The Impact of Corporate Social Responsibility (CSR) Initiatives on the Brand Image of Multinational Enterprises (MNEs)

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ABSTRACT

Multi-national Enterprises (MNEs), play a prominent role in the International Business environment through their Corporate Social Responsibility (CSR) initiatives. Based on the stakeholder theory, this study aims to investigate the impact of CSR initiatives on the enhancement of the brand image of MNEs in Sri Lanka. A positivist research paradigm has been adopted in this study. Accordingly, an online self-administered survey questionnaire was shared among 123 young consumers in Sri Lanka in order to investigate answers to the research questions of the study. It was found that there is a positive impact of fulfilling legal responsibilities on the brand image of MNEs while there seems to be no significant relationship between the ethical and philanthropical responsibilities of MNEs on their brand image. From a theoretical perspective, this study seems to shed light upon the existing body of research on corporate responsibility and brand image of MNEs, especially in the context of Sri Lanka through the extension of related studies. Moreover, the findings are similar to the pre-existing arguments that were developed by prior researchers on the relationship between the legal responsibility of an organisation and its brand image. From a practical perspective, the current study seems to encourage managers of MNEs to fulfill their legal responsibilities towards the host country in which they operate.

Keywords: Multi-National Enterprises; Corporate Social Responsibility; Brand Image.

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1. Introduction

Over the past two decades, globalization has had a significant impact on the amount of Foreign Direct Investment (FDI) (Park et al., 2014). Foreign Direct Investment (FDI) is the dominant force in the global market because of the role it plays in the expansion of the overseas operations of multinational Enterprises (MNEs). A multi-national company is an entity that participates in foreign direct investments and also owns and, to some extent, manages the value-added activities within the countries in which it operates subsidiaries (Dunning and Lundan, 2010). There are numerous benefits of MNEs operating in a country, for instance, the

host country has the potential to reduce its unemployment levels, obtain technology developed in other countries, and improve its trade balance by increasing exports (Haudi et al., 2020). However, they can also threaten national sovereignty, threaten domestic businesses through increasing competition, reinvest their revenues in their home country etc. (Chang, 2014).

One of the most significant criticisms leveled against multinational corporations is that they attempt to establish themselves in emerging or underdeveloped nations that do not have enough labour and environmental protection laws in place (Beddewela and Herzig, 2013). Hence, the majority of commercial enterprises are following a recent pattern in which they aim to integrate socially responsible practices into the core of their business operations and to continually look for ways in which they can keep their current clients while also attracting new ones (Madhusanka and Lakmali, 2015). Today's consumers, particularly the younger generation, are becoming more aware of and educated about the concept of corporate social responsibility (Raza et al., 2020).

Problem Statement

MNEs have begun to recognize the growing significance of corporate social responsibility (CSR) as a means of selling their brand in a manner that is more effective than conventional marketing approaches, such as advertising. Over the years MNEs have grown in power and their ability to provide effective solutions to global issues such as social responsibility has improved greatly (Beddewela and Herzig, 2013). In addition, through the process of internationalisation, MNEs attempt to fulfill the requirements of their stakeholders who reside in the various nations in which they conduct business. In turn, this has given stakeholders the impression that the company is legitimate and acts in a socially responsible manner, which is a good portrayal of the organization. Nevertheless, previous research has found very minimal evidence to indicate how MNEs could improve their image by increasing their level of social involvement (Aguilera-Caracuel et al., 2017).

Aaker (1991) states that Brand equity is —a set of brand assets and liabilities linked to a brand, its name and symbol that add or subtract from the value provided to a firm and/or to that firm's customers. It reveals the organization's perspective on a brand, whereas brand image reveals the customer's perspective on the same brand (Maheshwari and Kumar, 2014). CSR is considered an important tool for creating brand awareness among customers, which in turn will create a positive brand image in the minds of existing as well as potential customers.   Many studies have been conducted to test the influence of CSR on brand equity (Hsu, 2011; Tuan, 2012; Esmaeilpour and Barjoei, 2016;), but there are only a very few good investigations done to test the direct relationship between CSR and brand image (Thuy and Minh, 2020). In addition, after reviewing the previous literature on CSR, certain doubts arise regarding whether or not customers are aware of the efforts that companies put into their CSR programmes (Arslan and Zaman, 2014).

Accordingly, there seems to be a dearth of studies that examine the impact of CSR initiatives on the enhancement of the brand image of MNEs especially within the Sri Lankan context. Hence one can answer

the question —What is the impact of the CSR initiatives on the enhancement of the brand image of MNEs in Sri Lanka?

Research Questions

Based on the research problem identified above, the following research questions are raised for investigation.

- What is the impact of the legal responsibility of CSR initiatives by MNEs on the brand image of MNEs?
- What is the impact of the ethical responsibility of CSR initiatives by MNEs on the brand image of MNEs?
- What is the impact of philanthropical responsibility of CSR initiatives by MNEs on the brand image of MNEs?

Research Objectives

Based on the research questions raised above, following objectives are set out for the study.
- To identify the impact of the legal responsibility of CSR initiatives by MNEs on the brand image of MNEs
- To identify the impact of the ethical responsibility of CSR initiatives by MNEs on the brand image of MNEs
- To identify the impact of philanthropical responsibility of CSR initiatives by MNEs on the brand image of MNEs

2. Literature Review

Brand Image

Brand image is regarded as the most important component of brand equity since brand image comprises all consumer encounters with a brand (Raza Naqvi et al., 2013). Brand image is referred to as the perception that consumers have regarding a particular brand (Ballantyne et al., 2006). In the minds of consumers, a brand image will be formed once all brand connections associated with a particular product have been taken into consideration. Aaker (1991) defines brand associations as "everything that reflects a brand in the mind of a consumer." This can be a symbol, associations associated with a specific organization, qualities of the products that are offered by an organization, or the applications of the company's products (Keller, 1993). According to Keller (1993), brand associations give value and loyalty to a brand within the mind of a consumer, which in turn builds the base that leads to the identification of the brand among its competitors. The consumer's mind will be imprinted with unique connections, and these imprints will influence their purchasing decisions (Gil et al., 2007). The formation of a distinct brand image requires both strong brand associations and widespread brand awareness. On the other hand, customers' ability to recognize and remember certain brands is what we mean when we talk about their brand awareness (Keller, 1993). According to Washburn and Plank (2002), in order for a consumer to form associations with a brand, they must first be aware of the brand in question. A higher level of consumers' awareness of the brand influences their propensity to make purchases. It has an effect on the development of brand associations as well as the consolidation of the brand image (Washburn and Plank, 2002). Accordingly, the current study identifies the importance of maintaining brand image by MNEs.

Stakeholder theory

Enterprises must ensure that the implementation of corporate social responsibility will enhance their value in terms of responsibility not only in financial value gain but also from their social and environmental commitment (Collier and Esteban, 2007). Stakeholders are a vital component that contributes to the success of organisations CSR activities. Stakeholders of an organisation include its customers, employees, suppliers, investors and external stakeholder groups such as the government, competitors and other special interest groups. One important aspect of Corporate Social Responsibility is that the enterprises are always accountable to each and every stakeholder group that has a valid interest regarding the activities of an enterprise since the business decisions of an enterprise highly impact its stakeholders (Kakabadse et al., 2008).

Corporate Social Responsibility is carried out with the ultimate motive of benefitting the society at large and one main stakeholder group is the customers who are a part of the society. The survival of a business mainly depends on the loyal customer base attracted to the organization. Socially responsible firms create a positive brand image in the minds of consumers (Graafland and van de Ven, 2014). Corporate Social Responsibility aligned with stakeholder theory will ultimately result in generating maximum benefits in terms of social development, improvement of the living standard of employees, creation of a better brand image and most importantly a satisfied customer base to the organization (Nikolova and Arsić, 2017). Therefore, the current study recognizes the significance of fulfilling the diverse expectations of stakeholders through CSR initiatives.

Corporate Social Responsibility (CSR)

The goal of CSR is to increase an organization's long-term positive influence on society while minimizing its negative impact on the environment and society (Mohr et al., 2001). Corporate Social Responsibility (CSR) refers to firms' ongoing commitment to advancing the economy and conducting business in an ethical manner while also enhancing the lives of its stakeholders (Medis, 2018). A company's corporate social responsibility is characterized as how different stakeholder groups perceive the business's approach to societal challenges. Additionally, according to Peloza and Shang (2011), customers are a significant stakeholder group that adds value to a company, thus academics need to pay close attention to how they view CSR. Researchers are becoming more interested in studying consumers' opinions and expectations regarding CSR in relation to this idea (Pérez and del Bosque, 2012). Carroll (1979) identified that CSR can exist in the form of economic, legal, ethical, and charitable (Discretionary) responsibilities.

Economic Responsibility is considered the responsibility of an organization to offer valuable products to its consumers while generating enough profits (Carroll, 1979). A business must produce and sell goods and services in order to fulfill its economic mission (Medis, 2018). Legal responsibilities on the other hand are the obligation of an organization to act within the regulatory framework set by the local government in carrying out their business activities (Medis, 2018). Ethical responsibility includes all unwritten codes of conduct that

society expects a business to observe (Madhusanka and Lakmali, 2015). According to Carroll (1979), ethical activities demonstrate an organisation's desire to preserve and respect the moral rights of stakeholders. Finally, in paying attention to philanthropic responsibilities, they can be in the form of sponsorships for social projects such as building houses for the needy, polythene and plastic-free campaigns, and donations aimed at differently abled populations, etc. According to Carroll (1979), these are roles undertaken by firms even though they may not be legally required for the benefit of society.

CSR and brand image

Consumers tend to be vigilant about the socially responsible behavior of organizations (Dawkins and Lewis, 2003; Scholtens and Kang, 2013). Businesses engage in CSR due to corporate benefits such as corporate reputation, customer loyalty, etc. Furthermore, better commercial policies with ethical references are said to enhance corporate reputation (Medis, 2018). From the customer perspective, it has been proven that businesses which perform credible CSR initiatives are more successful in the long run in terms of consumer loyalty and purchase intention (Blombäck and Scandelius, 2013). According to Pérez and Rodrguez Del Bosque (2012), CSR is viewed as an emotional factor linked to the brand image that provides a competitive edge. It will produce a positive attitude in the consumer's head, which will strengthen the organization's brand image (Du et al., 2010). Numerous multinational corporations undertake CSR initiatives in accordance with their code of conduct, which focuses on economic growth, ethical business operations, environmental protection, etc., and as a consequence, it improves the company's brand image (Chan, 2014).

Hypothesis Development

The previous scholarly works have highlighted a relationship between legal responsibility and brand image. For example, according to He and Lai (2014), the influence of the consumer's perception of the company's legal obligation on their loyalty to the brand was significant. In addition to this, legally responsible action on the part of corporations contributes to the enhancement of a functional image perceived by customers, rather than a symbolic image (He and Lai, 2014). Moreover, the study by Mohammed and Rashid (2018) was conducted with the purpose of determining the relationship between customer happiness and corporate responsibility, with the brand image being taken as the mediating variable. Accordingly, the findings of the study demonstrated that legal responsibility is connected to brand image, and that brand image is connected to consumer happiness (Mohammed and Rashid, 2018). Additionally, the study by Ahamed et al. (2016) highlighted a positive relationship between legal responsibility and brand image. Furthermore, Manimalar and Sudha (2016), revealed that a brand's compliance with both ethical and legal CSR programs had a direct and positive effect on brand loyalty and customer confidence. Thus, the following hypothesis can be developed,

Hypothesis 1 (H₁): There is a positive relationship between legal responsibility and brand image

Similar to legal responsibilities, numerous studies have identified the relationship between that ethical responsibility and brand image has the relationship. For example, He and Lai (2014), identified that ethically

responsible action on the part of corporations contributes to the enhancement of a functional image perceived by customers, rather than a symbolic image more than a functional image (He and Lai, 2014). While Mohammed and Rashid (2018) demonstrated that ethical responsibility is connected to brand image, and that brand image is connected to consumer happiness (Mohammed and Rashid, 2018). Similarly, Ahamed et al. (2016), as well as Manimalar and Sudha (2016), revealed similar findings about the positive relationship between the ethical responsibilities of MNEs and brand image.

Hypothesis 2 (H$_2$): There is a significant relationship between ethical responsibility and brand image

In paying attention to the relationship between that philanthropic responsibility and the brand image of MNEs, Mohammed and Rashid (2018) identified a relationship between philanthropic responsibilities and brand image. Additionally, Ahmed et al. (2016) identified that economic and charitable CSR activities led to a much higher level of positive brand image components and company reputation management than legal and ethical CSR activities. While the Pakistan-based study by Arslan and Zaman (2014) as well as the Iranian-based study of Salehzadeh et al. (2018) highlight the positive relationship between that philanthropic responsibility and the brand image of MNEs.

Hypothesis 3 (H$_3$): There is a significant relationship between philanthropic responsibility and brand image
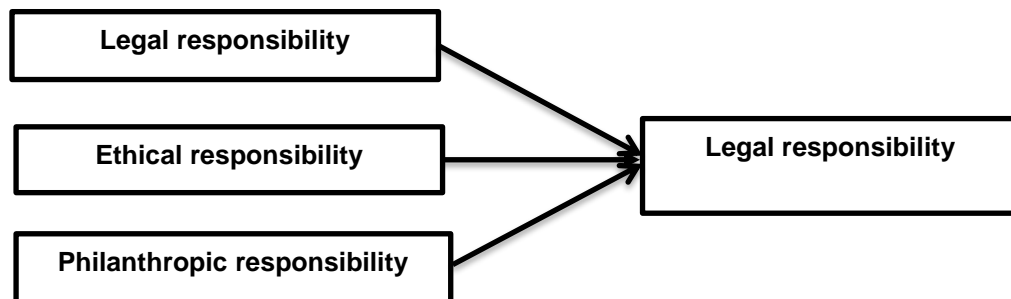
3. Research Methodology

Figure 1: Conceptual Framework
(Source:Developed for Research Purpose)

The current study was conducted based on the quantitative methodology with a positivist epistemology and objective ontology. This is to make sure that the current study is aligned with the methodology and positivist epistemology of related studies which are conducted to identify the relationship between corporate responsibility and brand image (He and Lai, 2014; Manimalar and Sudha, 2016; Mohammed and Rashid, 2018; Raza et al., 2020). Additionally, the research strategy adopted in this study would be a survey, where data were collected through an online self-administered questionnaire. The population considered in the current study was young consumers (Ariker and Toksoy, 2017). Data were collected from a convenience sample of 123 undergraduate consumers in Sri Lanka who mainly belong to Generation Z due to the significant role played by this demographic segment as consumers of MNE products and their response and

awareness of CSR practices by MNEs (Levickaite, 2010; Ariker and Toksoy, 2017). Moreover, related studies such as the study by Thuy and Minh (2020) to evaluate the association between Corporate Social Responsibility and brand image have also utilised Gen Z customers. The convenience sampling technique is adopted due to its effectiveness in promptly collecting data from respondents, its ability to predict consumer behaviour (Safeer et al., 2021).

The scale items for the dependent variable, 'brand image' have been adopted from Yoo et al. (2000), while the scales for independent variables of legal, ethical and philanthropic responsibilities have been adopted from Maignan (2001). All items in the scale were measured based on a five-point Likert scale where '1' being strongly disagree and '5' being strongly agree.

4. Data Analysis and Discussion

In terms of the profile of respondents, the results indicate that 45.5% are male respondents and 50.4% are female. In addition, 4.1% of respondents said they prefer not to reveal their gender. In terms of age, the median age of respondents was 23 years of age, given the fact that they were undergraduate consumers. Moreover, 64.5% of them were state university undergraduates while more than 96% of them have consumed goods offered by MNEs.

The current study has also considered the fulfillment of multivariate assumptions of normality, homoscedasticity, linearity, and multicollinearity. In paying attention to the normality assumption, the Kolmogorov-Smirnov test statistic is 0.087 and this value is insignificant at 5%. Therefore, residuals are normally distributed with zero mean. Moreover, all coefficients of skewness are less than 1. Then according to the scatter plot, standardized residuals have been plotted with respect to standardized predicted value and they are randomly distributed. Therefore, there is no systematic pattern of residuals (no funnel shape) hence variance of residuals is constant. It can be concluded that there is no heteroscedasticity problem and residuals are having homoscedasticity and there is an equal spread of residuals.

In terms of reliability, the brand image scale indicates a value of 0.6, while according to Table 1, all other scales related to ethical, legal, and philanthropical responsibilities reflect values above 0.6. Accordingly, all of them are above the minimum threshold of 0.5 in terms of Cronbach alpha value and thereby reflect internal consistency.

Table 1: Reliability test of the variables

Variable	Reliability	Number of Items
Legal Responsibility (LEG)	.683	4
Ethical Responsibility (ETH)	.629	4
Philanthropic Responsibility (PHI)	.701	4
Brand Image (BI)	.600	6

(Source: SPSS software)

Correlation Analysis

Table 2 which is the "multiple correlation matrix" illustrates that there is a bivariate relationship with each variable at the 0.01 level. Hence, the first variable is brand image, which has a positive relationship with two other variables, including legal responsibility factors and philanthropic responsibility. Pearson correlation values of 0.258 and 0.221 indicate that brand image has a weak positive relationship with legal responsibility and philanthropic responsibility. It means if the organisation has ensured its legal-related factors about customers and employees, the brand image of the organisation will enhance.

The second variable is a legal responsibility, which has a positive relationship with the other two variables, including brand image and philanthropic responsibility. Pearson correlation values of 0.258 and 0.296 indicate that legal responsibility factors have a weak positive relationship with brand image. It means if the organisation has the best procedures in their employment law, regulatory system, and consumer protection, the brand image of the organisation will go up.

The third variable is an ethical responsibility, which has a positive relationship with philanthropic responsibility at 0.01 level. Pearson correlation values of .324 indicate that ethical responsibility factors have a weak positive relationship with philanthropic responsibility. Moreover, the statistics show that ethical responsibility has no relationship with brand image and legal responsibility. Further, it is derived that their sig values are more than 0.05 by highlighting significant values such as .097 and .090, respectively, brand image and legal responsibility. It means if the organisation has the best ethical practices, then it will participate in the management of public affairs and solve social problems.

The fourth variable is philanthropic responsibility, which has a positive relationship with all the other variables such as brand image, legal responsibility, and ethical responsibility at 0.01 level. Philanthropic responsibility factors have a weak positive relationship with brand image, legal responsibility, and ethical responsibility (0.221, 0.296, and 0.324). It is meant if the organization has to serve society through public affairs, solving social problems, and allocating resources for social activities, it will help to enhance the organisation's legal responsibility, ethical responsibility, and brand image.

Hence, the correlation result can be summarized as that brand image (dependent variable) has a positive relationship with legal responsibility and philanthropic responsibility. Moreover, it does not have any relationship with ethical responsibility. Moreover, ethical and philanthropic responsibility has the strongest relationship.

Table 2: Correlation Table

	Correlations				
		BI	**LEG**	**ETH**	**PHI**
BI	Pearson Correlation	1	.258**	.150	.221*
	Sig. (2-tailed)		.004	.097	.014
	N	123	123	123	123
LEG	Pearson Correlation	.258**	1	.153	.296**
	Sig. (2-tailed)	.004		.090	.001
	N	123	123	123	123
ETH	Pearson Correlation	.150	.153	1	.324**
	Sig. (2-tailed)	.097	.090		.000
	N	123	123	123	123
PHI	Pearson Correlation	.221*	.296**	.324**	1
	Sig. (2-tailed)	.014	.001	.000	
	N	123	123	123	123
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

(Source: SPSS Software)

Regression

The model summary Table 3 demonstrates the strength of the relationship between the study model and brand image. The above table R-value shows that 30.8% variation in the dependent variable due to the independent variables such as Legal responsibility, ethical responsibility, and philanthropic responsibility. Moreover, the R Square value is denoted as 9.5%. Thus, it is showing that weak relationship between the study model and the brand image. Although the R square is less than 60% the regression ANOVA is significant. The gap between R square and Adjusted R square is low therefore that indicates there are no unnecessary independent variables indicated in the study. The Durbin-Watson value is 2.093 indicating that residuals are independent. Since residuals are independent regression results can be analyzed as highly valid.

In paying attention to ANOVA-related results in Table the result revealed that the overall regression model is fit for the data at the 0.05 level by providing 0.008 sig values. Besides, the $F_{(3,119)} = 4.148$ shows that the regression model of the study is a good fit for the data.

Table 3: Model summary of the study

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	.308[a]	.095	.072	.37870	2.093
a. Predictors: (Constant), PHI, LEG, ETH					

(Source: SPSS Software)

Table 4: ANOVA table

ANOVA^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.785	3	.595	4.148	.008ᵃ
	Residual	17.067	119	.143		
	Total	18.851	122			
a.Predictors: (Constant), PHI, LEG, ETH						
b.Dependent Variable: BIource: SPSS Software)						

(Source: Survey Data)

The sig value column in Table 5 that the tolerable value is less the 0.05. It means that legal responsibility positively influenced the brand image. Moreover, the variables such as ethical responsibility and philanthropic responsibility are not influenced by the brand image of the Fast Moving Consumer goods. Ethical Responsibility can be analysed as highly insignificant.

Table 5: Coefficient Table

Coefficients^a							
Model		Unstandardize Coefficient		Standardized Coefficient	t	Sig.	Collinearity Statistics	
1		B	Std. Error	Beta			Tolerance	VIF
	Constant	2.595	.381		6.805	.000		
	LEG	.156	.069	.207	2.259	.026	.909	1.100
	ETH	.050	.062	.074	.805	.423	.891	1.122
	PHI	.106	.074	.136	1.424	.157	.833	1.201
a. Dependent Variable: BI								

(Source: SPSS Software)

Based on the Collinearity Statistics the VIF value (Variance Inflation Factor) should be less than 10. The VIF values for legal, ethical and philanthropic responsibility are all under value 10. Therefore, it can be said that there is no multicollinearity problem.

Table 6: Hypothesis Testing

Hypothesis	Correlation	Regression	Accept /Reject
H₁: There is a significant relationship between legal responsibility and brand image	.258	0.026	**Accept**
H₂: There is a significant relationship betweenethical responsibility and brand image	.150	0.423	**Reject**
H₃: There is a significant relationship betweenphilanthropic responsibility and brand image	.221*	0.157	**Reject**

(Source: SPSS Software)

According to the above Table, the first hypothesis is accepted and the main objective "To identify the customer expectations from CSR initiatives undertaken by MNEs in Sri Lanka" is achieved by highlighting that customers are expecting the MNE to fulfill legal responsibility rather than others. Moreover, according to standardized coefficient analysis, organisations need to prioritise CSR dimensions accordingly (legal, philanthropic, and ethical) to get better brand image enhancement "To identify the nature of the relationship between dimensions of CSR and brand image". Moreover, the result revealed that legal responsibility positively impacts the brand image of MNCs through fulfilling the third objective of the study, "To explore the impact of CSR initiatives on brand image enhancement of MNCs." Ultimately it can be concluded that legal responsibility should be given priority as it is the only variable showing a significant relationship with the brand image of Multinationals.

DISCUSSION

The first hypothesis was developed to determine whether there is a substantial association between legal Corporate Social Responsibility and brand image. The significance level between the two categories was 0.026, resulting in the first hypothesis being accepted. This leads to the finding that there is a relationship between the legal responsibility dimension of CSR and brand image. In other words, complying with rules and regulations would lead to more positive brand image of MNEs. Since it is considered that it is the organisation's obligation to perform within the regulatory framework, approval of the first hypothesis validates the related study by Medis (2018). Accordingly, Medis (2018) highlighted that legal responsibility and brand image have a relationship. Additionally, the results can also be supported by Hei and Lai (2014) who found that the influence of the consumer's perception of the company's legal obligation on their loyalty to the brand was significant. Moreover, the first hypothesis can also be supported by the findings of the related studies of Manimalar and Sudha (2016), Ahmed et al. (2016), and Mhoammed and Rashid (2018).

The second hypothesis was developed in order to find out if there is a significant relationship between ethical Corporate Social Responsibility and Brand Image. The significance level between the two categories was 0.423 which resulted in the rejection of the second hypothesis. This finding can lead to the conclusion that there is no significant relationship between the ethical responsibility dimension of CSR and brand image. In other words, engaging in ethical behaviour would not lead to a more positive brand image of MNEs. This can be supported in terms of the study by Ramesh et al. (2019) which found in their study on consumer response to CSR activities and considered the mediating role of brand image and brand attitudes, that there is no direct impact of the ethical responsibilities on the brand image. However, the rejection of the hypothesis contradicts the findings of related studies by Gudjonsdottir and Jusubova (2015), Podnar and Golob (2007), He and Lai (2014), Mainmalar and Sudha (2016), Mohammed and Rashid (2018).

The third and final hypothesis of the study was developed to identify whether a relationship exists between philanthropic Corporate Social Responsibility and brand image. The significance level between the two categories was 0.157 which resulted in rejection of the third hypothesis. Accordingly, similar to the second hypothesis finding, this finding can lead to the conclusion that there is no significant relationship between the

philanthropic responsibility dimension of CSR and brand image. In other words, philanthropical initiatives by MNEs would not lead to a more positive brand image of MNEs This finding contradicts previous studies by Carroll (1976) and Doda (2015) which found that fulfilling philanthropic responsibility was said to have a positive impact on the firm's long-term competitive position while bringing intangible advantages such as brand image enhancement. Similarly, the current study results also contradict the results of Mohammed and Rashid (2018), Arslan and Zaman (2014) and Salehzadeh et al. (2018).

Im From a theoretical perspective, the current study seems to extend related studies which have attempted to investigate the relationship between various dimensions of Corporate Social Responsibility (CSR) initiatives of MNEs and their impact on various dimensions of brand equity (For example, Ahmed et al., 2016; Mainalar and Suda, 2016; Mohammed and Rashid, 2018; Ramesh et al., 2019, etc.). Moreover, this study also appears to extend related studies which have considered the stakeholder theory, especially in the context of CSR initiatives by MNEs. Finally, the current study seems to shed light on the often-overlooked area of the impact of CSR initiatives by MNEs on brand image in the context of Sri Lanka as well as South Asia.

On the other hand, from a practical perspective, the study is useful for managers of MNEs to properly adhere to the laws and regulations of the host country that they operate as well making sure that the employees are aware of labour laws, consumer protection laws, payment of taxes on time, etc. Moreover, in paying attention to ethical and philanthropic responsibilities, MNEs could ensure that they fulfill ethical responsibility by adhering to ethical standards and principles through practicing environmentally friendly packaging and the use of recycled materials in the process of producing fast-moving consumer goods. Finally, it is also important that MNEs properly utilise their marketing campaigns targeting the aforementioned dimensions of corporate social responsibility in order to grab consumer attention. This will result in better brand image enhancement of MNEs.

Limitations and avenues for future research

In terms of limitations, the current study has been conducted in the form of a cross-sectional study, however, future researchers can adopt a more longitudinal approach in collecting data to analyse various changes in consumer behaviour due to changes in the external environment such as the impact of pandemics, economic crisis, etc. Additionally, the sample size of 123, as well as the sample of Generation Z undergraduate consumers, may minimise the generalizability of the study, accordingly, future studies can consider a larger sample size as well as a different sample such as professionals, who might be more aware of CSR initiatives of MNEs. Finally, the current study has adopted a quantitative methodology based, survey strategy in answering the research questions, however, future studies could adopt more qualitative approach to obtain an in-depth understanding of how MNE CSR initiatives can enhance brand image.plications to theory and practice.

5. Conclusion

The primary objective of this study is to investigate the impact of CSR initiatives undertaken by MNEs on the brand image of MNEs and this study seems to shed light on the impact of CSR initiatives by MNEs on their brand image in the context of South Asia and Sri Lanka. To meet the objectives of the study, three hypotheses were developed two hypotheses were supported and the other one was rejected. To find answers to the research questions, an online self-administered questionnaire was distributed among 123 Gen Z undergraduate consumers. Accordingly, it was found that there is a significant relationship between legal responsibility dimensions, philanthropical dimensions of CSR and the brand image of MNEs, whereas there seems to be no significant relationship between ethical responsibility dimensions of CSR and the brand image.

This study seems to extend the literature related to the CSR initiatives by MNEs, the impact of CSR initiatives by MNEs on brand image, as well as the underlying stakeholder theory. Moreover, managers of MNEs are also given a few recommendations to improve their practice based on the findings of the current study.

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