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# The Impact of Corporate Social Responsibility on Customer Loyalty: Exploring the Mediating Effect of Service Quality

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## Abstract

Corporate social responsibility plays a critical role in enhancing a company's reputation, building customer trust, improving employee satisfaction, and contributing to sustainable development, all of which drive long-term business success. Customer loyalty is equally crucial, as it fosters repeat business, strengthens brand reputation, reduces marketing costs, and ensures long-term profitability and sustainable growth for a company. Service quality enhances customer loyalty by providing a superior and consistent experience, which builds trust, satisfaction, and emotional connection, encouraging customers to return and recommend the brand. This study explores the mediating role of service quality in the relationship between corporate social responsibility and customer loyalty within Nepalese commercial banks. A structured questionnaire was used to gather data from 397 customers across various branches, employing a convenience sampling approach. The data were analyzed using Process Macro 4, with a 95% confidence interval and 5,000 bootstrap samples. The results indicate that service quality fully mediates the impact of CSR on customer loyalty, highlighting its critical role in fostering stronger customer relationships in the banking sector. This study demonstrates that enhancing service quality can help foster customer loyalty across various demographic groups. Furthermore, it emphasizes the importance of implementing CSR initiatives that focus on improving service quality to develop greater customer loyalty towards the organization.

**Keywords:** Corporate Social Responsibility, Service Quality, Customer Loyalty, Customer Trust, Commercial Banks

## 1. Introduction

Business operations significantly impact the external environment, societal structures, and consumer behavior, shaping the interconnected dynamics of modern economies (Matten & Moon, 2020). In response to the challenges posed by these influences, corporate social responsibility (CSR) has emerged as a proactive and strategic approach to addressing the broader consequences of business activities. By prioritizing social, environmental, and ethical considerations, CSR serves as a bridge between corporate objectives and societal well-being. It underscores the importance of aligning corporate values with customer expectations and societal demands. As a continually developing concept, CSR reflects the growing emphasis on sustainable practices and responsible business conduct, reinforcing its relevance for both companies and stakeholders in an ever-changing global landscape (Herrmann et al., 2017).

In recent times, corporate social responsibility has emerged as a powerful strategic tool for businesses, driving profitability, enhancing customer loyalty, fostering client engagement, building credibility, and cultivating positive brand perceptions (Calabrese et al., 2016). The growing demand among consumers for socially responsible practices underscores its significance in today's corporate landscape. Businesses are increasingly recognizing the value of addressing social issues as part of their operations, not only to align with ethical standards but also to strengthen trust and loyalty among their customers. By integrating CSR into their core strategies, companies can transform social responsibility into a competitive advantage, fostering long-term relationships and solidifying their position in the market. This shift highlights the evolving role of CSR as a cornerstone of modern business practices, emphasizing its potential to bridge societal expectations with corporate success (Nyadzayo & Khajehzadeh, 2016).

Customer loyalty is a key determinant of business sustainability, characterized by a customer's repeated interactions, advocacy, and commitment to a brand despite competitive alternatives. It is built on the foundation of satisfaction, trust, and positive customer experiences, which foster long-term emotional bonds (Oliver, 2019; Reichheld & Sasser, 2020). Customer loyalty is increasingly driven by personalized experiences, rewards programs, and enhanced emotional engagement, especially in competitive environments (Chaudhuri & Holbrook, 2021; Zeithaml et al., 2019). Loyal customers contribute to consistent sales through repeat purchases and are more likely to advocate for the brand, generating organic referrals and positive word-of-mouth (Reichheld & Sasser, 2020). This advocacy not only attracts new customers but also strengthens the business's competitive positioning in the market. Moreover, customer loyalty reduces marketing expenses, as retaining an existing customer costs significantly less than acquiring a new one (Kotler & Keller, 2016). Businesses with strong customer loyalty also benefit from customer feedback, which helps refine products and services, thereby driving innovation and continuous improvement (Chaudhuri & Holbrook, 2021). In a digital era, loyalty programs and personalized experiences have become instrumental in retaining customers, enabling businesses to gather valuable data and deepen customer relationships (Upshot.ai, 2023; Comarch, 2023). This symbiotic relationship between customer loyalty and business growth underscores its vital role in ensuring sustainable development.

Corporate Social Responsibility significantly impacts customer loyalty by fostering trust, emotional connection, and brand advocacy. Companies that actively engage in CSR initiatives such as environmental sustainability, ethical practices, and community development which demonstrate a commitment to values that resonate with customers, enhancing their perception of the brand (Carroll & Shabana, 2010). CSR activities help build a positive brand image, which strengthens emotional bonds with customers and drives repeat purchases (Lee et al., 2013). In modern markets, where consumers are increasingly conscious of social and environmental issues, CSR has become a competitive advantage. For instance, brands with well-executed CSR strategies report higher levels of customer retention and advocacy compared to those without such initiatives (Martínez & del Bosque, 2013). This underscores CSR's role not just as a moral obligation but as a strategic tool for building sustainable customer loyalty.

CSR initiatives in Nepal are often hindered by limited resources, lack of regulatory enforcement, and insufficient integration into core business strategies, which affects their impact on customer loyalty (Poudel & Sirohiya, 2021). Despite these issues, businesses in sectors such as banking and tourism have started leveraging CSR to enhance their reputations and build customer trust, which is vital for loyalty (Acharya & Paudel, 2020). Service quality also plays a pivotal role in fostering customer loyalty, but Nepalese businesses often grapple with inconsistent service standards due to inadequate training, outdated technology, and infrastructural limitations (Adhikari et al., 2022). These issues are particularly pronounced in rural areas, where businesses struggle to meet customer expectations. However, businesses that successfully combine CSR with improved service quality, such as by aligning CSR efforts with community needs and customer expectations, have reported increased customer satisfaction and loyalty (Shrestha & Bhandari, 2023). Economic instability, marked by dependence on remittances and agriculture, further impacts businesses' ability to invest in customer-oriented strategies and CSR activities (World Bank, 2023). The slow adoption of technology and inadequate focus on sustainability exacerbate these challenges, limiting Nepalese businesses' ability to compete in an increasingly globalized market (Acharya & Paudel, 2020). In light of these issues, this study seeks to investigate the impact of corporate social responsibility and customer loyalty in Nepalese commercial banks, specifically examining the mediating role of service quality.

## 2. Literature Review

Corporate social responsibility signifies an organization's commitment to ethical practices, sustainable economic development, and improving the well-being of employees, their families, communities, and society at large. Schwartz and Carroll (2003) categorize CSR into four dimensions: legal, ethical, philanthropic, and economic responsibilities. These dimensions outline a holistic approach to how businesses can align their goals with societal expectations. Johnson (2011) offers another perspective, emphasizing that CSR involves implementing social programs that ultimately contribute to long-term profit maximization. This viewpoint highlights how responsible business practices can lead to sustainable profitability, aligning societal and corporate interests. Michael Hopkins underscores the significance of CSR as a framework for ethical and responsible treatment of stakeholders, coupled with a commitment to fostering economic progress. The World Council for Sustainable Development supports this perspective, advocating for CSR as a driver of sustainable growth. Susanto (2009) expands on this by identifying CSR as encompassing humanitarian efforts, adherence to legal frameworks, ethical conduct toward surrounding communities, and contributions to economic education. Similarly, Schwartz and Carroll (2018) emphasized the role of decision-makers in prioritizing public welfare and enhancing societal well-being through their actions. In essence, CSR embodies a multidimensional approach where businesses balance profitability with their broader societal responsibilities, ensuring the interests of all stakeholders are addressed ethically and sustainably.

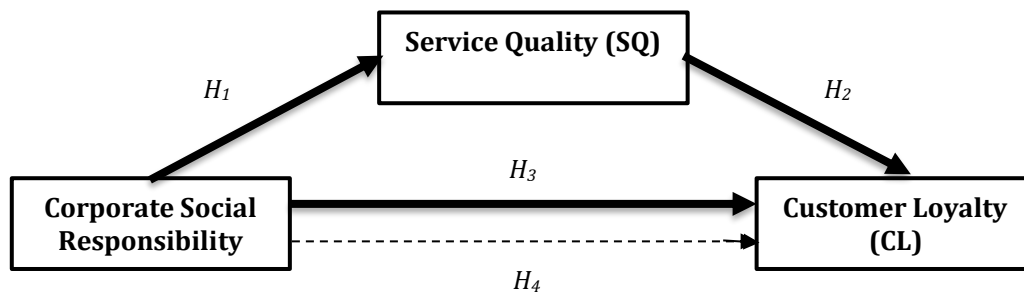
Customer loyalty refers to a consumer's dedication to consistently engaging with a product, service, or brand, even when faced with situational challenges or competing marketing efforts. Sangadji and Sopiah (2013) define it as a commitment to future use, unaffected by external influences. Susanto (2009) views customer loyalty as a strong positive attitude towards a brand or supplier, demonstrated through regular and repeated purchases. Hasan (2014) describes it as the tendency of customers to return frequently to the same provider to meet their needs, indicating a preference for specific products or services. Similarly, Kotler (2012) explains customer loyalty as a commitment to chosen products or services, with a strong intention to repurchase, regardless of external factors. In essence, customer loyalty combines emotional attachment and consistent behavior. It involves not only frequent and repeat transactions but also a positive and enduring attitude toward the company or brand. This loyalty fosters a deeper relationship between the customer and the provider, shaping purchasing decisions and driving long-term engagement. Ailawadi et al. (2014) found that customers' favorable perceptions of corporate social responsibility initiatives by retail sellers significantly enhance customer loyalty.

Martinez and Rodriguez del Bosque (2013) similarly provided empirical evidence of a strong connection between CSR and customer loyalty within the hotel industry. Perez and Bosque (2015) demonstrated that CSR positively influences client loyalty in the banking sector, while Kang and Hustvedt (2014) highlighted a positive association between CSR and repurchasing behavior among customers. Castaldo et al. (2009) argued that in the context of fair-trade goods, CSR contributes to brand loyalty by shaping positive customer perceptions. Park et al. (2022) revealed that in the retail industry, customers' perceptions of an organization's commitment to CSR positively impact their loyalty to the organization. Furthermore, Choi and La (2023) confirmed that in service-oriented sectors such as hospitality, travel, and financial services, customers' awareness of a company's socially responsible behavior significantly enhances their loyalty. Collectively, these findings underscore the critical role of CSR in fostering customer loyalty across diverse industries.

Corporate social responsibility has emerged as a significant determinant of customer loyalty, fostering trust, emotional attachment, and positive brand perceptions (Ailawadi et al., 2014; Kang & Hustvedt, 2014; Castaldo et al., 2009; Park et al., 2022). The mediating role of service quality in this relationship, showing that CSR efforts are more impactful when paired with high service standards. Martinez and Rodriguez del Bosque (2013) revealed that in the hotel industry, CSR influences customer loyalty through improved service quality perceptions. Similarly, Perez and Bosque (2015) identified service quality as a critical mediator in the banking sector, where CSR initiatives strengthen client loyalty. In retailing, Park et al. (2022) found that customers' loyalty is shaped by their perception of both CSR commitments and the quality of services provided. Furthermore, Choi and La (2023) confirmed that in service-oriented sectors like hospitality and financial services, superior service quality amplifies the loyalty-building effects of CSR initiatives. These findings collectively highlight the intertwined roles of CSR and service quality in enhancing customer loyalty.

Service quality plays a pivotal role in driving customer retention by directly impacting customer satisfaction and fostering long-term loyalty (Parasuraman et al., 1988; Alshurideh et al., 2023). High-quality service ensures positive customer experiences, which in turn enhance their commitment to the brand and increase repeat business (Cronin & Taylor, 1992; Monferrer et al., 2023). It also creates a competitive edge, as customers are more likely to remain loyal to organizations that consistently deliver exceptional service (Zeithaml et al., 2016). Additionally, service quality strengthens trust and emotional connections, further reinforcing customer retention, especially in service-intensive industries (Alshurideh et al., 2023; Monferrer et al., 2023). Therefore, businesses prioritizing service excellence not only retain customers but also reduce the costs associated with acquiring new ones (Monferrer et al., 2023). Understanding the relationship between corporate social responsibility and customer loyalty is vital for organizations aiming to build trust and foster lasting relationships with their customers. This study focuses on examining how CSR influences service quality and, in turn, affects customer loyalty in the context of Nepalese commercial banks. Based on existing empirical evidence, research hypotheses have been developed to explore these relationships. Additionally, a conceptual framework is presented in Figure 1, illustrating the proposed connections between CSR, service quality, and customer loyalty, which form the foundation of this investigation.

Figure 1: Conceptual framework



H1: Corporate social responsibility has a significant influence on service quality.

H2: Service quality has a significant positive impact on customer loyalty.

H3: Corporate social responsibility significantly and positively affects customer loyalty

H4: Corporate social responsibility significantly influences the customer loyalty mediated by service quality.

### 3. Methods

This study adopts a descriptive and causal-comparative research design to investigate the relationships among the study variables. The sample comprises 397 customers of Nepalese commercial banks located in the Kathmandu valley, selected through a convenience sampling method. Out of 425 distributed questionnaires, 410 were returned, resulting in a robust response rate of 96.47% (Babbie, 2016). After removing 15 incomplete responses, 397 valid responses were retained for analysis. The study variables were measured using a 5-point Likert scale, with response options ranging from 1 (strongly disagree) to 5 (strongly agree), ensuring a standardized evaluation of participants' perceptions. The data analysis utilized Process Macro 4 (Hayes, 2022) to examine the proposed relationships. Cronbach's alpha was calculated to assess the internal consistency of the constructs (Cronbach, 1951). Table 1 summarizes the Cronbach's alpha values for corporate social responsibility (5 items,  $\alpha = 0.87$ ), service quality (5 items,  $\alpha = 0.92$ ), and customer loyalty (6 items,  $\alpha = 0.88$ ). All values exceeded the recommended threshold of 0.70, confirming that the measurement items are reliable and exhibit strong internal consistency (Cronbach, 1951).

Table 1: Reliability Analysis

Variables	Cronbach Alpha	No. of Items	Reliability
Corporate Social Responsibility	0.87	5	Yes
Customer Loyalty	0.88	6	Yes
Service Quality	0.92	5	Yes

## 4. Results and Discussion

### 4.1 Demographic Profile of the Respondents

The study includes a diverse range of participants from varying demographic and socio-economic backgrounds. Of the 397 respondents, 61.96% were male and 38.04% were female. In terms of marital status, the majority (68.51%) were married, while 31.49% were unmarried. The age distribution reveals that 19.90% were under 25 years, 35.01% were between 25 and 35 years, 35.77% were aged 36 to 45 years, and 9.42% were over 45 years. Regarding educational qualifications, 6.8% were literate, 17.13% had completed school-level education, 44.84% held a bachelor's degree, and 31.23% possessed qualifications beyond a bachelor's degree. This systematic distribution helps to represent a broad cross-section of the population, ensuring varied perspectives based on age, gender, marital status, and educational level.

Table 3: Demographic Profile of the Respondents

N= 397

Variables	Frequency	Percent
<b>Gender</b>		
Male	246	61.96
Female	151	38.04
<b>Marital Status</b>		
Married	272	68.51
Unmarried	125	31.49
<b>Age</b>		
Below 25	79	19.9
25-35	139	35.01
36-45	142	35.77
Above 45	37	9.32
<b>Academic Qualification</b>		
Literate	27	6.8
School level	68	17.13
Bachelor	178	44.84
Above Bachelor	124	31.23

Source: Field survey, 2024

### 4.2 Descriptive Analysis

Table 4 presents the mean scores for key variables measured on a five-point Likert scale, where 1 indicates "strongly dissatisfied" and 5 indicates "strongly satisfied." The mean score for service quality is 4.12 (SD = 0.52), for corporate social responsibility (CSR) is 3.88 (SD = 0.58), and for customer loyalty is 3.98 (SD = 0.56). All mean scores are above the midpoint of 3, indicating that respondents generally perceive these factors as satisfactory. Additionally, Pearson correlation analysis reveals strong positive relationships between service quality and CSR ( $r = 0.78$ ,  $p < 0.01$ ), service quality and customer loyalty ( $r = 0.85$ ,  $p < 0.01$ ), and CSR and customer loyalty ( $r = 0.72$ ,  $p < 0.01$ ). These findings suggest that service quality and CSR are significantly associated with customer loyalty, reinforcing the importance of both in driving customer retention (Zeithaml et al., 1996; Alshurideh et al., 2023).

Table 4: Descriptive Analysis and Correlation Coefficients

Study Variables	Mean	SD	1	2	3
1. Service Quality	4.12	0.52	1		
2. Corporate Social Responsibility	3.88	0.58	0.78**	1	
3. Customer Loyalty	3.98	0.56	0.85**	0.72**	1

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

#### 4.3 Regression Analysis and Test of Hypotheses

This study explores the direct and indirect impacts of corporate social responsibility (CSR) on customer loyalty (CL), with service quality (SQ) serving as a mediating factor. In this model, CSR is positioned as the independent variable, CL as the dependent variable, and SQ as the mediator. The results, presented in Table 5, demonstrate that CSR accounts for 2.85% of the variance in SQ, with the overall model achieving statistical significance,  $F(1, 395) = 9.022$ ,  $p = 0.001$ . Further analysis indicates a significant positive relationship between CSR and SQ ( $\beta = 0.943$ ,  $p = 0.001$ , LLCI = 0.0675, ULCI = 0.2214), providing robust evidence in support of Hypothesis H<sub>1</sub>, which asserts that CSR positively affects SQ. These results are consistent with prior research emphasizing the critical role of CSR in enhancing service quality, which subsequently impacts customer loyalty (Alshurideh et al., 2023; Monferrer et al., 2023). This highlights the strategic importance of CSR initiatives in fostering superior service quality and strengthening customer loyalty in competitive markets.

Table 5: Regression analysis of CSR on SQ

<b>R</b>	<b>R Square</b>	<b>MSE</b>	<b>F</b>	<b>df1</b>	<b>df2</b>	<b>P</b>
0.2166	0.0285	0.8426	9.0223	1	389	0.001
<b>Model</b>						
	<b>Coefficient</b>	<b>SE</b>	<b>t</b>	<b>p</b>	<b>LLCI</b>	<b>ULCI</b>
Constant	2.3713	0.1521	9.2102	0.001	2.0781	3.0614
CSR	0.943	0.0723	3.0069	0.001	0.0675	0.2214

Note: CSR – Corporate Social Responsibility, SQ – Service Quality

Table 6 displays the regression analysis results, with customer loyalty (CL) as the dependent variable and corporate social responsibility (CSR) and service quality (SQ) as the independent variables. The findings reveal a significant indirect effect of service quality (SQ) on customer loyalty (CL) ( $\beta = 0.7126$ ,  $t = 9.6620$ ,  $p < 0.001$ ; LLCI = 0.3157, ULCI = 0.5374). The exclusion of zero from the lower limit confidence interval (LLCI) and upper limit confidence interval (ULCI) further validates the significance of this relationship. These findings provide strong support for hypothesis H<sub>2</sub>, which states that service quality significantly and positively influences customer loyalty. This result is consistent with prior studies that highlight the critical role of service quality in fostering customer loyalty (Parasuraman et al., 1988; Cronin & Taylor, 1992; Alshurideh et al., 2023). Furthermore, the regression analysis demonstrates that corporate social responsibility (CSR) also has a significant positive effect on customer loyalty (CL), as evidenced by the results ( $\beta = 0.0558$ ,  $t = 1.0122$ ,  $p = 0.0018$ ; LLCI = 0.0215, ULCI = 0.1232). The confidence intervals (LLCI and ULCI) do not include zero, confirming the significance of this relationship. These findings support the acceptance of hypothesis H<sub>3</sub>, which asserts that CSR significantly influences customer loyalty. This aligns with previous research, which highlights the positive impact of CSR initiatives on fostering customer loyalty (Zeithaml et al., 1996; Martínez & Rodríguez del Bosque, 2013; Alshurideh et al., 2023). Additionally, the indirect effect of corporate social responsibility (CSR) on customer loyalty (CL) through service quality (SQ) is significant, as indicated by the regression results ( $\beta = 0.2409$ ; bootstrapped 95% confidence interval: LLCI = 0.0254, ULCI = 0.1322), as shown in Table 7. This suggests that CSR influences CL primarily through its effect on SQ. The confidence intervals do not include zero, confirming the significance of this indirect effect. These findings support a full mediation model, where SQ fully mediates the relationship between CSR and CL, thus accepting hypothesis H<sub>4</sub>, which posits that SQ mediates the relationship between CSR and CL. This is consistent with the prior research highlighting the mediating role of service quality in the CSR-customer loyalty relationship (Zeithaml et al., 1996; Martínez & Rodríguez del Bosque, 2013).

Table 6: Regression analysis of CSR and SQ on CL

<b>R</b>	<b>R Square</b>	<b>MSE</b>	<b>F</b>	<b>df1</b>	<b>df2</b>	<b>P</b>
0.6532	0.4267	0.5132	75.1821	2	395	0
<b>Model</b>						

	<b>Coefficient</b>	<b>SE</b>	<b>t</b>	<b>p</b>	<b>LLCI</b>	<b>ULCI</b>
Constant	0.6171	0.2351	3.0507	0.0026	0.2536	1.1806
CSR	0.0538	0.056	1.0122	0.0018	0.0215	0.1232
SQ	0.7126	0.0532	9.682	0	0.3157	0.5374

Note: CSR – Corporate Social Responsibility, SQ – Service Quality, CL – Customer Loyalty

Table 7: Indirect Effect of CSR on CL

<b>Path</b>	<b>Effect</b>	<b>Boot SE</b>	<b>Boot LLCI</b>	<b>Boot ULCI</b>
CSR → SQ → CL	0.2409	0.0456	0.0254	0.1322

The analysis of the study supports all four hypotheses. Firstly, it confirms that Corporate Social Responsibility (CSR) has a positive effect on Service Quality (SQ), as indicated by H<sub>1</sub>. Secondly, H<sub>2</sub> is supported, showing that higher Service Quality leads to greater Customer Loyalty (CL). Additionally, H<sub>3</sub> demonstrates that CSR directly influences Customer Loyalty in a positive manner. Finally, H<sub>4</sub> is also supported, as Service Quality was found to fully mediate the relationship between CSR and Customer Loyalty, meaning that the impact of CSR on customer loyalty occurs through its effect on service quality. A summary of the hypotheses testing results is provided in Table 8.

Table 8: Summary of Hypothesis Testing

<b>Hypotheses</b>	<b>Paths</b>	<b>Results</b>
H <sub>1</sub>	CSR → SQ	Supported
H <sub>2</sub>	SQ → CL	Supported
H <sub>3</sub>	CSR → CL (Direct)	Supported
H <sub>4</sub>	CSR → SQ → CL (Mediation)	Supported

#### 4.4 Discussions

The results of this study provide strong evidence supporting the positive relationship between corporate social responsibility and service quality. This finding aligns with previous research indicating that companies that engage in socially responsible behaviors often enhance their service quality, as CSR initiatives contribute to a positive organizational reputation and improve customer perceptions (Lee & Shin, 2010). CSR activities, such as environmental sustainability efforts, ethical business practices, and community engagement, can enhance the overall service experience by fostering trust and reliability, which in turn improves the quality of service offered to customers (Kotler & Lee, 2005). This relationship underscores the growing importance of CSR in enhancing the customer service experience, suggesting that companies should integrate CSR into their operational strategies to improve service quality.

In addition, the study confirms that service quality is positively associated with customer loyalty, supporting the notion that customers are more likely to remain loyal to businesses that consistently provide high-quality services. This result is consistent with the findings of previous studies, such as those by Zeithaml et al. (1996) and Parasuraman et al. (1988), who highlighted that superior service quality fosters customer trust and satisfaction, which are key drivers of loyalty. The emphasis on service quality in the service sector, particularly in the hospitality and banking industries, suggests that businesses must prioritize service excellence to maintain competitive advantage and customer retention.

Furthermore, the direct positive influence of CSR on CL, as demonstrated in this study, adds to the growing body of literature supporting the direct benefits of CSR on customer relationships. Previous research has shown that CSR initiatives not only improve the perception of the company but also foster emotional connections with customers, leading to increased loyalty (Sen & Bhattacharya, 2001). Customers who perceive a company as socially responsible are more likely to support it in the long term, as they identify with the company's values and mission (Bhattacharya & Sen, 2004). This direct relationship between CSR and customer loyalty highlights the potential of CSR as a strategic tool to build lasting customer relationships.



Finally, the study finds that service quality fully mediates the relationship between CSR and customer loyalty, suggesting that the impact of CSR on customer loyalty is channeled through its effect on service quality. This result is consistent with the work of Martínez & del Bosque (2013), who found that CSR influences customer loyalty indirectly by enhancing service quality. By improving service quality, CSR initiatives help create a more satisfying customer experience, which in turn leads to greater loyalty. This mediating effect underscores the importance of focusing on service quality as a key mechanism through which CSR initiatives can influence customer behavior and loyalty.

## 5. Conclusion

This study highlights the significant role of corporate social responsibility that plays in enhancing service quality, which subsequently leads to greater customer loyalty. The positive relationship between CSR and service quality demonstrates that businesses engaging in socially responsible activities are likely to improve the quality of the services they provide. Customers today are increasingly aware of the ethical and social practices of the companies they engage with, and as such, CSR initiatives not only help fulfill societal obligations but also contribute to tangible improvements in service delivery. By incorporating sustainable practices, ethical values, and community engagement, organizations are able to strengthen their service offerings, resulting in enhanced customer satisfaction. This improved service quality creates a deeper emotional connection with customers, which leads to increased customer trust and satisfaction, ultimately fostering long-term loyalty.

Furthermore, the findings from this study emphasize that CSR has a direct, positive effect on customer loyalty, and that this impact is mediated through its influence on service quality. Customers tend to reward organizations that are perceived to act responsibly by becoming more loyal, as they appreciate companies that contribute positively to society. The service quality that arises from CSR initiatives creates a strong foundation for customer trust, making customers feel more valued and respected. This connection further solidifies their commitment to the brand. Therefore, it is evident that CSR not only serves as a tool for societal impact but also functions as a strategic driver of customer loyalty. As businesses seek to differentiate themselves in competitive markets, investing in CSR initiatives should be viewed not only as an ethical obligation but also as a long-term business strategy that enhances service quality and strengthens customer loyalty, ensuring sustained organizational success and a positive brand reputation.

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