

Original Research Article

Corporate Social Responsibility and Customer Loyalty: The Mediating Role of Co-creation and Customer Trust

ABSTRACT

The purpose of this study is to investigate the impact of corporate social responsibility on customer loyalty in view of co-creation and customer's trust as mediators. Secondly, it examined the fact that either corporate social responsibility (CSR) enhances co-creation or not. Thirdly, the study investigated the effect of corporate social responsibility and co-creation on customers' behavioral outcomes such as trust and loyalty. The explanatory and cross-sectional research design was utilized in this study while primary data were collected from customers of Chinese commercial banks and 235 responses were gathered. To achieve the research objectives a model of six hypotheses was developed and tested via structural equation modeling by using AMOS 24. It was found that corporate social responsibility significantly and positively affects client loyalty. Moreover, it has an indirect impact on client loyalty via co-creation and client trust. The indirect effect is stronger than the direct effect which suggests that implementing co-creation activities and increasing client trust can make it simple for socially responsible organizations to improve client loyalty. Furthermore, the results reveal that there is a positive and significant direct impact of co-creation on customer trust. The study is limited to the service sector and has ignored product brands that require more investigation. Therefore, in the future, the study model can be replicated to compare product and service brands.

Keywords: CSR; Co-creation; Customer trust; Customer loyalty

INTRODUCTION

China is considered the world's largest economy on the basis of purchasing power parity (Central Intelligence Agency, 2016), and the culture of the country is enriched with a high long-term orientation and strong collectivistic values that makes it different from western countries (Hofstede, 2001). The banking system of China has developed rapidly over the past decades (Ye, Xu, and Fang, 2012) and the main distinctive feature of the Chinese banking sector is the variety of its banking institutions (Fungacova and Korhonen, 2011) due to this the banks are facing the issue of customer loyalty, which can be generated by corporate social responsibility. According to the World Business Council for Sustainable Development (2000), CSR is "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Since the last decade, Corporate social responsibility (CSR) has gained considerable attention (Ghaderi et al., 2019; Maqbool and Zameer, 2018; Youn, Hua and Lee, 2015). It has attracted the attention of numerous scholars from all over the world and has proved to be a significant factor for the growth of businesses (Paek et al., 2013; Maqbool and Zameer, 2018). Therefore, in the past few years, the importance of CSR in academic and managerial activities has been recognized (Boulouta and Pitelis, 2014; Liu et al., 2014; Youn, Lee, and Lee, 2018).

The domain of corporate social responsibility is becoming very attractive for researchers but there is a paucity of knowledge about its behavioral and psychological consequences (Islam et al., 2016). According to Hick (2000), the ultimate purpose of CSR is to develop and enhance the ties between business, society and the key stakeholders, including special interest groups, communities, employees, customers, and investors. However, the successful and effective implementation of CSR policies in society is essential. In this regard, Reich (1998) express his views that stakeholders, by engaging with the businesses, play a key role in protecting the environment, human rights and local resources to ensure the effective adoption of CSR policies in society. Therefore, companies define and categorize their stakeholders to recognize them as value chain members. Primary and secondary are the two main categories of stakeholders. Employees, customers, investors and suppliers are Primary stakeholders, while media, trade associations, non-governmental organizations and other interest groups are indicated as secondary stakeholders. In their study, Koll et al. (2005) claimed that primary stakeholders are

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more influential than secondary stakeholders with regards to the company's decisions and performance.

Customer loyalty is considered one of the best intangible assets of an organization, and it has a huge potential for differentiation in both attitudinal and behavioural dimensions. Moreover, it is a source of competitive advantage. Therefore, the explanation of factors on which loyalty depends has several benefits for both business practices and the development of a body of knowledge in the domain of marketing (Cossio et al., 2016). This work lies within the framework of this research line and proposes a new antecedent of loyalty (i.e. Corporate Social Responsibility). The **Global RepTrak100** report released in 2016 highlighted the importance of corporate social responsibility and revealed that it plays a vital role in corporate reputation and decides the economic performance with respect to stock value (Reputation Institute 2016). In the 19th yearly Global CEO survey conducted by PWC in 2016, it was mentioned that 64% of the chief executive officers believe that corporate social responsibility is a critical component in their corporate tactics and operations. In addition, 45% of them admitted that investors are expecting the companies to invest in socially responsible activities in the coming five years. According to Carrigan and Attalla (2001), these managerial perceptions reflect that the customers are considering corporate social responsibility as a serious aspect, and this is the reason for their increasing expectations towards the social engagement of the brand (Shaw & Shiu, 2002). Therefore, the pressure of customers on brands is increasing rapidly. Moreover, this pressure is also driven by advancement in information technology (Markovic & Bagherzadeh, 2018) and has created a coherent and transparent space for businesses and customers (Iglesias et al., 2018). Nyilasy et al. (2014) argued that the consumers are currently aware of weak brand practices, and they do not purchase those brands whose products, services, or processes hurt the environment or society. Dishonest actions by the company will only hurt the brand reputation (Pope & Wæraas 2016) but also tend the customers to criticize the brand negatively on social media. Sierra et al. (2017) concluded that many brands have seriously adopted the concept of social responsibility, and they are working on it by considering it as an integral part of their business plans and strategies (Markovic & Bagherzadeh, 2018). Morally reliable brands (Iglesias & Ind, 2016) are able to reflect their interest in social responsibility while customer interaction (Balmer 2001; Rindell et al., 2011). When customers realize the use of corporate social

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responsibility by the company, they reward those companies who truly reflect their actions and processes to be useful for the environment and society (Eisingerich et al., 2011).

Co-creation is not a new trend, and it has originated from the pre-industrial era, in which consumers determined that what should be developed by tradesmen and how? The dominance of co-creation vanished in the era of industrialization as this era focused on mass production for reducing cost (Harwood & Garry 2010). However, in the post-industrial times, brands established an environment described by rapid and flexible novel manufacturing services, decentralized businesses, and fast-developing information tools (Fuller et al., 2009). The situations where the spending patterns of the consumer is getting more and more impulsive, heterogeneous, and unmanageable by brands, the capability of massmanufacturing to fulfil the distinctive wants and needs of consumers is limited. Therefore, at the beginning of the 21st century, co-creation started and re-appeared as the opportunity for providing novelty in products and services. For that reason, the traditional company-oriented approach has turned into a consumer-oriented approach, represented by improved consumer participation in the mutual designing of products and services (Pralhad&Ramaswamy 2004).

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This era of advanced digitalization has helped the customers in communicating with their brand effectively (Markovic, 2016) and corporate social responsibility can positively influence the trust of customers (Ahmad et al., 2020). In order to develop a relationship of trust and loyalty, brands including Adidas and Lego have adopted transparency in their public relations. This transparency makes them more relevant in the market as compared to others. The act of co-creation can be defined as "an active, creative, dynamic, and social process aimed at developing new relevant product or service innovations through collaborative brand-customer interactions and relationships" (Markovic&Bagherzadeh, 2018). Implementation of co-creation is a smart move for brands as it has numerous organizational advantages like costs reduction, reduction in business risks, efficiency in supply chains, improvement in penetrations, as well as gaining competitive advantage. Additionally, co-creation engagement is a motivating practice for several clients (Ind et al., 2017).

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According to Nambisan and Baron (2007), initially, customers can develop a demonstrative, deep, and emotional relationship with brands as well as good relationships with the other co-creation society members. The other thing is that while participating in co-creation activities,

customers generally believe that this will develop them as individuals, grow to be more innovative, and learn collectively with the society (Ind et al., 2013). Furthermore, it is also explored that co-creation not only offers self-development opportunities to consumers but also offers social benefits that enhance brand loyalty (Caru&Cova, 2015). Therefore, co-creation can be considered as social and cooperative practice (Ind et al., 2017). Similarly, corporate social responsibility also comprises the effort being made to present value for a "social environment" in which several stakeholders communicate with each other (Singh &Verma, 2017). Socially responsible brands always recognize and pay attention to stakeholders' needs and problems, as well as look for an appropriate way for them (Nysveen& Pedersen 2014). Co-creation not only engages customers but also embraces other potential stakeholders in the improvement process, which facilitates the emergence of significant solutions. According to this perception, a socially liable brand is considered as an extra-open project regarding co-creation. Corporate social responsibility can influence a huge number of organizations/brands and consumer product variables, like company/business assessment (Sen& Bhattacharya 2001), organizational-unsystematic risks (Luo& Bhattacharya, 2009), company economic performance and market-worth (Luo& Bhattacharya, 2006), emotional consumer loyalty (Markovic&Bagherzadeh, 2018), consumer's behaviour and buying intention (Carrigan& Attalla, 2001), brand equity and consumer professed service excellence (Sierra et al., 2017), but there are limited studies, which have examined the fact whether employing CSR activities can assist companies/brands to increase their co-creation practices (Williams & Aitken, 2011).

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Numerous studies have been conducted to make it clear that the actions regarding co-creation enable customers in developing positive thoughts and opinions towards a brand so they can be loyal to that brand (Ind et al., 2017). However, still, there are limited investigations on linking co-creation with cogent and behavioural outcome variables like consumer loyalty and consumer trust. According to Markovic&Bagherzadeh (2018), the cognition of consumers and their behavioural intentions may lead to different considerable advantages for an organization, such as a boost in sales and positive WOM (wording-of-mouth).

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To fill the abovementioned research gap, this study has investigated the impact of corporate social responsibility on consumer loyalty while taking consumer trust and co-creation as mediators. Moreover, this study has also examined the direct impact of co-creation on consumer trust.

LITERATURE REVIEW

Generally, it has been observed that CSR can be of significant benefit to organizations. Therefore, many researchers highlighted the potential benefits of CSR, including better brand recognition and impact, a positive customer assessment of the company's image and capabilities. They also claimed that CSR could minimize advertising and operational expenses and attract new talent and financiers (Fu et al., 2014; Li, Fu and Huang, 2015). It enhances customer loyalty and trust towards the brand, reflects a positive brand attitude and enables management to resist negative profile-raising. CSR thus offers various benefits for businesses (Sen and Bhattacharya, 2001; Sen et al., 2006; McDonald and Rundle-Thiele, 2008).

This research is very comprehensive as it has focused on broad variables, including CSR, co-creation, customer loyalty and customer trust. Therefore, it a one theory cannot comprehend all the relationships, thus, the hypotheses were developed on the basis of the stakeholder theory, the commitment-trust theory, theory of social identity and the signalling theory. First and second hypotheses were developed to examine the relationship between “corporate social responsibility and co-creation” and “corporate social responsibility and customer trust” respectively, third was to highlight the relationship between co-creation and customer trust. Third and fourth hypotheses were to examine the relationship between “co-creation and customer trust” and “co-creation and customer loyalty”.

Co-creation and Corporate Social Responsibility

Corporate social responsibility is frequently used interchangeably as ethics of doing business, sustainability, organizational citizenship behaviour, and company carefulness, but the spirit of corporate social responsibility replicates the reality that brands are important elements of societal structure and are predictable to do something conscientiously (Singh & Verma, 2017). The influential study of Carroll (1979) has shown that there are four types of corporate social responsibility, namely legal, economic, moral, and societal. Porter (1985) has developed the idea of a "value chain" in order to demonstrate the processes carried out to deliver a product or service to the end-user. In addition to monetary value, it is increasingly important to address other kinds of value that can be developed jointly with value chain members. Moreover, Prahalad and Ramaswamy (2004) suggested that the inclusion of the final consumer in the value creation

process may lead organizations to jointly develop a unique value that ultimately produces a co-creation of experience. Thus, we can say that the value created is the result of sharing resources, knowledge, and technology with stakeholders.

Dahlsrud (2008) identified five commonly harmonious and fundamental scopes in the definition of corporate social responsibility. He said that each definition of CSR must be focused on a scope like ecological, social, stakeholder, profitable, and charitable. Vitell (2015) proposed a definition of corporate social responsibility by giving importance to two main dimensions: 1) Proactive participation in actions that present social advantages or community services and 2) Purposeful commitment in avoiding activities that might be harmful to the community, even with no legal compulsion. The societal or communal essence of corporate social responsibility relates to co-creation activities because of its interactional nature (Ind et al., 2017; Singh & Verma, 2017). Nysveen and Pedersen (2014) considered co-creation as "the degree to which consumers actively participate with companies in improving existing solutions or find new solutions to create more value both for the consumer and the company."

Literature showed that the consumer's satisfaction could be enhanced through corporate social responsibility. When consumers are satisfied with a specific brand, they are further expected for engaging in activities of co-creation of such brands (Ind et al., 2013, 2017). Furthermore, Sen et al. (2006) believed that when consumers are conscious about the organizational corporate social responsibility activities, they affiliate themselves strongly with the organization and become further enthusiastic about giving their own resources (such as financial resources and work-hard) to benefit the organization that facilitates co-creation activities. According to Martinez-Canas et al. (2016), it is possible to anticipate that consumers will contribute more to co-creation practices with organizations/brands observed as socially responsible by them. Therefore, we assume that:

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H₁: Corporate social responsibility has a significant and positive impact on co-creation.

Corporate social responsibility and consumer trust

In view of Morgan and Hunt (1994), customer trust is the result of common values between an organization and its customers. According to Brown and Dacin (1997), the implementation of CSR policies helps management acquire necessary information that can facilitate enhancing Customer's trust in an organization (Martinez and Del Bosque, 2013). Moreover, Pivato et al. (2008) asserted that trust is the first and direct outcome of a firm's CSR initiatives.

The study of Hansen et al. (2011) revealed that trust mediates the relationship between CSR and personnel attitudes and behaviours (Yu and Choi, 2014). As a result, we can say that trust is the outcome of consumer beliefs, spirits and expectations towards the company and its reputation (Ganesan, 1994). Thus, it is believed that the successful implementation of CSR practices has an essential role in improving the overall image of an organization (Pe'rez, 2011; Servera-France's and Arteaga-Moreno, 2015). According to Singh et al. (2012), brands and their customers might be regarded as business allies. Their distich trade relations are impacted through personal insights of common trust. Delgado-Ballester et al. (2003) defined trust as "the confidence that each business partner will act with integrity and reliability during their interactions". Different researchers have anticipated reliability, integrity, and dependability as the main ancestors of trust. Furthermore, business allies build up trust through being truthful, caring, and unselfish (Mayer et al., 1995). The perception of required expedientbehaviour between business allies is also important in developing trust because there is the belief that brands act fairly, reliably, and responsibly toward their clients. Numerous researchers revealed that customers believe an organization or brand is socially responsible, which enhances the customer trust in the organization/brand (Martinez & R.D. Bosque 2013). Vlachos et al. (2009) investigated Customer's perceptions about corporate social responsibility and suggested a model linking customer insights of the company's intentions for undertaking corporate social responsibility actions to customer trust. Generally, organizational social behaviour is more important as customers trust those organizations/brands which are perceived by them as socially responsible (Swaen&Chumpitaz 2008). Similarly, the study of Kennedy et al. (2001) in the context of manufacturing established that Customer's trust is positively influenced by the manufacturer's ethical behaviour. Accordingly, in the pharmaceutical context, Lagace et al. (1991) found that there is a positive impact of salesperson's ethical behaviour on customer trust. Salmones et al. (2009) explored the positive influence of ethical practices on Customer's trust in the service sector. In the context of automobile industries, Lin et al. (2011) explained that negative perceptions about corporate social responsibility actions may minimize the trust of customers. Numerous other past studies revealed a significant impact of CSR on consumer trust (Raza et al., 2018; Manimalar&Sudha, 2016; Park, Lee, & Kim, 2014; Swaen&Chumpitaz, 2008; Kennedy, Ferrell, &Leclair, 2001). Consumer trust is influenced by the values and ethics that companies share. CSR activities demonstrate the attractiveness of the company, which enhances the

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customer trust towards the company (Raza et al., 2018). According to the stakeholder theory (Freeman 1999), organizations should create values for all stakeholders, not only for shareholders. Organizations are considered successful when they provide value to their customers. By adopting a genuine and authentic CSR approach, organizations are likely to devote substantial efforts to satisfy the needs and want of their Customer. By adopting the CSR approach, organizations safeguard the interests of their customers that enhance their trust towards organizations. Consequently, above all, discussion demonstrates there is a significant relationship between CSR and customer trust, so we can assume:

H₂: *Corporate social responsibility has a significant and positive impact on the Customer's trust.*

Co-creation and Customer Trust

Co-creation comprises engaging and attracting clients to observe and comment on existing products/services of the brands and for contributing their thoughts, ideas, and opinions towards the development of novel products/services (Markovic&Bagherzadeh, 2018). Therefore, as an alternate of complex marketing research on Customer's needs and wants, brands/companies can collect consumer input simply from co-creation ventures (Ind et al. 2013). Additionally, co-creation is also very helpful for building and maintaining a trusting alliance with their clients (Iglesias et al., 2013). The commitment-trust theory of relationship marketing (Morgan & Hunt, 1994) showed that the strength of the customer-organization relationship depends upon customers' trust and commitment towards the organization. In such relationships, organizations develop a strong relationship with customers by offering valuable information that openly suites customers' need and wants, which promote open communication and facilitate co-creation. Accordingly, numerous studies have confirmed that co-creation projects are based on positive brand-customer relations, and such a relationship is considered as a key predictor of the client's trust (Wong &Sohal 2002). Madhavan and Grover (1998) anticipated that high interpersonal exchanges throughout the co-creation of innovative products enhance contributor trust. Similarly, in a cross-sectional research study, Massey and Kyriazis (2007) demonstrated that during mutual product development a high-quality communication between members enhances trust. Likewise, the study of García Rodríguez et al. (2009), in the context of modern corporations, explained that cooperation and collaboration in the development of the new product develop trust. In the context of the healthcare services sector, the study of Banytè et al. (2014) confirms that patient participation in co-creation intensifies their trust in the hospital.

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According to Rajah et al. (2008), the firms related to travelling services can increase customer trust by enhancing company-customer services co-creation. Finally, in online social networks, where people enthusiastically participate in co-creation procedures, Brodie et al. (2013) established that more engaged people have high trust in the brands. Furthermore, the study of Ind et al. (2013) confirmed that customer engagement in co-creation leads to customer trust. Similar to these prior findings from miscellaneous backgrounds, including services, we hypothesize that:

H₃: *Co-creation has a significant and positive impact on customer trust.*

Co-creation and loyalty of customers

According to Singh et al. (2012), it is necessary to improve and sustain the loyalty of customers because it is considered as the divine grail of business. According to Markovic&Bagherzadeh (2018), the loyalty and attachment of customers can be explained by employing their excitement and motivation to build a relationship for a longer period with a specific brand and advocate such brands to new individuals within the framework of service markets. According to Leonidou et al. (2013), the client's loyalty increases the profitability, for the reason of repeating business transactions, recommendations to others, readiness for paying a high price, and also minimized serving cost. Furthermore, Markovic&Bagherzadeh (2018) has recognized different drivers of customer loyalty, valuable dedication, and trust of the Customer was found as the most important ones. Though earlier studies have broadly associated Customer's trust and emotional commitment to their loyalty, co-creation as an ancestor of customer loyalty has not been largely studied.

Between these inadequate studies, the study of Cossio-Silva et al. (2016) explored that client co-creation attitude enhance the loyalty of the customers in individual care services settings. Similarly, in the brand's perspective, Kaufmann et al. (2016) explored that when clients energetically connect within co-creation, their loyalty towards the brand's boost up. Likewise, Hajli et al. (2017) established that co-creations increase the commitment of the clients by contributing to the brand's online communities. In the banking service sector, Nysveen& Pedersen (2014) identified that the involvement of customers in co-creations positively affects the loyalty of the clients towards banks. In the context of health care services, it has been revealed by Banyt  et al. (2014) that participation in co-creation has a positive impact on patients' loyalty towards clinics. According to Pena et al. (2014), the involvement of the clients in

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co-creation in travelling services significantly influences the loyalty of the customers. In the line of these past studies, we can assume that:

H₄: *Co-creation has a significant and positive impact on the customer's loyalty.*

Customer trust and Customer loyalty

In case if a service fails to meet consumer expectations, the relationship between customer trust and loyalty seems to remain continued. The sense of trust between both parties may insist trusting party accept the situational risk and give service providers another chance to rebuild their trust (Singh and Sirdeshmukh, 2000). In the same way, a breakdown between a firm and customer relationship can be avoided by employing customer trust to re-established and maintain the relationship and customer loyalty towards the service company (Choi and Ia, 2013). Undoubtedly, trust significantly influence the loyalty of customers toward an organization (Kaur et al., 2012; Zeithaml et al., 1996). However, Godfrey (2005), in his study, reported that literature still lacks the study that describes consumer trust as a CSR performance variable. Besides, there isa number of studies that describes the impact of service quality on customer trust and behavioural outcomes, which then successively leads to customer loyalty (Vlachos et al., 2009). According to Dimitriadis et al. (2011), customer satisfaction leads to higher customer trust, which subsequently increases customer loyalty. In this regard, a group of scholars has investigated the relationship of loyalty and trust between Malaysian and Qatari customers (Kassim and Abdullah 2010; Amin et al., 2013). Thus, Lee et al. (2007) indicated trust as the ultimate driver of affective and prolonged customer commitment towards a service brand, potentially contributing to better customer loyalty (Park et al., 2017).

Many researchers like Chaudhuri and Holbrook (2001), while narrowly relating co-creation with client's loyalty, have argued that trusting interactions among brands and customers make the customers likely to be more brand's loyal by adopting not only positive behaviour towards the brand but also re-purchase intentions as well. According to the study of Gallo (2014), it is essential to develop credulous relations with clients as, according to several market research estimations, attaining a new client might be 5 to 25 percent extra-costly than the retention of the current Customer. So, extensive literature reflects that the client's trust and loyalty are positively correlated to each other (Kumar & Advani 2005). Sun and Lin (2010) explored that in the retailing sector, the trust of customers within departmental stores optimistically influences their loyalty towards stores. Similarly, in the same retailing sector, the study of Stathopoulou and Balabanis

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(2016) presents pragmatic support of a positive effect on the loyalty of customers via their trust in stores. Similarly, within the travelling services, Seto-Pamies (2012) said that client's trust within travelling services has a positive impact on the client's loyalty. Similarly, in the case of business-to-business services, Hannan et al. (2017) presented a pragmatic confirmation of an affirmative influence of buyers' trust on their loyalty. Accordingly, in the medical sector, Banyte et al. (2014) explored that the trust of the patient towards the hospital enhances their loyalty towards the hospital.

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The majority of empirical studies in the context of CSR, however, fail to examine the role of mediating variables (Su et al., 2017). The current study applied Martinez and del Bosque's (2013) model of the impact of CSR on customer loyalty by incorporating co-creation and trust as mediators. For example, according to "Theory of Self-Categorization" (Hornse, 2008) and "Theory of Social Identity" (Stets & Burke, 2000), CSR clarifies reasons and motivations that help in trust retention of people and also inspire people to remain loyal. Diallo and Lambey-Checchin (2017) explored that in the retailing sector, the client's trust with a retailer improves and enhances the loyalty of the customers towards that retailer. If customers don't trust the firm, they will not be loyal to that firm (Leonidou et al., 2013). Another study on corporate social responsibility accomplished in the USA by Kang and Hustvedt (2014) also gave experimental evidence regarding the positive effect of trust of customers in a firm on buying intention of customers from that particular firm. Incorporate social responsibility and fair business context the trust of customers significantly and positively influences their loyalty (Castaldo et al. 2009). The study on financial services by Roman (2003) on ethical sales attitude demonstrated that the trust of customers in such financial services significantly affect the client's loyalty towards these service providing firms.

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After an extensive literature review, we can make the hypothesis that:

H₅: The trust of the customers significantly influences the loyalty of customers.

Corporate social responsibility and Customer's loyalty

Previous research studies indicate that happier and satisfied customers progressively become repeat buyers and loyal towards brands (Martinez & Bosque, 2013). Customer loyalty is significantly influenced by CSR activities (Maignan & Ferrell, 2001; Sureshchandar et al., 2002). Many studies proved the positive influence of CSR on customer retention and loyalty (Aurier & N'Goala, 2010; Leverin & Liljander, 2006). CSR can also impact customers' loyalty both

indirectly and directly (Shin & Thai, 2015; Choi & La, 2013; de Los Salmones et al., 2005). In addition, signalling theory recommends that socially responsible organizations are perceived as trustworthy by the customers because of sending signals that they are fair and responsible (Bustamante, 2018).

In order to establish client trust as a major determinant of customer loyalty, numerous researchers concluded that corporate social responsibility is the main component of business success which may outline Customer's brand assessments and establish buyer's intention to rebuy the goods or services of a particular brand (Markovic&Bagherzadeh, (2018). In fact, an extensive body of past researches has acknowledged that business ethics and socially responsible values can assist businesses to make and sustain enduring relations with their clients (Iglesias et al., 2017).

Therefore, the studies of Park et al., 2017 and Iglesias et al., 2017, have broadly correlated corporate social responsibility with the loyalty of customers. Ailawadi et al. (2014) explored that the positive perceptions of customers about retail sellers' corporate social responsibility programs have a significant impact on customer loyalty. Similarly, in hotel industries, Martinez and Rodriguez del Bosque (2013) gave experimental confirmation about an optimistic association between corporate social responsibility and the loyalty of the customers. In the banking context, Perez and Rodriguez Del Bosque (2015) revealed the positive influence of corporate social responsibility on the client's loyalty. In addition, the study of Kang and Hustvedt (2014) also found that in the banking sector, corporate social responsibility is positively linked with Customer's re-purchasing behaviour. Similarly, in the footwear business, the study of Kang and Hustvedt (2014) found that the CSR of brands optimistically and significantly influences the client's intentions to buy. In the case of fair-trade goods, Castaldo et al. (2009) argued that customers perceive corporate social responsibility as a positive outcome of brand loyalty. Similarly, in the retailing business, Park et al. (2017) explored that insight of customers towards the organizational obligation to corporate social responsibility has a positive impact on the loyalty of customers towards that organization. While in other service providing sectors such as hotels, travel companies, and financial services firms, the study of Choi and La (2013) gives pragmatic authentications of a significant impact of Customer's consideration of a company's socially responsible behaviour on their Customer's loyalty. Similar to prior studies from different perspectives, we can hypothesize that:

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H₆: "Corporate social responsibility positively impacts customer loyalty".

Methodology

Survey & Measures

The survey method has been utilized, and the measurement scales of study variables (corporate social responsibility, co-creation, customer trust and customer loyalty) were adopted from previous valid research studies. The construct of loyalty was measured by items adopted from the study of Dagger et al. (2011); trust was measured with items from both Mende & Bolton (2011) and Iglesias et al. (2018); CSR was measured with items from Eisingerich et al., (2011); and the construct of co-creation is measured with items from both Nysveen & Pedersen (2014) and Iglesias et al., (2018). A five-point Likert scale was used to measure all study constructs, where "5=strongly agree" and "1=strongly disagree". The hypothesized research structural model is shown in figure 1 given below.

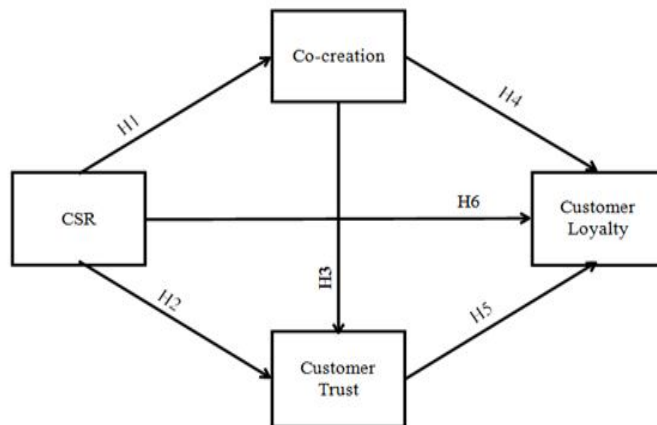


Figure 1: Hypothesized Model

Research Design

In order to obtain customers' responses, the study employs structured questionnaires and a cross-sectional research design. The data collection was made through questionnaire surveys using the convenience sampling method as this method enables the researcher to collect data from respondents, which are easily available (Palinkas et al., 2015). The respondents of this research were the corporate clients of Chinese commercial banks. The study was a field study, and a

printed version of the questionnaire was used for data collection. As the study was conducted in China, statements in the questionnaire were written in both English and Chinese language.

Data Collection and the respondent's profile

About 310 questionnaires were distributed to different customers, from which only 235 were utilizable responses. The recorded response was 247, from which 12 questionnaires were dropped from data analysis due to missing or incomplete information. 60% of the respondents were male customers, and 40% were female. More than 70% of the respondents have a degree of graduation or above. This indicates that well-educated people were incorporated into the study sample. 26% of the respondents were aged between 18 to 25 years, 30% were aged between 26 to 35 years, 26% were aged between 36 to 45 years, and 9% were aged 56 years or above. This shows that most of the respondents (91%) were young and had ages ranging from 18 to 45 years. The respondents' profiles are shown in table-1. Alike Islam et al., (2020), Harman's single factor score was used to test the common factor bias, in which all items (measuring latent variables) are loaded into one common factor. The results reveal that total variance for a single factor is less than 50%, which suggests that common factor bias does not affect our data and the results (Podsakoff et al., 2003).

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Table-1: Demographic Details

<i>Demographic Charateristics</i>	<i>Frequency</i>	<i>Percent</i>
<u>Gender</u>		
Male	141	60.0
Female	94	40.0
<u>Education</u>		
Undergraduate	60	25.5
Graduate	80	34.0
Post Graduate	95	40.4
<u>Age</u>		
18~25 years	60	25.5
26~35 years	70	29.8
36~45 years	60	25.5
46~55 years	20	8.5
56 years and above	25	10.6

N=235

Data Analysis

Correlation, descriptive, and reliability analyses were conducted using SPSS-24, whereas structural equation modelling (SEM), confirmatory factor analysis (CFA) was performed with AMOS-24. Model fitness was tested through CFA, while hypotheses were tested by performing SEM. The indirect effects were cross-checked through Hayes & Preacher's (2014) process macro.

Results

Structural Equation Modeling (SEM)

This research, as suggested by Anderson & Gerbing (1988), used a two-stage data analysis technique. Data validity and reliability have been tested in the first stage of data analysis, while causality relationships among study variables or testing of study hypotheses were made in the second stage.

Measurement Model Validity

Factor analysis was conducted to examine the constructs' validity and items' loading before examining the model fitness. The average variance extracted (AVE) and composite reliability (C.R.) was used to measure construct reliability and validity. As recommended by Shook et al. (2004), a test of AVE and C.R. are essential before conducting SEM. This study follows Hair et al., (1998); (2010) recommendations for items' loadings, AVE, and C.R. According to Hair and colleagues, items' loadings must be greater than 0.40, C.R. should be greater than 0.70, and values of AVE should be equal to or greater than 0.50. Moreover, Kline (2005) also suggested that the correlation among study construct should be less than 0.85. Results presented in table-2 and table-3 confirm that all values of C.R., AVE, and correlation are according to the recommendations of Hair et al. (1998),(2010), and Kline (2005). Hence, we can proceed with SEM.

Table: 2 Reliability and validity analysis

<i>Constructs</i>	<i>Items</i>	<i>Loading</i>	<i>Mean</i>	<i>SD</i>	<i>SMC^a</i>	<i>CR</i>	<i>AVE</i>
CSR	CSR1	0.68	3.54	1.01	0.46	0.85	0.53
	CSR2	0.72	3.52	1.00	0.52		
	CSR3	0.81	3.66	0.97	0.65		

	CSR4	0.69	3.78	0.92	0.47		
	CSR5	0.75	3.87	0.97	0.55		
Co-Creation	CO1	0.75	3.79	1.04	0.56	0.83	0.50
	CO2	0.72	3.63	1.03	0.52		
	CO3	0.65	3.48	1.09	0.42		
	CO4	0.71	3.59	1.09	0.50		
	CO5	0.70	3.71	1.05	0.49		
Customer Trust	CT1	0.64	3.80	1.00	0.41	0.84	0.52
	CT2	0.73	3.82	1.06	0.53		
	CT3	0.77	3.71	1.07	0.60		
	CT4	0.74	3.67	1.03	0.54		
	CT5	0.71	3.59	1.01	0.50		
Customer Loyalty	CL1	0.66	3.69	0.99	0.43	0.84	0.50
	CL2	0.77	3.58	1.06	0.59		
	CL3	0.72	3.49	1.08	0.52		
	CL4	0.71	3.59	1.05	0.50		
	CL5	0.66	3.60	1.05	0.44		

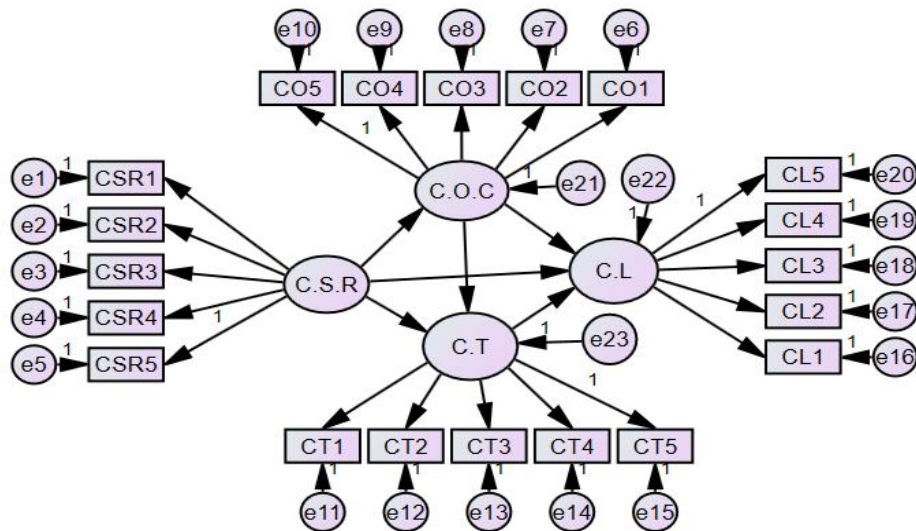
SMC^a = Squared Multiple Correlations

Table: 3 Descriptive statistics & Correlations

<i>Variables</i>	<i>Mean</i>	<i>SD</i>	<i>CSR</i>	<i>Co-Creation</i>	<i>Customer Trust</i>	<i>Customer Loyalty</i>
CSR	3.68	0.77	1			
Co-Creation	3.64	0.82	.787**	1		
Customer Trust	3.72	0.81	.782**	.790**	1	
Customer Loyalty	3.59	0.82	.777**	.773**	.739**	1

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

Figure 2: Structural Model



Structural Model

The study model has four latent variables (CSR, co-creation, customer trust, and customer loyalty). The projected relationship among all study variables is shown in the structural model as shown in figure 2, and to establish model fitness, these were jointly tested. This study utilized "AFI (absolute fit indices), CFI (comparative fit indices), TLI (tucker-lewis coefficient), RMSEA (root mean square error of approximation), and CMIN/DF (X^2/df)" as model fit indices, which are recommendations by Holmes-Smith, Coote, & Cunningham, (2004). Based on fit statistics, further adjustments and modifications were made, as shown in table-4, and figure 3. Results demonstrate that the default or initial model reveal poor model fit ($X^2/df=3.10$, CFI=0.88, TLI=0.86, IFI=0.88, RMSEA=0.10), and by following correlation suggestions of modification indices, good model-fit was achieved ($X^2/df=2.48$, CFI=0.92, TLI=0.90, IFI=0.92, RMSEA=0.07), as the values of all fit indices are according to the recommended cut-off values (see revised model results in table-4).

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Table 4: Model-fit Statistics

<i>Index</i>	<i>Default Model</i>	<i>Revised Model</i>	<i>Cut-off value</i>	<i>References</i>
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$\chi^2/d.f.$	3.10	2.48	≤ 3.00	Hayduck, (1987)
CFI	0.88	0.92	≥ 0.90	Bentler and Bonett (1980)
TLI	0.86	0.90	≥ 0.90	Bentler and Bonett (1980)
IFI	0.88	0.92	≥ 0.90	Bentler and Bonett (1980)
RMSEA	0.10	0.07	≤ 0.08	Jarvenpaa et al. (2000)

Test of Hypothesis

Study hypotheses (direct effect) were tested by conducting covariance-based SEM, and results are shown in table-5. The results indicated that all six study hypotheses of direct effect are well supported by study results. CSR positively and significantly effecting co-creation ($\beta = 0.48$, $P < .001$), customer trust $\beta = 0.47$, $P < .001$), consumer loyalty $\beta = 0.48$, $P < .001$). Hence, H1, H2, and H6 are accepted. The results prove the significant influence of co-creation on customer trust and loyalty ($\beta = 0.48$, $P < .001$). Moreover, results also show a positive and significant impact of customer trust on their loyalty ($\beta = 0.44$, $P < .001$). As a result, H3, H4 and H5 are also accepted.

Table 5: Standardized Coefficients for Structural Paths

<i>Hypotheses</i>	<i>Estimate</i>	<i>SE</i>	<i>p-value</i>	<i>LL(95%)CI</i>	<i>UL(95%)CI</i>	<i>Result</i>
1: CSR → Co-C	0.48	0.07	***	0.747	0.927	Accepted
2: CSR → CT	0.47	0.06	***	0.409	0.671	Accepted
3: Co-C → CT	0.48	0.07	***	0.335	0.569	Accepted
4: Co-C → CL	0.48	0.07	***	0.287	0.551	Accepted
5: CT → CL	0.44	0.06	***	0.216	0.482	Accepted
6: CSR → CL	0.46	0.07	***	0.327	0.617	Accepted

*** $p < .001$, ** $p < .005$, * $p < .01$; LL= lower limit; UL=upper limit; CI = confidence interval; CSR=Corporate social responsibility; Co-C = Co-creation; CT = Customer trust; CL = Customer loyalty

Lastly, we have examined the possible indirect effects between study variables (see table 6) by using Hayes& Preacher's (2014) bootstrap procedure. The results reveal that the indirect effect of CSR via co-creation on customer trust and customer loyalty is positive and significant (1= 0.357; 3= 0.283). The results also indicate a positive and significant indirect impact of CSR via customer trust and co-creation on customer loyalty (2= 0.440). Results demonstrate that both the

direct relationships and indirect relationships are significant. Therefore, there is partial mediation.

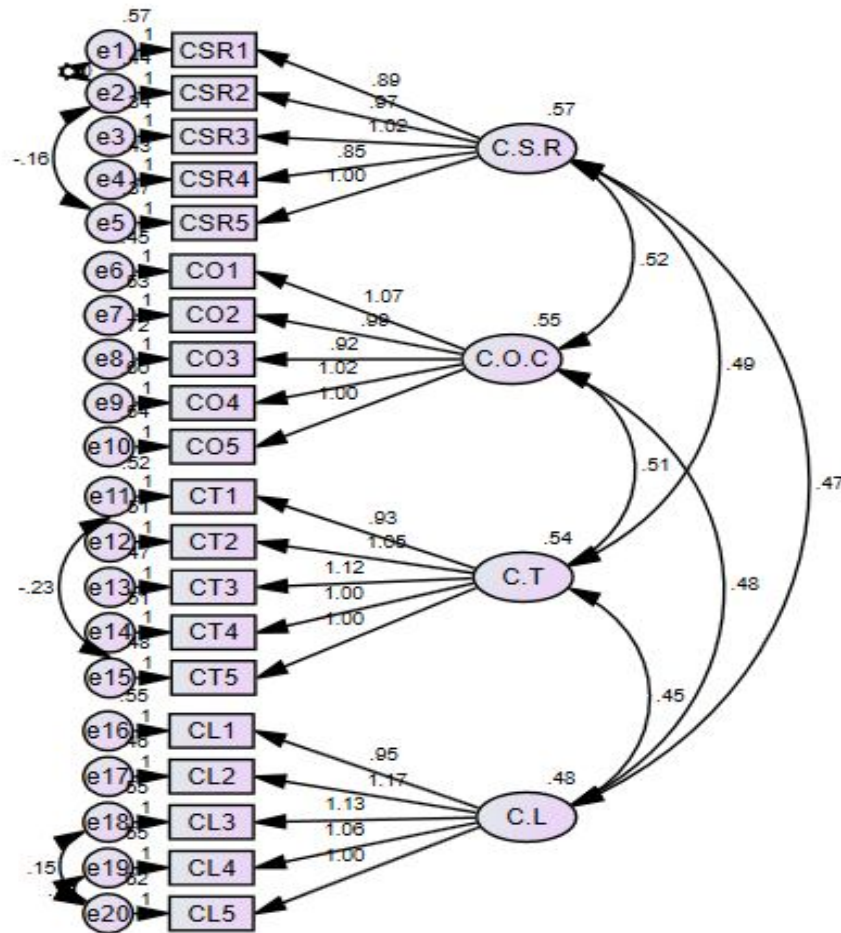
Table 6: Results of Indirect Effects

	<i>Indirect Effect</i>	<i>L.L. (95%)CI</i>	<i>UL(95%)CI</i>
(1) <i>CSR → Co-C → CL</i>	0.357	0.241	0.473
(2) <i>CSR → Co-C → CT → CL</i>	0.440	0.321	0.572
(3) <i>CSR → CT → CL</i>	0.283	0.173	0.398

LL= lower limit; UL=upper limit; CI = confidence interval; CSR=Corporate social responsibility; Co-C = Co-creation; CT = Customer trust; CL = Customer loyalty

Figure 03: Measurement Model

UNDER PEER REVIEW



Discussions

The study demonstrated that corporate social responsibility could improve and enhance the loyalty of customers. The main reason behind it is that when organizations/brands truly invest in corporate social responsibility, genuinely make every effort to provide societal benefits, and evade all the activities that might be damaging the environment or society, they can attach psychologically and emotionally to their customers and gain customer loyalty (Vitell 2015).

The study finding strengthens the increasing significance of sustainable and responsible Customer's spending and the brand's contribution to socialcauses (Shaw &Shiu 2002). However,

according to Nyilasy et al.(2014), there are some major challenges that the brands are facing, specifically the clients who are becoming progressively more unconvinced of corporate social responsibility practices and see these CSR practices as hypocritical. According to Marquis et al. (2016), corporate social responsibility is necessary to restore the reputé of a firm. Many customers perceive corporate social responsibility as a hypocritical response (Nyilasy et al., 2014) which brands utilize just appears as a symbolic strategy to make their strong reputé. According to Marquis et al. (2016), in such a situation, brands tend to execute a discriminating revelation strategy intended to notify and highlight the benevolent effect of their activities while covering up their negative impacts. Accordingly, the definitive purpose of these tactics and plans is to generate a fake picture of intelligibility and social accountability. It obviously increases concerns about the company's inspirations and ethics in the wake of corporate social responsibility (Joyner and Payne 2002). According to Iglesias and Ind (2016), it is considered a difficult and risky circumstance for socially responsible brands that actually believe in social responsibility and consider it as a core component of their business strategies. The key challenge for such brands is to come across such ways of conveying their legitimate and genuine commitment to corporate social responsibility and of obviously discriminating themselves from those brands having just a symbolic strategy to make their reputé stronger (Ind et al., 2013).

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Co-creation characterizes a particularly big prospect for services brands because it can assist them in transforming their corporate social responsibility activities into improved client loyalty (Ramaswamy&Ozcan 2016). The study results confirm this by demonstrating that the mediating role of co-creation and trust between corporate social responsibility and customer loyalty explains a 44% indirect effect of CSR on the loyalty of customers. This shows that when brands are engaged in co-creation and also trusted by the customers, they effortlessly interpret their CSR activities and enjoy superior client loyalty. So, the brands that are providing services should perform activities through sincerity and reliability in regards to corporate social responsibility for making a greater effect on the loyalty of the customers (Delgado-Ballester et al., 2003). Generally, our study results are contributing towards the corporate social responsibility literature through launching an innovative and less explored relationship of CSR and co-creation, which is considered as the most emerging domain of marketing. This also a unique effort to link co-creation and corporate social responsibility with customer trust and loyalty in the perspective of banking financial services that are facing client's distrust and also considered as hypocritical and

insincere for their corporate social responsibility practices (Lock & Seele 2015; Iglesias et al., 2018).

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Conclusion

Companies are always interested in creating customer loyalty, thus this research has highlighted which factors can generate this loyalty. It has identified the role of corporate social responsibility on co-creation and customer, which are two important factors leading to customer loyalty. First, the results highlighted that corporate social responsibility can influence customer loyalty. Secondly, CSR can affect co-creation and customer trust. Thirdly, co-creation can help in building customer trust. Fourth, the co-creation and customer trust significantly mediate the relationship between corporate social responsibility and customer loyalty.

Theoretical Implications

The main purpose of today's modern organizations is to build strong brand equity and associations like CSR association (Brown & Dacin, 1997). Organizations such as banks scarcely try to enhance their social performance. Though, socially responsible behaviour is an essential part of the corporate repute and distinctive feature of financial institutions such as banks (Bihari & Pradhan, 2011). In contrast, for modern businesses, it is an ethical and moral standard to be more socially responsible due to the implications of CSR for firm performance and consumer behaviour. Therefore, CSR should be the key concern of contemporary organizations (Windsor, 2006). The current study offers many theoretical contributions to the banking sector. The findings of the study also provide significant managerial implications for banks in building strong associations with the customers. Though CSR is linked with customers' responses (Brown & Dacin, 1997; Bhattacharya & Sen, 2004), this study is one of the first studies that are conducted on examining the relationship between CSR and customers' loyalty in the banking sector of China. One of the key contributions of this study is an exploration of relationships between CSR and co-creation and CSR and trust, which is not previously explored, especially in the context of banks. Inconsistent with the study findings, it is recommended that bank managers can use CSR to build loyalty, trust, and co-creation behaviours of their customers. Our results also suggest that CSR develops customer loyalty through trust and co-creation in Chinese banks. The management of banks should keep in mind that being socially responsible is not just a cost increase but a sustainable strategy for achieving competitive advantage. Secondly, the bank managers should

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adjust their CSR initiatives according to the environment of the banking industry, as CSR implications involve high costs, and managers should make better use of investments in CSR. Due to higher uncertainty in financial and business markets, investment in Customer CSR is a wiser option as compared to investing in CSR activities related to general society and employees.

Managerial Implications

The role of customer trust and co-creation is essential for many reasons. Our results demonstrate that CSR increases co-creation and customer trust, which consecutively leads to customer loyalty. These findings may develop the understandings of managers towards the significance of CSR. Particularly, bank managers possibly will have knowledge that CSR indorses external benefits like customer loyalty. This study has some additional significant managerial implications. If marketers or managers intend to enhance their client's loyalty developed from CSR practices, they should encourage authentic communication with clients (O'Riordan & Fairbrass, 2008). Our study results which are also supported by prior studies, signify that practitioners should squeeze co-creation for increasing and enhancing client trust also further efficiently explain their corporate social responsibility actions into improved client loyalty. It is considered as a new and innovative perspective, as the companies holding co-creation do all this to create improved novelty and modernization, without realizing that it might also be very helpful to increase trust and customer loyalty.

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Limitations & Recommendations

This research has provided a comprehensive model for customer loyalty but still, it shows several limitations which can be considered by future studies. The study has shown different factors that can generate customer loyalty but ignored many other factors linked to branding. Future studies can consider brand loyalty or extend the model by including branding factors (e.g. brand evangelism or brand love). Moreover, the addition of value co-creation can make the framework more comprehensive. In addition, the research has not specified any generation for examining loyalty and its indicators, and studies in the future can consider the millennial generation.

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