

UNIVERSITI TEKNOLOGI MARA

**THE MEDIATING EFFECT OF
CUSTOMER SATISFACTION ON
CORPORATE SOCIAL
RESPONSIBILITY DIMENSIONS
AND CUSTOMER LOYALTY IN
MAYBANK, SHAH ALAM**

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ABSTRACT

The purpose of this study is to examine the mediating effect of customer satisfaction on Corporate Social Responsibilities (CSR) dimension and customer loyalty in banking sector. The research was conducted on 287 of bank customers in Shah Alam, Selangor. The corporate social responsibilities was not new issue in Malaysia, however there were little study had been done on corporate social responsibilities in banking sector using Carroll model CSR dimensions. Most the previous study done on CSR using the CSR framework as provided in Bursa Malaysia Listing Requirement (BMLR). Hence, the banking sector was chosen as a place for research method due to huge demographic profile of respondent especially in Selangor. The findings showed a positive relationship between the customer satisfaction and corporate social responsibilities dimension which consist of philanthropic CSR, economic CSR, legal CSR and ethical CSR. Moreover, the relationship between customer satisfaction and customer loyalty indicates that the when customers satisfied with the services and products of the industry (banking sector in this study), the customers will remain loyal to the organization. This study believed to enhance the understanding of knowledge of the organization toward customer satisfaction on corporate social responsibilities dimension on customer loyalty in Malayan Banking Berhad (Maybank) Shah Alam, Selangor, Malaysia context.

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CHAPTER 1

INTRODUCTION

1.1 Preamble

This chapter initiates the essential to this study which consists of background of study, problem statement, research questions, research objectives, scope of study, significant of study and definitions of terms and concept.

1.2 Background of Study

This study is about Corporate Social Responsibilities (CSR) in Malaysia. CSR nowadays had been seen as a mechanism to enhance organization corporate image and at the same time improve their stakeholders view about the organization. In these recent years, the importance of Corporate Social Responsibility (CSR) has risen from day to day. Demand from customers, employees, the general public, non-governmental organizations and government have made organization and corporate leaders aware of the importance of corporate social responsibility practice. Many companies have realized the importance of corporate social responsibility in their company activities. However, there is misunderstanding about CSR concept. Most of people assume that CSR is all about charity service done by a company rather than strategy in marketing their business. Meanwhile, on behalf of the organization, the company use CSR as part of their business marketing and promotion (Roshan, 2013). In fact, CSR is more than marketing strategies and charity. CSR can be defined as having affirmative impact on the society by administration company business process in a right and just manner.

Due to high competition from corner to corner in banking industry, it is very essential for the banking industry to develop a good relationship with their customers. Customers are vital asset for all type of business including banking sector. Today banking sector spend millions ringgit on CSR activities, in order to develop stronger relationship with their customers and enhance their reputation (Roshan, 2013). This transformation may due to pressure from its customers, customer's expectations and to build up good relationship between customers and bank. Most of banking industry