

## Promotion and advertising at the base of the pyramid: Microfinance captive borrowers' sensitivity to service quality

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### ABSTRACT

The purpose of this research is to survey microfinance borrowers who are working poor and examine how they see customer satisfaction and corporate social responsibility. Design, method, and strategy A cross-sectional field study survey of 201 respondents included scale measures that had been validated. After calculating factor loadings and reliabilities, OLS regression was employed. Findings - Future purchase intentions were substantially influenced by customer unhappiness with the microfinance product, staff members' lack of commitment, and informative support. Only a significant relationship existed between perceptions of CSR and discontent with the firm's employees. Contextual implications - Even if they believe the seller to be socially responsible, dissatisfied poor would choose to shop elsewhere. However, the firm's agents' attitudes and practises suggest low CSR. Customers that used microlending were attentive to customer care. Their perceptions of CSR were highly correlated with service quality. Originality/Value - This exploratory study, which looks at stakeholders at the base of the pyramid, is unique. Indian respondents, who were among the first to receive microloans, are infrequently sampled. Microfinance borrowers are attentive to customer service despite being captive clients with few options. Their opinions of CSR are strongly correlated with this service.

**Keywords**-- Bottom of the pyramid, corporate social responsibility, and microfinance.

### I. INTRODUCTION

Microcredit's rise in the early 1980s in nations like Bangladesh, Bolivia, and Indonesia proved that lending to the needy is possible even without the use of collateral. Although microcredit is only the most visible aspect of microfinance services, the terms microfinance and microcredit are frequently used interchangeably. To help impoverished women who live below the poverty line launch or maintain their small businesses, microcredit offers small loans. This essay will discuss the broader category of microfinance provided by microfinance organisations (MFIs). They provide a range of financial services aimed at low-income clientele who are typically left out by traditional financial institutions, such as loans, savings, insurance, and transfer services. The primary goal has always been to reduce poverty, but there is also a profit-making motive at work. Government or non-government organisations are the biggest microfinance providers worldwide.

### II. LITERATURE REVIEW

Commercial banks and other profit-driven institutions make up the next largest source groupings (Remenyi and Quinones, 2000). According to a World Bank survey, credit unions made up about 13 percent of lenders, while commercial banks made up 7.8 percent (Dichter, 1999) Microfinance grew by 15-20 percent both internationally and in India in 2012, and was expected to rise by roughly 15 percent in 2013. (Etzensperger, 2012) in [8]. Since the "International Year of Microfinance" in 2005, concerns about how effectively the microfinance model is achieving its main goal of reducing poverty have been voiced rather frequently (Bateman, 2010; Goldberg, 2005; Khan, 2008) in [10],[13].

On the plus side, microfinance has helped certain developing nations significantly reduce their rates of poverty. For instance, microfinance has been credited with a 40% reduction in poverty over 14 years in Bangladesh (Khandekar, 2005) in [14]. MFI assertions of low borrower default rates and women's empowerment have given the appearance that poverty in low-income nations is gradually being erased (Develtere and Huybrechts, 2005) in [7]. Those who support microfinance for women believe it will start a "virtuous upward spiral" of their empowerment on the political, social, and economic fronts.

Chakrabarti and Bhatt (2006) in [6], Nagarajan (1998), Pearl and Phillips (2001), Zaman (1999), AIDMI (2005, 2006) in [1], [2], Among the objections are claims that the mission has strayed from its initial philanthropic purposes and that businesses that make high-interest loans to the impoverished have produced "microfinance millionaires" (Snow and Buss, 2001)in [21]. (Fernandez, 2011) in [9].

Concerns raised by Bateman (2010) in [3] include the question of whether MFIs and the affluence they promote are actually sustainable in terms of reducing poverty and improving living conditions for the underprivileged.

Navajas et al., 2003) in [4]. This strategy can be partially contributed to the NGOs' and non-profit organisations' continued dominance as the primary microfinance providers. They can lack the expertise and imagination to go beyond their own ambitions and assumption models because they aren't client services marketing firms.

Nanayakkara and Iselin, 2012) in [15]. Non-monetary data are frequently disregarded in this process, even though minimal borrower default is advantageous to the providers in showing the effectiveness of their programmes from a financial risk viewpoint. The commercial relationships developed through microfinance lead to other crucial indicators of success, including customer satisfaction and repurchase intention. Popular actors like banks are assuming significant roles as suppliers of this service as the microfinance industry becomes more structured in regulations and processes, especially as a result of government engagement in nations like India. These organisations, as opposed to NGOs, have the resources and know-how to provide integrated financial services rather than just local philanthropy. Following Prahalad's seminal study on the marketing implications of bottom of the pyramid (BOP) in 2005, researchers have recently examined several BOP marketing characteristics in various scenarios.

In their 2008 article in [22], Sridharan and Vishwanthan stressed the need of using cutting-edge techniques when marketing to consumers at the base of the pyramid. They emphasise the significance of social embeddedness, entrepreneurial empowerment, and understanding of consumer psychology as crucial factors in designing a successful marketing strategy in a study carried out among the impoverished in South India. The BOP marketing aspects of microfinance, however, have not yet received much research. According to our study, it may be necessary to include marketing factors, such as product features, product information, and the calibre of service offered by the field employees, when assessing the effectiveness of these initiatives. It is also understudied how corporate social responsibility (CSR) functions within the marketing context of borrowers. This may be because studies believe that employing metrics like Purchase Intention does not produce reliable results because the bulk of MFI clients are captive audiences.

These myths have their origins in the larger context service literature. Similar presumptions, such as the idea that because microfinance consumers are captive audiences, marketing attributes don't need much consideration, could be contested. This study aims to experimentally investigate the attitudes of these low-rung borrowers toward the lenders they utilise and their perceptions of the CSR of the companies. We want to demonstrate how relationship quality (RQ) elements could be relevant to BOP marketing. RQ is thought to act as a relational mediator between different product qualities and repeat business (Palmatier et al., 2006) in [16].

Customer's contentment and inclination to repurchase could be powerful markers of how well received the products are. A pleased borrower is also more likely to repay their loans and keep coming back for more money if there is no collateral to safeguard the obligation. Customer satisfaction with the product and any connected services leads to this behaviour. Thus, non-monetary indicators like client satisfaction are helpful in assessing an MFI's performance. This study adds to the body of knowledge on microfinance at the level of the most fundamental customer-lender interface. It also looks at how these borrowers view the business's corporate citizenship.

### **III. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The concept of "corporate social responsibility" is broad. The idea of corporate social responsibility (CSR) came about as a reaction to how little or no money is given back to the society by corporations despite their use of resources. The idea of corporate social responsibility holds that businesses have a duty to the community. It was categorised by Maignan and Ferrell (2004) into aspects of social responsibility, ethics, managerial function, and stakeholder responsibility. In terms of functionality, CSR extends beyond the traditional responsibility to shareholders to other society groups like consumers, employees, suppliers, and nearby communities (Jones, 1980).

Our study encompasses all four dimensions of CSR, with an emphasis on management practises that affect the firm's lending clients as major stakeholders. Companies that practise corporate social responsibility (CSR) express concern for quality of life concerns that affect their employees and their families, and they typically extend their activities to the local community and society as a whole. CSR, especially community-based programmes, has a tremendous deal of potential to aid in the development of underdeveloped nations (Kannenkanti and Muddu, 2008). Most of these CSR initiatives were started in underdeveloped nations in Asia, Latin America, and Africa. Giving assistance to local organisations and underprivileged populations is a typical strategy of such CSR.

#### **A. Governments and CSR**

A government's resources are constrained. However, demands on governments know no bounds, particularly from the underprivileged and needy. Governments therefore encourage those that profit from a community's resources to contribute a portion of their revenues to enhance that community. For instance, the disparity between India's urban and rural consumers has caused The Reserve Bank of India (RBI) great anxiety (RBI, 2012). The Rural Planning Credit Department (RPCD) of the RBI is in charge of overseeing the distribution of credit to the agricultural, small-scale, and rural sectors. The National

Bank of Agriculture and Rural Development (NABARD), a wholly owned subsidiary of the RBI, promotes the growth of rural banking and coordinates the financing of rural development projects.

The RBI has implemented numerous initiatives to promote rural banking through the RPCD and NABARD. These regulations encourage private sector banks to concentrate on serving rural clients. In other words, commercial banks have been compelled to direct some of their attention toward the rural financial market as a result of RBI regulations in the banking industry. Banks are appropriate organisations to undertake the programmes seeking to raise the poor out of poverty because microfinance is a financial service for the poor. Sometimes, banks that want to expand into rural India are required by law to combine their lending operations with CSR initiatives.

#### **B. CSR and lenders of microcredit**

In several of India's new generational banks, microfinance is a key component of CSR. Indian banks that place a significant emphasis on the retail part of banking as well as their use of technology are referred to as new age banks. To put it another way, their methods of operation are similar to those observed in the USA or Europe (Pralhad, 2005). These banks anticipate that CSR programmes will increase and maintain their credibility among the target populations (Pralhad, 2005) in [18]. In fact, research demonstrates the benefits of social responsibility for financial companies (Asher, 1991; Ogrizek, 2002; Pomeroy and Dolnicar, 2006) in [17].

Despite having admirable intentions, organisational strategymakers are not those that carry out the real microfinance delivery to the end user. MFIs may not have perfect control over each employee's motivations or level of devotion because they employ a big number of people in their initiatives. Some workers and field personnel would comprehend the long-term effects and justification of the company's strategy and process. Others place a much higher focus on making an instant profit than on pursuing long-term advantages. While some locations saw microfinance as a pure business, other agents might be aware of the social responsibility aspects. Thus, the CSR commitment of the microfinance institution and the attitude of the field workers may be factors in the success or failure of microfinance.

#### **IV. OBJECTIVES OF THIS RESEARCH**

Banks assert that their CSR initiatives and microfinance initiatives are seamlessly interwoven. They emphasise that the fact that customers keep returning to banks for fresh loans shows how much those customers value what the banks are doing. However, when considered in light of the aforementioned less positive observations, these assertions may be in doubt. The following clarifications are required:

- Whether or not a high loan repayment rate indicates that microfinance and CSR are successful.
- If the microloan recipients are pleased with the MFI's commitment to CSR.
- Whether a consumer's intention to make a purchase in the future is influenced by how the lender's personnel treats them.
- If the consumers are pleased with the information the MFI has given them.
- Whether there is a connection between future purchase intent and the MFI's alleged CSR promise.

The company's dedication to this study may be seen in the field employee commitment, product perceptions, and informational support. If given the chance, microfinance users would likely engage in critical service shopper behaviour. If not, however, they are more correctly described as passive slaves to the MFI, according to the findings of this study at the base of the pyramid. Such a study doesn't appear to have been done. In addition, we are looking for any connections between consumer impressions of CSR activity and desire to make more purchases. In other words, how loyal might the borrower be if they believe the company is socially responsible?

#### **V. FUTURE PURCHASING INTENTIONS AND THE MICROLOAN CUSTOMER'S UNHAPPINESS**

There is evidence in the literature that different consumers react differently to CSR. Consumers respond positively to CSR if they see an organisation as sharing their perspectives, according to studies by certain researchers (Maignan and Ferrell, 2001; Webb and Mohr, 1998). In their study, Sen and Bhattacharya (2001) concentrated on the important mediating and moderating aspects on consumer reactions to CSR initiatives. The authors hypothesised that by increasing consumer-business congruence, a company's CSR initiatives resulted in more favourable company ratings and higher purchase intentions. Congruence brings about good consumer perceptions by bringing together a company's and its customers' interests. According to the survey, customers will rate a company more favourably and be more likely to make a purchase if its CSR initiatives reflect values that are similar to their own.

#### **VI. HYPOTHESES**

By observing the dissatisfactions of microloan borrowers, we can begin to link consumer-company congruence in microfinance. These are divided into three categories: unhappiness with the microloan product, perceived indifference on the part of the lender's employees, and discontent with the lender's informational support. All were predicted to be significantly correlated with future purchasing intentions by the study. The ultimate undesirable results in marketing are

dissatisfied customers. The product itself is a key area of concern in identifying factors of consumer dissatisfaction that would affect future purchase intentions. Thus, our initial premise is as follows:

H1a: An unfavourable attitude regarding the microloan product will be significantly correlated with future plans to use the lender. The behavior of the vendors' employees, among other aspects of the purchasing experience, might be crucial in preserving the vendor-customer connection.

The research of Hypothesize that:

H1b: There will be a bad correlation between plans to utilise a micro lender in the future and perceptions of staff members' lack of commitment.

The advice and information provided may be crucial in retaining good future purchase intentions in a transaction environment with high service components and unequal information distribution between the parties to the transaction, favouring the seller. The following is how the study attempts to prove this:

H1c: Dissatisfaction with the informational support provided by the mmicro-lenderand future intentions to utilise the lender will have a negative correlation.

## **VII. CUSTOMERS' OPINIONS OF BANKS' CORPORATE SOCIAL RESPONSIBILITY AND THEIR DISPLEASURE WITH MICROLOANS.**

The modern Indian banks have made it apparent that they are pursuing microfinance as a component of their CSR. There is a desire to meet social needs by offering financial assistance to the needy despite the commercial character of banks and fierce rivalry in India's financial sector. This is very close to Kotler and Lee's proposed strategic approach to CSR (2005). By employing this tactic, new age banks hope to benefit from being both successful business entities and good corporate citizens.

Those who favour the adoption of CSR policies are certain that doing so might improve the bank's reputation, which would allow businesses to realise long-term strategic benefits by remaining legitimate, competitive, and sustainable in the market (Burke and Logsdon, 1996; Johnson, 2003; Lantos, 2002; Porter and Kramer, 2002). Finding out how much microfinance borrower dissatisfaction is related to how they view the company's CSR is important. Again, the study found three situations where customers were dissatisfied. These included unhappiness with the microloan product, a lack of commitment on the part of the lender's staff, and a complaint about the lender's informational support. According to the study's hypothesis, consumer dissatisfaction would be linked to opinions of the company's subpar corporate citizenship.

As a result, the research suggests the following theories. According to the first theory, if borrowers do not appreciate the microfinance product they are receiving, they will not be impressed with the company's CSR policy. H2a. Perceptions that this lender is a decent corporate citizen and negative attitudes regarding the microloan product will be significantly correlated. We predict a direct correlation between the lender's employees' commitment to the level of service and the view that the company is not a good corporate citizen. The second premise so asserts that: H2b. Lack of dedication from the microlender's workforce will have a negative impact on opinions of this lender as a decent corporate citizen.

MFIs, in contrast to traditional financial institutions, are anticipated to offer consumers a greater level of service. This could involve providing new business management training, aid in product promotion, and financial management workshops. Businesses will not succeed in gaining favourable opinions of their CSR endeavours if they do not give their microfinance consumers good informational support for their products. H2c is used in this instance. Dissatisfaction with the microlender's informational support and judgments of this lender as a decent corporate citizen will be negatively correlated.

## **VIII. METHOD**

The 201 microloan borrowers from the southern Indian states of Tamilnadu and Kerala made up the study's sample. When examining borrowers of microloans, an exploratory cross-sectional field study was used. Scale items loaded clearly into correlational coefficients in factor analysis using principal component analysis. After the validity of the measurements had been established, the linear relationship between the independent variables of consumer dissatisfaction and the dependent variables of future purchase intentions and perceived CSR was estimated using ordinary least squares regression (OLS). SPSS was used to analyse survey data.

### **A. Measurement**

Items from the Customer Discontent Scale (CDS), created by Lundstrom and Lamont, were aggregated independent variables (1976). To gauge the level of dissatisfaction among microfinance consumers, statements from the original items were adjusted as necessary. On a five-point scale ranging from "strongly agree" to "strongly disagree," responses to statements like "Micro finance provider is not willing to listen to consumers" were assessed (Lundstrom and Lamont, 1976;

Rugimbana et al., 2005) in [19]. Single-item measures of future purchase intentions and the MFI's perceived CSR served as the dependent variables.

### **B. Sampling**

Two significant banks with deep roots in South India, who were participating in microfinance through their CSR programmes, granted permission for the data to be obtained from the specific microloan borrowers. One of the banks that provided responses for this study was a pioneer in microfinance in India and currently has the most microfinance clients there. This organisation has more than ten years of experience in microfinance, and their mission statement makes it clear that they are pursuing microfinance as a component of their CSR. Among the goals of the bank.

Identifying and supporting programmes aimed at enhancing the ability of the poorest of the poor to engage in the wider economy (Duggal and Singhal, 2002). This is in line with the strategic objective of helping the underprivileged as a good corporate citizen (Prahalad, 2005). In the states of Tamil Nadu and Kerala, loans were disbursed. These states, which have a combined population of more than 100 million, have a sizable rural microfinance market. Self-help groups (SHGs), which were formed by the microloan consumers, met once a week. There were 15 to 20 members each SHG.

The information was gathered by visiting ten SHGs in each of the districts of Kanyakumari and Trichur in the Indian states of Tamil Nadu and Kerala. After a regular meeting, the self-administered questionnaire was given out. A brief introduction was given by the researcher, who also assured the respondents of complete anonymity and explained the goal of the study. To ensure the clarity of each item, the survey was translated into the Tamil and Malayalam spoken in Tamilnadu and back translated into English. A total of 201 borrowers provided complete surveys.

Almost all of them were women with part-time jobs. The MFI's emphasis on women (more than 98 percent of all loans made to women) may be the cause of the high proportion of female responses, as suggested by the management throughout the interview process. The responders' average age was 35. 97.5 percent of the respondents responded. This is consistent with the assertions made by Saunders et al. (2006) in [20] that handing out and collecting questionnaires in person by a researcher can result in a response rate of up to 98 percent. The goal of the study was to assess consumer satisfaction and experience with regard to the banks' CSR strategy. Only those who participated in the microfinance transactions could provide an answer to the questions that were relevant to this study. Three groups of persons were involved.

The earliest and most significant category was made up of microfinance customers. There were bank managers in the second group. The third category was made up of MFI staffers and field managers who were responsible for processing microloans and collecting repayments. The entire research effort used a mixed methodology that included interviews with bank managers, surveys of microloan consumers, and MFI field employees.

### **C. Managers' interviews**

The researcher was able to obtain a deeper understanding of the subject under study by using interviews, which were thought to be an appropriate methodology for hazy research concerns (Kwortnik, 2003). The goal of this strategy was to collect rich, thorough data based on the knowledge and tongue of respondents. The sample size for qualitative interviews can be determined in any way, however most researchers advise using small samples. The key element in choosing the appropriate sample size for a qualitative study is the quality of the responses to the research topic.

This could be in the single digits for simple queries (Marshal, 1996). Six interviews were conducted as part of this study to gather qualitative data. A set of 52 questions was created to elicit information on the purpose behind the MFI strategy's main components. The respondents were chosen using a judgemental sampling strategy (Gwinner et al., 1998). Interviews could be conducted with two bank branch managers who had dealings with the field personnel directly. Two field managers who belonged to the MFI's lower level management as well as the managing director and a senior manager were chosen for the interview. There was one managing director for the MFI, along with 35 field managers and eight senior managers that reported to them.

### **D. Results**

Through confirmatory factor analysis, Kaiser normalisation, Varimax rotation, and three consumer dissatisfaction constructs were loaded. The alpha for a four-item scale measuring unfavourable attitudes about the microloan product was 0.81. We'll call it "product dissatisfaction" from now on. A three item measure with a 14 0:70 reliability indicated unhappiness with the guidance and information provided by the microfinance lender, while three items with a 14 0:76 reliability suggested lack of commitment from the lender's employees. Borrowers who participated in the study reported that 23% of them were unsatisfied with the product, 40% with the staff, and 59% with the informational resources provided. The correlations between the variables are shown in Table I. The main effects are shown in Table II. Intentions to use the lender in the future will be negatively correlated with H1a (negative attitude toward the microfinance product) and H1b (perceptions of lack of commitment from staff of the microfinance lender) as well as H1c (intentions to use the lender in

the future will be negatively correlated with dissatisfaction with informational support from the microfinance lender). Dissatisfaction with the product, the employees, and the information has bvalues of -0.245 (p, 0.001), 20.407 (p, 0.001), and 20.187 (p, 0.001), respectively.

The three variables account for 45 percent of the variation, according to the adjusted R<sup>2</sup>, which is 0.453. Therefore, the desire to never use the lender again is highly correlated with all three categories of client discontent. H2 is backed in part. Discontent with the product and unhappiness with the information did not show any correlations between employee dissatisfaction and opinions of the lender's corporate social responsibility, with a b-value of 20.287 (p, 0.01). Only H2b was therefore supported. The adjusted R<sup>2</sup> for the CSR link in this model was only 0.1, demonstrating that other factors influenced how socially responsible people felt more strongly. The independent variables in the regression model had tolerances over 0.7 and VIFs between 1.3 and 1.4, according to a test for multicollinearity (see Table III). The fact that none of the condition indexes surpassed 10.9 shows that the model does not have a multicollinearity issue.

### E. Relevant data from qualitative research

Six qualitative interviews with bank managers and field representatives from the lending intermediaries were conducted as part of the data collection. Here, some pertinent historical information is provided to provide the discussion with some helpful context.

**TABLE I. DESCRIPTIVE STATISTICS AND CORRELATIONS**

Variable	M	S D	1	2	3	4
Future purchase intention	2.3	1.2				
Perceived CSR	2.1	1.2	0.477**			
Dissatisfaction with product	3.3	0.9	-0.492**	-0.056		
Dissatisfaction with staff	3.2	0.9	-0.605**	-0.285**	0.444**	
Dissatisfaction with information	2.9	0.9	-0.464**	-0.210*	0.385**	0.457**
Notes: *p < 0.01; **p < 0.001						

**TABLE II. TREGRESSION ANALYSIS FOR FUTURE PURCHASE INTENT AND CSR**

Variable	B	Purchase intent SE B	$\beta$	B	CSR SE B	$\beta$
Dissatisfaction with product	-0.313	0.079	-0.245**	0.15	0.10	0.116
Dissatisfaction with staff	-0.512	0.080	-0.407**	0.364	0.103	-0.287
Dissatisfaction with information	-0.226	0.075	-0.187**	-0.155	0.097	-0.127
R <sup>2</sup>		0.453			0.104	
F		52.55**			7.36**	
Notes: **p < 0.01; ***p < 0.001						

**TABLE III. TEST OF COLLINEARITY**

Variable	Tolerance	VIF
Dissatisfaction with product	0.761	1.314
Dissatisfaction with staff	0.710	1.409
Dissatisfaction with information	0.752	1.330

Rate of loan repayment. On the loan repayment rate, managers were questioned. The majority of managers who were questioned concurred that it was over 95%. They assert that this may be due to their excellent services rather than the captive nature of the product. Weekly visits by field managers to their designated self-help group. They establish a close bond with each SHG participant. This encourages everyone to make their payments on time. The following explanations were given by the managers for the high repayment rate:

- Peer pressure: Peer pressure is one. A significant factor in high repayment levels is peer pressure. There is a worry that you will be kicked out of the SHG and that your default will undermine the SHG's credibility.
- Future loans: Future loan is often known as relationship banking. The MFI will not consider the defaulting members for any more loans.
- Beliefs: three beliefs another intriguing justification for the reimbursement is tied to the subculture of fishing in Kerala and Tamil Nadu, according to the field managers of those two states.

They said that most of their customers were women whose husbands worked as fishermen. They firmly think that they will experience setbacks from the sea in the shape of Turbulent waters if they do not repay a loan they have borrowed from any source.

## IX. DISCUSSION

Future buying intentions are the subject of the first hypothesis. We can see that the three sources of client discontent are all connected to the intention to buy. The way they are treated so affects whether the banks continue to do business with their microloan clients. This is the first study to show that consumers who use microloans at the bottom of the pyramid are sensitive to factors that influence their decision to continue doing business. According to this study, the three factors of dissatisfaction with the microfinance product, a staff member's lack of commitment, and dissatisfaction with the lender's informational support could cost the lender a client because dissatisfied borrowers sought out a different lender. These borrowers may frequently be considered captive audiences.

However, it's likely that they could be persuaded to leave if the right opportunity presented itself, and dissatisfaction would be a factor in looking for alternative lenders. This study's main finding is that captive borrowers' high repayment rates might depend on factors other than customer satisfaction. The qualitative questioning used in this data collection revealed influencing factors that included peer pressure from the borrowers' self-help group to repay their loans. They worry about debt collectors and about not getting more loans. As a result, 91% of them take out loans to pay off prior microloans. The stories demonstrate the falsity of banks' assertions that they are adopting a woman-centric strategy in order to advance gender equality and women's empowerment. It seems plausible that they prefer lending to women because they make better borrowers and are less frightened by men. We find that relationships with bank staff have a greater impact on CSR attitudes than do items and information in the second group of hypotheses. From the perspective of a CSR stakeholder, the microfinance borrower is most influenced by their direct interactions with the employees who support their business.

However, their opinion of the company's corporate citizenship is not significantly correlated with how much they like the product or the informational support they receive as a microfinance customer. In other words, we discovered that customers' opinions of the microfinance lender's CSR are unrelated to their dissatisfaction with the product the lender offers. They believe the bank is a good corporate citizen because of the personalised service these borrowers have received from the local staff.

### A. Implications

Microfinance has just been made necessary by the Reserve Bank of India by being classified as a priority industry for financing. Due to this necessity, many banks entered the microfinance market, which may increase competition in the sector. Sensitivity to customer dissatisfaction should be considered important in customer retention as microfinance develops in other markets, particularly in more advanced economies. Lenders may feel at ease adopting a cavalier attitude toward customer satisfaction based on high retention and high repayment rates in this lucrative business sector without this empirical evidence. Recent research on the bottom of pyramid consumers shows the need of a consultative ongoing connection with the support of social networks (Chikweche and Fletcher, 2012). (Chikweche and Fletcher, 2012) in [6]. In the context of microfinance, the relational component of ongoing contact is crucial.

In particular at the field level, microlenders must ensure that their team is adequately motivated and trained to efficiently cultivate the client connection. In order to maximise the relationship, lenders who want their microfinance borrowers to view them as good corporate citizens should concentrate on the customer contact provided by their staff. Borrowers of microfinance need the money, but their opinion of the company as a bad corporate citizen is based more on how poorly personnel are treated than on the microfinance product itself. Since the microfinance transaction is a key component of this project and the bank's goal is to be socially responsible, a key area of attention for the lender must be the efficiency of their field personnel. When discussing the CSR of microfinance, other stakeholders, such as the local community and society as a whole, are frequently taken into account. This study is the first to look into how actual microfinance participants perceive CSR. While discontent with the product itself is negatively associated to future purchase intentions from the same lender, it is not significantly related to CSR perceptions, according to research on the interaction between consumer dissatisfaction and CSR.

Customers might believe that a bank shouldn't pursue microfinance since it is a less lucrative industry and that the bank is still acting responsibly even if they dislike the product. The same might be said about the informational support microfinance consumers receive. The study's findings, which show a strong correlation between dissatisfaction with lenders' staff and future purchase intentions as well as perceptions that the lender is a good corporate citizen, highlight the importance of the relationship with servicing staff members. The fact that only one of the three satisfaction measures was influenced by CSR perceptions, however, should not be overlooked. This suggests that customers do not stay because of CSR perceptions. To ensure that long-term objectives of microfinance and corporate social responsibilities go hand in hand, higher management should train the field staff to maintain consistency with the charitable mission.

### **B. Limitations and future scope research**

This study has several restrictions. Its cross-sectional architecture prevents inference of causality. Results are only applicable to the population that was studied. Future studies should use a larger sample size and more representative demographics. Based on the attitudes and activities of traditional NGOs in comparison to other types of lenders, a larger sample size could draw conclusions. Ideally, we will attain a cross-cultural mix in future data sets. However, the research adds value by being able to sample a population that is traditionally impoverished in a worldwide region where microfinance originated and one that is difficult to reach for questionnaires. It would be beneficial to investigate the direct relationships between CSR perceptions and customer purchase intentions in future research. Sampling of marketplaces that are more developed may reveal any variations in these customers' behaviours. The question of whether high repayment rates are sustained in higher markets is particularly intriguing. What is the borrowing pattern of customers that have access to more funding choices than the typical poor?

## **X. CONCLUSIONS**

By providing the most vulnerable small business owners with access to desperately needed capital, microfinance has established itself as an effective strategy to fight poverty. By assisting hard-working families who are in extreme poverty, microfinance is a natural and potent example of corporate social responsibility and speaks to the highest level of business charity. This kind of lending is now acknowledged as being extremely profitable, bringing interest in the product to other, more developed markets, but it is also accompanied by some mission drift, or the diversion from the original goals (Bateman, 2010). Our exploratory research has gone to the very foundations of microfinance to examine client recipients among the poor. According to Hart and Dowell (2011) in [11], the vast bulk of this study has been entirely qualitative because it is difficult to access BOP respondents.

These are the first observations in literature to shift from the anecdotal to the empirical, despite the fact that our findings are not counterintuitive. We demonstrate that lower class consumers have the same marketing perceptions as upper class consumers. Their customer discontent experience has an impact on how they will shop in the future. Even the least sophisticated clients understand what corporate social responsibility is, and they connect it to their interactions with the loan officers. We discover that in the end, the relationship with the employees has a greater impact on these consumers' favourable engagement than CSR perceptions. As admirable and important as CSR is to the loan process, MFIs must keep in mind that service, even at the base of the pyramid, is what ultimately determines client retention.

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