

## Corporate social responsibility and bank customer satisfaction: a research agenda

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*Author post-print of :*

McDonald, Lynette M. and Rundle-Thiele, Sharyn R. (2008) *Corporate social responsibility and bank customer satisfaction: a research agenda*. International Journal of Bank Marketing, 26 (3). pp. 170-182. ISSN 0265-2323

Accessed from USQ ePrints <http://eprints.usq.edu.au>

## **Corporate social responsibility and bank customer satisfaction: A research agenda**

### **Abstract**

**Purpose** – While the positive effects of CSR are well documented, there has been little research seeking to understand the effects of CSR initiatives on customer satisfaction. A research agenda is proposed which evaluates the likely impact on customer satisfaction of CSR initiatives versus other more customer-centric initiatives. Further, a hierarchy of customer-preferred CSR initiatives is proposed for evaluation.

**Approach** – This paper reviews the literature on CSR effects and satisfaction, noting gaps in the literature. A series of propositions is put forward to guide future research endeavours.

**Research implications** – By understanding the likely impact on customer satisfaction of CSR initiatives vis-à-vis customer-centric initiatives, the academic research community can assist managers to understand how to best allocate company resources in situations of low customer satisfaction. Such endeavours are managerially relevant and topical. Researchers seeking to test the propositions put forward in this paper would be able to gain links with, and possibly attract funding from, banks to conduct their research. Such endeavours may assist researchers to redefine the stakeholder view by placing customers at the centre of a network of stakeholders.

**Practical implications** – An understanding of how to best allocate company resources to increase the proportion of satisfied customers will allow bank marketers to reduce customer churn and hence increase market share and profits.

**Originality/value** – Researchers have not previously conducted a comparative analysis of the effects of different CSR initiatives on customer satisfaction, nor considered whether more customer-centric initiatives are likely to be more effective in increasing the proportion of satisfied customers.

**Keywords** – Customer satisfaction, corporate social responsibility, banks, loyalty.

**Paper type** – Conceptual.

## Introduction

The benefits of corporate social responsibility (CSR) for companies, including increased profits, customer loyalty, trust, positive brand attitude and combating negative publicity, are well-documented (e.g., Brown and Dacin, 1997; Drumwright, 1996; Maignan and Ferrell, 2001; Murray and Vogel, 1997; Sen and Bhattacharya, 2001; Sen *et al.*, 2006). In light of these known positive effects, CSR strategies have been embraced by the international banking community. Thirty major international private banks, including Citigroup, JPMorgan Chase, Bank of America, ABN Amro, Barclays, HSBC and ING, have recently signed the Equator Principles agreement which supports socially-responsible development (Yeomans, 2005). Many examples of banks' investment in socially responsible initiatives, such as implementing loan standards for high risk sectors, are equally evident (Scott, 2006). The widespread adoption of CSR by the global banking community suggests we may be reaching a situation where parity has once again returned to the banking sector. That is, the banking community may be deemed by the general public to be socially responsible.

At a time when banks are increasing the amount of funds allocated towards CSR activities, many banks across the globe are experiencing increasing levels of retail customer dissatisfaction (Australian Consumer Association, 2005; Two-thirds of US Banking Customers, 2006; Thornhill, 2007). For example, in their 2006 CSR report, Japan's biggest bank, MUFG, reported extremely low customer satisfaction with the bank's interest rates and service charges despite massive investment in diverse CSR activities (Mitsubishi UFJ CSR Report, 2006). A similar situation exists in Australia for banking's CSR leaders, Westpac and ANZ. While both banks were highly ranked according to Reputex CSR rankings in 2006 (Bullock, 2007), their proportion of dissatisfied customers was increasing (Australian Consumer Association, 2005).

Research suggests that dissatisfaction is the major reason why customers switch banks (Manrai and Manrai, 2007, p. 209). Amongst other factors, bank dissatisfaction typically stems from rising fees (Colgate and Hedge, 2001; Manrai and Manrai, 2007; Northern Irish Personal Banking Inquiry, 2006; Santonen, 2007), and customers usually switch banks to achieve more favourable prices (Farquhar and Panther, 2007). The management of customer churn, or turnover, is a top priority of executives in service industries like banking (Sweeney and Swait, 2007). A net customer loss can have a detrimental effect on bank market share and profit (Manrai and Manrai, 2007, p208). Yet directing resources towards CSR in contexts where dissatisfaction is high may not represent the best allocation of company funds. This is especially important given that satisfaction is positively related to share of wallet (Cooil *et al.*, 2007) and firm market value (Luo and Bhattacharya, 2006).

Despite the fact that banks in many countries are experiencing a rise in customer dissatisfaction concurrently with increased spending on CSR activities, there has been no investigation of the impact of CSR measures on retail bank customer satisfaction. However, one study by Luo and Bhattacharya (2006) on Fortune 500 companies identified a direct positive path between CSR and customer satisfaction. Given that satisfaction also mediated the impact of CSR on firm market value (Luo and Bhattacharya, 2006), there is a need to better understand the relationship between satisfaction and CSR, especially as this study also highlighted instances where firms are not always able to benefit from CSR actions.

In view of the ever-increasing CSR activity funding by banks, the answer to the major question of how banks may achieve a competitive customer edge in this socially responsible era may lie with taking a more customer-centric approach. That is, managers must be able to evaluate, prior to their implementation, the likely impact on customer satisfaction of CSR initiatives vis-à-vis other marketing initiatives, such as improved customer service, or reduced fees and interest rates. To date, the research focus has tended towards considering the impact of various CSR strategies on consumers (Lafferty and Goldsmith, 2005; Lichtenstein *et al* 2004; Sen *et al.*, 2006), with little investigation of CSR programs' effectiveness in improving customer satisfaction (Luo and Bhattacharya, 2006). In light of research that suggests that retail banking customers' personal well-being may outweigh their consideration of broader social impacts (Pomeroy and Dolnicar, 2006), research attention should be directed towards understanding, from a consumers' viewpoint, whether company efforts should be directed towards CSR activities or alternate initiatives.

The purpose of this paper is twofold. First, the paper explores the relationship between CSR and customer outcomes, then discusses the current state of research on CSR and customer satisfaction, noting gaps in the literature. Second, propositions are put forward promoting an agenda that encourages researchers to consider the relative impact of CSR on customer satisfaction compared to alternative initiatives that more directly benefit the customer. Further, we propose that a hierarchy of customer preferences exists for CSR initiatives using one of the best-known models of CSR dimensions, that used by Bhattacharya and Sen (2004). Despite the popularity of this approach to CSR dimensions, a comparative analysis of the efficacy of each of the dimensions has not previously been examined. Finally, we propose a research strategy to investigate these proposals. By understanding the likely impact on customer satisfaction of CSR initiatives versus more customer-centric initiatives, the academic research community can assist managers to understand how best to allocate company resources in contexts where customer satisfaction levels need to be addressed.

## **Literature Review**

CSR has irreversibly become part of the corporate fabric (Pearce and Doh, 2005). Many public companies have developed extensive corporate social responsibility (CSR) programs designed to generate stakeholder goodwill and boost market value. Banks globally are pouring millions of dollars into different kinds of CSR strategies in the race to strengthen their reputation and improve relationships with stakeholders, including customers, both business and retail.

### **What constitutes Corporate Social Responsibility?**

There is substantial agreement that CSR is concerned with societal obligations, although the nature and scope of these obligations remains uncertain (Craig Smith, 2003). Some authors (Craig Smith, 2003; Maignan and Ferrell, 2004) argue that companies should only be responsible to company stakeholders, while other authors argue that companies should be responsible to society as a whole (Brown and Dacin, 1997; Kotler and Lee, 2005). Just to whom companies are beholden continues to be debated.

The notion of CSR being a social obligation was first advocated by Carroll (1979, in Maignan and Ferrell, 2004). Carroll's (1991, 1999) CSR pyramid, one of the best-known

CSR models, presents company's social obligations as comprising economic, legal, ethical and philanthropic responsibilities. Carroll (1991) noted that businesses were created as economic entities driven by a profit motive, thus economic performance undergirds the other three CSR components. Legal responsibility involves businesses complying with federal, state and local government laws and regulations (Carroll, 1991). This was followed by ethical responsibilities, those standards, norms and expectations that reflect a concern for what consumers, employees, shareholders and the community regard as fair, just and respectful of stakeholders' moral rights (Carroll, 1991). Finally, philanthropic responsibility was the expectation that businesses be good corporate citizens, actively engaging in programs to promote human welfare and goodwill (Carroll, 1991).

A considerable amount of research effort has been directed towards identifying the positive impact of CSR initiatives on customers. These research endeavours are now detailed.

### **The positive customer impact of CSR initiatives**

A review of the literature by Maignan and Ferrell (2004) identified a number of studies on CSR programs' positive effects on customers. Handleman and Arnold (1999) noted that consumers engaged in positive word of mouth about firms that were committed to actions that were allied with institutional norms (in Maignan and Ferrell, 2004). Research by Maignan *et al.* (1999) identified a positive relationship between CSR and customer loyalty in a managerial survey (in Maignan and Ferrell, 2004). Studies by Barone *et al.* (2000), Berger and Kanetkar (1995), and Creyer and Ross (1997) established that consumers are willing to actively support companies committed to cause-related marketing, environmentally-friendly practices, or ethics (in Maignan and Ferrell, 2004).

In the retail environment, CSR either in the form of support for a non-profit organization and/or positive ethical practices (use of non-sweat shop labour), led to store loyalty, emotional attachment to the store and store shopping interest, which then impacted customer behaviour in the form of the percentage of shopping done at the store and the amount of purchases (Lichtenstein *et al.*, 2004). A company alliance with a non-profit organization enhanced attitudes towards the brand, no matter whether the cause was familiar or unfamiliar (Lafferty and Goldsmith, 2005). Those aware of an actual corporate philanthropy initiative had more positive attitudes to, and stronger identification with, the company, higher brand purchase and investment intent and greater intent to seek employment with the company than those unaware of any initiative (Sen *et al.*, 2006).

Positive impacts of CSR initiatives have also been noted in the banking context. For example, Lemke (1987) reports that a Massachusetts bank was successful in promoting new accounts (138 accounts worth \$11 million) by assisting endangered animal species with donations made to the World Wildlife Fund.

Other studies have examined the collective impact on consumers of multiple CSR programs. For example, Brown and Dacin (1997) considered the combined influence of corporate giving to worthy causes, community involvement and environmental concern, finding that CSR associations influenced product attitudes through their influence on overall company evaluations. Murray and Vogel (1997) investigated the effect on consumers of combined programs of socially responsible business practices (energy conservation, an employee training program to assist senior citizens in need of social

services), cause promotions (a latchkey children's program), community volunteering (employee volunteer program), corporate social marketing (electric safety education for school children), as well as pro-active economic factors (participation in the economic development of the region) and consumer protection (consumer panel program). Their research found that CSR programs resulted in improved attitudes towards the firm, including beliefs about the company's honesty, consumer responsiveness, truth in advertising, pro-environmental and pro-employee attitudes, and increased support for the firm in labour or government disputes, and for recommending a job application to a friend (Murray and Vogel, 1997). Sen and Bhattacharya's (2001) research supported suggestions that a company's efforts in multiple CSR domains (corporate giving, community involvement, and its position on issues involving women, ethnic minorities, gays and lesbians, and disabled minorities) had a direct effect on the attractiveness of the company's products, in addition to a positive effect on company evaluations by customers. However, a comparison of the effectiveness of each of the initiatives was not conducted.

Taken together, these studies provide evidence to suggest that socially responsible companies are likely to be viewed more favourably by consumers than less socially responsible companies.

#### **Do CSR activities lead to customer satisfaction?**

While researchers have considered the impact of CSR on myriad factors including word of mouth, loyalty, attitudes, intentions, emotional attachment, shopping in-store, and brand identification, few studies have considered the relationship between satisfaction and CSR. Luo and Bhattacharya (2006) investigated Fortune 500 companies, finding a direct link between CSR and customer satisfaction. Their study identified that satisfaction fully mediated the relationship between CSR and firm market value. That is, the inclusion of the customer satisfaction construct diminished to non-significance the effect of CSR on market value. However, the researchers also identified instances where CSR did not always lead to customer satisfaction. Specifically, Luo and Bhattacharya (2006) found that, in firms with a low capability to be innovative, CSR actually reduced customer satisfaction levels and, through lowered satisfaction, harmed market value.

The review of the above studies indicated that the role of CSR in determining customer satisfaction has received little research attention despite the acknowledged importance of customer satisfaction in the marketing literature (Anderson *et al.*, 2004; Fornell *et al.*, 2006; Gruca *et al.*, 2005). Of the existing empirical research into consumers' responses to CSR activities, much has been on consumer goods, with little research on services such as banking. The study by Luo and Bhattacharya (2006) highlighted the fact that the relationship between CSR and satisfaction is not always straightforward. To date, the effectiveness of banks' CSR strategies in promoting retail banking customer satisfaction is only marginally understood. Indeed, a study by Pomeroy and Dolnicar (2006) indicated that customers may prefer more self-serving initiatives. Thus, in some instances, companies choosing to pursue CSR programs with the expectation of a concomitant improvement in customer satisfaction may misdirect precious resources towards causes that do not benefit the majority of their own customers. Instead, it is suggested that customer-centric initiatives may better achieve improved customer satisfaction levels than CSR initiatives.

### **CSR initiatives versus customer-centric initiatives**

A study by Pomeroy and Dolnicar (2006) investigating a bank's CSR activities indicated that customers preferred initiatives that benefited themselves, rather than those that benefited the broader community. In a comparison of eight CSR scenarios (bank opening new branches and adding staff, bank defending customer privacy, high employee satisfaction, CEO cuts own pay, bank tops CSR ranking, good environmental performance, committing 1% of profit to community programs, launching an indigenous scholarship program), the first initiative (opening new branches and adding employees) elicited the most positive attitudinal and behavioral responses. In contrast, two community-focused initiatives (the indigenous scholarship program, 1% of pre-tax profit contributed to community programs) received the lowest positive rankings (Pomeroy and Dolnicar, 2006). In light of the preferences indicated in this study, we propose that initiatives can be divided into those that more strongly benefit customers (e.g., open new branches and add staff, defend customer privacy) and those that more strongly benefit society. On all measures, customer-centric initiatives were ranked more highly than community-oriented initiatives (Pomeroy and Dolnicar, 2006). Thus consumers' consideration for personal well-being may outweigh their consideration of broader social impacts (Pomeroy and Dolnicar, 2006).

### **Customer-centric initiatives improve satisfaction**

Most researchers agree that customer satisfaction refers to an attitude or evaluation formed by a customer comparing pre-purchase expectations of what they would receive from the product or service to their subjective perceptions of the performance they actually did receive (Oliver 1980a in Drake, Gwynne and Waite, 1998). Measures of overall customer satisfaction typically capture consumer expectations towards the service provided, as well as how far the provided service is from their ideal (see Soderlund, 2006). Customer satisfaction is a fundamental determinant of long-term consumer behavior (Oliver, 1980 and Yi, 1990 in Cooil *et al.*, 2007). In order to control customer defection, most companies focus on managing customer satisfaction (Capraro, Broniarczyk and Srivastava, 2003 in Cooil *et al.*, 2007).

According to Chakrabarty (2006), the drivers of customer satisfaction for retail banking may differ from the drivers identified for other services. Retail banking service researchers (Chakrabarty, 2006; Manrai and Manrai, 2007) seeking to understand these drivers have identified common initiatives, all of which were focused on providing direct retail customer benefits. However, the impact of these customer-centric initiatives on satisfaction varies.

Chakrabarty (2006) identified four factors that determined overall customer satisfaction amongst more than 12,000 U.K. retail banking customers. In order of importance, these were (1) in-branch satisfaction (speed of service, staff helpfulness, privacy, opening hours), (2) economic satisfaction (level of bank fees, overdraft interest rates), (3) remote satisfaction (responsiveness and efficiency in dealing with remote enquiries), and (4) ATM satisfaction (ATM availability, ATM reliability). Customer-preferred dimensions identified by Manrai and Manrai (2007) were, in order of importance, (1) personnel-related considerations (attitudes and behaviour of tellers and other staff, procedures for handling complaints, appearance of staff), (2) financial considerations (interest earnings, interest payments), (3) branch environment-related considerations (atmospherics), and (4) convenience-related considerations (ATMs, opening hours).

Based on the banking satisfaction studies by Chakrabarty (2006) and Manrai and Manrai (2007), and the study by Pomeroy and Dolnicar (2006), it is therefore proposed that customer-centric initiatives will lead to more improved retail banking customer satisfaction than CSR initiatives. This leads to our first research proposition.

*P<sub>1</sub>: Customer-centric initiatives will result in higher satisfaction for retail banking customers than CSR initiatives.*

Using the customer-centric initiatives by Manrai and Manrai (2007) but testing these on customer satisfaction, it is contended that these initiatives form a hierarchy, with some achieving higher customer satisfaction than others. This leads to the second research proposition.

*P<sub>2</sub>: Customer-centric initiatives are positively related to retail banking customer satisfaction, forming a customer-preferred hierarchy. Specifically:*

- (a) Personnel-related initiatives of attitudes and behaviour of tellers and other staff, procedures for handling complaints and appearance of staff will result in the highest customer satisfaction level.*
- (b) Financial initiatives of higher interest earnings on accounts and lower interest payments on accounts and loans will result in the second-highest customer satisfaction level.*
- (c) Environmental initiatives of internal appearance of the bank branch, and the size of the bank branch, will result in second-lowest customer satisfaction level.*
- (d) Convenience initiatives (ATM accessibility, longer opening hours) will result in the lowest customer satisfaction level.*

### **CSR initiatives and customer satisfaction**

One of the most highly-cited categorisations of CSR dimensions is that used by Bhattacharya and Sen (2004), although others exist (e.g., Kotler and Lee, 2005). The six CSR dimensions identified by Bhattacharya and Sen (2004) and sourced from Socrates, the corporate social ratings monitor published by KLD Research, were (1) employee diversity (e.g., gender, disability, race), (2) employee support (e.g., union relations, concern for safety), (3) product (e.g., research and development, innovation, product safety), (4) impact on the environment (e.g., environmentally friendly products, pollution control), (5) overseas operations (e.g., overseas labour practices such as use of sweat shops), and (6) community support (e.g., support of arts programmes, housing programmes for the disadvantaged).

The differential impact of these CSR initiatives on customer preferences and effects, including satisfaction, has not previously been examined. However, a study by Auger *et al.* (2006) examined consumer preferences towards social and ethical issues across six countries (USA, Germany, Spain, Turkey, India, Korea), finding a ranked preference for 16 CSR initiatives which varied between countries. A factor analysis indicated that these clustered into eight groups. However, the eight clusters identified by Auger *et al.* (2006) vary from the six main dimensions of corporate social responsibility put forward by Bhattacharya and Sen (2004). Further, Auger *et al.* (2006) did not examine preferences for community support programmes.



Although no comparative analysis of Bhattacharya and Sen's (2004) dimensions has been conducted to determine customer-preferred initiatives, using the findings from the study by Auger *et al.* (2006) we propose that certain CSR initiatives would be more positively related to an overall measure of retail banking customer satisfaction. Further, it is contended that there is a hierarchy of customer-preferred CSR initiatives in regards to their impact on retail banking customer satisfaction. Thus, we incorporate the consumer-preferred rankings by Auger *et al.* (2006) into the groupings by Bhattacharya and Sen (2004) to create the third proposition.

- P3: CSR initiatives are positively related to retail banking customer satisfaction, forming a customer-preferred hierarchy. Specifically:*
- (a) Overseas operations (no child labour, no sweat shops, support of human rights) will result in the highest customer satisfaction level.*
  - (b) Employee diversity (support for diversity in the workforce in regards to gender, race, religion, disability and sexual orientation) will result in second-highest customer satisfaction level.*
  - (c) Employee support (safe working conditions, job security, profit-sharing, good union relations) will result in third-highest customer satisfaction level.*
  - (d) Environmental impact (reduction of water and energy consumption, carbon offset programmes, recycling and use of recyclable materials) will result in the third-lowest customer satisfaction level.*
  - (e) Product (R & D, innovation, ethical product marketing) will result in the second-lowest customer satisfaction level.*
  - (f) Community support (offering customers in low socio-economic groups fee-free accounts and low-interest loans, banks' support of their employees' volunteer activities via paid leave and flexible working arrangements) will result in the lowest customer satisfaction level.*

### **Investigatory method**

Researchers could test the propositions put forward in this paper in several ways. Firstly, a multi-method approach could be used. This would involve examining the efficacy of the proposed model in a preliminary 6 (CSR initiatives) x 4 (Customer-centric initiatives) between-subjects factorial design, testing the IVs impact on an overall measure of customer satisfaction (e.g., Soderlund, 2006). A sample size of 720 usable responses (30 per treatment) would be desirable. Although no interaction effects are predicted, the simultaneous IV testing would demonstrate the relative effects of CSR initiatives versus customer-centric initiatives on satisfaction. In addition, follow-up ANOVAs would examine the prediction that a retail banking customer-preferred hierarchy of effects exists for both the CSR and customer-centric initiatives. Next, a confirmatory factor analysis could examine whether a higher order construct exists for both CSR and customer-centric initiatives, prior to a path analysis examining the strength of the relationship between these variables and customer satisfaction.

An alternate method that could be used to test the propositions is the Best Worst (BW) method. The central idea behind the BW method is that participants are presented with a limited set of a larger number of initiatives, and are required to make two choices: the best (most satisfying) and the worst (least satisfying) (Zikmund *et al.*, 2007). Respondents are not asked to report how much they prefer alternatives, they are merely asked to identify which of a number of options they prefer and which they do not (James and Burton,

2003). The implication is that no participants are permitted to like or dislike all attributes, as participants are forced to choose one most and one least preferred option in every scenario. A number of different object sets may be presented to gather sufficient information about relative preferences from each respondent (Auger *et al.*, 2006; Finn and Louviere, 1992). Using the BW method, the relative frequency of selection of any one option compared with other options permits the multinomial logit parameter estimates to be derived, thus enabling a model for initiative preferences to be determined. The BW method may produce results that are likely to be more reliable and more predictive and realistic of actual marketplace choices (Walley *et al.*, 1999).

These propositions should be tested in a variety of contexts to establish boundary conditions. For example, banks widely promoting their CSR and ethical policies may attract more altruistic customers than banks that do not. Consequently, such customers may not be responsive to more customer-centric initiatives. In addition, banks with a large base of dissatisfied customers may find customer-centric initiatives more effective than banks with a lower proportion of dissatisfied customers.

## **CONCLUSION**

Although creating customer satisfaction is not a prime motivation for instituting CSR programs, research linking CSR strategies with positive customer outcomes, such as loyalty, has led to the expectation that these strategies generally have positive flow-on effects for customers. Yet researchers have failed to consider whether these strategies do indeed impact customer satisfaction levels. Banking industry surveys have led to the identification of a mismatch between consumer satisfaction levels and massive spending on CSR programs (e.g., MUFG in Japan). Given both the increasing investment in CSR strategies, and the fact that customer satisfaction mediates firm market value, further research is warranted. In view of research suggesting that retail banking customers prefer initiatives that create direct customer benefits compared to those that have broader social impacts, this paper has contended that funding directed towards customer-centric initiatives may create better customer satisfaction outcomes than CSR initiatives. A reduction in the proportion of dissatisfied customers would enable banks to reduce customer churn (Manrai and Manrai, 2007), thus increasing share and profits (Sweeney and Swait, 2007).

As well as identifying that research has yet to consider the impact of CSR strategies on customer satisfaction levels, we have also identified the omission of research on the differential impact of CSR initiatives on consumer effects, including satisfaction. This is surprising in view of the dominant model of CSR dimensions used, that discussed by Bhattacharya and Sen (2004). Identification of a hierarchy of customer-preferred CSR initiatives will enable banks suffering from low customer satisfaction levels to fine-tune their CSR programs, directing efforts to those initiatives likely to not only benefit the broader community, but also customer satisfaction levels.

This paper puts forward a series of propositions for testing in future research. We firstly predict, congruent with Soderlund (2006), that banks' increasing investment in CSR programs may not represent the best investment in terms of increasing satisfaction. Instead, we propose that customer-centric initiatives, those that more directly benefit customers, may achieve better customer outcomes than CSR initiatives. Second, as research (Chakrabarty, 2006; Manrai and Manrai, 2007) has identified a number of customer-focused initiatives that determine overall customer satisfaction, a hierarchy of

customer-centric initiatives, congruent with Manrai and Manrai (2007), has been proposed to differentially impact customer satisfaction. Third, from the examination of Auger *et al.*'s (2006) hierarchy of consumer preferences for social and ethical issues, and using Bhattacharya and Sen's (2004) CSR dimensions, it was contended that a hierarchy of CSR initiatives exist, with some having better outcomes for retail banking customer satisfaction than other initiatives.

To date, research has not focused on either comparative studies to identify the most consumer-preferred CSR initiatives, or on investigating alternate programs that may be more efficient in improving customer satisfaction. This research agenda would advance the discipline's knowledge base by moving our understanding beyond the impacts of society-related CSR programs to a consideration of alternate programs that may be more fiscally efficient in achieving positive customer outcomes. Researchers following these proposals would be in a position to assist bank marketers and managers to reduce customer dissatisfaction and hence, customer churn.

### **Implications for theory**

Recent developments in marketing theory (see Vargo and Lusch, 2004) have witnessed a movement from a customer-centric approach towards a stakeholder approach. According to the literature, a stakeholder approach is important because organisations that address stakeholders' concerns perform better than firms that do not address these interests (Polonsky and Scott, 2005). The stakeholder perspective views the organisation at the centre of a network of stakeholders, which is arguably an internal view. At present, customers are considered to be one of many stakeholder groups that are affected by the achievement of an organisations' objectives (Freeman, 1984, p.46), yet the role of the customer in market share, shareholder value, and stock price growth is likely to far outweigh that of other stakeholders such as government and the media. The research agenda proposed in this paper will enable researchers to contribute to further understanding the role of CSR initiatives versus customer-centric initiatives in promoting customer satisfaction.

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