



DO CSR PRACTICES OF BANKS IN MAURITIUS LEAD TO SATISFACTION AND LOYALTY?

RAMLUGUN Vidisha Gunesh

Faculty of Law and Management, University of Mauritius

RABOUTE Wendy Geraldine

Faculty of Law and Management, University of Mauritius

Abstract:

This study aims to determine how CSR activities of banks in Mauritius impact on customers' satisfaction and loyalty towards banks. A stakeholder approach to CSR and Carroll's (1991) four part definition was adopted, which included economic, legal, ethical and philanthropic corporate social responsibilities. A three- section questionnaire was used for data collection. 384 questionnaires were distributed, out of which 352 were returned. The results indicate that philanthropic CSR, economic CSR and ethical CSR, in their order of descending importance, are significant predictors of customer satisfaction and loyalty. The study shows that legal responsibilities however did not influence customer satisfaction and loyalty. The study concludes that philanthropic, economic and ethical CSR could be areas to further investigate with a view to benefit from competitive advantage in the banking sector. The study purports to contribute to existing literature by providing evidence that Carroll's model may not be applicable in non-western context, more particularly so, in small economies. The study also advocates future research avenues.

Key words: *Mauritius, stakeholder approach, CSR, banks, satisfaction and loyalty*

1. Introduction

CSR is a concept that has over the years gained growing momentum in business communities. Such emergence can mostly be attributed to "public relations and media campaigns, the centrepieces of which are often glossy CSR reports that display companies' social and environmental good actions", (Porter & Kramer, 2006, p.2). Whilst CSR is important in all spheres of the economy, the financial sector seems to attribute more importance to it. This is probably because the banking sector is a sector that is very sensitive to customer trust. An online survey carried on by Eldelman Insight (2012) in 25 countries demonstrated that financial services and banking are the

least trusted industries. Even in 2013, five years after the financial crisis, general opinion about banks seems to remain unfavourable (Seibly, 2013). The financial sector of Mauritius too has not been spared from the distrust of customers. Recent cases of fraud and scandals in the financial sector have led this sector to be under more scrutiny than ever. With a view to boosting their corporate image and to increase customer trust, banks in Mauritius have had recourse, as is the case elsewhere, to CSR activities.

The issue that needs to be determined is how consumers actually perceive CSR activities undertaken by banks. This topic warrants research, given the scarce literature which has investigated the issue from banks' perspective. McDonald and Rundle –Thiele (2008) claim that although banks fund various CSR activities but there has been scant investigation of retail banking on customers' reactions to different CSR initiatives. "The development and sustainability of customer relationships becomes increasingly important in retail banking, principally because the homogeneity of service offerings", Poolthong et al. (2009, pp. 123). Furthermore, while literature on satisfaction and loyalty has been researched from different perspectives (service quality, service attributes and service value), scant literature has investigated satisfaction and loyalty of consumers as a result of CSR initiatives, more particularly so, from the point of view of banks. While research has addressed the question in western countries, studies have yet to address this issue in Small Island developing States. The research is even more significant in small island developing states like Mauritius, because "Small Island developing States (SIDS) have their own peculiar vulnerabilities and characteristics, so the difficulties they face in the pursuit of sustainable development are particularly severe and complex" (UN, 2014). It is to be noted that Mc Donald and Chia Hung Lai (2010) hold that even less research exists on bank customers' reactions to CSR initiatives in non-Western contexts. This research tries to bridge the gap by investigating how Mauritian consumers react to CSR activities of banks in Mauritius.

This paper is organised as follows: the next section reviews the literature underlying the theoretical underpinnings of the study and literature relevant to the research, the research methodology is then set out. The results are presented and discussed, in the light of which conclusions are drawn and implications highlighted in the last section.

2. Literature review

2.1 Stakeholder theory

While theories on CSR abound, there is a lack of empirical convergence on studies regarding CSR. One of the widely quoted reasons for varied results in literature is the fact that CSR has several dimensions and have different meaning. The lack of consensus as to what constitutes CSR dates as far back as 1972 when Votaw stated that "corporate social responsibility means something, but not always the same thing to

everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large", (Votaw, 1972, p.25). Garrica and Melé, (2004) are of the view that some theories use the same terminology with different meaning and different approaches. Branco and Rodrigues (2007) note that "CSR has been conceptualised in a number of different ways which are related clearly to differing views regarding the role of business in society".

However, by far, the most widely used theory to explain CSR has been the stakeholder theory. This is because the stakeholder theory suggests that activities of companies affect not only primary stakeholders but other stakeholders as well. Freeman (1998) is of the views that since both primary and secondary stakeholders are concerned by company activities; they have to be considered in managers' decision. Donaldson & Preston (1995, p. 65) assert that "The stakeholder theory has been advanced and justified in the management literature on the basis of its descriptive accuracy, instrumental power, and normative validity. These three aspects of the theory, although interrelated, are quite distinct; they involve different types of evidence and argument and have different implications". This view is also held by Van Der Laan (2009) who suggests that a stakeholder approach is the best theory to explain managerial behaviour. In addition, Reverte (2009) postulate that stakeholder theory recognizes the diverging views that stakeholders have on how organizations should conduct their operations and consequently negotiates various social contracts with different stakeholder groups, rather than one contract with society in general

It is widely accepted that organisations cannot consider managerial activities without giving due consideration to stakeholders. Motivation for satisfying stakeholder demands stems from the fact that addressing stakeholder needs can be correlated with a firm's survival, economic well-being, competitive advantages, and the development of trust and loyalty among its targeted customers (Mitchell, Agle, & Wood, 1997). Stakeholders are those individuals or groups which may be directly or indirectly affected by activities of companies (Carroll, 1999, 1991; McWilliams and Siegel, 2001). One important stakeholder group that is particularly susceptible to a company's CSR initiatives are its customers (Bhattacharya and Sen, 2004). While Wagner et al., 2009 aver that consumers are increasingly placing importance on firms' social responsibility when making purchase decisions; McDonald and Chia Hung Lai (2011) are of the view that there is little understanding of consumers' preferences for initiatives favouring different stakeholder groups. Given the importance of consumers to bankers, it is deemed opportune to investigate how Mauritian consumers react to CSR activities of banks.

2.2 Corporate Social Responsibility

It is widely believed that stakeholder theory is linked to corporate social responsibility given that it specifies the extent to which a corporation treats its stakeholders appropriately (Driver & Thompson, 2002; Laczniak & Murphy, 2006). Moir (2001) notes that literature on corporate social responsibility and stakeholder theory come together in an examination of corporate social performance. The stakeholder theory provides the answer to the question for whom a corporation is responsible, the question of which responsibilities a corporation has to assume towards its stakeholders from a marketing perspective has been neglected until now, Öberseder et al.(2013). The initial model of corporate social performance was developed by Carroll (1979, 1991) whereby the author argues that CSR encompasses four categories of social responsibilities; economic, legal, ethical and discretionary, commonly known as the CSR pyramid. Carroll's three-dimensional conceptual model of corporate performance, (Carroll, 1979), aimed to give a new orientation to the term social responsibility as there were too many views concerning the term according to him. Thus, he developed the concept with the first dimension being an explicit definition of social responsibility, followed by an enumeration of the issues for which social responsibility exist and finally setting out specification of the philosophy of response. Carroll (1979) also argued that these responsibilities are performed not only for the firm's sake but also for the sake of society at large. However, scholars have suggested that Carroll's model may not be applicable in an African framework because the difference in CSR as perceived in western countries and Africa are context dependent, (Visser, 2005, Dartey-Baah & Amponsah-Tawiah, 2011).

3. Prior research and Hypothesis development

3.1 Economic CSR and consumer

Carroll (1991) posits that while firms are founded as economic institutions intended to make products and services available to the community with the view to making profit, the profit element was subsequently transformed into a notion of maximum profits, which according to him has more value ever since. Carroll (1991) explains that all the different business obligations of a firm depend on the economic obligation of the firm because without it the other obligations cannot be met. Statements characterising economic responsibility would include maximizing earnings per share, being as profitable as possible, while also being efficient and competitive. The study of Rahim et al. (2011) demonstrated that the economic obligation remained the highest concern of the Malaysians. They aver that though Malaysians appear to view CSR differently compared to other countries, the economic obligation of organisations remains the favoured responsibility of consumers. Furthermore, Visser (2005) notes that in Africa, economic responsibility is highly prized. The study of Bhattacharya and Sen (2004) intended to better comprehend the reaction of

consumers to corporate social activities, finds that customers' primary concerns when buying are the cost and quality of the item. It can be deduced that purchasers would be satisfied if the above two attributes are fulfilled. Furthermore, the results of the study demonstrates that a few buyers may even boycott organizations when that they see that CSR activities are being done at the expense of investments in product or service quality. Additionally, a study conducted by Onlaor and Rotchanakitumnui (2010) to develop the understanding of CSR from customers' perspective in Thailand with regard to mobile service suppliers found that economical CSR has a positive effect on customer satisfaction and loyalty. The study was carried out on 400 customers using survey instruments. The outcomes of the study indicated that reasonable price and service quality have positive impact on customer satisfaction aside from benefitting shareholders. Besides, a study undertaken by Echo Research (2013) in collaboration with Cone Echo Communication found that one of the main issues that a customer wants organization to address is the economic improvement of society. On the other hand, other studies show that economic CSR responsibilities are the least rated by consumers, Maignan (2001).

3.2 *Legal CSR and Customer*

Carroll's category of legal responsibility is defined as obeying or complying with the law, Schwartz and Carroll (2003). Carroll (1991) explains that as part of the accomplishment of the "social contract" that exists between businesses and society, businesses are expected to rely upon the legal system in their fulfilment of economic responsibility. Hence, legal responsibilities are reproductions of ethical values expected by society in the sense that they encompass the fundamental notions of fair operations as established by lawmakers. In the context of customer satisfaction and loyalty, legal CSR may be referred to laws regulating customer protection, health and safety, employment regulations, consumer privacy laws and environmental laws.

Simic and Stimac (2010) stipulate that Croatian consumers value legal CSR. The result of the study on 195 respondents showed that 92.3% of them found that legal CSR is the second most important responsibility after ethical CSR. The authors explain that abiding to the law is not considered as a normal duty in businesses in Croatia, as business crime and corruption is very common in their business community. Tan and Komaran (2006) analysing the perceptions of CSR in Singapore provide that legal responsibility scored highest among the four component of Carroll's four part definition of CSR. Maignan (2001) also argues that legal responsibilities were most important among German and French consumers. On the other hand, other studies report that legal responsibilities are least important, Rahim et al. (2011). The authors explain that, contrasted with other developed countries, Malaysians give little importance to law and regulations. They add that this might be the consequence of the weak enforcement of legislation in force in the country compared to other developed countries. This is further confirmed by Nareeman and Hassan (2013) who report a negative relationship

between legal CSR and customer satisfaction. Furthermore, Visser (2005) notes that legal responsibilities have a lower priority in Africa.

3.3 Ethical CSR and Customer

Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights, Carroll (1991). A further explanation from the study of Rahim et al. (2011) in Malaysia posits that ethical responsibility recognizes that the principal values and moral conduct of a firm ought to go beyond the necessity of simply abiding by laws and regulations. Bhattacharya and Sen (2004) aiming to understand when, how and why consumers respond to CSR initiatives, claim that it is important for companies to be honest and sincere in their actions. They explained that consumers do inquire about the reason behind the engagement of firms in CSR activities and they are particularly careful about the genuineness of an organization's CSR intentions. They further add that consumers are usually cynical when companies with a negative reputation are involved in causes closely related to their business, (Bhattacharya & Sen 2004). In addition, the study of Carrigan and Attalla (2001) on "The Myth of Ethical Consumer" demonstrates that in general, ethical activities would only influence the conduct of consumers for some particular items or items classification. For example, buyers might choose to be ethical when a product has many substitutes or if it is not a basic needs. Thus, consumers tend to choose to be ethical when no cost is incurred by consumers in terms of added price, lower quality or having to shop around.

3.4 Philanthropic CSR and Customer

Philanthropic CSR (also known as discretionary CSR) is defined as "encompassing those corporate actions that are in response to society's expectation that businesses be good corporate citizens", (Carroll, 1991).

The study of Cone Communications (2013) undertaken in 10 countries on 10287 consumers recorded that 31% of consumers consider that firms should adjust the way they operate to better fit and meet the social and environmental needs of a society. Furthermore, 29% of the respondents think that companies should be activists in changing social and environmental issues and added that companies should also be involved in more awareness campaigns, volunteering and donation. Finally, 21% of the consumers believe that donation and volunteering are sufficient for a firm to address social and environmental issues. Overall, it can be deduced that more than 80% of the people surveyed believe that corporations should undertake some philanthropic responsibilities in their society. Furthermore, philanthropic donation is the most important attributes after prices and quality when making a purchase decision, (Valor.2005., Flandez. 2013). Visser (2005) notes that philanthropic responsibility gets a higher priority in Africa. In addition, CSR is most commonly associated with

philanthropy or charity in developing countries, (Visser, 2005, Dartey-Baah & Amponsah-Tawiah, 2011).

3.5 Customer satisfaction and loyalty

There is an ongoing debate towards finding a better explanation of customer satisfaction and loyalty (Chaudhuri and Ligas, 2009; Faullant et al., 2008). While many studies have investigated satisfaction and loyalty of various service industries, they were mostly related to functional attributes of the services (Olson and Reynolds, 1983), service quality (Parasuraman et al., 1988; Taylor and Baker, 1994), or service value (Zeithaml, 1988; Cronin et al., 1997). Scant literature has investigated satisfaction and loyalty of consumers from the perspective of bank's CSR. In addition, findings of consumer loyalty in other product classes might not be applicable to banking as loyalty is known to vary over product classes, Jain et al. (2007). Prior research has demonstrated that CSR has an impact on consumers' attitudes, purchase intentions, consumer-company identification, loyalty, and satisfaction. Initial studies indicate that consumers take a firm's commitment to CSR initiatives into account when evaluating companies and their products, Öberseder et al (2013).

Bhattacharya and Sen, 2004 are of the view that a firm's CSR actions are more likely to generate favourable attribution and consumer identification and would ultimately promote performance- enhancing behaviours, such as customer loyalty. While customers normally expect businesses to provide high service quality or product, fair prices, courtesy and sufficient information, it can be observed that customers increasingly have an interest in the social responsibilities of companies. Guchait et al. (2011) explains that financial scandals, social issues and environmental disasters are the factors which have brought more pressure on businesses to be socially responsible. Bhattacharya and Sen (2004) noted that implementing CSR in business activities help companies to retain customers. They pointed out that those companies that have distinguished themselves on CSR platform usually enjoy loyalty from a segment of their customers. Moreover, Raman et al. (2012) note that the more a company is engaged in CSR practices, the more it benefits from customer loyalty. The study was carried out using a quantitative analysis of 100 respondents from an electronics manufacturer and the results showed that the middle ranged income group seems to be the most influential groups that determine a market preference and hence, customer loyalty.

The following research hypotheses have been developed based on the review of literature:

H1: There is a positive relationship between economic CSR activities of banks and customer satisfaction and loyalty.

H2: There is a positive relationship between legal CSR activities of banks and customer satisfaction and loyalty.

H3: There is a positive relationship between ethical CSR activities of banks and customer satisfaction and loyalty.

H4: There is a positive relationship between philanthropic CSR activities of banks and customer satisfaction and loyalty.

4. Research methodology

A questionnaire was designed to carry out the survey on the impact of CSR on customers' satisfaction and loyalty in the banking sector in the Mauritian context. The questionnaire has been divided in three sections. The first section aims to collect data on the demographical characteristics of the participant. The items of the second section purport to measure the perception of the participant of a socially responsible bank. The items of the second section have been designed based on the four-part definition of CSR, that is, economic, legal, ethical and philanthropic. The instrument of each item adopted in this questionnaire was developed based on the work established by previous studies. Finally, the last section aims to measure customer satisfaction and loyalty. Customer satisfaction scale and customer loyalty scale were adapted from Thuy and Hau (2010) and Musa (2005) respectively. The two last sections were measured using a five points Likert scales with anchors ranging from 1 for strongly disagree to 5 for strongly agree. A pilot test was conducted to evaluate the competency of the questionnaire. The target population of the study are customers (aged 18 years old or older) of the banking sector in Mauritius. The figure for the study is approximately one million, (Statistics Mauritius, 2013) and a convenience sampling technique was used. Furthermore, the characteristics of respondents for this study were that they should be 18 years old or older and had a bank account in Mauritius. 384 questionnaires were distributed, out of which 352 were returned.

The analysis process has been achieved using SPSS 22. Factor analysis was used for factor extractions of CSR items. Thereafter composite variables were computed with loaded factors for the purpose of the Multiple Regression Analysis to test the relationship between the independent variables (Economic, Legal, Ethical and Philanthropic CSR) and dependent variables (Customer Satisfaction and Loyalty).

5. Analysis of findings

5.1 Demographic Profile

This section presents the demographic profile of the respondents of the survey questionnaire. The table below shows the frequency distribution of each demographic variable.

Table 1. Demographic profile of respondents

Demographic Variables	Measures	Frequency	Percent (%)
Age	< 20 years	48	13.4
	21 – 30 years	264	73.9
	31 – 40 years	26	7.3
	41 – 50 years	11	3.1
	> 50 years	8	2.2
Gender	Male	114	31.9
	Female	243	68.1
Education Level	Tertiary	223	62.2
	Higher School Certificate	94	26.3
	School Certificate	29	8.1
	Certificate of Primary Education	8	2.2
	Other	3	0.8
	Monthly income	< Rs5000	189
	Rs 5000 – Rs 10000	55	15.4
	Rs 10000 – Rs 25000	78	21.8
	> Rs 25000	35	9.8

The majority of the respondents are between 21 years old and 30 years old, and gender distribution shows that the majority of the respondents are female. Most of the respondents are persons who have undertaken studies up to the tertiary level, which adds on the reliability of responses obtained. Finally, the distribution of the monthly income of the respondents shows that most of the respondents (52.9%) have an income of less than Rs5000 per month.

5.2 Factor analysis, validity and reliability

According to Field (2005), reliability of factor analysis is dependent on sample size and suggests that in general over 300 cases is probably adequate but communalities after extraction should be above 0.5. We first checked for factorability of the 16 CSR items by verifying inter-correlations between the variables. Kaiser-Meyer-Olkin measure of sampling adequacy was .910, above the commonly recommended value of .6, and Bartlett’s test of sphericity was statistically significant. In addition, communalities were all above 0.5, providing corroborative evidence that each item shared some common variance with other items. Therefore, factor analysis was deemed to be suitable with all 16 CSR items. As a result, we used principle component analysis with Varimax (Orthogonal factor rotation), which, according to Hair et al. (2010) is one of the simple approaches in case of rotation and it allows clear

separation of factors which makes interpretation easier. An examination of Eigen values showed that the first four factors explained 68.4 % of the variance and the factor structure that emerged showed that items loaded onto four factors. These were named ethical, philanthropic, legal and economic CSR respectively.

In addition, in order to assess the reliability of measurement scales, Cronbach alpha scores were computed. The results obtained indicated that the values of the Cronbach alpha ranged from .625 to .915, which imply that the constructs were significantly reliable and also provide support on the interval consistency of the items, justifying their use in summated scales later. It is to be noted that no considerable increase in alpha for any of the constructs could have been obtained by eliminating items. The results of the factor analysis and composite reliability index are shown in Table 2.

Table 2 Factor analysis and scale reliabilities

Latent variables	Items	Factor loadings	Cronbach's Alpha
Ethical CSR	Provide sufficient information regarding prices and charges	.769	0.915
	Provide reasonable prices and charges	.763	
	Give reasonable salaries to its employees	.741	
	Always provide accurate information	.679	
	Have a reputation for ethical behaviour	.666	
	Act ethically at all time	.615	
	Strengthen business ethics training to staff	.578	
	Meet the legal requirement of customer privacy at all time	.521	
Philanthropic CSR	Provide more information on social programs such as art, charity and sport activities	.851	0.826
	Play a role in the society that goes beyond the generation of profits	.795	
	Give preferential rates to the needy	.746	
	Also hire people with disabilities	.594	
Legal CSR	Always be ethical even if this negatively affects economic performance	.776	0.625
	Refrain from bending the law even if this might improve their financial performance	.705	
Economic CSR	Maximise its profits	.877	0.649
	Maximise earning per share of its shareholders	.745	

*Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = 0.910; Bartlett's Test < 0.005

**Loadings =>.0.4

5.3 Multiple regression analysis

Multiple Linear Regression (enter method) was used to verify whether economic, legal, ethical and philanthropic CSR influence the customer satisfaction and loyalty. The regression model demonstrated a weak linear significant relationship between the independent variables and customer satisfaction and loyalty ($F(4,356) = 19.770$, $p < .05$, $R^2 = 0.183$, R^2 adjusted = 0.174). The findings tend to suggest that, aside from CSR components, other factors might influence customer satisfaction and loyalty. An analysis of variance (ANOVA) was used to test whether there is a significant relationship between the four CSR dimensions and customer satisfaction and loyalty. A p value of 0.000 indicated that these four CSR dimensions influence satisfaction and loyalty. In addition, an analysis of the coefficient table below revealed that as far as philanthropic CSR is concerned, philanthropic CSR ($t = 3.428$, $p < 0.05$) has a strong positive relationship with satisfaction. Economic CSR and Ethical CSR were also significant predictors of satisfaction and loyalty at the 10 % confidence level (Economic CSR ($t = 2.775$, $p < 0.01$), Ethical CSR ($t = 2.672$, $p < 0.01$). Therefore, H4, H2 and H3 are accepted.

Table 3 Results of multiple linear regression coefficients between the independent and dependent variables

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	23.380	2.055		11.379	.000		
EthicalCSR	1.611	.603	.182	2.672	.008**	.499	2.004
EconCSR	1.201	.433	.148	2.775	.006**	.813	1.230
LegalCSR	.026	.396	.004	.065	.948	.682	1.467
PhilanCSR	1.573	.459	.206	3.428	.001*	.641	1.560
R²							
Adj. R²	0.183						
Sig. F	0.000						
F-value	19.770						

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

6. Discussion

Our findings reveal that philanthropic CSR was the most influential component of customer satisfaction, followed by, economic and ethical CSR. As far as philanthropic CSR is concerned, compared to Carroll's theory and other studies, philanthropic CSR scored the highest beta value among the four components, which means that Mauritians allocate much more importance to the philanthropic activities of

banks than other nations. On the other hand, several studies found that, philanthropic CSR is the second important factor after economic CSR, leading to customer satisfaction, (Rahim et al., 2011; Cone Communications, 2013; Valor, 2005; Nareeman & Hassan, 2013). This means that philanthropic CSR is one of the factors which can really help bank differentiate itself from its competitors as perceived by Mauritians. It is considered to be the utmost responsibility among the four CSR responsibilities. This may imply that Mauritians are sensitive to the well-being of the poor and the disabled. In fact, "the Training & Employment of Disabled Persons Act stipulates that the labour force of all employers having 35 employees or more should include 3% of persons with disabilities" (Federation of Disabled Peoples Organisations (DPO) Mauritius , 2013). However, it can be noted that only 88 persons with disabilities were employed as at 2001 as per the last survey of the Training & Employment of Disabled Persons Board report. Therefore, it can be inferred that when consumers perceive banks providing information on social programs, give preferential rates to the needy and hire people with disabilities, they can identify their bank's commitment to social initiatives and hence this impact positively on their satisfaction and loyalty.

Although most previous research ranked economic CSR as first, the current research shows that economic CSR influences customer satisfaction and loyalty to a lesser extent. On the other hand, Visser (2005) proposes that the economic contribution of companies in Africa is highly prized, by governments and communities alike. The author explains that such a priority may be attributed to the fact that developing countries have a different economic landscape. For instance developing countries tend to "suffer from a shortage of foreign direct investment, as well as from high unemployment and widespread poverty", (Dartey-Baah & Amponsah-Tawiah, 2011, p.131). Findings suggest that Mauritian consumers have understood the importance of businesses being profitable and maximising earnings per share of businesses, and that the above will eventually provide positive and collateral benefits to other stakeholders. In addition, results tend to suggest that Mauritian consumers do not prioritise economic CSR because of the sound economic environment of the country. It can also be inferred that Mauritian consumers are more socially oriented than economically oriented.

Findings reveal that ethical CSR also moderately influence customer satisfaction and loyalty. It can be inferred that respondents who perceive that banks act ethically towards their customers tend to be more satisfied and loyal towards their banks. The moderate influence of ethical activities of banks might be explained by the fact that banks transact in homogenous products and consequently consumers do not believe that ethical activities to be of big significance. It can also be deduced that consumers have high consideration for the role of ethical activities in a socially responsible bank. Findings can be related to the study of Bhattacharya and Sen (2004) where it was found that it is important for companies to be honest and sincere in their actions.

Finally the hypothesis that legal CSR dimensions would influence customer satisfaction and loyalty is not supported in the study. The results concur with findings of

other studies, whereby legal CSR was not highly prioritised (Rahim et al, 2011; Visser, 2005; Dartey-Baah & Amponsah-Tawiah , 2011). Furthermore, the result is similar to findings of Nareeman & Hassan, (2013, p.42) who explained that, “this is because meeting legal requirement does not gain customer trust as customer perceives that it’s a mandatory for organization to comply with laws and regulations”. Nonetheless, legal responsibilities have been found to be most important in other studies, (Maignan, 2001). A further reason behind the perception of legal CSR might be related to the fact that the laws regulating the banking sector in Mauritius are adequate and consequently would not have an effect on customers if organizations abide by the laws. Furthermore, Mauritius has a strong legal and institutional framework, on which Mauritian consumers can attach much credentials. Therefore, this implies that Mauritian consumers do not reckon the importance of legal CSR.

7. Conclusions, implications and future research

The research purports 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. Our findings significantly differ from Visser (2005) who found that economic responsibility was the most preferred responsibility, followed by philanthropic, legal and ethical responsibilities.

This study contributes in the understanding of CSR in relation to Mauritian customers in the banking sector. Based on the findings, it is suggested that bankers should try to implement more philanthropic activities when designing their business strategy. More focus should be on activities designed for helping the community and rural development, arts, charity, sports development, the needy and disabled persons. Furthermore, special attention is needed for the economic dimension. It is recommended that banks anticipate the economic strategy of their competitors or be very flexible in responding to the economic strategic moves of their competitors so as to retain their customers. Improvement in banks' physical facilities and in listing the price charged for their services might help bankers gain a competitive edge. Therefore, banks in Mauritius can benefit from results obtained and can build on competitive advantage through the above identified factors which have an influence on the satisfaction and loyalty of their consumers. Influencing CSR activities can also be incorporated in business strategy and banks can invest more in them.

Given the limitations of the study, findings should be interpreted with a note of caution. Given that the study uses convenience sampling, external validity of the study could be biased. Future studies could be geared towards the use of probability sampling techniques or stratified sampling methods to provide more generalised and reliable findings and a more objective presentation of the impact of CSR on customers. In addition, the study uses a questionnaire as data collection technique. Perceptions of consumers would be better assessed by other techniques such as interviews to supplement this method. This would provide more insights on those variables which require further investigation. In addition, it is proposed that other variables such as trust and commitment be used as mediating effects to investigate satisfaction and loyalty. Future research may also be directed towards the use of different loyalty and satisfaction measures to explore their impacts on CSR initiatives of other companies in the financial services sector. Finally, it would be interesting to measure Mauritians' awareness of CSR in the banking sector to know whether this study is based on an assumed or artificially-induced awareness of CSR, (Oberseder et al. 2011).

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