Received 22 July 2014
Revised 13 October 2014
Accepted 8 December 2014

Serving the poor: captive market CSR and repurchase intention

Saju Jose
College of Business Administration, Abu Dhabi University, Abu Dhabi, United Arab Emirates
Nilesh Khare
Department of Management and Human Resources, The Ohio State University, Columbus, Ohio, USA, and
F. Robert Buchanan
Eberly College of Business and Information Technology, Indiana University of Pennsylvania, Indiana, Pennsylvania, USA

Abstract

Purpose – The purpose of this paper is to examine whether corporate social responsibility (CSR) activities of the firm affect poor captive consumers' repurchase intentions, and whether or not CSR activities may moderate established relationships that drive repurchase intentions.

Design/methodology/approach – A survey was administered to 201 poor microfinance borrowers at the bottom of the pyramid in India in a cross-sectional field study format. Multivariate regression is used to examine relationships between CSR and repurchase intention.

Findings – All else being the same, CSR activities aimed at the borrowers' communities affects repurchase intentions positively even among poor captive borrowers. Further, positive perceptions of CSR to some extent mitigate the negative impact of the dissatisfaction on repurchase intentions. Unmarried borrowers, mostly female, were more moved by CSR impressions compared to their married counterparts.

Research limitations/implications – Future research could identify other aspects of demographic differences in borrowers, and capture more about attitudes toward CSR and motivations for borrowing. Longitudinal study can establish causality that cannot be inferred from this cross-sectional field study. More diverse locations and organizations would offer wider generalizability. It will be interesting to examine if poor and captive customers would care about CSR activities even when such activities are targeted at recipients unrelated to them or their communities.

Originality/value – The dynamics of CSR in poor captive consumer communities are somewhat novel. Microfinance context makes it even more so as the borrower is both a client and a recipient of CSR simultaneously. Results suggest that like well-off consumers, poor and captive customers also care about dissatisfaction and CSR.

Keywords India, Consumer attitudes, Marketing concept, Social responsibility, Emerging markets, Financial services

Paper type Research paper

Introduction

Corporate social responsibility (CSR) has been written about since 1953 (Bowen), and extensively since 1970 (Taneja *et al.*, 2011). Long popular with firms from developed markets, CSR is now appearing in emerging market organizations that are ready to consider the triple bottom line (Elkington, 1997) of economic-social-environment. This paper addresses microfinance lenders and their clients as an under-researched segment of emergent CSR. Along with altruism of service to communities are theories that CSR can lead to profits. This could be achieved through an improved brand image involving

International Journal of Bank Marketing
Vol. 33 No. 3, 2015
pp. 316-329

0265-2323
DOI 10.1108/IJBM-07-2014-0102

CSR-driven product or market development (Torres *et al.*, 2012). One very desirable effect is increased customer repurchase (Schaltegger and Wagner, 2006).

Several factors such as customer satisfaction with services, product performance, firms' reputations, and CSR have been found as positive contributors to repurchase intentions (Albinger and Freeman, 2000; Du *et al.*, 2007). Firms may use CSR activities that are congruent with their customers to differentiate their offering (Fombrun and Shanley, 1990; Sen and Bhattacharya, 2001; Turban and Greening, 1997). In turn, relatively affluent customers in the developed world are found to reward such firms via increased preference and frequent repurchases (Du *et al.*, 2007; Klein and Dewar, 2004). Most of the research examining factors affecting repurchase intention has been done in the context of developed world business mainly in the USA and the UK (Belal, 2001; Maignan and Ferrel, 2001; Matten and Moon, 2008). Belal (2001), highlights the importance of CSR research in emerging economies given the valuable insights it can offer to scholars. In emerging markets, the increasing response is that CSR is a topic area few can afford to ignore. One valid unanswered question is whether poor customers, particularly from emerging markets, would reward a firm for its CSR activities.

A current gap in literature is in the absence of viewing CSR from the bottom-up in poor markets, particularly in utilizing the perceptions of respondents whose voice is seldom available. Existing literature continues to typically examine top-down aspects of CSR relating to the poor from a social vulnerability perspective (Arnold and Valentin, 2013; Jamali and Mirshak, 2007). This includes topics of exploitation (Karnani, 2007; Santos and Laczniak, 2009) and human rights (Arnold, 2010; Wettstein, 2012). While recently a few researchers (e.g. Jose and Buchanan, 2013) have begun to examine the effect of CSR on repurchase intention in poor communities, we are unaware of work that empirically examines CSR perceptions of captive microfinance borrowers.

The microfinance industry in emerging economies is characterized by largely poor captive borrowers who may not commonly be seen as influenced or even particularly cognizant of their lenders' CSR activities. This study, after controlling for customer dissatisfaction and micro-ventures' performance examines if lender's CSR activities affect poor microfinance clients' re-borrowing (repurchase) intentions.

The study contributes to three different literature streams. First is the perspective of providing marketing insights on the relationship between CSR effect (Perez and Rodríguez del Bosque, 2013) and repurchase intention in a developing country context. Second, it suggests that captive poor microfinance borrowers care about CSR in ways similar to what has been observed in affluent western developed world context characterized by competition and empowered customers (Perez and Bosque, 2014). Third, while some microfinance studies examine demographic elements of predominantly female borrowers (Jafree and Ahmad, 2013), the study applies CSR perceptions in finding that age profile and marital status of these women influences how CSR affect their repurchase intentions.

Our project was a unique opportunity to collect data from the poorest and most desperate marketing subjects: microfinance borrowers at the bottom of the pyramid (Prahalad, 2005) in South India. A microfinance institution (MFI) gave data collection access to villager poor for the benefit of this study. In general, the poor microfinance borrowers being served by MFIs lack alternative options for small financial resources that are vital to their existence. These individuals need funding for the continuance of very basic business activities in extremely poverty ridden communities. Such lending activities launched the original microfinance movement, which is now internationally established and is now appearing in affluent and developed market communities as well (Yunus *et al.*, 2010). Two things are important to note concerning the MFI in this study and their vulnerable client base. First, being a bank with Christian values, they proclaimed a CSR agenda behind their microfinance initiatives, touting support services for borrowers' communities via their web site, brochures, etc. Second, the MFIs' careful selection process ensured that its clients belong to the absolute poor category.

First section provides an overview of relevant literature and builds hypotheses. Second section describes data and measurements. Third section 3 presents analysis and results. Fourth section offers discussion and concludes.

Literature review and hypotheses

Micro-venture performance and repurchase intention

Relationship marketing is one of the most important topics in the marketing domain and it emerged as a new paradigm in the1980s due to a shift in focus from customer acquisition to customer retention (Sheth and Parvatiyar, 1995). The main objective behind this is to create and maintain relationships with stakeholders, particularly the customers (Kotler and Keller, 2008). Contributing to the rapid emergence of relationship marketing are the growth of the service sector, changing expectations of customers, and disintermediation due to the advancement of technology (Sheth and Parvatiyar, 2000). The benefits of relationship marketing for the customers include lower search cost, customization, and risk reduction (Bhattacharya and Bolton, 2000).

Firms can benefit from increased customer loyalty in the form of repurchase intention as well as lower transaction costs (Harris and Goode, 2004). Repurchase intention is the extent to which customers are willing to purchase the same product or service from the same provider and is a vital indicator of future purchases and anticipated business performance (Jones and Sasser, 1995; Lin and Liang, 2011; Seiders *et al.*, 2005). The MFI depends upon repurchase by their bottom of the pyramid customers, as the incremental loan amounts are small and the transaction costs associated with vetting and initiating new clients is comparatively high.

In the past two decades microfinance has advanced from a new concept to a successful tool for poverty alleviation. It has progressed to become a Nobel Peace Prize winning concept for facilitating business at the bottom of the pyramid (Carlin, 2006; Rogaly, 1996). Poverty alleviation via microfinance is based on a premise that relatively cheaper access to finance from microfinance lenders enables micro-entrepreneurs to realize gains from their micro-ventures. While reduced poverty via microfinance is not guaranteed (Hulme, 2007), microfinance in general has helped improve conditions of the poor borrowers in relation to what is possible without such access (Khandekar, 2005). Several studies note that successful micro-ventures have helped micro-entrepreneurs improve their living standards. Microfinance has enabled people to diversify into non-seasonal businesses ensuring fairly steady incomes (Ahmad, 2007; Harper, 2007). In some cases, where the income is supplementary in nature, it could be used for education, health expenditure, and savings (Khandekar, 2005; Pearlman, 2006).

Loan proceeds from Indian MFIs are usually disbursed via small borrowers' self-help groups (SHGs) at the neighborhood level. Initially, each member on her turn is allowed to borrow a small amount. Continued loan to support continuation and/or further growth of the micro-venture is usually available only when venture proves successful and gains the approval of majority of the group members. In the absence of any standardized formal record of micro-ventures' business history, the mechanism involving social approval and monitoring via group members serves as a vital instrument for further access to loan funding or renewal of current debt. As this information is rarely available outside the group to other microfinance lenders, borrowers interested in future loans are tied to their current group and microfinance lender. Given its impact on potential escape from poverty and better living standards, access to continued borrowing is vital for micro-borrowers. In contrast, failure of proposed venture is more likely to burden micro-entrepreneurs with additional debt burden and reduce interest in continued borrowing. Thus, we propose the following:

H1. Performance of the micro-business venture will positively affect borrowers' intentions to use the same microfinance lender in the future.

Customer satisfaction and repurchase intention. Most of the marketing literature examining factors affecting repurchase intention confirms a positive relationship between customer satisfactions and repurchase intentions (Mittal and Kamakura, 2001; Oliver, 1999; Yu and Dean, 2001). However, a few studies (e.g. Jones and Sasser, 1995; Seiders *et al.*, 2005) have questioned the nature of relationship between satisfaction and repurchase intention. Although not disputing that dissatisfaction hurts repurchase intention, Yi and La (2004) argue that higher customer satisfaction does not necessarily result in higher repurchase. Variables such as purchase situation, consumers income, and consumers' psychological judgments may potentially affect the relationship between customer satisfaction and repurchase intention (Seiders *et al.*, 2005). In ways that are more complex than expected (Anderson and Srinivasan, 2003) these divergent perspectives warrant continued research. Importantly, most of the work has been done in the context of developed country environments where arguably competitive offering allow dissatisfied and empowered consumers to switch service providers.

In the case of poor buyers, it has been shown that they pay more than affluent buyers for ordinary goods and services due to exploitation (Caplowitz, 1963; Viswanathan *et al.*, 2012). Vulnerable populations, particularly in the USA, have been studied in consumption constraints literature (Hill and Kozup, 2007). It suggests that although dissatisfied, constraints often push vulnerable borrowers to repeat borrowings and debt overburden. In emerging markets characterized by poor regulatory monitoring, stronger constraints, it is plausible that poor and captive borrowers may choose to ignore their dissatisfaction and prefer to appreciate relatively vital and low cost access to funds via microfinance service provider.

Poor buyers can also be characterized as having resilience, and their plight to be transitory (Baker *et al.*, 2005; Viswanathan *et al.*, 2012). It is likely that increased awareness of consumer rights, social equality, competition, and media may shape poor and captive microfinance borrowers' expectations on service levels satisfaction and impact their repurchase intentions.

In sum the relationship between service level satisfaction and poor captive microfinance borrowers' repurchase intention is an empirical question. Our second hypothesis examines the following:

H2. Dissatisfaction with the services by a lender will negatively affect borrowers' intentions to use the same microfinance lender in the future.

CSR and repurchase intention. CSR often relates to discretionary activities businesses undertake to serve social causes. Additionally, a primary motivation for organizations engaging in CSR activities is to attract customers, shareholders, or donors. Many organizations now use CSR to build reputation and differentiate themselves from competitors (Albinger and Freeman, 2000; Fombrun and Shanley, 1990; Sen and Bhattacharya, 2001; Turban and Greening, 1997). Lichtenstein *et al.* (2004) found consumers to be more emotionally attached and more loyal toward companies that engaged in CSR activities. While there are long-term relational outcomes, such as greater customer loyalty and advocacy behaviors, CSR initiatives of companies often result in short-term transactional outcomes, such as greater purchase likelihood or premium for products (Du *et al.*, 2007). However, studies have also revealed that CSR initiatives do not always generate positive effects (Berens *et al.*, 2007; Chomvilailuk and Butcher, 2010; Fairclough, 2002; Landman *et al.*, 2002). Hence the findings relating to the effects of CSR on customer responses so far are overall inconclusive. Recently scholars have focussed on CSR effects in the retail banking sector. However most of the studies have focussed on dependent measures that evoke a more emotional response. Behavioral responses to CSR in the form purchase intentions has been overlooked by many scholars (Chomvilailuk and Butcher, 2013).

Microfinance providers often tie up with NGOs and other developmental organizations to offer discretionary services such as healthcare vaccinations, support for access to nutritional food, vocational training, and education to the borrower communities at large. These services usually fall under the umbrella of CSR, while the microfinance initiative itself at times is presented as CSR to the other stakeholders (Prahalad, 2005). Such activities are intended to generate borrowers' goodwill and preference for an MFI service provider, assuming that the firm does not appear to be deceptive or disingenuous. While CSR activities may generate goodwill effect, as argued above given captive situation, we seek to determine if CSR is positively related to repurchase intentions in this population with the following hypothesis:

H3. Positive perception of CSR activities of the lender will lead to stronger repurchase intentions.

CSR, service level dissatisfaction and repurchase intention. An interesting related question is to what extent positive CSR perceptions might serve to mitigate customer dissatisfaction with service from the MFI. More recent research on CSR among other things has examined resilience to negative information (Du *et al.*, 2007; Klein and Dewar, 2004; Lichtenstein *et al.*, 2004; Peloza, 2006). Klein and Dewar (2004) explored the benefits due to positive CSR associations. In a "product harm" crisis (a situation that creates consumer uncertainty about product quality), positive CSR associations can minimize the damage done to a company. Green and Peloza (2011) suggest that values created through CSR for customers can enhance or diminish product attribute, thus indicating the moderating effect of CSR. This suggests that while in general dissatisfaction with the product or service could be negated to a certain degree by the presence of CSR, in some situation CSR may aggravate dissatisfaction. Effects CSR may have on relationship between dissatisfaction and repurchase intention is an empirical puzzle. We hypothesize that CSR has a moderating effect on repurchase intentions for borrowers who are dissatisfied with their lender:

H4. The higher the positive perception of Corporate Citizenship, the less is the negative impact of dissatisfaction on repurchases intention.

Figure 1 summarizes the hypotheses.

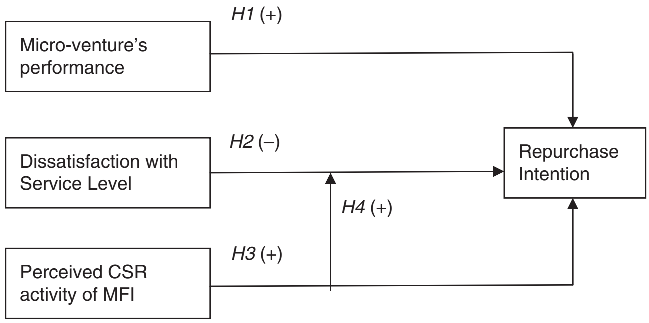

Figure 1.
Summarized hypotheses

Methodology

Data collection and sample. Complete surveys were acquired from 201 borrowers, out of 206 who were solicited for participation. Consistent with the claims of Saunders *et al.* (2006) the high response rate of 97.5 percent was due to in-person administration of data collection by a researcher. As the complete universe of microfinance borrowers in India and Asia is widely dispersed and substantially informal in nature, any estimate of their full population would be speculative. The MFI accessed for this study had organized their clients in each locality into SHGs and they held meetings every week. Each of these groups consisted of 15-20 members. The loan disbursement mechanism was through the SHGs. Our survey data were collected via written questionnaire distributed at the end of a regular meeting at various SHGs. The researcher gave a brief introduction, explaining the purpose of the study and assuring the respondents of strict anonymity. The survey was translated into Malayalam (the language of Kerala) and Tamil (the language of Tamil Nadu) and back-translated to English, to ensure the clarity of all items. Typical to the MFIs borrowers' profile, nearly all respondents were females and employment status was part-time for the majority of the borrowers. While 12 respondents were below 20 years of age, only six were above 56 years. The mean age of respondents was 35; and 114 were single while 87 were married.

Variables and measurement. Survey items for the independent variables were measured on a five-point Likert scale from "strongly agree" to "strongly disagree." The body of the survey contained randomized items comprising 12 items from the Customer Discontent Scale (CDS), developed by Lundstrom and Lamont (1976) and validated in numerous studies. There were also 19 general business perception items such as "the quality of services and products offered by Micro Finance Provider has consistently improved over the years." The resulting two constructs of dissatisfaction and performance were established through confirmatory factor analysis with varimax rotation and Kaiser normalization.

Customer dissatisfaction was a five-item scale using such items as "microfinance provider is not willing to listen to the consumer." Performance of the micro-venture aggregates four items such as "income from the business has helped provide three meals per day for my family" which is related to micro-venture's performance and improvement in borrowers' standard of living. The multiple item variables were tested for reliability. Cronbach's α – well above 0.7 and 0.6 for CDS and performance measures, respectively – were found to be acceptable and weakly acceptable (George and Mallery, 2003; Nunnally, 1978). The other independent variable, CSR, is a single item measuring response to the statement: "My micro finance provider is a good corporate citizen."

The dependent variable, repurchase intention, is measured from a direct response: "In future I would use the same micro finance provider for my financial needs." Measurement on this item was captured in a range of 5 to 1 with neutral response represented by 3. Table I captures descriptive statistics and correlations.

Analysis and results

Table I provides the descriptive statistics. In general, borrowers were interested in repurchase and strongly perceived MFI to be engaged in CSR activities. About 12 percent of respondents expressed disagreement or strong disagreement to likelihood of borrowing form the same MFI in future. Totally, 45 percent of borrowers expressed agreement with likelihood of borrowing from the same MFI, 21 percent of them indicating "strong agreement"; 87 percent of borrowers perceived MFI to be engaged with CSR activities targeted at the wellbeing of their larger community. Performance was perceived moderately favorable, and borrowers were overall a bit dissatisfied with MFI services. While performance score was higher than 2.25 for about 50 percent of the borrowers; dissatisfaction score was higher than 2.6 for about 40 percent of the borrowers. The dependent variable was strongly correlated to independent variables (Table I). All independent variables were uncorrelated with each other except negative significant correlation between dissatisfaction and performance. Variance inflation factor scores were between 1.08 and 1.26, well below 10, indicating negligible concerns for multicollinearity (Salmereon *et al.*, 2013).

Using SPSS, we followed stepwise multivariate linear regression models to test the hypotheses discussed in second section and summarized in Figure 1. Response scores were centered for regression analysis. Dependent variable with neutral response represented by 0 is assumed to have independent and identical error term distributed normally. Model 1 examines *H1* and *H2* concerning relationship of dissatisfaction and performance with repurchase intention. Model 2 tests *H3* by incorporating CSR while controlling for dissatisfaction and performance. Model 3 examines paired interaction (Baron and Kenny, 1986; Oliver, 1976) between CSR and dissatisfaction. Table II summarizes the results of the various models.

As shown in Table II, we find support for *H1* in all the three models (p-values below 0.033) confirming that micro-ventures' performance is positively related to repurchase intentions. Likewise, all models strongly support *H2* at a p-values at near 0, relating to dissatisfaction and repurchase desires. As hypothesized in *H3*, CSR is positively related to repurchase intention (model 2 with p-values of 0.00). Comparing adjusted R^2 from models 1 and 2 underscores that CSR importantly contributes to explaining repurchase intentions. Loss of significance in model 3 may be due to interaction terms involving CSR in the model.

	Min.	Max.	Mean	SD	Correlation matrix			
Repurchase intention	−2.00	2.00	0.6517	1.12	1			
CSR	1.00	5.00	3.8408	1.12	0.477**	1		
Performance	1.00	5.00	2.6219	0.839	−0.492**	−0.056	1	
Dissatisfaction	1.20	4.80	2.6396	0.882	0.253**	−0.084	−0.241**	1

Note: **Significant at p-value 0.01

Table I.
Descriptive statistics

Model 3 tests moderation effect of CSR on the relationship between dissatisfaction and repurchase intention. Consistent with the hypothesized relationship in *H4*, CSR buffers negative effects of dissatisfaction on repurchase intentions ($p < 0.05$). The result suggests that higher perception of CSR by MFI indeed diminish negative effects of dissatisfaction on repurchase. Figure 2 depicts the moderation effects.

Discussion

Results in this paper suggest that micro-ventures' performance, dissatisfaction with MFIs, and MFI's CSR activities affect captive borrowers' repurchase intention. Significant main effect in the first hypothesis shows that performance enhances customers' loyalty to the firm. It is understandable that micro ventures' performance will affect repurchase intention of the borrowers, and managers' willingness to offer additional loan positively. Similar to well-off customers, dissatisfaction from service levels significantly and negatively affects these borrowers' repurchase intentions. Managers would do well by not naively ignoring dissatisfaction of their poor captive borrowers. *H3* indicates that MFI's commitment to socially responsible activities targeted broadly at the well-being of their community positively affects poor borrowers' repurchase intentions. It suggests that even poor borrowers care about CSR

Variables	Model 1	Model 2	Model 3
Constant	1.705 (000)**	−0.411 (0.273)	1.078 (0.190)
Performance	0.184 (0.033)**	0.248 (0.001)**	0.247 (0.001)**
Dissatisfaction	−0.583 (0.000)**	−0.535 (000)**	−1.183 (0.000)**
CSR		0.475 (0.000)**	0.056 (0.793)
Dissatisfaction × CSR			0.182 (0.043)**
n	194	194	194
Adjusted R^2	0.252	0.478	0.487

Notes: **p-value < 0.01; *p-value < 5

Table II. Results: repurchase intention

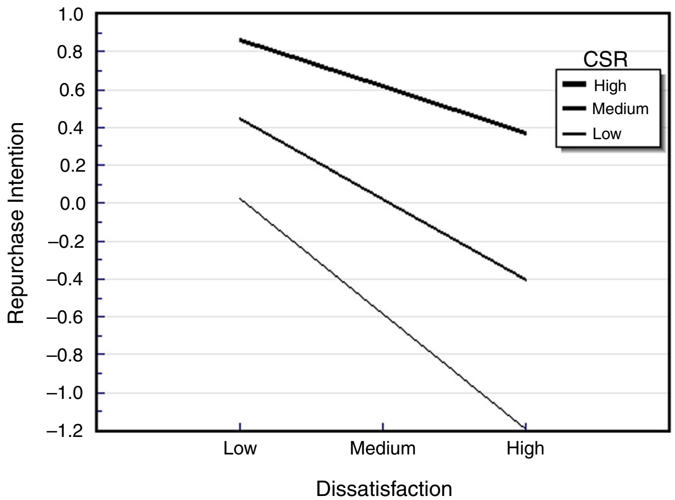

Figure 2. Moderation effect of CSR on the relationship between dissatisfaction and repurchase intention

activities. Support for *H4* indicates that the presence of CSR activities buffers negative effects of dissatisfaction on repurchase intentions. Thus unhappy customers, even at this level of poverty, show improvement in attitude when they have favorable perception of their supplier's CSR.

Demographics captured during this paper's focus on CSR's effect on repurchase intentions revealed some interesting differences in attitude due to marital status. We found a significant main effect of marital status on repurchase intentions ($p < 0.05$), with married people less likely to repurchase than single borrowers. It is plausible that married status puts women in a position to be able to rely on spouses, and prioritize family wellbeing. Ironically, embeddedness in immediate family concerns may make them less cognizant of the value of CSR when compared to their more vulnerable unmarried counterparts. Single borrowers are often the elder siblings who come forward to help parents with family responsibilities representing altruistic behavioral characteristics. While microfinance women borrowers have often been studied (D'Espallier *et al.*, 2013; Jafree and Ahmad, 2013), we are unaware of the study that examines differences in behavior of borrower subgroups based on marital status. We extend analysis further by splitting the data across single and married borrowers and examining CSR's direct and moderating effects on repurchase intentions via testing models 2, and 3 for samples of married and single women borrowers. Table III summarizes the results.

Results from Model 2 for both single and married borrowers in Table III suggest that dissatisfaction, performance, and CSR all support relationship hypothesized in *H1-H3*, respectively. Effect sizes and p values suggest that single borrowers are less affected by dissatisfaction, performance, and moved more by CSR activities. It may be because married borrowers who are focussed on their immediate family wellbeing enjoy security from spouses' earning. They are not as dependent on the bank relationship and can leave if they so desire. Whereas single borrowers are aware of their own vulnerability, and may be due to their altruistic behavior are more responsive to the lending firm's CSR activities. As hypothesized in *H4*, CSR is found to mitigate negative effect of dissatisfaction on repurchase intentions only for single borrowers.

Implications, limitations, and conclusions

This study after controlling for customer dissatisfaction and micro-ventures' performance examines if lender's CSR activities affect poor captive microfinance borrowers' re-borrowing (repurchase) intentions. Furthermore, the paper investigates if CSR affects relationships between dissatisfaction and re-borrowing intentions.

	Single borrowers		Married borrowers	
Variables	Model 2	Model 3	Model 2	Model 3
Constant	−1.109 (0.033)**	1.659 (0.251)	−0.152 (0.783)	−1.077 (0.352)
Performance	0.193 (0.025)*	0.217 (0.012)*	0.331 (0.007)**	0.357 (0.005)**
Dissatisfaction	−0.227 (0.061)***	−1.487 (0.019)*	−0.627 (0.000)**	−0.257 (0.536)
CSR	0.531 (0.000)**	−0.196 (0.587)	0.364 (0.000)**	0.613 (0.032)*
Dissatisfaction × CSR		0.321 (0.042)*		−0.107 (0.363)
Adjusted R^2	0.359	0.378	0.560	0.559

Notes: **p-value < 0.01; *p-values < 0.05; ***p-value < 0.10

Table III.
Split data analysis

Specifically the results suggest that micro-ventures' performance and dissatisfaction with MFIs affect repurchase intention, even when customers are poor and captive. The perceptions of CSR activities help mitigate negative effect of dissatisfaction on repurchase. These results suggest that like well-off consumers, poor, and captive customers also care about dissatisfaction and CSR. As CSR moves beyond being a luxury that only MNCs and developed markets can afford, it is useful to observe its positive influence upon the most basic level of observers.

The dynamics of CSR in microfinance lending are somewhat novel, as the borrower is both a client and a recipient of CSR simultaneously. It must be noted that CSR activity influencing poor captive borrowers' repurchase intention is primarily targeted at their own community, whereas well-off customers are found to reward CSR activities targeted at a variety of communities. It will be interesting to examine if poor and captive customers would care about CSR activities even when such activities are targeted at recipients unrelated to them or their communities.

Extended analysis in this paper indicates differences across borrower subgroups. Specifically, the analysis in this paper examines if married and single borrowers differ in terms of their sensitivities toward performance, dissatisfaction and CSR activities as reflected in their repurchase intentions. Our sample suggests that married borrowers care more about performance and moved less by CSR, perhaps related to their focus on immediate family, and feel inclined to walk away when dissatisfied, underscoring their sense of safety with income from spouse. On the other hand, the single borrowers, usually female, seem to put greater value on CSR. This may be due to their own altruistic predisposition as they often work to support aging parents and other family members. As borrowers subgroups are rarely examined the findings in this study highlights the need for more research in this area.

Survey designs in future research could identify other aspects of demographic differences in borrowers, and capture more about how these groups differ in a way CSR affect their motivations for borrowing. Longitudinal study, and controlled field experiments can establish causality that cannot be inferred from this cross-sectional field study that uncovered significant relationships. Wider generalizability can be achieved through procurement of respondents who represent more diverse locations and organizations.

The study reconfirms that helping micro-ventures achieve better performance should help retain borrowers. It suggests that managers would do well by not naively ignoring dissatisfaction of their poor captive borrowers. As the profitable microfinance business model becomes adopted in more upscale markets, our results serve as a reminder of the importance of customer satisfaction, in markets where clients have more alternatives available to them.

Undertaking CSR activities targeted at the general well-being of the borrowers' community at large will help mitigate negative effects of poor services. In markets at the bottom of the pyramid, CSR activities of the firm may offer higher positive influence upon single women borrowers as opposed to married. Further analysis of target markets is warranted. High profit seeking MFI need to appreciate that even poorest of the poor clients are sensitive to dissatisfaction and these perceptions could impact customer retention. The study points toward a need to examine poor and captive customers' sensitivities, with the intent of leveraging CSR appropriately in emerging markets.

References

Ahmad, Q.K. (2007), *Socio-Economic and Indebtedness-Related Impact of Micro-Credit in Bangladesh*, University Press Limited, Dhaka.

Albinger, H. and Freeman, S. (2000), "Corporate social performance and attractiveness as an employer to different job seeking populations", *Journal of Business Ethics*, Vol. 28 No. 3, pp. 243-253.

Anderson, R.E. and Srinivasan, S.S. (2003), "E-satisfaction and e-loyalty: a contingency framework", *Psychology and Marketing*, Vol. 20 No. 2, pp. 123-138.

Arnold, D.G. (2010), "Transnational corporations and the duty to respect basic human rights", *Business Ethics Quarterly*, Vol. 20 No. 3, pp. 371-399.

Arnold, D.G. and Valentin, A. (2013), "Corporate social responsibility at the base of the pyramid", *Journal of Business Research*, Vol. 66 No. 10, pp. 1904-1914.

Baker, S.M., Gentry, J.W. and Rittenburg, T.L. (2005), "Building understanding of the domain of consumer vulnerability", *Journal of Macromarketing*, Vol. 25 No. 2, pp. 128-139.

Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-1182.

Belal, A. (2001), "A study of corporate social disclosures in Bangladesh", *Managerial Auditing Journal*, Vol. 15 No. 5, pp. 274-289.

Berens, G., Van Riel, C.B.M. and van Rekom, J. (2007), "The CSR-quality trade-off: when can corporate social responsibility and corporate ability compensate each other", *Journal of Business Ethics*, Vol. 74 No. 3, pp. 233-252.

Bhattacharya, C.B. and Bolton, R.N. (2000), "Relationship marketing in mass markets", in Jagdish, N.S. and Parvatiyar, A. (Eds), *Handbook of Relationship Marketing*, Sage Publications, Thousand Oaks, CA, pp. 327-354.

Bowen, H.R. (1953), *Social Responsibilities of the Businessman*, Harper Row, New York, NY.

Caplowitz, D. (1963), *The Poor Pay More*, The Free Press, New York, NY.

Carlin, J. (2006), "What sort of man makes millions from the poorest women in the world and wins the Nobel Peace Prize for it?", *The Observer*, November 5, available at: www.guardian.co.uk/business/2006/nov/05/woman?INTCMP=SRCH (accessed April 14, 2015).

Chomvilailuk, R. and Butcher, K. (2010), "Enhancing brand preference through corporate social responsibility initiatives in the Thai banking sector", *Asia-Pacific Journal of Marketing and Logistics*, Vol. 22 No. 3, pp. 397-418.

Chomvilailuk, R. and Butcher, K. (2013), "The effect of CSR knowledge on customer liking, across cultures", *International Journal of Bank Marketing*, Vol. 31 No. 2, pp. 98-114.

D'Espallier, B., Guerin, I. and Mersland, R. (2013), "Focus on women in microfinance institutions", *Journal of Development Studies*, Vol. 49 No. 5, pp. 589-608.

Du, S., Bhattacharya, C.B. and Sen, S. (2007), "Reaping relational rewards from corporate social responsibility: the role of competitive positioning", *International Journal of Research in Marketing*, Vol. 24 No. 3, pp. 224-241.

Elkington, J. (1997), *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Capstone, Oxford.

Fairclough, G. (2002), "Study slams Philip Morris ads telling teens not to smoke-how a market researcher who dedicated years to cigarette sales came to create antismoking ads", *Wall Street Journal*, Vol. 29, May 29, p. B1.

Fombrun, C. and Shanley, M. (1990), "What is in a name? Reputation building and corporate strategy", *Academy of Management Journal*, Vol. 33 No. 2, pp. 233-258.

George, D. and Mallery, P. (2003), *SPSS for Windows Step by Step: A Simple Guide and Reference. 11.0 Update*, 4th ed., Allyn & Bacon, Boston, MA.

Green, T. and Peloza, J. (2011), "How does corporate social responsibility create value for consumers?", *Journal of Consumer Marketing*, Vol. 28 No. 1, pp. 48-56.

Harris, L.C. and Goode, M.M.H. (2004), "The four levels of loyalty and the pivotal role of trust: a study of online service dynamics", *Journal of Retailing*, Vol. 80 No. 2, pp. 139-158.

Harper, M. (2007), "Microfinance and farmers: do they fit?", in Dichter, T. and Harper, M. (Eds), *What's Wrong with Microfinance?* Practical Action Publishing, Rugby, pp. 83-94.

Hill, R. and Kozup, J. (2007), "Consumer experiences with predatory lending practices", *Journal of Consumer Affairs*, Vol. 41 No. 1, pp. 29-46.

Hulme, D. (2007), "Is micro debt good for poor people? A note on the dark side of microfinance?", in Dichter, T. and Harper, M. (Eds), *What's Wrong With Microfinance?* Practical Action Publishing, Rugby, pp. 19-22.

Jafree, S. and Ahmad, K. (2013), "Women borrowers of microfinance: an urban Lahore study", *Journal of Third World Studies*, Vol. 30 No. 2, pp. 151-172.

Jamali, D. and Mirshak, R. (2007), "Corporate social responsibility: theory and practice in a developing country context", *Journal of Business Ethics*, Vol. 72 No. 3, pp. 243-262.

Jones, T.O. and Sasser, W.E. Jr (1995), "Why satisfied customers defect", *Harvard Business Review*, Vol. 73 No. 6, pp. 88-99.

Jose, S. and Buchanan, F. (2013), "Marketing at the bottom of the pyramid: service quality sensitivity of captive microfinance borrowers", *Journal of Consumer Marketing*, Vol. 30 No. 7, pp. 573-582.

Karnani, A. (2007), "The mirage of marketing to the bottom of the pyramid: how the private sector can help alleviate poverty", *California Management Review*, Vol. 49 No. 4, pp. 90-111.

Khandekar, S.R. (2005), "Microfinance and poverty", *The World Bank Economic Review*, Vol. 19 No. 2, pp. 263-286.

Klein, J. and Dewar, N. (2004), "Corporate social responsibility and consumer attributions and brand evaluations in a product-harm crisis", *International Journal of Research in Marketing*, Vol. 21 No. 3, pp. 203-217.

Kotler, P. and Keller, K.L. (2008), *Marketing Management*, 13th ed., Prentice Hall, New York, NY.

Landman, A., Ling, P.M. and Glantz, S.A. (2002), "Tobacco industry youth smoking prevention programs-protecting the industry and hurting tobacco control", *American Journal of Public Health*, Vol. 92 No. 6, pp. 917-930.

Lichtenstein, D.R., Minette E.D. and Bridgette M.B. (2004), "The effect of corporate social responsibility on customer donations to corporate-supported nonprofits", *Journal of Marketing*, Vol. 68 No. 4, pp. 16-33.

Lin, J.S.C. and Liang, H.Y. (2011), "The influence of service environments on customer emotion and service outcomes", *Managing Service Quality*, Vol. 21 No. 4, pp. 350-372.

Lundstrom, W.J. and Lamont, L.M. (1976), "The development of a scale to measure consumer discontent", *Journal of Marketing Research*, Vol. 13 No. 4, pp. 373-381.

Maignan, I. and Ferrell, O.C. (2001), "Corporate citizenship as a marketing instrument concepts, evidence and research directions", *European Journal of Marketing*, Vol. 35 Nos 3-4, pp. 457-484.

Matten, D. and Moon J. (2008), "Implicit and explicit CSR: a conceptual framework for a comparative understanding of corporate social responsibility", *Academy of Management Review*, Vol. 33 No. 2, pp. 404-424.

Mittal, V. and Kamakura, W.A. (2001), "Satisfaction, repurchase intention, and repurchase behavior: investigating the moderating effect of customer characteristics", *Journal of Marketing Research*, Vol. 38 No. 1, pp. 131-142.

Nunnally, J. (1978), *Psychometric Theory*, McGraw-Hill, New York, NY.

Oliver, R.L. (1976), "Hedonic reactions to the disconfirmation of product performance expectations: some moderating conditions", *Journal of Applied Psychology*, Vol. 61 No. 2, pp. 246-250.

Oliver, R.L. (1999), "Whence consumer loyalty?", *Journal of Marketing*, Vol. 63 No. 4, pp. 33-44.

Pearlman, S. (2006), *Too Vulnerable for Microfinance? Risk and Vulnerability as Determinants of Microfinance Selection*, mimeograph, University of Maryland, College Park, MD.

Pérez, A. and Bosque, I. (2014), "Customer CSR expectations in the banking industry", *International Journal of Bank Marketing*, Vol. 32 No. 3, pp. 223-244.

Pérez, A. and Rodríguez del Bosque, I. (2013), "Measuring CSR image: three studies to develop and to validate a reliable measurement tool", *Journal of Business Ethics*, Vol. 118 No. 2, pp. 265-286.

Prahalad, C.K. (2005), *Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, Wharton School Publishing, Upper Saddle River, NJ.

Peloza, J. (2006), "Using corporate social responsibility asinsurance for financial performance", *California Management Review*, Vol. 48 No. 2, pp. 52-72.

Rogaly, B. (1996), "Micro-finance evangelism, destitute women and the hard selling of a new anti-poverty formula", *Development in Practice*, Vol. 6 No. 2, pp. 100-112.

Saunders, M., Lewis, P. and Thornhill, A. (2006), *Research Methods for Business Students*, Prentice Hall, London.

Salmereon, R., Gracia, C. and Lopez, M.M. (2013), "A note about the variance inflation factor and the ridge regression", *Conference of Informatics and Management Sciences, Economy and Business Economics*, *University of Zilina, Slovakia*, *March 25*.

Santos, N.J.C. and Laczniak, G.R. (2009), "Marketing to the poor: an integrative justice model for engaging impoverished market segments", *Journal of Public Policy and Marketing*, Vol. 28 No. 1, pp. 3-15.

Schaltegger, S. and Wagner, M. (2006), "Managing and measuring the business case for sustainability: capturing the relationship between sustainability performance, business competitiveness and economic performance", in Schaltegger, S. and Wagner, M. (Eds), *Managing the Business Case for Sustainability: The Integration of Social, Environmental and Economic Performance*, Greenleaf, Sheffield, pp. 1-27.

Seiders, K., Voss, G.B., Grewal, D. and Godfrey, A.L. (2005), "Do satisfied customers buy more? Examining moderating influences in a retailing context", *Journal of Marketing*, Vol. 69 No. 4, pp. 26-43.

Sen, S. and Bhattacharya, C.B. (2001), "Does doing good always lead to doing better? Consumer reactions to corporate social responsibility", *Journal of Marketing Research*, Vol. 38 No. 2, pp. 225-243.

Sheth, J.N. and Parvatiyar, A. (1995), "The evolution of relationship marketing", *International Business Review*, Vol. 4 No. 4, pp. 397-418.

Sheth, J.N. and Parvatiyar, A. (2000), *Handbook of Relationship Marketing*, Sage Publications, Thousand Oaks, CA.

Taneja, S., Taneja, P. and Gupta, R. (2011), "Researches in corporate social responsibility: a review of shifting focus, paradigms, and methodologies", *Journal of Business Ethics*, Vol. 101 No. 3, pp. 343-364.

Torres, A., Bijmolt, T.H.A., Tribo, J.A. and Verhoef, P. (2012), "Generating global brand equity through corporate social responsibility to key stakeholders", *International Journal of Research in Marketing*, Vol. 29 No. 1, pp. 13-24.

Turban, D.B. and Greening, D.W. (1997), "Corporate social performance and organizational attractiveness of prospective employees", *Academy of Management Journal*, Vol. 40 No. 3, pp. 658-672.

Viswanathan, M., Sridharan, S., Ritchie, R., Venugopal, S. and Jung, K. (2012), "Marketing interactions in subsistence marketplaces: a bottom-up approach to designing public policy", *Journal of Public Policy & Marketing*, Vol. 31 No. 2, pp. 159-177.

Wettstein, F. (2012), "CSR and the debate on business and human rights: bridging the great divide", *Business Ethics Quarterly*, Vol. 22 No. 4, pp. 739-770.

Yi, Y. and La, S. (2004), "What influences the relationship between customer satisfaction and repurchase intention? Investigating the effects of adjusted expectations and customer loyalty", *Psychology & Marketing*, Vol. 21 No. 5, pp. 351-373.

Yu, Y. and Dean, A. (2001), "The contribution of emotional satisfaction to consumer loyalty", *International Journal of Service Industry Management*, Vol. 12 No. 3, pp. 234-250.

Yunus, M., Moingeon, B. and Lehmann-Ortega, L. (2010), "Building social business models: lessons from the Grameen experience", *Long Range Planning*, Vol. 43 Nos 2/3, pp. 308-325.

About the authors

Dr Saju Jose is a PhD Graduate from the Griffith University in Australia. He teaches and researches internationally on topics of consumer behavior, microfinance, and sustainability.

Dr Nilesh Khare is an Assistant Professor at the Fisher School of Business, Ohio State University. Dr Khare's international research includes strategic change and innovation management.

Dr F. Robert Buchanan is a Graduate of the University of Texas at Arlington. International teaching and research interests involve sustainability and emerging markets. Dr F. Robert Buchanan is the corresponding author and can be contacted at: dr.bob.edu@gmail.com