



## RELATIONSHIP BETWEEN LEGAL CORPORATE SOCIAL RESPONSIBILITY AND CUSTOMERS' LOYALTY OF RETAIL BANKS IN NORTHEAST NIGERIA: MEDIATING ROLE OF CUSTOMERS' GRATITUDE AND MODERATING ROLE OF STRATEGIC-DRIVEN MOTIVE

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### Abstract

*Research works examining the mediating role of customer's gratitude on the relationship between Legal Corporate Social Responsibility (LCSR) and customer's loyalty, and the moderating role of strategic-driven corporate social responsibility motive on the association between LCSR and customer's gratitude in the retail banking industry are scarce. Hence, this study examines the mediating role of customer gratitude on the relationship between LCSR and customer's loyalty as well as the moderating role of strategic-driven corporate social responsibility motive on the relationship between LCSR and customer's gratitude in retail banking sector of Nigeria. Cross-sectional survey was adopted. Data were collected from 430 individual customers of the Nigerian retail banks located in some selected towns in North-eastern Nigeria. Hypotheses were tested using path analysis, a component of structural equation modeling. The finding showed significant relationship between LCSR and customer's loyalty through customer's gratitude. Furthermore, the finding showed that strategic-driven corporate social responsibility motive did not moderate the effect of LCSR on customer's gratitude. The study concluded that customer's gratitude mediated the dynamics between LCSR and customer's loyalty among the surveyed retail banks. Also, the study concluded that strategic-driven corporate social responsibility motive do not moderate the relationship between LCSR and customer gratitude. Thus, the study recommends that managers of Nigerian retail banks should implement LCSR in order to engender feelings of gratitude in customers with a view to cultivating long-lasting customer's loyalty. Finally, the study recommends that managers should focus on other corporate social responsibility motives, such as values-driven and stakeholder-driven motives instead of strategic-driven motive.*

**Keywords:** Customer Loyalty, Gratitude, Legal Corporate Social Responsibility, Retail Bank, Strategic-driven Motive

### 1. Introduction

The global business environment has become very competitive such that businesses' main objective must be to attract and maintain customers (Choi & Park, 2016). Consequently, companies have adopted Legal Corporate Social Responsibility (LCSR) as one essential business strategy to achieve customer loyalty (Kodua, Narteh, Braimah & Mensah, 2016). LCSR is part of the wider corporate social responsibility (CSR) (Carroll, 1991). LCSR is operating in line with established rules that represent important ideas of just operations given by authorities (Carroll, 1991). LCSR has a positive effect on customer loyalty (Kodua, *et al.*, 2016).



Every business institution aims to attract customer loyalty mainly because loyal customers regularly purchase products or services and recommend companies' products or services to others (Pan, Sheng & Xie 2012). Customer loyalty is the relationship between the relative attitudes toward an entity (Dick & Basu, 1994). Customer loyalty has behavioral and attitudinal aspects. Attitudinal loyal customers do have a certain (emotional) relationship with the brand, while behaviorally loyal customers act loyal but do not have an emotional relationship with the brand (Berg & Lidfors, 2012).

To augment CSR theory and practice, researchers such as Romani, Grappi and Bagozzi (2013); Diallo and Checchin (2016); Aramburu and Pescador (2017); Deng and Xu (2017); and Xie, Bagozzi and Gronhaug (2019) examined the effect of different CSR dimensions on customers' loyalty and related customers positive outcomes. The scholars deployed research models which integrated mediator and moderator variables that gave useful findings. In this respect, Romani *et al.* (2013) examined the mediation of gratitude and moderating role of altruistic values in manufacturing sector in Ivory Coast. Diallo and Checchin (2016) examined trust and store image as the mediators and social discount communication as a moderator in retailing sector in France. Aramburu and Pescador (2017) examined the mediating role of corporate reputation and the moderating role of bank type in cooperative and commercial banking in the Basque country. Deng and Xu (2017) examined the mediating role of consumer-company identification and the moderating role of Fit in water sector in China. Xie *et al.* (2019) investigated the mediating roles of awe, gratitude, elevation and attitudes, and the moderating role of social justice values in the offshore shipping services in Norway.

The gaps identified in the previous empirical studies are scope and methodological gaps. The scope gaps concern place, period and variables used in the previous studies are not exactly the same with the present study. Regarding methodology, the sample frame and the method of data analysis are not the same. This is because some studies used parametric test and others used nonparametric test to draw conclusions. Hence, to fill the gaps identified, this study investigates the mediating role of customer gratitude on the relationship between LCSR and customer loyalty as well as the moderating role of strategic-driven CSR motive on the relationship between LCSR and customer gratitude in the Nigerian banking sector. The banking sector was chosen because banking index was the best performing sector in 2017- that is up 73.3% (Afrinvest, 2018). This study will be beneficial to managers of Nigerian retail banks because the study envisages providing a model for optimal LCSR practice and reference material to potential academic researchers.

The objectives of the present study are to examine the mediating role of customer gratitude on the relationship between LCSR and customer loyalty towards the Nigerian retail banks as well as to examine the moderating role of strategic-driven CSR motive on the relationship between LCSR and customer gratitude. Therefore, to achieve the objectives of this study, the following null hypotheses are formulated and tested.

- Ho<sub>1</sub>: Customer gratitude does not mediate the relationship between LCSR and Customers' Loyalty.
- Ho<sub>2</sub>: Strategic-driven corporate social responsibility motive does not moderate the relationship between LCSR and customer gratitude.



## **2. Literature Review and Theory**

### **2.1 Legal Corporate Social Responsibility (LCSR)**

The independent variable of this study is LCSR. Before defining LCSR, related expressions such as corporate social responsibility (CSR) require elucidation. CSR has been defined in various ways in the literature. However, Carroll's (1979) explanation is extensively accepted (McCain, *et al.*, 2018). Hence, this study adopted this perspective. Carroll (1979) defines CSR as "the social responsibility of business encompasses the economic, ethical, legal and discretionary expectations, which society has of organisations at a given time" (p.500).

LCSR is working in line with established rules that represent vital ideas of just operations given by authorities. This is because society expects businesses to abide by laws and rules (Carroll, 1991). Lentner, Sezdegi and Tatay (2015) maintain that LCSR in the banking sector concerns regulation made by societies with the purpose to minimize risk and guarantee safety and confidence in the financial system.

### **2.2 Customer Loyalty**

Customer loyalty is the independent variable of the present study. Dick and Basu (1994) define loyalty as "the relationship between the relative attitude toward an entity (brand/store/vendor/and patronage" (p.100). Customer loyalty includes the attitudinal aspect and the behavioral aspect (Szczepańska & Gawron, 2011). The attitudinal aspect includes the intent to purchase another time and/or purchase extra products or services from the same company, readiness to recommend the company to others, and a commitment to the company demonstrated by a resistance to switching to a competitor (JR., Bush & Ortinau, 2009). Behavioral loyalty includes repeat buying of products or service, buying additional and diverse goods or services from the same corporation, and referring the corporation to others (JR., *et al.*, 2009).

Customer loyalty is usually measured employing three essential approaches which include the behavioural approach, the attitudinal approach, and the integrated or composite approach. The integrated or composite approach is a combination of behavioral loyalty and attitudinal loyalty. Proper loyalty incorporates both behavioral and attitudinal aspects (Berg & Lidfors, 2012). Hence, this study adopted the composite approach to measure customer loyalty.

### **2.3 Customer Gratitude**

The mediator variable in this study is customer gratitude. Gratitude is defined as "the typical positive moral emotion produced in response to the good or virtuous actions of social agents" (Romani, *et al.*, 2013, p.194). Barlett and DeSteno (2006) posit that gratitude functions to foster social relations through its support of reciprocal, pro social behavior between a benefactor and beneficiary. Jain and Jaiswal (2016) maintain that people experience and convey gratitude in many ways: firstly, people can relate to the earlier period (retrieving positive recollections and being appreciative for essentials of past blessings); secondly, they relay it to the present time (not taking good luck for granted as it comes) and lastly, they can relay it to the future (maintaining a hopeful and optimistic attitude).

### **2.4 Perceived Strategic-Driven Corporate Social Responsibility Motive**

Perceived CSR motives are the customers' perception of the motivation behind CSR actions. Strategic-driven motive is one of the CSR motives (Ellen, Webb & Mohr, 2006). Strategic-



driven CRS motive symbolise the business case for CSR because a company is striving to achieve goals inherent to its continued existence including customer attraction by engaging in CSR (Skarmeas & Leonidou, 2013). Customers are seen to embrace CSR initiatives when strategic-driven motive is attributed (Groza, Pronschinke & Walker, 2011). Hence, this study applies strategic-driven CSR motive as a moderator on the relationship between LCSR and customer gratitude because customers react positively toward CSR actions of companies when strategic –driven CSR motive is perceived. Barone, Norman and Miyazaki (2007) found and reported that consumers' evaluation of retailers' cause-related marketing strategies are moderated by consumer perceptions of the retailers' motive for engaging in cause-related marketing.

## **2.5 Confounding Variables**

This study identified gender, age, and level of education of respondents as confounding variables that might affect valid inferences and they are to be controlled statistically. It has been found and reported that people with differences in the above variables exhibit different behaviors regarding CSR (Moisescu & Gică, 2017).

## **2.6 Review of Related Studies**

Romani *et al.* (2013) examined the mediating role of customer gratitude and the moderating effect of consumers' altruistic values in explaining the effect of ethical dimension of CSR on consumers' recommendation and advocacy behaviors toward a cocoa manufacturing company in Ivory Coast. The study's finding showed that the effect of the ethical dimension of CSR on consumers' responses is mediated by consumers' feelings of gratitude and moderated by the magnitude of altruistic values held by consumers. Nevertheless, the study did not investigate the moderate rating role of strategic-driven CSR motive.

Diallo and Checchin (2016) examined the mediating role of trust and store image and social discount communication as moderator to explain the effect of CSR on customer loyalty of retailing firms in China. The study found and reported positive mediating roles of customer trust and store image, and the moderating role of social discount communication. Nonetheless, the study did not examine the mediating role of customer gratitude and the moderating role of strategic-driven CSR motive.

Aramburu and Pescador (2017) investigated the mediating role of corporate reputation and moderating role of bank type in explaining the influence of CSR of cooperative and commercial banks on customer loyalty in Basque country. The study's finding showed partial mediation of corporate reputation and bank type did not moderate the mediation mechanism. Nevertheless, the study did not investigate the mediating role of customer gratitude and the moderating role of strategic-driven CSR motive.

Deng and Xu (2017) investigated the mediating role of consumer-company identification (CCI) and the moderating role of Fit in the influence of CSR on consumer purchase intention, recommendation intention, and loyalty in water sector in China. The study's finding revealed positive mediation of CCI mediates, while Fit moderated the influence of CSR on CCI. Nonetheless, the study did not examine the mediation of customer gratitude and the moderation of strategic-driven CSR motive.



Xie *et al.* (2019) examined the mediating roles of awe, gratitude, elevation, and attitudes and the moderating role of social justice values on the relationship between ethical dimensions of CSR on consumers' brand advocacy behaviors in offshore shipping sector in Norway. Finding showed positive mediation of awe, gratitude, and elevation. Furthermore, it was found that the moderating role of social justice values depends on the dimension of CSR activities. However, the study did not examine the effect of LCSR in the retail banking sector.

The gaps identified in the previous studies are scope and methodological gaps. The scope gaps concern place, period and variables used in the previous studies are not exactly the same with the present study. Regarding methodology, the sample frame and the method of data analysis are not the same. This is because some studies used parametric test and others used nonparametric test to draw conclusions. Hence, this study is distinct and intends to contribute to knowledge by investigating the mediating role of customer gratitude on the relationship between LCSR and customer loyalty, and the moderating role of strategic-driven CSR motive on the relationship between LCSR and customer gratitude in the retail banking sector of Nigeria.

## **2.7. Theoretical Framework**

This study underpinned two theories namely, attribution theory and moral affect theory of gratitude as follow.

### **2.7.1 Attribution Theory**

This study adopted Attribution Theory (AT) to explain the moderating role of strategic-driven CSR motive on the relationship between LCSR and customer gratitude. AT was originally proposed by Fitz Heider (1958) and subsequently developed by Weiner, B. (1974, 1986) in to a theory (SØland, & Mwesiumo, 2014). The fundamental precept of AT is that individuals(perceivers) observe and form interpretations of the cause of another person's behavior(Kelly & Michela,1980), and these interpretations, in turn, impact the perceiver's subsequent attitudes and behaviors( Ogunowora, Skackhouse & Oh, 2016). In the domain of CSR, AT suggests that stakeholders including customers might be inspired to identify the causes of an organization's CSR actions (Hillebrandt, n.d.).

Despite the usefulness of AT, Malle (2003) criticized AT arguing that the term attribution is vague. He maintain that from one perspective, forming attribution is providing an explanation particularly of actions, while in another perspective forming attribution is making a dispositional (trait) inference from actions. Nevertheless, Sen, Bhattacharya and Korschen (2006), Bolton and Mattila (2015), Groza, Pronschinke and Walker (2011) have applied AT in empirical research.

### **2.7.2 Moral Affect Theory of Gratitude**

This adopted Moral Affect Theory of Gratitude (MATOG)to explain the relationship between LCSR, customer gratitude, and customer loyalty. MATOG was originated by Mccullough, M.E., Kilpatrick, S.D., Emmond, R.A., & Larson, D.B. in 2001 (Mccullough, Kilpatrick, Emmond & Larson, 2001; Tian, *et al.*, 2015). This theory posits that gratitude has three functions which include moral barometer function, a moral motive function, and a moral reinforcing function that (Mccullough, *et al.*, 2001). Regarding the moral barometer function, the theory avers that gratitude arises when a person observes that he/she has benefitted from someone's good actions.

As a moral motive, gratitude has a motivational role encouraging beneficiary of good gestures to promote the interest of benefactor. Finally, as a moral reinforcer, MATOG posits that showing gratitude to someone for his or her good actions encourages the benefactor to behave morally in the future (Tian, *et al.*, 2015).

The barometer and the moral motive functions of gratitude explain the link between LCSR and customer gratitude, customer gratitude and customer loyalty, and the mediating role of customer gratitude between LCSR and customer loyalty. Romani *et al.* (2013) posit that customers can observe benefits by construing the corporation's efforts on CSR initiatives including LCSR as facilitating customers' collective life needs. Accordingly, gratitude can arise, resulting in the customers' propensity to respond and show loyalty to corporations (Park & Choi, 2016; Diwani, Sinha & Mathur, 2016). MATOG is useful in understanding the functions and effects of gratitude as it applies to effect of business firms' actions on their customers (Magnus, Bock, Jones & Folse, 2017). Romani *et al.* (2013), Tian *et al.* (2015) and Magnus *et al.* (2017) have applied MATOG in empirical research.

### 3.3 Conceptual Models of the Study

Based on the theories, the conceptual models of the study variables are shown in the Figures I and II below:

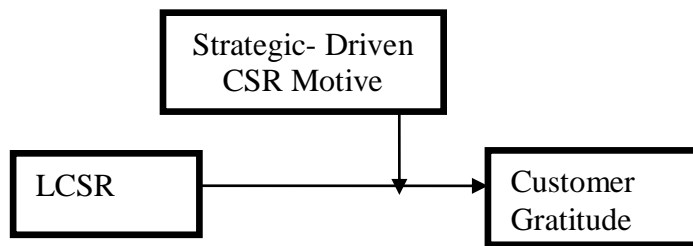


Figure I. Conceptual model with moderator between LCSR and Customer Gratitude

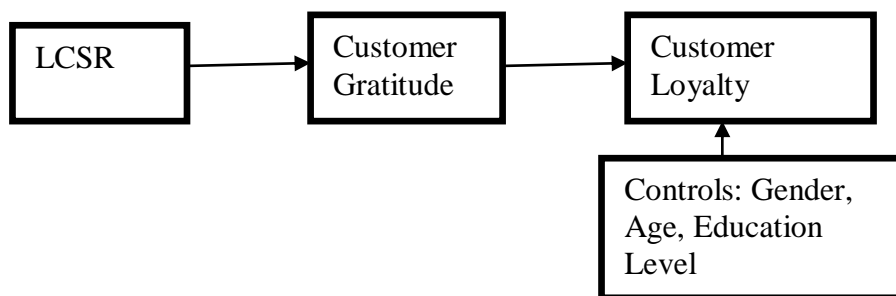


Figure II. Conceptual model describing LCSR, Customer Gratitude and Customer Loyalty Links

(Author's Illustrations, 2019)

### 3. Methodology

This study adopted cross-sectional survey and collected data in 2019. The survey covered LCSR practices of the Nigerian retailing banks located in the north-eastern Nigeria. Survey research was employed because it gives a fast, cheaper, and correct means of obtaining information about



a population (Zikmund, Ward, Lowe & Winzar, 2007). Similarly, the north-eastern region of Nigeria was chosen because the region shares international borders with the republics of the Cameroon, Niger, and Chad, having evidences of cross border commercial activities (Purokayo & Soon, 2014), hence large concentration of the retail banks was envisaged. Also, data were collected in Bauchi, Damaturu, Gombe, Maiduguri, Jalingo, and Yola towns because of large concentration of retail banks.

Individual customers from the age of 18 and above of the retail bank branches in the above-mentioned towns constituted the population of this study. However, full accessibility to the accurate database of the individual customers was not possible. In its place, managers of the banks provided an estimate of 466,068 individual customers as the population. The convenience sampling method was adopted in sample selection. This method was chosen because it is low cost and requires no sampling frame (Zikmund, *et al.*, 2007). This study determined the required sample at a 95% confidence level and a 5% margin error (MOE) for a population of 466,068 using the sample size formula given below.

$$n = \frac{N * X}{X + N - 1}$$

Where

n = Sample size

$$X = \frac{(Z_{\alpha})^2 * P(1 - P)}{MOE^2}$$

$$N = 466,068$$

$$\frac{Z_{0.05}}{2} = 1.96$$

$$P = 0.5$$

$$MOE = 0.05$$

$$X = \frac{(Z_{\alpha})^2 * P(1 - P)}{MOE^2}$$

$$X = \frac{1.96^2 * 0.5(1 - 0.5)}{0.05^2}$$

$$X = 384$$

$$n = \frac{466,068 * 384}{384 + 466,068 - 1}$$

$$n = \frac{179,044,682.88}{466,451.16}$$

$$n = 384.84$$

$$n = 385 \text{ Approximately}$$



However, 30% of 384 = 115 copies of questionnaire were added to the initial sample to take care of the lost questionnaires, thus bringing the sample size to (385+ 115) = 500.

Data were obtained using structured questionnaire. Measures for LCSR were obtained from Mulaessa and Wang (2017). Indicators for Customer gratitude (GRAT) were sourced from Dewani *et al.* (2016). Measures for strategic-driven CSR motive (SDM) were obtained from Groza *et al.* (2011), and Skarmeas and Leonidou (2013). Customer loyalty (CL) indicators were sourced from Chang and Yeh (2017). All the measurement items were rated on a five-point Likert scale, ranging from ‘strongly disagree’(1) to ‘strongly agree’(5).

This study employed both the procedural and statistical methods to manage the potential problems of common method variance. Regarding the procedural method, the study effectively confirmed the exclusion of vagueness in wordings and assuring the privacy of the respondents. Similarly, Harman’s one-factor statistical test was used to assess the impact of this bias because it is the simplest measure and the most widely used in the literature (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). This test showed that the first component (% of the variance value) accounts for less than 50% i.e. 37.732% of the all variables in the model. Hence, it is free from significant common method bias effects.

The reliability and validity tests of measurement were done by means of exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and Cronbach’s alpha statistical test. Hypotheses were tested using path analysis, a component of structural equation modeling. SPSS version 22 and Amos version 23 assisted in the data analysis.

## 4. Results

### 4.1 Preliminary Analysis

Out of the 500 questionnaires distributed, 430 were retrieved as useful for analysis, representing an 86% response rate. Before the actual data analysis, the data were subjected to out of range and missing value tests. It was found that the entered data were correctly coded and entered. In this study, the proportion of missing data is lower than 10%. Sheffer (2002) set the missing value upper limit to 20%.

### 4.2 Profile of the Respondents

Results in Table 4.1 showed that majority of the respondents are male 271(63%). Furthermore majority of the respondents 174(40.4%) are within the age bracket of 18-27. Concerning level of education, majority of the respondents 176(41%) are bachelors’ degree holders. Regarding monthly income level, 144(33.5%) of the respondents earn monthly income within the range NGN 10,000 and NGN 20,000. Regarding duration of holding a bank account, 241(56%) of the respondents, constituting the majority, hold bank account for 7 years and over.

**Table 4.1: Profile of the Respondents**

<b>Variables</b>	<b>Frequency</b>	<b>(%)</b>
<b>Gender</b>		
Male	271	63
Female	156	36.3
Missing values	3	0.7





<b>Total</b>	<b>430</b>	<b>100</b>
<b>Age</b>		
18-27years	174	16
38-37	163	24
38-47	45	10.5
48 and above	41	9.5
Missing Values	7	1.6
<b>Total</b>	<b>430</b>	<b>100</b>
<b>Level of Education</b>		
Secondary	52	12.1
Diploma	121	28.1
Bachelor Degree	176	40.9
Master Degree	20	4.7
Professional	4	0.9
Others	49	11.4
Missing Values	8	1.9
<b>Total</b>	<b>430</b>	<b>100</b>
<b>Income</b>		
10,000-20,000	144	33.5
21,000-30,000	100	23.3
31,000-40,000	57	13.3
41,000-50,000	26	6
51,000 and above	83	18.8
Missing Values	20	3.7
<b>Total</b>	<b>430</b>	<b>100</b>
<b>Duration of Bank Account</b>		
Less than I year	35	8.1
1-3 years	105	24.4
4-6yeard	36	23.5
7 years and Above	241	45
Missing Values	20	3.1
<b>Total</b>	<b>430</b>	<b>100</b>

**Source:** Field Survey (2019).

#### 4.3 Reliability and Validity Analysis

EFA using maximum likelihood with promax was used to ascertain validity of measures. Kaiser-Meyer-Olkin (KMO) value as well as the Bartlett's test of sphericity was used to determine sampling adequacy and correlations within the data before the factor analysis. The result in Table 4.2 showed that The KMO values for all the constructs were 0.866, which were adequate for factor analysis (Kaiser, 1974). Also, Table 4.2 showed that the Bartlett's test of sphericity is significant ( $p < 0.01$ ) indicating good correlations in the data for factor analysis.

**Table 4.2: KMO and Bartlett's Test of Sphericity**

KMO Measure of Sample Adequacy		0.866
Bartlett's Test of Sphericity	Approx. Chi-Square	3700.966
	Df	171
	Sig.	.000



**Source:** Author’s Computation (2019).

Details on the factor analysis, composite reliability and convergent validity analysis are presented in Table 4. 3. This study applied the principal component analysis (PCA) and varimax as the rotation method. The result in the Table 4.3 indicated that all the remaining items have met the recommended value of at least 0.50 (Moghavvemi & Musa, 2018). Regarding convergent validity, the result in Table 4.3 showed that the average variance extracted (AVE) for all scales is better than the recommended level of 0.5 (Fornell & Larcker,1981) indicating sufficient convergent validity. Concerning composite reliability (CR), all constructs have more than the recommended value of 0.70 (Fornell & Larcker, 1981). This indicates good reliability.

**Table 4.3: Factor Loading, CR, and AVE Results**

	<b>Constructs</b>	<b>Factor Loading</b>
1	LCSR (AVE= 0.5644) CR= 0.7953	
	LCSR1	0.655
	LCSR2	0.900
	LCSR3	0.539
	SDM (AVE =0.6066) CR= 0.7550	
	SDM2	0.477
	SDM3	0.980
	SDM4	0.532
3	GRAT (AVE = 0.6017) CR= 0.8576	
	GRAT1	0.671
	GRAT2	0.838
	GRAT3	0.806
	GRAT4	0.849
4	CL (AVE = 0.5514) CR =0.8308	
	CL4	
	CL5	0.562
	CL6	0.859
		0.922

**Source:** Author’s Computation (2019).

To assess discriminant validity, the calculation of AVE showed that the correlation of the construct with its measurement items is greater than its correlation with the other constructs (Lowry & Gaskin, 2014). The diagonal boldface in Table 4.4 showed that all square root of AVE is greater than their respective correlation coefficients. Hence, the measurement instrument has a high level of discriminant validity.

**Table 4.4: Discriminant Validity Analysis Results**

	LCSR	SDM	GRAT	CL
LCSR	<b>0.7513</b>			
SDM	0.1564	<b>0.7789</b>		
GRAT	0.2552	0.4476	<b>0.7757</b>	
CL	0.3619	0.4254	0.5457	<b>0.7426</b>

**Source:** Author’s Computation (2019).



Cronbach’s Alpha ( $\alpha$ ) was used to verify internal consistency reliability of the items. Table 4.5 showed the result of the internal consistency reliability values of the constructs after the factor analysis as follows: LCSR = 0.742, GRAT= 0.872, SDM=0.769 and CL = 0.841. The result showed that all the values revealed good reliability as they exceeded the needed threshold of 0.7(Pallant, 2005).

**Table 4.5: Internal Consistency Reliability Result**

Constructs	( $\alpha$ )	Number of Items	Remark
LCSR	0.742	3	Reliable
CL	0.841	3	Reliable
GRAT	0.872	4	Reliable
SDM	0.769	3	Reliable

**Source:** Author’s Computation (2019).

CFA was conducted to check the validation of the measurement. The CFA fit indices showed that the measurements model fits the data well as all the fit indices have realised the satisfactory value (Park, Kim & Kwon, 2017): Chi-square/degree of freedom ( $X^2/df$ ) = 2.478; comparative fit index (CFI) = 0.944; goodness of fit index (GFI) = 0.927; adjusted goodness of fit index (AGFI) = 0.899; square root mean of residual (SRMR) = 0.052; Tucker- Lewis Index(TLI) =0.930, and root mean square error of approximation (RMSEA) = 0.059.

**4.4 Sample Test and Modification of the indirect effect of LCSR on CL Conceptual Model**

T-test was used to test the differences in CL among the respondents’ gender, age, and level of education. The result in Table 4.6 showed no significant differences in CL (t-value=.035,  $p>0.05$ ) among male and female. Concerning respondents’ age, Table 4.6 showed no significant differences in CL (t-value=1.690,  $p>0.05$ ) among 27 years and less and 28 years and more of respondents. Regarding respondents’ level of education, Table 4.6 showed significant differences in CL among the respondents who holds diploma or less degrees and bachelor degree and above(t-value=2.518,  $p<0.05$ ).

**Table 4.6: T-test for CL**

Respondent attribute	CL		t-value
		M	
Gender	Male	3.26	.035
	Female	3.25	
Age	27 years and less	3.31	1.690
	28years and more	3.22	
Education Level	Diploma and less	3.32	2.518*
	Bachelor and	3.18	
	above		

*Note.* \* $p<0.05$ , \*\* $p<0.01$ , M=Mean.

**Source:** Author’s Computation (2019).

Based on the results of the t-test for CL, gender and age were dropped as control variables. Thus, the conceptual model describing the indirect effect of LCSR on CL was modified.

Hence, Figure III below represents the modified conceptual model.

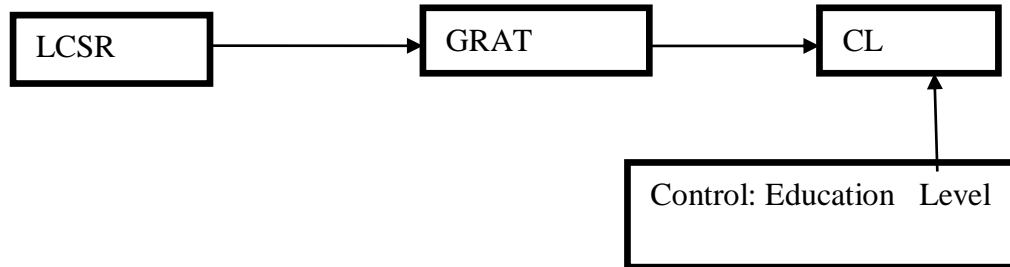


Figure III. Modified Conceptual Model describing LCSR, GRAT and CL Relationship (Author’s illustrations, 2019)

#### 4.5 Correlation Results

Pearson correlation was performed for first round examination of relationships among the study’s constructs. Table 4.7 below reveals positive correlations.

**Table 4.7: Correlation Results**

	LCSR	SDM	GRAT	CL
LCSR	1			
SDM	0.1564	1		
GRAT	0.2552	0.4476	1	
CL	0.3619	0.4254	0.5457	1

Source: Author’s Computation (2019).

#### 4.6 Hypotheses Testing

##### 4.6.1 Moderating Effect of SDM between LCSR and GRAT Relationship

Model fit indices showed as follows: CMIN/DF=11.9587, RMSEA=.041, GFI=.994, TLI=.989, NFI=.995 and CFI=.998. All the fit indices have realised the satisfactory value (Park, *et al.*, 2017).

Concerning the moderating effect of SDM on the relationship between LCSR and GRAT., the result in Table 4.8 showed that the interaction term (ZSDM\_LCSR) of LCSR and SDM was not significant (estimate= -.032,  $p > .05$ ) for predicting GRAT. Further inspection reveals that the coefficient of the SDM effect was significant (estimate=1.034,  $p < .001$ ). However, SDM shows no moderating effect between LCSR and GRAT. Hence, the null hypothesis  $H_{02}$  was accepted.

**Table: 4.8: Moderating Effect of SDM on LCSR - GRAT Relationship**

		Estimate	S.E.	C.R.	P
GRAT	<--- SDM	1.034	.065	15.836	***
GRAT	<--- ZSDM_LCSR	-.032	.033	-.964	.335

			Estimate	S.E.	C.R.	P
GRAT	<---	LCSR	.088	.056	1.569	.117
GRAT	<---	EDUCATION	.014	.018	.776	.438

Source: Author's Computation (2019).

#### 4.6.2 Mediating role of GRAT on the association between LCSR and CL

This section examined whether GRAT mediates the relationship between LCSR and CL as depicted in Figure IV.

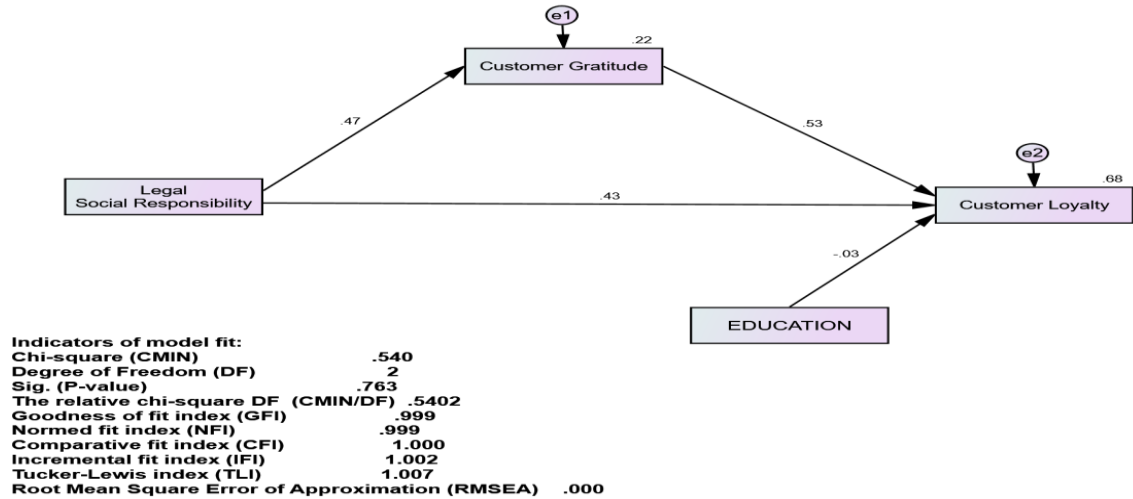


Figure IV. Mediating role of GRAT on the relationship between LCSR and CL

Model fit indices showed as follow: CMIN/DF=1.721, RMSEA=0.041, GFI=0.972, AGFI=0.954, RMR=0.043, NFI=0.967, CFI=0.986 and PCLOSE=0.813. All the fit indices have realised the satisfactory value (Park, *et al.*, 2017).

Table 4.9 showed the result of regression weights for the direct effects. The control variable (education) shows no significant effect on CL ( $p > 0.05$ ) and the value of estimate is  $-0.012$ . LCSR significantly affects CL ( $p < 0.01$ ), LCSR significantly affects GRAT ( $p < 0.01$ ), and GRAT significantly affects CL ( $p < 0.01$ ). Thus, the results of these three tests indicate that GRAT has established mediating effect (Baron & Kenny, 1986).

**Table 4.9: Regression Weights for Direct Effect**

			Estimate	S.E.	C.R.	P	Label
GRAT	<---	LCSR	.565	.052	10.967	***	A
CL	<---	GRAT	.347	.020	17.161	***	B
CL	<---	LCSR	.343	.024	14.067	***	
CL	<---	EDUCATION	-.012	.012	-1.033	.302	

Note. \*\*\* =  $p < 0.001$

Source: Author's Computation (2019).

Similarly, Table 4.10 displays the indirect effect result. The result showed significant relationship between LCSR and CL through GRAT ( $p < 0.01$ ). This result confirmed the mediating role of GRAT on the relationship between LCSR and CL. Hence, GRAT mediates the



relationship between LCSR and CL. Thus, the null hypothesis **H<sub>02</sub>** is rejected. In addition, the summing up of the direct and indirect effect indicated a partial mediation of GRAT on the above mentioned relationship.

**Table: 4.10: User-defined Estimands for Indirect Effect**

Parameter	Estimate	Lower	Upper	P
A x B	.196	.152	.248	.000

**Source:** Author’s analysis (2019)

### 4.6.3 Discussions and Implications

This study mainly examined the mediating role of GRAT on the relationship between LCSR and CL, and the moderating role of SDM on the relationship between LCSR and GRAT. The finding has supported the mediation of GRAT. Hence, the null hypothesis **H<sub>01</sub>** was rejected. This means that in the domain of retail banking sector of Nigeria, LCSR initiatives elicited GRAT, and subsequently, the customers reciprocated and showed loyalty towards the retail banks. This is consistent with the findings of Amsami and Yazeed (2019).

The second objective of this study was to examine whether SDM moderates the relationship between LCSR and GRAT. The finding showed that the relationship between LCSR and GRAT was not moderated by SDM. Thus, the null hypothesis **H<sub>02</sub>** was accepted. This means that customers of Nigerian retail banks did not observe the LCSR of the banks positively and perhaps supposed the motives following the actions as selling campaign thus not strengthening customers’ feelings of gratitude. This result contradicts the finding of Barone, *et al.*(2007).

The findings of this study have theoretical and managerial implications. From the theoretical perspective, the study has contributed in two ways. Firstly, in this study, the focus has been on the Nigerian retail banking industry, since the study interprets the topic of LCSR as highly relevant for this industry, the study has provided an understanding of the positive linkage between LCSR practices and CL in this particular industry. Secondly, this study developed and tested new theoretical framework which attempted to bridge the knowledge by addressing the value of LCSR as driver of GRAT, and CL as well as SDM as moderator on the relationship between LCSR and GRAT, as they are hardly ever examined previously.

Regarding the managerial implications of the findings, in this study GRAT appears to play a mediating role on the association between LCSR and CL. This finding will help managers of Nigerian retail banks in developing LCSR activities which strongly create feelings of gratitude in customers in order to take advantage of such positive emotions, and eventually cultivate CL.

This study has some limitations. Firstly, this study examined LCSR practices of the retail banks hence, a limitation. Secondly, this study did not survey responses of corporate customers of Nigerian retail banks. Therefore, in order to overcome these shortcomings, future studies should survey the LCSR practices of the non-retail banking institutions in Nigeria, such as the merchant and the development banks, and responses of corporate customers.

## 5. Conclusion and Recommendations

The results of the reviewed empirical studies produced mixed findings regarding the subject matter. This is because some studies used parametric test and others used nonparametric test to



draw conclusions. This study examines the mediating role of GRAT on the relationship between LCSR and CL as well as the moderating role of SDM on the relationship between LCSR and GRAT. The results of this study reveals that LCSR has a positive influence on CL through GRAT. Also, SDM did not prove to be a moderator on the relationship between LCSR and GRAT.

The results of this study contribute to the comprehension of the effect of LCSR practices on customers. Accordingly, the Nigerian retail banks can benefit from findings of the study in establishing lasting associations with customers through LCSR actions. Hence, managers of the Nigerian retail banks should practice LCSR as means of engendering gratitude in customers to cultivate lasting CL.

The study recommends that managers should give emphasis to other perceived organizational CSR motives, such as values-driven and stakeholder-driven motives, in order to boost feelings of gratitude in their customers since SDM did not reveal any moderating role.

Consequently, to facilitate the implementation of the above recommendations, managers of Nigerian retail banks should put greater interest to LCSR activities that target customers. Also, they should communicate with their customers regarding their banks engagement in LCSR activities so as to maximize returns from LCSR. Similarly, managers need to measure customer perceptions regarding the motives behind their banks' LCSR practices so as to boost the effect of LCSR on GRAT.

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