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Impact of corporate social responsibility on loyalty, word of mouth and repurchase intentions with the mediating role of customer trust: moderation effect of perceived service quality

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ABSTRACT

This study investigates that how corporate social responsibility affect the overall consumer behavior, that is, loyalty, repurchase intentions, and word of mouth. Authors purposed that CSR generates trust and then loyalty, repurchase intentions, and word of mouth are generated. Perceived service quality affects the relationship of CSR and trust. Results support the purposed relationships, as CSR adds up to customer's trust and then customer become loyal to the company and repurchase intentions and positive word of mouth are also generated. The test results show no impact of perceived service quality on CSR and trust's direct relation.

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Introduction

The concept of CSR is not new for the market it exists for a long time but recently it got attention of the corporate sector because of many reasons (McIntosh et al. 2003). The CSR activities are used by the firms to enhance their profitability and brand awareness and to make them distinctive in the market and gradually it is becoming an important part of the firms. During the period of 1995 to 1998 the importance of CSR increased by 25% to 39% (Mori, 1999). Many firms just done CSR for the sake of getting attention of their target customers, they invest in CSR activities just to inform them that we are socially responsible company (Luo and Bhattacharya, 2006). Particularly in Pakistan the term CSR is relatively new. As the banking and telecommunication sector has rapidly grown in Pakistan over the past few years the competition is immense in these sectors. Many multinational telecom companies and banks are now investing heavily on CSR activities and they are promoting these activities as well, which shows the profitability intentions.

Number of researches conducted over the companies' intentions of being socially responsible and how consumer perceives those intentions. Many researchers believe that base of being socially responsible is not just being ethical but self-interest of companies is one major element of this incline towards CSR. (Donaldson and Preston, 1995; Smith, 2003). The question is how CSR activities can contribute to a firm's profitability? Reasonable arguments are available which say that there is a possibility that consumer start preferring to buy product of a socially responsible firm over its competitor's product. As CSR activities creates an image and association of that firm in consumer's mind that it is a good company. This eventually leads to a loyal customer and results profitability to the company. (Francesco Perrini, Sandro Castaldo, Nicola Misani and Antonio Tencati, 2009)

In this research paper we will study the CSR activities of the firms and their effect on the customer trust, and will study that how this trust generate the brand loyalty, Good Word of mouth and repurchase intentions. Service quality will also been seen that how it effects the relation of CSR and Trust. Trust is defined as the extent to which customer rely on a brand's integrity (Chatterjee and Chaudhuri, 2005, p.2). Garbarino and Johnson (1999) considered trust as a most important element in establishing relationship with customers, Blackston (1992) also support the argument that trust strengthen the relationship of customer with brand. Delgado-Ballester and Munera-Aleman (2001) believe that customer trust is generated by customer satisfaction for a product as a whole. Trust has also seen as a significant contributor to market share and other brand outcomes (Chatterjee and Chaudhuri, 2005). Previous studies have considered the direct relationship of CSR and trust. Research lacks in the role of perceived service quality between CSR and trust relationship. In our study we assume that perceived service quality serves as a moderator in this relationship. Zeithaml (1988) believes that perceived service quality is a customer's perception of overall performance and excellence of a service provider. The customer assesses a service's performance in the perspective of five dimensions of services defined by Zeithaml, Parasuraman, and Berry (1990). These dimensions are reliability, responsiveness, assurance, tangibles and empathy. Mainly there are more than five dimensions but they considered five most important in their paper. Every dimension is important on its own. Attention given to each dimension will ultimately contribute towards overall better performance of a brand. One thing is to be mentioned here that the importance of each dimension can vary from service to service. For instance tangibles are more important in a bakery because neat clean environment is necessary, whereas empathy is most to be taken care of in hospitals.

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Here we assume that a customer's perception of a service's overall performance can affect the direct relationship of CSR and trust, as a socially responsible firm can gain customer's attention once. Furthermore it can influence customer's preference over competing brands once or twice but how the service is being delivered really matters. If a company practices CSR and provides average services it can create brand trust but if it is giving below average service standards than a customer's trust cannot be generated and without trust brand loyalty and customer retention is not possible. Number of researches supported the argument that brand trust plays a major role in developing brand loyalty.

In our study loyalty refers to the commitment with the brand that if the customer is brand loyal he will purchase the same brand despite of many influencing factors (Oliver, 1997). When the customer makes the repeat purchase of the same brand then he can be called as a loyal customer (Keller, 1993). Loyalty exists when a customer has a favorable attitude towards a brand and he makes repeat purchase of such brand. This attribute is affected by the CSR activities. If the customer is aware that the firm is involved in CSR activities, this will generate positive feelings among customer relating to the brand and ultimately this will increase the repurchase intention (Maignan, 2001). Loyalty and repeat purchase intentions are related to each other. Next come Word of mouth that is the informal way to communicate about the brand of the firm to other people, most commonly to people whom we know (Dichter, 1966). It is generally for the brands which are not known by the market, which are new in the market (Marsha L. Richins, 1983).

More specifically in this research paper we will study the impact of CSR activities in the service sector and will see that how the CSR activities contribute towards Trust, loyalty, good word of mouth, repurchase intentions and how the perceived service quality affects the relationship between CSR and trust in the context of Pakistani culture.

Literature Review

At present the Corporate Social Responsibility is vastly emerging into business scene but the origin of this term is centuries back when more or less social values were considered in trade (Carroll 1999, Smith 2003). Numerous executives are now paying more attention to being socially responsible than being more lucrative company and furthermore this increasing apprehension is going to reach 70% by the end of 2011 (Franklin 2008). Bowen (1953) defined corporate social responsibility as, business is not only for profit seeking objectives but businesses are accountable to the society for the actions they take. Moreover Carroll (1979, 1991) has widened the definition through his model that considered all economic, legal, ethical and philanthropic factors which are required by the society. More precisely saying CSR is "a concept whereby companies integrate social and environmental concerns in their business operations on a voluntary basis" (Commission of the European Communities, 2001). Castaldo, Perrini, Misani and Tencati (2009) supported the statement that consumers' purchasing decisions are resulted from the positive perceived CSR of that firm. Smith's (2003) survey and several others have stated that consumers' behavior is inclined to the firm's CSR activities.

Castaldo (et al. 2009) suggested that the firms which practice CSR in their operations and customer (i.e. stakeholders) relationship are more reliable as customers are fully aware of companies' conducts which ultimately creates trust and results in positive word of mouth by customer and also those firms are

preferred on competitors. Bhattacharya (2009) in his research paper supported the argument that CSR affects trust.

H1: *CSR has a significant and positive impact on Trust.*

H2: *CSR has a positive and significant relation with WOM.*

H3: *Trust positively mediates the relationship of CSR and loyalty.*

Vlachos, Tsamakos, Vrechopoulos and Avramidis (2009) viewed CSR as behavioral attributions of customer which generate repurchase and recommendation intentions with the mediating role of trust.

H4: *Trust positively mediates the relationship of CSR and WOM.*

H5: *Trust mediates the relationship of CSR and R.I.*

Trust is the level of customer's reliability on a brand that it will function exactly the way promised by firm and it is essential in uncertain situations as it raises the opportunity that customer rely on company even in uncertain situations. (Moorman, Zaltman, 1992). Chatterjee and Chaudhuri (2005) described trust as a brand's trustworthiness and veracity assurance level to a customer. Delgado-Ballester and Munera-Aleman (2001) relate trust with customer satisfaction, as trust is generated from customer satisfaction as a whole. Trust is helpful to understand many types of relationships (inter-personal, intra- and inter-organizational, social, business, etc.) that are studied from different perspectives (Ring & Van de Ven 1992, 1994, Zaheer & Venkatraman 1995, Das & Teng 1998, 2001, Zaheer 1998).

Research revealed that acquiring new customers is six times more expensive than retaining a customer (Rosenberg and Czepiel, 1983). Brand trust is necessary to develop brand loyalty (Ringberg and Gupta, 2003). It is one of the bonds between the consumer and the brand relationship (Hiscock, 2001). Risk taking in a relationship largely depends on trust (Mayer, 1995). Loyalty is affected by the level of trust the consumer have on its brand, the satisfaction of the consumer in a brand generates the customer loyalty (Oliver, 1999). Many studies reveal that consumer trust has a positive effect on the consumer loyalty. When customers have more choices he can easily switch towards the other choices but consumer trust on a particular brand do not allow him to switch on other brands (Eisenhardt, 1989).

H6: *Trust has a positive and significant relation with loyalty, is accepted.*

Perceived service quality is described as the customer's judgment or determination of the whole dominance or excellence of the service (Zeithaml and Parasuraman, 1988). Research suggest that the perceived service quality is more reliable component in order to evaluate customer trust and satisfaction (Iacobucci, Ostrom, & Grayson, 1995; Oliver, 1993) sometimes service quality is used as a component of repurchase intention which increased due to the better reputation of the company and also due to the satisfaction and trust of the customers (Bitner, 1990; Bolton & Drew, 1991; Cronin & Taylor, 1992). Perceived service quality influence the relationship among the customer satisfaction and repurchase intention (LaBarbera and Mazursky 1983). Studies show that there is a relationship between the service quality and accumulated profits of the company (Greising 1994; Zahorik and Rust 1992).

H7: *Perceived service quality positively moderates the relationship of corporate social responsibility and customer trust.*

Table 1

| VARIABLES | Mean | S.D | | CSR | TRUST | PSQ | WOM | Loyalty | R.I |
|-----------|--------|---------|--------------|--------|--------|--------|--------|---------|--------|
| CSR | 4.9640 | .89071 | Correlation | 1 | .574** | .655** | .266** | .584** | .535** |
| | | | Significance | | .000 | .000 | .000 | .000 | .000 |
| TRUST | 3.6400 | .59607 | Correlation | .574** | 1 | .728** | .267** | .540** | .467** |
| | | | Significance | .000 | | .000 | .000 | .000 | .000 |
| PSQ | 5.0680 | .85206 | Correlation | .655** | .728** | 1 | .492** | .703** | .616** |
| | | | Significance | .000 | .000 | | .000 | .000 | .000 |
| WOM | 3.5743 | .56165 | Correlation | .266** | .267** | .492** | 1 | .436** | .320** |
| | | | Significance | .000 | .000 | .000 | | .000 | .000 |
| Loyalty | 4.5707 | 1.07712 | Correlation | .584** | .540** | .703** | .436** | 1 | .782** |
| | | | Significance | .000 | .000 | .000 | .000 | | .000 |
| R.I | 4.6600 | 1.26851 | Correlation | .535** | .467** | .616** | .320** | .782** | 1 |
| | | | Significance | .000 | .000 | .000 | .000 | .000 | |

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

Table 2

| | | Trust | | |
|------------------|----------------|--------------|--------------|--------------|
| PREDICTORS | R ² | ΔR^2 | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.075 | | | 0.009 |
| STEP 2 | | | | |
| CSR | 0.378 | 0.303 | 0.560 | 0.000 |

Table 3

| PREDICTORS | R ² | ΔR^2 | B | P |
|------------------|----------------|--------------|-------|-------|
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.062 | | | 0.029 |
| STEP 2 | | | | |
| CSR | 0.121 | 0.059 | 0.247 | 0.000 |

Table 4

| | | LOYALTY | | |
|------------------|----------------|--------------|-------|-------|
| PREDICTORS | R ² | ΔR^2 | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.082 | | | 0.005 |
| STEP 2 | | | | |
| CSR | 0.381 | 0.299 | 0.557 | 0.000 |

Table 5

| PREDICTORS | R ² | ΔR^2 | B | P |
|------------------|----------------|--------------|-------|-------|
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.100 | | | 0.001 |
| STEP 2 | | | | |
| CSR | 0.335 | 0.235 | 0.494 | 0.000 |

Table 6

| | | WOM | | |
|------------------|----------------|--------------|-------|-------|
| PREDICTORS | R ² | ΔR^2 | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.062 | | | 0.029 |
| STEP 2 | | | | |
| TRUST | 0.121 | 0.059 | 0.253 | 0.000 |

Table 7

| | | | | |
|------------------|-------|-------|-------|-------|
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.082 | | | 0.005 |
| STEP 2 | | | | |
| TRUST | 0.319 | 0.237 | 0.506 | 0.000 |

Table 8

| PREDICTORS | R ² | ΔR^2 | R.I | |
|------------------|----------------|--------------|-------|-------|
| | | | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.100 | | | 0.001 |
| STEP 2 | | | | |
| Trust | 0.280 | 0.180 | 0.441 | 0.000 |

Table 9

| PREDICTORS | R ² | ΔR^2 | Loyalty | |
|------------------|----------------|--------------|---------|-------|
| | | | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.082 | | | 0.005 |
| STEP 2 | | | | |
| TRUST | 0.319 | 0.237 | 0.269 | 0.000 |
| STEP 3 | | | | |
| CSR | 0.426 | 0.107 | 0.406 | 0.000 |

Table 10

| PREDICTORS | R ² | ΔR^2 | WOM | |
|------------------|----------------|--------------|-------|-------|
| | | | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.62 | | | 0.029 |
| STEP 2 | | | | |
| TRUST | 0.121 | 0.059 | 0.162 | 0.000 |
| STEP 3 | | | | |
| CSR | 0.137 | 0.016 | 0.156 | 0.062 |

Table 11

| PREDICTORS | R ² | ΔR^2 | Repurchase Intentions | |
|------------------|----------------|--------------|-----------------------|-------|
| | | | B | P |
| MODEL 1 | | | | |
| STEP 1 | | | | |
| CONTROL VARIABLE | 0.1 | | | 0.001 |
| STEP 2 | | | | |
| TRUST | 0.280 | 0.180 | 0.226 | 0.000 |
| STEP 3 | | | | |
| CSR | 0.367 | 0.087 | 0.367 | 0.000 |

Table 12

| PREDICTORS | R ² | ΔR^2 | TRUST | |
|------------------------------|----------------|--------------|---------|-------|
| | | | β | P |
| MODEL | | | | |
| MODERATION OF PSQ | | | | |
| STEP 1 | | | | |
| CONTROLLED VARIABLES | 0.075 | | | 0.009 |
| STEP 2 | | | | |
| CSR and PSQ | 0.565 | 0.490 | | 0.000 |
| STEP 3 | | | | |
| CSR x PSQ (interactive term) | 0.567 | 0.002 | -0.449 | 0.373 |

Loyalty is a commitment of the customers to buy the product of a particular brand despite of many influencing factors and that brand is the primary choice of the customer while purchasing (Oliver, 1997) and repurchasing (Tellis, 1988). Loyalty is depends upon the experience, likings and feelings of the customers (Oliver, 1997). Loyalty can be measure in two senses, in the behavioral sense and in the attitudinal sense. In behavioral sense it is measured by repurchase intention of the buyer that weather the buyer repurchases the same brand again (Carpenter & Lehmann, 1985; Colombo, & Morrison, 1989) or switch to another brand (Raju, Srinivasan, & Lal, 1990). In attitudinal sense loyalty is the emotional commitment of the buyer with the brand, and he can pay more amount of money for that particular brand (Narayandas, 1996; Zeithaml, Berry, & Parasuraman, 1996).

Taking into account the direct relation of CSR and loyalty (Sureshchandar, 2001; Maignan and Ferrell, 2001) supported the argument. Customer's brand loyalty can be enhanced by boosting the level of his/her perception of CSR activities practiced by the firm, as customers purchasing behavior is inclined towards companies that are socially responsible (Keller and Aaker, 1992; Brown and Dacin, 1997).

H8: CSR has a positive and significant relation with loyalty.

Repurchase intention is the intent to which customers buy one thing that they already buy before. Studies suggest that there is a direct relationship between customers repurchase intention and firms reputation. (Bhattacharya and Sen, 2004). Companies with the CSR reputation are more appeal to the customers and will influence their purpose of acquiring goods (castaldo, perrini, missani, tencati, 2004). CSR activities play an important role in order to make a good reputation of the company (castaldo et al., 2004). Customers have more trust to the socially responsible companies (Smith, 2003). When stakeholder pay attention to the socially responsible practices of a particular company they are more relying to that company, therefore they make more future deals with that company, and they are ready to pay more for the product because of the greater reputation. That also increases there repurchase intentions (Barnett, 2007). Company's good attitude in the market affect directly consumer to retain with company and this perception of the firm have more affect on the value of the firm (castaldo et al., 2004).

Corporate social responsibility throws a positive effect in the consumers mind and convincing them to buy the products of company permanently and continuously as compared to other companies due to their reputation in the society (Creyer and Ross, 1997; Ellen, 2000; Mohr, 2001). Previous studies showed direct effect of trust on word of mouth and indirect effect on repurchase intentions. Sometime customer may not acknowledge the ethical behavior of the company while they actually purchase the products (Castaldo and Perrini, 2004). Customer trust gives rise to the customer retention and also increases the profits of the company (Jones and Sasser 1995; Reichheld 1996).

H9: CSR has a positive and significant relation with R.I.

H10: Trust has a positive relation with repurchase intentions.

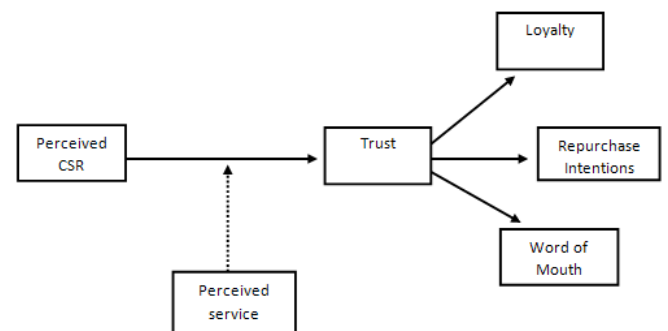
Word of Mouth is an informal way of providing information about a product or service to the consumers and not to company in order to evaluate the performance of that particular product or service (Dichter, 1966; Fornell and Bookstein, 1982; Singh, 1988; Westbrook, 1987). If this communication is about the positive attributes of the particular thing then it will be a positive word of mouth and if it is about the negative attributes of the particular thing then it will be a negative word of mouth and it may be neutral (Arndt, 1968; Dichter, 1966). Word of mouth is

generally about the new products rather than the old ones (Marsha L. Richins, 1983). Product related word of mouth is that when it relates to the consumption of the product (Arndt, 1967; Bittner, 1990; Dichter, 1966; Richheld and Sasser, 1990; Rogers, 1962; Westbrook, 1987; Yi, 1997).

Trust and word of mouth has a positive relationship (Bitner, 1990; Bloch, 1986; Hunt, 1977; Oliver, 1980; Richheld and Sasser, 1990). Holmess and Lett (1977) find that more satisfied customer generate more word of mouth than dissatisfied customers. Satisfied customers generate more word of mouth because they are bias towards there thinking process and relationships that are positive in nature (Holmess and Lett, 1977; Whitney, 1977). In contrast to this thing that satisfied customers generate more word of mouth many studies reveal that dissatisfied customers generate more bad word of mouth than satisfied customers (Richins, 1983). Westbrook (1987) also find that there is a significant negative relation between dissatisfaction and bad word of mouth.

H11: Trust positively affects WOM and the relationship is significant.

Theoretical Framework



Research Methodology

Samples and Procedures:

In order to complete our objectives we use the personal survey method in which we distribute the questionnaires and take response from customers of telecommunication companies and banks. We conducted our study by questioning people of Lahore relating to different sectors like education, telecommunication, bank and health, to analyze how they perceive social activities of telecommunication companies and banks and how these activities influence their purchasing intention and trust etc. This survey is based on random sampling of 252 respondents. Questionnaires were structured and respondents were asked to answer the questions from predetermined answers. 63% of the respondents are male and 37% are females. 56 percent of respondents are of age in between 23years to 30 years, 27% are of age in between 18years to 22years, 12% are of age in between 31 years to 40years and rest of the respondents are above 40 years. 67 percent of the respondents have the qualification of masters, 23% are of graduation level, 6% respondents relates to M. Phil/PHD and rest of the respondents are having the qualification in between SSC and HSSC. 71 percent of the sample has the monthly income in between 20K to 40K, 20% of the sample having the monthly income in between 40K to 60K and res of the sample having the income in between 60K to 80K.

Data was collected in 19-25 JUNE 2013. We obtained 200 valid responses and the remaining was discarded. The data were analyzed and tested in SPSS 17.

Measures

Corporate social responsibility:

In order to measure corporate social responsibility, number of measures was developed by many researchers but for the

philanthropic aspect we take the seven point likert scale ranges from total disagree to total agree developed by the Brown and Dacin (1997). Ten items were proposed and we had taken all of them. Cronbach's alpha value of this scale is (0.857).

Trust:

For trust we take the four items developed by the Morgan and Hunt (1994) with a five point likert scale ranges from strongly disagree to strongly agree. Cronbach's alpha value of this scale is (0.743).

Perceived service quality:

Perceived service quality which moderates the relationship between the corporate social responsibility and trust. We have taken the items from a very famous article (SERVQUAL) by Parasuraman, Zeithaml and Berry 1988. 20 items were produced by the researchers to judge the perception of the customers about the service quality. Seven point scale ranges from strongly disagree to strongly agree. Cronbach's alpha value of this scale is (0.938).

Word of mouth:

In order to measure word of mouth we have taken the 6 items proposed by Mael and Ashforth (1992) and Cronbach's alpha value of this scale is (0.676).

Repurchase intentions: We take the 7 point scale ranges from not at all likely to extremely likely by creyer and Ross (1997).

Loyalty:

Loyalty was measured including behavioral and attitudinal questions (Bloemer et al., 1999), which were taken from the commitment scale of Delgado and Munuera (2001) and the scale of Zeithaml et al. (1996) and Cronbach's alpha value of this scale is (0.856).

Control Variable

We have run one-way ANOVAs test to identify the impact of demographic variables on dependent and mediating variables and the result showed that all the demographic variables have a significant impact on dependent and mediating variables so we enter these demographic variables into the equation to control them, when we performed multiple regression in the study.

Results

Correlations:

Table 1 shows the mean, Standard deviation, correlation and significance of all the variables under study. The results show the mean of CSR is 4.9640 and S.D is 0.89071, mean of trust is 3.640 and S.D is 0.5960. The mean of PSQ is 5.0680 and S.D is 0.85206, Mean of WOM is 3.5743 and S.D is 0.5616. The mean of Loyalty is 4.5707 and S.D is 1.07712, Mean of R.I is 4.660 and S.D is 1.2685.

Table 1 shows that all the variables have the significant relations and all influence positively each other. The correlation value for impact of CSR on Trust is .574**, CSR on PSQ is .655**, CSR on WOM is .266**, CSR on Loyalty is .584**, CSR on R.I is .535**, Trust on PSQ is .728**, Trust on WOM is .267**, Trust on loyalty is .540**, Trust on R.I is .467**, PSQ on WOM is .492**, PSQ on loyalty is .703**, PSQ on R.I is .616**, WOM on Loyalty is .436**, WOM on R.I is .320** and Loyalty on repurchase intention is .782**.

Regression analysis:

We ran simple regression analysis for all variables, first by putting all controlled variables and then putting independent variables. All hypotheses for simple regression are accepted as independent and dependent variables have significantly positive relationship. Following tables show the results of each regression test and explained respectively.

Table 2 shows regression results of CSR and trust. The results support H1: CSR has a significantly positive impact on

Trust, as shown in table that their relationship is significant with the alpha value 0.000 ($p < 0.01$).

Then again putting controlled variables first we regressed relationship of CSR and WOM. The results in Table 3 show a significant and positive relation between these two variables. Which means CSR positively affect WOM and the relationship is significant. So H2: CSR has a positive and significant relation with WOM, is accepted.

Table 4 shows results of regression analysis between CSR and Loyalty with controlled variables. The figures show that CSR has a positively significant ($p < 0.01$) relation with loyalty. Means CSR activities carried by companies will increase the loyalty of their customers. So H8: CSR has a positive and significant relation with loyalty, is accepted.

Next we regressed CSR and repurchase intentions. The results support our hypotheses 4 that CSR has a positive and significant relation with R.I, as the value of alpha is 0.000 ($p < 0.01$). It means CSR activities will increase customer's repurchase behavior.

In next step we regressed relation of trust and WOM. The results shown in Table 6 are in favor of Hypotheses 11 (i.e. Trust positively affect WOM and the relationship is significant). Which means our proposal is accepted that the relationship exists and it is positive and significant. This shows that increased trust of a customer upon a brand will result in positive word of mouth for that brand.

Trust and loyalty were regressed then. Table 7 shows that trust has a positive and significant relation with loyalty. Means loyalty of a customer towards a brand will increase if trust of that brand is increased. So, H6: Trust has a positive and significant relation with loyalty, is accepted.

Table 8 shows the result of simple regression between trust and R.I. H10: Trust has a positive relation with repurchase intentions, is accepted as trust has a significant ($p < 0.01$) relationship. Which means trust of a customer for a brand will increase the repurchases of that brand from the customer.

For mediation analysis, first we entered all controlled variables with respect to each mediation relationship than calculated mediator's effect on dependent and independent variables. The mediation results show that trust does not mediate between CSR and loyalty, because there are two conditions to prove the mediation that are change in R^2 must approaches to zero and β must be insignificant. In this case both the conditions are not fulfilling as shown in table 9 that change in R^2 is 0.107 and β is also significant. So, in this regard H3: Trust positively mediates the relationship of CSR and loyalty, is rejected.

Regression Analysis Mediation of Trust Between CSR and Loyalty:

To test H4: Trust positively mediates the relationship of CSR and WOM; we first put all the controlled variables than in second step we put trust as a mediator and in third step we put CSR as an independent variable. For mediation analysis, first we entered all controlled variables with respect to each mediation relationship than calculated mediator's effect on dependent and independent variables. The results in table 10 show that trust mediates between CSR and WOM, because change in R^2 is 0.016 that is near to zero and β is insignificant with the value of 0.062. So, Hypothesis 9 is accepted.

Regression Analysis Mediation of Trust Between CSR and WOM:

The third mediation was run to find the influence of trust as a mediator on CSR and Repurchase Intentions' relationship. The mediation results as shown in table 11 proves that trust partially mediates the relationship of CSR and R.I, because only one

condition of mediation is met i.e. change in R^2 approaches to zero. The results prove $H5$ that is Trust mediates the relationship of CSR and R.I. is true.

Regression Analysis Mediation of Trust Between CSR and R.I:

In order to test the Hypothesis 7: Perceived service quality positively moderates the relationship of corporate social responsibility and customer trust we run moderation test and regress all the three variables that are CSR, Trust and PSQ altogether. From regression results, shown in table 12, prove that PSQ does not mediate the relationship of CSR and Trust because β value is -0.449 and it is also insignificant ($P < 0.373$). $SO H:7$ is rejected.

Regression Analysis Moderation of PSQ Between CSR and Trust:

Discussion

The purpose of the study is to investigate the effect of the CSR activities of companies on customer loyalty, repurchase intentions and word of mouth, and how trust mediates their relations. The study also investigates that whether perceived service quality affect the relationship of CSR and customer trust. Results of the study support all the purposed hypotheses except the moderation of perceived service quality on CSR and trust ($H7$) and the mediating role of trust between CSR and word of mouth ($H4$). We found that CSR positively affect customer trust ($H1$). That support the argument that companies should invest in CSR activities in order to gain customer trust, as it helps to create a perception in customer's mind that company is socially responsible. Study also proved that word of mouth is influenced by CSR activities of the companies ($H2$). Reasonable arguments are also there to prove this relationship as CSR adds up to customer trust and this eventually generates positive word of mouth ($H4$). The results of this research paper confirmed that CSR not only generates customer trust but also customer loyalty ($H8$) and trust plays a role of mediator in this relationship ($H3$). The results prove that as CSR creates customer loyalty it also creates repurchase intentions of that customer ($H9$), and trust plays a role of bridge in this relation ($H5$).

Main focus of the study is on customer trust, as it generates all the dependant variables with the origin of CSR. The results support the purposed affects of trust on WOM ($H11$), on loyalty ($H6$), and on repurchase intentions ($H10$). These findings show that when companies in cooperate CSR activities into their business activities then the level of their customers' trust increase, which in turn increase their loyalty with the company and in future when they will go to purchase the same kind of services they will again choose this organization.

Limitations Of The Study

The study is an empirical study because the scope of our study was not so far and we also have a time limitation that is why we could not go for longitudinal study so the study has a limitation that it cannot compare the results furthermore we went for the convenience sampling, many of the elements of the sample are business class but due to our limited scope we cannot get data from them so there may be a chance for non-effectiveness of the sample. The study is conducted on just two service sectors that are telecommunication and banking sector many other sectors remain untapped.

Managerial Implications

Purpose of the study was to investigate how CSR affects consumer behaviors. Although it was not only based on single industry (i.e. Telecommunication and Banking sectors) but perceived service quality narrowed down the scope of study to

only services industry. Generalization of results increases the managerial implications of this study.

Paper suggests that CSR is most important element of the study so it should be measured and evaluated on regular bases. Measurement or evaluation of CSR means an ongoing market research must enable a manager to evaluate the effects of CSR activities performed by firm and by competitive firms on consumer behavior. Research must also be conducted on customer's perception of CSR activities by the firm and competitors, because it is important to know that how consumer is considering a firm's CSR activities. If a consumer thinks about an active firm in CSR perspective that firm's only intentions are to increase profit then it can result in negative consumer behavior. Furthermore our research indicates no impact of perceived service quality on CSR and trust but reasonable arguments are there to support the statement that it affects the direct relationship of perceived CSR and trust (Vlachos et al. 2008). So, managers should consider their service quality standards as very important factor in boosting up customer's trust. If a customer is satisfied from the service provided CSR activation of that firm will create positive perception and if provided service is not good even very good CSR activation can do nothing to add up to customer trust.

Overall practicalities show that how significant CSR's role is in creating a good image of a firm and to gain loyal customers. Managers must also be aware of the fact that CSR's evaluation and perception by customer varies. As every customer take it in accordance to his own knowledge and experience, it's very hard to set a standard that how CSR will affect customer and eventually the company. So, reasonable job is required from manager that to conduct researches regularly which will identify needs for improvements and also customer mindset those changes very often.

Future Research Directions

We regard to future research is an important next step to this research. In this study we analyze the impact of CSR on Trust with the moderating role of Perceived service quality in future researches moderator can be change. The future study can be conducted as a longitudinal study by including different service sectors like education, health, and restaurants. Research is conducted on firms which are providing standardized services future research can be conducted on service firms that provide customized services. There remain many opportunities to see the impact of CSR on word of mouth in western culture as this study is conducted in eastern culture.

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