



Corporate Social Responsibility (CSR) activities and brand equity of Dialog Axiata PLC, Sri Lanka

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Abstract

The concept of corporate social responsibility is an emerging concept and widespread notion among business communities and other aspects in recent decades. The Sri Lankan telecommunications industry has undergone several rounds of consolidation over the years. Mobile telecommunication covered a wide area of the population in Sri Lanka. Although, few types of research are conducted in Sri Lanka related to corporate social responsibility on brand equity especially in the mobile telecommunication industry. This study aims to analyze the effect of dimensions of CSR and Brand equity of Dialog Axiata PLC in Sri Lanka. Four dimensions – Economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility – are considered independent variables of this study and Brand equity of the company is considered the dependent variable of this study. The data were collected from the 100 students of the Faculty of Business Studies, Vavuniya Campus and were entered into the SPSS – 20. Regression analysis used in this study for findings. The present study's findings indicated that the four dimensions of the CSR significantly affect the brand equity and positively correlated. Further, the result indicated that Ethical responsibility has positively associated with Brand equity than the other dimensions.

Keywords: brand equity, economic responsibility, ethical responsibility, legal responsibility and philanthropic responsibility

Introduction

The concept of corporate social responsibility is an emerging concept and widespread notion among business communities and other aspects in recent decades. In today's competitive marketplace, corporate social responsibility will take significant consideration in the business world. Corporate social responsibility is not a new concept for business practices. Hafez (2018). Global and local organizations started to pay great attention to corporate social responsibility activities. In a competitive environment, the brand can play a vital tool in winning market position and building loyal customers. In the Sri Lankan context, few organizations start to follow corporate social



responsibility practices. The Sri Lankan telecommunications industry has undergone several rounds of consolidation over the years. Mobile

telecommunication covered a wide area of the population in Sri Lanka. Although there are few types of research conducted in Sri Lanka related to corporate social responsibility on brand equity, especially in the mobile telecommunication industry (Shibly & Hilal 2015), this research attempted to comprehensively fill the gaps. The present study's research question is; what extent the dimensions of corporate social responsibility influence the brand equity of the Dialog Axiata PLC in Sri Lanka. The objectives of the study are to analyse the effect of dimensions of corporate social responsibility on brand equity, to measure the relationship between dimensions corporate social responsibility and brand equity and to discuss what dimensions of corporate social responsibility have significantly associated with brand equity.

Literature Review

Salmones et al., (2005) measured customers' perceived CSR in four directions – economic, legal, ethical, and social – and investigated its impact on the overall evaluation of service and corporate brand loyalty. The results obtained after surveying 689 mobile telephone service users from Spain showed that perceived CSR indirectly influences corporate brand loyalty via the overall valuation of the service. Impact of various CSR dimensions, as perceived by customers, on brand loyalty researched through 1,464 mobile telecommunication customers from Romania's urban areas. As a result, the authors stated that customer perceived CSR of mobile telecom companies has a positive and significant impact on brand loyalty, the most influential dimension regarding companies' CSR responsibilities towards their customers.

Patrick and Agbemabiese (2015) empirically investigate “the influence of CSR awareness on consumer purchase intention of a telecommunication network in Ghana”. Through this study, CSR activities performed by MTN were health-related activities, economic empowerment activities and related educational activities and these are very significant CSR practices that help build brand equity and attract marketing value for MTN. Also, he mentioned, “CSR activities performed by MTN were rated as a higher factor that influences consumers to stay and repurchase of the network” in his research study. Kumar (2014) discussed the topic of “CSR Influence on Customer Relational Outcome: A Study of Indian Telecom Industry.” This research study analyzed the customers of all mobile service providers in the Delhi



NCR region by using 214 responses. The findings indicated that CSR positively influences on both customer satisfaction and customer loyalty.

Shibly and Hilal (2015) indicated in their study that corporate social responsibility has a positive relationship with brand equity in the Sri Lanka Telecommunication PLC. However, the study did not found the relationship between the dimensions of corporate social responsibility and brand equity. Hence the study considered four dimensions of corporate social responsibility on the brand equity of Dialog Axiata PLC.

Hypotheses of the study

- H₁: Dimensions of corporate social responsibility have a higher effect on brand equity.
- H₂: There is a significant relationship between dimensions of corporate social responsibility and brand equity.
- H₃: There is a significant association between dimensions of corporate social responsibility and brand equity.

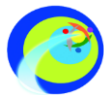
Methodology

For this study purpose, 100 final year Students identified from the Faculty of Business Studies, Vavuniya Campus of the University of Jaffna and the convenient sampling technique was used in this study. The Philanthropic responsibility, Ethical responsibility, Legal responsibility, and Economic responsibility Carroll (1991) considered independent variables and brand equity considered ad dependent variable of this study. Data is entered and analyzed using SPSS version 20. Reliability, Validity, Correlation analysis, Regression analysis and Pearson's Chi-square test were done in this study.

The first reliability of variables was measured in this study. For measuring the reliability, Cronbach alpha was calculated. The Cronbach alpha of the variables of this study is 0.944. It is greater than the cut-off rate of 0.70. The KMO and Bartlett's tests were measured for the validity of data. The study indicated that all variables' adequacy is 0.787 and significant. It is indicating that the values of adequacy are Meritorious.

Results and Discussions

For testing hypothesis 1, the multiple regression analysis was used to the effect of dimensions of corporate social responsibility on brand equity. Table 1 explains the model summary to identify the model fitness. The model indicated that adjusted r² is 0.977. It shows that 97.7% of brand equity



represented by the corporate social responsibility's dimensions in the Dialog Axiata PLC in Sri Lanka and the F statistics of the study also at a significant

level. The results are indicated in Table 1 and Table 2. Further, the results indicated that the corporate social responsibility dimension have a significant effect on the brand equity of the Dialog Axiata PLC. The results are illustrated in Table 3. Hence, hypothesis 1, dimensions of corporate social responsibility have a higher effect on brand equity, is supported in this study.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989 ^a	.978	.977	.064

Table 2. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.048	4	4.262	1056.934	.000 ^b
	Residual	.383	95	.004		
	Total	17.431	99			

a. Dependent Variable: CSR

b. Predictors: (Constant), P, L, ECO, E

Table 3. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	.118	.065		1.799	.075	
Economic	.278	.015	.401	18.403	.000	
1	Legal	.181	.017	.181	10.871	.000
	Ethical	.276	.016	.377	16.965	.000
	Philanthropic	.228	.014	.287	15.809	.000

a. Dependent Variable: CSR

For testing the hypothesis, the correlation analysis measured in this study. The correlation analysis of independent and dependent variables is illustrated in Table 4.

Table 4. Correlation Analysis

		ECO	L	E	P	BE
BE	Pearson Correlation	.756**	.420**	.719**	.596**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

** . Correlation is significant at the 0.01 level (2-tailed)

Based on the results indicated in Table 4, the correlation relationships between economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility and brand equity have positively significant at $p < 0.01$ (0.756, 0.420, 0.719 and 0.596 respectively). Hence, hypothesis 2



is supported in this study. For testing hypothesis 3, there is a significant association between corporate social responsibility dimensions and brand equity, Pearson's Chi square test was done in this study. The results are

illustrated in Table 5. The results indicated that the Chi square of the three dimensions except Legal responsibility of corporate social responsibility significantly associate with the Dialog Axiata PLC's brand equity in Sri Lanka at 2 degrees of freedom. Nevertheless, Legal responsibility has significantly associated with brand equity at 1 degree of freedom. Further results indicated that Ethical responsibility has positively associated than other dimensions with brand equity.

Table 5. Pearson's Chi Square Test

Dimensions	χ^2	DF	P Value
Economic Responsibility	86.56	2	0.000
Legal Responsibility	66.27	1	0.000
Ethical Responsibility	95.31	2	0.000
Philanthropic Responsibility	38.89	2	0.000

Conclusions and Recommendations

This study's main objective is to analyze the influence of the dimensions of corporate social responsibility on brand equity of Dialog Axiata PLC in Sri Lanka. The results of this study indicated that 97.7% of the dimensions have positively effect on the brand equity of the Company. Economic responsibility and Ethical responsibility have a higher positive relationship with the Brand equity than that of Legal responsibility and Philanthropic responsibility. The results are supported by the findings of the prior researchers (Shibly&Hilal, 2015). Further, the study's findings indicated that Ethical responsibility has highly associated with brand equity than the other dimensions. The study recommended that the organization continue special Corporate Social Responsibility (CSR) practices like donations, reliefs, community support programs and health enhancement programs during COVID 19 periods and invest education support programs, green environment programs, rehabilitation programs, women empowerment programs, talent development programs. The researchers need to compare the CSR and Brand equity with other telecommunication service providers in Sri Lanka in their future studies.

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