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Corporate Social Responsibility (CSR) Relationship between Customer Trust and Customer Satisfaction on Customers Loyalty in Retail Business in Thailand

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Abstract---The objective of this study is to examine the relationship between corporate social responsibility (CSR), customer trust, customer satisfaction and customer loyalty in retail business industry of Thailand. Furthermore, the indirect effect of customer trust and customer satisfaction is examined between CSR and customer loyalty. For this purpose, this study considered quantitative approach in which cross-sectional research design was used for data collection. A survey was used for data collection from retail businesses of Thailand. The employee working in retail businesses are considered as the respondents of the current study. 400 questionnaires were distributed among the employees. Finally, data analysis is carried out with the help of Partial Least Square (PLS). Results of the study reported that; CSR has influential role to promote customer loyalty. It has positive effect on customer trust and customer satisfaction which further increases the customer loyalty in retail businesses. Therefore, CSR has positive role in customer loyalty by enhancing the customer trust and customer satisfaction.

Keywords---corporate social responsibility (CSR), customer satisfaction, customer trust, retail industry Thailand.

Introduction

Retail businesses sell items and services to various customers for their use, or pleasure (Prasetyo, Wardhana, & Fitriyah, 2022). They sell items as well as services in-store, however, some items may be sold online or over the phone and then dispatched to the customer. These retail business activities are connected with various businesses. In most of the industries the retail businesses have key importance in the business operations. It is one of the most important elements of successful supply chain activities. These business activities play role to promote business success and achieve the higher business performance in all businesses. Because selling of products and services to the customer is the major activity of any business organization and whole business performance is based on this activity.

For successful retail business activities, it is important to have customer loyalty (Thaipradit & Tantong, 2021). The purchase of customers in relation to these businesses is majorly depends upon the loyalty of customer. Higher level of loyalty leads the customers to deal with the related businesses, however, low level of loyalty among the customers discourages them to purchase or deal with these businesses. Therefore, customer loyalty is one of the most influential elements among the retail businesses (Torabi, Hamidi, & Safaie, 2021). The retail business success or failure is also depending upon customers and loyalty has vital importance in this aspect. Retail businesses are also very active in Thailand along with the other nations. In various business Industries the retailing is playing most important role in Thailand. However, customer loyalty is one of the major issues among businesses. It is observed that among the retail businesses of Thailand the customer loyalty has not achieved a significant travel due to which businesses are suffering with low performance. As retail businesses performance is highly dependent on customer loyalty. Due to the issues in customer loyalty among various business, the retail Industry is not growing with high speed. All the retail business industry of Thailand is growing in each year. And this industry has vital contribution to various industries and it has contribution to the success of businesses, however, due to the issues in customer loyalty the growth is slow. The achievement of customer loyalty may lead retail businesses of Thailand to grow quickly. Therefore, it is needed to address the problem of customer loyalty among retail businesses of Thailand.

To solve the problem of customer loyalty among retail businesses of Thailand is one of the major challenges. It is needed to resolve problems related to the customer to enhance customer loyalty. The current study is one of the attempts to promote customer loyalty with the help of various other factor. Number of studies are carried out on retail business industry (Sivamathi & Vijayarani, 2020; Ying, Sindakis, Aggarwal, Chen, & Su, 2021), but the customer loyalty problems are rarely discussed by previous studies in the context of Thailand. As evident from the literature, customer loyalty is point out by several previous studies, however specifically in relation to the retail businesses of Thailand this industry is not comprehensively discussed. Therefore, to fill this literature gap, this study is an attempt to address the problem of customer loyalty among the retail businesses of Thailand.

According to the current study, customer loyalty among businesses can be improved with the help of Corporate Social Responsibility (CSR). The CSR activities carried out by retail businesses in Thailand can promote customers loyalty. Different activities of various organizations to resolve different problems of society may lead to increase the level of loyalty. Furthermore, the customer can be loyal if the business organizations protect the environment and carry out various environmentally friendly activities and the operations of the organization should not disturb the environment. Therefore, CSR has a potential to promote customer loyalty directly. Additionally, it also has direct effect with the help of customer trust and customer satisfaction. Both the factors, namely customer trust and customer satisfaction also have role in customer loyalty. These factors can be formatted with the help of CSR activities. Therefore, this study proposes that the connection between CSR, customer trust and customer satisfaction have the ability to promote customer loyalty and promote businesses in Thailand, hence, the objective of the study is to inspect the role of CSR, customer trust and customer satisfaction in customer loyalty.

Literature review

The previous studies are reviewed to develop study framework which is given in Figure 1. CSR is considered as independent variable. Customer trust and customer satisfaction are considered as mediating variable. Finally, customer loyalty is considered as dependent variable. The relationship between these variables is considered to examine in retail industry of Thailand.

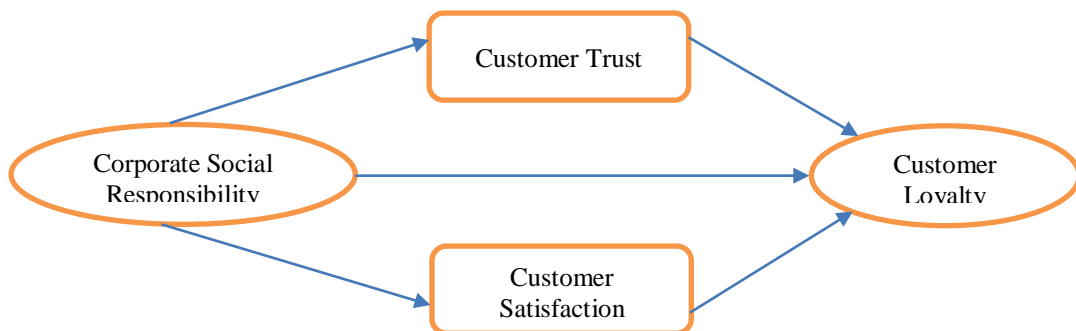


Figure 1. The relationship between CSR, customer trust, customer satisfaction and customer loyalty

Customer loyalty

Customer loyalty is described as an ongoing emotional association between business organization as well as customer, representing itself by how keen a customer is to comprise with as well as repeatedly purchase from business versus business competitors. Loyalty is the byproduct of a customer's positive experience with retail business. Therefore, customer loyalty is one of the valuable relationships between organization and customer based on the emotional having major importance for companies. This relationship is valuable importance for the companies because such strong relationship based on emotions causes to attach the customers with the company. Customer loyalty always has a vital role to

promote business activity (Grihani & Kusumadewi, 2021). It has the ability to promote companies' services as well as products and contribute to the profitability of the company. Loyal customer always purchases company products continuously and avail the products and services from specific company which causes to the success of specific product and services and in results it generates higher business performance. Whenever a customer is loyal with the company, he or she will not consider the price of the product while purchasing the product from company. There are various kinds of loyal customers such as active loyal, situation loyal along with the active disloyal. All these royalty types of customers have important role for the organizations.

Corporate social responsibility (CSR)

CSR is a business model that assist an organization to be socially accountable to itself, its stakeholders, as well as the public. Generally, CSR activities of the business organisations are based on nonprofit activities for the purpose to welfare of the society and community (Carlini & Grace, 2021). These activities do not belong to the profit maximization of the company but it has major importance in the welfare of people. Generally, CSR activities belongs to the four pillars which include community development, Workplace, human resources and environment. Community development activities are the activities which solve problems of the community, it is also based on the institutions which work for the welfare of the people such as schools, NGOs, poverty alleviation etc. The workplace activities are also important for the people to take various actions by the company to protect their workers. People working at workplace always have various rights and ethically the business organisations required to protect these workers which is also one of the social responsibilities of the company. Additionally, the most important CSR activity of the companies is environmental protection. It is addressed by several previous studies that environment is damaging due to the increase in business activities. The increase in business activities leading to the increase in pollution in the environment which causes to decrease overall environmental performance. Furthermore, the production of human resources among the organisations is also most important. The employees working in business organisations having significant role which is needed to fulfill by the company. These responsibilities fall under social responsibility of the organizations. Four pillars of CSR are given in Figure 2.



Figure 2. CSR Activities

Although CSR activities are not profit generating activities by the business organizations. However, these activities have a significant role in business performance and it has the ability to promote products as well as services of the company. Because these activities create the awareness among the people towards the specific products and services. Generally, it has the ability to boost the customer loyalty. The CSR activities carried out by the organization has significant result on the customer loyalty (Islam et al., 2021). Generally, these activities such as environmental protection activities lead to the customer loyalty because it has the ability to enhance the welfare of the people and welfare of the people can promote customer loyalty. Furthermore, the community development program by the business organizations or simply the participation of business organizations in community development programs also as key importance to promote customer loyalty. Additionally, the protection of customers at workplace and the protection of human resources in organizations also create a significant level of loyalty among the people. Therefore, CSR activities by the business organizations enhances the customer loyalty.

Customer trust

The customer trust can be explained as, the confidence that business firms will do what they say they will and that they won't purposely harm consumers. It is one of the most important elements of businesses because it directly effect on the attraction level of customers. Generally, customer trust is based on the positive believe of the customers towards the specific product or services that these products and services will provide the required level of quality in a reasonable charge. It is also based on the beliefs of the customers towards the company that company will provide the significant level of quality along with the significant level of price. The reasonable quality in a reasonable price generally increases the level of trust among the customers and a significant level of trust among the customers can increase the customer loyalty. Therefore, trust is a vital element which has

the ability to promote customer loyalty. On the other hand, customer trust is affected through CSR activities (Islam et al., 2021). The CSR activities of the organization has significant influence on customer trust. These activities for the welfare of the community causes to increase the level of trust among customers. As it is reported by the previous studies that customer trust and customer loyalty are connected with the CSR activities of the organizations. Therefore, following hypotheses are proposed;

Hypothesis 1. CSR has positive influence on customer trust.

Hypothesis 2. Customer trust has positive influence on customer loyalty.

Customer satisfaction

Satisfaction of the customer is required few elements such as quality of the product and services with reasonable price. Therefore, customer satisfaction is based on the quality services by the organization and it includes the quality of the product services related to the product along with the positive dealing of the company. Furthermore, there are several factors which has influence on the customer satisfaction. Customer satisfaction is influenced by internal as well as external factors. According to the current study, there are significant internal factors related to the organization which has effect on customer satisfaction. For instance, CSR activities are the factors which has influence on satisfaction of the customers (Islam et al., 2021). The activities carried out by the organization to the welfare of the people, welfare of the society as well as welfare of the community through protection of environment has influence on satisfaction of the customers. CSR activities of the company develop a good image of a specific product towards customers which lead to the satisfaction. As reported in previous studies, CSR activities has positive effect on customer satisfaction (Wedysiage, Hatane, & Deviesa, 2021). Hence, following hypotheses are proposed;

Hypothesis 3. CSR has positive influence on customer satisfactions.

Hypothesis 4. Customer satisfactions has positive influence on customer loyalty.

The above section shows the direct effect of CSR on customer satisfaction, customer trust as well as customer loyalty. The above section also shows the direct effect of customer trust and customer satisfaction on customer loyalty. However, this section is developed to highlight the indirect effect of customer trust along with customer satisfaction. Previous studies shows that CSR has important relationship with customer trust and customer trust, having important relationship with customer loyalty. Similarly, CSR activities have effect on customer satisfaction as well as customer satisfaction has significant influence on customer loyalty. Additionally, CSR as direct effect on customer loyalty. In this direction, it is shown that all the direct effects are significant in the light of literature. Therefore, customer trust can be a mediating variable between CSR and customer loyalty. Furthermore, customer satisfaction is also playing the mediating role between CSR and customer loyalty. As recommended by Baron and Kenny (1986) that all the three paths must be significant to consider a mediating variable. Therefore, it is proposed that customer trust and customer satisfaction are playing a mediating role between CSR and customer loyalty. Thus, following indirect hypotheses are proposed;

Hypothesis 5. Customer trust mediates the relationship between CSR and customer loyalty.

Hypothesis 6. Customer satisfaction mediates the relationship between CSR and customer loyalty.

Research Methodology

This study measured variable with the help of previous studies and scale items are adopted from previous studies to measure CSR, customer trust, customer satisfaction and customer loyalty. CSR is measured with the help of considering various activities of the company towards environmental protection. It is also measured with the help of considering various activities of the companies related to the human resources. Further, community development programme started by the retail business companies are also considered while measuring CSR. This study examined customer trust with the help of customer believes on the company in relation to the quality e as well as price of the product. Additionally, customer satisfaction is considered by using various indicators related to the level of satisfaction of the customers in relation to the product as well as services after retail businesses. Additionally, the dependent variable customer loyalty is considered with the help of using different indicators related to the intention of the customer to repurchase the product or available services from a specific company. By considering all these measures, this study designed a scale to collect data. The questionnaire is developed with the help of developing two major sections. The first section was based on to collect the general information about the respondents and the section second of the questionnaire was based on to examine the relationship between variables with the help of collecting data related to the CSR, customer trust, customer satisfaction and customer loyalty. Moreover, it is important to select suitable sample size for the study. Literature shows that number of other studies on retail businesses considered sample size between 300 to 500. In this direction, the current study selected 400 sample size. Therefore, 400 questionnaires were disseminated among the customers of retail businesses in Thailand. The distributed questionnaires were collected and data analysis was carried out with the help of statistical tool. Finally, 180 valid responses were utilized in analysis.

Data analysis

The current study examined the data through structural equation modeling (SEM). SEM is considered with the help of partial least square (PLS) version 3 (Hair et al., 2017; Khan et al., 2019; Ploenhad, Laoprawatchai, Thongrawd, & Jermsittiparsert, 2019). In this process, the factor loading of scale items were considered as shown in Table 1. It is evident that all the items have loading above 0.5 which is minimum level to achieve in this study. Additionally, this study is considered composite liability (CR) which is above 0.7 for all variables. Furthermore, average variance extracted (AVE) is shown in Table 1 and indicates that all the variables have AVE above 0.5. The CR above 0.7 and 0.5 confirmed the convergent validity (Hair et al., 2017; Hair et al., 2019). Measurement model is shown in Figure 3. Finally, discriminant validity is specified in Table 2 through heterotrait-monotrait ratio of correlations (HTMT)_{0.9}.

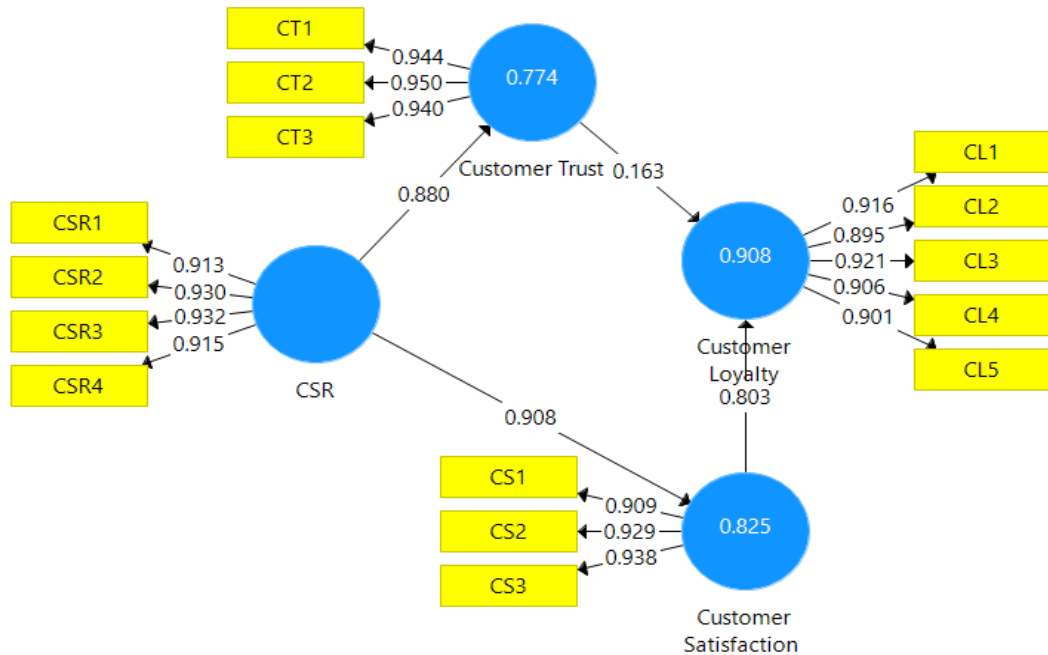


Figure 3. PLS Measurement Model

Table 1
Factor Loadings, CR and AVE

Variables	Items	Loadings	Alpha	CR	AVE
Customer Loyalty	CL1	0.916	0.899	0.912	0.815
	CL2	0.895			
	CL3	0.921			
	CL4	0.906			
	CL5	0.901			
Customer Satisfaction	CS1	0.909	0.902	0.908	0.799
	CS2	0.929			
	CS3	0.938			
CSR	CSR1	0.913	0.898	0.905	0.825
	CSR2	0.93			
	CSR3	0.932			
	CSR4	0.915			
Customer Trust	CT1	0.944	0.941	0.951	0.888
	CT2	0.95			
	CT3	0.94			

Table 2
HTMT_{0.9}

	CSR	Customer Loyalty	Customer Satisfaction	Customer Trust
CSR				
Customer Loyalty	0.968			
Customer Satisfaction	0.978	1.019		
Customer Trust	0.935	0.937	0.968	

PLS structural model as shown in Figure 4 which is used to examine the relationship between variables (Chairatana, 2021; Hair et al., 2019). In this process, t-value 1.96 and beta value is considered to accept or reject the hypotheses. Results given in Table 3 shows that CSR has positive effect on customer trust and customer satisfaction. It also has positive impact on customer loyalty. Besides, it is highlighted that customer trust and customer satisfaction has positive outcome on customer loyalty. Therefore, all these five direct hypotheses are supported. Besides, the mediation effect of customer trust as well as customer satisfaction between CSR and customer loyalty is given in Table 4 which is also significant. Finally, two mediation hypotheses are also accepted by the outcomes of the current study.

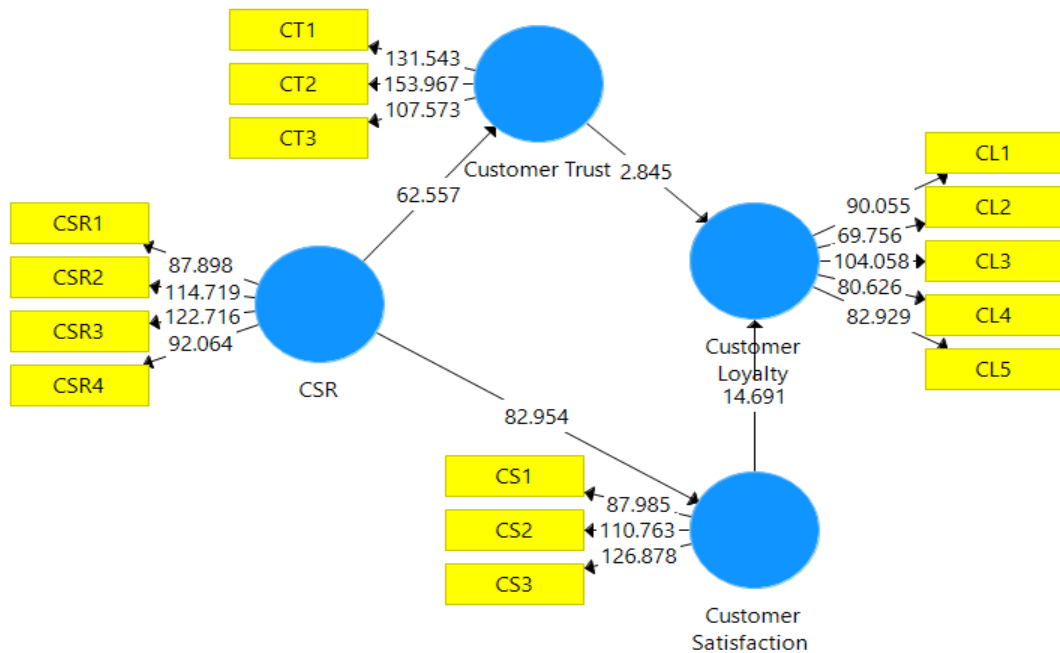


Figure 3. PLS Structural Model

Table 3
Direct effect results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
CSR -> CS	0.908	0.908	0.011	82.954	0
CSR -> Customer Trust	0.88	0.88	0.014	62.557	0
CS -> Customer Loyalty	0.803	0.801	0.055	14.691	0
Customer Trust -> Customer Loyalty	0.163	0.166	0.057	2.845	0.005

Table 4
In-Direct effect results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
CSR -> CS -> Customer Loyalty	0.73	0.728	0.051	14.247	0
CSR -> Customer Trust -> Customer Loyalty	0.144	0.147	0.051	2.819	0.005

Discussion and Conclusion

The objective of this study is to examine the relationship between CSR, customer trust, customer satisfaction and customer loyalty in retail business industry of Thailand. A survey was carried out to check the relationship between variables after data collection from the employees of retail businesses in Thailand. Total six hypotheses are proposed to achieve the study objective and data was analysed through PLS-SEM. Results of the study shows the connection between CSR as well as customer loyalty. Results of the hypothesis shows the significant connection between CSR and customer loyalty. It indicates that increased in various activities of CSR by retail businesses in Thailand can increase customer loyalty. More specifically, it shows that if the retail businesses carry out various activities related to the environmental protection and community development, workplace development and human resources can lead to the increase in customer loyalty. Furthermore, the hypothesis 1 shows the relationship between CSR and customer trust. This relationship also highlighted the similar results which shows that increase in CSR activities such as environmental protection, community development, workplace and human resources has the potential to influence positively on customer trust. The connection between customer trust and customer loyalty is highlighted in hypothesis 2 which indicates the significant effect of customer trust on customer loyalty. Therefore, increase in customer trust can increase the customer loyalty among retail businesses of Thailand. These results are significant and positive which is also in line with previous studies (Ashraf, Ilyas, Imtiaz, & Tahir, 2017; Upamannyu, Gulati, Chack, & Kaur, 2015). As other studies also shows that customer trust can increase the customer loyalty (Ashraf et al., 2017; Upamannyu et al., 2015). The previous studies also highlighted that CSR activities can also increase customer loyalty. Therefore, the relationship with the results of the current study along with the results of the

previous studies are consistent with each other. Furthermore, hypothesis 3 reported the relationship between CSR and customer satisfaction. It is also in line with the preceding studies that CSR has positive effect on customer satisfaction (Chung et al., 2015). Additionally, customer satisfaction has positive effect on customer loyalty which is proved in hypothesis 4. It indicates that customer satisfaction has a potential to boost customer loyalty among retail businesses. In line with the previous studies, this study also reported the positive connection between CSR, customer satisfaction and customer loyalty. Therefore, all the direct hypotheses are supported. In addition to the direct hypotheses, this study tested two indirect hypotheses. The indirect effect of customer trust between CSR and customer loyalty is significant which displays that customer trust transfers the positive effect of CSR on customer loyalty which is shown in hypothesis 5. Hypothesis 6 shows that customer satisfaction is a mediating variable between CSR and customer loyalty. Similar with customer trust, customer satisfaction also transfers the positive outcome of CSR on customer loyalty. Therefore, it is concluded that CSR activities such as environmental protection, community development, workforce and human resources has positive influence to enhance customer trust and customer satisfaction which further can increase customer loyalty among the retail businesses of Thailand.

Implications

Results of the current study provides different insights for the practitioners to promote customer loyalty among the retail businesses of highland. The current study addressed a unique connection between CSR, customer trust, customer satisfaction and customer loyalty which provided important points for the management of retail businesses in Thailand while developing various strategies to promote customer loyalty. For instance, the study proved that CSR is most influential factor to promote customer loyalty. Therefore, the management of retail businesses in Thailand should promote CSR activities of retail businesses because the environmental protection, rights of the employees as well as management of human resources among the retail businesses can enhance the level of performance to produce innovative products and services causes to influence customer loyalty with the help of quality services. Furthermore, this study highlighted that customer trust and customer satisfaction are the important factors which transfer the positive role of CSR on customer loyalty. In this direction, it is important for retail businesses to promote customer trust and customer satisfaction with the help of CSR activities to enhance customer loyalty. Consequently, it is suggested to the retail businesses to enhance customer loyalty by promoting CSR, customer trust and customer satisfaction.

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