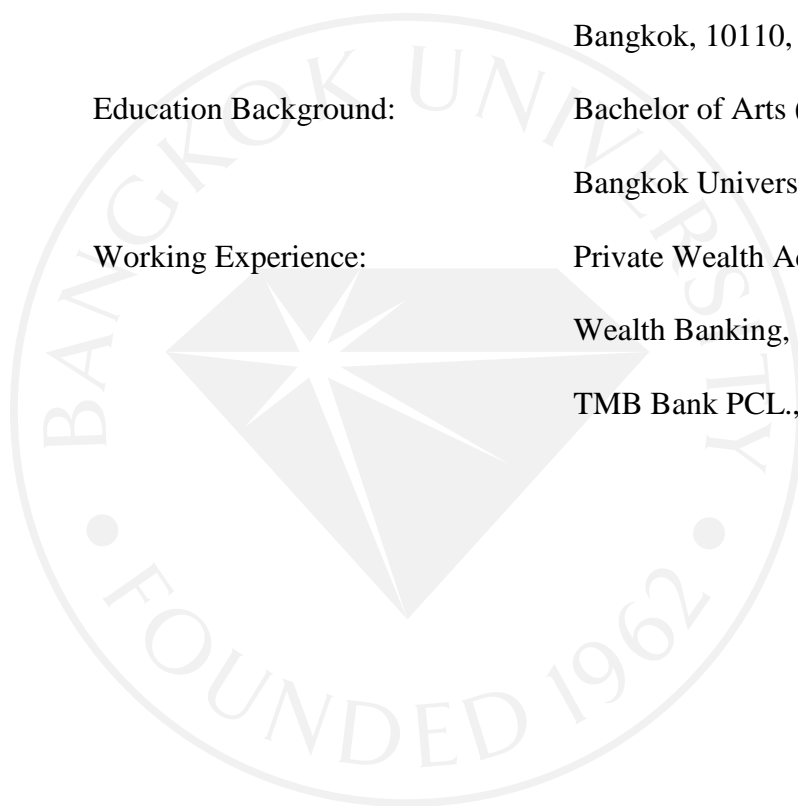
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