

Assessing Corporate Social Responsibility Activities on Customer Satisfaction: A Study on Commercial Banks in Bangladesh

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ABSTRACT

Stakeholders are any persons, organisations, social groups, or society at large that have a stake in a business. They have diverse interests in the organisation, which can be of an economic or environmental nature involved in implementing the mission of the organisation. Stakeholders can affect or be affected by the organisation's actions, objectives, and policies. There are various stakeholders present in a bank's business. Not all stakeholders are equal. The customer is one of them. This study examines customers' satisfaction level regarding Corporate Social Responsibility (CSR) activities. This study used both primary and secondary data. A survey was conducted to collect primary data. Six activities were selected to understand customer satisfaction concerning CSR activities in commercial banks in Bangladesh. The study found that out of six activities, five of them have a significant relationship between CSR activities and customer satisfaction level. The study identified that banks should give more attention to the health sector under their CSR programme. The findings may be of interest for policy makers, bankers and researchers.

Keywords: Bangladesh, Customer, Corporate Social Responsibility, Satisfaction.

INTRODUCTION

A bank is a service rendering organisation. Various types of stakeholders are involved in the banking business, such as the corporate governance, customers, depositors, bankers, employees and the local

community. Among them, customers are important. Business organisations receive various inputs from society, such as skilled and unskilled labour, raw materials and natural resources, and then process and use these inputs to return goods and services to society. Thus, businesses depend on society for

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more service and it is their obligation to develop society. Business organisations cannot operate their business activities either in isolation or in a vacuum. Like human beings, businesses also need to survive in the real world (Haldar and Rahman 2014).

Customer satisfaction is a post purchase attitude formed through a mental comparison of the quality a customer expects to receive from an exchange, and the level of quality the stakeholder perceives actually receiving (Carden & Dellifraire, 2004). Customer satisfaction results in behavioural outcomes such as customer retention, commitment, creation of a mutually rewarding bond between the user and the service provider, increased customer tolerance for services and products failures, positive word-of-mouth advertising about the organisation, increased future customer spending, and might result in more cross-and up-selling, attracting new stakeholders, lowering costs, and greater profitability (Arasli, *et al.*, 2005).

One study by Luo and Bhattacharya (2006) on Fortune 500 companies identified a direct positive path between Corporate Social Responsibility (CSR) and customer satisfaction. Given that satisfaction also mediates the impact of CSR on a firm's market value, there is a need to better understand the relationship between satisfaction and CSR. In this connection, the banking sector in Bangladesh has undertaken various CSR initiatives for customer

satisfaction. Through CSR activities, banks have gained positive outcomes and competitive advantage in the banking business. The Central Bank of Bangladesh has undertaken various initiatives to increase the CSR activities of all commercial banks and other financial institutions in Bangladesh. In addition, the Central Bank directly spends a large amount on CSR initiatives every year.

However, the fact is that banks in many countries are experiencing a rise in customer dissatisfaction concurrently with the banks' increased spending on CSR activities. As such, an examination of the impact of CSR measures on retail bank customer satisfaction cannot be ignored.

The rest of the paper is organised as follows: Section 2 presents the literature review, Section 3 presents methodology, Section 4 the findings and analysis, and Section 5 presents recommendations and policy implications.

LITERATURE REVIEW

The aim of the study is to investigate the level of customer satisfaction regarding the CSR activities undertaken by banks in Bangladesh. A good number of studies have been carried out in the field of CSR and some of the significant ones are reviewed in this study. Chung *et al.* (2015) attempted to understand the level of consumer perceptions related to CSR in China by evaluating the social performance of business firms. The study focused on identifying how

CSR influences customer perceptions of customer satisfaction and customer loyalty, as well as the importance order of CSR factors in China. It also examined the moderating effects of corporate image in the relationships between CSR and customer satisfaction and customer loyalty.

The study by Lynette and Rundle (2006) explored firstly the relationship between CSR and customer outcomes, and then discussed the current state of research on CSR and customer satisfaction, noting gaps in the literature. Secondly, the study put forward propositions promoting an agenda that encourages researchers to consider the relative impact of CSR on customer satisfaction compared to alternative initiatives that benefit the customer more directly.

Rubel and Alam (2014) investigated the effect of service quality and consumer satisfaction along with corporate social responsibility actions on consumer purchase intentions and on consumer loyalty. The research used both primary and secondary data. The study found no relationship between awareness of corporate social responsibility and purchase intention. However, the data revealed significant relationship between service quality and customer satisfaction.

Ochoti and Muathe (2013) highlighted the role of CSR initiatives in building customer satisfaction and competitive advantage. It specifically focused on customer-centric, corporate

philanthropy and employee-centered CSR activities and their contribution to customer satisfaction and competitive advantage. The study drew largely from various academic literatures by examining the early reflections of various scholars on CSR and linking them to more contemporary theoretical and empirical reviews. They recommended that retail banking institutions in Kenya should be more involved in CSR initiatives so as to gain customer satisfaction and build competitive advantage in the ever changing business environment.

Senthikumar *et al.*, (2011) explored the perception of the customer on CSR in banking service. The data was analysed by using Structural Equation Modelling (SEM) using AMOS 18. They found that customer satisfaction was the mediating factor in banking service quality and the CSR was the most influential factor for customer satisfaction.

Luo and Bhattacharya (2006) developed and tested a conceptual framework that predicts that customer satisfaction partially mediates the relationship between CSR and the firm's market value; corporate abilities moderate the financial returns to CSR, and these moderated relationships are mediated by customer satisfaction. Based on a large-scale secondary data set, the results showed support for this framework. Notably, the authors found that in firms with low innovative capability, CSR actually reduces



customer satisfaction levels and, through the lowered satisfaction, harms market value. The uncovered mediated and asymmetrically moderated results offer important implications for marketing theory and practice.

The literature above indicates that there is a relationship between CSR and customer satisfaction and customer loyalty. Customer satisfaction is the mediating factor in banking service quality where CSR is the most influential factor for customer satisfaction. The literature also indicates that there is no relationship between the awareness of corporate social responsibility and the purchase intention.

In Bangladesh, commercial banks have carried out different CSR activities under their CSR programmes. Every year, they donate huge amounts under their CSR programmes. Existing literature shows that most of the studies discuss trends, patterns of CSR activities of commercial banks in Bangladesh (CBBs). But, the issue of customer satisfaction through CSR activities of CBBs, has yet to be examined. This study aims to fill that gap. Particularly, the study aims to examine the satisfaction level of customers regarding CSR activities undertaken by commercial banks in Bangladesh.

METHODOLOGY

The study used both primary and secondary data. Primary data was collected from commercial banks. A survey using a predesigned

questionnaire was conducted to collect primary data. Seven main divisional branches of different commercial banks were selected for data collection. A total of 415 questionnaires were distributed to various customers, of which 253 were returned and finally 200 were usable. The questionnaire administration response rate was 79 per cent. The number and response rate was considered large enough and sufficient for statistical reliability. A similar method was used in Buehler and Shetty (1976), 89 per cent; Stevens *et al.*, (2005), 84 per cent and Holmes (1976), 94 per cent.

The study administered the survey questionnaire to a sample population consisting of customers (depositors, local communities, top government officials, NGOs, beneficiaries of CSR activities, servicemen, businesspersons, etc.) to know the satisfaction concerning the banks' selected CSR activities. The five point Likert scale was used (1= Strong dissatisfaction, 2= Dissatisfaction, 3= Neutral, 4= Satisfaction, 5= Strong satisfaction). We selected six activities such as education, employment and income generation, capacity building, health, financial inclusion, and disaster and relief.

Data was collected through ordinary mail, by hand and E-mail from individuals at the branches of the selected commercial bank divisional branches. The questionnaires were distributed by hand at the various branches of the commercial banks and local communities in different

cities. These efforts were taken in order to seek a wider representation of bank stakeholders. Respondents were randomly selected from among customers who visited the sampling locations during the chosen time intervals, in order to eliminate sampling frame errors and to ensure representation of the population under study in the sample units (Dawkins and Lewis, 2003 and Friedman, 1989).

The study considered the following hypotheses to justify the objective:

Ho1: There is no significant relationship between educational activities and the level of satisfaction of the customers.

Ho2: There is no significant relationship between employment and income generating activities and the level of satisfaction of the customers.

Ho3: There is no significant relationship between capacity building and vocational training activities and the level of satisfaction of the customers.

Ho4: There is no significant relationship between health activities and the level of satisfaction of the customers.

Ho5: There is no significant relationship between financial inclusion activities and the level of satisfaction of the customers.

Ho6: There is no significant relationship between disaster and relief activities and the level of satisfaction of the customers.

FINDINGS AND ANALYSIS

Primary data was used to achieve the objective of the study. The results of the collected data are presented below.

Table 1: Distribution of Gender of Respondents

| Sex | No. of Respondents | Percentage |
|--------------|--------------------|------------|
| Male | 150 | 75 |
| female | 50 | 25 |
| TOTAL | 200 | 100 |

Table1 shows the distribution of the respondents by gender. Male respondents comprised 75 per cent and female respondents 25 per cent. This data reveals that less women participate in the banking sector in Bangladesh as compared to men. The age of the respondents and the percentage are presented in Table 2.

Table 2 shows that 37.5 per cent of the respondents were aged between 31-40 years and 34 per cent were aged between 41-50 years, revealing that older and more experienced people are involved in banking activities. More than 22 per cent of young people are involved by banking activities. It is very significant that banks are trying

Table 2: Distribution of Age Groups of Respondents

| Age | No. of Respondents | Percentage |
|--------------|--------------------|------------|
| 20-30 Years | 45 | 22.5 |
| 31-40 | 75 | 37.5 |
| 41-50 | 68 | 34 |
| 51-60 | 12 | 6 |
| Above 61 | 0 | 0 |
| TOTAL | 200 | 100 |

Table 3: Distribution of Occupation of Respondents

| Occupations | No. of Respondents | Percentage |
|--------------------|--------------------|------------|
| Government service | 45 | 22 |
| NGOs service | 30 | 15 |
| Business | 52 | 26 |
| Lawyer | 12 | 06 |
| Doctor | 15 | 08 |
| Others | 46 | 23 |
| TOTAL | 200 | 100 |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

to increase the involvement of young people in their activities. Table 3 presents the respondents according to their occupation.

Table 3 shows that 26 per cent of the respondents were engaged in business, 22 per cent worked for the Government, 15 per cent worked with NGOs and 23 per cent were those in other occupations.

For the sake of simplicity, we have presented the statistical part of the collected data according to the proposed hypotheses.

Ho¹: There is no significant relationship between educational activities and the level of satisfaction of the customers.

Bangladesh Bank (Central Bank of Bangladesh) has identified twenty two areas of CSR activities. Educational CSR activities are one of them. On average, banks have been contributing about

45 per cent of total CSR expenditure to the education sector every year. The main activities in this sector comprise offering scholarships, donations, construction of schools, etc. All banks and the Government of Bangladesh give emphasis to the development of the education sector through CSR activities. The level of customer satisfaction regarding CSR activities in the educational sector is presented in Table 4.

Table 4 shows calculated value of $\chi^2=15.35$, significant on level $\alpha=0.05$ critical value of $\chi^2=7.96$ on 16 degrees of freedom. It thus shows that the calculated value of χ^2 is greater than critical value. So, null hypothesis is rejected. There is a significant relationship between educational CSR activities and the satisfaction level of the respondents. The greatest expenditure in CSR activities is in the education sector as compared to other

Table 4: Satisfaction Level regarding Educational Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|------------------------------|---------------|--------------|--------------|--------------|---------------|--------------|-------------------|
| Scholarship | 6 (15) | 7 (17.5) | 9 (22.5) | 9 (22.5) | 9 (22.5) | 40 (100) | 15.35 |
| Donation | 4 (13.33) | 5 (16.67) | 9 (30) | 7 (23.33) | 5 (16.67) | 30 (100) | |
| School Construction | 8 (16) | 7 (14) | 13 (26) | 12 (24) | 10 (20) | 50 (100) | |
| Transportation | 5 (16.67) | 4 (13.33) | 7 (23.33) | 9 (30) | 5 (16.67) | 30 (100) | |
| Educational Equipment Supply | 8 (16) | 7 (14) | 10 (20) | 13 (26) | 12 (24) | 50 (100) | |
| TOTAL | 31 (15.50) | 30 (15) | 48 (24) | 50 (25) | 41 (20.50) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

sectors in Bangladesh. As spending on the educational sector is a priority area in Bangladesh, the banks' CSR activities in this sector are consistent with government policy.

Ho²: There is no significant relationship between employment and income generating activities and the level of satisfaction of the customers.

Banks also conduct CSR activities for employment and income generation. These include different financial activities such as small and medium enterprise (SME) loans, collateral-free loans, and special agriculture loans, etc. The main features of these loans are the interest rate is low or they are interest free.

Table 5 shows calculated value of $\chi^2=20.56$, significant on level $\alpha=0.05$ critical value of $\chi^2=13.85$ on 24 degrees of freedom. Table 5 thus shows that the calculated value of χ^2 is greater than critical value. So, null hypothesis

is rejected. There is a significant relationship between employment and income generating CSR activities and the satisfaction level of the respondents.

Ho³: There is no significant relationship between capacity building and vocational training activities and the level of satisfaction of the customers.

Commercial banks of Bangladesh have conducted different activities for capacity building and vocational training under their CSR activities. Banks have arranged various training programmes as part of their CSR initiatives for skilled and unemployed people.

Table 6 shows calculated value of $\chi^2=10.50$, significant on level $\alpha=0.05$ critical value of $\chi^2=7.96$ on 16 degrees of freedom. Table 6 thus shows that the calculated value of χ^2 is greater than critical value. So, null hypothesis is rejected. There is a significant relationship between capacity building

Table 5: Satisfaction Level regarding Employment and Income Generating Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------------|
| SME loans | 4 (13.33) | 3 (10) | 10 (33.33) | 8 (26.67) | 5 (16.67) | 30 (100) | 20.56 |
| Collateral-free loans | 3 (9.38) | 4 (12.50) | 9 (28.13) | 10 (31.25) | 6 (18.75) | 32 (100) | |
| Loans for special handicrafts | 5 (15.15) | 6 (18.18) | 6 (18.18) | 9 (27.27) | 7 (21.21) | 33 (100) | |
| Loans for female entrepreneurs | 4 (14.29) | 3 (10.71) | 4 (14.29) | 12 (42.89) | 5 (17.86) | 28 (100) | |
| Employment Generation Project | 2 (7.69) | 3 (11.54) | 10 (38.46) | 7 (26.92) | 4 (15.38) | 26 (100) | |
| Agriculture loans | 5 (14.29) | 6 (17.14) | 11 (31.43) | 6 (17.14) | 7 (20) | 35 (100) | |
| Prestige project loans | 2 (12.50) | 2 (12.50) | 4 (25) | 5 (31.25) | 3 (18.75) | 16 (100) | |
| TOTAL | 25 (12.50) | 27 (13.50) | 54 (27) | 57 (28.50) | 37 (18.50) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

Table 6: Satisfaction Level regarding Capacity Building and Vocational Training Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------------|
| New entrepreneur training | 5 (12.50) | 7 (17.50) | 12 (30) | 10 (25) | 6 (15) | 40 (100) | 10.50 |
| Computer training | 4 (10) | 5 (12.50) | 15 (37.50) | 11 (27.50) | 5 (12.50) | 40 (100) | |
| Vocational training | 5 (14.29) | 6 (17.14) | 7 (20) | 11 (31.43) | 6 (17.14) | 35 (100) | |
| Agriculture training | 7 (20) | 4 (11.43) | 9 (25.71) | 5 (14.29) | 10 (28.57) | 35 (100) | |
| Female entrepreneur training | 6 (12) | 9 (18) | 12 (24) | 10 (20) | 13 (26) | 50 (100) | |
| TOTAL | 27 (13.50) | 31 (15.50) | 55 (27.50) | 47 (23.50) | 40 (20) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

and vocational training activities and the satisfaction level of the respondents. Banks have been conducting various CSR initiatives from which many people have benefited such as in building their capacity.

Ho⁴: There is no significant relationship between health activities

and the level of satisfaction of the customers.

Every year, banks carry out different CSR activities to improve the health sector of the country. These CSR activities for the health sector are mainly in urban areas and people in

Table 7: Satisfaction Level regarding Health Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|---|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------|-------------------|
| Medicine and nutrition support programmes | 4 (15.38) | 4 (15.38) | 5 (19.23) | 7 (26.92) | 6 (23.08) | 26 (100) | 12.34 |
| Donation | 6 (18.75) | 6 (18.75) | 8 (25) | 5 (15.63) | 7 (21.88) | 32 (100) | |
| Hospital construction | 4 (13.33) | 3 (10) | 7 (23.33) | 10 (33.33) | 6 (20) | 30 (100) | |
| Medical equipment purchase | 5 (14.29) | 6 (17.14) | 11 (31.43) | 7 (20) | 6 (17.14) | 35 (100) | |
| Free medical camp | 3 (15) | 3 (15) | 5 (25) | 5 (25) | 4 (20) | 20 (100) | |
| Safe drinking water | 7 (21.88) | 5 (15.63) | 10 (31.25) | 8 (25) | 2 (6.25) | 32 (100) | |
| Effluent treatment plant | 5 (20) | 5 (20) | 4 (16) | 5 (20) | 6 (24) | 25 (100) | |
| TOTAL | 34 (17) | 32 (16) | 50 (25) | 47 (23.50) | 37 (18.50) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

the rural areas have not benefited equally from them.

Table 7 reveals calculated value of $\chi^2=12.34$, significant on level $\alpha=0.05$ critical value of $\chi^2=13.85$ on 24 degrees of freedom. Table 7 therefore shows that the calculated value of χ^2 is less than critical value. So, null hypothesis is accepted. There is a no significant relationship between health sector CSR activities and the satisfaction level of the respondents. It is very interesting to note that CSR expenditure in the health sector is the second highest. The study found that most of the banks donate to the health sector in urban areas while a few banks donate in the rural areas and to the poor. Less privileged people

who live in rural areas have thus not benefited from CSR activities in the health sector.

Ho³: There is no significant relationship between financial inclusion activities and the level of satisfaction of the customers.

Table 8 shows calculated value of $\chi^2=13.56$, significant on level $\alpha=0.05$ critical value of $\chi^2=7.96$ on 16 degrees of freedom. Table 8 thus shows that the calculated value of χ^2 is greater than critical value. So, null hypothesis is rejected. There is a significant relationship between CSR concerning financial inclusion activities and the satisfaction level of the respondents.

Table 8: Satisfaction Level regarding Financial Inclusion Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|-----------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|-------------------|
| 10 Taka account open | 3 (12) | 4 (16) | 7 (28) | 6 (24) | 5 (20) | 25 (100) | 13.56 |
| Krisi cards | 5 (14.29) | 6 (17.14) | 7 (20) | 9 (25.71) | 8 (22.86) | 35 (100) | |
| Mobile banking | 9 (18) | 8 (16) | 11 (22) | 9 (18) | 13 (26) | 50 (100) | |
| Landless sharecroppers loan | 7 (15.56) | 7 (15.56) | 10 (22.22) | 12 (26.67) | 9 (20) | 45 (100) | |
| Insurance facilities | 8 (17.78) | 9 (20) | 11 (24.44) | 10 (22.22) | 7 (15.56) | 45 (100) | |
| TOTAL | 33 (16.50) | 32 (16) | 46 (23) | 46 (23) | 42 (21) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

Table 9: Satisfaction Level regarding Disaster and Relief Activities

| Activities | 1 | 2 | 3 | 4 | 5 | Total | Value of χ^2 |
|----------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|----------------------------|-------------------|
| Donation | 11 (24.44) | 7 (15.56) | 7 (15.56) | 11 (24.44) | 9 (20) | 45 (100) | 12.55 |
| Relief | 10 (20) | 7 (14) | 10 (20) | 8 (16) | 15 (30) | 50 (100) | |
| House construction | 7 (15.56) | 8 (17.78) | 12 (26.67) | 8 (17.78) | 10 (22.22) | 45 (100) | |
| Safe drinking water supply | 3 (12) | 4 (16) | 6 (24) | 7 (28) | 5 (20) | 25 (100) | |
| Special loan | 5 (14.29) | 7 (20) | 6 (17.14) | 10 (28.57) | 7 (20) | 35 (100) | |
| TOTAL | 33 (16.50) | 32 (16) | 44 (22) | 45 (22.50) | 46 (23) | 200 (100) | |

* Note: 1= Strong Disatisfaction to 5= Strong Satisfaction

Banks have conducted various financial inclusion programmes for people in rural and remote areas. Table 8 shows that the respondents' satisfaction level regarding financial inclusion activities is satisfactory.

Ho⁶: There is no significant relationship between disaster and relief activities and the level of satisfaction of the customers.

Bangladesh is a natural disaster prone area. Every year, its different areas are affected by natural disasters like cyclones, floods, etc. Banks have undertaken different CSR initiatives like providing relief, road construction, cyclone shelter construction, etc.

Table 9 shows calculated value of $\chi^2=12.55$, significant on level $\alpha=0.05$ critical value of $\chi^2=7.96$ on 16 degrees of freedom. Table 9 thus shows that

the calculated value of χ^2 is greater than critical value. So, null hypothesis is rejected. There is a significant relationship between disaster and relief activities and the satisfaction level of the respondents. Through their CSR activities, all banks have donated large amounts towards natural disaster recovery. They donate their fund to the government account and also sponsor certain activities directly.

The above analysis clearly shows that banks undertake their CSR activities in different forms and categories. We developed and tested six hypotheses based on major areas of activities undertaken by banks in Bangladesh. We found that for CSR activities in the education sector, the calculated value of χ^2 is greater than critical value. So, there is a significant relationship between educational CSR activities and the satisfaction level of the respondents.

We also found that for CSR disaster and relief activities, the calculated value of χ^2 is greater than critical value. So, null hypothesis is rejected. There is a significant relationship between CSR disaster and relief activities and the satisfaction level of the respondents. A similar outcome was found for testing the hypothesis related to employment and income generation activities where the value of χ^2 was greater than critical value. So, null hypothesis is rejected. There is a significant relationship

between CSR employment and income generating activities and the satisfaction level of the respondents.

The study further found that in the CSR activities related to capacity building and vocational training, the calculated value of χ^2 is less than critical value. So, null hypothesis is accepted. There is a no significant relationship between capacity building and vocational training activities and the satisfaction level of the respondents. The reason for this could be that the type of programmes or categories of training do not meet the desired level of the needs of the society.

A positive relationship was found in testing the fifth hypothesis. The study found that in the CSR activities related to financial inclusion, the calculated value of χ^2 was greater than critical value. So, null hypothesis is rejected. There is a significant relationship between CSR activities related to financial inclusion and the satisfaction level of the respondents.

We found negative relationship for CSR activities in the health sector. The study found that for CSR activities in the health sector, the calculated value of χ^2 was less than critical value. So, null hypothesis is accepted. There is no significant relationship between CSR activities in the health sector and the satisfaction level of the respondents.



CONCLUSION AND POLICY IMPLICATION

Conclusion

Customer satisfaction is the most important factor for banks to ensure service quality and hence their performance. In Bangladesh, commercial banks practise different management and marketing techniques to satisfy their customers. Spending on the implementation of different socioeconomic development projects under corporate social responsibility obligations is one of the major recognised activities in the banking sector.

The purpose of the study was to examine the satisfaction level of customers regarding corporate social responsibility activities undertaken by commercial banks in Bangladesh. To achieve the objective, we used both primary and secondary data. A survey was conducted with a predesigned questionnaire to collect primary data. Although 415 questionnaires were completed, only 200 were used.

In Bangladesh, commercial banks undertake their corporate social responsibility in different forms and categories. The major areas are health, education, employment, income generation, skills development training, disaster relief, capacity building, financial incentives, etc. The study developed and tested six hypotheses related to these activities to investigate the relationship between customer

satisfaction level and the nature of the banks' spending under their CSR schemes.

The study found that four out of six tested hypotheses showed positive relationship. That means customers are happy when banks undertake schemes such as spending their resources for education, employment generation, disaster management, and financial incentives. However, the health sector is of major concern.

The findings of the study are relevant to the socioeconomic condition of Bangladesh. Bangladesh is a densely populated nation where the land-man ratio is extremely low. The available economic resources to meet the socioeconomic needs of its citizens are very limited. Given this fact, spending on economic development should be appreciated without any doubt.

It is notable that while the expenditure on CSR activities in the health sector is the second largest, customer satisfaction is low. We found CSR activities in the health sector are mainly urban based. Although banks donate a huge amount towards the health sector in urban areas, customers think that if banks donate to the health sector in rural areas, this will generate benefits for more people. Despite banks conducting different CSR activities in the health sector in rural areas, they do not meet the needs. About 70 per cent people in Bangladesh live in rural areas with strictly limited health facilities.

The study suggests that management should ensure that the banking sector should concentrate on fair and prompt service to their customers. Corporate Social Responsibility (CSR) positively influences customer satisfaction toward banking service quality. However, banks should undertake activities which are most beneficial for their customers.

POLICY IMPLICATION

The banking sector in Bangladesh conducts various CSR activities among which are activities in the health sector. However, most of these CSR initiatives focus on urban areas and as such, people in the remote and rural areas have not benefited equally from these programmes. While many banks donate medical and surgical equipment to hospitals and clinics in urban areas, it must be stated that most of the hospitals and medical centres in rural and remote areas do not have sufficient medical and surgical equipment. The study suggests that the government and the central bank should encourage all scheduled banks to undertake CSR activities in the health sector focusing on rural and remote areas in Bangladesh. ■

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