

CSR as a driver of satisfaction and loyalty in commercial banks in the Czech Republic

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Abstract. This paper is focused on Corporate Social Responsibility (CSR) and its effects on satisfaction and loyalty of bank customers and employees in the Czech Republic. The aim of this paper is to figure out whether CSR strategy of bank affects satisfaction and loyalty of bank customers and employees. The research was conducted using quantitative method of questionnaire survey and descriptive statistics was used to analyze data to support the research results. It was found out that 87 % of Czech bank customers are satisfied with their banks. The data analysis also indicated a positive relationship between customer satisfaction and customer loyalty. However, based on the results, customers' perception of CSR does not have significant effect on their satisfaction.

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1. INTRODUCTION

In recent years, the concept of CSR has become an international phenomenon across all business areas (Ghasemi and Nejati, 2013). Commercial banks are among the most important institutions in any economy in the world. The recent financial crisis demonstrated the role of commercial banks and their irresponsible behavior in causing the huge decline of global economy. Banks have attempted to reclaim their damaged reputation and trustworthiness among others by implementing socially responsible principles, thereby incorporating the CSR concept into their strategies. CSR deals particularly with triple bottom line which

is a framework that includes *profit, people* and *planet*, in other words economic, social and environmental aspects of business respectively. The aim of social responsibility and ethical principles in commercial banking is to achieve an adequate economic performance by considering social and environmental objectives.

Due to business specifications of commercial banks such as operations with customers' deposits, banks have been exposed to permanent public spotlight. In this context, customer satisfaction is a crucial factor of bank's performance and its fundamental asset called trustworthiness. Customer satisfaction can be derived from various aspects such as quality of services provided, product prices or banking fees and branch availability. Furthermore, high level of customer satisfaction usually results in increased customer loyalty to the bank and the same assumption is applied in terms of employee satisfaction and employee loyalty. Customer and employee satisfaction are essential for evaluating the social pillar of CSR in banks.

This paper is focused on CSR and its effects on satisfaction and loyalty of bank customers and employees in the Czech Republic. The structure of the paper will be as follows. The first part provides a brief theoretical background focused on CSR and satisfaction in commercial banks including a conceptual model which is followed by objectives and methods used in the research. The second part gives the results and discussion of research questions. Finally, the paper will provide a conclusion.

2. THEORETICAL BACKGROUND

For better understanding of the CSR phenomenon, it is necessary to accept a statement by Dahlsrud (2008) who states that, "the business as a producer of economic wealth does not only have economic impacts." CSR has always been perceived as a questionable concept principally because it has no specific limits and therefore, there is no uniform definition. Kotler and Lee (2005) mention a definition of international organization Business for Social Responsibility which defines CSR as managing of business in such a way that surpasses ethical, legal, commercial and social expectations. The key participants in this social-economic process are shareholders and stakeholders. Companies tend to meet the needs and interests of stakeholders and as a result, it leads to creation of reputation, contribution to sustainable development and increasing profit. In the context of CSR, the main principle of the business is to find a balance between the needs and interests of stakeholders and shareholders whose interests are focused on profit making. Friedman (1970) in his famous criticism of CSR states that the only social responsibility of companies is to utilize resources and to participate in activities that lead to increased profit. In his opinion, investing in social responsible behavior is inconsistent with the elementary objective of the business which is to make profit that eventually positively affects all stakeholders (Soana, 2011). This criticism has been repeatedly refuted and CSR is generally perceived as a strategy which is economically beneficial in the long-term.

2.1. CSR in banks and linkage to financial performance

Banks are key players in financial markets and play an important role in keeping any economy running smoothly (Khan and Fasih, 2014). Chatterjee and Lefcovitch (2009) admit that commercial banks are strongly focused on profit and financial aspects of the business therefore, implementing CSR may be accompanied by difficulty. The authors further emphasize that ethical standards in financial industry are important particularly because banks, operating with money of other people, take the risk which may not only result to profit but also cause a loss. As a result, corporate social performance has gained equal importance as corporate financial performance.

Based on previous studies of Belás et al. (2014; 2015) and Chocholáková et al. (2015), there are several elements in each part of CSR, namely economic, social and environmental, that may be observed and evaluated in commercial banks. Economical aspect of CSR is mainly focused on economic performance. However, it also refers to bank's involvement in community development or providing socially responsible products. Social part of CSR involves observation of elements such as code of ethics and its compliance, protection of human rights and involvement in philanthropic activities. Environmental policy and the level of financing socially responsible projects reflect environmental part of CSR concept in the banking industry.

Yeung (2011) argues that the balance of managing financial and non-financial results with awareness of risk and maintenance of transparency represents significant aspect of management activities in the bank. According to Birindelli et al. (2013), CSR in banks takes place in the form of credit granting and asset management. It is further stated that the operation of payments and risk management significantly affect both the society and the environment. In addition, CSR improves relations with stakeholders and this results to both performance and reputation. According to Soana (2011) CSR safeguards bank's reputation by lowering unpredictability in the event of harmful effects, such as withdrawal of a product thus protecting profits and financial results. In this context Scholtens (2009) states the significant and positive relation though between the banks' CSR performance and their financial quality (BIS Tier 1 ratio) and CSR performance is positively and significantly related with bank size. Similarly, Ahmed, Islam and Hasan (2012) examined the nature of relationship between CSR and Corporate Social Performance and found that banks that are observing CSR activities are performing better (in area of Return on Assets and Earnings per share) than the non-CSR banks in Bangladesh.

On the other hand, Soana (2011) states that there is no significant dependence between social and financial performance. In other words, there is no negative dependence between the two indicators. Furthermore, banks direct their investment and costs ethically without any detriment of economic performance. In addition, banks' investments to CSR do not bring any economic benefits.

According to Chih, Chih, and Chen (2010), there is an insignificant relationship between financial performance of the bank and CSR. On the basis of their research, which was conducted on the financial market, authors present following results:

1. Larger companies are more oriented on CSR and in the same time, the financial performance and CSR is not related with each other.
2. In an environment of intense competition on the market, companies should make more socially responsible businesses to gain a competitive advantage.
3. Financial companies in countries with stronger legislative regulative tend to have more CSR activities, but paradoxically, companies from countries with stronger application of shareholder rights tend to have less CSR activities.
4. Higher level of self-regulation of the financial sector has a significant positive effect on the CSR: companies behave more socially responsible in countries where relationships between employee and employer are characterized by cooperation, and where there are quality management schools and better macro-economic environment.

Wu and Shen (2013) investigated the association between CSR and financial performance, and discussed three driving motives (strategic choices, altruism and greenwashing) of banks to engage in CSR. Their empirical results from 162 banks in 22 countries showed that CSR is positively associated with financial performance in terms of return on assets, return on equity, net interest income, and non-interest income. In contrast, CSR is negatively associated with non-performing loans. Strategic choice is the primary motive of banks to engage in CSR.

The CSR concept participates in better financial performance directly by reducing costs and increasing productivity and contributing indirectly to increasing customer satisfaction (Loureiro et al., 2012). This makes customer satisfaction the overall importance of CSR. As already stated in the introduction, the role of CSR in commercial banking is derived from achieving an adequate financial performance by considering social and environmental objectives. In this sense, a crucial social objective is to achieve high satisfaction level of bank customers and employees, who are considered as the most important stakeholders of commercial banks.

2.2. Customer satisfaction and loyalty in banking

Grigoroudis et al. (2012) define customer satisfaction as a concept that deals with the confirmation of customer expectations, taking into account the positive or negative evaluation of the product or service. The author also states that commercial banks have been forced to operate with emphasis on customer services due to strong competition and long-term achievement since it is linked to bank's ability to adapt to changes of customers' preferences and needs. Furthermore, customer satisfaction is the primary criterion for the assessment of banks' relationships with the market (Munari et al., 2012). Customer satisfaction and maintaining of relationship with customers are two parameters which lead to increased profits for banks (Gupta and Dev, 2012). Terpstra and Verbeeten (2014) agree that customer satisfaction is mostly perceived as a value driver in the banking industry, thus it is positively associated with future customer revenue. Nevertheless, authors argue that customer satisfaction is also a cost driver since it requires future customer servicing as additional costs. Therefore, banks should focus on the profitability of customer satisfaction. Satisfied customers purchase more while dissatisfied customers reduce their portfolios (Terpstra and Verbeeten, 2014) and moreover, satisfied customers tend to spread a positive word-of-mouth regarding services offered to them (De Matos et al., 2014).

CSR initiatives are important in building service loyalty and in addition, customer perception of CSR behavior has direct consequences in the valuation of the services of the company (Mandhachitara and Poolthong, 2011). There is a direct and positive association between CSR activities and attitudinal loyalty. Customer loyalty and satisfaction are dependent on each other, thus if a customer is satisfied, his loyalty increases (Hafeez and Muhammad, 2012).

2.3. Drivers of customer satisfaction in banking

Habibi et al. (2013) present several factors influencing satisfaction. These factors include: friendly behavior, speed in delivery of services, accuracy in providing services, interest of deposits, secrecy, skills of personnel, easy access to services, guiding and presenting the necessary information and willingness to help. Service quality is the most important in achieving customer satisfaction. Khan and Fasih (2014) confirm that all dimensions of service quality have significant and positive association with customer satisfaction and customer loyalty. Banks are forced to compete in today's turbulent environment and special attention to service quality allows customer retention and attraction of new customers which results to achieving competitive advantage (Khan and Fasih, 2014). In addition, service quality improves financial performance through increased profitability (Habibi et al., 2013).

Further drivers of customer satisfaction have been presented, which include level of prices, branch availability and the quality of e-banking. Wruuck (2013) states that price satisfaction plays a significant role in achieving customer satisfaction. Prices of bank services and products together with level of banking fees widely influence customer perception towards the bank. Furthermore, these factors have become the

main reasons why customers change their banks. Recently, as a part of the ascending trend of so called low cost banks, e-banking has achieved a significant importance in commercial banking. Muthukrishnan et al. (2013) confirm that e-banking service has become the most advanced technique used all over the world and the benefits include cost minimization, quick service and easy way in banking transaction, which has indicated that e-banking is among the most rated services of the bank.

2.4. Employee satisfaction and linkage to customer satisfaction in banking

In order to gain trust from the public, organizations shall not only provide quality products and services, but also develop responsible and ethical staff (Yeung, 2011). According to Bena (2010) customer's service experience is defined by the interaction with the organization, the processes and the employees. In this context, employee job satisfaction influences a customer's perception of quality and overall customer satisfaction (Gounaris and Boukis, 2012) and therefore, employee satisfaction significantly reflects their behavior towards customers (Khartabiel and Saydam, 2014).

The employee satisfaction is stimulated by both high internal quality and employee motivation (Grigoriadis et al., 2012). These elements enable them to provide high quality services. According to Gounaris and Boukis (2012), the level of employee job satisfaction is a resource for strategic nature for organizations aiming to improve customer retention rates. As per the authors, banks should protect their ability to build employee job satisfaction. They mention that operational costs (direct and indirect) are involved in increasing employee job satisfaction and therefore, practitioners should treat the costs as a strategic investment. Meena and Dangayach (2012) propose that employee satisfaction is important for an organization as well as for an employee. Bank employees, based on their job satisfaction, believe that organizations need to satisfy them in the long run and in turn they will provide quality care and superior value to customers. This is because they become more committed to their organizations and tend to become more productive. Authors also mention the importance of employee satisfaction for organization and they include enhanced employee retention, increased productivity, reduced recruiting and training costs, improved teamwork and most importantly enhanced customer satisfaction and loyalty. In conclusion, customer satisfaction means to recognize and meet customer's needs and expectations and this assumption should be applied to employees as well.

3. OBJECTIVES AND METHODS

The aim of this paper is to figure out whether CSR strategy of bank affects satisfaction and loyalty of bank customers and employees.

3.1. Conceptual model

The theoretical background discussed in previous sections has been used to design the conceptual model for this research as shown in Figure 1. The proposed conceptual model indicates the effect of *CSR strategy* on satisfaction and loyalty, where *satisfaction* demonstrates customer and employee satisfaction as well as *loyalty* presents both customer and employee loyalty. Furthermore, the scheme assumes a direct relationship between satisfaction and loyalty. Finally, the model takes into account relevant *contextual factors*.

Based on triple bottom line framework and research from Belás, Chochořáková, and Paulík (2014), CSR strategy deals with *economic*, *social* and *environmental* attitudes in commercial banks. Four factors have been chosen to evaluate customer satisfaction in banks: *branch availability*, *service quality*, *prices and fees*

and quality of *e-banking*. Employee satisfaction has been determined by three factors: *support and resources* including employee benefits, education and development opportunities, *work conditions* considering work environment, available equipment and working time and the last factor reflects *management's approach*.

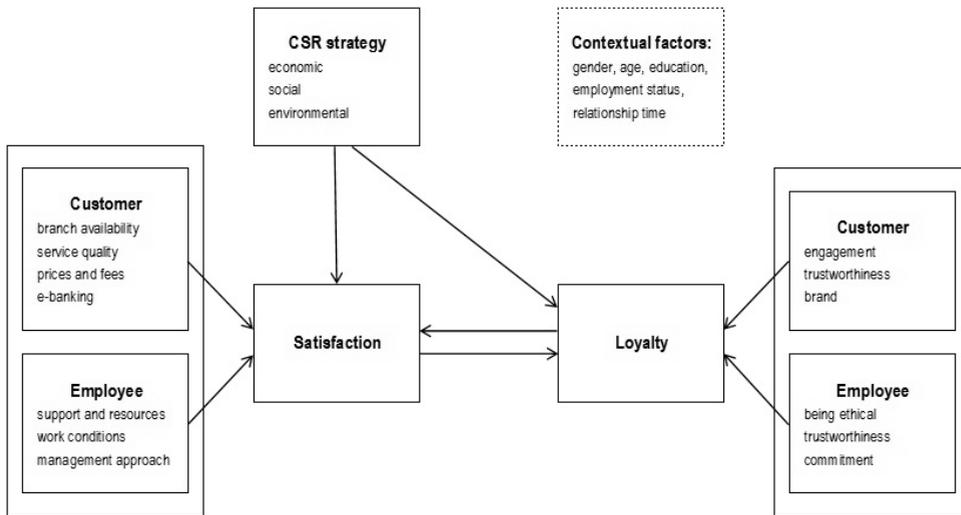


Figure 1. Conceptual model

Own source.

In terms of loyalty three factors have been selected for customers and employees respectively. The first factor *engagement* represents customer participation in any of the bank's activities to improve services or products, for instance in giving feedback to services and products or questionnaire for customer satisfaction. The willingness to recommend a bank's products and services to others represents the factor *trustworthiness* which has been used for both customers and employees. The future using of products and services of current bank expresses *brand*, which is the third factor of customer loyalty. Under the employee loyalty, working according to the set rules and regulations of the banking sector and following the code of ethics express the factor *being ethical*. The third factor *commitment* represents employee's intention to keep working in their current bank. The last part of conceptual model takes into account demographic contextual factors such as *gender, age* and *education* of bank customers and employees. Further relevant factors are *relationship time* with current bank and *employment status* in the case of bank customers.

The research questions have been formulated according to the conceptual model. Thus, the primary research question is defined below.

RQ1: Which CSR elements can be used to measure satisfaction and loyalty in the bank?

Furthermore, additional objectives of the research have been stated to identify the overall customer and employee satisfaction as well as satisfaction with particular factors, to identify customer and employee loyalty to their banks and to detect the relationships between CSR, satisfaction and loyalty. Accordingly, the research sub-questions are defined below.

RQ2: What is the relationship between CSR and satisfaction?

RQ3: What is the relationship between CSR and loyalty?

RQ4: What is the relationship between satisfaction and loyalty?

The research is conducted using quantitative method of questionnaire survey. Munari et al. (2012) states that customer satisfaction surveys are the main source of information to set strategies aimed at meeting needs or understanding of customer perceptions and showing relationships. The questionnaires for both customers and employees have been formulated according to the checklist in the conceptual model.

The sample consisted of 1086 customer respondents whereby 38.7% were men and 61.3% were women. The age structure was as follows: 18 to 29 years were represented by 48.1%, 30 to 50 years were represented by 37.6% and the rest of 14.4% were over 51 years old. Furthermore, the sample consisted of 54 employee respondents whereby 33.3% were men, 66.7% were women. 33.3% were represented by employees up to 29 years old, 50% were between 30 and 50 years old and 16.7% were over 51 years old. The major part of customer respondents were obtained by specialized survey service operating in the Czech Republic to provide an independent and comprehensive sample. Most of the employee respondents were obtained at branches of commercial banks. Statistical software package SPSS was used to analyze data to support the research results.

The questionnaire survey was constructed according to conceptual model, thus it incorporated questions on satisfaction, loyalty and CSR strategy of the bank. For both customers and employees the scale of questions on satisfaction was measured as follows: 1 = very dissatisfied, 2 = dissatisfied, 4 = satisfied and 5 = very satisfied. The scale for loyalty considered only 1 = no and 5 = yes when there was a possibility of “other response”. The questions on CSR strategy were constructed using the following scale: 1 = no, 2 = somewhat no, 3 = I don’t know, 4 = somewhat yes and 5 = yes.

4. RESULTS

Table 1 below shows measurements of descriptive statistics for customers.

Table 1

Descriptive statistics on customer satisfaction and customer loyalty

	Minimum	Maximum	N	Mean	Std.
Satisfaction: branch and ATM availability	1,00	5,00	1086	3,99	1,050
Satisfaction: quality of provided services	1,00	5,00	1086	3,98	,984
Satisfaction: prices of products and banking fees	1,00	5,00	1086	3,49	1,423
Satisfaction: quality of e-banking	1,00	5,00	1086	4,30	,947
Overall satisfaction	1,00	5,00	1086	4,00	1,000
Loyalty: brand	1,00	5,00	979	4,45	1,376
Loyalty: trustworthiness	1,00	5,00	1015	4,05	1,703
Loyalty: engagement	1,00	5,00	1074	2,50	1,939
Valid N (listwise)			938		

Source: own calculation.

The descriptive statistics indicate that the mean values are from 3.49 to 4.30 for satisfaction. Based on these results, there is a high level of satisfaction for Czech bank customers. In overall, 86.8% of them are satisfied with their banks. It was further found that 34.9% of customers are not satisfied with the prices of products and banking fees. The quality of e-banking may be considered as an important driver of customer satisfaction. Concerning the loyalty of bank customers, 77.8% intend to use the products and services of their banks in the future. Only 37.2% of customers have been engaged in their banks' activities that lead to improvement of services or products, e.g. feedback related to services and products or questionnaire survey. The measurement of standard deviation represents the variability in answers.

Descriptive analysis was also performed for bank employees as shown in Table 2. Support and resources recorded the highest satisfaction mean. In overall, 88.9% of employees are satisfied with their employers. On the other hand, it was found out that 27.8% of bank employees are not satisfied with the approach of their management. This is a relatively large proportion. Based on the results, respondents indicated that they work according to the set of rules and regulations of the banking sector. In addition, they follow the code of ethics. The vast majority (90.7%) intend to work for their current banks in the future.

Descriptive statistics on employee satisfaction and employee loyalty, source: own

Table 2

	Minimum	Maximum	N	Mean	Std.
Satisfaction: support and resources	1,00	5,00	54	3,96	,931
Satisfaction: work conditions	1,00	5,00	54	3,78	1,144
Satisfaction: management's approach	1,00	5,00	54	3,54	1,161
Overall satisfaction	1,00	5,00	54	3,91	,896
Loyalty: being ethical	5,00	5,00	54	5,00	,000
Loyalty: trustworthiness	1,00	5,00	54	4,56	1,410
Loyalty: commitment	1,00	5,00	54	4,63	1,170
Valid N (listwise)			54		

Source: own calculation.

As mentioned in the background, CSR strategy of commercial bank and its distinctive elements may be observed and evaluated. In the context of CSR and its perception by bank customers four essential elements have been observed on the basis of economic, social and environmental pillars of CSR: (1) bank's involvement in community development (e.g. investing in community projects or supporting of educational activities), (2) following ethical standards by bank's employees, (3) supporting of projects to help people in need (e.g. supporting of foundations or non-profit organizations as a part of bank's philanthropic activities) and (4) following policies on environment. Thereafter, the results were compared with awareness of these elements by bank employees. Hereby, the research question RQ1 has been answered and mentioned elements will be used to measure satisfaction and loyalty in the bank. Table 3 shows descriptive statistics on CSR elements and Table 4 is designed to present statistical measurements connecting CSR elements with overall customer satisfaction.

Table 3

Descriptive statistics on CSR strategy

	Minimum	Maximum	Customers			Employees		
			N	Mean	Std.	N	Mean	Std.
CSR: economic	1,00	5,00	1086	3,19	,893	54	4,41	,836
CSR: social (ethical standards)	1,00	5,00	1086	3,87	,966	54	4,59	,714
CSR: social (support of projects)	1,00	5,00	1086	3,14	,811	54	4,54	,884
CSR: environmental	1,00	5,00	1086	3,17	,833	54	4,22	,984
Valid N (listwise)			1086			54		

Source: own calculation

As shown in Table 3, the mean values are from 3.14 to 3.87. This indicates that customers generally do not perceive CSR strategy of their banks and therefore, most of them are not aware of the CSR elements that their banks follow. In addition, the low standard deviation values validate the same conclusion as the mean values. It was found out that 64.3% of bank customers do not know if their banks support projects for people in need under the bank's philanthropic activities and 57.9% of them do not know if their banks follow environmental policies. On the other hand, 72.5 % of customers think that banks' employees follow ethical standards and work according to customers' expectations. In comparison to the research results for bank employees, it is evident that there is high level of awareness of CSR strategies in commercial banks by employees. A total of 85.2% agree that their banks support philanthropic projects and 79.7% agree that their banks follow certain environmental policies.

Table 4

Chi-square tests and symmetric measures on overall customer satisfaction in relation to CSR elements

	df	Overall sat. * CSR: economic		Overall sat. * CSR: social (ethical standards)		Overall sat. * CSR: social (support of projects)		Overall sat. * CSR: environmental	
		Value	Asymp. Sig.						
Pearson Chi-Square	12	47,920 ^a	,000	307,667 ^a	,000	65,116 ^a	,000	155,102 ^a	,000
Likelihood Ratio	12	42,662	,000	266,159	,000	57,742	,000	139,109	,000
Linear-by-Linear Assoc.	1	20,403	,000	174,068	,000	26,681	,000	93,196	,000
N of Valid Cases		1086		1086		1086		1086	
		a. 4 cells (20.0%) have expected count less than 5.		a. 3 cells (15.0%) have expected count less than 5.		a. 4 cells (20.0%) have expected count less than 5.		a. 4 cells (20.0%) have expected count less than 5.	
		Value	Approx. Sig.						
Nominal by Nominal	Cramer's V	,121	,000	,307	,000	,141	,000	,218	,000

a. Not assuming the null hypothesis.

Source: own calculation.

In addition, Chi-square tests were used to observe relations between CSR elements and satisfaction and loyalty. Statistical Chi-square test of independence measures whether there is a relationship between two categorical variables, in other words the null hypothesis assumes that one variable is independent from the other variable. Table 4 shows Chi-square tests performed on overall customer satisfaction in relation with CSR elements. The significance value, also known as p-value, in all observed relations is less than the significance level of 0.05 which indicates that there is a significant association between overall satisfaction and all CSR elements. The test is valid when less than 20% of cells in calculated crosstabs have expected count less than 5. This assumption has not been violated. The value of Cramer's V was used as a symmetric measure to determine strength of associated relations. It was observed that range of values from 0.121 to 0.307 indicated a weak effect of dependence.

The identical statistical analysis was used in terms of customer loyalty. It was found out that the vast majority of relations between three aspects of loyalty and CSR elements showed statistically significant associations with weak or moderate effects. As a conclusion based on the research results, CSR and customer satisfaction are dependent variables and the same assumption is applied for CSR and customer loyalty. Regarding bank employees, Chi-square test of independence was not performed due to insufficient number of respondents that caused a violation of the test assumption. Hence, in case of employees, the null hypothesis cannot be rejected and therefore no association between CSR and employee satisfaction and loyalty respectively was observed.

The correlation analysis was conducted to answer the research sub-questions on what are the relationships between CSR, satisfaction and loyalty in commercial banks. The Pearson correlation coefficient is used as a measure of given variables. Its values on the scale minus 1 (complete negative correlation) to 1 (complete positive correlation) represent the level of linear dependence between two variables at given significance level.

Table 5 shows correlation coefficients of overall satisfaction, aspects of loyalty and CSR elements for bank customers. It was observed that overall customer satisfaction has a significant moderate relationship with customers' perception of CSR concerning ethical standards followed by their banks. A similar relationship was found out between this CSR element and trustworthiness as an aspect of customer loyalty. Based on these results, customers tend to be more satisfied when they perceive that bank's employees follow ethical standards and they are more likely to recommend bank's products and services as a result of their trustworthiness. Overall customer satisfaction also indicates positive relationships with loyalty aspects of brand and trustworthiness, which demonstrate that an increase in level of customer satisfaction positively affects customer loyalty to the bank.

In respect of bank employees, the same assumptions were applied in constructing the correlation analysis. A significant positive relationship was observed between overall employee satisfaction and employees' awareness of CSR concerning support of philanthropic projects by their banks. As per results, employees tend to be more satisfied when they are aware of bank's philanthropic activities. Further positive moderate relationship was found out between employee commitment as a part of loyalty and following environmental policy as an environmental element of CSR in the bank. That may indicate employees' intentions to keep working in their current position when their banks are responsible towards the environment.

In addition, positive relationships exist among CSR elements. A stronger significant relationship was observed between awareness of involvement in community development as an economic element of CSR and support of philanthropic projects.

Table 5

Correlation coefficients (customers)

		Overall sat.	Loyalty: brand	Loyalty: trustworthiness	Loyalty: engagement	CSR: economic	CSR: social (ethical standards)	CSR: social (support of projects)	CSR: environmental
Overall satisfaction	Pearson	1	,563**	,552**	-,025	,137**	,401**	,157**	,293**
	Sig. (2-tailed)		,000	,000	,415	,000	,000	,000	,000
	N	1086	979	1015	1074	1086	1086	1086	1086
Loyalty: brand	Pearson	,563**	1	,646**	-,020	,097**	,358**	,163**	,231**
	Sig. (2-tailed)	,000		,000	,536	,002	,000	,000	,000
	N	979	979	947	969	979	979	979	979
Loyalty: trustworthiness	Pearson	,552**	,646**	1	,003	,146**	,407**	,195**	,305**
	Sig. (2-tailed)	,000	,000		,932	,000	,000	,000	,000
	N	1015	947	1015	1004	1015	1015	1015	1015
Loyalty: engagement	Pearson	-,025	-,020	,003	1	,110**	,033	,126**	,080**
	Sig. (2-tailed)	,415	,536	,932		,000	,281	,000	,009
	N	1074	969	1004	1074	1074	1074	1074	1074
CSR: economic	Pearson	,137**	,097**	,146**	,110**	1	,262**	,584**	,426**
	Sig. (2-tailed)	,000	,002	,000	,000		,000	,000	,000
	N	1086	979	1015	1074	1086	1086	1086	1086
CSR: social (ethical standards)	Pearson	,401**	,358**	,407**	,033	,262**	1	,303**	,394**
	Sig. (2-tailed)	,000	,000	,000	,281	,000		,000	,000
	N	1086	979	1015	1074	1086	1086	1086	1086
CSR: social (support of projects)	Pearson	,157**	,163**	,195**	,126**	,584**	,303**	1	,438**
	Sig. (2-tailed)	,000	,000	,000	,000	,000	,000		,000
	N	1086	979	1015	1074	1086	1086	1086	1086
CSR: environmental	Pearson	,293**	,231**	,305**	,080**	,426**	,394**	,438**	1
	Sig. (2-tailed)	,000	,000	,000	,009	,000	,000	,000	
	N	1086	979	1015	1074	1086	1086	1086	1086

** . Correlation is significant at the 0.01 level (2-tailed).

Source: own calculation.

As a conclusion, the research sub-questions RQ2, RQ3 and RQ4 have been answered. There are positive significant relationships between CSR, satisfaction and loyalty at different levels of dependence from weak to moderate. No negative significant relationship among observed variables has been found.

5. DISCUSSION

The concept of CSR in commercial banking has become very important due to banks' irresponsible behavior in causing the recent financial crisis. CSR improves relations with bank's stakeholders and it results in good reputation and economic performance. Customers and employees are considered as the most important stakeholders in commercial bank. The crucial social objective of the bank is to achieve high satisfaction levels of both customers and employees which positively affect bank's financial performance.

The conceptual model of this research was designed to observe the effect of bank's CSR strategy on customer and employee satisfaction and simultaneously on customer and employee loyalty. The quantitative method of questionnaire survey was used to collect data according to the checklist. Four essential elements of CSR have been observed to answer the primary research question: involvement in community development, following ethical standards, support of philanthropic projects and following environmental policies. Stated elements can be used to measure satisfaction and loyalty in the bank.

Regarding bank customers, it was found out that while nearly 87% of them are satisfied with their banks, most of them do not know if their banks have CSR initiatives and thus, they generally do not perceive given CSR elements. As a conclusion, it has been observed that CSR strategy has a slight effect on customers' satisfaction and loyalty despite showing some statistically significant dependence on satisfaction and selected CSR elements. Two directions may be concluded from this result. Firstly, bank customers in the Czech Republic are primarily focused on their products and services provided by their banks and tend to perceive the only quality of these products and services, eventually the amount of banking fees or availability of branches. Therefore, CSR strategy does not have significant influence on their satisfaction. According to McDonald and Rundle-Thiele (2008) banks' efforts to invest in CSR programs with the expectation of improvement in customer satisfaction may misdirect precious resources and do not benefit the majority of their own customers. Instead, it is suggested that customer-centric initiatives may better achieve improvement in customer satisfaction level than CSR initiatives. Moreover, Mandahachitara and Poolthong (2011) state that banks should not expect to spend their assigned budgets on CSR activities and simply wait for the repeat patronage intentions effect to apply. The second direction indicates that bank customers do not perceive CSR due to insufficient or inappropriate communication of CSR strategy by banks' management.

In case of bank employees, both satisfaction and awareness of CSR strategy are at very high levels and consequently, it may demonstrate a strong effect of CSR strategy on satisfaction and loyalty of bank employees. This might indicate a higher level of satisfaction and loyalty when banks follow socially responsible principles. However, the statistical test of independence was not performed due to insufficient number of employee respondents and therefore stated assumption cannot be applied.

The second part of data analysis was performed to observe relationships between satisfaction, loyalty and CSR strategy. It was found out that stated variables are positively related, though at weak level of dependence. Based on data analysis, higher satisfaction level positively influences loyalty and this assumption is applied for both customers and employees. In addition, positive moderate and strong relationships were observed among CSR elements which indicated that CSR and its elements are perceived as complex strategies.

Contextual factors concerning gender, age, education and relationship time were incorporated in designed conceptual model of the research. It was found out that there is an indirect relationship between overall satisfaction and customers' relationship time with their banks. When customers stay in their banks longer they tend to be less satisfied. This is also related with the fact that these customers have less intentions of recommending their banks' products and services of their banks. It was further observed that 57% of young people up to 30 years do not intend to use products and services of their bank in the future. In the context of CSR, women tend to perceive ethical standards and support philanthropic projects of their banks more than men. Based on the research results from bank employees, those aged from 30 to 50 years are more satisfied and majority of them have worked for their banks more than 10 years.

Two limitations of presented research have been identified. The questionnaire survey, containing questions on satisfaction, loyalty and CSR, was provided to customers across all commercial banks in the Czech Republic. In other words, customer from any bank could respond. Though, it should be noted that not every bank follow the concept of CSR or its particular elements. However, it was observed that the significant majority of bank customers within the research sample were obtained from banks with CSR initiatives. The

second limitation is based on different scales in answers to given groups of questions. Regarding satisfaction, the middle way answer was excluded. According to Bena (2010) customers tend to state they are satisfied or check an undecided response and therefore the scale for surveys should eliminate the middle way answers that obligate the customer to adopt a positive or negative position. In terms of loyalty, only positive or negative way of answer was provided with the option of "other response". The reason is that survey questions were designed to answer directly either "yes" or "no", for instance if a customer intends to use products and services of their current bank (*brand*) or if employees work according the set rules and regulations of the banking sector and follow the code of ethics (*being ethical*). Different scales in answers may cause inaccuracies within the data analysis. This is the reason that the results of our research are different from the results of other surveys. For example, according to Belás and Gabčová (2014) the overall satisfaction rate of bank customers in the Czech Republic in 2014 was 66.23%, 16.34% of respondents expressed their dissatisfaction and 17.43% said that they do not have the answer.

A very interesting question is whether CSR in the banking business myth or reality? The financial crisis has focused public attention on the financial industry (San-Jose, Retolaza and Gutierrez-Goria Goire, 2011; Tea, Paulišič and Krstinič-Nižič, 2011). Humphreys and Brown (2008) firms increasingly provide information about their CSR activities - policies and processes that create social responsibility - but the ethical and practical implications have been minimal.

According to Sigurthorsson (2012), the risk of CSR is that it tends to become an excuse for soft laws and corporate self-regulation. Author states that in Iceland banks realized their vision of social responsibility through financial support of charitable events and reduced CSR to a public communications tool, while not paying attention to the formation of socially responsible practices. Socially responsible business practices should focus more on processes that lead to the creation of socially responsible profit and not to socially responsible distribution of this profit. Fassin and Gosselin (2011) argue that large institutions such as Fortis, Arthur Andersen & Co, and AIG, had strong CSR and ethical cultures, and failed anyway. These cases show the discrepancy between official statements and the proceedings of top management. Failure of management and ethics can lead to strategic mistakes with fatal consequences for the company. These cases and the global financial crisis highlight the need for strong ethics and responsibility in company management.

According to Gibbons (2011), many banks do not act transparently in Great Britain where the scope of information provided is insufficient compared to other European countries: quality information for people who are in financial difficulties is absent. Tea, Paulišič and Krstinič-Nižič (2011) found that the banking culture lacks honesty, awareness, responsibility, creativity, objectivity, and professionalism. The moral code does not contain rights and obligations for employers and employees, ethical principles in marketing and advertising, ethical aspects of price setting, or corporate responsibility towards society and the environment. In this context Watkins (2011) argues that banking is a typical capitalist activity aimed at making profit. Laissez-faire policy allows individuals and companies to seek to increase their financial fortune without any limitations.

The financial market presents unlimited opportunities for fortune growth. These factors operate more intensively if profitable opportunities grow in the economy. For example, Goldman Sachs is involved in ethically problematic activities that generate enormously high profits. According to Chatterjee and Lefcovitch (2009), the dilemma lies in the fact that corporate responsibility (profit maximization) is more important to company managers than the concept of CSR. The principal responsibility of managers is to their shareholders. Managers are satisfied if the minimum level of CSR required by law is achieved. Banks are predominantly oriented to maximizing profits and can be totally ruthless in their operations regarding depositors, investors, and the general public interest. Banks violate the law, regulatory rules, and ethical codes in an attempt to maximize their own profit. By Fassin and Gosselin (2011), the more bankers talk about social

responsibility the more they focus on increasing shareholder value, their own personal bonuses, and, after the financial crisis, securing their “golden parachutes”.

For Chatterjee and Lefcovitch (2009), the importance of ethical standards for the financial market consists in the fact that financial markets operate with the money of other owners, and risk may generate profit as well as losses. Too high risk must be minimized for two reasons: confidence in investment must be maintained and the undertaken risk must not be a dangerous investment. The downfall of banks is usually caused by bad-risk investments. In this process expectations of extremely high profit have a dazzling effect on bank managers and the selfish interests of banks dominate in their proceedings. Public interest is relegated to the sidelines.

In practice, in achieving the bank's objective, insufficient attention is given to the correct approach to clients. This was confirmed by Greg Smith, manager of Goldman Sachs, the largest investment bank in the world, who in March 2012, on his departure from the bank, said “that he always took care to advise (Goldman Sachs') clients what he considered for them to be correct, even if it meant less money for the company. That view of the matter, however, is in Goldman Sachs increasingly unpopular.” (Nemec, 2012)

CONCLUSION

This paper was focused on CSR in commercial banks in the Czech Republic and its effects on satisfaction and loyalty of bank customer and bank employees. It is stated that customer satisfaction is a crucial factor of bank's performance and its fundamental asset called trustworthiness. The quantitative method of questionnaire survey was used to find relationships between CSR strategy, satisfaction and loyalty. It was found out that nearly 87 % of customers and nearly 85 % of employees are satisfied with their banks. Four elements of CSR have been observed and can be used to measure satisfaction and loyalty in the bank. Based on the results, the perception of CSR strategy slightly affects the customer satisfaction and loyalty. It was further observed that the awareness of CSR strategy may have strong effect on employee satisfaction and loyalty. The purpose of this paper has been achieved.

Most customers do not perceive CSR strategy of their banks. The implication of this research for bank management is to rethink bank's CSR initiatives to improve customer satisfaction. Also, banks should focus on appropriate communication of their CSR activities towards their customers. Further studies should address the appropriate ways that can be implemented to develop CSR strategy that is geared towards customer satisfaction and customer loyalty.

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