



Impact of Corporate Social Responsibility (CSR) on Brand loyalty, With special reference to telecommunication industry

Madhusanka J.D.T.¹, Lakmali L.R.C.D.²

Department of Business Management, Faculty of Management Studies,
Rajarata University of Sri Lanka, Mihintale ^{1,2}

ABSTRACT

Considering the modern trend of corporate social responsibility (CSR) of any kind of business enterprises, this research aims to investigate the impact of CSR on brand loyalty with special reference to telecommunication industry. This is an explanatory research with quantitative approach. CSR was taken as the independent variable while brand loyalty was dependent variable. Measurements of CSR conducted through four dimensions namely economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. Each of these dimensions were measured by three different indicators. Brand loyalty were measured under seven indicators. The main objective of this research was investigating the impact of CSR on brand loyalty of telecommunication industry. Population targeted for this study included all telecommunication network users in Kegalle district. Sample was limited to 140 respondents within the population. Researcher used simple random sampling method under the probability sample technique in adopting the sample. After delivering the questionnaires all of them were collected. Data was analyzed with the help of SPSS 16.0(Statistical Package for Social Science).The results proved positive correlation among CSR and brand loyalty. Researcher built five hypothesis and all of them were accepted. The research findings were that there is a significant impact on CSR on brand loyalty.

KEYWORDS: *Brand loyalty, Economic responsibility, Ethical responsibility, Legal responsibility, Philanthropic responsibility.*

¹ Corresponding Author: Madhusanka JDT, LakmaliLRCD.:jdtmadhusanka@gmail.com, chami.lakmali89@gmail.com

1. Introduction

The concept of corporate social responsibility (CSR) has been growing among business communities and every aspect in recent years. CSR could be defined as “commitment of an organization to contribute to sustainable economic development by undertaking focused activities, in consultation and in collaboration with its employee, their families and local communities. As a well-managed modern competitor organization operating in the 21st century, the business entities have to care for the needs and expectations of its stakeholders. Hence, in modern management, CSR has come to equal an importance as corporate financial performance (CFP). However CSR is not about one-off projects. It is all about minimizing the negative impact that occurs from the activities of business entities. Emotional connectivity with customers tends to de-commoditize a business, evaluating a brand beyond its price and beneficial features to a higher level of meaning and commitment to customer wellbeing. Furthermore, emotional connectivity is the best way to differentiate the brand from competition. In this background CSR is playing a very critical background role in today’s business environment.

The objective of this research is to find out how important corporate social responsibility to companies and to measure the societal and business outcomes of their corporate social responsibility activities as well as to find out the reasons why outcome measurement is considered important. This research is focused on the importance of corporate social responsibility in building brand loyalty with special reference to the telecommunication industry which is more focused on undertaking CSR initiatives. So, in this context, it would be a valuable exercise to research on the impact on corporate social responsibility activities to building brand loyalty, based on the CSR activities undertaken specifically telecommunication industry.

The concept of corporate social responsibility has been standardized and today it represents an integral part of integrated management system in the global economy, consumers are becoming more and more educated and informed. In this day and age, business enterprises are no longer confined to the traditional geographical boundaries of nation states. All business organizations are continuously seeking the ways to attract new customers while keeping the old ones as loyal to the brand/service. CSR is evolving in the new business world because of the expectations of the people who are changing. Therefore, it is very important to understand the impact of CSR elements on building brand loyalty.

The concept of Corporate Social Responsibility issues are integrated into all aspects of business operations, devolved in the visions, missions and value statements of a number of companies all over the world. The discipline of corporate social responsibility has been drawing considerable attention of business firms over the last decades. In Sri Lankan context and world view all companies allocate high percentage of their total budget for the CSR activities of company. But still now consider outcome of those spending. Either that spending is enhancing the brand loyalty of organization. Therefore, this study tries to understand whether the corporate social responsibility (CSR) has an impact on brand loyalty.

1.1 Research Objectives

The objective of the thesis is to find out how companies measure the business outcomes of their CSR activities as well as to find out why outcome measurement is considered important.

- To investigate the relationship between CSR and Brand loyalty of telecommunication industry in Sri Lanka
- To examine the impact of CSR on Brand loyalty of telecommunication industry in Sri Lanka

2. Literature review

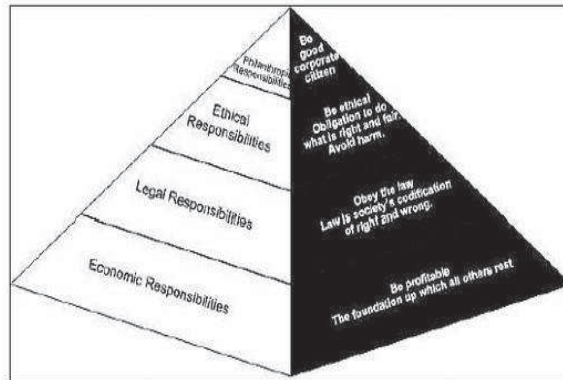
Corporate social responsibility

CSR is the ethical behavior of a company towards society, management acting responsibly in its relationship with other stakeholders who have a legitimate interest in the business and it is the commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. (World business council for sustainable development)

According to Carroll (1999) CSR is the obligation of businessmen to pursue policies, to make those decisions or to follow those lines of action that are desirable in terms of objectives and values of our society.

The concept of Corporate Social Responsibility is mainly a product of the 20th century, but it has a diverse and dense history as it was founded on the assumption that businesses have a direct responsibility towards citizens and societies, during early 50’s (Carroll, 1991).

The major contribution has made to concept of CSR about 1960s. Keith Davis reviews the concept of CSR in 1967 and he asserted that subsistence of CSR arises from concern ethical consequences of one's act as they might act the interest of others. (Davis 1967, P 46)



Source: Carroll's pyramid

According to the Carroll (1999), the CSR consist of four kinds of responsibilities,

- Economical responsibilities
- Ethical responsibilities
- Legal responsibilities
- Philanthropic responsibilities

2.1 Economic Responsibility

The profit motive was established as the primary incentive for entrepreneurship. According to the Carroll 1979, Economic responsibility is concerned as earning profit through the business. Before it was anything else, business organization was the basic economic unit in our society the most fundamental is economic responsibility, "all other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become controversial considerations. Though company is a profitable organization, it is to comply with the other responsibilities as a CSR oriented company.(Carroll 1979).Economic responsibilities address the special stakeholders. In this view, a four-part conceptualization of CSR included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities.

2.2 Legal responsibilities

Society has not only authorized business to operate according to the profit motive; at the same time business is estimated to comply with the laws and regulations promulgated by local governments as the ground rules under which business must operate. As a partial fulfillment of the "social contract" between business and society firms are expected to pursue their economic missions within the framework of the law. According to the Carroll 1979, Legal responsibilities reflect a view of "codified ethics" in the sense that they embody basic notions of fair operations as established by our lawmaker. They are depicted as the next layer on the pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system.

2.3 Ethical Responsibilities

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. (Carroll 1979).

2.4 Philanthropic Responsibilities

Philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to financial resources or executive time, such as contributions to the arts, education, or the community. A loaned-executive program that provides leadership for a community's United Way campaign is one illustration of philanthropy.

Carroll's (1979) definition posits these categories of social responsibilities in his catalogue of responsibilities. It presupposes that society accepts firms to fulfill their economic and legal responsibilities prior to the fulfillment of any other responsibility, such as ethical and discretionary responsibilities (Fisher, 2004; Carroll, 1991).

Discretionary responsibilities, however, go beyond those required by social or legal edict. It includes acts of corporate philanthropy and programmes which address social problems. These are entirely voluntary and have been designated the least importance in Carroll's typology (Swanson, 1999).

Table 1: Dimension of Corporate Social Responsibility

Voluntary actions and roles undertaken by companies even though they may not be a requirement legally in order for the betterment of the society	Discretionary Responsibilities
The expectations of society that businesses would act in an 'ethical' manner	Ethical Responsibilities
The expectation that the company would operate within the legal framework enacted by the society	Legal Responsibilities
The production of goods and services that the society needs and wants and to do so at a profit	Economic Responsibilities

Source: Carroll (1979)

2.5 Brand

A name, term, sign, symbol or design or combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. (Kotler & Armstrong, 2005). Consumer view a brand as an important part of a product and branding can add value to the product. Branding helps to buyers in many ways. Brand name helps to customer to identify products that might be beneficial to them. Brand also tells the buyer something about product Quality

2.6 Concept of brand equity

Brand equity as a concept has been developed over the last decades. (Aaker 1991; Keller 1998). It is the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands. The term brand equity came out of the marketing arena during the year 1987 as companies products or services were purchased for certain criteria and the reason was given is the brand (Denise, et al 2004). Brand equity refers to consumers' perception rather than any objective indicators (Lassar et al. 1995) a basic premise of brand equity is that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. Brand equity can be thought of as the "added value" endowed to a product in the thoughts, words, and actions of consumers.

There are 4 dimensions identified of the brand equity whereas Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets. (Aaker, 1991)

The dimensions of Brand Equity are as follows.

1. Brand Awareness
2. Brand Association
3. Perceived Quality
4. Brand Loyalty

2.6.1 Brand Awareness

Brand awareness is to create a leading dimension among the other dimensions in almost all brand equity models (Aaker, 1991, Kapferer 1991, Keller 1992). Agarwal and Rao 1996, Na Marsha and Keller 1999, Mackay 2001, Keller (2003) defines awareness as "the customers' ability to recall and recognize the brand reacted by their ability to identify the brand under different conditions and to link the brand name, logo, symbol and so forth to certain associations in memory" (Aaker 1991). According to the specification, describe top of mind, brand dominance, brand knowledge and brand opinion and brand knowledge is the full set of brand associations linked to the brand. (Keller 1993). Aaker conceptualized brand awareness must precede brand associations that is where a consumer must first be aware of the brand in order to develop a set of associations (Washburn and Plank 2002)

The indicators to measure the brand awareness are as follows.

- | | |
|----------------------|--------------------|
| 1. Brand Recognition | 2. Brand Recall |
| 3. Top of Mind | 4. Brand Dominance |
| 5. Brand Knowledge | 6. Brand Opinion |

2.6.2 Brand Association

A brand association is the main established aspect of brand equity (Aaker 1992) associations represents the basis for purchase decision and for brand loyalty (Aaker 1991, p.109). Brand association is anything that makes a brand valuable and that links to customers to make selection and purchasing decision (Keller 1998). Brand association also forms a print in the customers 'mind which they generally use to make purchasing decision. Therefore brand association has a positive relationship with brand loyalty as customers become familiar with the brand in mind through brand association, eventually leading to brand loyalty. Aaker (1991) and Keller (1993) defined that brand association, eventually lead to brand loyalty. Corporate social responsibility (CSR) must be mentioned as another concept that is influencing the development of brands nowadays, especially corporate brands as the public wants to know what, where, and how much brands are giving back to society. Both branding and CSR have become crucially important now that the organizations have recognized how these strategies can add or detract from their value (Blumenthal and Bergstrom 2003). CSR can be defined in terms of legitimate ethics or from an instrumentalist perspective where corporate image is the prime concern (McAdam and Leonard 2003).

The following indicators can be identified as the variables of brand associations

- | | |
|----------------------------------|---------------------------------------|
| 1. Functional product attributes | 2. Non –functional product attributes |
| 3. Corporate ability | 4. Corporate Social Responsibility |

Perceived Quality

Perceived quality is viewed as a dimension of brand equity (Aaker 1991; Kapferer 1991; Kamakura and Russell 1991; Martin and Brown 1991; Feldwick 1996) rather than as a part of the overall brand association (Keller 1992; Gordon, di Benedetto and Calantone 1994). Perceived quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality (Zeithaml 1988, pp. 3 and 4). Objective quality refers to the technical, measurable and verifiable nature of products/services, processes and quality controls. High objective quality does not necessarily contribute to brand equity (Anselmsson et al. 2007).

2.6.3 Brand loyalty

Brand Loyalty is a core dimension of brand equity. Brand loyalty is the consistency of a customer who continues to purchase the same brand of a particular product (Churchill and Peter, 1994). These customers usually do not change their mind to switch to buy another brand even at a lower price. In addition, brand loyalty is a measure of attachment that a customer has to a brand. As brand loyalty increases, the customers' vulnerability base to competitive action decreases (Aaker, 1991). Therefore, it is an indicator that ensures future sales. In other words brand loyalty directly equates a company's profitability.

Zeithaml (1988) defined perceived quality as "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives."

Perceived quality provides value to customers by providing them a reason to buy by differentiating the brand from competing brands (Bolton and Drew, 1991). Customers make decision to select and purchase the products and services of the brands through perceived quality because it is a criterion for customers' purchasing judgment. If customers are satisfied with the quality of brands' products and services, they will purchase those brands repeatedly.

Hence, perceived quality is positively related to brand loyalty.

Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison Philip Kotler defines four customer-types that exhibit similar patterns of behavior:

- a) Hardcore Loyal, who buy the brand all the time
- b) Split Loyal, loyal to two or three brands
- c) Shifting Loyal, moving from one brand to another
- d) Switchers, with no loyalty (possibly "deal-prone," constantly looking for bargains, or "vanity prone," looking for something different).

Indicators of brand loyalty

- Repurchase intentions
- Exclusive intension
- Willingness to recommend
- Willingness to pay more
- Identification
- Switching intention
- Relative attitudes
- Altruism
- Exclusive Consideration

Factors influencing loyalty

According to Peter Clark, co-editor of *The Wise Marketer* and co-author of *The Loyalty Guide* report series, there are six major factors that play key roles in influencing the loyalty and commitment of customers:

1. Core offering
2. Satisfaction
3. Elasticity level
4. The marketplace
5. Demographics
6. Share of wallet

Source: *The loyalty guide* 11

Constituencies of brand loyalty

Oliver (1997) developed a popular conceptual framework of brand loyalty, taking into consideration a full spectrum of dimensions, using a hierarchy of effects model with cognitive, affective, conative (behavioral intent), and action (repeat purchase behavior) dimensions. Thus, brand loyalty becomes a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). Traditional marketing literature generally emphasizes two different dimensions of the concept of brand loyalty – behavioral and attitudinal. On one hand, attitudinal brand loyalty includes cognitive, affective, and behavioral intent dimensions, while, on the other hand, behavioral loyalty reflects the repeat buying behavior (Dick and Basu, 1994). Behavioral intent, as the intention to act in the buying decision process, is considered by some authors (Mittal and Kamakura, 2001) as being intermediary between attitudinal and behavioral loyalty, appearing either as a predisposition to buy a brand for the first time or a commitment to repurchase a current brand. The practical strategic objective would be to maintain and augment the repurchase commitment and convert behavioral intent to an actual purchase (Oliva and Oliver, 1992).

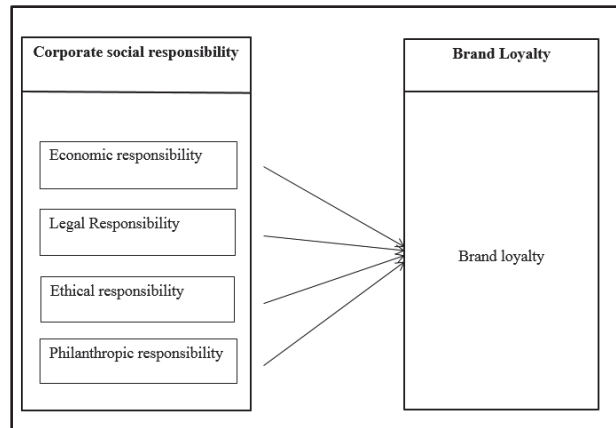
Attitudinal brand loyalty is a prerequisite for behavioral loyalty, some researchers (Baldinger and Rubinson, 1996) showing that, if their attitude towards a brand is positive, highly loyal buyers tend to stay loyal, while switching buyers might be turned into loyal buyers more easily.

3. Methodology

3.1 Conceptualization and conceptual framework

This is an explanatory type study and it is expected to find the impact of corporate social responsibility on brand loyalty in Sri Lankan telecommunication industry. There are two variables in this study. CSR considered as the independent variable and brand loyalty considered as the dependent variable. According to the available literature there are four dimensions of CSR, namely economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. The researcher developed the conceptual framework to emphasize the relationship between the independent variable - CSR with above four dimensions and the dependent variable - brand loyalty. And also this model used as a guidance to carry out this study.

Conceptual framework



Source: Adopted by Carroll's pyramid

Research Hypothesis

The aim of this section is to develop hypotheses on the basis of the literature reviewed in previous chapter and based on the conceptual framework in Figure. The following hypotheses were tested during the study.

H1- There is a significant relationship between economic responsibility and brand loyalty. To measure whether there any impact of economic responsibility to the brand loyalty.

H2- There is a significant relationship between legal responsibility and brand loyalty. To measure whether there any impact of legal responsibility to the brand loyalty.

H3- There is a significant relationship between ethical responsibility and brand loyalty. To measure whether there any impact of ethical responsibility to the brand loyalty.

H4- There is a significant relationship between philanthropic responsibility and brand loyalty. To measure whether there any impact of philanthropic responsibility to the brand loyalty.

H5- There is a significant relationship between corporate social responsibility and brand loyalty. To measure whether overall impact of corporate social responsibility on brand loyalty.

Population And Sampling

Population targeted for this study included all telecommunication network users in Kegalle district. Total population of the Kagalle district was 84648 in 2012 according to the statistical data of the department of census and statistics, Sri Lanka among that population about 65 present, telecommunication networks are used. Potential respondents are both male and female in any age limit. Researcher used simple random sampling method under the probability sample method to this study. Each and every element within the population that has an equal chance to select to the sample. Because of the practical difficulties to collect data from entire population, sample size in this study was limited to one hundred and forty families using telecommunication networks in Kegalle district. Both male and female respondents with different ages considered as the sample.

Data Collection

Both primary data and secondary data were collected from telecommunication network users in Kegalle district. Secondary data were gathered from Journal articles, Books, Reports issued by the central bank and other relevant institutions, Web sites and eBooks collection. Researcher followed previous research related to this topic to conduct this study. The researcher had used survey method to collect primary data to identify the relationship between dependent and independent variables. Survey conducted by distributing the questionnaires among the respondents.

Variable	Dimension	Indicators	Description
Corporate Social Responsibility	Economic Responsibility	Earnings per share Profitability Rank in the industry	Earnings per share for a year Annual profitability Rank obtain in the operating industry
	Legal Responsibility	Taxes payment Fine payment Legal cases	Taxes been paid on time Fine payments of the company Legal cases filed against to the company
	Ethical Responsibility	environmental friendly products Ethical programs green production processes	Eco friendly products of the company Ethical activities of the company Frequency of servicing and adjusting to environmental friendly processes
	Philanthropic Responsibility	Scholarships Social activities funds charitable activities participation	The scholarships given by the company Funds allocated for social activities The participation of the managers and employees to charitable activities
Brand Loyalty	Brand loyalty	Repurchase intention	Customer's aim to maintain a relationship and make his next purchase in same category from same service provider
		Switching intention	Customer's aim to terminate the relationship with particular service provider.
		Exclusive intention	Customer's aim to dictate all of his or her purchases in a category to a particular service provider.
	Brand loyalty	Relative attitude	The appraisal of the service including the strength of that appraisal and the degree of differentiation from alternatives
Brand loyalty	Willingness to recommend	Customer's willingness to recommend service provider to the other customers.	
Brand loyalty	Willingness to pay more	Customer's willingness to pay more with similar type of services.	
Brand loyalty	Identification	The sense of ownership over the service, the strong affiliation with the product.	

Self-administered questionnaires were used to collect data. Questionnaires distributed to hundred customers of telecommunication connection in Kegalle district. The questionnaires provided to the respondents in a paper form. A cover letter attached to the questionnaires indicating the objectives of the study with assurance that anonymity and confidentiality would be protected as no personal information was required, and that the responses would be used for research purposes only. Furthermore, the instructions for completing each of the questionnaires also included. The questionnaire formulated in English version and then it translated into Sinhala version. Questionnaires distributed in Sinhala version to avoid the errors due to misunderstand the questions. Questionnaire consisted with three parts including demographic information, corporate social responsibility and brand loyalty. The questionnaire consisted in 25 questions. First 06 questions formulated to identify demographic information of the respondents such as gender, age limit, occupation etc. Next 12 questions made to identify dimensions of corporate social responsibility. Part 02 divided to four sections such as economic responsibility (03 Questions), legal responsibility (03 Questions), ethical responsibility (03 Questions), and philanthropic responsibility (03 Questions). Next 07 questions formulated to identify the brand loyalty level of the respondents.

Measurement Of The Research

This study was done based on 5-point Likert Scale and is used as it provides simple means for the respondents to answer statements about the degree of feeling. The weight age of scales are given as follows.

Answer	Weightage
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

Data Analysis Techniques

The data which collected from the questionnaire, analyzed descriptively using tables, frequencies and percentages. Statistical Package for Social Science (SPSS) 16.0 was used for statistical analysis process. Reliability analysis, correlation, coefficient, mean, mode, median, variance, standard deviation, ANOVA, and linear regression analysis were calculated to analyze the survey data. Those data presented by using tables and graphs.

Operationalization

Operationalization of the variables done in following manner by converting the variable to dimensions and then to indicators. All are operationalized by using the standard scales. Variables and dimensions used in the conceptual framework are operationalized as in Table 3.1

5. Data Presentaion And Analysis

5.1 Descriptive analysis

Descriptive statistics analysis involved measures of central tendency (mean, median, and mode) and measures of dispersion (variance, standard deviation)

Summery Table of Descriptive Statistic Analysis

Variable	Mean	Standard deviation
Economic responsibility	3.71	0.6713
Legal responsibility	3.57	0.6159
Ethical responsibility	3.30	0.7789
Philanthropic responsibility	3.65	0.6951
Brand loyalty	3.60	0.5634

Source: survey analysis 2015

Mean value for economic responsibility was 3.7095. It was closed to the high level. It means that most of respondents are highly agree with economic responsibility. Standard deviation was 0.6712. Standard Deviation measures the variability of the distribution. It shows small dispersion. Mean value for legal responsibility was 3.5714. It means that most of respondents moderate with this variable. Standard deviation was 0.6159. It showed small dispersion. Mean value for ethical responsibility was 3.3048. It also was in moderate level but closely related to the low level. Standard deviation was 0.7789. It showed small dispersion. Mean value for philanthropic responsibility was 3.6452. Most of respondents moderate with impact. Standard deviation was 0.6950. It is small dispersion. Mean value for brand loyalty was 3.5959. It shows that most of respondents moderate with this variable. Standard deviation was 0.5633. It showed small dispersion.

Reliability Analysis

Questions of the study were classified as economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. The Cronbach's alpha was used to test the consistency of questions in the five constructs. Cronbach's alpha is the most common measure of internal consistency (reliability). Generally, the Cronbach alpha should be at least reach 0.7. It should be located in 0.7-0.98 that means high reliable. Cronbach alpha values for this research have calculated as follows.

Cronbach's alpha value table

Variable	Cronbach's alpha	No of items
Economic responsibility	0.774	3
Legal responsibility	0.771	3
Ethical responsibility	0.708	3
Philanthropic responsibility	0.805	3
Brand loyalty	0.763	7

Source: survey analysis 2015

In the questionnaire researcher measured economic responsibility by three questions of Q 7, 8, 9 (CEE, CEP, CER) and the Cronbach's alpha was 0.774. That means the economic responsibility dimension that used to measure CSR is reliable. Because the alpha value exceeded 0.7. To measure legal responsibility

researcher used three questions of Q 10, 11, 12 (CLT, CLF, CLL). Cronbach's alpha of legal responsibility was 0.771 and it also reliable. By Q 13, 14, 15 (CRE,CRP,CRG) questions in the questionnaire researcher measured ethical responsibility and the result was 0.708. it also reliable level but lower than other values. The highest Cronbach's alpha contribution by philanthropic responsibility and it was 0.805.it was more reliable and it measured by Q 16, 17, 18 (CPS,CPA, CPC) in the questionnaire. After measured the reliability of brand loyalty by Q 17 to Q 25. (BLR, BLS, BLE, BLA, BLW, BLP, BLI) and Cronbach's alpha was 0.763. it also reliable.

Therefore according to the above table, the variables that takes to measure independent variables (economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility) was successfully.

Correlation Analysis

The Pearson's correlation is used to find a correlation between at least two continuous variables. The values of the Pearson Correlation range from -1 to +1 with negative numbers representing a negative correlation (as one variable increases, the other variable decreases) and positive numbers representing a positive correlation (as one variable increases, the other also increases). Pearson correlation range represent following relationship.

- 1 - Perfect negative relationship
- 0.7 - Strong negative relationship
- 0.3 - Weak negative relationship
- 0 - neutral
- +0.3 - Weak positive relationship
- + 0.7 - Strong positive relationship
- +1 - Perfect positive relationship

		Correlations				
		ER	LR	EthiR	PR	BrandL
ER	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	140				
LR	Pearson Correlation	.501**	1			
	Sig. (2-tailed)	.000				
	N	140	140			
EthiR	Pearson Correlation	.242**	.323**	1		
	Sig. (2-tailed)	.004	.000			
	N	140	140	140		
PR	Pearson Correlation	.331**	.462**	.307**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	140	140	140	140	
BrandL	Pearson Correlation	.219**	.338**	.287**	.510**	1
	Sig. (2-tailed)	.009	.000	.001	.000	
	N	140	140	140	140	140

** Correlation is significant at the 0.01 level (2-tailed).
Source: survey analysis 2015

To get correlation researcher considered brand loyalty as the dependent variable and other variables were considered as independent variables. As shown in above table correlation between variables PR (philanthropic responsibility) and BL (brand loyalty) is 51%, it indicates positive and moderate relationship. At the same time other independent variables show positive weak relationship. It indicates, 21.9%, 33.8%, 28.7% in between ER (economic responsibility) and BL (brand loyalty), LR (legal responsibility) and BL (brand loyalty) and EthiR (ethical responsibility) and BL (brand loyalty) respectively. That means there is only PR (philanthropic responsibility) has significant positive correlation on brand loyalty, 51%.

When considering independent variable there is a positive and moderate correlation between ER (economic responsibility) and LR (legal responsibility), 50%. At the same time 46.2% positive correlation shown between PR (philanthropic responsibility) and LR (legal responsibility). Other than that among

other independent variables show only positive weak relationship at the significant level of 95%. Thus no significant indicators of multi co-linearity appear to the held of data use for the study.

Test Of Hypothesis

H1: There is a significant relationship between economic responsibility and brand loyalty.

The first hypothesis implies that there is a significant relationship between economic responsibility and brand loyalty. According to above correlation table there is a positive relationship between economic responsibility and brand loyalty. And also based on below ANOVA Table, P-value is below than 0.05. This shows that most of the time, the increase in economic responsibility will result in higher brand loyalty. Therefore hypothesis 1 is accepted. There is a significant relationship between economic responsibility and the brand loyalty.

H2: There is a significant relationship between legal responsibility and brand loyalty.

The second hypothesis states that there is a significant relationship between the legal responsibility and brand loyalty. Based on above correlation table, all paired wise correlations are positive. This is an indication that there is a positive relationship between legal responsibility and brand loyalty. According to below regression table P-values are below 0.05. These shows that most of the time, the increase in legal responsibility will result in higher brand loyalty. Therefore hypothesis 2 is proven to be correct. There is a significant relationship between legal responsibility and the CSR based on the findings of this study.

H3: There is a significant relationship between ethical responsibility and brand loyalty.

The third hypothesis implies that there is a significant relationship between ethical responsibility and brand loyalty. According to above correlation table there is a positive relationship between ethical responsibility and brand loyalty. And also based on below ANOVA Table, P-value is below than 0.05. This shows that most of the time, the increase in ethical responsibility will result in higher brand loyalty. Therefore hypothesis 3 is accepted. There is a significant relationship between ethical responsibility and the brand loyalty.

H4: There is a significant relationship between philanthropic responsibility and brand loyalty.

The forth hypothesis implies that there is a significant relationship between philanthropic responsibility and brand loyalty. According to above correlation table there is a positive relationship between philanthropic responsibility and brand loyalty. And also based on below ANOVA Table, P-value is below than 0.05. These shows that most of the time, the increase in philanthropic responsibility will result in higher brand loyalty. Therefore hypothesis 4 is accepted. There is a significant relationship between philanthropic responsibility and the brand loyalty.

H5: There is a significant relationship between CSR and brand loyalty.

The fifth hypothesis implies that there is a significant relationship between corporate social responsibility and brand loyalty. According to above correlation table there is a positive relationship between CSR and brand loyalty. And also based on below ANOVA Table, P-value is below than 0.05. These shows that most of the time, the increase in CSR will result in higher brand loyalty. Therefore hypothesis 5 is accepted. There is a significant relationship between CSR and the brand loyalty.

Hypothesis Testing Summary

Hypothesis testing summary

Hypotheses Relationship

Hypothesis	relationship
There is a significant relationship between economic responsibility and brand loyalty.	accepted
There is a significant relationship between legal responsibility and brand loyalty.	accepted
There is a significant relationship between ethical responsibility and brand loyalty.	accepted
There is a significant relationship between philanthropic responsibility and brand loyalty.	accepted
There is a significant relationship between CSR and brand loyalty.	accepted

Summary O F The Analysis

According to the reliability analysis of the research Cronbach’s alpha value for overall questionnaire was 0.725.It was between 0.7-0.98. It demonstrated that overall questionnaire is highly reliable.

The Correlation Analysis and Linear Regression analysis were used to examine the research hypotheses. There were weak positive relationship between independent and dependent variables because Pearson correlation values were between 0 - 0.7. The significant values were less than 0.05. It represented the significant relationship between corporate social responsibility and brand loyalty. According to the linear regression analysis there were significant and positive relationships between all four dimensions of corporate social responsibility and brand

5. Conclusion

The purpose of this research was to find out the impact of corporate social responsibility on brand loyalty of telecommunication industry in Kegalle district. For the above purpose a structured questionnaire was used to get the information from the target respondents. On the basis of results, it can conclude that corporate social responsibility has positive and significant impact on brand loyalty. This study confirms that corporate social activities leads towards moderate level of customer's brand loyalty. The results of this study is useful for both private and public sector telecommunication industry customers. This study contributes to overcome the problems of corporate social activities and given a fair idea that brand loyalty can be achieved through CSR activities. The present study will help to improve the CSR activities in telecommunication industry. The researcher has found that CSR activities as a considerable factor that enhances customer brand loyalty. This research also serve as a guideline for all the researchers interested in studying this area. From the above implications; the marketing managers of telecommunication industry can put more effort in practicing CSR concept in order to improve brand loyalty within the Industry.

Recommendation For Future Research

The sample size of this research was small. Further studies should be carried at the higher level with larger sample size than this study. More demographics factors must be added in the study.

This study has considered about only four dimensions of CSR and do not consider about the brand loyalty dimensions. It should expand the future study to examine the impact of corporate social responsibility on brand loyalty using all other behavioural and psychological variables of brand loyalty beside this study. It is recommended to future researches to expand the study to investigate the impact of CSR on brand in other private and public sector organizations besides telecommunication industry. Further, researchers are recommended to provide open ended questions in the questionnaire instead of close ended questions. It allows respondents to include their opinions in their answers and generate more reliable results for the study.

References

- Asatryan, r. (n.d.). The effect of CSR initiatives on customer loyalty in the airline industry.
- Ballester, E. D., & Munuera Aleman, J. L. (2011). Brand trust in the context of customer loyalty. *European journal of marketing*, 1238-1258.
- behrad, b. (2014). The relationship between corporate social responsibilities (CSR), brand value and consumer brand loyalty.
- brink, D. v., odekerken, G., Pauwels, P., Montoro Rios, F. J., Martinez, T. L., Moreno, F. F., et al. (2006). Improving attitudes towards brands with environmental associations. *Journal of consumer marketing*, 26-33.
- dissanayake, D., & Jayawickamarathne, G. (2007). The impact of CSR on the brand loyalty.
- kotler, p., & keller, k. l. (n.d.). *Marketing management*.
- Lai, C. S., chiu, c. J., Yang, c. F., & Pai, D. C. (2009). The effect of CSR on Brand performance. *Journal of business ethics*, 65-78.
- Mandhachitara, R., & Poolthong, Y. (2011). A model of customer loyalty and CSR. *Journal of services marketing*, 122-133.
- Naqvi, S. R. (2013). Impact of corporate social responsibility on brand image in different FMCGs of Pakistan. *interdisciplinary journal of contemporary research in business*.
- Pelozo, J., & shang, J. (2011). How can CSR activities create value for stakeholders? *Journal of Acad marketing Science*, 117-135.
- Popescu, I. (n.d.). Corporate social responsibility and brand loyalty. Consumer perceptions on building brand loyalty through CSR engagement.
- Raman, M., Lim, w., & Naiv, S. (2012). The impact of corporate social responsibility on consumer loyalty.
- rodrigues, p., real, e., victino, f., & cantista, i. (2011). The importance of corporate social responsibility in the brand image.