

## **CORPORATE SOCIAL RESPONSIBILITY AND THE EFFECTS ON CONSUMER ENGAGEMENT IN BANKS' SOCIAL MEDIA COMMUNICATION STRATEGY**

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### **ABSTRACT**

#### **INTRODUCTION AND AIM OF RESEARCH**

Banks play a predominant role in the economy and are subject to growing expectations from stakeholders, such as governments, media, and communities (Belasri et al., 2020; Shen et al., 2016; Wu and Shen, 2013). Moreover, the banks' complicity in the latest financial crises and their subsequent undermined their public reputation (Ruiz and García, 2019). Furthermore, because banks benefit substantially from society (e.g., through government guarantees), public opinion often stresses them for acting more transparently and maintaining socially responsible behaviour (Shen et al., 2016; Yeung, 2011). With this in mind, the enhanced trust gained through Corporate Social Responsibility (CSR) initiatives, becomes a critical factor in the banking industry to engage customers, and rebuild image and reputation (Jaiyeoba et al., 2018; Moliner et al., 2019; Shen et al., 2016).

Regarding reputation, trust and consumer engagement, one mean of communication that has become increasingly popular among banks in the last decade is social media (Accenture, 2014; Suvarna, V.K. and Banerjee, B., 2014). Indeed, Social media are being used by banks as a marketing tool, as a communication channel, as a channel for feedback and reactions, and as a model for social transactional banking (Durkin et al., 2015; Parusheva, 2019). Banking institutions often include in their communication editorial plan their CSR activities and obviously social media channels are no exception. Schroder (2021a) study confirms that German banks, for example, dedicated 21.6% of their Facebook content to CSR posts between 2015 and 2019.

Our study aims to understand the degree of effectiveness in engagement that can result from communicating CSR activities on social media respect to other topics into the banking industry. In this respect, the following research questions (RQ) are formulated:

*RQ1: Is CSR content more engaging than non-CSR content in banks' social media communication?*

*RQ2: What CSR activity, specifically, is most engaging in banks' social media communication?*

Overall, we want to contribute to the theoretical development of social media banking communication by providing an empirical analysis that compares the different dimensions of CSR with interactions on social media. Finally, we also want to offer useful insights to managers to understand which content

creates the most engagement in the eyes of consumers, so as to take the right implicational measures and avoid communicating uninvolved content on social media.

## LITERATURE BACKGROUND AND GAP

### *Importance of CSR in the banking industry*

The banking industry is a source of capital for firms and thus plays a locomotive role in economic development (Kiliç et al., 2015). Banks are required to provide feedback to the community more often than other industries, using a considerable amount of resources from society (Wu and Shen, 2013). Shen et al. (2016) also assert that CSR in the banking sector influences the growth of industrial sectors to some extent. According to some CSR experts and practitioners, adopting CSR in the banking industry is particularly important because of different reasons. One reason goes back to the time of the financial crisis, when banks received public funds from the government to reduce their difficulties (Wu and Shen, 2013). As well, the banking sector enjoys or has enjoyed other explicit benefits from external sources, such as implicit exemption from VAT, which gave rise to legislative initiatives such as the tax on financial transactions or activities, leading to substantial cost reductions in banks compared with non-banking sectors (Shen et al, 2016). Another reason is that banks in most countries are involved in economic activities aimed at sustainable development, such as offering savings accounts to the public to finance community investments in the environment. Reputation enhancement also motivates banks to conduct CSR activities. By selling financial products to people who are not be equipped with financial knowledge (Jaiyeoba et al., 2018), banks can benefit from CSR and gain greater brand recognition by leveraging the increased trust gained through CSR to attract customers (Shen et al., 2016). Deigh et al. (2016) also clearly show, through their study's dataset, that banks seek to behave responsibly towards community by generating positive impact. Specifically, whatever CSR activities are achieved in order to engage the community, their study finds that the benefits to banks include good corporate reputation, trust building, and increased customer loyalty. Finally, the banking industry is becoming technologically intensive through its increasing use of online and mobile applications (Kiliç et al., 2015). Kiliç's (2016) study suggests that high-visibility banks, being exposed to more pressures, place more importance on online CSR disclosure. Therefore, broad online CSR communication through different channels can build the legitimacy, image, and reputation of the banking sector (Schröder, 2021b).

### *Social media communication in the banking industry*

Among the various communication channels for banks, social media is an effective marketing tool and a means for quick and personalized communication with consumers (Parusheva, 2017). By closely following the needs and desires of their customers, banks are confidently embracing the idea of

implementing social media banking models and using social media as a marketing tool, as a communication channel, as a channel for feedback and reactions, and as a transactional banking model (Parusheva, 2019). To remain competitive and differentiate themselves, banks should build their brands and develop their social media presence, enabling interaction with customers and providing them with social benefits (Torres et al., 2018). Through social media, banks have the ability to receive feedback from customers on new products and services but also for existing ones, allowing them to optimize their products and services and ultimately the customer experience (Parusheva, 2017). Social media marketing offers an opportunity to enhance banks' relationships with their customers, enabling the continuation of banks' brand story and presenting an ideal opportunity for word-of-mouth marketing (Durkin et al., 2015).

#### *CSR and social media engagement in the banking industry*

Banks are not new in communicating CSR through social media, and recent research evidences this phenomenon. First and foremost, Hoff-Clausen e Ihlen (2015) define a paradigm shift, stating that the very moment banks communicate about CSR on social channels, they are in fact performing a socially responsible action by sharing good practices. Steenkamp and Rensburg (2019) infer that the bank's CSR communication through social media increases the stakeholders' participations to banks' CSR open initiatives. Correspondingly, Fatma et al., (2020) survey shows that Indian social media users tend to recommend to their network Banking Institutions they consider to be socially responsible. Finally, Wang e McCarthy (2021) in their research comparing two Oceanian banks Facebook communication included CSR content, among others, into content category named "persuasive".

However, to the best of our knowledge, there is still not enough evidence on what could be the topic that can create the most social media engagement in the banking industry. Moreover, despite CSR posts could be in our opinion a great content candidate, to date little knowledge exist about potential differences in engagement arising from different CSR kinds of activities banks communicate about.

## **METHODOLOGY**

We aim to conduct a Multiple Linear Regression Analysis using a classification of CSR activities (or CSR dimensions) from Bhattacharya and Sen (2004) to assess the effectiveness of their CSR endeavours. The CSR dimensions involved are: environment, diversity, community support, employee support and product. The banks we have decided to analyse are the top 15 European banks by asset (Ali, 2020). The interactions that create engagement on social media instead are likes, comments and shares (de Vries et al., 2012; Dolan et al., 2019). Overall, this methodology will be used to study the relationship between each of the five dimensions and the respective social media interactions of banks that create consumer engagement (understood as the number of likes, shares,

and comments). The data will be analysed with the use of SPSS 28 software. Our data collection is conducted through three social media platforms, namely Facebook, Instagram, and Twitter. The selected time period refers to January 1, 2021 through December 31, 2021, which includes about 50,000 social media posts. Contextually, we consider that for each CSR dimension, relevant keywords have been selected with specific reference to the theme of the dimension, identifying about 15,000 CSR-related posts. Therefore, our data collection is done by searching for the selected keywords for each CSR dimension, performed within the banks' social media posts.

## EXPECTED RESULTS, IMPLICATIONS AND CONTRIBUTIONS

From the results of our analysis, we expect the following. First, we expect to empirically verify that CSR communication is statistically more effective in enhancing consumer engagement across the three different social media platforms analysed, namely Facebook, Twitter, and Instagram. Second, we expect to highlight differences in the impact that the different selected CSR dimensions have on engagement in the analysed social media platforms. Our study will contribute to two different streams of research. First, it will bring new empirical evidence to the marketing literature investigating the antecedents of consumer social media engagement. Second it will contribute to enrich the actual knowledge about banking communication on CSR. As for managerial implications, our results may be useful for social media managers as they will be able to indicate what type of social media activity is most engaging across the different social media used. They will also possess knowledge on which dimensions of CSR are the most engaging for each social media outlet.

*Keywords: Corporate Social Responsibility, CSR communication, Banking industry, Social media, Consumer engagement, Stakeholder engagement, Bank marketing.*

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