

**The Impact of  
Corporate Social Responsibility  
Engagement on  
Customer Satisfaction and Reputation:  
A study on Managers' Perception**

**By**

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(5266 FM 2009 107)**

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## DECLARATION BY THE STUDENT

The work described in this research was carried out by me under the supervision of Prof. Samanthi Senarathne and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree/ Diploma.



.....  
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## DECLARATION BY THE SUPERVISOR

I certify that the above statement made by the candidate is true and that this research is suitable for submission to the University for the purpose of evaluation.

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## **LIST OF ABBREVIATION**

CSR – Corporate Social Responsibility

CSE – Colombo Stock Exchange

SPSS – Statistical Package for Social Science

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**ABSTRACT**

This research was conducted to examine how CSR engagement affects the customer satisfaction and the reputation of the Sri Lankan listed companies from managers' perspective. The objectives of this research are to examine the level of CSR engagement by Sri Lankan listed companies and examine the managers' perception about the impact of CSR activities on customer satisfaction and reputation of these companies. There are two hypotheses such as "managers perceive that CSR activities have a positive impact on customer satisfaction" and "managers perceive that CSR activities have a positive impact on company reputation".

The target population for this study consisted with all the listed companies in Sri Lanka on Colombo Stock Exchange as at 31<sup>st</sup> December 2010. There are 245 companies. All these companies represent 19 business sectors. 42 companies were eliminated due to different criterions from these 245 companies. They are companies which are in default board, companies which are listed in the year 2010 and sectors which consist with 5 or less than 5 companies. 25% rest of the companies was selected as a sample. Therefore, 50 companies were selected from 10 industries by using proportionate stratified random

sampling technique. A structured questionnaire survey was used to collect data on the variable of CSR, customer satisfaction and reputation as primary data. The Head of the Marketing Department was the targeted respondent for this questionnaire. The respondent rate in this study was 86%. There were four control variables in this study such as firm size, firm age, industry type and sales revenue and they were collected from the annual reports of the companies. They can be identified as secondary data. The collected data were analyzed through descriptive analysis and stepwise multiple regression.

The mean value of CSR is 4.45. That indicates that level of CSR engagement by Sri Lankan listed companies is at a satisfactory level. And all the dimensions in CSR such as economic, legal, ethical and discretionary contribute significantly to CSR. But economic has the highest value. Legal and ethical are at the second and third places respectively. The companies have lowest involvement with discretionary activities. According to the results of this study managers perceive that CSR is positively associated with customer satisfaction and company reputation. Discretionary is the single dimension which affects on customer satisfaction. Legal, ethical and discretionary affect on reputation. Therefore economic dimension does not determine customer satisfaction and reputation. Ultimately the concept of CSR drives to increase customer satisfaction and reputation. When concerning the listed companies in Sri Lanka, they have used this concept to compete with others by enhancing customer satisfaction and reputation.