

Impact of Corporate Social Responsibility (CSR) on Brand Image of Banking Industry in Sri Lanka: with the Mediating Effect of Emotional Attachment

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This study explores the impact of corporate social responsibility (CSR) on brand image in the Sri Lankan banking sector, with emotional attachment as a mediating factor. It addresses significant empirical and practical gaps by focusing on the limited understanding of this research context. While existing studies often emphasize the dimensions of CSR – such as economic, legal, ethical, and philanthropic responsibilities, but they tend to ignore the emotional and environmental aspects, which are increasingly important in today's competitive marketplace. Despite the recognized importance of CSR, there is a lack of comprehensive research on its impact on brand image as mediated by emotional attachment. This study aims to bridge the gap by investigating this question. In addition, the research evaluates the effectiveness of various CSR dimensions to identify the areas that have the most impact on enhancing emotional attachment. The practical gap of this research lies in the insufficient integration of CSR with measurable impacts on brand image. Despite CSR investments, banks lack strategies to evaluate their effectiveness. Many banks approach CSR as an annual routine, often repeating the same activities year after year, rather than leveraging these initiatives strategically to foster emotional attachment and enhance brand image. This routine approach creates a gap, as CSR programs may lack the ability to form deeper emotional connections between the brands. Banks engage in CSR activities that offer societal benefits but are not fully integrated into their core business values. That means the identified gaps highlight the lack of integrated strategies of CSR initiatives in the Sri Lankan banking sector, where CSR activities are often conducted as a matter of course, disconnected from core business objectives. The objectives of this research are to investigate how CSR influences the brand image of the banking industry in Sri Lanka, with emotional attachment acting as a

mediator. The study also explores which types of CSR initiatives most effectively foster emotional attachment and the extent of CSR's impact on brand image.

In this research, a deductive approach was employed. The researcher developed hypotheses based on existing theories such as Carroll's Four-Dimensional CSR Framework and the Triple Bottom Line Theory. Primary data was obtained through structured surveys, while secondary data was collected from academic literature, industry reports, and financial institution reports. This structured methodology sets the foundation for analysing the interplay between variables. A structured questionnaire was distributed among 385 respondents aged 18 and above, eligible to open regular savings accounts in all provinces of Sri Lanka. Descriptive and inferential statistical techniques, including frequency, correlations, and regression analyses, were employed to derive the findings. SPSS software was used to analyse the data. The demographic profile of the respondents was analysed based on gender, age, province, and income. Cronbach's alpha for the scales exceeded 0.7, confirming consistency, and the KMO value of 0.948 indicated the suitability of the data for factor analysis. Skewness and kurtosis analyses confirmed the data's normal distribution. Regression analysis demonstrated that CSR has a positive impact on brand image and significantly influences emotional attachment. Emotional attachment positively affects brand image. The mediating role of emotional attachment in the relationship was confirmed, supporting the research hypotheses with significant indirect effects. Analysis of this research showed strong positive correlations among all three variables. While most CSR dimensions significantly contributed to Brand Image, philanthropic activities did not show a significant effect. This deviation suggests that while voluntary and charitable activities may contribute to social goodwill, they may not directly translate into improved brand perceptions in the Sri Lankan banking industry, highlighting the need for more strategic integration of philanthropic efforts into broader CSR strategies. This suggests that consumers may prioritize other CSR dimensions, such as financial stability and ethical behaviour, over the bank's philanthropic efforts when evaluating a bank's brand image as a financial service provider.

This study expands CSR theories and offers practical insights for banks to align strategies and enhance brand image. Theoretically, it expands on Carroll's Four-Dimensional CSR Model and the Triple Bottom Line theory. It highlights the importance of aligning CSR initiatives with emotional and

cultural values to enhance brand image in diverse markets like Sri Lanka. Practically, the findings provide banks with insights on designing CSR strategies that resonate with customer expectations, emphasizing the role of emotional engagement in strengthening brand image. However, the study is limited by its non-probability sampling technique, the unique socio-economic and cultural context of Sri Lanka, and its focus on the banking sector, which may limit generalizability to other sectors or regions. Future research could explore CSR's impact across different cultural and economic contexts, using larger and more diverse samples. Future research could map specific CSR initiatives to relevant Sustainable Development Goals to measure the contribution of banking companies to broader global sustainability goals. Additionally, incorporating other mediators and moderators such as brand trust and customer loyalty could further deepen insights into CSR's role in brand image. overall, this research provides a valuable roadmap for banks seeking to enhance their reputation, and brand image, and contribute to a more sustainable and responsible financial ecosystem.

Keywords: *Banking Industry, Brand Image, Corporate Social Responsibility, Emotional Attachment*