

Predicting Relational Outcomes Via ESG

Chow, Matthew Yau Choi

University of Lincoln, Lincoln International Business School, UK

Ho, Shirie Pui Shan

UOW College Hong Kong, Hong Kong

Abstract:

The environmental, social, and governance (ESG) framework has become a major global trend and has significantly affected businesses worldwide. Based on the means-end chain model, we examine how ESG initiatives affect customer involvement, relationship equity, and purchase intention in the context of Hong Kong banks. Three hundred responses were collected via an online survey, and the data were analyzed using structural equation modeling. Social and governance initiatives affected customer involvement, whereas the effect of environmental initiatives was not significant. Customer involvement was positively related to both relationship equity and purchase intention. Relationship equity was a strong predictor of purchase intention. Customer involvement fully mediated the relationships between ESG initiatives and both relationship equity and purchase intention. The literature has focused on the role of ESG initiatives in various outcomes, including financial performance and brand-related metrics. However, exploration of the specific predictive power of ESG initiatives on relational outcomes remains limited. In this study, we address this research gap by focusing on how ESG initiatives affect relational outcomes, providing valuable insights for both academic research and practical applications. Theoretically, we contribute to the ESG and marketing literature by offering comprehensive insights into how sustainability practices influence customer–firm relationships. Practically, marketers and bankers can create marketing strategies that align with customers' ESG expectations, thus fostering long-term relationships.

Keywords:

ESG, customer involvement, relationship equity, purchase intention, bank.