

Perception of Bank Customers towards Banking Corporate Social Responsibility in Vietnam

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Abstract

The financial crisis and consequences has significantly highlighted the need for integration of corporate social responsible (CSR) in the banking business. Banking industry allocates vast amount of funds to emphasis on various CSR strategies in the marketplace. However, there are just few studies investigate how retail bank customers response to different CSR initiatives. The study investigates ASEAN bank customers' perception towards Corporate Social Responsibilities (CSR) initiatives among three stakeholder groups: customers themselves, community and environment. The sample includes 200 bank customers of major banks in Vietnam. Empirical survey and snowball sampling have been carried out to collect customers' reactions. As a result, 190 valid questionnaires were employed in reliability test, exploratory factor analysis (EFA), multiple regression and analysis of variance (ANOVA) to examine customer attitude and behavioral intentions toward banking CSR and their choice of banking services. The analysis shows that banking customers are entirely in the favor of CSR initiatives in the banking industry with emphasis on customer centric initiatives.

Keywords: Corporate Social Responsibility, CSR initiatives, Customer choice of banks, Customer Centric, Philanthropy, Environmental Protection

JEL code: G21, L20

I. Introduction **The Need for CSR**

Public attention has focused closely on the financial industry since the failure of commercial banks in financial crisis leads to macroeconomic disasters such as reduction in consumption and increase in unemployment in real economy (San-Jose, Retolaza, & Gutierrez-Goiria, 2011). A specific feature of

banks is the safety net, in which the federal or state government provides guarantees of banking business in form of deposit insurance and the central bank stands as the lender of last resort. Some banks are considered as “too big to fail” until the global subprime crisis in 2008. In this process, total lack of decency in Corporate Social Responsibility (CSR) (Fassin & Gosselin, 2011; Graafland & van de Ven, 2011) played an important role in the moral failure of the financial system (Chatterjee & Lefcovitch, 2009), CSR initiatives impact important effects on the reputation of banking systems and provide constructive framework to communicate to stakeholders efficiently and effectively (Ahmad, 2006). Corporate Social Responsibility also yield positively impacts on earnings, faith, trust and customer retention of banking industry (C. Bhattacharya, Korschun, & Sen, 2009; Brown & Dacin, 1997). As a matter of fact, bankers around the world pour million of dollars into corporate social responsibility (CSR) strategies every year to solicit reputations and stakeholders (McDonald & Rundle-Thiele, 2008).

What Bankers are doing in CSR

Bankers includes social and environmental added value to their business operations and actions by implementing various financial initiatives such as microcredit and microfinance schemes, ethical, social and environmental funds, low-income banking, and removal of barriers to credit access (Prior & Argandoña, 2009). In this way, banks and financial organizations adopts CSR practices that is claimed to be beneficial for society and sustainable economic development. For example, Icelandic banks view CSR initiatives as tools for public communication and implement their CSR concepts through a financial support of charitable activities (Sigurthorsson, 2012). Spanish banking institutions have distributed between 20 to 30 percent of their net income in social and charitable actions (Vélaz, Sison, & Fontrodona, 2006). However, Gibbons (2011) criticized that many banks in United Kingdom did not act transparently with insufficient information to the people who are in financial difficulties while tend to offer more services to wealthier customers. Meanwhile Banking systems in India incorporate education, balanced growth, health, and environmental marketing in their CSR activities (Narwal, 2007). In Lebanon, banks concentrate its CSR strategies on education initiatives, student scholarships, public donations and major festival sponsorship (Jamali & Mirshak, 2007; Scholtens, 2009) reviews 32 major banks in Europe, North America and the Pacific on multiple CSR indicators, including social conduct and environmental management, and concluded that banks’ CSR performance has improved considerably since 2000.

Scant Investigation into Customer Perception in CSR

Various banking stakeholders can be classified into three basic groups: customers, employee and community surrounding the banks which demands a sustainable growth. In CSR activities, banks tend to focus on employee working conditions and emphasize on of short-term improvement of bank’s community image and profit increase (Pérez & Del Bosque, 2012). Principal responsibility of managers is the relationship to shareholders and corporate goal of profit maximization, thus Fassin and Gosselin (2011) pointed out that the more bankers spoke about the social responsibility, the more they focused on increasing of shareholder value and their own personal bonuses and the height of “golden parachutes”. Discussion of moral and social aspects in banking industry is still controversial because banking sector is often considered to be an amoral area, which is primarily focused on a risk and revenues (Icke, Caliskan, Ayturk, & Icke, 2011). It is then not surprised that despite many emphasizes on and funding allocations to CSR strategies in the marketplace, there are few investigation of customers’ perspective toward different CSR initiatives of banking sector (McDonald & Rundle-Thiele, 2008). Among the various stakeholder groups, customers are backbone of the business but how consumers view the corporate social action of the banking sector is still unclear (Rugimbana, Quazi, & Keating, 2008) due to surprisingly limited amount of research evaluating consumer reactions to banks’ CSR activities. Particularly, there is little understanding of consumers’ preferences for CSR initiatives

such as which CSR initiative earns the highest importance in the mind of customers, which one holds the lesser and, which one is at the bottom level.

CSR in Vietnam Corporates

Despite the growth of Asian consumer expectations of socially responsible business, even a smaller amount of CSR researches have focused on banking customers' reactions to CSR initiatives in non-Western contexts (Chambers, Moon, Sullivan, & Matten, 2003). For the last two decades, in Vietnam, the need of corporate social responsibility has been increased in the business and customer community. For example, in 1990's, many customers boycotted with Nike when this firm violated CSR. Nike tried to exploit workers coming from Vietnam, China and Indonesia by intensive working hours, extremely low salary and working at harsh condition. When this exploitation was revealed, customers stayed away from Nike. At that time, Nike fell into crisis. After that, this firm had to admit their mistake and reformed its CSR system. In Vietnam, the concept of Corporate Social Responsibilities (CSR) is still at the early stage because Vietnam government did not build CSR system. When Multinational Corporations (MNCs) invested in Vietnam, they applied CSR in their countries to subsidiary companies in Vietnam. However, not only do MNCs' board of directors, managers and governments concern about CSR, but also Vietnamese customers do. Besides quality, promotions, advertising of products, customers also consider CSR aspect when making decision consuming any products. Clients willingly boycott products of a firm if they know any unethical behaviors from the firm that are against CSR' standards. In 2008, Vedan, an ingredient firm, violated CSR standards when polluted Thi Vai river. As a result, customers ostracized all products produced by Vedan brand name. Seriously, many special customers as supermarkets (BigC, Coopmart...) or grocery stores terminated contracts with Vedan. After that, Vedan had to reconstruct its CSR system and committed to follow strictly CSR standards to recapture customers' loyalty. It is possible to claim that CSR also affects to customers' choice and it is essential for business operations to build a healthy CSR system. Now Vietnamese banking systems are also deeply involved in improving CSR activities by improving their workplaces, reducing the paperwork to avoid garbage by adopting the electronic banking techniques and investing in various social non-governmental-organizations and institutions those are working for the betterment of human beings. With the increasing pressure on banking CSR programs, the understanding of Vietnamese consumer reactions to CSR initiatives could assist banks with developing CSR strategies that are optimal from the perspective of this key stakeholder group. This research aims to study how banking customers in Vietnam perceive banks' CSR and how their perception affects to their choosing bank.

II. Literature Review

CSR Conceptualization

Corporate Social Responsibility (CSR) is an abstract concept to some certain extents, therefore CSR has been defined from divergent perspectives without any definite borders nor any uniformity. Social responsibility is not considered statutory. CSR concepts are created in individual forms and used voluntarily with companies' beliefs in or vision of profit. Such concepts are ranged from narrow economic view of shareholders' wealth maximization (Zenisek, 1979), to a comprehensive view of "the company's status and activities with respect to its perceived societal or, at least, stakeholder obligations" (Brown & Dacin, 1997). In this way, **Brown and Dacin (1997) explained CSR as the responsibility of business organization to the whole society, including actions to improve workplaces and ethical practices in employment, to build apprehensive communities regarding the effects of company products and policies, to donate to a cleaner and clearer environmental sustainability and protection and to practice ethical corporate governance to contribute to the economic development as a whole.** The popular framework of Carroll (1979, 1991) defined CSR in terms of four primary expectations of business: economic, legal, ethical, and philanthropic. In

complement, Achua (2008) **defines CSR as the social responsibility of a business which it has to fulfil due to its numerous interactions with environment and society. Dahl Rendtorff and Mattsson (2012)** noted that companies are perceived as human communities interacting in social practices to achieve some common goals which are realized through bond of trust and authentic relationships with customers. In the aspect of customer orientation, the most decent ethical principles are customer's autonomy, dignity, honesty and vulnerability (Dahl Rendtorff & Mattsson, 2012). The Global Reporting Initiative (GRI) also suggest a CSR model enclosing the triple bottom line (people, planet, profits) and incorporating social, environmental, and economic considerations (Enquist, Johnson, & Skålén, 2006). Beside the belief of future profitability, the general theme for CSR conceptualization is the inclusion of societal and environmental obligations to various stakeholders. However, a word of caution should be noted as large institutions and corporations such as Fortis, Arthur Andersen & Co., WorldCom, AIG and Bear Stearns had a strong CSR and ethical culture but they have gone bankrupt anyway (Fassin & Gossselin, 2011). These cases are good examples of discrepancies official pronouncements of senior management, actual business practice and customer perception.

In banking sector, Nwankwo (1991) **envisaged that a bank's CSR obligations comprises of a corporate social duty to several stakeholders: profit maximization for shareholders, optimal liquidity maintenance for depositors, credit provisions for borrowers as well as compliance to regulations and social development.** Key elements of CSR in banking industries include understandings of financial services complexity, risk management, business ethics, strategy implementation for financial crisis, protection of customers' rights and handling process for customer complaints (Yeung, 2011). Banking CSR also requires professionalism of financial employees, strong compliance with Code of Ethics and other approaches such as transparency, stakeholders' interests and sustainable community development (Graafland & van de Ven, 2011). Although the concepts of CSR in banking sector is not new, they are the central topics for debates and controversy because recent financial crisis has significantly highlighted the need for integration of CSR principles in many banking businesses.

Stakeholder and Customer Preference to CSR Initiatives

The "theory of stakeholder" of Reverte (2009) asserts that different groups of stakeholders recognized different benefits from corporate operations due to different points of view. Such benefits may be tangible or intangible, and vary from monetary to psychological; further, what one stakeholder considers to be a benefit may hold little value to another, and rewards to one stakeholder may conflict with the interests of another stakeholder (McDonald & Hung Lai, 2011). Company should focus on return to a particular stakeholder group in implementation of CSR initiatives stakeholders (C. Bhattacharya et al., 2009). Customers and consumers, as an important stakeholder group, play a dominant role in both company's CSR dedication and company prosperity (C. B. Bhattacharya & Sen, 2004). Maignan and Ferrell (2004) reported evidences that customers appreciated corporations engaging in CSR programs. Creyer (1997); Ellen, Mohr, and Webb (2000) revealed that CSR initiatives were directly related to consumer buying intention. However, there is just a few researches investigating the psychological mechanisms of customers and consumers in interpretation and reaction to a company's CSR activities (C. Bhattacharya et al., 2009). Maignan and Ferrell (2003) found that consumers in the USA, France and Germany asserted higher priority of company's responsibility to customers than the responsibility to employees, community, or investors. Auger, Devinney, and Louviere (2007) examined consumer preferences for social and ethical issues in 6 countries (the USA, India, Korea, Germany, Spain, Turkey) and revealed that humanitarian initiatives, such as human rights, no child labor, safe working conditions, were rated better than environmental protection initiatives such as recycled packaging, no use of animal by-products, use of recycled material.

In banking industry, a case reported by Lemke (1987) that "Massachusetts Bank" has been successful in getting new accounts, approximately 138 accounts having worth \$11 million, by helping

out the animal class which are in danger of extinction with providing funds. It seems that customers have a good awareness of banking business philanthropy. However, an investigation in Australian banking system by Pomeroy and Dolnicar (2006) identified that customers preferred CSR initiatives beneficial to themselves first, followed by environmental and community incentives. In customers' perspective, these studies evidence although customers generally consider humanitarian concerns (including philanthropic initiatives) ahead of environmental concerns, customers also rank their own needs rank above that of other stakeholders. However, Ip (2008) studied CSR activities of Taiwanese listed companies of various sectors including banking and finance, and revealed an opposite view of managers. Managers usually ranked shareholders' rights first, followed by employees' rights, then corporate governance, financial disclosure, and the environment, with customers' rights ranked as sixth on the list, followed by honestly paying taxes, with community relationships ranked eighth (Ip, 2008). Thus, it is possible that banking customers' preferences will differ from managers' preferences it is crucial that banks understand their customers' reactions.

Current Study in Customer Perception of CSR

There are well-established linkages between customer attitude and behavior in marketing research. For example, Brown and Dacin (1997) established that CSR positively influenced product attitudes via company evaluations; Sen and Bhattacharya (2001) research also supported a direct positive effect on customers' evaluation via company's CSR programs; Lafferty and Goldsmith (2005) found that a company's alliance with a non-profit organization would enhance attitudes towards the brand; Wigley (2008) observed that customers who were informed to company CSR strategies had significantly more positive attitudes and stronger purchase intentions than those who were not. CSR program as a whole clearly have positive impact on the company value, however, there are just a few studies investigate the differential effects of different CSR initiatives in customer perspective, which indicates a research gap.

In banking and finance industry, there are scant literature addressing this gap. McDonald and Rundle-Thiele (2008) examined a relationship between CSR and customers' satisfaction in the banks and showed that customers' satisfaction was more affected by pro-client oriented events than CSR activities. del Mar Garcia de los Salmones, Perez, and Rodriguez del Bosque (2009) investigated nearly 800 Spanish banking customers for the effect of ethical and philanthropic activities on loyalty. The study evidenced that ethical responsibilities impacted loyalty via trust, while philanthropic responsibilities impacted loyalty via a path through customer-bank identification. Congruent with this finding, Chang, Chen, and Tseng (2008) noted that bank marketing strategies focusing on social issues did better job in promoting customers' perception of service quality than marketing strategies focusing on revenue-related issues. In addition, McDonald and Hung Lai (2011) concluded that consumers encouraged the concept of social marketing and they also customers prefer customer-oriented initiatives such as ATM connectivity, faster internal processing, higher return and lower fees, internet and mobile banking. What still remains unexamined is whether different initiatives result in equally favorable attitudes from banking customers and whether these initiatives differentially impact behavior to the bank. This indicates a need to better understand the relationship between banking CSR initiatives and attitudes and behaviors of customers.

Previous discussions suggest that customer attitudes and behaviors toward bank choice be enhanced by customer-centric initiatives and, to a lesser degree, by philanthropic initiatives and environmental initiatives. This lead to the following hypothesis and the theoretical model in figure 1:

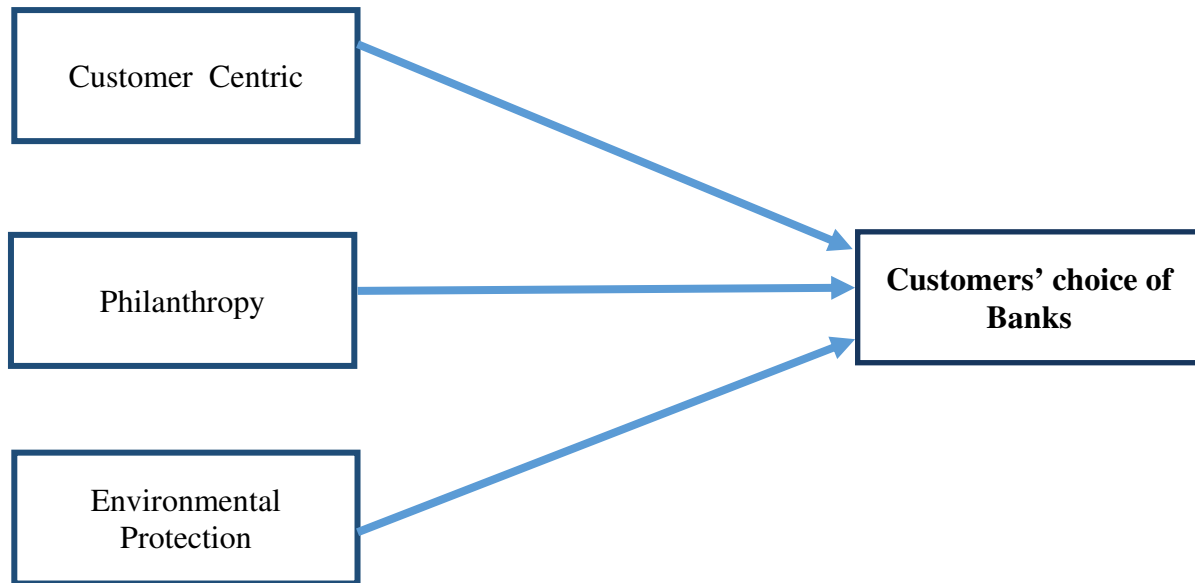
H0: Perception of bank customers towards Customer Centric, Philanthropy and Environmental Protection initiatives does not impact bank choice of customers

H1: Perception of bank customers towards Customer Centric impacts positively on bank choice of customers

H2: Perception of bank customers towards Philanthropy impacts positively on bank choice of customers.

H3: Perception of bank customers towards Environmental Protection impacts positively on bank choice of customers

Figure 1: Proposed Theoretical Model



III. Methodology

Method of between-subject experimental design using survey questionnaires was employed to understand the effects of different types of CSR initiatives on Vietnamese banking customers. Experimental designs can control the independent variable (different CSR initiatives) so that systematic differences in the dependent variables (customers’ choice of banks) are attributed to differences in the independent variable (Tabachnik, 2001).

Variable Definition

CSR initiatives on Customer Centric adapt five personal-related initiatives from the study of (Manrai & Manrai, 2007) and one personal-related initiative from the study of Pomeroy and Dolnicar (2006). The philanthropic initiatives are derived from a review of CSR initiatives listed on large Vietnamese banks’ web sites, in which main activities consist funding educational institutions, funding festivals and art groups, sponsoring art performances, and donating to charity groups. In the aspect of environmental protection, researcher makes use of five initiatives from C. B. Bhattacharya and Sen (2004) and one initiative from Pomeroy and Dolnicar (2006). Three types of initiatives are listed in the table 1.

Table 1: Banking Customer Social Responsibility initiatives

Customer centric initiatives	Bank’s staff are efficient, reliable, competent, and well dressed. Bank’s staff have the polite attitude, behavior. Banks is recruiting more staff for customer service. Focus on opening new branches and increasing their range Give customers high returns and charge lower fees on various transactions. Introduce new ways of convenient banking such as mobile, internet, and branchless banking
Philanthropy initiatives	Banks participate in organizing different funds. Banks raise their funding for art exhibitions. Banks take measured for delivering of free financial planning knowledge to public. Banks have a separate account for arranging and donating regularly money to orphanages. Banks provide underprivileged children in remote areas with school supplies and nutritional meals. Banks open collection and temporary accounts in case of calamities for collecting and donating money in disasters

Environmental Protection initiatives	<p>Reduce electricity and power consumption.</p> <p>Use environmental friendly products.</p> <p>Use recyclable materials.</p> <p>Have the proper pollution control measures.</p> <p>Keep the internal environment neat & clean is the core obligation of banks.</p> <p>Keep the external environment neat and clean is the core responsibility of banks</p>
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Data Collection

This research employs primary collected in forms of questionnaire survey. Researcher simplifies all questions in questionnaires by using straightforward words and structures. A small group of participant were administered the questionnaires for wording clarification and scenario adjustment. To ensure that whether bank customers understand Corporate Social Responsibilities (CSR) or not, a pilot test was also conducted on 10 banking customers. The researcher explained the purpose of questionnaires in the survey and the meaning of CSR. Unfortunately, after the pilot test, most respondents answered that they did not have some background understanding about CSR. Therefore, it is necessary to revise the initial questionnaires by adding probing questions to examine whether a respondent understand CSR term or not. Then, the survey was distributed through 3 channels handouts, emails and social networks to participants in Vietnam who had banks accounts and used bank services. Questionnaires are designed in both Vietnamese and English since there are Vietnamese as well as foreigners participating in this survey. All questions in the questionnaire are written in a clear, understandable, unbiased and polite manner.

The participants in this survey have been selected based on convenient sampling from researchers' network and snowball sampling from that network. Convenient and snowball sampling methods have been successfully used in a lot of banking researches such as studies of Blery and Michalakopoulos (2006); Ting (2006) and Sadiq Sohail and Shaikh (2008). In convenient sampling phase, researcher administer 53 hand-out questionnaires with introduction and explanations of this study to banking customers in major banks in Vietnam. Participants were asked to return their answered survey to the researchers by a particular date and also forward the survey on to their friends and acquaintances who have bank accounts and using bank services.

Measurement Scale

This research makes use of 2 types of measurement scale to conduct the survey. Multiple-choice questions with nominal scale, which provide unambiguous alternatives to respondents. Each question is designed at least 2 answers. The participants must choose only one solution, the most appropriate, out of the rest. Moreover, there are also several dichotomous questions, which request respondents to select yes or no. The other type consists of rating questions with Likert scale based on 5 levels from 1 to 5. In this study, the participant is asked to investigate the agreement with each statement among the 5 level from "Strongly Disagree" to "Strongly Agree" as: (1) "Strongly Disagree" up to (5) "Strongly Agree". Table 2 presented the measurement scale for each item.

Table 2: Measurement scale for each item in the questionnaire

Variables	Items	Measurement	Coded	Values/ Answer Options
Limit object of the study	1. Are you living or working in Vietnam?	Nominal scale		[Yes/No]
	2. Have you ever used banking service in Vietnam?			
Probing questions for general understanding about CSR definition	3. Have you ever heard about the concept "Corporate social responsibilities"?	Nominal scale		[Yes/No]
	4. "Corporate social responsibilities" is tax responsibility	5-point Likert scale	CSR01	1=strongly disagree
	5. "Corporate social responsibilities" includes environmental protection, customer centric, philanthropy and other aspects that society expects		CSR02	2= disagree 3= neutral 4= agree

Variables	Items	Measurement	Coded	Values/ Answer Options
	from the corporation.			5=strongly agree
	6. "Corporate social responsibilities" is Maximization of profits and dividends		CSR03	
Environmental Protection	7. Bank X reduces electricity and power consumption	5-point Likert scale	EP01	1=strongly disagree 2= disagree 3= neutral 4= agree 5=strongly agree
	8. Bank X uses environmental friendly products		EP02	
	9. Bank X uses recyclable materials		EP03	
	10. Bank X has the proper pollution control measures		EP04	
	11. Bank X keeps the internal environment neat & clean		EP05	
	12. Bank X keeps the external environment neat and clean		EP06	
Customer Centric	13. Bank X's staffs are efficient, reliable, competent, and well dressed	5-point Likert scale	CC01	1=strongly disagree 2= disagree 3= neutral 4= agree 5=strongly agree
	14. Bank X's staffs have the polite attitude and behavior		CC02	
	15. Bank X is recruiting more staff for customer service		CC03	
	16. Bank X focuses on opening new branches and increasing its range		CC04	
	17. Bank X gives customers high returns and charge lower fees on various transactions		CC05	
	18. Banks should introduce new ways of convenient banking such as mobile, internet, banking etc.		CC06	
Philanthropy	19. Bank X involves in organizing different funding.	5-point Likert scale	PH01	1= strongly disagree 2= disagree 3= neutral 4= agree 5= strongly agree
	20. Bank X raises its funding for art exhibitions		PH02	
	21. Banks takes measured for delivering of free financial planning knowledge to public		PH03	
	22. Bank X opens account for donating regularly money to orphanages		PH04	
	23. Bank X provides poor children in remote areas with school supplies and nutritional lunches		PH05	
	24. Banks opens accounts in case of disaster for collecting and donating money in disasters		PH06	
Customers' bank choice	25. I choose X because bank X performs well environmental protection	5-point Likert scale	BC01	1=strongly disagree 2= disagree 3= neutral 4= agree 5=strongly agree
	26. I choose X because bank X takes care of customers' benefits		BC02	
	27. I choose X because bank X involves actively in philanthropic activities		BC03	
	28. Corporate Social Responsibilities influence me when considering to choose the bank		BC04	
	29. I do not choose the bank performing poor Corporate Social Responsibilities		BC05	
Demographic information	Gender, Age, Level of education, Monthly income	Nominal scale		[List of items]

Data Analysis

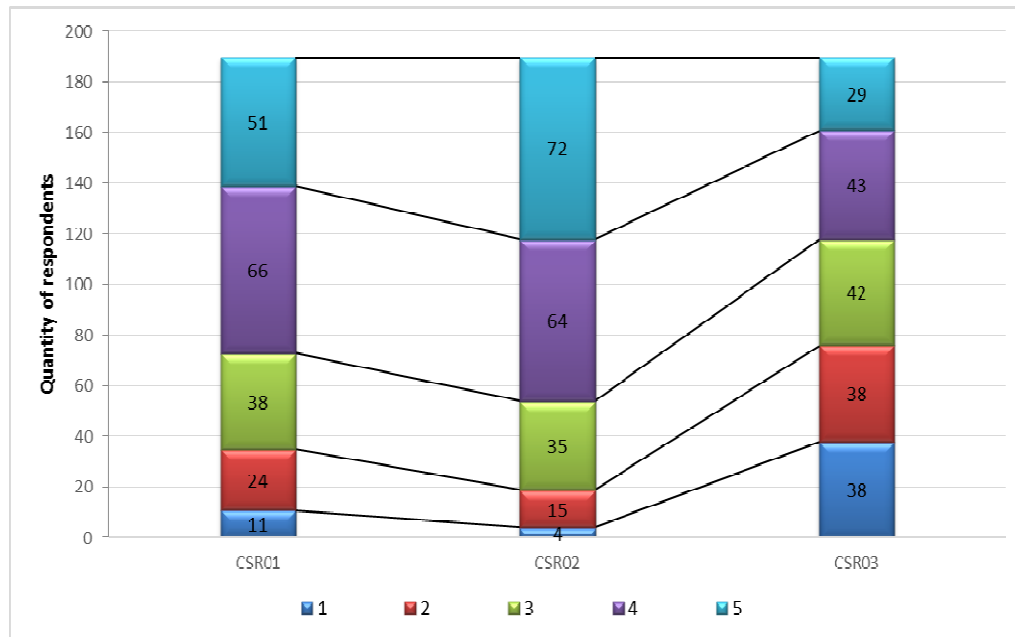
There were total 200 questionnaires were sent back after the survey. Of these, 10 invalid respondents were omitted because they were not the target of this research (these respondents are not living in Vietnam or they have not used bank service) or they did not complete all the questions. As a result, there were 190 accepted answers, which account for 95% of the respondent pool. The answers to probing questions indicated that 110 respondents, account for 58%, had heard about CSR while 80 of them, account for 42%, had never heard of such term. However, it is the case that respondents may have general knowledge about CSR without knowing this term. Therefore, questions 4,5 and 6 (coded

as CSR01, CSR02 and CSR03, respectively) present three statements in which there is one being the definition of “Corporate social responsibilities” to ensure one more time the general understanding of respondents about CSR. These questions are listed in table 3 and the answers to these questions are depicted in figure.

Table 3: Three statements of Corporate Social Responsibilities

Question	Code	Statement
4	CSR01	“Corporate social responsibilities” is tax responsibility
5	CSR02	“Corporate social responsibilities” includes environmental protection, customer centric, philanthropy and other aspects that society expects from the corporation.
6	CSR03	“Corporate social responsibilities” is Maximization of profits and dividends.

Figure 3: Evaluation of bank customers about 3 statements of Corporate Social Responsibilities



The results show that most respondents agree with CSR01 and CSR02 when they were asked about CSR’s definition. They marked mostly point 4 and 5 for CSR01 and CSR02. Especially, CSR02 is achieved the highest total of both agreement and strong agreement by the respondents (136 out of 190 respondents, 71.58%). In contrast, CSR03 receives mostly from point 1 to point 3 (118 out of 190 respondents, 62.01%). It means that, most participants in the survey are neutral or disagree with CSR03. Since CSR02 is the correct answer, in this case, it is able to conclude that most respondents have right understanding towards CSR.

For demographic information, 80% of valid respondents are in age group 18-25 and 26-45; 17% of respondents are in age group 46-55 and 3% respondent are in age group greater than 55. Majority of respondents are bank customers from 18 to 45 years old. Since Vietnam has growing population and young labor force, this pattern in the sample may represent the population of Vietnam. There are 88 males and 102 females involved in the survey. The majority of respondents are female, however, the quantitative gap between two gender groups is not huge. Therefore, the gender in this survey is almost balanced. Total percentage of three groups: high school, bachelor degree and master degree is 94%. Moreover, those who achieve a bachelor degree make up the high percentage in this survey (69%). Therefore, most of respondents have the basic knowledge. There are differences from level of income among respondents. In general, 81.05% respondents earn less than 10 million VND per month (about 500 USD), 12.9% respondents earn from 10 million VND to 20 million VND (about 500USD-1000 USD)

per month, only 6.05% respondents earn more than 20 million VND per month. Therefore, this survey is representative for the customers with an average income per month in Vietnam.

IV. Research Results

Cronbach's alpha, the coefficient of internal consistency, was computed to conduct the reliability test. The higher Cronbach's alpha greater than 0.6 is considered as reliable (George & Mallery, 2003). The Corrected Item- Total Correlation each item of every variable should be smaller than the overall Cronbach's alpha but also larger than 0.3 (Tabachnik, 2001). As the result, all variables have the Cronbach's Alpha which is greater than 0.6. However, for Philanthropy initiatives and Environmental protection initiatives variable, the item PH02 and EP04 has the Corrected Item-Total Correlation smaller than 0.3 (0.159 and 0.160, respectively). Therefore, PH02 and EP04 were deleted from Philanthropy initiatives and Environmental Protection initiative. The final result of Cronbach's Alpha after deleting PH02 and EP04 is shown in table 4.

Table 4: Cronbach's alpha

Variables	Number of items	Cronbach's alpha
Customer bank choice	5	.791
Customer centric initiatives	6	.835
Philanthropy initiatives	4	.779
Environmental protection initiatives	5	.817

Exploratory factor analysis (EFA) is carried out to identify the correlation between measured variables and the underlying factors (Norris & Lecavalier, 2010). In EFA, it is vital for the result to satisfy the requirements that the Kaiser-Meyer-Olkin (KMO), an indication of the strength of the relationship among variables, must be higher than 0.5 ($KMO > 0.5$) (Kaiser, 1970) and the Bartlett's test is significant at 5% or smaller ($Sig. < 0.05$). For the theoretical model discussed in the beginning, the KMO is $.855 > 0.5$ and Bartlett's sphericity test significance is less than 0.001. However, item PH06 show significant loading on both Customer Centric initiatives and Philanthropy initiatives. Such complex indicator should be omitted in subsequence analysis (Tabachnik, 2001) and thus item PH06 is dropped out. The retained indicators are listed in table 5.

Table 5: Retained indicators for each underlying factor

Underlying factors	Indicators	Description of statement	Factor loadings
Customer Centric initiatives	CC01	Bank X's staffs are efficient, reliable, competent, and well dressed	.747
	CC02	Bank X's staffs have the polite attitude and behavior	.740
	CC03	Bank X is recruiting more staff for customer service	.745
	CC04	Bank X focuses on opening new branches and increasing its range	.743
	CC05	Bank X gives customers high returns and charge lower fees on various transactions	.764
	CC06	Bank X introduces new ways of convenient banking such as internet banking (e- bank)	.569
Environmental Protection initiatives	EP01	Bank X reduces electricity and power consumption	.757
	EP02	Bank X uses environmental friendly products	.702
	EP03	Bank X uses recyclable materials	.726
	EP05	Bank X keeps the internal environment neat & clean	.727
	EP06	Bank X keeps the external environment neat and clean	.766
Philanthropy initiatives	PH01	Bank X involves in organizing different fundings	.802
	PH03	Banks takes measured for delivering of free financial planning knowledge to public	.714
	PH04	Bank X opens account for donating regularly money to orphanages	.693

Underlying factors	Indicators	Description of statement	Factor loadings
	PH05	Bank X provides underprivileged children in remote areas with school supplies and nutritional lunches	.696
Bank Choice	BC01	I choose X because of having good Environmental Protection	.816
	BC02	I choose X because of having good Customer Centric	.805
	BC03	I choose X because of having good Philanthropy	.772
	BC04	Corporate Social Responsibilities influence me when considering to choose the bank	.648
	BC05	I do not choose the bank having poor Corporate Social Responsibilities	.633

After carrying out reliability test and EFA, a multiple regression model is implemented to quantify the impact of CSR initiatives on Customers' Choice of Banks. The resulting regression model can be described as following equation

$$Y = 0.312 + 0.368*X_1 + 0.313*X_2 + 0.270*X_3$$

(p-value) (.137) (.000) (.000) (.000)

R-squared = 0.524

VIF 1.220 1.289 1.233

Where the dependent variable Y is the Customers' Choice of Banks and the independent variables X₁, X₂, X₃ are Customer Centric initiatives, Philanthropy initiatives and Environmental Protection initiatives, respectively.

From the regression result, it is possible to claim that alternative CSR initiatives exert different impacts on customers' choice of banks. Moreover, VIF of each variable is less than 2, indicating no multicollinearity in the model (Nachtsheim, Neter, Kutner, & Wasserman, 2004). In addition, R square is 0.524, which means that the data fit well 52.4% to the theoretical model. Hence, 52.4% of the variance in the customers' choice is attributable to CSR initiatives. Besides, the high significance of regression coefficients suggest that customers regard independent variable X₁ (Customer Centric) as the most important, following by independent variable X₂ (Philanthropy). The least important CSR initiative is X₃ (Environmental Protection). From this observation, the hypotheses H₂, H₃, H₄ which predict the relative ranking among CSR initiatives are plausible, thus these hypotheses are accepted.

The hypothesis H₁ suggest that CSR initiatives exert no important impact on the attitude and behavior of banking customers toward their choice of banks. It is visible from the regression results that this is not the case and all CSR initiatives are impacting positively on customers' choice. The overall significance of the regression model is highly confirm by test statistic $F(3,189) = 68.162$ with p-value less than 0.001. Therefore, the hypothesis H₁ is rejected. The results of hypothesis testing are summarized in table 6.

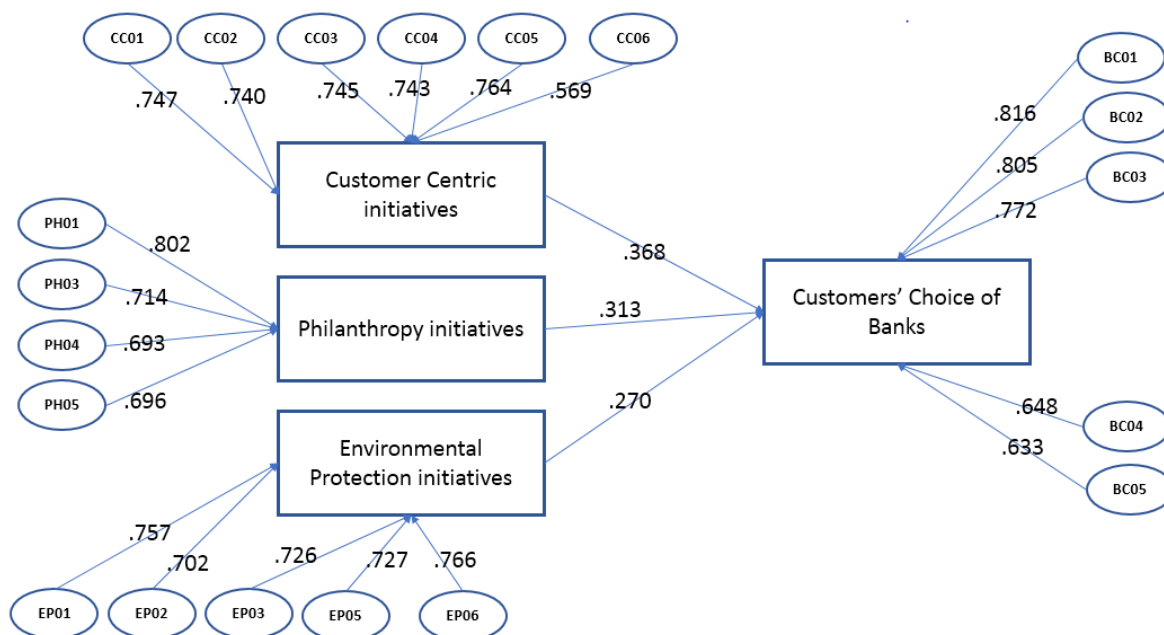
Table 6: Results of hypothesis testing

No	Statement of hypotheses	Results
H0	Perception of bank customers towards Customer Centric, Philanthropy and Environmental Protection does not impact on bank choice of customers	Rejected
H1	Perception of bank customers towards Customer Centric has the strongest positive impact on bank choice of customers	Accepted
H2	Perception of bank customers towards Philanthropy has the next strongest positive on bank choice of customers.	Accepted
H3	Perception of bank customers towards Environmental Protection has the least positive impacts on bank choice of customers.	Accepted

In this research, ANOVA was also carried out to explore whether there is significant difference in customer bank choice based on demographic factors. However, after the test, astonishingly, there is no difference among group means in each external factor. It would be clearly that external factors as

age, gender, level of education and monthly income does not interact to customers' decision. Therefore, CSR initiatives play important roles in customers' perception and attitude toward their choice of banking services. This relationship is generalized in the theoretical in figure 4.

Figure 4: Resulting theoretical model



V. Conclusion and Discussion

This research argues the literatures on customers' attitude and behavior by investigating different perceptions of banking customers' choice against differing CSR initiatives. First, H1 suggests that there exists a significant linkage between CSR initiatives and customers' choice of banks. H2, H3, and H4 asserts that Vietnamese banking customers prefer CSR initiatives that benefits themselves to other stakeholders. Specifically, customers were attracted to banks providing initiatives that gives customers high returns and charge lower fees on various transactions. Customers also emphasize on the staff efficiency, reliability and competency. The priority of the customer-centric initiatives in customers' view points is consistent to Auger et al. (2007) and Pomeroy and Dolnicar (2006) findings. In most of the cases, consumers humanistic and personal well-being consideration outweigh environmental concerns and broader societal impacts. This is a very important implication for managers involved with CSR program development. Managers are submerged in a lot of relationships from shareholders to society, thus they usually try to design CSR programs that is, in their opinion, likely to balance the concerns of all stakeholder groups. A survey at McKinsey & Company 2006 of C. Bhattacharya et al. (2009) revealed that CSR activities are believed to elicit company-favoring responses from all stakeholders. However, one size cannot fit all and company ranking of CSR initiative may not align to customers' view. Customers are just one of many stakeholder groups but their role in market share, shareholder value, and stock price growth is likely to outweigh that of other stakeholders (Freeman, 2010). For this reason, customer-centric initiatives act as a stimulation to boost customers' attitude and motivate customers' positive behavior. In sum, banks and managers should clearly consider the target for their CSR strategies to achieve a competitive customer edge and avoid implementation misplacement.

There are certain limitations in this study as with all other researches. Because of time and budget limit, this study is conducted via convenient and snowball sampling with a small sample size of 200. Although there are certain heterogeneous traits in the sample, it may not possible to claim

definitely this sample can be representative of the larger population of banking customers in Vietnam. The research was conducted in banking sector of Vietnam, which is just a small market compared to the area and the world. Thus, future studies can be expanded investigation into other industry sectors and other countries in Asia regions for more comprehensive understanding and knowledge in this area.

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