

# Corporate Social Responsibility for Gaining Competitive Advantage of Private Commercial Banks in Myanmar

Hninn Pwint Oo<sup>a,c</sup>, Ei Mon Soe<sup>b,c</sup>

<sup>a</sup> *hninnpwintoo@strategyfirst.edu.mm*

<sup>b</sup> *eimonsoe@strategyfirst.edu.mm*

<sup>c</sup> *Lecturers, Strategy First International College*

---

## Abstract

This study, titled *Corporate Social Responsibility for Gaining Competitive Advantage of Private Commercial Banks in Myanmar*, examines how CSR practices contribute to competitive advantage in the country's banking sector, which is undergoing rapid modernization and heightened competition. Drawing on the adapted conceptual model of Eyasu and Arefayne (2020), the research had two objectives: (i) to identify the CSR practices of private commercial banks in Myanmar and (ii) to analyze the impact of CSR for Environment, CSR for Local Community, and CSR for Customers on competitive advantage. A quantitative research design was applied, with data collected through a structured questionnaire administered to 250 banking customers across multiple private commercial banks using convenience sampling. The survey items were adapted from established literature, and data analysis involved descriptive statistics, correlation, and multiple regression analysis. Reliability and validity tests confirmed the robustness of the scales. The findings revealed a strong positive correlation between CSR practices and competitive advantage. Among the predictors, CSR for Customers was the most influential, highlighting the importance of transparent practices, fair pricing, and inclusive financial products. CSR for Local Community ranked second, reflecting the impact of education, healthcare, and community programs. CSR for Environment, though significant, had the least effect. Overall, the study affirms that customer-focused and community-oriented CSR initiatives are key drivers of competitive advantage in Myanmar's private banking sector.

*Keywords – Private Commercial Banks; Myanmar; Corporate Social Responsibility; CSR for Environment; CSR for Local Community; CSR for Customers; Competitive Advantage*

---

## 1. Introduction

The concept of Corporate Social Responsibility (CSR) has developed over thousands of years and is now widely recognized as a core business practice across the globe. Governments, nongovernmental organizations, and businesses increasingly regard CSR as central to discussions about ethical and sustainable development. The importance of CSR lies in balancing the economic benefits of business activity, such as wealth creation and job opportunities, with the negative impacts on the environment and human health. By adopting socially responsible practices,

companies can reduce harm while also gaining competitive benefits, including stronger customer loyalty, higher employee commitment, and increased public trust. These factors contribute to long-term competitive advantage, making CSR a critical strategy for differentiation in highly competitive markets. In Myanmar, this holds particular importance given the country's underdeveloped financial system, marked by historical instability, inflation, bank runs, insider lending, and widespread public mistrust. Despite ongoing reforms, including steps toward greater transparency by the Central Bank of Myanmar (CBM), less than 10% of the population holds a bank account, while reliance on informal systems, black markets, and unregulated remittance channels remains high. However, with rapid growth in the global fintech industry, Myanmar's banking sector is experiencing new opportunities for digital transformation. In this transitional environment, CSR emerges as a key mechanism for banks to build trust, attract customers, and foster loyalty in a market where credibility and stability are highly valued.

Myanmar's banking sector consists of the CBM, four state-owned banks, and 27 private banks, making it one of the country's most lucrative yet homogenous industries. Although financial reforms, such as the replacement of a fixed exchange rate with a managed float in 2012 and the introduction of the CBM Law in 2013, have encouraged transparency and accountability, the sector still faces challenges in establishing long-term customer confidence. Traditional marketing efforts have helped raise awareness of banking products and services, yet they have not provided lasting solutions for differentiation or sustainable growth. In response, private banks are increasingly turning to CSR as a deliberate strategic approach. By allocating annual budgets to thematic CSR programs, banks aim to strengthen their social legitimacy, improve brand reputation, and achieve sustainable competitive advantage. CSR activities not only support the well-being of communities and customers but also serve as trust-building mechanisms in a market where skepticism remains strong. Thus, in Myanmar's evolving financial landscape, CSR is not merely a philanthropic gesture but a critical strategic tool that aligns business goals with stakeholder expectations, ensuring resilience, growth, and long-term competitiveness.

### *1.1 Problem Statement*

Corporate Social Responsibility (CSR) and banking are closely connected, as banks play a key role in economic and social development while managing community resources. In developing countries like Myanmar, CSR has become an important strategy for building customer trust, loyalty, and competitive advantage in a globalized and technology-driven market. Leading private banks such as AYA Bank and KBZ Bank integrate CSR into their core strategies rather than treating it as separate philanthropy. AYA Bank emphasizes community development in areas like education, healthcare, and sports, often working through the Ayeyarwady Foundation. KBZ Bank, on the other hand, has formalized CSR through its Social Purpose and Impact Partnership Committee, focusing on transparency, healthcare initiatives, disaster relief, and SME support. Both banks use CSR not only for community benefit but also as a strategic tool to improve reputation, strengthen relationships with stakeholders, and achieve long-term sustainability.

Research in Myanmar's banking sector shows that CSR positively affects customer loyalty, employee commitment, and competitive positioning. Studies demonstrate that CSR directed at employees, customers, and government increases organizational commitment, while CSR aimed at customers enhances brand image, advocacy, and customer loyalty outcomes. However, CSR activities focused only on society have shown limited impact on employee commitment. Despite growing awareness, many private banks still face challenges in translating CSR into sustainable competitive advantage, often treating it as compliance rather than strategy. This study aims to assess whether CSR in areas such as the environment, local communities, and customer engagement can drive differentiation, operational efficiency, and long-term competitiveness in Myanmar's private banking sector.

### *1.2 Research Questions (RQs)*

RQ: Does corporate social responsibility practices contribute to gain competitive advantage of private commercial banks in Myanmar?

### *1.3 Research Objectives (ROs)*

The fundamental objective of this research paper is the CSR practices of different private commercial banks in Myanmar. Therefore, the specific objectives to achieve this fundamental objective will be described as follows:

- i. To identify the CSR practices of private commercial banks in Myanmar,
- ii. To analyse the impact of different CSR practices (CSR for Environment, Local Community, Customers) on gaining competitive advantage of private commercial banks in Myanmar.

## **2. Literature Review**

### *2.1 Corporate Social Responsibility*

According to Porter (1987), competitive advantage arises when a firm can deliver greater value to customers or operate more efficiently than rivals. In the banking sector, CSR initiatives can differentiate a firm by showing responsibility, reducing operational risks, and appealing to environmentally conscious customers, thus serving as a source of competitive advantage. In the banking industry, environmental CSR—such as adopting digital banking to reduce paper usage, offering green loans, or implementing carbon-neutral operations—can contribute to long-term cost savings and improve reputation, both of which are drivers of sustained competitive advantage (Chege, 2013). Therefore, Corporate Social Responsibility (CSR) has evolved from a philanthropic obligation to a strategic imperative. In the banking sector, CSR practices targeting environmental sustainability, community development, and customer engagement are increasingly recognized as drivers of competitive advantage—a firm's ability to create and sustain superior value relative to competitors (Porter, 1987).

Stakeholder theory (Freeman, 1984) posits that businesses must respond to the expectations of various stakeholder groups, including customers, employees, communities, and the environment. Building on this, ISO 26000 guidelines outline seven core CSR areas: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

For this study, the classification of CSR is adapted from prior research and contextual relevance to the banking sector in Myanmar. The study focuses on three key CSR dimensions:

1. **CSR for the Environment** – Activities aimed at reducing environmental harm, promoting sustainability, and improving ecological awareness (e.g., green banking, digital operations to reduce paper use).
2. **CSR for the Local Community** – Initiatives supporting local development, education, health, and disaster relief.
3. **CSR for Customers** – Practices centered on customer welfare, fairness, transparency, and inclusive financial products.

This categorization is consistent with studies such as Eyasu & Arefayne (2020) and Ashour, Ali & Allan (2020), which analyze stakeholder-oriented CSR in banking contexts. It allows for a focused investigation into how each CSR domain contributes to competitive advantage, especially in emerging markets like Myanmar.

## *2.2 Competitive Advantage*

The concept of competitive advantage is central to strategic management and organizational performance. It refers to a firm's ability to achieve superior performance relative to its competitors by offering greater value to customers or operating more efficiently. Competitive advantage and differential advantage are the two primary categories of competitive advantage according to Porter (1987). A company's ability to produce a good or service at a lower cost than its rivals give it a competitive advantage, also known as a cost advantage. This allows the company to sell its goods or services at a lower price than its rivals or to make a bigger profit margin. When a company's goods or services are perceived as superior to those of its rivals and stand out from the crowd, they generate a differential advantage. The distinct competencies, or core competencies, that arise from the unique firm's resources and capabilities support quality, innovation, efficiency, and customer receptiveness. These can all be used to achieve a product that stands out or a lower cost structure.

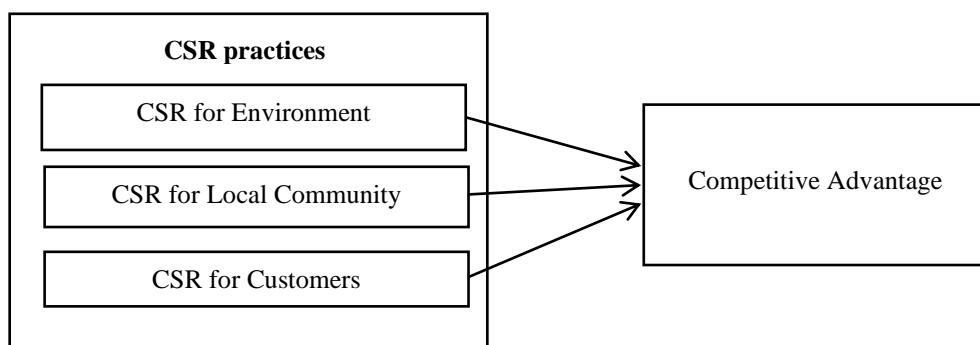
The resource-based theory of the firm is when the resources and capabilities are valuable, rare, imperfectly imitable, and non-substitutable; they can create differentiation and that constitutes a source of sustainable competitive advantage (Barney, 1991). The competitive advantage is the organization's resources, characteristics, or capacities that are hard to copy or surpass and give a better or ideal long-term position over contenders (Kimani, 2015). Furthermore, competitive advantage is determined by financial capacity, human and technological resources, innovations, operational efficiency, quality of goods/services, and customer satisfaction (Hong, et al., 2010). In the current global competitive environment, CSR is regarded as part of building competitive advantage.

### 2.3 Corporate Social Responsibility and Competitive Advantage

Corporate Social Responsibility (CSR) had become an essential and permanent aspect of corporate strategy. Scholars argued that CSR, when strategically aligned with business objectives, could create competitive advantage by enhancing both the company's performance and its contribution to society. Companies could use CSR initiatives to strengthen partnerships, improve their operating environment, and build long-term trust with stakeholders. Porter and Kramer (2006) emphasized that CSR actions should be connected to a firm's core business in order to maximize value creation. Similarly, Barney's resource-based view suggested that competitive advantage arises from resources that are valuable, rare, inimitable, and well-organized. In this sense, social projects linked to a company's expertise and resources can generate unique advantages that competitors cannot easily replicate. Burke and Logsdon (1996) further highlighted that intangible asset—such as ethical leadership, corporate governance, and innovative social projects—can serve as differentiating resources, offering consistent benefits to both business and society.

Zadek (2005) identified three stages of CSR maturity: first-generation companies focus on short-term compliance, second-generation firms integrate CSR into planning and risk management, while third-generation firms fully embed CSR in their strategies, gaining long-term competitiveness. A strong reputation, as noted by Majeed (2011), was a key outcome of effective CSR, influencing consumer behavior, stakeholder trust, and overall brand value. Reputation served as a crucial internal resource that enhances corporate performance when CSR was managed transparently and consistently. Therefore, aligning CSR initiatives with business strategy and core operations not only fostered sustainable societal contributions but also built lasting competitive advantage.

**Figure (1): Conceptual Framework**



Source: Adapted from Eyasu & Arefayne (2020)

H1: The banking industry CSR to environmental responsibility has a direct and positive influence on their competitive advantage.

H2: There is a direct and positive relationship between the CSR to community development

actions undertaken by private banks in Myanmar and the extent of their competitive advantage.

H3: The customers related CSR undertaken by the private banks in Myanmar directly and positively influences their competitive advantage.

### **3. Research Methodology**

#### *3.1 Research Design and Sampling Strategy*

This research was used the primary data source by collecting the required data to help this research result. For the primary data, **quantitative approach** was used to study for gaining competitive advantage through CSR practices of private commercial banks in Myanmar. **Deductive research approach** was used for this research to know how gaining competitive advantage of private commercial banks in Myanmar. This research was used primary data by collecting data to conduct this study. **Explanatory research** was applied to know more details on this research and survey research method was used to collect data. The targeted population was the customers that are using the banking services from Myanmar private commercial banks. The precise population size was unknown because the respondents for this study was the customers who had been using the banking service from Myanmar private banks. Although customers might not be directly involved in a bank's strategic decisions, their perceptions of CSR practices — including those targeting environment, communities, and customers — influence their loyalty, satisfaction, and preference. As the total population size is unknown, the sample size was determined using Cochran's Formula, with 95% confidence level and a 6.2% margin of error, resulting a minimum required sample size of 250 respondents (Sekaran & Bougie, 2013). So, the target sample size for this study was 250 respondents by using convenience sampling method. Convenience sampling was chosen for its ease, speed, and cost-effectiveness, allowing researchers to collect data from readily available participants.

#### *3.2 Data Collection*

This research examined the impact of Corporate Social Responsibility (CSR) on sustainable competitive advantage in Myanmar's private commercial banks using a quantitative approach. Primary data were collected through structured questionnaires, employing a Five-Point Likert Scale to measure customer perceptions of CSR for environment, customers, and community, as well as its influence on competitive advantage. Surveys were distributed online (Google Forms) and in-person at bank branches. Competitive advantage was assessed through indicators such as service quality, customer satisfaction, and brand reputation. Multiple regression analysis was applied to evaluate the relationship between CSR dimensions and competitive advantage.

This study was collected from primary data to ensure comprehensive findings. Customers who used banking services was surveyed by using google survey form via <https://bit.ly/3TOEO1p>.

#### *3.3 Data Analysis*

This research applied both descriptive and inferential statistical methods to analyse customer data from Myanmar private banks. Descriptive statistics summarized demographic factors such as gender, age, education, and income, enabling researchers to identify key patterns. Inferential statistics were employed to generalize findings from 250 respondents and test

hypotheses on the relationship between CSR activities and sustainable competitive advantage. Reliability was assessed using Cronbach's Alpha, while validity tests ensured measurement accuracy. Multiple regression analysis examined the impact of CSR, with diagnostic checks for multicollinearity, residual independence, heteroscedasticity, and normality, ensuring robust and valid results for meaningful conclusions.

#### 4. Empirical Results

This section outlines the respondents' demographic characteristics and examines how these factors relate to CSR for environment, CSR for local community, CSR for customers and competitive advantage. Using frequency analysis, the study identifies patterns in gender, age, marital status, education background, income level and the bank most frequently used by customers. Statistical methods, including multiple regression reveal how CSR practices influence the competitive advantage.

##### 4.1 Profile of Respondents

The study conducted had 250 responses. The analysis accounts for demographic factors (e.g., gender, age, marital status, education background, income level, private banks mostly used by customers.)

Table 4.1: Demographic profile of the Respondents

Category		Frequency	Percentage
Gender	Male	64	25.6
	Female	186	74.4
Age	< 18 years old	10	4.0
	18 - 28 years old	188	75.2
	29 - 39 years old	44	17.6
	40 - 50 years old	5	2.0
	> 51 years old	3	1.2
Marital Status	Single	236	94.4
	Married	11	4.4
	Preferred Not to Say	3	1.2
Education Background	High School Diploma	4	1.6
	Undergraduate	66	26.4
	Bachelor Degree	164	65.6
	Master Degree	16	6.4
Income Level	Below 350,000 MMK	103	41.2
	350,000 – 500,000 MMK	63	25.2
	500,001 – 650,000 MMK	6	2.4
	650,001 – 800,000 MMK	20	8.0
	Above 800,000 MMK	58	23.2

Private Banks Mostly Used by Customers	AYA Bank	22	8.8
	KBZ Bank	201	80.4
	CB Bank	4	1.6
	Yoma Bank	12	4.8
	UAB Bank	3	1.2
	Shwe Bank	8	3.2
Total		250	100

The demographic profile of the respondents reveals that the majority were female (74.4%), predominantly aged between 18 and 28 years (75.2%), and largely single (94.4%). In terms of educational background, most participants held a bachelor's degree (65.6%), followed by undergraduates (26.4%), indicating a relatively well-educated sample. Regarding income distribution, the highest proportion reported monthly earnings below 350,000 MMK (41.2%), while 23.2% earned above 800,000 MMK. Concerning banking preferences, the overwhelming majority of respondents identified KBZ Bank as their primary bank (80.4%), highlighting its dominant position among private commercial banks in Myanmar.

#### 4.2 Reliability Tests for Variables

As shown in Table 4.2 (Appendix), Cronbach's Alpha assessed internal consistency of variables (CSR for environment, CSR for local community, CSR for customers, competitive advantage). All scales demonstrated good reliability ( $\alpha \geq 0.70$ ): CSR for environment:  $\alpha = 0.775$  (8 items), CSR for local community:  $\alpha = 0.904$  (8 items), CSR for customers:  $\alpha = 0.897$  (8 items), and Competitive advantage:  $\alpha = 0.914$  (8 items). These results confirm that the measurement items used in the survey are internally consistent and robust for capturing perceptions related to CSR and competitive advantage in the context of Myanmar's private banking sector.

#### 4.3 Validity Testing

According to Table 4.3 (Appendix), the results of the Kaiser-Meyer-Olkin (KMO) measure demonstrate strong construct validity for all four variables assessed in the study. The KMO value for CSR for Environment was 0.768, indicating good sampling adequacy for factor analysis. The values for CSR for Local Community (0.914), CSR for Customers (0.887), and Competitive Advantage (0.896) fall within the range considered excellent. These results confirm that the survey items for each construct were well-suited for factor analysis and that the collected data had sufficient common variance to support reliable and valid measurement of CSR dimensions and their relationship to competitive advantage in the banking context.

#### 4.4 Perception of Respondents on Variables

As shown in Table 4.4 (Appendix), the analysis revealed that the maximum mean score was attributed to the statement "My bank provides digital alternatives (e.g., mobile or internet

*banking) to reduce paper usage*” (M = 4.57, SD = 0.809), which falls within the “Strongly agree” range, reflecting customers’ strong appreciation of digital initiatives aimed at minimizing environmental impact. Conversely, the minimum mean score was observed for “*I believe the bank is committed to protecting the environment beyond legal requirements*” (M = 2.96, SD = 0.767), categorized as “Neutral.” This suggests limited customer confidence in banks’ proactive environmental commitments beyond compliance.

As presented in Table 4.5 (Appendix), Analysis of community-related CSR items indicates that respondents most strongly agreed with the statement acknowledging their bank’s donations to causes such as education, health, and disaster relief (Mean = 3.58, SD = 0.655), reflecting recognition of visible contributions to local communities. This suggests that banks are positively perceived for their philanthropic initiatives, enhancing their socially responsible image. Conversely, the minimum mean score was recorded for perceptions of banks’ genuine care for community well-being (Mean = 3.19, SD = 0.777), categorized as “Neutral.” This implies customers remain cautious about banks’ sincerity, signaling the need for deeper trust-building initiatives.

As revealed in Table 4.6 (Appendix), the analysis of customer-related CSR items revealed that the maximum mean value was observed for the statement regarding inclusive access to banking services (M = 3.44, SD = 0.775), interpreted as “Agree,” indicating that customers positively perceive banks’ efforts to ensure accessibility for diverse groups, including elderly and rural populations. Conversely, the minimum mean value was found for the item on fair and prompt resolution of complaints (M = 3.07, SD = 0.818), categorized as “Neutral,” suggesting that customers hold more reserved views concerning the effectiveness and fairness of grievance-handling mechanisms.

As shown in Table 4.7 (Appendix), the analysis of competitive advantage items indicates that the maximum mean score was for the statement, “*I believe my bank’s involvement in CSR gives it a long-term advantage over other banks*” (M = 3.42, SD = 0.673), which falls within the “Agree” range, reflecting customers’ recognition of CSR as a strategic factor enhancing long-term competitiveness. Conversely, the minimum mean score was observed for “*I trust this bank more because of its socially responsible behavior*” (M = 3.20, SD = 0.821), categorized as “Neutral,” suggesting that CSR’s role in fostering customer trust remains moderate.

As demonstrated in Table 4.8 (Appendix), the analysis indicates varying customer perceptions of CSR activities among private banks in Myanmar. Environmental CSR achieved the maximum mean score (3.45), within the “Agree” range, suggesting customers value initiatives such as digital alternatives and reduced paper usage, which enhance sustainability and reputation. Community-related CSR scored 3.35, interpreted as “Neutral” but nearing “Agree,” reflecting moderate recognition of contributions like donations and sponsorships, with potential for deeper community engagement. Customer-related CSR obtained a mean of 3.26 (“Neutral”), indicating room to improve transparency, ethical practices, and responsiveness to strengthen competitive advantage and customer loyalty.

#### 4.5 Correlation Analysis

In this study, it was applied to assess the associations between the three CSR dimensions—environment, community, and customers and competitive advantage. According to the Mukaka (2012), correlation values ( $r$ ) are interpreted as follows: an  $r$  value between 0 and 0.3 indicates a negligible relationship, 0.3 to 0.5 reflects a weak positive relationship, 0.5 to 0.7 suggests a moderate positive relationship, 0.7 to 0.9 represents a strong positive relationship, and values above 0.9 denote a very strong positive relationship.

Table 4.9: Correlation between the Variables

Variables	P-value	Sig
CSR for Environment	0.671**	0.000
CSR for Local Community	0.739**	0.000
CSR for Customers	0.802**	0.000

The results reveal strong and statistically significant positive correlations between all three CSR dimensions and competitive advantage. CSR for Environment showed a correlation coefficient of 0.671 ( $p < 0.01$ ), indicating a moderate to strong positive relationship. CSR for Local Community had a stronger correlation at 0.739 ( $p < 0.01$ ), signifying a strong relationship. The strongest correlation was observed for CSR for Customers, with a coefficient of 0.802 ( $p < 0.01$ ), indicating a strong positive relationship. These results suggest that as customer perceptions of CSR improve particularly in the area of customer-oriented activities; the perceived competitive advantage of banks also increases significantly.

#### 4.6 The Impact of Corporate Social Responsibility on Competitive Advantage

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	.839 <sup>a</sup>	.704	.701	.32849	1.810

The regression model exhibited strong predictive power with an R value of 0.839 and an R Square of 0.704, indicating that 70.4% of the variance in competitive advantage is explained by CSR variables. The Durbin–Watson statistic of 1.810 confirmed independence of residuals and model validity (Turner, 2019).

Table 4.11: Multiple Regression Analysis of Corporate Social Responsibility on Competitive Advantage

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.097	.152		.636	.525		
CE -> CA	.229	.061	.186	3.754	0.000	.489	2.046
CM -> CA	.245	.062	.226	3.924	0.000	.364	2.750
CC -> CA	.492	.052	.515	9.535	0.000	.412	2.426

Multicollinearity diagnostics confirmed acceptable levels ( $VIF < 5$ ), indicating no serious concern among predictors. Residual analysis was carried out using a scatterplot of standardized residuals against predicted values. As shown in Figure 2 (Appendix), the residuals were randomly dispersed around the zero line, with no funnel shape or systematic pattern, confirming homoscedasticity. This finding supports the assumption of constant variance and enhances the reliability of the regression model (Frost, 2017).

Among these, CSR for Customers emerged as the most significant predictor with the highest standardized beta coefficient ( $\beta = 0.515$ ,  $p < 0.001$ ), indicating a strong and statistically significant influence on competitive advantage. This is followed by CSR for Local Community ( $\beta = 0.226$ ,  $p < 0.001$ ), which also shows a meaningful impact. CSR for Environment, while still significant ( $\beta = 0.186$ ,  $p < 0.001$ ), had the least influence among the three variables. These findings suggest that customer-focused CSR activities contribute most strongly to gaining competitive advantage, followed by community initiatives and environmental efforts.

## 5. Conclusion

### 5.1 Findings and Discussion

This study affirms the strategic importance of Corporate Social Responsibility (CSR) in enhancing firm performance and competitive advantage within Myanmar's banking sector, while extending insights from prior international research. Consistent with studies by Saeidi et al. (2015) and Surroca et al. (2010), the results confirm CSR as not only an ethical responsibility but also a performance-enhancing strategy. Among the three CSR dimensions examined, customer-focused CSR emerged as the strongest predictor of competitive advantage, suggesting that practices directly addressing customer needs—such as fairness, financial literacy, protection of rights, and inclusive financial services—are crucial for building trust and loyalty. Community-focused CSR ranked second, demonstrating that initiatives such as scholarships, disaster response, and rural

development enhance public goodwill and strengthen long-term customer relationships, particularly in an emerging economy where banks are seen as important social actors. Environmental CSR, though statistically significant, showed the least influence, likely due to low visibility and customer awareness of such initiatives. This indicates that while environmental actions such as paperless banking and energy-efficient infrastructure are important, banks must improve communication to make these efforts more relatable and valued by stakeholders.

The findings highlight CSR as a central business strategy rather than a peripheral or philanthropic activity, aligning with Porter & Kramer's (2011) view that CSR can create shared value by meeting both social needs and business goals. The study's model ( $R^2 = 0.704$ ) provides robust evidence that CSR significantly contributes to competitive positioning when implemented holistically across customer, community, and environmental areas. A comparison with Eyasu and Arefayne (2020) reveals contextual differences: while customer-focused CSR is consistently important, employee-related CSR was influential in Ethiopia but excluded here, and community CSR plays a more prominent role in Myanmar's less stable financial environment. These variations underscore the need to adapt CSR strategies to local conditions. Overall, the study shows that in Myanmar's transitional economy, CSR for customers and communities acts as a trust-building mechanism that strengthens competitiveness, while environmental CSR requires greater visibility to enhance its impact. As competition intensifies, Myanmar's banks should embed CSR into strategic planning, staff training, and transparent reporting to achieve sustainable differentiation, build stakeholder trust, and secure long-term value creation.

### *5.2 Theoretical and Practical Implication*

This study underscores the strategic role of Corporate Social Responsibility (CSR) in Myanmar's private banking sector and situates its findings within international literature. Theoretically, the results support stakeholder theory and the resource-based view (RBV) by highlighting CSR as an intangible asset that fosters customer loyalty, reputation, and competitiveness. Comparable to Eyasu and Arefayne's (2020) findings on the multidimensional nature of CSR in banking, this research demonstrates statistically significant links between CSR and competitive advantage. Similarly, Ashour, Ali, and Allan (2020) showed that social, legal, and ethical CSR enhance competitiveness, while environmental CSR exerts limited effects unless visibly communicated, an outcome echoed here. Chege's (2013) emphasis on community programs, Nguyen and Mai's (2021) recognition of economic and customer CSR as key drivers in emerging markets, and Abubakar et al.'s (2022) proposal of green behavior as a mediator further align with this study, pointing to opportunities for sustainability-focused research in Myanmar.

Practically, the findings highlight that customer-focused CSR exerts the strongest influence on competitive advantage, underscoring the need for transparency, ethical services, inclusive financial products, and proactive customer engagement. Community-related CSR, such as scholarships, entrepreneurship support, and financial literacy initiatives, also strengthens goodwill and long-term societal acceptance, thereby consolidating market trust. Environmental CSR, while found to be the least influential, remains crucial for sustainability and regulatory

compliance. Its effectiveness could be enhanced through greater visibility and communication of initiatives such as green loans, paperless banking, and energy-efficient infrastructure. By embedding these initiatives into organizational identity and ensuring effective communication channels, banks can increase their relevance and resonance with customers.

In conclusion, the study emphasizes the importance of adopting a balanced, integrated CSR strategy that goes beyond philanthropic gestures to align with institutional mission and values. Managers should embed CSR into strategic planning, measure its performance, and report transparently to strengthen trust and accountability. Training staff to embody CSR principles in customer interactions will further reinforce responsible banking practices. For policymakers and regulators, fostering standardized CSR reporting will improve industry-wide accountability and customer confidence. Collectively, these measures position CSR as both a strategic and practical mechanism for private banks in Myanmar to differentiate themselves, secure sustainable advantage, and contribute to broader socio-economic development.

### *5.3 Limitations and Needs for Further Studies*

This study highlights the link between CSR and competitive advantage in Myanmar's private banking sector but acknowledges several limitations. First, the analysis focused solely on customer perceptions, excluding employees, managers, and policymakers whose views could enrich understanding; future studies should adopt a multi-stakeholder approach. Second, the cross-sectional design restricts assessment of CSR's evolving nature, suggesting the value of longitudinal research. Methodologically, reliance on structured questionnaires may introduce social desirability bias, indicating that mixed methods, including interviews and focus groups, could enhance validity. Additionally, the study only examined direct effects of CSR dimensions without considering mediating variables (e.g., reputation, trust) or moderating factors (e.g., firm size, digital transformation). CSR was also treated broadly, overlooking differences between strategic initiatives and philanthropic gestures. Finally, the findings are situated within Myanmar's transitional regulatory environment, where shifting policies and expectations require ongoing reassessment. These limitations open pathways for more comprehensive, context-sensitive future research.

### **Acknowledgements**

I would like to express sincere gratitude to **Professor Dr. Sein Min**, Vice President (Academic) and Provost of Strategy First International College, for his invaluable guidance and support, which greatly shaped this research. I am also deeply thankful to **Professor Dr. Nilar Win**, Vice Provost, for her motivation, constructive suggestions, and encouragement that inspired academic excellence. Special appreciation goes to **Strategy First International College** for providing resources, a supportive environment, and a platform for research. Finally, I extend heartfelt thanks to all respondents from private commercial banks, whose cooperation and insights were essential to the successful completion of this study.

## References

- Abubakar, A., Belwal, S., Mohammed, N. & Mohammed, U. D., 2022. Sustainable Competitive Advantage through Corporate Social Responsibility (CSR) and Green Behavior Strategies. *Discrete Dynamics in Nature and Society*, 2(1), pp. 1-25.
- Ashour, M. L., Ali, N. N. & Allan, M. S., 2020. Corporate Social Responsibility and Competitive Advantage: Relationships and Mechanism. *International Journal of Economics and Business Administration*, 8(3), pp. 161-175.
- Barney, J., 1991. Firm Resources and Competitive Advantage. *Journal of Management*, 17(1), pp. 99-120.
- Burke, L. & Logsdon, J. M., 1996. How corporate social responsibility pays off. *Long Range Planning*, 29(4), pp. 492-502.
- Chege, E. N., 2013. Corporate Social Responsibility and Competitive Advantage of Commercial Banks in Kenya. s.l.:s.n.
- Eyasu, A. M. & Arefayne, D., 2020. The Effect of Corporate Social Responsibility on Banks' Competitive Advantage: Evidence from Ethiopia Lion International Bank S.C. *Cogent Buainsees & Management*, 25 September.7(1).
- Freeman, R. E. & McVea, J., 1984. *A Stakeholder Approach to Strategic Management*. Oxford: Blackwell.
- Frost, J., 2017. *Multicollinearity in Regression Analysis: Problems, Detection, and Solutions*. [Online]  
Available at: <https://statisticsbyjim.com/regression/multicollinearity-in-regression-analysis/>  
[Accessed 20 July 2025].
- Hong, Y. S., Yang, U. S. & Rim, H., 2010. The influence of corporate social responsibility and customer-company identification on publics' dialogic communication intentions. *Public Relations Review*, 36(2), pp. 196-198.
- Kimani, E., 2015. Role of social media marketing on organizational performance in Kenya. *Journal of Business and Management*, 17(1), pp. 101-105.
- Majeed, S., 2011. The impact of competitive advantage on organizational performance. *European Journal of Business and Management*, 3(4), pp. 191-196.
- Nguyen, N. A. K. & Mai, K. N., 2021. The Impact of Corporate Social Responsibility Performance on Competitive Advantage and Business Success. *International Journal of Asian Business and Information Management*, 12(3), pp. 1-15.
- Porter, M. E. & Kramer, M., 2011. The Big Idea: Creating Shared Value. How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth. *Harvard Business Review*, 89(1), pp. 62-77.
- Porter, M. E. & Kramer, M. R., 2006. *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility*. [Online]  
Available at: <https://hbr.org/2006/12/strategy-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility>  
[Accessed 28 April 2024].

- Porter, M. E., 1987. From Competitive Advantage to Corporate Strategy. [Online]  
 Available at: <https://hbr.org/1987/05/from-competitive-advantage-to-corporate-strategy>  
 [Accessed 28 April 2024].
- Sekaran, U. & Bougie, R., 2016. *Research Methods for Business: A Skill-Building Approach*. 7 ed. Chichester: Wiley.
- Turner, P., 2019. *Critical Values for the Durbin-Watson test in large samples*. [Online]  
 Available at: <https://www.scribd.com/document/682710730/Turner-Durbin-Watson-Test-Paper-Sept-2019-Revised-Version>  
 [Accessed 20 July 2025].
- Zadek, S., 2005. The Path to Corporate Responsibility. *Harvard Business Review*, January, 82(12), pp. 125-32.

## Appendix A.

### CSR for Environment

Reliability Statistics	
Cronbach's Alpha	N of Items
.775	8

### CSR for Local Community

Reliability Statistics	
Cronbach's Alpha	N of Items
.904	8

### CSR for Customers

Reliability Statistics	
Cronbach's Alpha	N of Items
.897	8

## Competitive Advantage

### Reliability Statistics

Cronbach's Alpha	N of Items
.914	8

*Table 4.3 Validity Analysis*

Variables	KMO Values	Acceptable Level
CSR for Environment	.768	Good
CSR for Local Community	.914	Excellent
CSR for Customers	.887	Excellent
Competitive Advantage	.896	Excellent

*Table 4.4 CSR for Environment*

CSR for Environment	Mean	Standard Deviation
I am aware that my bank has taken initiatives to reduce environmental impact.	3.84	.943
My bank provides digital alternatives (e.g., mobile or internet banking) to reduce paper usage.	4.57	.809
I have heard about my bank supporting environmentally friendly campaigns (e.g., tree planting, green loans).	3.12	.745
My bank has adopted energy-saving or eco-friendly technologies at branches or ATMs.	3.25	.746
My bank actively communicates its environmental efforts through marketing or social media.	3.40	.765
I believe the bank is committed to protecting the environment beyond legal requirements.	2.96	.767
My opinion of the bank improves when I know it participates in environmental sustainability programs.	3.25	.708
I appreciate when banks take visible actions to protect the environment.	3.18	.743
Overall Mean Value	3.45	

*Table 4.5 CSR for Community*

CSR for Community	Mean	Standard Deviation
I am aware that my bank donates to causes such as education, health, or disaster relief in local communities.	3.58	.655
My bank sponsors community events or supports local charities and organizations.	3.39	.705
My bank involves its employees in volunteer programs or social campaigns.	3.31	.791
I feel my bank genuinely cares about the well-being of the communities where it operates.	3.19	.777
I have noticed my bank supporting small businesses or local entrepreneurs.	3.38	.708
I recognize that my bank is involved in social development within the local community.	3.34	.664
I feel proud to be associated with a bank that supports the development of local society	3.32	.725
My bank actively supports initiatives that benefit the local community.	3.28	.697
Overall Mean Value	3.35	

*Table 4.6 CSR for Customers*

CSR for Customers	Mean	Standard Deviation
My bank provides transparent and honest information about its services and charges.	3.24	.817
I feel that my bank is ethical in its dealings with customers.	3.32	.879
My bank regularly asks for customer feedback to improve its services.	3.16	.798
When I raise a concern or complaint, the bank resolves it fairly and promptly.	3.07	.818
I believe my personal and financial data is secure with this bank.	3.21	.900
My bank provides easy access to banking services for all types of customers, including elderly or rural populations.	3.44	.775
My bank actively promotes financial literacy or customer awareness programs.	3.38	.726
I feel that this bank's treatment of customers reflects its social responsibility values.	3.22	.862
Overall Mean Value	3.26	

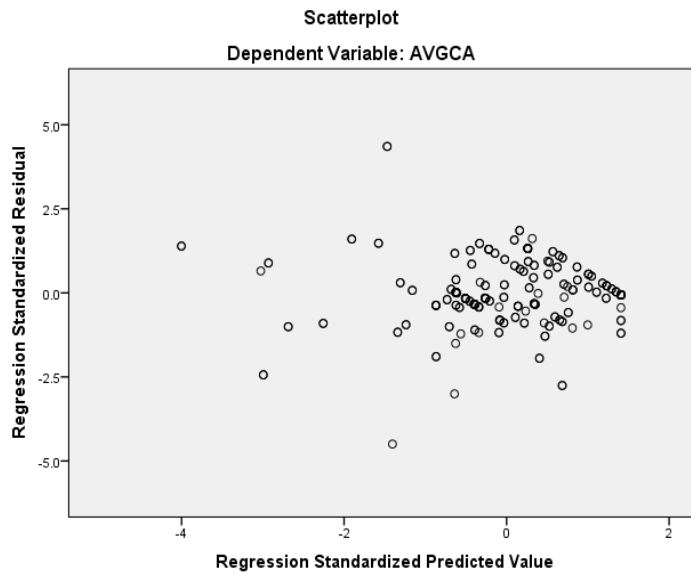
*Table 4.7 Competitive Advantage*

Competitive Advantage	Mean	Standard Deviation
I believe my bank provides better services compared to other banks I've used.	3.34	.767
I trust this bank more because of its socially responsible behavior.	3.20	.821
I continue using this bank because I feel it is more reliable and ethical than its competitors.	3.29	.796
I would recommend this bank to others because of its positive image in the community.	3.31	.811
I believe my bank's involvement in CSR gives it a long-term advantage over other banks.	3.42	.673
I see this bank as a leader in both business and social contributions.	3.30	.787
The quality of customer service at this bank makes it stand out from others.	3.32	.718
I believe this bank's success is partly due to its commitment to environmental and social responsibilities.	3.30	.696
Overall Mean Value	3.31	

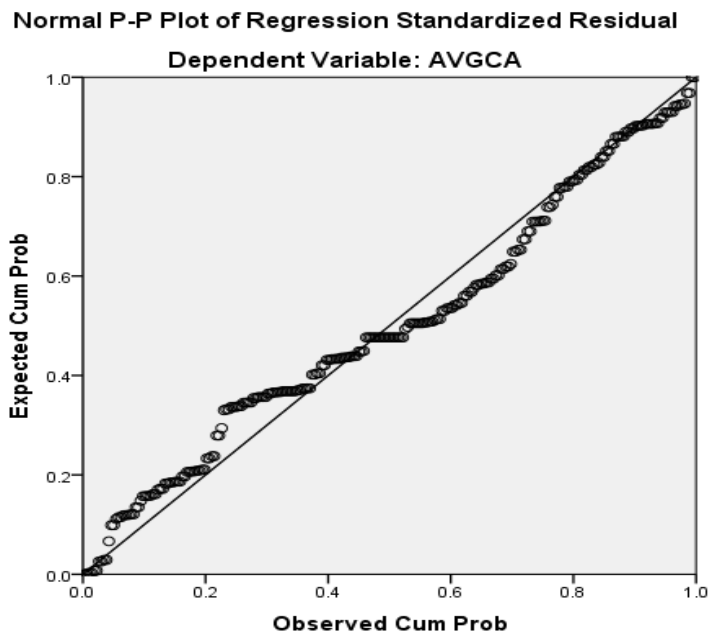
*Table 4.8 Corporate Social Responsibility*

Corporate Social Responsibility	Overall Mean Value
CSR for Environment	3.45
CSR for Community	3.35
CSR for Customers	3.26

**Figure (2): Scatterplot**



**Figure (3): Normal P-P Plot of Regression Standardized Residual**



**Figure (4): Histogram**

