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## Article

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## **Corporate Social Responsibility and Repurchase Intentions: The Parallel Mediation of Consumer Satisfaction and Consumer Trust**

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### **Abstract**

Sustaining desired consumer behaviors is challenging for marketers. Organizations adopt various marketing strategies to retain their consumers, yet the role of corporate social responsibility (CSR) in this regard has been generally overlooked. The current study investigates the relationship between CSR and repurchase intentions of the individual consumer. Drawing on the social exchange theory, we argue that the link between CSR and repurchase intentions is not linear. The study proposes the parallel mediation of customer satisfaction and customer trust to explain this relationship. A mall intercept survey was conducted to collect data from 230 customers of four brands familiar with the respective advertisements and CSR initiatives of these brands. We used Hayes Macro in SPSS using 5000 bootstrap samples to test the proposed model. The results reveal that CSR plays its part in shaping the repurchase intention. The results also support the parallel

mediation of consumer satisfaction and trust. It is one of the initial studies that empirically test a holistic framework to realize the role of CSR in developing repurchase intentions. The study contributes to the literature on consumer behavior and social exchange theory by providing empirical evidence from a developing country perspective.

**Keywords:** CSR, repurchase intentions, customer satisfaction, customer trust, mall intercept survey, social exchange theory, Pakistan.

## 1. Introduction

Corporate social responsibility (CSR) has received increasing attention from practitioners and academics (Tamvada, 2020). Prior research suggests that CSR provides positive outcomes affecting employees' and consumers' attitudes and behaviors (Dang et al., 2020; Franco et al., 2020; John et al., 2019; Mahmood et al., 2020; Shahzadi et al., 2019; Singh & Misra, 2021) and lead to higher corporate profits for altruism and community welfare (Mahmood et al., 2021; Soesilowati et al., 2020). In addition, consumers tend to care about the CSR activities of the organizations and how the companies conduct their business (D'Acunto et al., 2020; Kim & Stepchenkova, 2021; Kraus et al., 2022). Several studies focused on the macro-level impacts of CSR and its successful endorsement by many multinational organizations, but a few have focused on the micro-level impacts of CSR. Organizations are now particularly interested in the individual-level responses to CSR activities and their impact on creating a stronger brand image, higher sales, establishment of pro-environmental concerns, and consumer sensitivity (Ahmad, Ullah, Mahmood, et al., 2021; Ahmad, Ullah, Arshad, et al., 2021; Duong et al., 2022; Girschik, et al., 2022; Jones, & Glavas, 2017; Mahmud et al., 2021; Torres et al., 2012).

Customers make sense of organizations' activities from the lens of CSR (Shin et al., 2017). Micro-CSR initiatives boost customers' loyalty such that they enthusiastically promote the brand via social media, which may eventually lead to being brand ambassadors (Smith et al., 2018). Customers respond to CSR initiatives through increased brand referrals, positive word of mouth, and even positive purchase behavior (Kim et al., 2020). The literature supports CSR as a significant contributor to customer retention (Afiuc et al., 2021). Organizations continually strive to generate loyal, trustworthy, and satisfied consumers and thus find ways to develop long-term relationships (Khurram et al., 2018; Park et al., 2017) that strengthen their sustainable competitive position (Kenning, 2008). However, customer repurchase intention (RPI) is vital to gaining market stability. In this regard, a handful of studies discuss that micro-CSR could significantly contribute to RPI (Bianchi et al., 2019; Jose et al., 2015; Thi & Van, 2016; Tsai et al., 2016; Upamannyu et al., 2015). However, there is a dearth of empirical research in this relatively understudied area (Park et al., 2017). Therefore, this study aims to find empirical evidence to examine CSR's micro impact on RPI.

The social exchange theory highlights the role of customer trust and satisfaction in creating RPI. A higher level of trust and satisfaction in an organization's offering stimulates RPI (Weisberg et al., 2011). When CSR activities align with a consumer's pro-social and pro-environmental concerns, it generates trust and satisfaction, eventually leading to RPI (Afiuc et al., 2021; Duong et al., 2022).

Most of the prior research on CSR-customer relationships and repurchase intention is from developed countries (Belal, 2001; Fatma & Rehman, 2015; Matten & Moon, 2008). However, developing countries present a distinctive set of CSR agenda challenges compared to the developed world (Rupp et al., 2013). Whether such developing economies reward an organization for its CSR activities at a micro level is yet to be established. Therefore, this study examines the CSR and RPI phenomenon within a developing economy like Pakistan.

The study contributes to the consumer behavior and CSR literature in two ways. Firstly, the study contributes by offering empirical evidence from developing countries. The prevalence of research efforts on consumer perception and response to CSR are skewed in favor of developed countries, especially in Europe and America. Thus needing, dedicated studies on the subject matter in developing countries (Nurunnabi et al., 2018), where understanding the CSR phenomenon is equally crucial (Buchanan & Marques, 2018). Secondly, few studies tested the assumptions of social exchange theory to investigate the relationship between CSR and RPI. The social exchange theory can better explain this phenomenon than other related theories due to its built-in argument of the exchange relationship. Thus, the study contributes by empirically investigating the underlying mechanism between perceived CSR and RPI.

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

### *2.1 Firm's Commitment to CSR and Repurchase Intentions*

CSR is a significant factor in long-term consumer relationship building (Al Jarah & Emeagwali, 2017; Bianchi et al., 2019). It is widely accepted now that CSR positively increases the consumer evaluation of products and their responses, thus positively influencing business success through customer retention.

*RPI* is the likelihood of repeatedly continuing to buy the product or service from the same firm or supplier (Tong & Wong, 2014). *RPI* encapsulates trust in the quality of delivery (Green et al., 2016). Consumer intention predicts the possibility of carrying out the desired behavior (Ajzen, 1985). Therefore, customers' *RPI* is essential for any organization to determine what customers would buy (Kim et al., 2012).

Retaining previous consumers is more worthwhile than finding new ones; therefore, repurchase behavior becomes crucial in business (Tong & Wong, 2014). Jiang and Rosenbloom (2005) highlighted that highly loyal consumers contribute greater profits with greater consumption and repurchase. Satisfied consumers are less price-sensitive and willing to pay a premium (Chopra & Sudan, 2013). The cost of attracting new customers

is higher than investing in existing customers, so the customers' RPI is considered more critical (Pfeifer, 2005). CSR enhances the firms' and brands' reputation and image in society, and the customers want to be engaged with these companies. CSR actions turn customers into long-term brand advocates, providing a solid base of loyal customers (Du et al., 2007). The economic, legal, philanthropic, and environmental responsibilities and sustainability initiatives positively impact RPI (Jose et al., 2015; Shin et al., 2017; Thi and Van, 2016). Tsai et al. (2016) found that CSR to employees and customers positively impacts the online clothing brand's RPI. Recent research shows that consumers' concern for the environment assists in shaping their green purchase intentions (Duong et al., 2022). This leads to the first hypothesis as follows:

- **H<sub>1</sub>:** Firms' CSR commitment positively impacts the RPI of consumers.

### 2.2 *The Mediating Role of Customer Satisfaction between CSR Commitment and RPI*

*Consumer satisfaction* is defined as individuals' emotions resulting from customer evaluation of a product/service provided by a firm (Johnson & Auh, 1998). Lee and Qu (2010) stated that a higher level of consumer satisfaction leads to commitment bonds between consumers and the company, with feelings of pleasure and fulfillment, and therefore satisfaction is one of the key constructs that makes a business successful (Diallo & Lambey-Checchin, 2017). Satisfaction is mainly determined by customer experience and the quality of communication between the consumer and the company (Zeithaml, 2000).

Consumer satisfaction can be enhanced by implementing appropriate and effective CSR plans (Aras & Crowther, 2008; Luo & Bhattacharya, 2006; Oliver, 1999). CSR can enhance customer satisfaction in the services sector (Park et al., 2017) and can, improve customer satisfaction in the banking and airline industry (Park, 2019), and positively impacts customer satisfaction (Pérez & Del Bosque, 2015), which significantly affects repurchase behavior (Yap & Kew, 2007). Hellier et al. (2003) stated that RPI is significantly related to consumer satisfaction or dissatisfaction; and is related to repurchase behavior (Jamal & Naser, 2002). The level of satisfaction among existing consumers determines the RPI that affects the organizations' profitability, success, and customer relationship (Tong & Wong, 2014). In addition, it has been identified that sustainable practices positively impact satisfaction (Wang, 2010). Moreover, customer satisfaction also mediates the relationship between CSR and customer loyalty (Su et al., 2017). Based on the social exchange theory, we argue that customers reciprocate the company as they are satisfied with its CSR practices, leading to the second hypothesis as follows:

- **H<sub>2</sub>:** Consumer satisfaction mediates the CSR commitment-RPI relationship.

### 2.3 *The Mediating Role of Trust between CSR and RPI*

Trust is defined as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party" (Mayer et al.,

1995). Customer trust is the faith a consumer has in a company. It shows confidence in a company's commitment to delivering on its promises and doing what is suitable for the customer (Singh & Sirdeshmukh, 2000). Thus, consumer trust is a fundamental element for understanding interpersonal behaviors and a core element in economic exchanges.

CSR actions positively influence customer trust due to their inbuilt benevolence and integrity (Swaen & Chumpitaz, 2008). Furthermore, CSR influences customers' perceptions of the organization's social actions and results in trust (Dang et al., 2020). A breach of trust can occur if there is a mismatch between promises, value, and communication (Portal et al., 2019). When CSR activities are announced, the pro-social and environmental customers get aligned and start trusting and taking it positively (Duong et al., 2022).

Weisberg et al. (2011) found that consumer trust determines repurchase behavior, specifically in service providers. It also positively impacts buying behavior (Kenning, 2008). Therefore, the organization should establish the right level of information to increase the trust level among its customers (Jones et al., 2007). Trust positively relates to recommendation intention (Vlachos et al., 2009) and customers' purchase intentions (Oghazi et al., 2018). CSR also moderates the positive relationship between trust and RPI (Upamannyu et al., 2015). Trust is a critical mediator that connects many customer-related predictors and outcomes (Morgan & Hunt, 1994). The arguments lead to the following hypothesis:

- **H<sub>3</sub>:** Consumer trust mediates the CSR commitment-RPI relationship.

### **3. Research Methodology**

#### *3.1 Data Collection*

To validate the study hypotheses, we employed a mall intercept survey (i.e., directly asking consumers in a mall - a natural setting context - about their perception of the CSR of specific brands), and purposive sampling was used. The chosen brands had launched their mass advertising campaigns on electronic, social, and print media regarding the school regime (Brand A- Safeguard 'Sahet o Safai'); health of children (Brand B- Lifebuoy- 'Healthy Pakistan Mission,' Brand C-Dettol's 'Trusted Champion of Health') and education (Brand D- Lipton 'Chotu'). Therefore, an initial screening was used to identify the active consumers (repeat purchasers who were aware of their CSR campaign) of these brands and were asked to complete the questionnaires. The study was carried out in Lahore, the second largest Pakistan city. Lahore is an economic and cultural melting pot with great demographic diversity, as people from all over Pakistan come here for a better livelihood in all industries.

Moreover, advertising agencies have boomed in Lahore over the past years due to instability in Karachi. So, the Lahori consumers represent a greater understanding of CSR activities. The participants were randomly approached on their exit from various supermarkets, and after informed consent, they were requested to fill the questionnaire with

audiovisual and pictorial material. We analyzed 230 usable questionnaires, comprising 73.6% of males and 26.4% of females. Most of them (91.5%) were graduates, and young as 79.1% of the respondents were from the 25 to 45 age group.

### 3.2 Measures

All constructs were measured using a five-point Likert scale. To measure the commitment to a firm's CSR, we used six items from Lichtenstein et al. (2004): "The company is committed to contributing part of its profits to CSR activities." To measure customer satisfaction, we used five items scale of Wang et al. (2001). The sample item is "My choice to contact the company was a wise one." Customer trust was measured by five items scale by Hess and Story (2005). The sample item is "I trust the company to be sincere in dealing with consumers." Many other studies also adopted these items (Bowden-Everson et al., 2013). Finally, we measured RPI using four items scale by Yan and Yu (2013). The sample item is "I intend to buy from this company next time." The reliability scores of all the variables are above 0.70.

## 4. Analysis and Results

Screening analysis was performed to find missing values, outliers, and linearity issues. Then, confirmatory factor analysis (CFA) was performed to test the model fitness and validity of the study variables. Table 1 shows the validity results of the variables obtained after CFA. To gauge the discriminant validity square root of AVE is compared with the correlation of the other constructs. The square root of AVE is higher than the value of the correlation of other constructs, so there is no concern about validity issues in the data.

**Table 1: Validity Analysis**

	CR	AVE	MSV	Trust	CSR	Satisfaction	RPI
Trust	0.95	0.78	0.30	0.88			
CSR	0.88	0.55	0.21	0.45***	0.74		
Satisfaction	0.90	0.64	0.45	0.55***	0.46***	0.80	
RPI	0.92	0.73	0.45	0.48***	0.28***	0.67***	0.86

Note: \*\*\*  $p < 0.001$ ; RPI = Repurchase Intention

The descriptive statistics, correlation matrix, and reliability are presented in table 2. The correlation values show that variables are positively related, and the model is suitable for further analysis. The Cronbach Alpha is above 0.70 for all constructs presented in the diagonals.

**Table 2: Descriptive Statistics, Correlation, and Reliability Results**

Variables	Mean	S.D.	1	2	3	4	5	6
1. CSR	3.75	0.60	.88					
2. Satisfaction	4.03	0.61	.50**	.90				
3. Trust	3.51	0.89	.48**	.59**	.95			
4. RPI	3.76	0.64	.31**	.72**	.51**	.92		
5. Gender	1.26	0.44	.12	.14*	-.01	.02		
6. Age	2.21	0.77	-.16*	-.10	-.05	-.08	-.29**	
7. Qualification	3.67	0.87	.04	.05	.15*	.13	-.07	.11

Note: \* P < 0.05; \*\* P<0.01; RPI = Repurchase Intention

We followed Hu and Bentler’s (1999) cutoff criteria for fit indexes in covariance structure analysis. The results of model fitness for the proposed model and alternative models are presented in Table 3. First, the four factors model represents the proposed model in the study. Next, the three-factor model was developed by combining the mediators and, while combining mediators and independent variables, developed two factors model. Lastly, a one-factor model was developed by combining all the factors into a single factor. The model fitness indices (CMIN/DF = 1.67, CFI = 0.96, RMS = 0.05) show that the proposed model behaves better than the alternative models, and all the values are better than the threshold values.

**Table 3: CFA Model Fitness Comparisons**

Measure	Alternative Measurement Models			Proposed Model
	One Factor Model	Two Factors Model	Three Factors Model	Four Factor Model
CMIN	1500.05	1109.79	718.87	273.86
DF	170.00	169.00	167.00	164.00
CMIN/DF	8.82	6.57	4.31	1.67
CFI	0.54	0.68	0.81	0.96
RMS	0.16	0.16	0.13	0.05
PClose	0.20	0.17	0.13	0.06



We ran the Hayes PROCESS Macro in SPSS using 5000 bootstrap samples to test the proposed model. It is widely used for multivariate analysis in management research for moderation, serial and parallel mediation (Hayes, 2018). We ran model 4 to test the study hypotheses and the mediation of consumer trust and consumer satisfaction between CSR and RPI. In the first model, the relationship between CSR and customer satisfaction was checked, and the results show that CSR is directly related to consumer satisfaction ( $\beta = 0.51, \rho < 0.001$ ). The second model tests the direct relationship between CSR and consumer trust. The results support our hypothesis that CSR significantly impacts consumer trust ( $\beta = 0.72, \rho < 0.001$ ). The third model introduces consumer satisfaction and trust as the mediator between CSR and RPI. The results support the hypotheses that consumer satisfaction ( $\beta = 0.69, \rho < 0.001$ ) and consumer trust ( $\beta = 0.12, \rho < 0.05$ ) significantly impact RPI. The results also show that in the presence of these mediators, the relationship between CSR and RPI becomes insignificant ( $\beta = -0.11, \rho > 0.05$ ). The effect sizes between the variables are substantial, suggesting CSR strongly predicts satisfaction and trust. Thus we deduce that consumer satisfaction and trust are the potent mediators between CSR and RPI. Further, we test the direct and indirect effects of CSR on RPI.

**Table 4: Results of the Presumed Media Influence Parallel Multiple Mediator Model**

Antecedent	Satisfaction			Trust			RPI		
	Coeff	E	p	Coeff	SE	P	Coeff	SE	P
CSR	.52	.06	0.00	.72	.09	0.00	0.12	0.06	0.06
Consumer Satisfaction	-	-	-	-	-	-	0.70	0.07	0.00
Consumer Trust	-	-	-	-	-	-	0.12	0.04	0.01
Constant	2.10	0.24	0.00	80	0.35	0.02	0.96	0.23	0.00
	$R^2 = 0.2534$			$R^2 = 0.2341$			$R^2 = 0.5389$		
	$F(1, 199) = 67.53,$ $p = 0.000$			$F(1, 199) = 60.83,$ $p = 0.000$			$F(3, 197) = 76.73,$ $p = 0.06$		

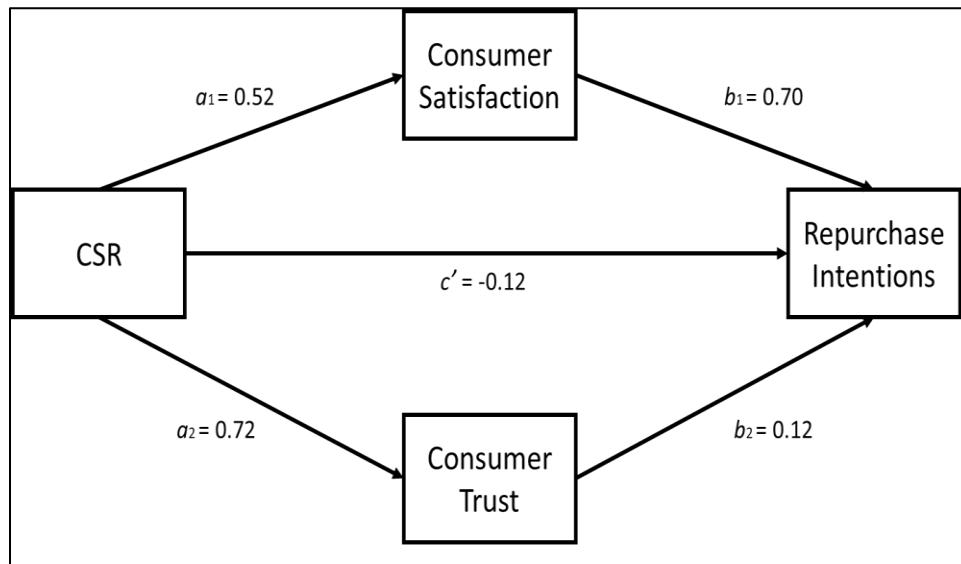
The results in Table 5 show that the total effect of CSR on RPI ( $\beta = 0.33, \text{ULCI} = 0.47, \text{LLCI} = 0.19$ ) is positive, and there is no zero between upper and lower-level intervals. However, the results show an insignificant direct effect of CSR on RPI due to the presence of zero in lower and upper intervals. On the other hand, the total indirect effect of CSR on RPI is positive and significant ( $\beta = 0.44, \text{ULCI} = 0.47, \text{LLCI} = 0.19$ ). Overall results support the study hypotheses that consumer trust and satisfaction mediate between CSR and RPI. The results also highlight that CSR substantially affects consumer trust ( $\beta = 0.72$ )

more than satisfaction ( $\beta = 0.52$ ). The results are insightful, presenting that the indirect effect of CSR is stronger via satisfaction ( $\beta = 0.36$ ) than trust ( $\beta = 0.09$ ).

**Table 5: Total, Direct, and Indirect Effects of CSR on RPI**

	Effect	Boot SE	BootLLCI	BootULCI
Total effect	0.332	0.071	0.191	0.472
Direct effect	-0.116	0.062	-0.238	0.005
Indirect effect				
Total	0.448	0.067	0.325	0.591
Consumer Satisfaction	0.360	0.066	0.251	0.509
Consumer Trust	0.088	0.043	0.012	0.183
C1	0.272	0.089	0.118	0.470

The graphical representation of the study model with coefficients is presented below in Figure 1.



**Figure 1: The Parallel Mediation Model**

## 5. Discussion

This study aims to uncover the impact of consumers' perception of CSR on their purchase behavior, which is the most sought and prevalent issue for marketers in Asia today. The results reveal that CSR shapes the consumer RPI positively. Consumers tend to reciprocate positively and support a socially responsible organization by increasing their future purchase likelihood, thus supporting the social exchange theory (Bianchi et al., 2019)

Consistent with prior research, results imply that consumers appreciate the CSR initiatives and reciprocate (Bialkova & Te Paske, 2020) in the form of positive evaluation of product/service (Jalilvand et al., 2017), increased satisfaction (Bhattacharya et al. 2009) and positive influence on the RPI in online shopping platform (Tsai et al., 2016) as well as in the banking sector (Jose et al., 2015). Furthermore, this research extends these results to the FMCG sector.

Further, mediation analyses conform to the hierarchy of effects model, as consumer satisfaction and trust mediate perceived CSR's effects on RPI. Positive CSR perception also improves consumers' belief resulting in consumer trust. The prior literature also proposes that trust could be a critical mediator in developing customers' preferences (Morgan & Hunt, 1994), and trust leads to RPI (Upamannyu et al., 2015).

In addition, satisfaction plays an essential role in developing the intentions of the customers to repurchase. This extends the notion that satisfaction and CSR determine customers' buying behavior (Dhaliwal et al., 2020), and satisfaction leads to RPI (Boisvert & Khan, 2020; Tsai et al., 2016). As satisfaction and trust are correlated (Schirmer et al., 2018), this finding also supports the idea of the chain of transmission that consumer trust and satisfaction can consequently be shaped by sustainability practices that lead to business success (Bowden-Everson et al., 2013). The results also highlight that effective CSR activities not only have organizational and reputation benefits but at the same time affect the micro-level individual consumer purchase behavior (Ahmad, Ullah, Mahmood, et al., 2021; Ahmad, Ullah, Arshad, et al., 2021; Duong et al., 2022; Girschik et al., 2022; Jones et al., 2017; Mahmud et al., 2021; Torres et al., 2012), especially when aligned with consumer's pro-social and pro-environmental concerns such as that of the sampled brands (Afiuc et al., 2021; Duong et al., 2022).

### *5.1 Theoretical & Managerial Implications*

This study has several theoretical implications. First, the study adds up in the latest research stream on the micro-CSR consumer perspective. Further, it provides empirical evidence that CSR could be a source of RPI, and thus effective CSR activities can shape consumer behavior. Many CSR studies have focused on customer satisfaction, trust, and loyalty as a consequence but not on the RPI (Shin et al., 2017). This study focused on the next step of the consequence of trust and satisfaction, i.e., RPI.

Moreover, a significant chunk of previous research comes from developed countries (Lee & Riffe, 2019; Takano, 2017); as the differentials between developed and developing economies are pretty visible, the research done in developed countries cannot be applied to underdeveloped ones. In the Pakistani context, the brands are young, and consumer sensitivity toward CSR is developing. In such a scenario, if consumers provide evidence of trust and satisfaction, eventually leading to RPI, it is a solid contribution to the literature for the four selected brands. Further, this study contributes to social exchange theory by empirically validating the assumptions on the underlying mechanism between CSR and RPI.

The evidence from Pakistan for the four selected brands suggests that the managers use strategic CSR activities to achieve and maintain sustainable competitive advantages. These activities should be aligned with the consumers' social, cultural, and environmental fabric, which can maximize the organization's output and viability. Although other experiential factors build customer trust, organizations should consider CSR's perspective. Furthermore, the managers can develop a sustainable performance measurement system to attain sustainability goals and explore the institutional forces that condition their adoption (Pryshlakivsky & Searcy, 2017).

#### *5.2 Study Limitations and Future Directions*

Despite the significant implications and contributions, various limitations are present in this study. *Firstly*, only the FMCG firms committed to sustainability practices and their customers are included in this research. However, many other vital predictors can influence the RPI of the customers of these FMCG firms. Furthermore, the results may differ for other industries like real estate, banking, financing institutions, construction companies, and textile industries. Therefore, further research from other sectors is warranted to enhance the generalizability of the research findings.

*Secondly*, this study focuses on customer satisfaction and trust mediation between CSR and RPI for parsimony. We did not investigate the impact of boundary conditions on that path. However, the impact of technology, customer loyalty, projection of CSR activities by firms, and other factors should not be underestimated.

*Thirdly*, insight into the proposed phenomenon, such as satisfaction and trust mediating the CSR-RPI relationship, could be deeply understood by adding a qualitative approach. *Finally*, interviewing CSR practicing firms' internal and external customers may present a qualified phenomenon for further quantitative research.

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