

## INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ACTIONS ON CUSTOMER LOYALTY TOWARDS NIGERIAN RETAIL BANKS WITHIN NORTH EASTERN NIGERIA

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### ABSTRACT

The present study aims to test the relations between CSR and customer loyalty towards the retail banks in north eastern Nigeria. Cross sectional survey was conducted in 2019. Sample of 430 individual customers of the Nigerian retail banks within Bauchi, Maiduguri, Gombe, Jalingo, Yola, and Damaturu metropolitan towns in north eastern Nigeria participated in the survey as respondents. Hypotheses were tested using Path analysis, a component of structural equation modeling. Findings showed that CSR elements (legal, ethical, and philanthropic) positively influenced customer loyalty towards the Nigerian retail banks. The study concludes that involvement in CSR initiatives is essential actions that result in customer loyalty. It is thus recommended that CSR initiatives be practised by the Nigerian retail banks as a business strategy for creating competitive advantage and attracting lasting customer loyalty among customers.

### Contribution/ Originality

It is valuable to carry out country as well as industry specific researches on the influence of CSR activities on customers' loyalty toward firms so as to enhance the body of knowledge. However, there is scarcity of research investigating the influence of CSR actions on customers' loyalty in the context of the retail banking industry of Nigeria. This study therefore fills the gap in the literature.

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## 1. INTRODUCTION

Rising complexity of business, growing concern for sustainable development, demand for ethical behaviour and call for better transparency have compelled tendency towards integration of corporate social responsibility(CSR) in business undertakings (Fatma *et al.*, 2015; Aramburu and Pescador, 2017). In particular, in the financial industry, the occurrences of the 2009 financial crises manifest a chain of crises in the industry. Consequently, banking customers began to monitor the industry, looking for companies with firm CSR vision; the practice of CSR increasingly became a way to stand unique (Lee *et al.*, 2017). CSR is a scheme by which companies deal with obligations in society. The obligations comprise of communal, ethical and economic responsibilities, among others. In essence, CSR ensures that businesses are operated efficiently to sustain helpful influence on the general public (Bediako, 2017).

For managers in the present business environment, CSR has become an acronym that can hardly be overlooked. It has been generally embraced by business firms as a vital matter to undertake so as to maintain sustainable growth and competitive advantages (Chang and Yeh, 2017) as it has a significant influence on consumers' positive actions (Lee *et al.*, 2017). There is almost no country in which business has not taken up the challenge of CSR (Matten, 2006). CSR is well implemented by firms in Nigeria. Many of the Nigerian companies, including the retail banks, mingle their CSR actions with those linked to brand as they want to have to 'look good' to their customer so as to generate greater profits (Philips, 2006). For example, one of the retailing banks in Nigeria, the United Bank of Africa (UBA) PLC expended N = 1,033, 205,556.00 (in local currency, the naira, approximately \$2.9 million USD) on CSR activities in 2018 (UBA PLC, 2018).

As CSR is ever-increasingly becoming essential from a theoretical and practical perspectives, researchers have explored the diverse mechanisms of how, when, and why consumers respond to CSR initiatives of companies. In one research line, CSR has been engaged as a construct that directly leads to customer loyalty. In the banking sector, few studies have been conducted in this direction. Gunesh and Geraldine (2015) explored the relations between CSR and customer loyalty within the banks of Mauritius. Results revealed positive and significant relations between philanthropic CSR and customer loyalty, whereas legal CSR has no influence on customer loyalty. Moisescu (2017) investigated the influence of CSR actions of the retail banks on customer loyalty in Romania. The author found that perceived CSR actions positively and significantly influenced the loyalty of customers. In the rural banking industry of India, Goyal and Chanda (2017) explored customer loyalty effect of CSR actions, and positive relationship was found. Similarly, in the Basque country's cooperative and commercial banking industry, Aramburu and Pescador (2017) tested the relations between CSR actions and customer loyalty. Results demonstrated that CSR actions have a major influence on loyalty attitude of the customer.

However, the researches above have shown mixed findings. Moreover, little is known on the relations between CSR and customer loyalty towards the Nigerian retail banks. Besides, all the studies were conducted in a non - Nigerian context thus limiting generalisation of their findings to the retail banking context of Nigeria. This is because numerous CSR activities are influenced by a country's policies and culture (Welford, 2005), and cultural diversity has a bigger influence on CSR perceptions (Dilling, 2011). Consequently, customers' responses to CSR actions of the banks might differ across countries. Hence, there is the need to investigate the influence of CSR activities on customer loyalty within the Nigerian Banks.

Additionally, across other services sector, previous studies have examined the relations between CSR and customer loyalty. Lee *et al.* (2017) investigated customer loyalty effects of CSR activities in non-life insurance services. Result demonstrates significant positive effect of CSR actions on customer loyalty. Similarly, Kim and Kim (2016) tested the relationship between CSR activities and customer loyalty within the hospitality services sector. The authors found a significant positive association between the two constructs. Kodua *et al.* (2016) explored the direct association between

CSR actions and customer loyalty within the mobile telecommunication industry. Findings have shown a significant effect of ethical and philanthropic social responsibilities on customer loyalty, while legal aspect has no influence. [Stanisavljević \(2017\)](#) explored the influence of economic, legal, ethical and philanthropic social responsibilities on loyalty of customers within mobile telephone services sector. Results showed that philanthropic and economic responsibilities had a key effect on loyalty actions of the customers but legal and ethical dimensions did not show any significant influence. In a recent study, [McCain \*et al.\* \(2019\)](#) investigated the association involving CSR actions and loyalty towards the casino. Result demonstrated that legal and philanthropic aspects were positively related to loyalty actions of the casino customers. However they reported lack of influence of economic and ethical responsibilities on customer loyalty.

Nonetheless, findings in non-banking services context cannot wholly apply to the banking sector. The customer loyalty effects of CSR activities should be expected to differ amid the services sector (for example, retail banking, telecommunication, retail etc..) due to differing systems of transactions and customer relationship activities in each service sphere ([Moisescu, 2017](#)). Hence, there is the need to test the link between CSR and customer loyalty within the retail banking sphere so as to provide more empirical evidence. [Aramburu and Pescador \(2017\)](#) have suggested further examination of the effect of CSR on customer loyalty within the banking industry.

Taking all the studies reviewed above, some points have been identified. Most of these studies showed that firms' implementation of CSR activities can directly influence customer' loyalty. More specifically, they exhibited that distinct CSR dimensions can have a distinct effect on customer loyalty.

But, studies have shown conflicting findings. On the one hand, it has been shown that ethical and philanthropic social responsibilities positively influence customer loyalty ([Gunesh and Geraldine, 2015](#); [Kodua \*et al.\*, 2016](#)). In contrast, [McCain \*et al.\* \(2019\)](#) have shown the aforesaid CSR elements had no positive effects on customer positive outcomes. These differing findings indicate that researchers have not yet arrived at a clear-cut ending on the direct effect of CSR actions on customer loyalty. Consequently, there is a need to further test the direct relations between the two constructs. Moreover, [Moisescu \(2017\)](#) has recommended for more research on the influence of CSR activities on customer loyalty. Understanding the influence of CSR initiatives on customer loyalty is significant because firms gain continuing value bond with consumers once firms create and maintain customer loyalty ([Bediako, 2017](#)).

Therefore, broadly this paper aims to examine the influence of CSR activities of the Nigerian retail banks on customer loyalty in a real market context. Specifically, the study explores the effects of economic, legal, ethical, and philanthropic social responsibilities on customer loyalty. The study focuses on the banking sector because the banking index was the best performing sector in 2017, up73.3% ([Afrinvest, 2018](#)).

This study is significant from two angles. Firstly, it gives a profound comprehension of the influence of CSR on customers' behaviour, because it explores the effects of varied aspects of CSR on customer loyalty; secondly, by providing empirical evidences on CSR initiatives of the retail banks from the perspective of customers in Nigeria, it is envisaged that such evidences certainly will add a new angle to managers and policy makers in best possible execution of CSR within the retail banking segment of Nigeria.

The rest of the paper is arranged as follows: section two provides theoretical background on constructs utilised in this research namely: CSR and customer loyalty; section three dwells on hypotheses development and presents the conceptual model of the study; section four is the methodology section and it discusses the methods used in carrying out the study; section five presents results of the study and discusses the findings, and lastly, section six concludes the paper and made recommendations.

## 2. LITERATURE REVIEW

### 2.1. CSR

CSR has progressed to turn into a strategic industry tool in recent time, in view of its significant influence on consumer positive outcomes. Consequently, firms have taken a serious interest in CSR initiatives (Lee *et al.*, 2017). Attainment of business returns and corporate social actions are not jointly exclusive, instead they are balancing goals. Many businesses make positive returns along with social conducts. When the goods and services conform to societal and other norms, subsequently continuing better links with customers are set, which then contributes to greater profits (Stanisavljević, 2017).

CSR has been defined in various ways based on differing viewpoints. However, Carroll's (1979) explanation is one of the well - grounded in the literature (McCain *et al.*, 2019). Carroll (1979) defines CSR as: "the social responsibility of business encompasses the economic, ethical, legal and discretionary (philanthropic) expectations, which society has of organisations at a given time".

Carroll (1991) defines economic responsibility as producing the goods and services required by society, making greater profits constantly, and achieving greater operational effectiveness. Therefore, economic responsibility is the first requirement in business (Carroll, 2016). The legal obligation is defined as working in line with established rules that represent vital ideas of just operations given by authorities. Society expects business to abide by laws and rules. Ethical responsibility is performing in a way consistent with anticipation of society's norms and ethics (Carroll, 1991). Business has the expectation, and obligation, that it will perform what is right, just, and fair and to shun damage with whom it interacts (Carroll, 2016). Finally, philanthropic responsibility refers to all forms of business's charitable and optional generous giving (Carroll, 2016).

However, CSR has been opposed on various grounds. For example, Henderson (2001) argues that the implementation of CSR carries greater possibility of expenditure increase. In implementing CSR, managers have to consider a wide range of goals and concerns, and to engage themselves in fresh and time - taking session with stakeholders. These actions would occur in all business that adopted CSR; and certainly, the extra stress on management will perhaps have negative effects on returns side as well.

### 2.2. Customer loyalty

Dick and Basu (1994) referred to loyalty as "the relationship between the relative attitude toward an entity (brand/store/vendor) and patronage behaviour". Customer loyalty customarily covered two aspects of the phenomenon: the attitudinal and behavioural aspects. The attitudinal component includes the intent to purchase another time and/or purchase extra goods or services from the same corporation; readiness to advocate the corporation to some customers and a loyalty to the corporation indicated by an opposition to shift to a competing corporation (Szczepańska and Gawron, 2011). The behavioural component includes: repeat buying of products or service; buying additional and diverse goods or services from the same corporation; advocating the corporation to others (Jr. *et al.*, 2009). Loyalty is generally studied employing three basic approaches, which include behavioural aspect, attitudinal aspect and composite method. The composite method is the mixture of the first two aspects of loyalty. Berg and Lidfors (2012) has stated that proper loyalty incorporates both behavioural and attitudinal aspects, resulting in consistent attitudes and behaviours of loyalty. Therefore, composite approach was adopted in this study.

The significance of customer loyalty is greatly stressed in the business sphere. This is because by attracting loyal consumers, managers can lower promotion expenses along with the effect of price sensitivity. Furthermore customer loyalty leads to advocacy towards a corporation's goods or services (Kim and Kim, 2016).

### 3. HYPOTHESES DEVELOPMENT AND CONCEPTUAL MODEL

The study adopts social exchange theory (SET) to explain the relations between the different dimensions of CSR and customer loyalty. This theory states that interactions between parties result in beneficial outcomes (Lambe *et al.*, 2001). Additionally, the theory indicates that these interdependent interactions have the prospect to produce high quality relationships. Also, one of the basic views of the theory is that associations develop progressively into trusting, loyal as well as reciprocal commitments (Cropanzano and Mitchell, 2005). Thus, on this basis of this theory, we proposed that when customers enjoy benefits from CSR initiatives of the Nigerian retail banks, it sets in reciprocity commitments to customers which make the customers to exhibit loyalty actions toward the banks.

Economic corporate social responsibility (ESR) in society is fundamental to ensure businesses' continued survival as society views businesses as institutions that produce needed goods and services. And as an encouragement, society enables them to take profits. Business creates profits when they add value and in this way they benefit all their stakeholders including customers (Carroll, 2016). Thus companies committed to economic responsibility might invoke more supportive behaviors from consumers. Thus, the below hypothesis (H):

H1: ESR will have a positive effect on customer loyalty towards the Nigerian retail banks.

The legal corporate social responsibility (LSR) comprises laws and regulations that are set by law makers at different levels of government. Such laws express basic notions of fair business practices and firms are to observe them (Carroll, 2016). McCain *et al.* (2019) has found positive relations between LSR actions and customer loyalty. Consequently, firms committed to legal CSR might invoke customer loyalty, and hence the below hypothesis.

H2: LSR will have a positive effect on customer loyalty towards the Nigerian retail banks.

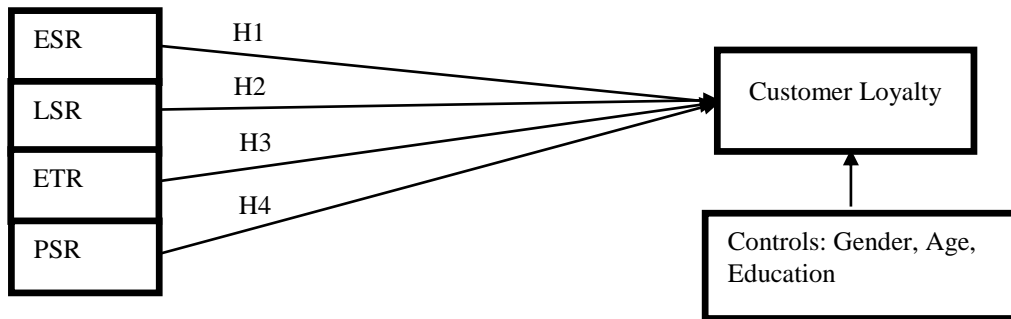
He and Lai (2014) have stated that ethical responsibilities imply being honest, keeping promises, and being truthful. Gunesh and Geraldine (2015) demonstrate that ethical CSR significantly predicts customer responses, like customer loyalty. Hence, the below hypotheses:

H3: ETR will have a positive effect on customer loyalty towards the Nigerian retail banks.

Philanthropic corporate social responsibility (PSR) comprise all types of donations to the society (Carroll, 2016), and might include, among others, businesses enthusiastically engaging in programmes to support human welfare, contributions of financial resources to education, arts, or the community (Carroll, 1991). Gunesh and Geraldine (2015) demonstrated that corporate philanthropy is significantly related to consumer loyalty. Hence:

H3: PSR will have a positive effect on customer loyalty towards the Nigerian retail banks.

Some confounding variables were determined and are to be statistically controlled. These included customers' sex, age, and level of education. Moisescu and Gică (2017) have shown important dissimilarity as regards gender, age, and education among consumers on the influence of CSR aspects on loyalty. Based on the preceding discussions, we present the below figure as our research model.



**Figure 1: Conceptual model of the study**

**Source:** Designed by authors

#### 4. METHODOLOGY

The study adopted a cross sectional survey in 2019 and obtained responses from the individual customers of the Nigerian retail banks. Survey was chosen because it is a fast, low cost, and accurate way of assessing information concerning a population (Zikmund *et al.*, 2007). Nevertheless, in a survey research, it can be difficult to ascertain the truthfulness of respondents, thus a drawback (Hair *et al.*, 2006). The survey covers CSR initiatives of the Nigerian retail banks in metropolitan towns of Bauchi (Bauchi state), Maiduguri (Borno state), Gombe (Gombe state), Jalingo (Taraba state), Yola (Adamawa state), and Damaturu (Yobe state) within north eastern Nigeria. The north eastern region of the country was chosen because it shares international borders with the republics of Cameroon, Niger, and Chad, having evidence of cross border commercial activities. Also, data collection was narrowed to the above mentioned metropolitan towns because of large concentration of the Nigerian retail banks’ branches in these towns.

Individual customers of the retail bank branches in the above mentioned towns constituted the population of the study. To test hypotheses about the current research, the study sample should, by rights, be randomly chosen. But due to lack of full accessibility to the population and other constraints in carrying probability sampling, convenience sampling method was employed in sample selection. Based on interaction with management staff of some of the retail banks’ branches, population of the individual bank customers in the metropolitan towns was approximated to 466,068 individual customers. We determined that the required sample size at 95% confidence level and a 5% margin error for a population of 466,068 were 384<sup>1</sup>. However, 30% of 384 questionnaires were added to the initial sample to ensure increase representation and take care of lost questionnaires thus bringing the sample to 500 approximately.

Indicators for the constructs in the questionnaire were sourced in past researches and adapted them to go with our research. Indicators for dimensions of CSR were obtained from Kim *et al.* (2017); Mulaessa and Wang (2017), and Aramburu and Pescador (2017). Customer loyalty indicators were obtained from Chang and Yeh (2017). All indicators were rated on a five-point Likert scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5). The reliability and validity tests of measurement were done by means of exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and Cronbach’s alpha statistical test. Descriptive statistics and inferential statistics were applied in data analysis. We tested our hypotheses by path analysis within structural equation modeling (SEM). SPSS version 22 and Amos version 23 assisted in the data analysis.

<sup>1</sup> For more details visit <https://www.hotjar.com/poll-survey-sample-size-calculator>

## 5. RESULTS

Out of the 500 questionnaires distributed, 430 were retrieved as useful for analysis. This represents about 86% response rate. This was deemed a satisfactory response rate.

### 5.1. Features of the participants

Summary of the features of the participants is given in table 1 below. It was shown that most of the respondents were males and this represents 63.5%. With regard to age, a greater portion of the participants representing 41% falls within 18-27. Regarding education level, the data showed that most of the participants representing 42% had a bachelor's degree. In terms of respondents' monthly income level about 35% of the respondents are in the low range of N = 10000 – N = 20000 (Nigerian naira) and they constituted the majority of the respondents. Finally, as relate to the duration maintaining account with the bank, about 58% of the respondents have held account with their banks for a period of 7 years and more.

**Table 1: Feature of the participants**

Variable	Category	Frequency	%
Gender	Male	271	63.5
	Female	156	36.4
Age	18-27	174	41
	28-37	163	38
	38-47	45	11
	48 and above	41	10
Education Level	Secondary	52	12
	Diploma	121	29
	Bachelor	176	42
	Master	20	5
	PhD	4	1
	Others	49	11
Income (in Naira)	10,000 – 20,000	144	35
	21,000 – 30,000	100	25
	31,000 – 40,000	57	14
	41,000 – 50,000	26	6
	51,000 and above	81	20
Duration maintaining a bank account with the bank	Less than 1 year	35	8
	1 - 3years	105	5
	4-6years	37	9
	7 years and above	242	58

**Source:** Authors' own calculations

### 5.2. Reliability and validity analysis- EFA, CFA, and internal consistency

Although the indicators of the constructs were previously used ones, EFA using maximum likelihood with promax was applied in order to further ascertain validity of measures. Kaiser-Meyer-Olkin (KMO) value as well as the Bartlett's test of sphericity was employed to determine sampling adequacy and correlations within the data before the factor analysis. KMO values for all the constructs were 0.866, which represents great values hence good enough for factor analysis (Kaiser 1974). The Bartlett's test of sphericity is significant ( $p < 0.01$ ) indicating good correlations in the data for factor analysis. The result in table 2 below showed that all the remaining items have more than the recommended value of at least 0.50 (Moghavvemi and Musa, 2018). However, the economic dimension of CSR was dropped as a result of the EFA. The Cronbach's alpha was employed to assess internal consistency between multiple measures. As showed in table 2 below, the Cronbach's alphas of scales have exceeded the recommended limit of 0.70. This showed good reliability (Pallant, 2005).

**Table 2: EFA and internal consistency reliability results**

Latent Variables	Items	Factor Loadings	Cronbach's Alpha
LSR	LSR1	0.655	3 items = 0.742
	LSR2	0.900	
	LSR3	0.539	
ETR	ETR4	0.676	3 items = 0.749
	ETR5	0.785	
	ETR6	0.639	
PSR	PSR3	0.694	3 items = 0.814
	PSR4	0.827	
	PSR5	0.771	
Customer Loyalty	CL4	0.562	3 items = 0.841
	CL5	0.859	
	CL6	0.922	

**Source:** Authors' own analysis

To further verify reliability and validity of our measurement, average variance extracted (AVE), composite reliability (CR), convergent validity, and discriminant validity and model fit were assessed with CFA.

The CFA fit indices showed that the measurements model fits the data well as all the fit indices have realised the satisfactory value (Park *et al.*, 2017; Hu and Bentler, 1999): Chi-square/degree of freedom ( $X^2/df$ ) = 2.478; comparative fit index (CFI) = 0.944; goodness of fit index (GFI) = 0.927; adjusted goodness of fit index (AGFI) = 0.899; square root mean of residual (SRMR) = 0.052; Tucker- Lewis Index (TLI) = 0.930, and root mean square error of approximation (RMSEA) = 0.059.

Additionally, table 3 below showed that in terms of convergent validity, AVE for all scales is better than the recommended level of 0.5 (Fornell and Larcker, 1981) indicating sufficient convergent validity. To assess discriminant validity, the calculation of AVE showed that the correlation of the construct with its measurement items is greater than its correlation with the other constructs (Lowry and Gaskin, 2014). Diagonal boldface in table 3 showed that all square root of AVE is greater than their respective correlation coefficients. Hence, the measurement instrument has a high level of discriminant validity. Finally, as regard to CR, all constructs have more than the suggested level of 0.70 (Fornell and Larcker, 1981). This shows sufficient reliability.

**Table 3: Convergent validity, AVE, CR, and discriminant validity**

	CR	AVE	PSR	CL	LSR	ETR
PSR	0.815	0.595	<b>0.772</b>			
CL	0.847	0.652	0.369	<b>0.807</b>		
LSR	0.751	0.502	0.200	0.408	<b>0.709</b>	
ETR	0.753	0.505	0.467	0.527	0.472	<b>0.711</b>

**Source:** Authors' own analysis

#### 5.4. Independent sample test for customer loyalty

T-test was employed to test the differences in customer loyalty among the respondents' gender, age, and level of education. Table 4 presents summary of the result. The result shows no significant differences in customer loyalty (t-value = 0.035,  $p > 0.05$ ) among male and female. Concerning the respondents' age, table 4 shows no significant differences in customer loyalty (t-value = 1.690,  $p > 0.05$ ) among 27 years and less and 28 years and more of respondents. Lastly, in terms of respondents' level of education, result shows significant differences in customer loyalty among the



respondents who holds Diploma or less degrees and Bachelor degree and above (t-value = 2.518, p < 0.05).

**Table 4: T-test for customer loyalty**

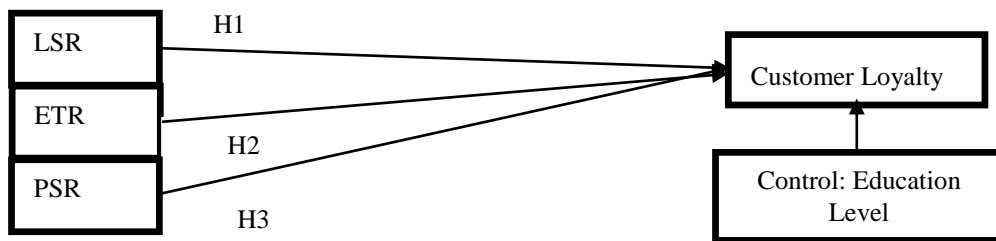
Respondents'	Attributes	Mean	Customer Loyalty t-value
Gender:	Male	3.26	0.035
	Female	3.25	
Age:	27 years and less	3.31	1.690
	28 years and above	3.22	
Education Level:	Diploma And Less	3.32	2.518*
	Bachelor And Above	3.18	

**Note:** \*, \*\* shows 5% and 1% level of significance respectively.

**Source:** Authors' own analysis

**5.5. Modification of conceptual model and restatement of hypotheses**

Due to EFA, the initial conceptual model of this study has been modified. The variables of CSR were changed by excluding ESR. Furthermore, as a result of the t-test for customer loyalty, gender and age were dropped as control variables. Figure 2 represents the modified conceptual framework and the initial hypotheses were restated.



**Figure 2: Modified conceptual framework**

- H1: LSR will have a positive effect on customer loyalty towards the Nigerian retail banks.
- H2: ETR will have a positive effect on customer loyalty towards the Nigerian retail banks.
- H3: PSR will have a positive effect on customer loyalty towards the Nigerian retail banks.

Control variable: level of education was retained as control variable for further analysis.

**5.6. Descriptive statistics and correlation analysis**

Table 5 shows the mean (M) and standard deviation (SD) of LSR, ETR, PSR as well as customer loyalty. Result revealed that the Nigerian retail banks emphasized more on LSR (M = 3.99, SD = 0.871), followed by ETR (M = 3.700, SD = 0.876), and then PSR (M = 3.041, SD = 1.024). Customer loyalty (M = 3.908, standard deviation = 0.852) is high demonstrating that the sampled retail banks have achieved higher customer loyalty (on a 5-point scale).

The zero-order correlation was conducted using bivariate correlations to allow for preliminary inspection of hypothesized relationships. Table 5 shows that all the three dimensions of corporate social responsibility are significantly correlated with the customer loyalty (0.311 ≤ r ≤ 0.450, p < 0.01). The above analysis provides strong indicators of associations.

**Table 5: Descriptive statistics and Pearson's correlation coefficient results**

	1	2	3	4	Mean	Standard Deviation
1. PSR	1				3.041	1.024
2. ETR	0.362**	1			3.700	0.876
3. LSR	0.170**	378**	1		3.993	0.871
4. CL	0.311**	450**	0.345**	0.435**	3.908	0.852

**Source:** Authors' own analysis

**Note:** \*\* Correlation is significant at the 1% level (2-tailed); CL= Customer Loyalty

### 5.7. Hypotheses testing

Path analysis within SEM was used to test hypotheses that disclose the influence LSR, ETR, as well as PSR on customer loyalty. Model fit was examined prior to hypotheses test. The model fit analysis in structural model is important in order to demonstrate sufficient exploration of alternative models (Gaskin, 2016). The results of the model fit analysis showed:  $\chi^2/df = 2.161$ , RMSEA = 0.052, GFI = 0.994, AGFI = 0.970, NFI = 0.993, CFI = 0.996; TLI = 0.988; they achieved satisfactory values to indicate the model fit (Park *et al.*, 2017; Hu and Bentler, 1999). In hypotheses testing, firstly, we tested the influence of control variable (education level) on customer loyalty. Then we tested the effects of LSR, ETR, and PSR on customers' loyalty. Analysis in table 6 below indicates that the control variable (education level) shows no significant effect (estimate = 0.000,  $p > 0.05$ ) on customer loyalty.

Further analysis indicates a positive influence of the three variables with values of (estimate = 0.058,  $p < 0.031$ ; estimate = 0.419,  $p < 0.001$ ; estimate = 0.217,  $p < 0.001$ ) respectively to PSR, ETR and LSR on customer loyalty. Thus, these results supported all the hypotheses of this research.

**Table 6: Hypotheses results**

			Estimate	S.E	C.R	P
CL	<---	PSR	0.058	0.027	2.163	0.031
CL	<---	ETR	0.419	0.046	9.150	***
CL	<---	LSR	0.217	0.037	5.901	***
CL	<---	EDUCATION	0.000	0.013	-0.004	0.997

**Note:** \*\*\*  $P < 0.001$ ; C.R - critical ratio; S.E - standard error

**Source:** Authors' own analysis

### 5.8. Discussion of findings and implications

The results demonstrated that LSR initiatives of the Nigerian retail banks positively affected customer loyalty. Lee *et al.* (2017); McCain *et al.* (2019) have found similar result. In contrast; Stanisavljević (2017); Kodua *et al.* (2016); Gunesh and Geraldine (2015) have reported that LSR do not positively influence customer loyalty.

Additionally, results showed that ETR initiatives of the Nigerian retail banks positively affected loyalty actions of the customers. This finding concurs with the findings of Lee *et al.* (2017); Kodua *et al.* (2016); Gunesh and Geraldine (2015), who reported positive influence of ETR initiatives on customer loyalty. But Stanisavljević (2017); McCain *et al.* (2019) have found that ETR do not influence customer loyalty.

Lastly, results of the study have established positive influence of PSR on customers' loyalty towards the Nigerian retail banks. This finding agrees with findings of Moises and Beraćs (2015); Stanisavljević (2017) and Moisescu (2017) who established that PSR initiatives of business have positive influence on customers' loyalty.

The findings of the current study have theoretical, practical and managerial implications. From the theoretical perspectives, our research has confirmed the presence of positive effect of CSR actions upon customers' loyalty. We demonstrated this through developing and testing hypotheses on the foundation of SET. Thus the study contributes to SET and expands prior researches on SET of customer loyalty. From the practical angle, this research expands the subsisting view of CSR's influence on customers and suggests that CSR associations create customers' loyalty. In terms of the findings' managerial implications, the findings demonstrate that the Nigerian retail banks perform an essential role in the everyday lives of the customers and can influence their behaviour. Specifically, the results suggest that by paying attention to aspects that influence customer behaviour (e.g. CSR based customer loyalty) managers of the Nigerian retail banks could achieve certain desired positive outcomes, most remarkably customer loyalty. This suggests that managers of the banks should invest greatly in socially responsible initiatives given that customers tend to support and recompense those firms that undertake CSR initiatives.

Despite the fact all hypotheses of this research are supported, the research has various shortcomings. First, our application of convenience sampling in choosing the sample limits the generalisation of the findings. Probability sampling technique is more preferred for generalisation of results as it provides equal chance for selection of respondents. Secondly, being a cross sectional survey, findings could not reveal the customers' behaviour over a long period. Therefore, in order to address these limitations, future studies should consider using longitudinal survey and adoption of probability sampling technique in sample selection.

## 6. CONCLUSION AND RECOMMENDATION

In this paper, the influence of CSR initiatives of the Nigerian retail banks on customer loyalty was investigated. Overall, the study shows that within the Nigerian retail banks, loyalty of a customer is affected by the banks' implementation of CSR initiatives. Therefore, the study concludes that interest in CSR initiatives is essential tasks that lead to loyalty. The result helps to the comprehension of CSR practices pertaining to customers. Accordingly, Nigerian retail banks can benefit from findings of the study in terms of establishing lasting relations with customers through CSR initiatives. In line with the research's conclusion, we suggest the practice of CSR initiatives by the Nigerian retail banks as a tool for creating competitive advantage and attracting lasting customer loyalty.

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