

The Impact of CSR Practices Adopted By Commercial Banks in Sri Lanka on Customer Attraction and Customer Retention

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The concept of Corporate Social Responsibilities (CSR) becomes highly topical in the banking sector; since the banks significantly recognize the importance of moral principles and well-being of society. CSR is one of the best external marketing strategies that commercial banks recently practicing in order to obtain more attention and attraction from the customers' and enhance Customer Retention (CR). Moreover, CR is emerging as the most critical and vital factor that banks have to achieve, due to hyper competitive business environment. The overall research study has been structured referring to four research objectives, which was identified existing CSR practices, relationships between the CSR, CR and Customer Attraction (CA), CSR influence on CR and finally, mediating effect of CA on CSR and CR. The quantitative research was conducted through distributed questionnaires, using 100 of selected five commercial banks' customers and sample was collected though convenient sampling. The findings revealed that commercial banks' customers more satisfy with the economic CSR and there are positive associations between the CSR, CR and CA. Withal CSR influenced the CR and CA significantly and partially mediate the relationship between CSR and CR. The current study compensates strength and evidence for the relationship, that commercial banks practice more CSR activities, will directly lead to the CA and through that banks can retain customers. Finally, those findings highly significant for the commercial bank marketing managers take the decisions regarding the areas of CSR activities they have to be more focus and the amount of money they need to be allocating for the CSR. Besides the study provides a detail description in what premises it better to implement CSR practices for enhanced retention rate of the customers and to obtain more profits and success in near future.

Keywords: Commercial bank, Corporate Social Responsibilities, Customer Attraction, Customer Retention