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Impact of Corporate Social Responsibility (CSR) on Customer Loyalty among Generation Z Consumers in Mobile Telecommunication Service Provider Industry in Sri Lanka: Mediating Effect of Corporate Image

Nisal Kaushika[1], Dhuveeshan Muthusamy[2], Kuhanya Sivasangari[3]

Department of Marketing Management, University of Kelaniya

kaushikanisal0@gmail.com, mdhuv241@kln.ac.lk, skuha241@kln.ac.lk

Abstract

This study investigates the relationship between corporate social responsibility (CSR) and customer loyalty among Generation "Z" consumers in mobile telecommunications service provider industry in Sri Lanka. Researchers have developed the research model, with the use of quantitative strategy to comprehensively understand the subject and a structured questionnaire to obtain primary data from the sample. Finally, the researchers were able to collect 301 responses. The main findings highlight a significant positive correlation between CSR and customer loyalty (CL), and corporate image (CI) identified as a mediating factor in this relationship. Thus, the contribution of this study includes offering practical implications for mobile telecommunications service providers to strategically improve CSR initiatives and corporate image to develop customer loyalty among the dynamic generation "Z" demographic. Additionally, the study sheds light on the need for businesses to align CSR practices with the values and expectations of Generation "Z" consumers for maximum impact. Further research is recommended to explore the long-term effects of CSR initiatives on customer loyalty and corporate image in the rapidly evolving telecommunications industry.

Keywords: *Corporate Image, Corporate Social Responsibility, Customer Loyalty, Generation Z Consumer, Mobile Telecommunication Service Provider Industry*

1. Introduction

In the dynamic landscape of mobile telecommunication service provider industry, Corporate Social Responsibility (CSR) has emerged a critical factor influencing various aspects of business, including customer loyalty. As global concerns about sustainability and ethical business practices rise, organizations increasingly recognise the importance of CSR in building positive customer relationships.

Customer loyalty is understood as the customer's predisposition and intention to buy from the same company and this results from the view that the value received from the same firm is superior to the value offered from alternatives (Berg, 2008). Similarly, customer loyalty is determined by feelings that motivate a general attachment to the people, services or products of a company (Paulssen, Roulet, & Wilke, 2014).

Also, customer loyalty comprises a psychological relationship centered on behavioral element, based on aspects such as the frequency of visits to a company. Customer loyalty is also understood to be a combination of consumers' behavior and attitude (Basu, 1994). Moreover, customer loyalty benefits organizations as loyal and satisfied customers recommend products and services to others and continue to purchase from the same firm. If an organization fails to pay attention to the loyalty concept, customers are likely to defect to competitors that offer better products and services (Chikazhe, Chigunha, Dandira, Mandere, & Muchenje, 2020).

Brand switching happens when a customer who is utilizing a product or service from one brand switches to one from another. The degree of brand switching would be more intense the more competitive the brands that consumers have to choose from. The fierce rivalry between mobile phone service providers makes it likely that brand switching will occur frequently and frequently (Chaarlas, Rajkumar, Kogila, John, & Noorunnisha, 2012). In order to face this competition, telecommunications service provider organizations must work to establish customer loyalty. A good strategy that can be used to create customer loyalty is to do CSR (Tran, 2022).

According to Mandhachitara and Poolthong (2011) found that CSR is the best strategy to build customer loyalty. In the telecom sector, products offered by the competitors are very similar, so building customer loyalty is a difficult task. Thus, scholars have reported a significant positive relationship between firms' CSR behaviors and their consumers' attitudes toward the firms' offerings. Extant literature found a positive relation between CSR and customer loyalty. CSR initiatives are among the best strategies to highlight company policies that comply with societal values. In contrast, it's found that CSR is directly associated with customer loyalty (Mandhachitara & Poolthong, 2011; Arrive, Feng, Yan, & Chege, 2018) . Corporate image is an abstract concept, which reflects the public's overall evaluation of the enterprise. As the concept of corporate image is very broad, there are some differences for different scholars.

From the perspective of stakeholders, the corporate image is the stakeholders' perception of corporate social concerns. As an intangible resource, corporate image can strengthen consumers' attitudes and behavior (Pérez & Bosque, 2015). From the perspective of corporate marketing, marketing strategy is a potential resource method that includes opportunities and threats in the decision-making process, which is mainly used to achieve effective marketing goals (Pribadi, Rivai, & Suharto, 2020). Therefore, to achieve consumer satisfaction and improve corporate image, the corporate marketing strategy will focus on all kinds of CSR-related public relations activities or emotional marketing activities. Past Studied on the impact of marketing strategy on corporate performance and corporate image found that cooperate performance can effectively improve the image of the company and promote more consumers to buy products/ Service. Therefore, the company image is the index that the enterprise pays close attention to in the marketing process. It is used to describe, remember and contact the company, and it is the final result of customer experience, impression, belief, feeling and knowledge (Zhang, 2022).

Telecommunications, one of Sri Lanka's most active sectors, is directly and indirectly responsible for investment, employment, productivity, innovation, and overall economic growth. The 22 million people that make up Sri Lanka's telecom market are served by five mobile providers (TRCS, 2023). The telecommunications sector is a major driver of foreign direct investment (FDI) into Sri Lanka. Even though the use of telecommunications has increased, the overall fixed line and mobile telephone density has climbed to 142 per 100 inhabitants due to an increase in mobile users. There are five mobile phone providers in Sri Lanka for users. (Telecommunications and Information Technology, 2022).

Since telecommunications services provider organizations provide various benefits to customers and since telecommunications services provider organizations are seen to be more competitive, customers staying in that industry have a higher tendency to switch to another brand. Therefore, it is important to create brand loyalty among customers towards telecommunications service providers. It can be done by CSR. Nowadays there are more Generation Z consumers and they are not directly involved in CSR. Therefore, Generation Z consumers should be communicated through social media about CSR carried out by telecommunications service providers (Dassanayake & Herath, 2017)

In this research, the following research objectives are addressed,

- To examine the impact of corporate social responsibility (CSR) on customer loyalty in the mobile telecommunication service provider industry in Sri Lanka.
- To evaluate the impact of CSR on Corporate image in the Mobile Telecommunication Service Provider Industry in Sri Lanka.
- To investigate the impact of corporate image on brand loyalty in the Mobile Telecommunication Service Provider Industry in Sri Lanka.

- To determine whether mediate the impact of CSR and brand loyalty in the Mobile Telecommunication Service Provider Industry in Sri Lanka.

These research objectives will guide the study in investigating the impact of CSR on consumer loyalty, considering the mediating role of corporate image, in the mobile telecommunication service provider industry in Sri Lanka. By achieving these objectives, the study aims to provide empirical evidence and insights that contribute to understanding the relationships and mechanisms involved, offering practical implications for mobile telecommunication service providers in enhancing consumer loyalty through CSR initiatives.

2. Literature review

2.1. Background

2.1.1. Corporate Social Responsibility

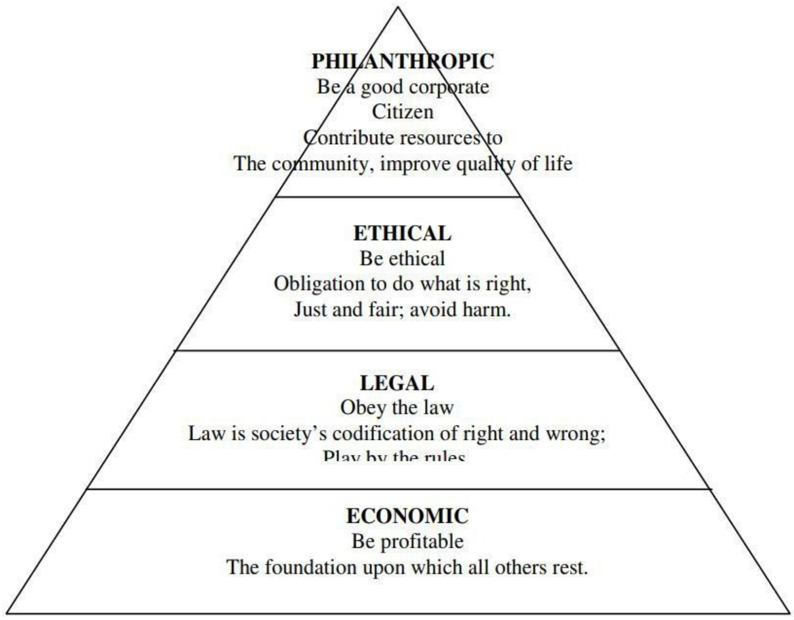
Adolf Berle and Gardiner Means, two Harvard University professors, coined the phrase "corporate social responsibility" in their book "The Modern Corporation and Private Property" published in 1932. Even though the ideas of corporate social responsibility first surfaced in the 1930s, Howard Bowen used the word for the first time in his book "Social Responsibilities of the Businessman" in 1953. Since then, the concept of corporate social responsibility has taken over the business world, promoting advantages for all parties involved as well as improvements in the financial, social, and environmental spheres. Human rights, corporate management, health, security, the impact on the environment, working conditions, and the role that each of these factors plays in economic development are some of the most crucial CSR facts (Moktadir, Rahman, & Kabir, 2018).

The acceptance of corporate social responsibility is also linked to the long-term profitability, worth, and viability of the businesses (Whait, 2018). Businesses are supposed to uphold the economic, ethical, legal, and charitable standards of the society in which they operate. Additionally, they are expected to implement a broad range of CSR practices, including environmental protection, human resource management, supply chain responsibility, charitable giving, customer liability, societal development, climate of professional security, and risk management (Cheng, Lee, & Lau, 2018).

Corporate social responsibility is described as how firms manage their business to come up with an overall positive impact on the community. Similarly, Adamson, Kok-Mun Chan & Donna Handford (2003) explains corporate social responsibility as the obligations of the business to people within society or more specifically to those affected by the business policies and practices. Corporate social responsibility depends on how businesses are sanctioned and promoted by their community. The society expects firms operating within their environment to be good corporate citizens. Moreover, businesses must act for the social good of the community (Chigunha, Chikazhe, & Dand, 2020).

The following are the four pillars of corporate social responsibility, according to Kadlubek (2015) the four dimensions of economic, legal, ethical, and philanthropic activity Customer loyalty is regarded as an essential goal for the survival and success of a corporation, and corporate social responsibility is a fundamental component of corporate marketing strategy. A durable competitive advantage can be achieved by building a foundation of devoted customers (Kotler & Armstrong, 2008).

Figure 1: Pyramid of Social Responsibility - Carroll



2.1.2. ***Economy Responsibility***

The cornerstone of everything is economic responsibility. Profitability is the goal of each organization to win over investors. The straightforward reasoning is that a company might not be able to continue operating as a corporate entity if it is not turning a profit. Taking care of other social issues or acting in a socially responsible way might not be feasible in such a situation. However, the truth remains that achieving profitability ought to be done so in an ethical manner (Medis, 2016).

In the past, businesses were established as commercial entities to offer goods and services to society's members. The main driver of entrepreneurship was identified as the profit motive. The business organization served as our society's fundamental economic unit before anything else. Therefore, its main responsibility was to create products and services that consumers desired and required while also turning a reasonable profit. The concept of maximum profits replaced the idea of the profit motive at some point, and it has been a core principle ever since. The firm's economic duty serves as the foundation for all other business obligations, as without it, the others become irrelevant (Carroll, 1991).

2.1.3. ***Legal Responsibility***

Legal requirements are a vital component of CSR, which is a broad concept. Although CSR has historically gone beyond legal obligations, knowing the legal underpinnings of CSR gives organizations a framework to manage the intricate interplay between ethical, social, and legal factors (Carroll, 1991)

The regulatory frameworks that corporations operate under frequently determine their legal responsibilities. Different jurisdictions have different laws and regulations that influence the limits of corporate behavior. This legal base may include labor laws, product safety requirements, and environmental rules. Understanding how firms interpret and adhere to these requirements is necessary in order to examine CSR within this legal framework. It is required of businesses to follow and observe the laws of a nation or the global market. Businesses should maximize their financial goals while adhering to the law. Carroll claims that a nation's legislators' definition of "codified ethics" is reflected in legal obligations (Medis, 2016).

2.1.4. ***Ethical Responsibility***

On the other hand, obligations pertaining to ethics transcend national laws and legal codes. It takes into account the values and beliefs of society that demand adherence to particular norms. The norms, standards, and expectations that are fundamental needs of customers, workers, shareholders, and the community as well as those that are seen as fair, just, and safeguarding stakeholders' rights to morale should all be ethically complied with by these standards. This interacts with a nation's legal obligations as well. In other words, as a best practice for managing a firm, it ethically requires that all operations be above the law (Medis, 2016).

Companies have an obligation to behave morally toward all parties with whom they come into contact. Customers, suppliers, workers, investors, and the community are all included in this. CSR ethical responsibility is an essential component of modern business practices. By integrating CSR principles into their operations, businesses can minimize their negative impact on society and the environment, while also reaping numerous benefits, including enhanced reputation, improved risk management, increased customer loyalty, and strengthened license to operate. As businesses navigate the increasingly complex and interconnected global landscape, CSR ethical responsibility will continue to play a critical role in their long-term success and sustainability (Carroll, 1991).

2.1.5. ***Philanthropic responsibility***

The public expects a firm to perform as a good corporate citizen, which involves actively advancing the welfare or goodwill of people. While philanthropy is largely optional, adhering to ethical standards is required. While many organizations fulfill their ethical, legal, and economic obligations, very few fulfill their charitable obligations. Visser, Matten, Pohl, and Tolhurst (Visser, Matten, Pohl, & Tolhurst, 2010) state that philanthropy is a social obligation that is distinct from a company's primary business operations, in contrast to obligations related to the economy, law, and ethics (Medis, 2016).

Corporate acts taken in response to society's expectation that companies behave responsibly as corporate citizens are categorized as philanthropy. This involves actively participating in deeds or initiatives that advance the welfare of people or goodwill. Business donations of cash or executive time, such as support for the community, the arts, or education, are examples of philanthropy. One example of generosity is a loaned-executive program that provides leadership for a community's United Way campaign. This contrast emphasizes how important it is to remember that CSR is not just about charitable giving, but also involves it. It may be contended that, while generosity is greatly admired and sought, it is not as significant as the other three social responsibility categories (Carroll, 1999).

2.1.6. ***Customer Loyalty***

According to several sources (Berg, 2008), customer loyalty is defined as a customer's propensity and intention to purchase from the same business. This is due to the belief that the value gained from the same company is greater than the value provided by alternatives. According to, Paulssen, Roulet, and Wilke (2014) stated that a company's ability to retain customers depends on the emotions that drive a broad attachment to its employees, clients, and goods. Additionally, according to Arli & Lasmono (2010) and Kocoglu and Kirmaci (2012), customer loyalty is based on psychological relationships centered on behavioral elements, such as the frequency of visits to a business.

Consumer loyalty, according to Chaffey (2008), is the intention on the side of the client to carry on doing business with a specific company throughout time. Kotler and Armstrong (2008) employ the notion of recurrent purchasing habits of a specific brand as a sign of patron loyalty. This also involves vocal recommendations of the present consumer's chosen goods or services to those who have not yet tried them (Kotler & Armstrong, 2008).

Customer retention or loyalty is one of the main objectives in business (Srinivasan, 2003). Gaining customer loyalty has proven to be a double-edged sword for businesses in cutthroat industries because it is considerably more expensive to acquire new clients than it is to keep an existing one. To obtain a competitive edge in the retail banking industry, Sidiqqi (2011) discovered that the relationships between service quality, customer satisfaction, and customer loyalty inspire innovative ideas for service improvement.

Long-term business success is largely dependent on a company's ability to retain its customers. Businesses can gain a competitive edge, more revenue, lower marketing expenses, and positive word-of-mouth by having a thorough understanding of the elements that affect customer loyalty and putting these methods into practice. CSR is a smart business move that can greatly increase consumer loyalty in addition to being a charitable endeavour. Companies can cultivate stronger consumer relationships, increase brand loyalty, and achieve long-term financial success by implementing ethical practices and showcasing a commitment to social and environmental responsibility.

The concept of client loyalty has gained significant attention from scholars and professionals in recent times. Researchers have pinpointed the essential factors that determine a customer's loyalty. Furthermore, Chitra Bhanu Bhattacharya and Sen's (2004) research verified that businesses that combine strong corporate skills with proactive CSR participation receive positive feedback from customers. Corporate talents are the specific skills a company possesses in generating things. In addition, Matten and Moon (2018) state that CSR validates the organization's commitment to the social contract, institutional loyalty, morality, legitimacy, and customer focus—all of which contribute to its improved reputation. Corporate talents were discovered by Luo and Bhattacharya (2006) to regulate the association between market value and CSR.

Researchers discovered that the ability of corporations to carry out CSR projects will have a favorable impact on customer reactions. Furthermore, Luo and Bhattacharya (2006) revealed that there is a correlation between consumer responses and corporate social responsibility measures. Corporate managers view CSR as a crucial tactic that influences consumers' decisions throughout the buying process. Consequently, CSR has been employed in the newest and most creative ways by telecom companies to boost customer loyalty (Islam T., Islam, Pitafi, & Xiaobei, 2020).

2.1.7. ***Corporate image***

Organizations must work hard to maintain control of their company image. Gray found, asserts that upholding public trust and ensuring security depends on managing a company's image. Given the public's dissatisfaction with business in America, this is especially pertinent today. Russell found, asserts that in order for a corporation to achieve its goals, it must be more aware of how it uses communications and must make its stance more apparent to key constituencies such as legislators, government agencies, employees, customers, and financial institutions (Abratt, 1989).

The entirety of stakeholders' opinions on an organization's intentional or inadvertent self-presentation is its corporate image. It is the culmination of all the interactions between each stakeholder's experiences, perceptions, sentiments, and knowledge about an organization. These definitions lead to the conclusion that whereas corporate image is held by stakeholders, corporate identity is held by the organization (Melewar, 2010).

Similar to a mirror, a corporate image reflects the identity of the company. An organization's messages about itself play a role in determining whether it has a positive or negative image. Based on the company's activities and self-expressions, stakeholders interpret these signals. However, there is no assurance that the content of these signals no matter how candid, transparent, and alluring will foster a favorable perception in the minds of every member of the target group. For example, getting top marks for diligence does not guarantee a good reputation. An organization's image is also shaped by a number of other elements, such as the behavior of management and staff, the spread of rumors, and above all the reasonable and seemingly irrational ways that members of targeted groups interpret the signals they receive. As noted by Bauer, managers frequently find that the public is significantly more set in their opinions than they had anticipated (Fombrun, 2007). According to Hatch and Schultz (1997), corporate image is the outcome of interactions between organizational members and external audiences as well as the impression management efforts of corporate spokespersons. The public, media, government, and consumers are just a few of the groups that usually do not all share the same opinions about a company's image. Furthermore, the corporate image impact not only stakeholders and customers but also members of the organization, as evidenced by the decrease in organizational commitment and identification (David, Kline, & Dai, 2009).

An organization's messages about itself play a role in determining whether it has a positive or negative image. These signals are interpretations by stakeholders based on the company’s actions and self-expression. However, there is no assurance that the content of these signals no matter how candid, transparent, and alluring will foster a favorable perception in the minds of every member of the target group. For example, getting top marks for diligence does not guarantee a good reputation. An organization's image is also shaped by a number of other elements, such as the behavior of management and staff, the spread of rumours, and above all the reasonable and seemingly irrational ways that members of targeted groups interpret the signals they receive. As noted by Bauer (1964), managers frequently find that the public is significantly more set in their opinions than they had anticipated.

Companies can manage their corporate image through a variety of strategies, such as public relations, marketing, and corporate social responsibility initiatives. These strategies can help to shape stakeholder perceptions of the company and its actions.

An essential intangible asset that businesses work hard to develop and preserve is their corporate image. Customers' positive reactions can result from a positive corporate image, which can have several positive effects on the business. Businesses can use a range of tactics to control their corporate image, but it can be difficult to do so. CSR is one strategy to create a corporate image.

2.1.8. ***Generation "Z"***

The generation that follows millennials is called Generation Z, sometimes referred to as the Centennials. Having grown up with continual access to technology and the internet, those born between 1990 and 2012 represent the first generation that can be considered genuinely digital natives. Their distinct upbringing has left a lasting impact on their values, attitudes, and habits, setting them apart from earlier generations. The influential and quickly expanding Generation Z is a demographic group with unique traits and goals. To effectively engage them and prepare for their impact on society, businesses, schools, and governments must have a thorough understanding of their attitudes, preferences, and habits. The future of labor, technology, and social advancement will surely be shaped by the distinct viewpoints and abilities of Generation Z, as they continue to mature and enter the workforce (David, Kline, & Dai, 2009).

Because of the constant exposure to various technological and sociological challenges in their immediate surroundings brought about by modern technologies, younger generations have developed the new skills and knowledge required to access the majority of information systems. Complete automation, the application of AI systems, and digitalization are already commonplace in all areas of service and production processes, as well as in the daily lives of customers. Generation Z is characterized as a type of digital nomads since they are the first to have never known life without the Internet. According to Carbonell (Xavier carbonell, 2018), this generation is the first in a line of generations to have access to information technology from a young age, which has had revolutionary effects on its members' behavior in both their personal and professional lives as well as various social interactions and mental health. Due to the fact that information technologies have always been a part of Generation Z's life, they cannot become technologically independent. This has another consequence. Other terms for Generation Z include "postmillennial," "the digital generation," "dotcom generation," "e-generation," "switchers," and so on. It is named by generation Z (Popovicsevic, Slijepcevic, & Milena, 2020).

The members of this generation are also better versed in the use of various information gadgets. As children, they choose to use electronic devices, cosmetics, and branded clothing over conventional toys (Peszko, 2018). They are a type of digital immigrant who use digital languages to communicate in practically every aspect of their lives. They use chat rooms and other social media platforms to communicate most of the time when they are in front of a computer, laptop, or mobile device. They spend a lot of time viewing YouTube videos and browsing the Internet because they prefer the content there.

Generation “z” supports digital learning and favors the usage of quick online seminars and instructional films. Even when they are at home, they are using computers daily. For them, television has fully been superseded by the Internet. According to estimates, Generation Z has consumer spending power between $29 and $143 billion. Members of this generation also influence roughly 93% of their families' purchases. They are also seen as the most diverse generation in terms of sexual preferences and ethnic backgrounds, which makes them fairly free-spirited (Sevic, Slijepcevic, & Milena, 2021).

There are several ways that CSR might benefit Generation Z. CSR can support the development of loyalty and brand image within this generation. Gen Z customers are more inclined to trust a business and stick with its products when they perceive that it is dedicated to social and environmental responsibility. CSR can aid in luring and keeping talent from Generation Z. Employers that align with the values of this generation are sought after, and those that are dedicated to changing the world will probably attract more of this generation's workforce. And CSR can aid in enhancing a business's standing. When Gen Z consumers see that a company is doing good things, they are more likely to have a positive opinion of the company and share that opinion with others (Uche & Sharon, 2019).

Generation Z demands a prompt resolution of any questions or concerns they may have about a company's operations, and they anticipate open and honest communication from them. They demand pragmatism at all costs and assume a discourse free of any stereotypes with companies. Also implies that a business should identify the concepts and ideals of Generation Z and modify its messaging to align with its values when promoting its CSR values. There is a misconception that huge businesses are somehow less ethical than smaller ones, which makes this particularly difficult for large organizations that deal with a lot of ethical issues in their daily operations. In light of this, it is crucial to inform Generation Z about all actions, without exception. Communicating with members of Generation Z, along with everyday technological and other challenges, brings with it numerous new advantages of transforming communication that should be wisely marketed (Milena, 2020).Despite the existing body of research on CSR, customer loyalty, and corporate image, there is a noticeable gap in understanding how these factors interact in the Sri Lankan mobile telecommunication service provider industry, especially concerning Generation Z consumers. This study aims to address this gap by examining the mediating role of Corporate Image in the relationship between CSR initiatives and customer loyalty.

3. Methodology

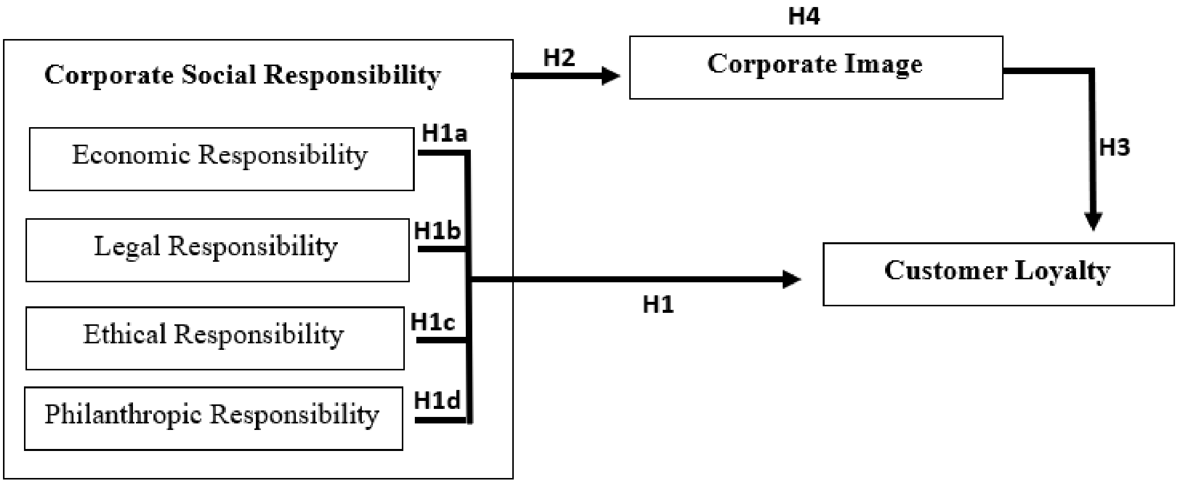
3.1. Research Design

Research design is a structured plan on how the researcher is going to execute particular research. In other words, research design is a blueprint that the researcher uses to conduct a study. The basis for carrying out a research study is provided by research design. Research design is a framework or blueprint for collecting, measuring, and analyzing data to address the research questions designed (Sekaran & Bougie, 2016). Each element of the research design provides several critical points of choice. Therefore, the researcher has to make several choices to build a design that is suited for carrying out the intended research study. The arrangement of various components of the research design properly will specifically enhance the possibility of moving towards a quality output of the study. The study will use a cross-sectional design and a quantitative approach. With the use of this design, the researcher will be able to collect information on the relationship between corporate image, customer loyalty, and CSR among Sri Lankan telecommunication services for Generation Z consumers.

3.2. Data Collection and Analysis Method

The data for this research was collected through an online survey using a structured questionnaire designed to gather accurate information from the targeted sample. The questionnaire utilized a 5- point Likert scale to facilitate responses. Utilizing an explanatory cross-sectional design, the study collected primary data gathered through an online questionnaire distributed to 301 respondents via purposive sampling. This study employed a quantitative approach to assess the impact of CSR on customer loyalty among Gen Z. The IBM SPSS statistical software package was utilized to check data validity and reliability and examine relationships. Correlation analysis and regression analysis were used to identify relationships.

3.3. Conceptual Framework



4. Data Analysis and Findings

4.1. Reliability Analysis

The Cronbach's alpha value is calculated to measure the internal consistency reliability of the instrument. According to Segal (2006) simply defines the reliability as the fact that a scale should consistently reflect the construct it is measuring. He further explains that the usual way to look at reliability is based on the consistency of the results generated by individual items with the overall questionnaire.

According to Elias, Cavana , & Jaskso (2001) as cited in (Ling, 2013) reliability test can be used as a measure that signals the consistency and stability of the instruments used in the survey when repeated measurements are made. It means, whether an instrument can be interpreted consistently across different situations. According to Sekaran (2003) reliabilities less than 0.60 are considered to be poor, those in the 0.70 range acceptable, and those over 0.80 good. Accordingly, in this research, the researcher tested reliability of the measures using Cronbach's Alpha.

According to Table 1, the Cronbach's alpha values of Economic Responsibility (0.863), Legal Responsibility (0.960), Ethical Responsibilities (0.948), Philanthropic Responsibilities (0.962), Customer Loyalty (0.968) and corporate image (0.962) are greater than 0.70. Therefore, the measurement of that dimensions has reliability.

Table 1: Cronbach alpha values

Variable	Cronbach's Alpha	Number of items
Economic Responsibility	.863	3
Legal Responsibility	.960	4
Ethical Responsibilities	.948	4
Philanthropic Responsibilities	.962	4
Customer Loyalty	.968	4
Corporate image	.962	4

4.2. **Correlation Analysis**

The Pearson correlation matrix shows the direction, intensity, and significance of bivariate connections among all examined variables. The correlation coefficient would indicate the relationship's strength and direction. The Correlation between variables can be either negative or positive, ranging between +1 to -1. Depending on the values, the strength of the correlation will be decided, whiles the minus or plus sign will determine the direction of the relationship between the considered two variables (Hinkle, 2022).

According to (Sekaran, 2016) the established significance threshold in social science research is $p < 0.05$, which means that 95 times out of 100, there is a probability of a real or significant correlation between the variables, and there is a 5% possibility that the link does not exist. According to those results of the correlation analysis for the present research are as follows.

The Pearson correlation coefficients between the three variables CSR (independent Variable), Customer Loyalty (dependent Variable), and corporate image (mediating variable) are shown in the correlation table. The correlation between the respective row and column variables is shown in each cell of the table.

With a strong positive correlation value of 0.916 ($p < 0.05$), the association between customer loyalty (dependent variable) and corporate image (mediating variable) is statistically significant and robust, making it a particularly noteworthy correlation. CSR (Independent variable) there is a considerable link between and corporate image (mediating variable), as seen by the high positive correlation of 0.909 ($p < 0.05$) between the two variables. Additionally, customer loyalty and CSR are also positively correlated and strongly, with a coefficient of 0.880 ($p < 0.05$).

The consistently low p-values (all < 0.05) emphasize the statistical significance of these correlations. The substantial sample size of 291 further reinforces the reliability of these findings. These results collectively suggest that CSR, customer loyalty, and corporate image are interrelated, and changes in one variable are associated with predictable changes in the others. The observed correlations provide valuable insights for understanding the relationships within this dataset and may inform further investigations into the factors influencing customer loyalty and related variables.

Table 2: Correlation values

Correlations				
		CSR	Customer loyalty	Corporate image
CSR	Pearson Correlation	1	.880**	.909**
	Sig. (2-tailed)		.000	.000
	N	291	291	291
Customer loyalty	Pearson Correlation	.880**	1	.916**
	Sig. (2-tailed)	.000		.000
	N	291	291	291
Corporate image	Pearson Correlation	.909**	.916**	1
	Sig. (2-tailed)	.000	.000	
	N	291	291	291
**. Correlation is significant at the 0.01 level (2-tailed).				

4.3. Regression Analysis

Hypotheses can be tested by using the p-value (sig level) of each B coefficient of independent variables under a simple regression model. The confidence interval for accepting hypotheses in social sciences is 95%. To achieve this confidence interval, the p-value should be equal to or less than 0.05. If it is not equal to or less than 0.05, null hypotheses cannot be rejected. In another way, the alternate hypothesis is not supported.

H 1: CSR has a significant impact on Customer loyalty in the mobile telecommunication service provider industry in Sri Lanka

The "Standardized Coefficients" column shows the change in the predicted value of customer loyalty for a one-standard-deviation increase in the independent variable, holding all other independent variables constant. For example, a one-standard-deviation increase in CSR is associated with a 0.880 standard-deviation increase in customer loyalty.

In this case, independent variables have p-values less than 0.05, so we reject the null hypothesis for independent variables. This means that independent variables (Corporate social responsibility/CSR) have a statistically significant effect on customer loyalty.

Overall, the table suggests that both (Constant) and CSR are significant and positively related to customer loyalty. This means that as (Constant) and CSR increase, customer loyalty also increases.

Table 3: Coefficient table – CSR and Customer Loyalty

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constan t)	-.123	.072		-1.717	.087		
	CSR	1.071	.034	.880	31.507	.000	1.000	1.000

H 2: CSR has a significant impact on corporate image

Using CSR as the only independent variable, this table highlights the major factors influencing corporate image. The standardized coefficient (beta) of 0.909 (90.9%) emphasizes this strong positive link even more.

Table 4: Coefficient tables - CSR and Corporate image

Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	-.175	.063		-2.784	.006
	IV	1.102	.030	.909	37.009	.000

H 3: corporate image has a positive and significant impact on customer loyalty.

This table reveals the key driver of customer loyalty: corporate image. It shows that for every one unit increase in corporate image, there's a corresponding 0.920 unit increase in customer loyalty, holding other factors constant. This positive relationship is further emphasized by the standardized coefficient (beta) of 0.916, indicating that corporate image explains over 91.6 % of the variance in customer loyalty.

Table 5: Coefficient table - CSR and Consumer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.154	.052		2.978	.003
	corporate image	.920	.024	.916	38.798	.000

H 4: corporate image mediates the relationship between CSR and customer loyalty.

The mediation effect of the corporate image towards Corporate Social Responsibility and Customer loyalty is indicated by the above-mentioned indirect effect table. The lower confidence interval and upper confidence interval should be either positive or negative to accept the mediating effect as significant.

The Upper-Level Confidence Interval (BootULCI .9415) and Lower-Level Confidence Interval (BootLLCI .4675) are both positive in this indirect table. It is the mean indirect effect of the dependent variable (customer loyalty) and the indirect variable (corporate image) on each other.

Table 6: Direct and indirect effects of the mediating relationship

Direct effect of X on Y					
Effect	se	t	p	LLCI	ULCI
.3336	.0661	5.0461	.0000	.2035	.4637
Indirect effect(s) of X on Y:					
Effect	BootSE	BootLLCI	Boot	ULCI	
CIMV	.7377	.1233	.4630	.9424	

Table 7: Summary of the Hypothesis Testing Table

Hypothesis No.	Hypothesis	Regression beta value	R-squared value	Sig.	Status
H1	CSR has a significant impact on Customer loyalty in the mobile telecommunication service provider industry in Sri Lanka	0.826	0.775	.000	**Accepted**
H2	CSR has a significant impact on corporate image	0.909	0.880	.000	**Accepted**
H3	corporate image has a positive and significant impact on customer loyalty.	0.916	0.839	.000	**Accepted**
H4	corporate image mediates the relationship between CSR and customer loyalty.	BootLLCI = 0 .4630 BootULCI = 0 .9424		.000	**Accepted**

5. Findings and discussion

The impact of Corporate Social Responsibility (CSR) on customer loyalty has become increasingly significant in today's environment. The goal of this study is to understand the complicated relationships that exist between important CSR characteristics and customer loyalty among Gen Z. Discovering the complex relationships of Gen Z customer loyalty is the goal of the study, which focuses on CSR Economic, Legal, Ethical and Philanthropic Responsibility. The study underscores the noteworthy impact of Corporate Social Responsibility (CSR) on customer loyalty, as evidenced by a substantial correlation coefficient of 0.775. Additionally, the element of Ethical in shaping customer loyalty is highlighted by a robust correlation coefficient of 0.816. These findings emphasize the significance of CSR characteristics in shaping individual customer loyalty preferences among Gen Z. Furthermore, a robust positive correlation ($R = 0.909$) is revealed through Linear Regression Analysis between the dependent variable (customer loyalty among Gen Z) and a combination of independent variables (CSR Economic, Legal, Ethical and Philanthropic Responsibility). This implies a unified effect on these characteristics in the decision-making process. Notably, the correlation ($R = 0.916$) between the dependent variable (customer loyalty) and the mediating variable (corporate image) is even more pronounced, underscoring the pivotal role of corporate image in mediating the association between customer loyalty and the independent variables. Corporate image emerges as a crucial mediator in the relationship between the independent variables and the dependent variable, as evidenced by the observed enhancement in the R-value.

6. Recommendation

This study highlights the importance of strategically integrating Corporate Social Responsibility (CSR) initiatives into the core operations of mobile phone service providers in Sri Lanka to foster stronger customer loyalty. The findings emphasize that corporate image plays a crucial mediating role in the relationship between CSR and customer loyalty. A corporate image, which reflects customers' perceptions of a company's character, values, and reputation, is significantly shaped by the firm's socially responsible actions and the way they are communicated. When customers perceive a company as genuinely committed to social and environmental causes, they are more likely to develop a positive image of the company, which in turn strengthens their loyalty. Therefore, Sri Lankan mobile service providers should align their CSR efforts with community needs and cultural expectations, ensuring these programs are relevant and impactful. Transparent and honest communication about CSR activities is essential to build trust and reinforce the company's social responsibility credentials. Furthermore, providers should continuously monitor and assess the outcomes of their CSR initiatives, sharing results with stakeholders to demonstrate long-term commitment and accountability. Collaborating with local communities, government bodies, NGOs, and civic leaders can enhance the credibility and reach of CSR programs. Altogether, these efforts contribute to a stronger corporate image and, consequently, more loyal and engaged customers.

7. Suggestions for Future research

In determining the direction of future research, it is advised that academics deepen their exploration of the complex interactions among corporate social responsibility (CSR), customer loyalty, and corporate image in Sri Lanka's mobile telecommunication provider sector, with a particular emphasis on Gen Z customers. Subsequent research endeavors may include a longitudinal approach to monitor the enduring effects of corporate social responsibility endeavors and evaluate the ways in which the dynamic customer segment's loyalty patterns are impacted by the dynamic character of business practices.

Furthermore, in the context of Sri Lanka, future studies may explore the cross-cultural aspects of CSR perception and how it affects Generation Z's consumer loyalty. A more thorough grasp of the complexity involved can be obtained by looking at how cultural quirks influence the efficacy of CSR activities and the effects these have on corporate image and loyalty. With Sri Lanka's distinct sociocultural environment, this cross-cultural lens would be especially relevant.

Furthermore, it is recommended that scholars investigate how innovation and technology improvements in the mobile telecommunications sector influence the connection between CSR, corporate image, and customer loyalty among Generation Z. Understanding how developing technology, environmental practices, and CSR programs intersect to influence consumer perceptions and loyalty can provide insightful information to stakeholders in academics and industry as the industry continues to evolve quickly. Subsequent studies in this field might look into how cutting-edge technologies are incorporated into CSR frameworks and evaluate how differently they affect Generation Z's loyalty in the context of Sri Lankan mobile telecoms.

8. Conclusion

The study concludes that corporate social responsibility (CSR) significantly influences customer loyalty in Sri Lanka's mobile phone service sector, with corporate image serving as a vital mediating factor. As consumers increasingly favor companies that demonstrate ethical and socially responsible behavior, CSR initiatives not only contribute to societal well-being but also enhance a company’s reputation. A strong corporate image shaped by transparent communication and alignment with social values translates CSR efforts into increased customer trust, differentiation, and long-term loyalty. The study emphasizes that a positive brand image, built through well-integrated and clearly communicated CSR strategies, offers a competitive advantage in a saturated market. Ultimately, the findings provide valuable insights and practical recommendations for service providers to strategically embed CSR into their business models, leveraging corporate image to cultivate sustained consumer loyalty in a socially conscious marketplace.

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