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## Article

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# **Linking CSR and Brand Performance through Customer Satisfaction, Brand Equity and Corporate Reputation: A Mixed Methods Study of Top Pakistani Banks**

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## **Abstract**

The basic aim of the study is to examine how and why the phenomenon of brand performance (BP) occurs within the Pakistani banking sector through the direct and indirect relationship(s) of corporate social responsibility (CSR) perceptions with customer satisfaction (CS), brand equity (BE), and corporate reputation (CR). The theoretical lenses of stakeholder and resource-based theories as well as the concept of customer-based brand equity and the expectancy disconfirmation theory are used to develop the conceptual model. Based upon a post-positivist philosophy with a social constructionist ontology, the current study employed the explanatory sequential mixed methods approach. The current study collected data cross-sectionally through the use of a structured questionnaire, and analyzed quantitatively through the PLS-SEM in the first phase, and then followed by qualitative interviews to help explain survey responses. The results firstly found that CSR perceptions have a direct impact on customer satisfaction (CS), followed by corporate reputation (CR), and brand equity (BE). Second, customer satisfaction (CS) affects corporate reputation (CR) and brand equity (BE) directly. Third, brand equity (BE) and corporate reputation (CR) directly impacted brand performance (BP). Finally, customer satisfaction (CS), corporate reputation (CR), and brand equity (BE) emerged as powerful mediators. Theoretical and managerial implications along with limitations and directions for future research have also been discussed.

**Keywords:** corporate social responsibility, customer-based brand equity, corporate reputation, brand performance, banking sector, Pakistan.

## 1. Introduction

### *1.1 Background and Rational of the Study*

While considered as the pillar of contemporary capitalistic societies, banks provide crucial day-to-day socio economic functions, which enable individuals and firms to take part in current commercial civilization (Herold et al., 2020). However, the current banking sector has evolved from asserting that banks are outside branding to a stage where they like any other business sector are formulating and implementing branding by developing a favorable brand experience and image among their stakeholders. The positive feeling stakeholders including customers hold for any specific business is referred goodwill, which is an important part of any commercial organization including banks, despite it is not directly traceable to the firm's liabilities and assets (Byars & Stanberry, 2018). However, since the 2008 economic crisis, and the current Covid-19 pandemic, the banking sector is experiencing goodwill impairment including low customer satisfaction and public trust deficit, which are likely to undermine its brand equity, reputation, customer service, and the loyalty of its established customer base (Golden et al., 2018; Hurley et al., 2014; Järvinen, 2014; Shilling & Celner, 2020). Seeking to restore their image, credibility as well as trust and better engage in their societal part as motor of all economic activities, several banks started thinking to adopt a different strategy premised on sustainable development by using the principles of corporate social responsibility(CSR) (Forcadell & Aracil, 2017). Particularly, investigators remain focused in knowing in what way banking customers consider CSR perceptions and how they respond to their understanding regarding related marketing constructs including corporate reputation, customer satisfaction, brand equity, and brand performance (Abd Aziz & Yasin, 2010; Forcadell & Aracil, 2017; Hafez, 2018; Narteh & Braimah, 2020; Aramburu & Pescador, 2019; Zulu-Chisanga, 2019; Prieto et al., 2020). Therefore, investigating CSR is especially important in the retail banking segment.

### *1.2 Research Gap*

Looking into the existing research, while some scholars within banking sector consider that customers' perceptions of CSR hold direct favorable consequences on corporate reputation, satisfaction and brand equity (Engizek & Yasin, 2017; Osakwe & Yusuf, 2021), other studies find that CSR can indeed be a background construct for anticipating diverse consumer responses and can thus impact such outcomes via some other immediate constructs including customer satisfaction (Hsu, 2012), brand equity (Lai et al. 2010), trust, e-service quality, organizational identification (Raza et al., 2020), and corporate reputation (Engizek & Yasin, 2017; Aramburu & Pescador, 2019). Among these constructs, corporate reputation, satisfaction, and brand equity proposed to be a significant structure that creates the relationship of CSR with diverse customers' consequences (Agarwal et al. 2015).

However, limited research found, which can confirm the mechanism whereby CSR perceptions can impact customer responses, especially within the context of retail banking services of emerging country like Pakistan where doubts regarding trustworthiness and reputation of banking industry continues to be relevant (Raza et al., 2020). Therefore, notably, researchers are now interested in knowing the mechanism through which to achieve favorable customer responses, not only through corporate reputation, customer satisfaction, and brand equity but additionally through CSR activities (Perez & del Bosque, 2016).

### *1.3 Research Questions and Objective*

Keeping in view the above discussion within the retail banking sector, following research questions arise: (1) How CSR is linked up with corporate reputation, customer satisfaction, and brand equity directly? (2) How the link of customer satisfaction with corporate reputation, and brand equity can be formed directly. (3) How are the brand equity and corporate reputation linked up with brand performance directly? Finally, (4) how the link between CSR and brand performance can be formed indirectly through the mediation of customer satisfaction, brand equity and corporate reputation. Hence, within the banking sector of Pakistan, the main objective of the current study is to examine the direct and indirect link (s) of CSR perceptions with CS, BE, CR, and BP.

The current research adds to the marketing oriented CSR literature, especially within banking sector in three ways. First, the banking industry strategy to CSR has important effects considering its key role in allocating financial resources to diverse sectors, and thereby economic development. It provokes the banking sector distinction when investigating the consequences of CSR actions. Second, the current research considers indirect roles of customer satisfaction, corporate reputation, and brand equity, hence, offering richer understandings on the basic channels and processes for the diffusion of proposed CSR's impact on perceived brand performance. Third, based upon explanatory sequential mixed methods approach, the conceptual model was assessed following up the quantitative results with qualitative data from Pakistani top rated banks. Given Pakistan's importance as an emerging economy, the study contributes empirical evidence on the process whereby CSR perceptions can impact customer responses to retail banking services. This is because of the persistent reflections that the frequency of research attempts on costumer image and responses to CSR perceptions have been inclined toward the developed economies, notably America and Europe. Hence, resulting to calls for rigorous research on the subject matter relevant to developing economies (Khan et al., 2015; Fatma et al., 2015; Raza et al., 2020).

In short, through an explanatory sequential mixed methods design, the current study fills an important gap in the marketing-based CSR literature, especially within the context of banking sector of developing country and adds confidence to the findings.

## 2. Theoretical Background

In the banking industry, corporate social responsibility (CSR) can be defined with the help of the stakeholder theory (Freeman, 1984). This theory explains CSR as the set of initiatives that firms implement so as to fulfill its commitments in relation to stakeholders (Maignan & Ferrell, 2004). Therefore, the stakeholder theory has been found to best suited the banking industry strategy to CSR with the assertion that the engagement of banks in CSR activities is a reply to the dedication of these financial institutions with society that surpasses across the economic obligation to shareholders to also include obligations favorable to different stakeholders including customers, suppliers, employees, investors, the government, and the local community (Chedrawi et al., 2020).

However, customers are among the most important stakeholders (Bhattacharya et al., 2008). Donaldson & Preston (1995) argued that stakeholder theory had to be more specific and more formal to describe the links between corporate social responsibility and customer responses. Therefore, among bank's stakeholders, particular focus has been paid to the study of customers since their opinions and expectations are believed to immediately improve bank's intangible attributes such as corporate reputation, customer satisfaction, and brand equity, which are the source of competitive advantage (Shabbir et al., 2018; Caruana et al., 2018; Khan et al., 2015; Prieto et al., 2020; Ruiz & García, 2021; Pérez et al., 2013; Porter & Kramer, 2006).

Besides, the expectancy disconfirmation theory is a usual description of customer satisfaction—it suggests that customer satisfaction is ascertained by the uniformity between the degree of anticipated and real performance (Oliver, 1980). Oliver (1981) defines CS as “the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the customer's prior feelings about the consumption experience.” This implied that customer satisfaction with banking sector's offerings is accomplished when customers' experiences meet or exceeds their expectations (Bhattacharjee, 2001; Bhati & Verma, 2020). Therefore, the Foresight Research (2020) recently surveyed 11,000 banking customers in forty-four markets to explore customers' perceptions regarding the global banking. The report found that especially during the pandemic, the banking customers churn level expected to increase from 12% to 22% and, hence, customer satisfaction level significantly dropped in key banking operational areas given that many lobbies were closed or had limited hours. Hence, based upon the expectancy disconfirmation theory (Oliver 1980), scholars within banking sector, continuously relate customer satisfaction to customer-based brand equity (Rifi & Mostafa, 2022; Iglesias et al., 2019).

Besides, the banking services are getting increasingly commoditized. Particularly, given a coming threat from rival brands and decentralized finance in the future, hence, banks need to formulate and implement brand-based differentiated strategy. Especially, as banks continue to fight the effects of the COVID-19 pandemic, the significance of a strong

customer-based brand equity (CBBE) is more important than ever (Banking 500 ranking report, 2022). The basic proposition of the customer-based brand equity (CBBE) notion is that the strength of a brand rests in what customers have seen, heard, learned, and felt regarding the brand as a consequence of their experiences over time. The main test for marketers in the development of a durable brand is certifying that customers have the real sort of experiences with offerings and their related marketing programs in order to link the intended feelings, thoughts, beliefs, images, opinions, perceptions, and experiences with the brand (Keller et al., 2010).

Finally, the current study included the resource-based view theory (Barney 1991) as a means of assessing brand performance (Zahari et al., 2022) in terms of 'the extent to which the product meets customers' functional needs' (Abd Aziz & Yasin, 2010, p. 182). As per RBV theory, firms employed their bundle of resources to achieve competitive advantage in the market (Barney 1991) and variations in the organizational performance over time are because of their unique assets and competencies instead of the industry structural attributes. Hence, rare, hard to imitate, or non-substitutable assets grant firms a strategic advantage and higher than normal returns (Donnellan & Rutledge, 2019). Accordingly, brand equity and corporate reputation as precursors to firm value are considered among the important strategic intangible assets the organization possesses (Hoang et al., 2022; Vomberg et al., 2015; Wang & Sengupta 2016, Barney, 1991). The RBV theory permits brand executives to expand resources to adjust with strategies formulated to recognize the value of such assets and competencies necessary to attain a competitive advantage for the firm.

Altogether the above discussed theoretical lenses suggest that CSR activities as well as higher customer satisfaction level are modes for companies to increase their customer satisfaction, reputation, brand equity, and thereby brand performance.

### **3. Literature Review and Hypotheses Development**

According to the recent American Banker/Reprtrak survey of bank reputations (2020), the attention that financial institutions including banks exhibited to their clients during the pandemic assisted in developing customer reputation and trust. However, according to the recent world retail banking report (2022), retail banking services are currently lacking in their capacity to present real omnichannel feelings, as consumers remained swing to banks that present highly customized services. Against such a background, this section reviews the available empirical research on customer responses and brand choices to CSR. Alongside, the current research also tries to develop certain hypotheses from the review of literature to be evaluated for addressing the research questions and objective of this study.

The study of Fatma et al. (2015) conducted within the context of 314 retail banking customers of India found that CSR directly and indirectly through customer trust have positive and significant effects on CR and BE, respectively. Similarly, by focusing on 572 personal surveys of the customers of cooperative and retail banking services in the Basque country, the study of Aramburu & Pescador (2019) found the partially mediating role of corporate reputation in the association of CSR with customer loyalty. This means that CSR

and corporate reputation both having significant positive effect on customer attitudinal loyalty. Similarly, the study of Hafez (2018) conducted within the context of two hundred Bangladeshi retail banking customers of private and public banks found that CSR holds a significant direct impact on the corporate image, brand awareness and BE. Moreover, the findings also prove the mediating role of corporate image and brand awareness on the link of CSR with BE.

Besides, the study of Hsu (2012) conducted within the context of 431 policyholders of Taiwan based life insurance companies found that CSR holds a favorable effect on CS, CR, and BE. Besides, CS partially mediates the link of CSR with BE. However, CS has no mediating effect on the link of CSR with CR. Besides, the study of Caruana et al. (2018) conducted on consumers of retail banking services of a European country found that impact of corporate greed on corporate reputation is completely mediated more significantly via customer satisfaction than corporate social responsibility.

Similarly, the recent study of Prieto et al. (2020) conducted on 228 customers of 24 Ecuadorian private banks found that CSR boosts up both financial and non-financial corporate performance including customers' perception of brand trust, brand loyalty, service quality, and customer satisfaction. Similarly, based on a sample of 315 banking customers in Jordan, the recent study of Abu Zayyad et al. (2020) found that CSR elements (stakeholders, society, and environment) holding a significant impact on patronage intentions directly and indirectly through brand credibility.

However, the study of Saeednia & Sohani (2013) conducted on 384 Iranian banking customers found conflicting results. On one hand their study create a significant and positive influence of CSR on customer satisfaction that in turn also holds a significant and positive influence on brand equity and corporate reputation, respectively. However, CSR on the other hand did not hold any significant impact on corporate reputation and brand equity.

Within the context of Pakistan, the study of Shabbir et al. (2018) collected 350 responses from Pakistani Islamic banks' customers and found that CSR holds a significant influence on customer loyalty and brand image plays a significant part of a mediator. Again, within the context of commercial banking of Pakistan, the study of Haider & Qayyum (2018) collected the data from 278 customers of various branches of retail banking services in the twin city (Islamabad and Rawalpindi) and found that CSR operations directed towards local community and the customers holding a positive and a significant influence on customer loyalty. Their study further found that CSR activities made for supporting environment do not have significant impact on customer loyalty. Besides, brand trust mediates the links of the CSR for (customers & local community) with customer loyalty. However, no indirect role of brand trust is observed in the link of CSR for environmental support with customer loyalty.

Similarly, within Pakistani retail banking context, the study of Khan et al. (2015) collected data from 408 customers and observed that CSR holds a significant and a positive role on trust, perceived service quality, and word of mouth and repurchase intentions. Besides, they found that perceived service quality also impacts customer trust significantly and trust holds a positive direct effect on word of mouth and repurchase intentions. On the other hand, perceived service quality showing no direct impact on word of mouth and repurchase intentions. However, impact is mediated by customer trust. Again, within the context of Pakistan, the study of Raza et al. (2020) observed that CSR indirectly through intervening impact of trust, customer-company identification (CCI) and electronic-service quality (E-SQ) impact the customer loyalty.

Besides, the study of Ahmad et al. (2019) collected data from 225 Pakistani customers of well-known brands of consumer goods and services and found that CSR directly and indirectly through customer satisfaction holding a positive significant role on brand equity. Similarly, based upon sample size of 420 employees and consumers of international fast-food chains, located in Pakistan, the recent study of Mahmood & Bashir (2020) observed that brand reputation is an important predictor of brand equity, and its explanatory power increases in the existence of CSR actions. Moreover, their study concluded that CSR activities associated with the economy, ethics, and humanity increase the transformation from brand reputation to brand equity.

Finally, the recent study of Wang et al. (2021) collected data online from 380 Vietnamese customers who purchase cosmetics and found that CSR perceptions impact on purchase intentions through brand credibility, brand reputation, and brand equity. Besides, recently in the private banking sector of Peru, the study of Leclercq-Machado et al. (2022) collected data online from 390 banking customers found that CSR perceptions and customer satisfaction, through customer trust, have a positive effect on customer loyalty.

As such, all the most relevant empirical studies based upon banking customers' responses consider the factors associated with corporate social responsibility (CSR) to be conditioners of corporate business reputation (CR), brand equity (BE), customer satisfaction (CS), and customer loyalty (CL). Hence, the hypotheses formulated for the study are shown in Table 1.



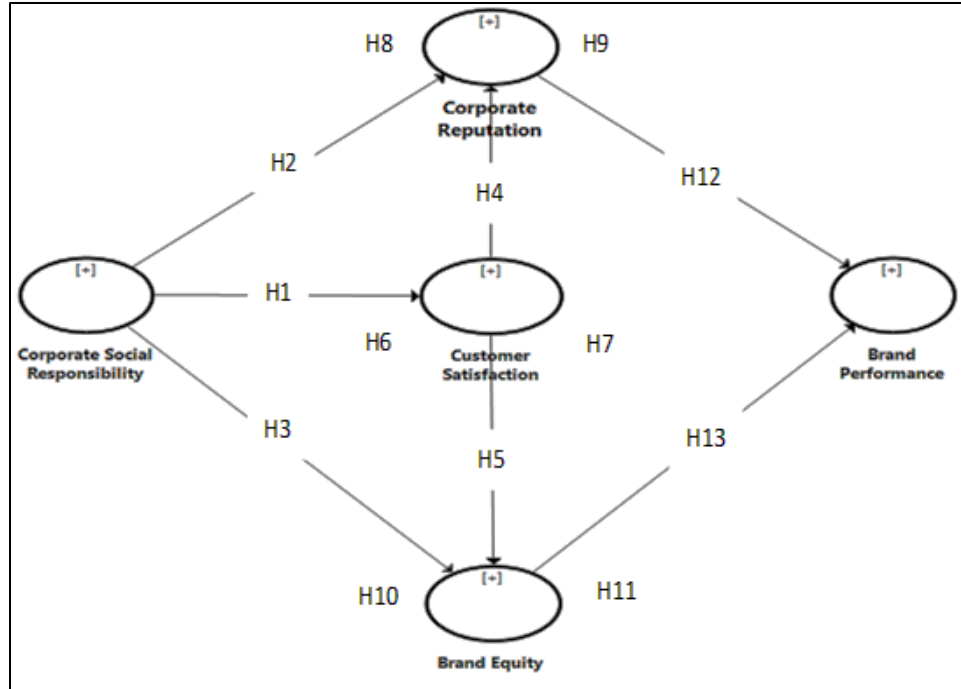
**Table 1: The Hypotheses Proposed in the Study**

<b>H<sub>1</sub></b>	CSR has a positive impact on customer satisfaction.
<b>H<sub>2</sub></b>	CSR has a positive impact on corporate reputation.
<b>H<sub>3</sub></b>	CSR has a positive impact on brand equity.
<b>H<sub>4</sub></b>	Customer satisfaction has a positive impact on corporate reputation.
<b>H<sub>5</sub></b>	Customer satisfaction has a positive impact on brand equity.
<b>H<sub>6</sub></b>	Customer satisfaction mediates the relationship between CSR and corporate reputation.
<b>H<sub>7</sub></b>	Customer satisfaction mediates the relationship between CSR and brand equity.
<b>H<sub>8</sub></b>	Corporate reputation mediates the relationship between CSR and brand performance.
<b>H<sub>9</sub></b>	Corporate reputation mediates the relationship between customer satisfaction & brand performance.
<b>H<sub>10</sub></b>	Brand equity mediates the relationship between CSR and brand performance.
<b>H<sub>11</sub></b>	Brand equity mediates the relationship between customer satisfaction and brand performance.
<b>H<sub>12</sub></b>	Corporate reputation has a positive impact on brand performance.
<b>H<sub>13</sub></b>	Brand equity has a positive impact on brand performance.

#### 4. Methodology

##### 4.1 Research Model

On the basis of foregoing examined associated theoretical background, literature and hypotheses, Figure-1 presents a research model that concurrently examine several structural direct (H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub>, H<sub>5</sub>, H<sub>12</sub>, H<sub>13</sub>) and indirect (H<sub>6</sub>, H<sub>7</sub>, H<sub>8</sub>, H<sub>9</sub>, H<sub>10</sub>, H<sub>11</sub>) links of CSR perceptions and customer satisfaction (CS) with brand equity (BE), and corporate reputation (CR) as a means to brand performance (BP). As such, the theoretical framework of the current study suggests that CSR perceptions would form and develop the bank's reputation, brand equity, customer satisfaction level, and thereby brand performance.



**Figure 1: Theoretical Model**

In terms of statistical model, a composite variable (also known as a variate) is a linear link of various constructs. The procedure for connecting the constructs requires estimating a group of weights, multiplying the weights (e.g., w1 and w2) times the related data observations for the constructs (e.g., CSR1.....CSR8, CS1.....CS8, BE1.....BE4, CR1....CR5, and BP1....BP6), and adding them (Hair et al., 2017). The mathematical formula for this linear links with eight manifest constructs/items of CSR is depicted as follows (note that the composite value can be calculated for any number of constructs):

$$\text{Composite Value} = W1 \cdot \text{CSR1} + W2 \cdot \text{CSR2} + \dots + W8 \cdot \text{CSR8},$$

*4.2 Research Design*

In accordance with a research philosophy of post-positivism and social constructionism, the current study employed the mixed-methods sequential explanatory design i.e., quantitative followed by qualitative. Besides, since the current study is cross sectional, therefore, data was gathered at a single point of time by using a structured questionnaire, and analyzed quantitatively initially, and then followed by qualitative interviews to assist in explaining the survey responses (Creswell and Creswell, 2017; Denzin & Lincoln, 2011).

### 4.3 Sampling and Data Collection

The study was conducted in banking sector of Pakistan. The industry constitutes around thirty-four banks, of which five are public sector banks, five foreign banks, four specialized banks and twenty domestic (State Bank of Pakistan, 2018). The target population was the customers of top five AAA graded Pakistani banks as rated by State Bank of Pakistan. Besides, for economic reasons, a non-probability sampling methodology, the quota sampling was used (Acharya et al., 2013). Accordingly, along with 95% confidence interval, 5%--plus/minus precision, 50% fraction of the population having the element in debate, and Z scores of 1.96, the current research obtained a sample size of 385 (Cochran, 1963). For data collection, the third co-author of the current research, visited various branches of the selected banks having maximum flow of customers in different major cities of the South Punjab (e.g., Multan, D.G. Khan, Sahiwal, Bahawalpur, Muzaffargarh) of Pakistan. Thus, for quantitative study, as shown in Tabl-2, a total number of 385 survey questionnaires delivered to customers of top 5 AAA rated Pakistani banks. Out of them, a total of three hundred valid replies were gathered, hence achieved the response rate of almost 78%. The demographic profile of the respondents reveals that 183 female and 117 male participants responded to the survey. Besides, 55% of the respondents belongs to age group from 20 to 30 years, followed by 28% to 31 to 40 years, and rest to above than 41 years. Finally, 66% of the respondents having degrees i.e., Bachelor and Master, followed by 15% having Matric, 11% having M. Phil., and 7% having other qualifications. Finally, 70% of the participants having 3 years or more association with their respective banks.

**Table 2: Response Rate of Survey**

Bank Name	No. of distributed questionnaires	Valid responses	Response rate
National Bank of Pakistan	75	58	77.3%
Habib Bank Limited,	80	69	86.2%
MCB Bank	75	57	76%
Standard Chartered Bank	75	54	72%
United Bank Limited	80	62	77.5%
Total	385	300	77.9%

For qualitative follow-up phase, an average of ten respondents were approached and purposely selected from each of the 5 AAA rated banks of Pakistan, who have also contributed to the quantitative stage of the study. However, with a female and male participation ratio of 60-40%, a total of thirty interviews were performed, which took 30 to 35 minutes, plus consent forms signed as well as an orientation session. Finally, demographic profile reveals that 80% of the respondents of the qualitative study belongs to age group from 20 to 30 years, and mostly having qualifications of Bachelor and Master.

#### 4.4 Measurement

##### 4.4.1 Survey Instrument for Quantitative Study

The survey instruments of the variables applied during the current research were adapted from well-established reliable, and valid scales (see Table-3 for sources of the scales). Furthermore, in the survey instrument, the cover letter was given initially to encourage the respondents to finish the survey. Besides, since, a Likert-type survey instrument assumes that the power of an attitude is linear, i.e., on a scale from strongly agree to strongly disagree (Likert, 1932), therefore, the participants have being instructed to rate the statements by applying 5-point scale (5-strongly agree, 4-agree, 3-neutral, 2-disagree, 1-strongly disagree). Besides, the initial segment of the survey instrument contained the questions relating to the demographic data of the participants. Besides, the second section included the thirty-one statements relating to the study variables (Table-3). For example, to measure the customers' perception regarding the degree of banks to engage in social issues and initiatives linked to their stakeholders, the current study included eight items, which were adapted from the prior studies (e.g., five items from Lai et al., 2010 and 3 items from Kim et al., 2015). Besides, in the current study, the brand equity is considered by two factors: (a) brand awareness and (b) brand association. Therefore, to measure the brand equity in both these dimensions, four items were adapted from the study of Yoo & Donth (2001). Furthermore, as customer satisfaction is referred to be a function of evaluative and emotional aspects of a customer response, so the current study measured the customer satisfaction in both dimensions. Out of eight items of customer satisfaction, three items were adapted from the study of Cronin et al. (2000) and five items were adapted from the study of Petrick (2002). Moreover, Petrick (2002, p. 125) defined corporate reputation as "the rank of a product or service as considered in the mind of purchaser, depending upon the overall image of a supplier". Hence, to measure corporate reputation, in the current study, five items were adapted from Petrick (2002). Finally, brand performance was measured by six indicators adapted from Abd Aziz & Yasin (2010).

##### 4.4.2 Survey Instrument for Qualitative Study-Interview

During the qualitative study, the basic aim of the interview was to explain and enhance the understating of quantitative findings (Creswell & Creswell, 2017). Following the collection and analysis of respondents' quantitative feedback, the third co-author deliberately has chosen the interviewees from the prepared participants and performed one-on-one semi-structured interviews by following the survey results. For qualitative phase, the current study used the open ended interview questions, which remained centered on respondents' descriptions of the various constructs of the current study.

#### 4.5 Data Analysis

##### 4.5.1 Quantitative Data Analysis

In current study, since each variables' indicators are suggested to represent one definite concept, therefore, SmartPLS-3 was employed to assess both the reflective measurement e

(i.e., the variable caused its items) and the structural model. The current study selected the partial least squares (PLS) due to its capacity to evaluate complex models, the in-built stress on a sound prediction perspective, and attaining higher level of statistical significance (Sarstedt et al., 2022).

#### 4.5.2 Qualitative Data Analysis

Following the recommendations of Braun & Clarke (2006), the third co-author recorded all the interviews and took notes. Interviews were audiotaped and later transcribed verbatim. Following this, keeping in view the different constructs (themes) of the current study, the data were encoded and categorized into three types: positive, negative and indifferent responses. Finally, these categories then quantified using specific numbers or weights.

### 5. Results

#### 5.1 Quantitative Findings

##### 5.1.1 Measurement Model

Confirmatory composite analysis (CCA), a method similar to CFA for CB-SEM, has been adopted to evaluate the measurement "model". Accordingly, CCA for reflective variables requires assessing the indicator weights, composite reliability (CR), AVE (average variance explained), and discriminant validity (Hair et al., 2020). As depicted in Table-3, majority of the items loadings remained larger than 0.708, and respective value in terms of Cronbach's alpha ( $\alpha$ ), and CR is greater than the suggested benchmark of 0.70 (Hair et al., 2019). Moreover, convergent validity is calculated in reference to average variance explained (AVE), and as depicted in Table-3, each variable surpasses the standard of 0.50 (Hair et al., 2019).

**Table 3: Scale Reliability and Validity**

<b>Construct &amp; References</b>	<b>Item Statement</b>	<b>Loading</b>	<b>Alpha</b>	<b>CR</b>	<b>AVE</b>
Brand Equity Yoo & Donth (2001)	I can recognize this bank among other competitors.	0.777	0.792	0.865	0.615
	I am aware of this bank.	0.802			
	Some characteristics of this bank come to my mind quickly.	0.773			
	I can quickly recall the symbol or logo of this bank.	0.786			
Brand Performance Aziz & Yasin (2010)	Compared to other banks, this bank gives a better service.	0.733	0.841	0.884	0.561
	The services of this Bank are effective	0.787			
	Compared to other banks, this bank satisfies my basic needs.	0.741			
	This bank has special features.	0.818			
	It is easy to get services from this bank.	0.786			
	This bank uses high technology in its services.	0.611			
Corporate Reputation Petrick (2002)	This bank has good reputation.	0.715	0.829	0.880	0.597
	This bank is well respected.	0.840			
	This bank is well thought of.	0.820			
	This bank has status.	0.776			

	This bank is reputable.	0.702			
Customer Satisfaction Cronin et al. (2000)	Availing the service offered by this bank was a wise one.	0.685	0.862	0.893	0.511
Petrick (2002)	I did the right thing to purchase the service offered by this bank.	0.739			
	This service is exactly what I need for.	0.763			
	The service offered by this bank makes me feel good.	0.740			
	The service offered by this bank gives me pleasure.	0.759			
	The service offered by this bank gives me a sense of joy	0.616			
	The service offered by this bank makes me feel delighted.	0.689			
	The service offered by this bank gives me happiness.	0.715			
Corporate Social Responsibility	My bank is very concerned with local community.	0.696	8.47	0.880	0.480
Lai et al. (2010)	My bank is very concerned with environment protection.	0.736			

Hsu (2010)	My bank is very concerned with customers' benefits.	0.772			
	My bank considers the rights of female and disabled employees.	0.704			
	My bank actively participates in social initiatives.	0.656			
	My bank is using a portion of its profit to help non-profits.	0.655			
	My bank gives profits back to its local communities	0.628			
	My bank integrates charitable roles into its business activities	0.684			

Moreover, as depicted in Tabl-4, discriminant validity was established through the application of Fornell & Larcker (1981) standard, showing that all the constructs' correlations statistics are lower than with their corresponding square root of the AVE values (Hair et al., 2019).

**Table 4: Discriminant Validity (Fornell Larcker Criterion)**

	<b>BEQ</b>	<b>BPR</b>	<b>CRP</b>	<b>CSAT</b>	<b>CSR</b>
<b>BEQ</b>	0.784				
<b>BPR</b>	0.719	0.749			
<b>CRP</b>	0.615	0.650	0.773		
<b>CSAT</b>	0.655	0.665	0.597	0.715	
<b>CSR</b>	0.587	0.670	0.571	0.674	0.693

However, in current study as item weights vary only a little between 0.62 and 0.8, hence showing discriminant validity problems, which could not be managed by the Fornell–Larcker criterion. Therefore, the current study used the heterotrait–monotrait ratio (HTMT) of correlations (Henseler et al., 2015. As shown in Table-5, discriminant validity was



established since the HTMT is lower than the threshold value of 0.9 as well as is significantly different from 1.0 in the bootstrap confidence intervals (Hair et al., 2019).

**Table 5: HTMT Ratio**

	<b>BEQ</b>	<b>BPR</b>	<b>CSR</b>	<b>CRP</b>	<b>CSAT</b>
BEQ					
BPR	0.879 CI-95 [0.7890.950]				
CSR	0.676 CI-95 [0.5640.770]	0.768 CI-95 [0.6750.840]			
CRP	0.761 CI-95 [0.6440.856]	0.771 CI-95 [0.6570.869]	0.641 CI-95 [0.5530.720]		
CSAT	0.779 CI-95 [0.6810.861]	0.776 CI-95 [0.6670.851]	0.767 CI-95 [0.6850.837]	0.698 CI-95 [0.604 0.773]	

Hence, the measurement model has attained the reliability and validity since the items are linked and converged together in a high degree in estimating the same variable as well as variables are discriminated with each another.

5.1.2 Structural Model

Structural model assessment includes assessing multicollinearity, linear regression weights and their significant levels, sum of variance described in the predicted variables ( $R^2$ ), effect sizes of predictor variable ( $f^2$ ), and predictive relevance of predicted variable ( $Q^2$ ) (Hair et al., 2019).

As the sample mean and standard deviation may be influenced by having significant bivariate correlations between independent variables, therefore, in the current study, the structural model was at first assessed for multicollinearity between the constructs. The VIF statistics for all the concerned constructs are below the benchmark of 3.30 (Kock, 2015). Thus, the findings proved the non-existence of multicollinearity.

**Table 6: Hypotheses Testing**

Path	$\beta$	Mean	SD	t-values	P-values	95% CI LL UL		Decision
Direct								
BE -> BP	0.513	0.514	0.060	8.608	0.000	[0.379	0.617]	Accepted
CSR -> BE	0.267	0.266	0.066	4.014	0.000	[0.139	0.399]	Accepted
CSR -> CR	0.308	0.310	0.065	4.769	0.000	[0.177	0.432]	Accepted
CSR -> CS	0.674	0.677	0.033	20.630	0.000	[0.598	0.730]	Accepted
CRP -> BP	0.334	0.338	0.061	5.510	0.000	[0.216	0.453]	Accepted
CS -> BE	0.475	0.477	0.069	6.876	0.000	[0.329	0.599]	Accepted
CS -> CR	0.389	0.390	0.067	5.783	0.000	[0.248	0.514]	Accepted
Indirect								
CSR -> CS -> CR	0.262	0.264	0.048	5.416	0.000	[0.165	0.357]	Accepted
CSR -> CS -> BE	0.320	0.323	0.050	6.451	0.000	[0.105	0.231]	Accepted
CSR -> CR -> BP	0.103	0.105	0.032	3.256	0.001	[0.049	0.173]	Accepted
CS -> CR -> BP	0.130	0.131	0.032	4.033	0.000	[0.074	0.202]	Accepted
CSR -> BE -> BP	0.137	0.137	0.040	3.461	0.001	[0.067	0.223]	Accepted
CS -> BE -> BP	0.244	0.245	0.046	5.335	0.000	[0.157	0.335]	Accepted

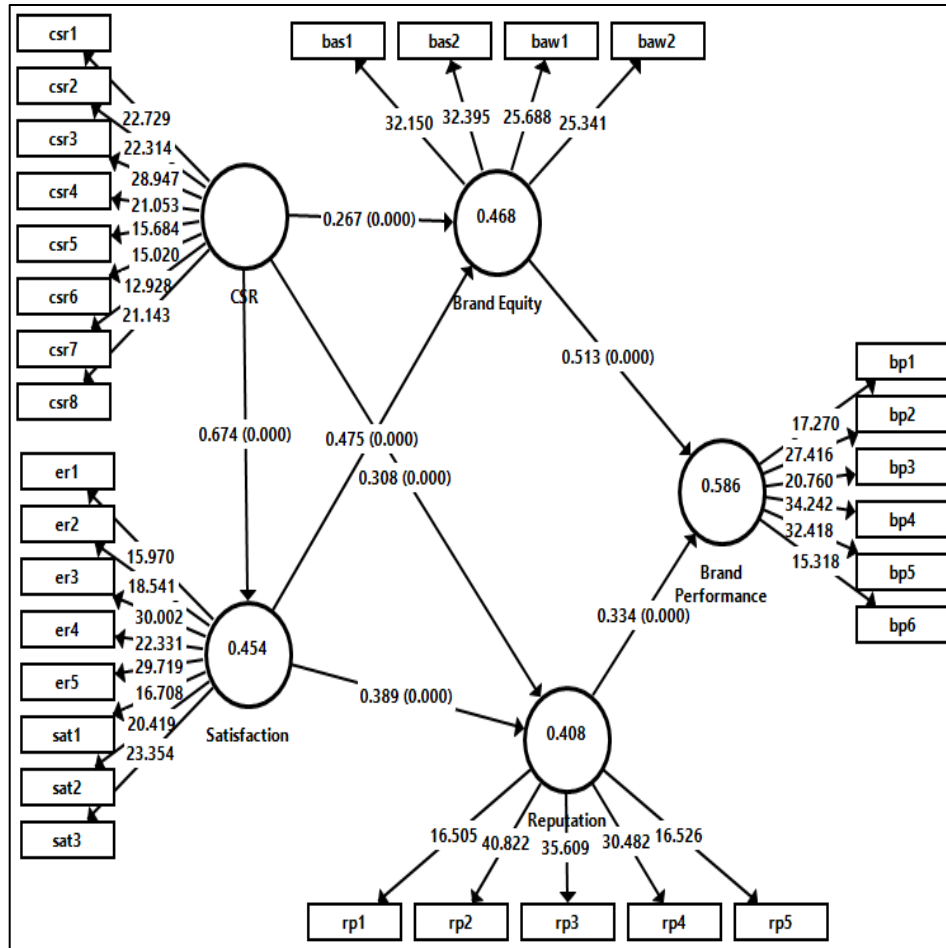
Furthermore, to evaluate the direct and indirect links as shown in Table-6, linear regression weights and their significance levels were assessed by performing the PLS bootstrapped resamples technique where 5,000 samples were used to produce bias-corrected confidence intervals for every regression weight (Merkle et al., 2020). Moreover, the significance test relies on bootstrap standard deviations to calculate t-statistics of regression weights or as an alternative, confidence limits. A regression weight at the 5% is significant provided the non-existence of zero value within the 95% confidence limit.

Accordingly, as shown in Table-6, since beta weights ( $\beta$ ) and t-values of all direct relationships are significant and positive at 1% level of significance, hence supporting all the hypotheses specified as direct links in the current study. For example, the results of the H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub> suggest that CSR impacts significantly and positively to 1) CS ( $\beta=0.682$ ,  $t=19.360$ ,  $p<0.01$ ), followed by 2) CR ( $\beta=0.306$ ,  $t=4.551$ ,  $p<0.01$ ), and 3) BE ( $\beta=0.266$ ,  $t=3.941$ ,  $p<0.01$ ). Furthermore, the results of H<sub>4</sub> and H<sub>5</sub> suggest that CS significantly and positively impacts BE ( $\beta=0.475$ ,  $t=6.662$ ,  $p<0.01$ ), followed by CR ( $\beta=0.389$ ,  $t=5.403$ ,  $p<0.01$ ). Finally, the findings of H<sub>12</sub> and H<sub>13</sub> suggest that BE significantly and

positively impacts brand performance ( $\beta=0.513$ ,  $t=8.626$ ,  $p < 0.01$ ), followed by corporate reputation ( $\beta=0.334$ ,  $t=5.432$ ,  $p < 0.01$ ).

Besides, as shown in Table-6, beta weights ( $\beta$ ) and t-values of indirect relationships were also positive and significant at 1% significance level, hence supporting all the hypotheses specified as having mediating links in the current study. For example, the results of H<sub>6</sub> and H<sub>7</sub> suggest that customer satisfaction mediates significantly and positively between CSR and CR ( $\beta= 0.320$ ,  $p < 0.001$ ), followed by concerning CSR and BE ( $\beta=0.320$ ,  $p < 0.001$ ). Furthermore, the results of H<sub>8</sub> and H<sub>9</sub> suggest that CR mediates positively and significantly concerning CS and BP ( $\beta= 0.130$ ,  $p < 0.001$ ), followed by between CSR and BP ( $\beta=0.103$ ,  $p < 0.001$ ). Finally, the results of H<sub>10</sub> and H<sub>11</sub> suggest that BE mediates positively and significantly concerning CS and BP ( $\beta= 0.244$   $p < 0.001$ ), followed by between CSR and BP ( $\beta= 0.137$ ,  $p < 0.001$ ).

Finally, to investigate the statistical significance for hypothesis testing, the current study also used the bootstrapped resamples technique, which along with standard errors and variable confidence intervals also calculates t-statistics for the item coefficient and verifies the non-existence of zero value within the 95% confidence interval. Supposing a level of significance equal to 5%, a t-statistic greater than 1.96 (two-sided) implies the statistical significance of item coefficient. The cut-off values (regions) for 1% level of significance ( $\alpha = 0.01$ ) and 10% level of significance ( $\alpha = 0.10$ ) rate of occurrence of an error are 2.576 and 1.645 (two-sided), respectively. The findings from the hypotheses testing are depicted in Table-6, and Figure- 2.



**Figure 2: Structural Model Results**

Besides, by considering the performance of each variable (graphically), the importance-performance map analysis (IPMA) expands the findings of PLS-SEM. Figure-3 captured the importance-performance map analysis (IPMA) with BP, as the targeted variable. To prioritize the managerial implications, the IPMA draws the conclusion regarding two dimensions i.e., 1) importance (the total effects) and performance (the average values of the construct scores) (Magno and Dossena, 2022). In the current study, among the four variables, with a value of 66.124, the IPMA indicates that CSR performed the least. However, the importance of CSR is highest amongst others yielding a total effect of 0.490. For each unity rise in CSR will improve the yield of BP equal to 0.49 unities. Hence, to

improve the performance of the BP construct, issues associated with CSR must be prioritized, given that they possessed the highest importance but show minimal performance. Besides, with values of 79.105 and 0.353, respectively, CR depicts higher performance but a little importance. Similarly, BE is found in the map with value of 70.300 and 0.468, respectively. Finally, CS is found in the map with value of 67,960 and 0.414, respectively.

Furthermore, the  $R^2$  was used to examine the model fit of the proposed structural model. As shown in Figure-3, BP has substantial  $R^2$  value (0.586), followed by moderate  $R^2$  value of BE (0.468), CS (0.454), and CR (0.408), respectively. Hence showing 58.6%, 46.8%, 45.4%, and 40.86% of the variance in the outcome variables-BP, BE, CS, and CR, respectively. Thus, suggesting the explained variance of structural model as moderate to substantial (Hair et al., 2019).

Besides, each predictor construct has an effect size ( $f^2$ ), that helps in the  $R^2$  findings of predicted constructs. In this regard, CSR has small effect size ( $f^2$ ) on CR (0.088) and on BE (0.073), but has large effect size on CS (0.833). Besides, CS has small effect size on CR (0.139), but has moderate effect size on BE (0.232). Finally, BE and CR each has large (39.4) and small (0.168) effect size on BP, respectively. Hence, the effect sizes are all meaningful and positive, fluctuating from large to medium and small (Cohen, 1988).

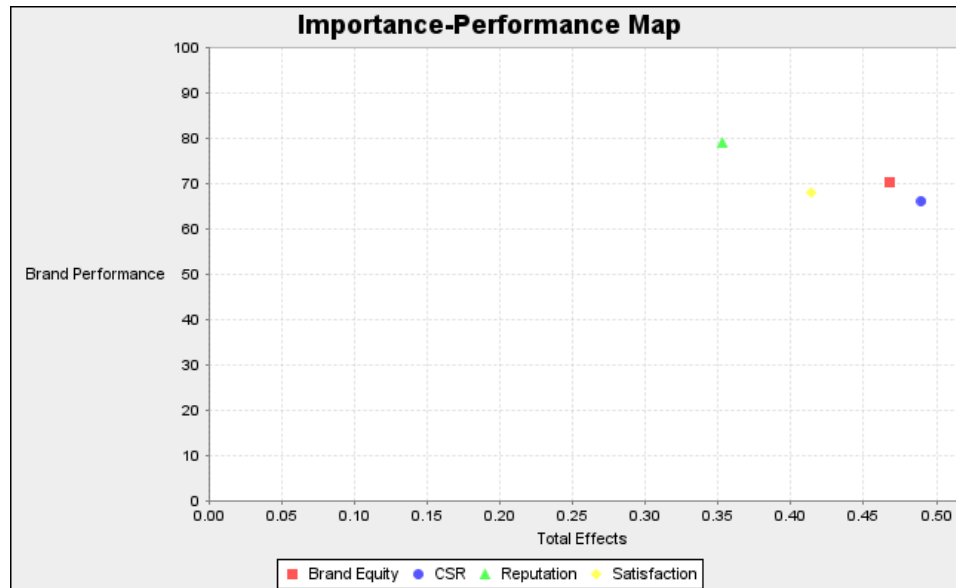


Figure 3: Importance-Performance Map Analysis

In the end, the current study evaluated the SEM model in terms of in-sample prediction accuracy. The first stage is to examine the  $Q^2$  metric for predicted constructs generating from the blindfolding technique. Any amount greater than provides a signal that the model holds in-sample predictive power (Hair et al., 2019). The medium values of  $Q^2$  for BP (0.320), followed by BE (0.278), CR (0.238), and CS (0.226), suggesting that the model holds higher in-sample predictive relevance (Hair et al., 2019). Table-7 gives the predictive power of the model in terms of  $R^2$ ,  $f^2$ , and  $Q^2$ .

**Table 7: The Predictive Power of Model**

	R-Square	$Q^2$	f-Square
Brand Equity	0.468	0.278	
Brand Performance	0.586	0.320	
Reputation	0.408	0.238	
Satisfaction	0.454	0.226	
BE-> BP			0.394
CSR -> BE			0.073
CSR -> CR			0.088
CSR -> CS			0.833
CR -> BP			0.168
CS -> BE			0.232
CS-> CR			0.139

5.2 *Qualitative Findings*

5.2.1 Interview Responses Highlights

In accordance with the suggestions by Creswell & Creswell (2017), based upon the qual-qual approach of mixed methodology, the current study also used the qualitative tool to gain understanding of the quantitative results. With the help of semi structured interviews, the responses were obtained, which thereby classified as positive, negative and indifferent replies. The responses were varied depending upon their perceptions about the different themes including CSR, CS, BE, CR, and BP. Highlights from the replies are cited below here:

5.2.1.1 Corporate Social Responsibility

As prompted regarding the *corporate social responsibility* of the bank one of the interviewees responded: “In my opinion if social responsibility is about how you treat your customers with respect, then I can say my bank is socially responsible.” Other reply was: “Being a female I need to be dealt with care and respect and my bank does this.” Specifically, response relating to community based CSR provided from a respondent was:

“Yes my bank is providing assistance to community welfare, in form of donations to charities and (after a pause) to sports also.” Another eager response was: “My bank runs planting campaigns each year in local community.” Particularly, during an interrogation regarding the bank’s social participation, the respondent answer was: “I think yes, my bank has collaboration with a number of NGOs in our city specially those who provide shelter to the homeless.” One more answer was: “The best thing about my bank is that it while opening branches in far flung areas prefer local people as its employees, thus creating employment opportunities among the residents of that area.” Finally, in addition to favorable replies relating to CSR, there had been some unfavorable ones expressing: “banking is all about making money for them, caring about the society is a secondary task, I don’t think that being socially responsible is my banks first choice.”

#### 5.2.1.2 Customer Satisfaction

Regarding *customer satisfaction*, one respondent answered with focused mind: “obviously, customer is the “king.” If my bank is providing me with wallet visa, online and phone banking, then this is for my benefit and my satisfaction.” Other interviewee responded: “I have an account with my bank that is specifically for salaried females, I can have discounts on shopping, savings on fuel and free online funds transfer and yes the charges are minimum. I think it is benefiting me very much.” Again, a senior female citizen responded: “whenever I arrive at the branch I observe very humble employees, helping me to sit, helping me to conduct my transaction and facilitating me as much as possible. I genuinely feel very much relaxed.” In short, most of the interviewees responded positively in their reply: “I am a satisfied customer of my bank.” Another participant claiming himself as a loyal customer of the bank replied: “I have a long association with my bank and yes I am a satisfied customer of this bank, you can understand it from the fact that I always prefer this bank to refer, not only for me but also for others.” One more interviewee during an interrogation smilingly responded: “I am associated with this bank for 7 years and still not planning to switch, this is my level of satisfaction”.

Finally, in replying to a query regarding the *effect of customer satisfaction on the banking brand*, one interviewee replied: “Obviously if customers of a bank are satisfied they will not move to other bank. Also, they will trust and promote their banks products and services and more important thing is this it will provide them word of mouth marketing.”

#### 5.2.1.3 Corporate Reputation

In response to a question about the *corporate reputation, and its relationship with CSR*, one respondent said: “I think reputation of a bank can be assessed by its perception in customers mind and secondly where it stands in the banking industry, and my bank is the market leader. This is all because my bank is a socially responsible one.”

#### 5.2.1.4 Brand Equity

In response to the question regarding *brand equity* an interviewee replied: “As far as my knowledge is concerned, equity means the holdings or the assets of business, so brand equity can be assets of a brand (which when corrected) - yes I meant that, the value of a brand, so is in the case of a bank.” Following the question regarding the recognition of focal bank among other competitors, one of the interviewees answered: “Yes I can mainly be due to my bank’s logo, its slogan and also due to its enough advertisement about its offerings.” Finally, during an interrogation regarding the bank’s features promptly coming to mind? An interviewee reacted: “Yes first of all, logo of my bank then some of the public welfare initiatives sponsored by my bank and also that it provides pensions to govt. servants (ended with a smile).”

#### 5.2.1.5 Brand Performance

Finally, majority of the interviewees answered to a question regarding *brand performance* as: “Obviously brand performance is simply the performance of a brand, and brand can be of anything.” Someone else replied during an interrogation regarding their bank: “Yes exactly it is better in many ways, its environment is better, it has more qualified staff, its services are reasonable, and its terms and conditions are easy to understand.” Besides, number of interviewees during an interrogation regarding the particular traits of their bank replied: “My bank is a widespread banking network, it is also working internationally, and for me its distinguishing feature is that it is the only commercial bank in my locality that provides loan with least interest rate and minimum security needed.” Besides, since the respondents were nominated from the best five Pakistani banks, thus, in reply to the application of technology across different banking operational areas, one of the respondents replied as: “being updated as per new technology is a need for survival and to become top rated, my bank always try to maintain its impression as technologically advanced one.”

Hence, the significant favorable tendency in the interview answers supporting the quantitative findings.

### 6. Discussion and Implications

The basic aim of the current research was to investigate how and why the phenomenon of brand performance occurs within the Pakistani banking sector through direct and indirect links of CSR with CS, BE, CR, and BP. Based upon the PLS-SEM, and then followed by qualitative results, the current study initially found that CSR perceptions have a direct significant and positive impact on customer satisfaction (CS), followed by corporate reputation (CR), and brand equity (BE). These findings are similar to those provided by recent studies (see e.g., Le, 2022; Zhao et al., 2021; Geng et al., 2022; Ali et al., 2021; Sánchez-Torné et al., 2020), where CSR is theorized to strengthen CS, CR, BE. Moreover, similar to other recent studies (see e.g., Iglesias et al., 2019; Rifi & Mostafa, 2022; Özkan et al., 2020), the current study also found that customer satisfaction (CS) significantly and



positively affects brand equity (BE), followed by corporate reputation (CR). Besides, in accordance with the recent study of Le (2022), the present study found that brand equity (BE), followed by corporate reputation (CR) both having a positive and significant direct impact on brand performance (BP). Finally, the current study found that customer satisfaction (CS) between the links of CSR with CR and BE, followed by brand equity (BE) and corporate reputation (CR) between the link of CSR and CS with BP emerged as powerful significant mediators. These results are also similar to recent studies (see e.g., Le, 2022; Özkan et al., 2020; Wang et al., 2021; Ali et al., 2022).

Although the context and region of the studies having comparable results are diverse emerging markets (e.g., food chains in Pakistan, Vietnamese SMEs, Turkish banking industry, Taiwan based best CSR awarded firms), however, these findings conclude that CSR activities can be a strategic resource for intangible assets including CS, CR, and BE that leads to improve brand performance. This is further endorsed by the recent Banking 500 Ranking Report (2022). The report provides that global top rated 500 banking brands have reversed the decreasing trend on brand value since last 3 years, showing a 9% annual growth in brand value. Furthermore, many of the global major banking brands have survived the pandemic successfully and have thrived afterward—an evidence to the role, their digitally enabled services have played in facilitating the real economy through responding faster to client needs, which has boosted not only banks' brand value to US\$1.38 trillion but also their reputation in perceptions of their clients. As such, clients develop the brand equity of a socially accountable firm by improving its goodwill and future profits (Jones, 2005). Finally, the recent twenty-eight nations-based global satisfaction survey (Statista, 2022) conducted on 59,000 customers also endorsed that customers remained satisfied with the customer services offered by their banks, and rated the customer service as the fourth highly significant factor of customer loyalty in global banking. Keeping in view the above discussed results, the current research offered some theoretical and practical implications:

### *6.1 Theoretical Implications*

Theoretically, the current research adds to the literature by filling a gap by examining and validating an integrative PLS-SEM based conceptual model of CSR perceptions, CS, BE, CR, and BP in the developing country's context. Particularly, the findings implied that what explains the usefulness of the stakeholder theory, the customer-based brand equity (CBBE), the expectancy confirmation theory, and the RBV to the study of CSR effects is the emphasis these theoretical lenses place on stakeholders' positive perceptions regarding specific intangible resources, such as CS, BE, CR, and BP as a means to achieve and sustain competitive advantage is equally valid in the banking sector of developing country (Freeman, 1984; Ferraris et al., 2018; Di Bella & Al-Fayoumi, 2016; Branco & Rodrigues, 2006; Fatma et al., 2015; Poolthong & Mandhachitara, 2009). Hence, the findings suggest that intangibles (CS, BE, CR) contribute significantly to the link between CSR and BP

(Jain et al., 2017). Finally, explanatory sequential mixed methods based findings further fill a critical gap in the marketing-based CSR literature, especially within the context of banking sector of emerging economy and add rigor to the quantitative results.

### *6.2 Practical Implications*

Practically, the results of current research indicate the significance of CSR as a strategy that develops intangible assets such as customer satisfaction, reputation, brand equity and brand performance and therefore can be used as a guide for banking executives. Particularly, the findings attained via IPMA suggest that CSR is leading among the four most-important variables examined in the current study. This is logical given the assumption that firms are not any more evaluated on the traditional sole i.e., economic consideration, but also on their progress on social and environmental domains (Narwal, 2007). However, IPMA confirmed that CSR is the least significant construct in the performance of top rated banking brands of Pakistan. Hence, these results present practical guidelines for banking executives. Evaluating how well the CSR actions have enhanced the total banks' brand performance through CS, BE, and CR links is considered of utmost importance because the findings of current study implied that bank's goodwill improves by becoming socially accountable.

### *6.3. Research Limitations and Future Directions*

Finally, although, the current study confirmed the presence of a connection of CSR perceptions with CS, BE, CR, and BP, however, it suffers some limitations, which may offer guidelines for further investigation. Initially, the current study focuses only on retail banking customers, ignoring other stakeholders. Therefore, future researchers may examine the conceptual framework of current study on other stakeholders in retail banking sector. Second, CSR differs alongside brands and industries. Potential investigators are invited to concentrate on certain brands to see the implementation of CSR effectively. Third, though, cross-sectional investigation is economical and uses limited period to investigate. However, it only provides a snapshot, suggesting difficulty in making causal inferences. Therefore, future researchers should be involved in longitudinal research to generate more comprehensive findings. Finally, how CSR is rooted in the economic and social order may also vary across cultural and social systems. Hence, the suggested links may be examined with sample frames of western countries, exploring the significance of cultural and social norms relating to CSR.

In short, in spite of these limitations, the current study concludes that corporate social responsibility (CSR) is an integral part of a differentiation strategy, because it enriches the value of a firm's reputation, brand equity, customer satisfaction, and thereby the brand performance.

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