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The Impact of Corporate Social Responsibility on Firm Financial Performance

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Abstract: *This paper aims to investigate the relationship among corporate social responsibility (CSR), corporate image & trust, customer satisfaction, competitive advantage, and firm financial performance. A questionnaire survey method was used to collect data. The hypotheses were developed from the existing literatures. Principal component analysis (PCA), confirmatory factor analysis (CFA), and structural path analysis were applied to analyze data and testing hypotheses. According to the findings, better corporate image & trust, satisfaction of customer, and competitive advantage are consequences of CSR practices. Again, better firm performance is associated with corporate image & trust, satisfaction of customer, and the competitive advantage of a firm. Corporate image & trust, customer satisfaction, and competitive advantage are mediators in the relationship between CSR and firm financial performance. Therefore, the findings will enhance the knowledge of Bangladeshi firms' managers about the importance of the role of CSR as a strategy that creates intangible assets such as sustainable competitive advantage, corporate image & trust, and customer satisfaction; and consequently better firm performance.*

Keywords: *Corporate social responsibility, Corporate image & trust, Customer satisfaction, Competitive advantage, Firm financial performance*

1. Introduction

The Corporate Social Responsibility (CSR) has a long history, which advanced with the growth of businesses and that has been meeting the promising needs of the society (Rahman, 2011). The association between CSR and firm financial performance has earned much interest among scholars recently. Direct relationship between corporate social responsibility (CSR) and firm performance has been examined by many scholars (Margolis and Walsh, 2003; Mishra and Suar, 2010; Vogel, 2005), but this direct test seems to be spurious and imprecise. This is because many factors indirectly influence this relation.

In the history of development economics, CSR has been considered as a key factor in accomplishing economic goals and wealth maximization (Garriga and Mele, 2004). Many researchers attempted to find the association between CSR and firm performance (Alafi and Hasoneh, 2012; Galbreath and Shum, 2012; Luo and Bhattacharya, 2006; Margolis et al., 2009; Rettab et al., 2009). Galbreath and Shum (2012) found strong positive relationships between CSR and organizational benefits among Australian firms. Rettab et al., (2009) investigated the association between CSR activities and firm performance; the result indicated that CSR has a

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positive relationship with all three determinants of firm performance: monetary performance, personnel commitment, and corporate integrity. They surveyed 280 companies in UAE. The positive and strong association of CSR and company performance was clearly found by Alafi and Hasoneh's (2012) research which had been done based on housing banks in Jordan.

There is a growing literature suggesting that there is a direct or indirect relationship between CSR practices and firm financial performances. Several studies concluded that the association between CSR and firms was positive; there was no unanimity so far (Margolis et al., 2009; Margolis and Walsh, 2003). Social responsibility rather seems to have an ambiguous and complex impact on firm performance though no true causality has been proved yet (Crifo et al., 2015). Previous studies in different environmental management domains have predicted that corporate image& trust, customer satisfaction, and competitive advantage are three outcomes of CSR (e.g. Mulki and Jaramillo, 2011; Walsh and Beatty, 2007). Evidence has revealed that high levels of customer satisfaction have two results for a firm including image and competitive advantage (Matzler and Hinterhuber, 1998; Walsh et al., 2006). Therefore, this study considers sustainable competitive advantage, corporate image & trust, and customer satisfaction as three probable mediators in the relationship between CSR and firm financial performance. Three main objectives in this study are to know: (1) What is the direct influence of CSR on corporate image & trust, customer satisfaction and competitive advantage? (2) What is the impact of image & trust, satisfaction, and competitive advantage on firm financial performance? (3) How does CSR contribute to firm financial performance indirectly?

2. Literatures and Hypotheses Development

Over the last few decades, many scholars have paid substantial effort to CSR. Therefore, it has become an important concept in and management literature. Hickie et al., (2005) argue that "the CSR movement has not yet articulated a coherent strategy for aligning social responsibility with the core objectives of corporate management". They explore the links between CSR and Strategic marketing and advocate that if CSR is considered as the integral part of the business then companies must solve the challenging marketing problem and move to social responsibility into the mass market. Maignan and Ferrell (2001) propose that companies will be likely to spend in CSR if its actions activate the dynamic support of consumers. On the other hand, Garriga and Mele (2004) showed that more socially responsible companies had stronger economic results. Later, in 2009, Rettab et. al., examined the connection between CSR operations and company in UAE and they found that CSR has a positive association with all three determinants of company performance: monetary performance, personnel commitment, and corporate integrity. The positive and strong association between CSR and firm monetary performance was clearly supported by the study of Alafi and Hasoneh's (2012). This study suggests positive associations of CSR can enhance product evaluations and firm financial performance as well. Figure-1 shows the model of the study.

2.1 CSR and corporate image& trust

The corporate image or reputation is based on the combined impressions of stakeholders about the company. These impressions are resulting partly from an individual's personal links with the firm, partly from word of mouth, partly from mass communication media and partly from psychological predispositions not controlled by the firm (Easton, 1966). CSR activities may affect the image of the firm positively. Research has demonstrated that a good corporate image has a considerable potential for value creation and is difficult to imitate. CSR disclosure and reporting can be viewed in terms of corporate image management, a strategic management activity. Aaker (1996) argues that managers may influence the corporate image in their marketing strategies. Companies collectively spend many billions of dollars annually on charitable contributions, cause-related marketing, community involvement, and corporate advertising to build corporate image. Public relations activities are employed by delivering the messages designed to create or maintain a good image (Darby, 1999). A good record of CSR creates a positive image that optimistically enhances consumers' evaluations of the firm and their attitude toward it (Sen and Bhattacharya, 2001). Gupta (2002) pointed to the firm's CSR ability as a precondition of a company's reputation. Trust is the enthusiasm to rely on another party in the face of risk. Similar to corporate image, trust is positively affected by CSR (Ball et al., 2004; Swaen and Chumpitaz, 2008). Morgan and Hunt (1994) states that customer trust is affected by the existence of values that the company and its consumer share. In the context of CSR initiatives, these values provide information about corporate character and values, and it is useful for enhancing general trust toward the organization (Aaker, 1996). If a consumer believes that other people are of the view that the company behind a brand is known for its CSR, that consumer may feel more secure in acquiring and using the company's products or services. This translates to greater trust in that brand. Hosmer (1994) argues that ethical and responsible principles of strategic decision-making processes of firms can enhance the trust of all stakeholders, including customers. The perception that a company is ethical and responsible stimulates trust-based relationships founded in the belief that all exchange partners' actions will be credible beyond any contractual or legal constraints (Swaen and Chumpitaz, 2008). Therefore, we propose:

H1: There is a positive relationship between CSR practice and corporate image & trust.

2.2 CSR and customer satisfaction

Marketing literature has suggested that CSR can positively influence customer satisfaction (Bigné et. al., 2011; He and Li, 2011; Hickie et al., 2005; Luo and Bhattacharya, 2006). Luo and Bhattacharya (2006) tested the relationship between CSR and customer satisfaction based on economic criteria. However, behavioral perception of customer should be focused and the analysis of this relationship not basing the study on economic criteria is considered a contributing source to the literature (Bigné et. al., 2011). Carroll (1979) stated that improvement in product or service quality as a socially responsible practice enhances the level of customer satisfaction. CSR practices build a favorable context around the firm stimulating the discharge of more favorable judgments about the product or service experience (Brown and Dacin, 1997). Maignan et al., (2005) consider company's customers as crucial stakeholders and they care about not only the economic performance of organizations but also to the overall standing (including social performance) of the company. Thus, customers are likely to be more satisfied if services or products providers develop CSR initiatives and present a socially responsible behavior toward society (He and Li, 2011). Moreover, CSR initiatives are a key component of corporate personality that can lead customers to recognize with the company and these customers are more likely to be satisfied with firm's offerings (Bhattacharya and Sen, 2003). Mithas et al., (2005) empirically show that perceived value is a key predecessor to advancing customer satisfaction. Customers are more likely to develop better perceived value and, consequently, higher satisfaction from a product or service that is made by a socially responsible company (Luo and Bhattacharya, 2006). Firms should be aware that the best way to demonstrate a high level of CSR, and to increase customer satisfaction, is to do all they can to understand stakeholder expectations and to design and implement their CSR accordingly(Saeidi et al., 2015). Thus, we posit:

H2: There is a positive relationship between CSR practice and customer satisfaction.

2.3 CSR and competitive advantage

Sustainable competitive advantage is one of the outcomes of CSR practices, and Cabral (2012) added sustainable competitive advantage as a new variable in his study. He augmented previous studies and stated that competitive advantage is the final outcome or measure of CSR as well as customer satisfaction and reputation. Matzler and Hinterhuber (1998) also found that customer satisfaction gained through long periods of CSR practices is a source of sustainable competitive advantage for firms. They stated that in order to recognize whether improvements in certain product attributes lead to competitive advantage, it is necessary to compare the customers' perceived product or service quality with that of competitors' products. If customers are satisfied with perceived product or service quality, socially recognized status will be the firms' main reward. Davies et. al., (2003) also claimed that corporate reputation created through CSR enables firms to repeatedly attract customers. More CSR practices lead to more satisfied customers, more sales growth, and more competitive advantage, and finally higher levels of firm performance. Thus, we put forward the following research hypothesis:

H3: There is a positive relationship between CSR practice and competitive advantage.

2.4 Influence of corporate image & trust on firm financial performance

Researches on the relationship between reputation and firm performance showed that not only financial benefits but also non-financial advantages such as loyalty are outcomes of a good reputation (Flatt and Kowalczyk, 2011; Roberts and Dowling, 2002; Sabate and Puente, 2003). A firm with a good image is perceived to be ‘less risky than firms with equivalent financial performance, but with a less well-established reputation (Helm, 2007). Roberts and Dowling (2002) found that companies with higher corporate image enjoy higher sales growth and higher return on assets (ROA). Finally, Cabral (2012) argued that a company's performance (financial and non-financial) depends on its corporate image, and that image depends stochastically on the firm's efforts and strategies to maintain and improve it. Again, trusted relationship with customers manifests long-term orientation of relationship. This relation intensifies repeated transactions with customers. Consequently, it creates a positive impact on firm financial performance. Sirdeshmukh et. al., (2002) stated two components of trust: (1) performance or credibility trust and (2) benevolence trust. Credibility component is related with capability and competence of firm and directly related with performance of firm. Benevolence trust is the customer's reliance upon the care, concern, honesty of firm (Martínez and Bosquel, 2013). Based on the previous argument, it is hypothesized that:

H4: There is a positive relationship between corporate image & trust and financial performance of firm.

2.5 Influence of satisfaction on and firm financial performance

Customer satisfaction is an assessment of how products or services supplied by a firm meet up or surpass customer expectations. Many companies use satisfaction ratings as a marker of their performance (Matzler and Hinterhuber, 1998). Higher levels of customer satisfaction can affect higher levels of firm performance. Anderson et al (1997) found that customer satisfaction leads to higher levels of return on investment by improving productivity. The finding of Lombart and Louis (2012) indicated that customer loyalty is an outcome of customer satisfaction. This finding was supported by authors who argued that higher levels of customer satisfaction lead to higher levels of customer loyalty which in turn helps firms obtain higher levels of financial performance (Cronin, et. al., 2000; Fornell, 1992; Rust and Zahorik, 1993). In the stream of increased customer satisfaction, economic benefit will increase through lower customer defection and more repeat businesses because it decreases costs, enhances returns, and makes more sales (Galbreath, 2002). Taking into account all the literature review presented, it seems appropriate to propose that:

H5: There is a positive relationship between customer satisfaction and financial performance of firm.

2.8 Influence of competitive advantage on firm financial performance

According to Gupta (2002), performance of firm is influenced by competitive advantage. In their study, Awang and Jusoff (2009) also found that competitive advantage has an influential impact on firm performance towards the firm's brand. Gupta (2002) also showed empirical evidence in support of the positive effect of competitive advantage on firm performance by successfully differentiating it from competitors. Therefore, according to previous studies, competitive advantage has a positive relationship with firm financial performance. Factoring in this evidence, research findings suggest that CSR, customer satisfaction, corporate image, trusted relationship with customers, and competitive advantage have a positive effect on firm performance either directly or indirectly. Finally, competitive advantage might have on the relationship with firm performance. (Saeidi et. al., 2015). Hence, and basing on the previous literature review regarding competitive advantage, and firm performance we propose:

H6: There is a positive relationship between competitive advantage and financial performance of firm.

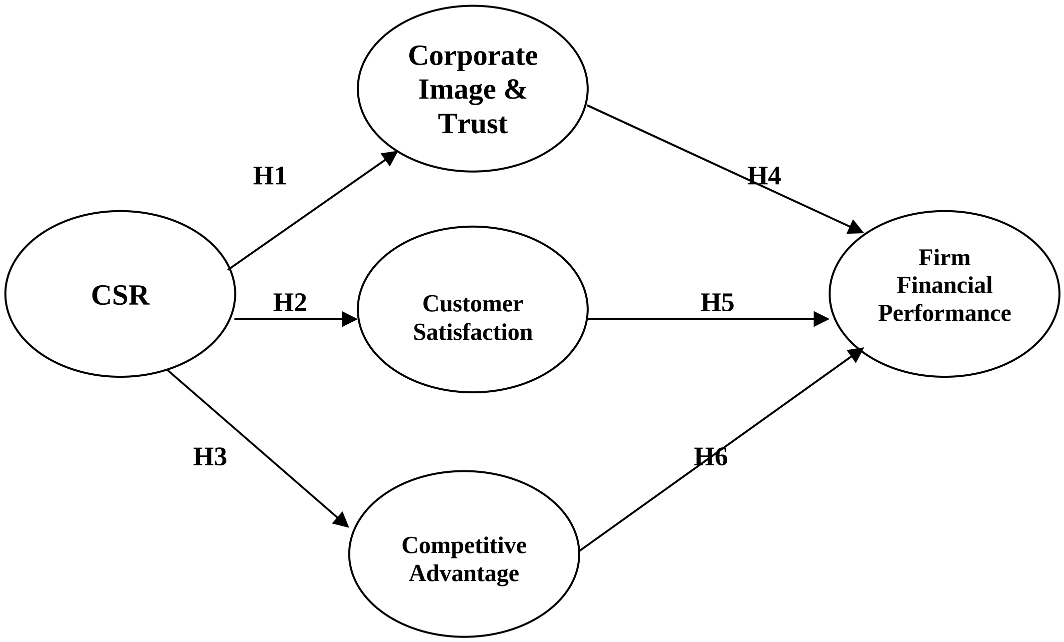


Figure 1: The conceptual model of CSR with firm financial performance

3. Research Methodology

Under inferential research approach this study was conducted. The impact of CSR on firm financial performance; and the mediating role of corporate image and trust, satisfaction, and competitive advantage were tested in this study. The hypotheses were developed through the review of existing literature (please see section 2). Data were collected through questionnaire survey. The questionnaire was designed according to the existing literatures. We have reviewed management, marketing, accounting, and operations management literatures. The questionnaire has two parts. The first part was intended to understand the personal information of respondents using nominal scale. The second part consists the perceptions of respondents regarding the constructs of the model. All constructs were measured using multiple items by a seven point Likert-type scale (1= strongly disagree, 2= disagree, 3= moderately disagree, 4= neutral, 5= moderately agree, 6= agree, and 7= strongly agree). Total 300 questionnaires were distributed to the target respondents (supply chain manager/corporate relationship officer/management accountant/finance & control department). And 218 responses were received, of which 207 were complete and usable (response rate is 73 percent, whereas, effective response rate is approximately 95 percent). Sixty-two percent (66 percent) respondents were men and 34 percent were women. 32 percent respondents were up to thirty years, 40 percent were thirty-one to forty years, 18 percent were forty-one to fifty years, and 10 percent were above fifty years old. Respondents are from entry level, mid level, and top level consisting of 20 percent, 66 percent, and 14 percent respectively. 14 percent firms are manufacturing, 19 percent distributing, 13 percent wholesaling, 6 percent retailing, and 48 percent firms are service providing firm.

4. Analyses and Results

Structural equation modeling (SEM) was employed in this study to test proposed model and hypotheses. For parameter estimation, maximum likelihood method was adopted. Measurement model and structural model tests were used to test fitness of the model. The principal component analysis (PCA) was performed to understand underlying relationship of factors and data reduction purpose. The Principal Component Analysis (PCA) with varimax rotation and eigenvalue greater than 1 was used. As a conservative heuristic, a cut-off point as 0.50 (suppress absolute value less than 0.50) was imposed in principal component analysis that enhance the total reliability of the questionnaire. Table-1 shows the rotated factor loadings and their respective eigenvalue and cronbach alpha values. The value of Ffp5 was not shown due to lower factor loadings than 0.50, which belongs to 'firm financial performance' construct. It is notable that all calculated alpha values are above the widely recognized rule of thumb of 0.70 (Nunnally, 1978), that expresses a good internal consistency among items within each construct.

Table-1: Result of principal component analysis

No.	Corporate social responsibility	Corporate image & trust	Customer satisfaction	Competitive advantage	Firm financial performance
Csr1	0.866				
Csr2	0.883				
Csr3	0.830				
Csr4	0.797				
Csr5	0.739				
C&t1		0.888			
C&t2		0.921			
C&t3		0.908			
C&t4		0.841			
C&t5		0.854			
Sat1			0.876		
Sat2			0.866		
Sat3			0.874		
Sat4			0.793		
Ca1				0.846	
Ca2				0.906	
Ca3				0.892	
Ca4				0.816	
Ca5				0.808	
Ffp1					0.664
Ffp2 Ffp3					0.754
Ffp4					0.763
Ffp5					0.681
					--
Eigenvalue	11.971	3.595	2.051	1.022	0.593
Varience explained (%)	52.049	67.678	76.596	81.038	83.616
Cronbach alpha	0.891	0.963	0.928	0.945	0.924

Overall cronbach alpha is 0.954.

4.1 Measurement model

Confirmatory factor analysis (CFA) was conducted to have a more rigorous interpretation of firm financial performance. The CFA model or Measurement model was employed to identify and determine the relationships of variables within the model. To evaluate the goodness-of-fit of model several measures of indices are used as suggested by Hair et al. (1998), Iacobucci (2010), Schumacker (1992): Chi-square/degrees of freedom (χ^2/df) ratio, root mean-square error of approximation (RMSEA), goodness of fit index (GFI), normed fit index (NFI),comparative fit index (CFI), incremental fit index (IFI). As Table-2 shows χ^2/df = 1.436, RMSEA = 0.046, GFI = 0.902, NFI = 0.957, CFI = 0.986, and IFI = 0.987. All measures fulfill the suggested values. Therefore, CFA model can be said as a good fit model.

Table-2: Goodness of fit statistics for measurement model and structural model

	Suggested values	Measurement model values	Structural model values
χ^2/df	<3	1.436	1.570
RMSEA	<0.06	0.049	0.054
GFI	>0.90	0.902	0.901
NFI	>0.90	0.957	0.953
CFI	>0.90	0.986	0.982
IFI	>0.90	0.987	0.982

After achieving the well fit indices, the measurement model was further assessed for reliability and validity. The amount of variance in an item because of underlying construct is indicated by item reliability. Standardized loading greater than 0.70 demonstrates item reliability but standardized loadings ≥ 0.50 are also acceptable (Chin, 1998; Hair et al., 1998). For construct reliability, value ≥ 0.70 is required that intends to the degree to which an observed variable reveals an underlying factor. Table-3 presents the item reliability and constructs reliability results. Standardized loadings ranged from 0.701 to 0.936 indicating good item reliability. All values of construct reliability were above the threshold value (i.e. 0.70) indicating high level of reliability for all the constructs.

Table-3: Measurement model results

Constructs and variables	Standardized loadings	t-statistics	Construct reliability (CR)	Average variance extracted (AVE)
Corporate social responsibility				
Csr1	0.884	15.707**		
Csr2	0.907	16.357**	0.91	0.63
Csr3	0.749	12.263**		
Csr4	0.701	10.740**		
Csr5	0.708	11.474**		

Corporate image & trust				
C&t1	0.908	16.885**		
C&t2	0.936	17.835**	0.96	0.85
C&t3	0.935	17.781**		
C&t4	0.893	16.419**		
C&t5	0.907	16.881**		
Customer satisfaction				
Sat1	0.822	13.198**		
Sat2	0.874	14.409**	0.93	0.74
Sat3	0.892	14.687**		
Sat4	0.859	13.870**		
Competitive advantage				
Ca1	0.867	15.625**		
Ca2	0.909	16.898**	0.94	0.77
Ca3	0.918	17.203**		
Ca4	0.856	15.341**		
Ca5	0.846	15.041**		
Firm financial performance				
Ffp1	0.838	14.253**		
Ffp2	0.834	14.108**	0.91	0.71
Ffp3	0.852	14.568**		
Ffp4	0.851	14.613**		

***Indicates significance at p< 0.01 level.*

CR= $(\sum \text{Standardized loadings})^2 / [(\sum \text{Standardized loadings})^2 + \sum (\text{measurement indicator error})]$

AVE = $\sum (\text{Standardized loadings}^2) / [\sum (\text{Standardized loadings}^2) + \sum (\text{measurement indicator error})]$

After being assured that a scale instrument provides necessary levels of reliability, this study stepped to scale validity. Under construct validity convergent validity and discriminant validity were tested in this study. The degree to which dimensional measures of the same concept are correlated is assessed by convergent validity. To assess convergent validity average variance extracted (AVE) is used (Fornell and Larcker, 1981; Hair et. al., 1998). Representation of latent constructs by items is truly denoted as higher as the average variance extracted is higher. For latent construct the average variance extracted (AVE) should be more than 0.50 (Hair et al., 1998). Table-3 shows the average variance extracted (AVE) values for constructs ranged from 0.63 to 0.85 exceeded the threshold value 0.50, supportive evidence for convergent validity. Moreover, in a CFA setting, t-statistics related to factor loadings is assessed to measure convergent validity (Rao and Troshani, 2007). All items offer good measures to their respective latent construct because of all t-statistics values are statistically significant at 0.01 level and confirmed convergent validity of the constructs. Average variance extracted (AVE) is also used to assess discriminant validity (Fornell and Larcker, 1981). The role of thumb is that the average variance extracted (AVE) values should be greater than corresponding squired inter-construct correlation estimates

(SIC) in the model. Table-4 shows the average variance extracted (AVE) estimates in the diagonal values and corresponding squired inter-construct correlation estimates (SIC) values, supportive evidence for discriminant validity. For example, (Table-4) average variance extracted (AVE) estimate for corporate social responsibility was 0.63 and corresponding squired inter-construct correlation estimates (SIC) values were 0.03, 0.13, 0.04, and 0.10 for corporate image & trust, customer satisfaction, competitive advantage, and firm financial performance respectively; an indication of discriminant validity.

Table-4: Squared correlations between constructs

	Corporate social responsibility	Corporate image & trust	Customer satisfaction	Competitive advantage	Firm financial performance
Corporate social responsibility	**0.63***				
Corporate image & trust	0.03	**0.85***			
Customer satisfaction	0.13	0.23	**0.74***		
Competitive advantage	0.04	0.98	0.25	**0.77***	
Firm financial performance	0.10	0.67	0.36	0.68	**0.71***

**Diagonal elements are average variance extracted (AVE)*

4.2 Structural model

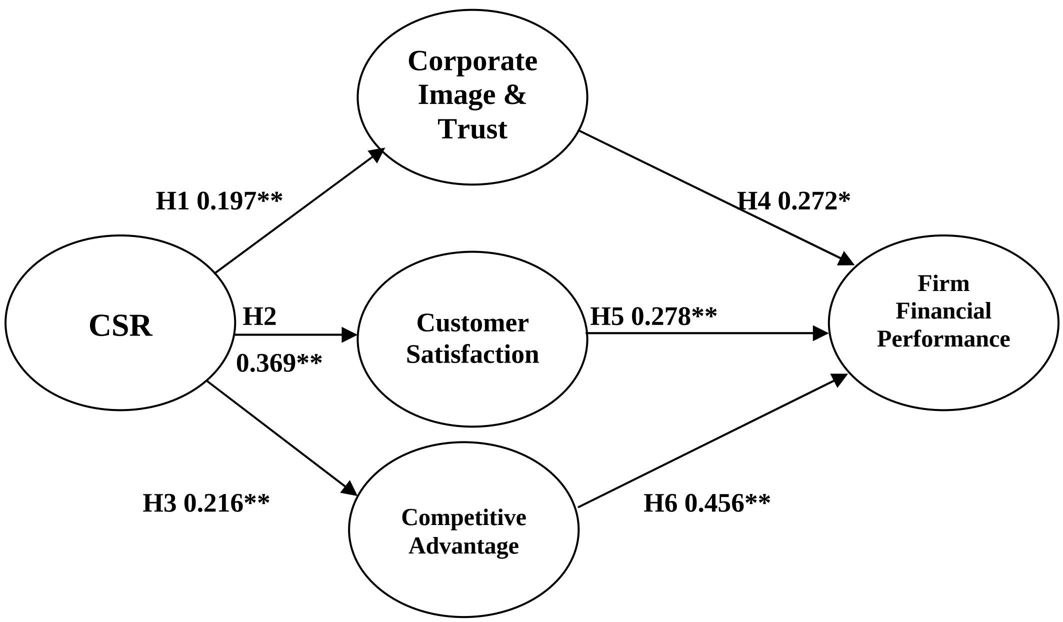
Table-2 shows the common model-fit indices, recommended values and results of the test of structural model fitness. As shown in Table-2, comparison of all fit indices with their corresponding recommended values (Hair et. al., 1998; Iacobucci, 2010; Schumacker, 1992) the evidence of a good model fit was revealed. Given the good fit of the model, the estimated path coefficients of the structural model were then examined to evaluate the hypotheses.

Table-5: Path analysis of structural model

Casual path	Hypotheses	Path coefficient	t-statistics	Results
CSR → corporate image & trust	H1	0.197**	2.657	Supported
CSR → customer satisfaction	H2	0.369**	4.652	Supported
CSR → competitive advantage	H3	0.216**	2.878	Supported
Corporate image & trust firm → financial performance	H4	0.272*	2.439	Supported
Customer satisfaction firm → financial performance	H5	0.278**	4.961	Supported
Competitive advantage firm → financial performance	H6	0.456**	4.120	Supported

***indicates significance at p< 0.01 level, *indicates significance at p< 0.05 level*

Table-5 depicts the empirical results of structural model by path analysis. The path coefficients along with hypotheses are visualized in Figure-2, where hypotheses were drawn in the solid lines. The hypothesized paths among corporate social responsibility, corporate image & trust, customer satisfaction, competitive advantage, and firm financial performance are all positive and significant, thus supporting all the hypotheses. The standardized coefficients from CSR to corporate image & trust, from CSR to customer satisfaction, and from CSR to competitive advantage are 0.197, 0.369, and 0.216, respectively. This highlights the important role of CSR in the context of firm external image and competitiveness. On the other hand, coefficients from customer satisfaction to firm financial performance, and competitive advantage to firm financial performance are 0.278, and 0.456, respectively. Statistically significant but relatively smaller standardized regression coefficient (i.e. 0.272) is observed between corporate image & trust and firm financial performance. This implies that, though the effect of corporate image & trust on firm financial performance is significant, the effects of customer satisfaction and competitive advantage on firm financial performance appears to be stronger drivers for firm financial performance.



** indicates p<0.01, and * indicates p<0.05

Figure-2: Outcome of hypothesized structural model

5. Conclusion

Many studies attempted to investigate the direct relationship between CSR and firm performance. They found positive relationship between CSR and firm financial performance (e.g. Maignan et. al., 2005; Margolis and Walsh, 2003; Maron, 2006), while other found neutral or negative relationship (Bromiley and Marcus, 1989; Wright and Ferris, 1997). These studies did not clearly mention the reason of positive, negative or neutral relationship of CSR and firm performance. They also omitted the mediators or mediating role of other factors between CSR and firm performance. Thus, based on these coherent and logical claims and existence of this gap, this study used three related factors (corporate image & trust, customer satisfaction, competitive advantage) as mediators to show why and how CSR influences firm performance positively. According to the findings, better corporate image, satisfaction of customer and competitive advantage are consequences of CSR practices. Again, better firm performance is the result of image, satisfaction of customer, and competitive advantage of a firm.

CSR provides many potential benefits, not just a single intangible benefit such as customer satisfaction (Saeidi et al., 2015). In this study it was assumed that engagement in CSR affects corporate image & trust, customer satisfaction, and sustainable competitive advantage positively. Actually, the findings support all six hypotheses of this study. So that: (1) CSR is associated with corporate image & trust, customer satisfaction, and competitive advantage of firm; (2) the association between CSR and firm performance is a fully mediated relationship; and (3) corporate image & trust, customer satisfaction, and competitive advantage are mediators in the relationship between CSR and firm performance.

The results from this study make some contributions to CSR domain. In addition to knowledge contribution, it makes a practical contribution. Knowledge is contributed through overcoming some of the ambiguity surrounding the relationship between CSR and firm performance and extending CSR literature by providing a framework that helps to explain how CSR might be linked with firm performance. Managers' values, attitudes and perceptions play a significant role in a firm’s environmental response, especially now that the environmental concerns of stakeholders have increased. Therefore, the findings enhance the knowledge of Bangladeshi firms' managers about the importance of the role of CSR as a strategy that creates intangible assets such as sustainable competitive advantage, corporate image & trust, and customer satisfaction. Taken together, these findings suggest a role for CSR in promoting firm performance indirectly through enhancing corporate image & trust, customer satisfaction, and competitive advantage.

This study has focused Bangladeshi manufacturing, service, and merchandising industries together. Further study can address CSR issues separately for several industries. The results gained from different industries could then be compared. Here, only three consequences of CSR practices have been considered. Future study can include more items as the consequence of CSR. In addition, it is recommended that future studies on the current topic are to be done in other developing countries, because the results might not be extendable to other countries. Identifying barriers which hinder Bangladeshi and other developing countries' firms from implementing CSR strategies might be another important issue for future research to improve CSR literature.

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