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About the Journal

IIFT International Business and Management Review is a biannual peer-reviewed journal from the Indian Institute of Foreign Trade. The Indian Institute of Foreign Trade (IIFT), a deemed to be university, was set up in 1963 by the Ministry of Commerce & Industry, Government of India, as an Institution with a focus on imparting knowledge through research and training in international business and trade. It ranks among the top 10 Business Schools in the country for the past two decades and earned AACSB Accreditation.

IIFT International Business and Management Review tends to highlight the significance of emerging issues on national and international front, addressing challenges and reflecting opportunities relating to International business and management. The interdependence among businesses in a liberalized world increase the intricacies of business practices and make way for a wide range of business research problems. This journal will cater to all those research questions that are arising in the new challenging business world intersected with the cross-border issues. The Covid-19 pandemic has completely changed the dynamics of international markets and how they function. This brings a turnaround in theories, models and phenomena which are obsolete and not applicable to the world hit by a pandemic. Therefore, it makes more sense now to introduce the International Business and Management Review Journal as it will be addressing all the contemporary issues in International Business. It is an open access journal under a Creative Commons License (CC-BY-NC).

Aims and Scope

The journal aims at bringing together managerial issues, practices and innovations which are useful to scholars, educators, managers, consumers, other societal stakeholders and policy makers around the world. It aims to play a significant role in shaping the content and boundaries of the management discipline while simultaneously covering the international scope of businesses. With the aim of impacting the management education and industry practices, *IIFT International Business and Management Review* (IBMR) publishes innovative empirical and conceptual articles with advance knowledge of management and international business, and provides the readers with broad-spectrum of high-quality papers on evolving trends, insights and philosophies in management. All articles appearing in the journal will be peer reviewed to ensure academic rigor and practical relevance and will publish studies from all geographical regions. Discussion of newer forms of cross-border business activity, such as strategic alliances and global sourcing, is also encouraged. IBMR also aims to advance the exploration of issues that include the implications of customer orientation in multinational business, cross-cultural market segmentation and market research.

The journal welcomes submissions pertaining to various multidisciplinary studies such as –

- Accounting and Finance
- International Business & Strategic Management
- Marketing & Sales
- Corporate Governance, Business Ethics and Law
- Human Resource Management Organizational Behavior
- Managerial Economics
- Entrepreneurship & Business Ventures
- Operations Management & Supply Chain
- Management Information Systems

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Editorial

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The December 2025 issue of the IIFT-International Business & Management Review (IBMR) is published at a time when the global trading system is undergoing profound structural realignments. The post-pandemic recovery has been uneven, geopolitical tensions have intensified, and the long-standing assumptions of frictionless globalization are being recalibrated. Trade policy, investment flows, supply chain configurations, and cross-border business strategies are increasingly shaped by concerns of resilience, strategic autonomy, sustainability, and national security. In this evolving landscape, international business scholarship must respond with analytical depth, global perspective, and policy relevance. Global trade today is no longer driven solely by cost efficiency and market expansion. Instead, firms and governments are navigating a complex matrix of geopolitical risk, technological disruption, regulatory divergence, and sustainability commitments. The rise of digital trade, data governance regimes, green trade measures, and regional trade agreements is redefining how value is created and exchanged across borders. At the same time, shifts in global production networks through near-shoring, friend-shoring, and diversification strategies have brought renewed attention to trade resilience, logistics, and institutional coordination. These changes demand a rethinking of international business models and trade frameworks that account for both economic efficiency and systemic stability.

The Indian Institute of Foreign Trade (IIFT), with its core focus on trade, investment, and global business, is uniquely positioned to contribute to this discourse. IBMR functions as a platform for advancing research that bridges theory, policy, and practice in international business and management. The contributions in this issue reflect diverse perspectives on global trade dynamics, strategic decision-making in multinational enterprises, cross-border finance, regulatory environments, and the evolving role of emerging economies in the global economic order. Collectively, they offer insights into how firms and policymakers can respond to uncertainty while fostering sustainable and inclusive growth. A recurring theme across this issue is the growing interdependence between trade, technology, and sustainability. Digitalization is transforming trade facilitation and market access, while climate imperatives are reshaping production standards, trade policies, and investment decisions. These forces are compelling businesses to integrate environmental and social considerations into their global strategies, not as compliance requirements but as sources of long-term competitiveness. Equally important is the human and institutional dimension of global business, where leadership, governance, and international cooperation play a critical role in navigating disruption and transition. Through this 2025 issue, IBMR seeks to contribute to informed debate on the future of global trade and international business in a fragmented yet interconnected world. We hope the research and perspectives presented here stimulate critical thinking, support evidence-based policymaking, and enrich academic and practitioner engagement with global economic challenges. As international trade and business continue to evolve, IBMR remains committed to disseminating rigorous, relevant, and globally grounded scholarship that advances understanding and shapes responsible global business practices.

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Article

Unpacking Students' Socio-cognitive Dynamics in Online Learning: A Qualitative Study on Business Schools of Private Universities in Bangladesh

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Abstract

The socio-cognitive dynamics of online learning among Bangladeshi business students are explored in this qualitative study. To better understand how private university students perceive, experience and make the most of this online learning space, we administered semi-structured interviews to them. The results show that students' online learning experiences are impacted by personal factors (such as their experiences, perceptions and attitudes) and external factors (such as their opportunities and challenges). Students value flexibility, yet face challenges in technology, intrinsic drive and social interaction. Findings from the study highlight the need for robust technical infrastructure, professional development opportunities for teachers, and student support systems to improve the efficiency of online learning in Bangladesh.

Keywords

Online learning, business education, socio-cognitive dynamics, higher education, qualitative research

Introduction

Overview of Online Learning

Online learning, which refers to education delivery primarily through electronic methods, has experienced a significant increase in popularity in recent years (Anderson & Dron, 2011). Improvements have influenced the shift in teaching

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methods in technology, globalisation and the growing need for adaptable learning choices (Siemens, 2004). Incorporating digital platforms and resources has revolutionised the educational environment, providing learners with unparalleled access to information and customised learning possibilities (Dziuban et al., 2018).

Contextualisation of the Study in Bangladesh

Bangladesh, similar to numerous emerging nations, has undergone swift expansion in higher education, specifically in the domain of private universities (Islam, 2015). An increasing focus has accompanied the expansion on technology-mediated education to meet the needs of the expanding number of students (Hossain & Islam, 2018). Nevertheless, implementing online learning in higher education in Bangladesh is still in its early stages, facing obstacles such as infrastructural limitations, faculty training and student readiness (Ahmed & Islam, 2016). The COVID-19 epidemic expedited the acceptance of online learning as the primary teaching method, interrupting traditional in-person education and requiring a rapid shift to digital platforms (UNESCO, 2020).

Research Gap

Although there is an increasing amount of research on online learning in many settings, studies need to explicitly examine the experiences of business students from Bangladesh. Previous studies frequently need to consider the distinct sociocultural and economic influences that impact students' views and attitudes towards online learning in this particular setting (Rahman & Islam, 2019). As a result, more factual evidence is needed to guide the creation and execution of successful online business education programmes in Bangladesh.

Research Objectives

This study seeks to fill this research void by examining the socio-cognitive dynamics of Bangladeshi business students participating in online learning. More precisely, the study aims to:

- To comprehend the students' encounters and perspectives on online learning in contrast to traditional in-person learning.
- To ascertain the primary obstacles and advantages linked to online business education as students perceive.
- To assess the influence of the COVID-19 epidemic on students' perceptions of online education.
- Examine the consequences of these discoveries for the future of business education in Bangladesh.

Research Questions

The study will be guided by the following research questions in order to accomplish these objectives:

- What is Bangladeshi business students' perception of online learning compared to traditional face-to-face learning?
- What are the primary obstacles and advantages of online learning as viewed by business students?
- How has the COVID-19 pandemic impacted students' perceptions of online learning?
- What are the future ramifications for business education in Bangladesh?

Significance of the Study

The results of this study will add to the expanding information base on online education, specifically in poor nations. This research can enhance the development of efficient online learning strategies and policies by offering valuable insights into the experiences and viewpoints of Bangladeshi business students. Moreover, the study's results might bolster teacher development activities and improve the overall calibre of online business education in Bangladesh.

Literature Review

Theoretical Framework

This study utilises multiple theoretical viewpoints to comprehend the intricacies of students' encounters with online learning. Bandura's socio-cognitive theory, proposed in 1977, offers a framework for studying the interplay of individuals' cognition, emotions and actions in relation to their surroundings and how this interplay affects the learning process. This theory highlights the significance of self-efficacy, observational learning and reciprocal determinism in influencing educational results.

Zimmerman's self-regulated learning theory, proposed in 2002, enhances socio-cognitive theory by emphasising students' capacity to manage their own learning processes. This viewpoint emphasises the significance of metacognitive processes, self-monitoring and goal setting in attaining academic achievement.

In addition, the technology acceptance model (TAM) (Davis, 1989) is used to investigate students' views and uptake of online learning tools. This model highlights how individuals perceive the usefulness and simplicity of the use of technology in determining their adoption of it.

Empirical Studies on Online Learning

In recent years, there has been a significant increase in research on online learning, explicitly examining student involvement, academic achievement and satisfaction (Means et al., 2010). Research has continuously shown that online learning can increase access to education and offer flexible learning options (Bonk & Graham, 2006). Nevertheless, Rovai (2002) has also found difficulties related to student motivation, interaction and technical issues.

Socio-cognitive Factors Influencing Learning Outcomes

Socio-cognitive factors are highly influential in determining the nature of students' learning experiences. Studies have demonstrated that students' pre-existing knowledge, beliefs and attitudes towards learning substantially influence their academic achievement (Schunk, 2012). In addition, self-efficacy, which refers to an individual's confidence in their capability to achieve success, has been associated with favourable learning results (Bandura, 1997).

Gap Identification

Although there is a vast amount of literature on online learning and socio-cognitive aspects, studies should explicitly examine Bangladeshi business students' experiences. Many existing studies make broad conclusions based on research conducted in Western settings. However, these findings may not be immediately relevant or applicable to Bangladesh's specific sociocultural and economic situations. Moreover, the extent to which the COVID-19 epidemic has affected students' views and encounters with online education in this particular situation has yet to be thoroughly investigated.

Methodology

Research Design

This study utilised a qualitative research approach to thoroughly investigate the experiences and perspectives of Bangladeshi business students regarding online learning. Qualitative research is well-suited for comprehending intricate phenomena and producing detailed, descriptive data (Creswell, 2014). The researchers performed semi-structured interviews to provide freedom in exploring participants' responses while ensuring a consistent emphasis on the research topics (Kvale & Brinkmann, 2009).

Participant Selection

Purposive sampling was employed to choose participants from different private universities in Bangladesh to guarantee a wide array of viewpoints. This sampling method facilitated the incorporation of students with diverse academic backgrounds, programme levels and demographic factors (Patton, 2002). The inclusion criterion comprised two factors: current enrolment in a business programme at a private university in Bangladesh and prior experience with online learning.

Data Collection

Participants were engaged in semi-structured interviews to collect comprehensive insights into their experiences with online learning. A comprehensive interview guide was created using the research questions as a foundation. This guide offers a well-organised structure while allowing adaptability in investigating developing issues. Interviews were conducted face to face or online, based on the participants' preferences.

Data Analysis

The researchers used thematic analysis to detect and analyse patterns in the interview data (Braun & Clarke, 2006). This approach encompasses multiple phases, which include becoming acquainted with the data, creating preliminary codes, identifying themes, examining themes, and establishing and labelling themes. Thematic analysis facilitated the identification of significant topics about students' perspectives, difficulties, prospects and the influence of the COVID-19 pandemic on online education.

Rigour and Trustworthiness

In order to strengthen the reliability and accuracy of the research, various methods were implemented to guarantee thoroughness and dependability. Member checking entailed presenting initial findings to participants to validate the interpretations' accuracy. Triangulation enhanced the findings by cross-referencing data from several sources, including interview transcripts and field notes. In addition, the researcher engaged in reflexivity to recognise their biases and viewpoints, and measures were implemented to reduce their impact on data analysis (Lincoln & Guba, 1985).

Results

Demographic Profile of Participants

The study included a cohort of business students at both the undergraduate and graduate levels who were primarily enrolled in BBA, MBM and MBA programmes at several private universities in Dhaka, Bangladesh. Data were gathered via interviews.

The interview had 24 participants, a heterogeneous mix of students enrolled in different programmes at various private universities in Dhaka. Most participants are undergraduate students pursuing a Bachelor of Business Administration (BBA) degree. They come from all academic levels, ranging from first year to final year. Additionally, numerous participants were explicitly from the Amin Bazar, Savar neighbourhood of Dhaka. Farzana Akter, Arafat Rahman and Abu Ahamed Shibly Hasan are enrolled in separate academic years of their BBA programme. Several participants, such as Monirul Islam and B. M. Bappy Anwar, are currently enrolled in the Master's of Bank Management (MBM) programme and are in their second semester. The participants are from various parts of Bangladesh, encompassing urban hubs like Dhaka and Gazipur and rural communities like Thakurgaon and Madaripur. The demographic composition comprises a combination of undergraduate and graduate students, predominantly in the first phases of their academic pursuit at a private university. Their residence sites range from metropolitan areas like Mohammadpur and Tejgaon in Dhaka to rural areas like Rajoir and Madaripur, demonstrating a vast geographical diversity.

Students' Perceptions of Online Learning

Strengths:

- The advantages of learning at one's own pace include flexibility and convenience.
- Increased access to a broader array of resources and content.
- Potential for achieving a high level of cost-effectiveness.

Weaknesses:

- The presence of in-person engagement helps the growth of interpersonal and communication abilities.
- Challenges in sustaining motivation and involvement in online educational settings.
- Obstacles related to technology and problems with internet connection.
- Apprehensions over the efficacy of online learning in cultivating hands-on abilities.

Comparisons to traditional learning: Although participants acknowledged the adaptability and convenience provided by online learning, they typically favoured a hybrid learning strategy that integrates both online and in-person elements. Traditional learning was highly regarded for promoting direct interpersonal communication, cooperation and the acquisition of practical skills.

Challenges Faced in Online Learning

- *Technical issues*: Internet connectivity problems, platform difficulties and access to technology.
- *Time management*: Balancing online studies with other commitments.
- *Motivation*: Maintaining focus and engagement in online learning environments.
- *Social interaction*: Lack of opportunities for face-to-face interaction with peers and instructors.

Opportunities Offered by Online Learning

- *Flexibility*: Learn at one's own pace and accommodate different learning styles.
- *Accessibility*: Access to a broader range of resources and courses.
- *Development of digital skills*: Enhance proficiency in technology and online tools.
- *Cost-effectiveness*: Potential for reduced educational expenses.

Socio-cognitive Factors Influencing Online Learning

- *Self-regulation*: Students' ability to manage their time effectively, stay motivated and prioritise learning tasks.
- *Motivation*: Intrinsic and extrinsic factors influencing engagement in online learning.
- *Learning styles*: Individual preferences for visual, auditory or kinaesthetic learning, impacting online learning experiences.
- *Prior knowledge*: Previous exposure to online learning and technology influencing adaptation to online environments.

Discussion

In-depth Analysis of Findings

This study's findings offer valuable insights into the socio-cognitive dynamics of Bangladeshi business students participating in online learning. The findings suggest that students like the convenience and availability of online learning but also voice reservations over the absence of in-person communication, technological obstacles and struggles in staying motivated. These findings are consistent with other research emphasising the significance of social contact and technical assistance in online learning settings (Garrison et al., 2000; Swan, 2003).

Furthermore, the study highlights the substantial influence of the COVID-19 epidemic on students' perspectives towards online education. The epidemic expedited the acceptance of online education in Bangladesh, but it also intensified pre-existing difficulties and revealed the disparity in digital access among students. These findings align with other research that has demonstrated the difficulties and possibilities of emergency remote instruction during the pandemic (Dhawan, 2020; Howard et al., 2020).

Comparison with Previous Studies

The findings of this study add to the expanding body of research on online education in poor nations. This research offers a distinct viewpoint on the experiences of Bangladeshi business students, which is different from other studies that have examined the difficulties and advantages of online learning in different situations

(Al-Dmour, 2011; Sankey & Lucassen, 2013). The findings expand upon prior research by emphasising the distinct sociocultural and economic elements that impact students' views and attitudes towards online learning in this particular setting.

Implications for Business Education

The results of this study have several consequences for the field of business education in Bangladesh. Prioritising the allocation of resources towards the development of a robust technical infrastructure and the provision of comprehensive training to both teachers and students is essential in order to facilitate successful online learning. Furthermore, universities should contemplate implementing a blended learning methodology that amalgamates the advantages of online and in-person training to overcome the constraints of each modality. Furthermore, it is imperative to establish a conducive learning atmosphere that cultivates student involvement, drive and cooperation. This can be accomplished by utilising interactive online technologies, engaging in peer-to-peer learning activities, and maintaining regular communication between students and instructors.

Limitations and Suggestions for Future Research

The outcomes of this study should be interpreted with caution due to various inherent limitations. The study had a comparatively small sample size and only targeted students from private universities in Dhaka, which could restrict the applicability of the findings to a broader population. Furthermore, the study depended on data reported by the participants themselves, which could be influenced by a tendency to present oneself in a socially desirable manner. In order to overcome these constraints, future research might be conducted with more extensive and more diverse groups, adding quantitative data and applying triangulation approaches to strengthen the validity of the findings.

Additionally, it is imperative to conduct longitudinal research in order to examine the enduring effects of online learning on students' academic achievements, professional prospects and marketability. Moreover, doing research that examines explicitly the viewpoints and firsthand encounters of faculty members on online teaching might yield valuable insights into the difficulties and possibilities encountered by educators in this particular setting.

By acknowledging and overcoming these constraints and undertaking additional research, we can gain a more profound comprehension of the intricacies of online learning in Bangladesh. This will enable us to formulate plans based on empirical evidence to improve the country's business education quality.

Developing a Socio-cognitive Model for the Study

Understanding the Framework.

The suggested matrix offers a robust framework for examining the interaction between individual and environmental elements. Nevertheless, to construct a more all-encompassing socio-cognitive model, it is imperative to enhance the interconnections among these components and consider the ever-changing nature of these associations (Figure 1).

Proposed Socio-cognitive Model. Model name:

Socio-cognitive Dynamics of Online Learning for Bangladeshi Business Students (Figure 2)

Core components:

1. *Individual factors:*
    a. *Experiences*: Previous educational experiences, technology exposure, socio-economic background.
    b. *Perceptions*: Beliefs about online learning, self-efficacy, learning styles.
    c. *Attitudes*: Motivation, interest, value placed on education.
2. *Environmental factors:*
    a. *Challenges*: Technical issues, time management, lack of social interaction.
    b. *Opportunities*: Flexibility, access to resources, development of digital skills.
    c. *Impacts*: Academic performance, skill development, career prospects.
    d. *Implications*: For educational policies, institutional practices, future research.

Interplay and feedback loops:

1. *Individual factors influencing environmental factors*: Students' perceptions and attitudes can influence their engagement with challenges and opportunities, impacting outcomes.
2. *Environmental factors influencing individual factors*: Challenges and opportunities can shape students' experiences, perceptions and attitudes, creating a feedback loop.

Visual Representation

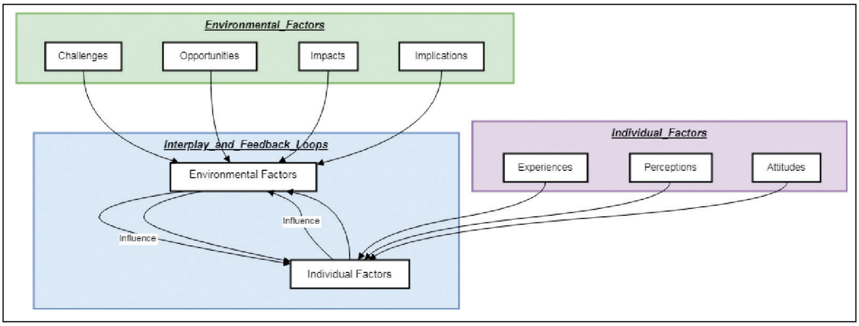

Figure 1. Socio-cognitive Dynamics of Online Learning.

Key Relationships

1. *Experiences* influence *perceptions* and *attitudes* towards online learning.
2. *Perceptions* and *attitudes* shape how students approach *challenges* and leverage *opportunities*.
3. *Challenges* and *opportunities* impact students' *experiences* and *attitudes*.

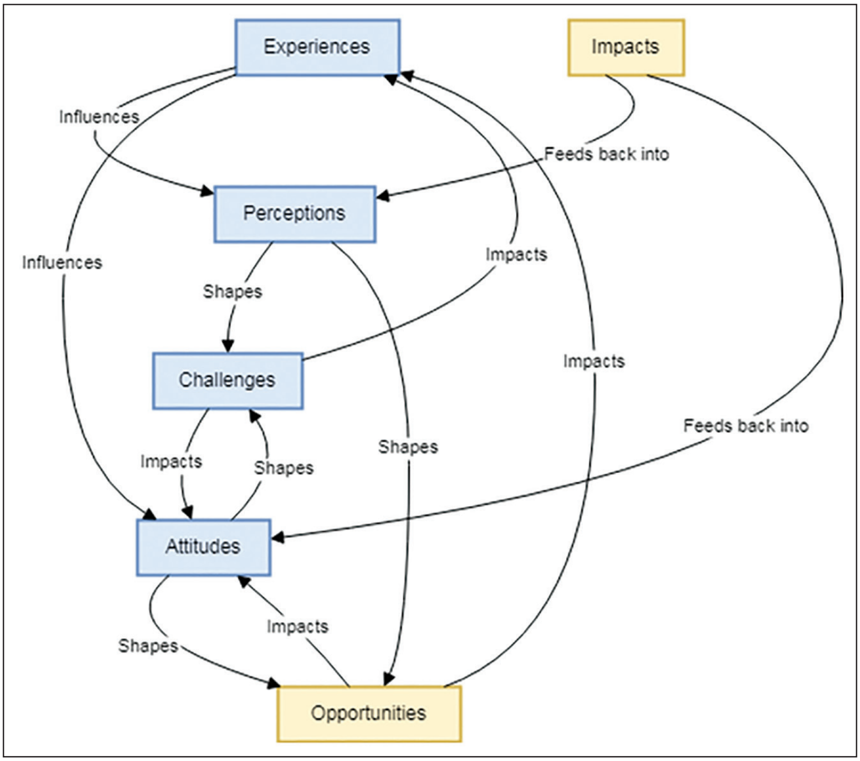

Figure 2. Categorical Students' Socio-cognitive Dynamics in Online Learning.

4. *Impacts* on academic performance, skill development and career prospects feed back into *perceptions* and *attitudes*.

Core concept: The model explores how individual factors (experiences, perceptions, attitudes and learning styles) interact with environmental factors (challenges and opportunities) to shape students' online learning experiences and outcomes.

Matrix Structure and Explanation

Matrix Structure

Table 1. Matrix Structure for Students' Socio-cognitive Dynamics in Online Learning.

Individual Factors	Environmental Factors	Outcomes
Prior experiences	Challenges (technical, access, support)	Learning engagement
Perceptions (strengths, weaknesses)	Opportunities (flexibility, resources)	Learning satisfaction
Attitudes (motivation, self-efficacy)		Academic performance
		Learning styles Information seeking behaviour

Matrix for Students' Socio-cognitive Dynamics in Online Learning

Table 2. Matrix for Students' Socio-cognitive Dynamics in Online Learning.

Individual Factors	Challenges	Opportunities	Outcomes
Prior experiences	• Technical difficulties due to lack of familiarity	• Flexible learning options based on past knowledge	• *Learning engagement*: Active participation in discussions, assignments and collaborative work
	• Limited access to technology or resources	• Abundant resources for skill enhancement	• *Learning satisfaction*: Overall contentment with the learning experience
	• Socio-economic barriers affecting access	• Opportunities for skill development	• *Academic performance*: Grades, test scores and overall achievements
Perceptions	• Negative beliefs about online learning	• Positive perceptions of flexibility and convenience	• *Learning styles*: Preferences for visual, auditory or kinaesthetic learning
	• Low self-confidence impacting engagement	• Encouragement through supportive environments	• *Information seeking behaviour*: Effectiveness in searching for and utilising resources
Attitudes	• Motivation affected by challenges	• Motivation boosted by supportive resources	• *Learning engagement*: Willingness to engage actively
	• Interest hindered by access issues	• Increased interest due to the availability of diverse materials	• *Learning satisfaction*: Fulfilment and happiness with the learning process

This matrix examines the interaction between human and environmental elements in influencing students' online learning experiences (Table 1).

Interplay Analysis

- *Prior experiences* shape *perceptions*, which influence *attitudes* towards challenges and opportunities.
- *Challenges* (like technical difficulties) can negatively impact *attitudes* and *motivation*, affecting *learning engagement* and *satisfaction*.
- Conversely, *opportunities* (such as skill development) can enhance *prior experiences* and improve *perceptions*, leading to better *academic performance*.

Explanation of the Model: This matrix offers a systematic approach to examining the intricate interaction between human and environmental elements that influence students' experiences with online learning (Table 2).

1. *Individual factors*: These are student-centric elements that influence their learning process.
   a. *Prior experiences*: Previous educational background, technology familiarity and socio-economic status shape students' expectations and abilities.
   b. *Perceptions*: Students' beliefs about online learning, self-confidence and learning preferences impact their engagement.
   c. *Attitudes*: Motivation, interest and self-belief influence learning efforts and outcomes.
2. *Environmental factors*: These are external elements that impact the learning environment.
   a. *Challenges*: Technical difficulties, access issues, and inadequate support hinder learning progress.
   b. *Opportunities*: Factors like flexible learning options, abundant resources, and opportunities for skill development enhance learning experiences.
3. *Outcomes* are the results or consequences of the interaction between individual and environmental factors.
   a. *Learning engagement*: Students' active involvement and participation in the learning process.
   b. *Learning satisfaction*: Students' overall contentment and fulfilment with their learning experience.
   c. *Academic performance*: Measurable outcomes such as grades or test scores.
   d. *Learning styles*: Students' preferred ways of learning and processing information.
   e. *Information seeking behaviour*: How students actively search for and utilise information.

Interplay: The matrix emphasises the dynamic link between these components. For example, perceptions are shaped by past experiences, and perceptions affect how pupils respond to challenges and opportunities. Similar to how contextual elements like obstacles can impact students' motivation and attitudes, they can also impact learning outcomes.

This matrix is used as a basis for analysing qualitative data and finding important patterns and interactions between the variables (Figure 3). It can also be utilised to create research hypotheses and guide designing interventions that improve the quality of online learning opportunities.

Applying the Model to the Research Findings.

Based on the findings of the study, we can input the model with concrete instances:

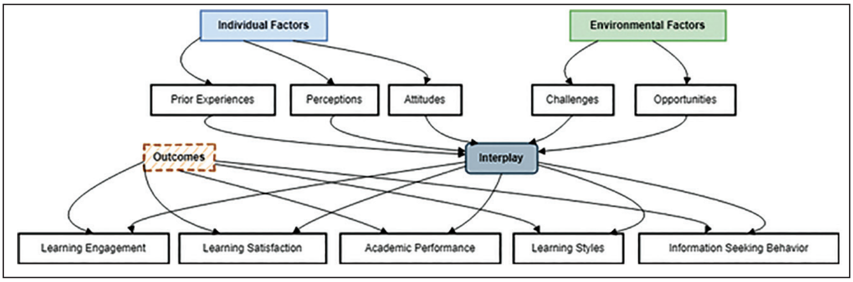

Figure 3. Students' Socio-cognitive Dynamics in Online Learning.

1. *Individual factors:*

   a. *Experiences*: Many students needed more prior experience with online learning.
   b. *Perceptions*: Students perceived online learning as flexible but needed more confidence in learning independently.
   c. *Attitudes*: Students were motivated by career prospects but lacked intrinsic motivation for learning.

2. *Environmental Factors*:

   a. *Challenges*: Poor internet connectivity, lack of technical support and difficulty in time management were standard.
   b. *Opportunities*: Access to various online resources and the potential for flexible learning were valued.
   c. *Impacts*: Some students experienced decreased academic performance due to challenges, while others excelled due to increased motivation.
   d. *Implications*: There is a need for improved infrastructure, faculty training and student support services.

We can identify key patterns and relationships by mapping the findings onto the model. For instance, we can see how students' lack of experience with online learning (individual factor) influenced their perceptions of challenges (environmental factor), which in turn impacted their motivation (individual factor).

Further Analysis.

Using this model, research questions like: How do students' perceptions of the difficulties of online learning relate to their past academic performance? Can be developed.

What connection exists between students' chosen online learning activities and their learning styles?

What is the effect of institutional support for online learning on student outcomes?

By iteratively improving the model based on new data, we can better comprehend the various elements impacting students' online learning experiences.

Conclusion

Summary of Key Findings and Contributions to the Field

This study examined the socio-cognitive dynamics of online learning among Bangladeshi business students. Significant findings show that although students like the adaptability and accessibility of online learning, they also voice concerns about the absence of in-person interactions, technological issues and trouble staying motivated. These difficulties were made worse by the COVID-19 pandemic, which also brought attention to the advantages of online learning.

This study adds to the limited knowledge about online education in Bangladesh by shedding light on the students' viewpoints and experiences. It provides a comprehensive grasp of the elements affecting their learning, which is essential for creating successful online business education courses.

Implications for Educational Practice and Policy

Several suggestions are made to improve the virtual education that Bangladeshi business students receive. First and foremost, educational institutions must invest significantly in a robust technology infrastructure and offer teachers and students extensive training. Second, a mixed learning strategy that combines the best aspects of in-person and virtual learning may be investigated. Third, it is crucial to provide a friendly online learning environment through peer-to-peer exchanges, interactive tools and frequent faculty–student communication.

To guarantee fair access to online education, policymakers should prioritise broadband access and the development of digital infrastructure. Policies that encourage faculty growth and online pedagogy research are also significant.

Final Thoughts on the Importance of Understanding Students' Socio-cognitive Dynamics in Online Learning

Gaining a deep understanding of the social and cognitive dynamics of students is crucial for creating online learning experiences that are both successful and

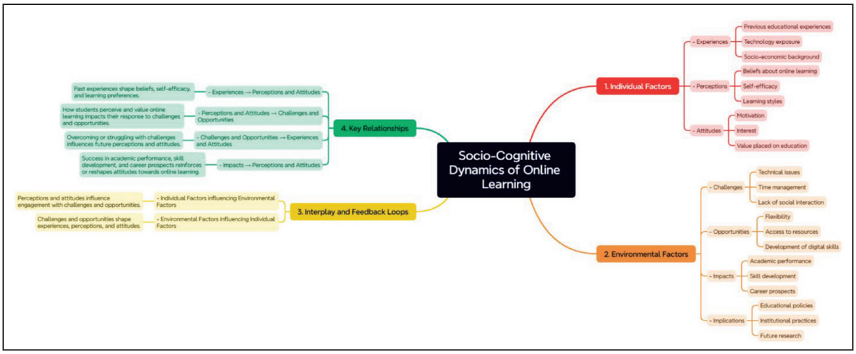

Figure 4. Mind Map of Students' Socio-cognitive Dynamics in Online Learning.

inclusive. By examining students' perspectives, difficulties and possibilities, educators and policymakers can provide a learning environment that accommodates various requirements and optimises student achievement. This study emphasises the significance of ongoing research and adjustment in the changing realm of online learning (Figure 4).

Declaration of Conflicting Interests

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Article

The Capacity Conundrum and Its Strategic Insights

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Abstract

This article offers a thorough review of the literature on product- and service-based supply chain (SC)-based capacity management (CM) solutions for the services industry. The primary objective is to address the research deficit concerning CM within SC operations, particularly given the escalating trend of SCs integrating service provision. The study aims to delineate the foundational principles and methodical approaches required for efficient capacity increase by synthesising knowledge across the disciplines of operations management, manufacturing SCs, services marketing and industrial engineering. The analysis indicates that CM is frequently underrepresented in SC literature, particularly as it relates to the burgeoning service economy. Crucially, research gaps exist concerning the evolving network-based SC systems prevalent in underdeveloped economies. The study affirms that building capacity, defined as enhancing the knowledge, skills and expertise of individuals and organisations, is critical for modern SC management (SCM). Effective capacity expansion is essential for improving operational efficiency, reducing costs, and providing customer value amidst intensified globalisation and technological change. This research proposes a value delivery technique utilising capacity management systems (CMSs) to effectively mitigate SC risks (SCRs) and enhance overall business performance.

Keywords

Supply chain, capacity management strategies, supply chain risk management (SCRM), services supply chains (SSC), capacity augmentation, value delivery framework

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The increasing proportion of consumer spending allocated to services has underscored their growing significance, leading to the assertion that services are relevant across all business sectors.

Introduction

Enhanced supply chain (SC) performance is positively correlated with greater resilience to risk, and the mitigation of process and demand risk directly impacts SC performance. The SC literature frequently categorises its focus into three main areas: managing 'capacity', managing 'demand' and SC collaboration.

Specifically, the relationship between SC risks (SCRs) and organisational agility is mediated by the reconfiguration of resource capacity (Ambulkar et al., 2015). A deficit in SC capacity impedes service provision, and end-user flexibility is consequently influenced by sourcing flexibility and flexible capacity. Moreover, organisational flexibility demonstrates a positive association with just-in-time (JIT) procedures (Youssef et al., 2015). Effective management of SC flexibility can ultimately enhance overall organisational performance.

Capacity Investment and Capacity Management Systems (CMSs)

Although it may appear counterintuitive, competing service providers may strategically advantage by investing in service capacity ahead of projected demand. They are highly motivated if these capacity investments lead to increased demand and the preservation of market share. Managing demand variation requires the application of CM strategies. An evaluation of the structural features and language employed in earlier studies indicates that CM alternatives, rather than CMSs, dominate the topic.

Study Objectives and Contribution

This work aims to give a comprehensive overview of evolving strategies in capacity planning and the application of CMSs. This is achieved through the following specific objectives:

1. Analyse the current state and progression of CMS research across various study themes and the application of CMSs in product-based and service-based SCs, particularly material relevant to SC systems.
2. Examine the scholarly interest in CM research across diverse geographical regions and the research methodologies that are employed.
3. Delineate the value proposition that the CMS delivers to the end-user and the research contribution provided by this system.

As a foundational study, this research offers a solid basis for subsequent empirical investigations and the assessment of the impact of CMS on business performance. This review is highly relevant for both academic researchers and SC management

(SCM) professionals across the manufacturing and service sectors, and effectively bridges the divide between theoretical research and contemporary operational practice.

Review Methodology

Research Questions (RQs) and Methodology

1. RQs

This study was designed to address the following five primary RQs concerning the application of CM within SC operations:

a. *RQ1*: What is the current status of research regarding the function of CMSs in SC operations across the identified thematic areas?
b. *RQ2*: How has the development of the CM application evolved across the entire SC structure?
c. *RQ3*: What is the structure of CM research aimed at capacity regulation within global SCs?
d. *RQ4*: What are the dominant research methodologies employed for CM in SC operations?
e. *RQ5*: What is the current research's contribution toward demonstrating the benefits of utilising CM strategies?

Review Methodology

To provide clarity regarding the search and evaluation procedures specific to this field, a literature review methodology was employed. This approach is grounded in the foundational review frameworks established for analysing CM research.

The overall review process comprised two main phases:

1. *Methodological identification and literature mapping*: This involved locating, examining and evaluating the validity and applicability of research related to the study.
2. *Gap analysis and future directions*: This focused on identifying critical research gaps and proposing recommendations for future studies based on the review findings.

Stage 1 of the procedure is detailed in Review Methodology, which covers the data extraction process, the analysis framework utilised, and the established search criteria and selection procedure.

Manuscript Search and Selection Methodology

The search and selection procedure were conducted in four sequential steps.

1. Search and screening process

In Stage 1, a total of 6,328 items published between 1980 and 2025 were identified. This initial identification was performed using keyword searches in selected online catalogues, which were chosen based on their repository relevance and depth.

Subsequently, in Stage 2, the co-authors screened and reviewed 664 manuscripts based on an analysis of their abstracts and article contents. Stage 3 involved a further refinement, where 565 articles remained after the elimination of those that exclusively addressed service quality within a business-to-consumer (B2C) context.

The final selection, Stage 4, yielded 133 publications from peer-reviewed journals. This selection was based on the articles' research contributions to the study's theme, focusing on: the applicability of product-related research findings to the realms of services, post-sale support and general service scholarship. A key observation was that the majority of these publications originated from the fields of production, operations, logistics and transportation management within the broader SC discipline, rather than specifically from SC systems literature.

Role and Benefits of CM in SCs

The implementation of CM within SCs is intrinsically linked to two primary areas:

1. *Risk mitigation*: Addressing risks associated with unexpected delivery quality, inadequate service capacity, and demand variability and unpredictability.
2. *Resource optimisation*: Utilising CM strategies to modulate capacity effectively during both lean and peak demand periods.

Three distinct advantages are derived from the application of CM.

Core Advantages of CM

CM, especially within SCs, provides the following key benefits:

1. Cost optimisation and increased profitability

Effective capacity planning ensures an optimal balance between resource utilisation and demand. This leads to:

a. *Avoiding underutilisation (overcapacity)*: Minimising the costs associated with idle resources, equipment and personnel, reducing unnecessary capital expenditure.
b. *Avoiding overutilisation (undercapacity)*: Preventing costly issues like excessive overtime, expedited shipping fees (rush orders) and the financial losses resulting from missed sales opportunities (stockouts).
c. *Efficient resource allocation*: Making data-informed decisions about when and how to invest in scaling up or scaling down resources, which directly supports higher profit margins.

2. Enhanced operational efficiency and resource utilisation

By aligning current resources with forecasted demand, CM streamlines operations:

a. *Bottleneck reduction*: Proactively identifying and eliminating constraints (bottlenecks) in production or service delivery processes that hinder workflow.
b. *Improved throughput*: Maximising the output from existing assets, including machinery, infrastructure and human capital, ensuring that resources are used to their fullest potential.
c. *Data-driven decision-making*: Providing clear visibility into resource availability and workloads, enabling managers to schedule production, allocate staff and sequence projects more effectively.

3. Improved customer satisfaction and service reliability

A well-managed capacity allows a business to consistently meet customer expectations:

a. *Consistent delivery*: Ensuring that products and services are delivered on time and at the agreed-upon quality, which prevents customer frustration and builds trust.
b. *Meeting demand fluctuations*: The ability to quickly adapt capacity to changes in market demand (such as seasonal peaks) means fewer stockouts and reduced wait times, leading to a better overall customer experience.
c. *Increased agility and responsiveness*: Capacity planning strategies (like the lead, lag or match strategies) give the organisation the flexibility to respond to unforeseen events or shifts in the market more swiftly than competitors.

Analysis Framework

This section describes the structured analytical framework developed for the systematic review of the literature, employed to address the study's RQs (*RQ1–RQ5*).

Analytical Framework Design

To systematically assess the literature and answer the exploration questions, a detailed analytical framework was constructed. The review proceeded by chronologically recapitulating the research progression within the literature and conducting cross-categorical analyses.

The Framework Utilised Several Distinct Ordering Criteria for Analysis

1. Thematic and terminological orders: Analysis is focused on major motifs, languages and core terminology used in the CM literature.
2. *SC focus (P-S-G)*: Studies were categorised based on their primary domain:

a. (P)roduct-based: Manufacturing SCs.
b. (S)ervice-based: Service SCs.
c. (G)eneric: Integrated or generalised SC concepts.

3. *Structural dimensions (scope of analysis)*: Research was classified by the organisational boundary of the SC studied:

    a. Whole network (WNW): The entire end-to-end network.
    b. Upstream network (UNW): Flow from supplier to manufacturer/service provider.
    c. Downstream network (DNW): Flow from manufacturer/service provider to the end consumer.
    d. Duo: A two-party relationship (dyadic exchange).
    e. Chain: A linear sequence or set of dyadic relationships.

4. *Element of exchanges (EOEs)*: The nature of the resources exchanged was analysed, encompassing means (financial/physical resources), information, expertise/knowledge and relationships.

Positional and Categorical Coding

1. *Classification matrix*: The methodology applied the structural analysis approach recommended by Croom et al. (2000), classifying research within a two-dimensional matrix defined by the SC Structural Dimension (Line of Analysis) and the EOEs. The reviewed studies were examined for the explicit or implicit inclusion of these dimensions.
2. *Temporal and environmental coding*: Studies were encoded and distributed into three chronological terms to track evolution. They were further categorised by their environmental focus: (P)roduct, (S)ervice and (G)eneric.

Research Methodology (RM)

To understand the evolution of research approaches, studies were coded according to their primary RM.

Furthermore, geographic region codes were applied, or author location codes for region-independent studies. The designation Americas encompassed the North, South and Central USA. The code transcontinental (Tc) was assigned to studies that spanned multiple distinct geographic divisions, allowing for an examination of the compiled study's geographic region and its dominant methodological approaches.

Data Extraction

Data Extraction and Coding

To establish a comprehensive record of the decision-making process and create a data repository, established data extraction forms recommended by Tranfield et al. (2003) for systematic literature analysis were employed. The primary fields coded during the extraction process included the major subject, sub-themes, critical issues, key terminology, level of analysis (LOA), EOEs, RM and geographical region.

Scope and Thematic Focus

This literature overview concentrates on two overarching themes:

1. SC research.
2. Diverse CMS alternatives have been examined within the literature.

The CMSs value delivery methodology considers three distinct relationships between CMS implementation and overall business performance.

Classification and Reliability Measures

Thematic Categorisation and Consensus

The collected research was categorised and classified independently by each co-author. Any resulting disagreements were resolved through an iterative process that involved discussions, the potential addition of new themes or issues, and/or subsequent reclassification. Different themes, along with their associated sub-themes and specific issues, are detailed in Strategies for CM.

Each article was coded using binary indicators ('Y', 'N' or 'covered'/'not covered') to denote the presence of the theme or sub-theme. The complete coding scheme for the identified themes and sub-themes across the selected studies is presented in the Annexure.

Inter-author Reliability and Validity

A three-decade span of literature was examined to ensure the dependability of the review. To mitigate bias of the author, peer review among the authors was conducted at every critical stage, including the search and selection, framework development and data extraction processes. The use of an iterative content analysis procedure combined with disagreement resolution through peer review and discussion ensured inter-author trustworthiness.

Outline of the Remaining Sections

This framework was used for the RQs in the following phase of the literature review.

1. Strategies for CM discusses the themes and terms employed in the literature study.
2. Results of CMS Implementation presents the study of these categories as content matrices, which include a discussion of RQs *RQ1* through *RQ5*, as well as analysis across geographies and research methodologies and topics.

3. Conclusions presents a CMS value delivery methodology for using a CMS to reduce SCRs and accomplish performance goals.
4. Declaration of Conflicting interests presents the findings of the literature analysis, which include the article's distinctive contribution, theoretical and managerial implications, gaps identified and opportunities for further study.

Background Research and Theory Development

The terminology utilised, as well as the main themes, business procedures and important issues examined in the application of CMSs, are analysed in this section. This analysis focuses on RQ1 (themes) and RQ2 (terminologies) in the subsections under "Strategies for CM."

Encompassing of Studies Under Various Terms and Conditions

Academic Classification of SC Capacity Research

This passage classifies the existing body of SC research into three categories based on their primary focus regarding capacity and service provision (Figure 1).

1. Product-based SCs (manufacturing focus)

This category focuses on conventional manufacturing SCs and the operational challenges inherent in producing tangible goods.

- a *Core concepts*: Research centres on:
    - i. The bullwhip effect
    - ii. The persistent issues
    - iii. Customer quality
- b. *Key strategies*: Within these SCs, strategies involve:
    - i. Sharing information concerning capacity and demand planning and scheduling.
    - ii. Utilising excess capacity during lean periods to buffer against peak demand.
    - iii. Deriving benefits from SC integration (SCI).

2. Services-based SCs (service operations focus)

This category addresses the unique dynamics and complexities of service delivery, where production and consumption are simultaneous.

- a. *Scope*: The research covers integral functions such as design, marketing, management, innovation and service operations.
- b. *Important topics*: Key operational foci include managing queues (lines), wait times, customer experience and service design.

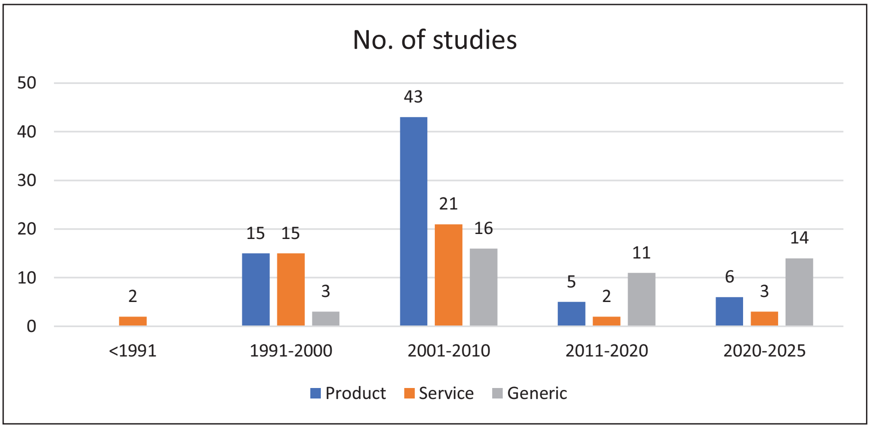

Figure 1. Terminologies Evolution on Capacity Management Strategies in Supply Chains.

c. *Unique characteristics (service variability)*: Services are fundamentally different from products due to higher inherent variability and less predictability than manufacturing processes (Hope & Mühlemann, 1997; Lovelock, 1983).
d. *Simultaneity and non-inventory*: Critical differences highlighted are that service is not inventoried, customer-provider interaction times are unpredictable, and production and consumption occur simultaneously.

3. ([G]-SC Network)

This third, integrative category combines aspects of both product and service domains, focusing on network-level operations.

a. *Integration*: These studies integrate both product and service elements, typically in the areas of distribution and logistics.
b. *Strategies covered*: The research focuses on holistic strategies for resource scheduling and capacity augmentation to manage fluctuations during both high- and low-demand periods.

SC Hazards

This passage underscores the heightened scholarly attention directed towards SCRs, particularly focusing on the interrelated hazards of service delivery integrity, capacity constraints and demand volatility. It synthesises key academic perspectives regarding the detrimental consequences of these hazards and outlines established mitigation approaches.

Core SCRs and Consequences

Academic literature identifies significant risks associated with operational variance and capacity limitations:

- *Demand variability*: Volatility in demand negatively correlates with financial outcomes across the entire SC, manifesting as reduced enterprise and chain earnings, inflated retail pricing, complications in after-sales service provisioning, and a tendency towards smaller, more frequent order batches.
- *Limited capacity*: Capacity constraints lead to elevated workforce demands, necessitate quality-versus-speed trade-offs, and create the significant risk of lost business opportunities during periods of peak demand.
    - This peril is often exacerbated by the prohibitive capital costs associated with scaling capacity.
- *Negative fiscal threat*: Conversely, the existence of redundant (idle) capacity during slack periods introduces a distinct negative fiscal threat (Baramichai et al., 2007).

Risk Mitigation and Visibility Enhancement

Research suggests that collaborative and informational strategies are pivotal in addressing these hazards:

- *SC cooperation*: Cooperative mechanisms are cited as effective tools for reducing the threat of compromised service delivery, constrained capacity and demand volatility. This highlights the necessity of inter-firm collaboration for systemic risk reduction.
- *SC visibility*: Yu and Goh (2014) propose a risk-informed model where decision-makers typically enhance SC visibility subsequent to, or as a direct consequence of, mitigating primary SC pitfalls. This suggests that successful risk management often precedes or accelerates the drive toward operational transparency.

In conclusion, effective SC risk management requires a dual focus on minimising both the negative impacts of demand volatility and the operational inefficiencies resulting from capacity imbalances, leveraging both inter-organisational cooperation and enhanced visibility.

Crucial SCRs are included in Table 1.

Strategies for CM

Capacity Planning and Information Sharing

'When the lead time for replenishing was less than the seasonal period, information sharing led to better performance'. 'To improve SC effectiveness, organizations must actively acquire information' (Afolayan et al., 2016).

'The effectiveness of knowledge management (KM), R&D innovation, and business performance are all significantly impacted by KM enablers' (Kamath et al., 2016).

Table 1. Key Supply Chain Risks Identified from Selected Studies.

Supply Chain Risks	Items
Variability in demand	Degree of demand variation
	Unable to predict demand variability for customers
	Insufficient ability to meet demand at peak times
Capacity mismatch	Constraint to meet customer requirements
Regarding demand	Increasing costs
Quality of service	Low levels of customer tolerance for surplus capacity
	Low customer tolerance levels
	Unable to fulfil the expectations level of quality
	Worry about the poor quality of service

Table 2. Key Capacity Augmentation Actions During Peaks.

S. No.	Action Category	Description of Implementation
1	Workforce expansion	Hiring additional full-time and part-time employees to increase baseline capacity.
2	Internal resource reallocation	Shifting back-end support staff to front-end, customer-facing roles to handle immediate volume.
3	External partnerships	Utilizing spare capacity through business partners or third-party sub-contracting agreements.
4	Organizational sharing	Distributing workloads and sharing capacity between different service delivery units or branches.

'Knowledge sharing is positively impacted by organizational culture, and this in turn improves organizational agility'.

Increasing Capacity to Manage Spikes in Demand During Peak

'Variables related to people excellence have a favourable impact on organizational maturity, which results in business outcomes for employees, the company, and customers' (Kothandaraman & Kamalanabhan, 2018).

'Changes in staffing, hiring more full-time employees, adding part-time employees, shifting back-end to front-end staffing, keeping temporary/extra staff using spare capacity with business partners (sub-contract work out), and/or sharing capacity between various service delivery organization parts are some of the key capacity augmentation actions during peaks' (Table 2).

Increasing Capacity Amid Brief Spikes in Demand

'Increased hours/days of operation, hourly/daily scheduling, weekly/shift staff scheduling, hiring temporary workers, and scheduling overtime for specific staff are examples of capacity augmentation measures during brief demand spikes' (Table 3) (Zeithaml et al., 1985).

Table 3. Capacity Augmentation Measures During Brief Demand Spikes.

S. No.	Measure Type	Operational Strategy
1	Operational extension	Extending hours or days of operation to maximize existing facility utility.
2	Dynamic scheduling	Implementing granular hourly, daily, and weekly shift scheduling to align with peak arrival times.
3	Agile labor use	Engaging temporary workers and authorizing overtime for current staff to cover immediate gaps.

Strategies to Make Use of Available Capacity During Lean Periods

'Because services are ephemeral, a company's capacity should be intelligently allocated from both an operational and marketing standpoint in order to boost performance' (Brausch & Taylor, 1997).

'Lean times have a detrimental effect on financial performance and result in low-capacity utilization. Training employees and partners'.

Results of CMS Implementation

'Prioritizing the SC coordination mechanism is aided by the relationship between cost, flexibility, quality, service level, and lead time'. 'Businesses can use integrated world-class supply chain management techniques to address quality-cost-time trade-offs'. 'Financial performance, adaptability, dependability, and quality are all components of economic sustainability' Key findings: Key result of the SC (77) (Figure 2).

Examination of the Reviewed Material and Conversations

The research development in the structural dimensions (LOA and EOEs) is presented in this section. The RQs *RQ1* and *RQ2* are addressed by this cross-category study.

Reports Concerning the LOA

Figure 3 demonstrates the research study on CM strategies in the structural dimension. Since the 1990s, the term 'product' has dominated studies, particularly in the context of 'chains'. Only in DNW and WNW, which deal with SC and networks associated with outbound logistics, did services surpass products. Research on DNWs has grown between 2001 and 2010, and this growth is linked to an increase in logistics management.

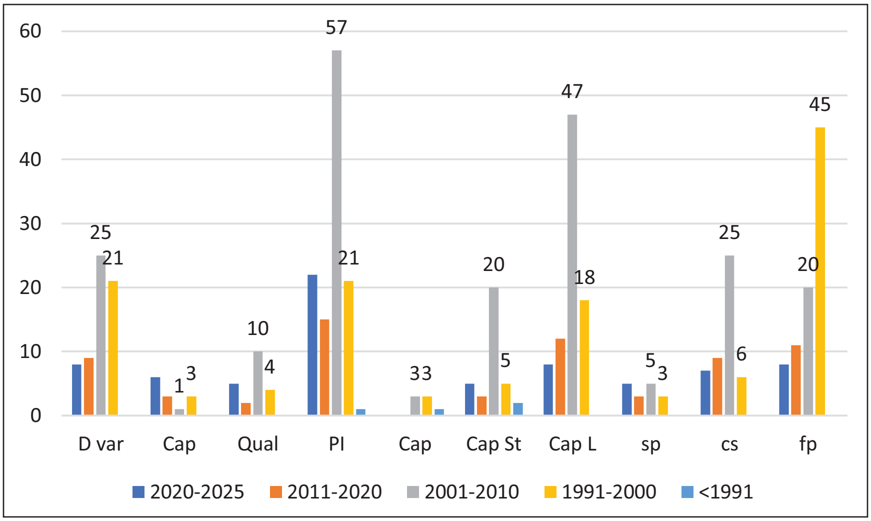

Figure 2. Number of Studies Against Each Theme.

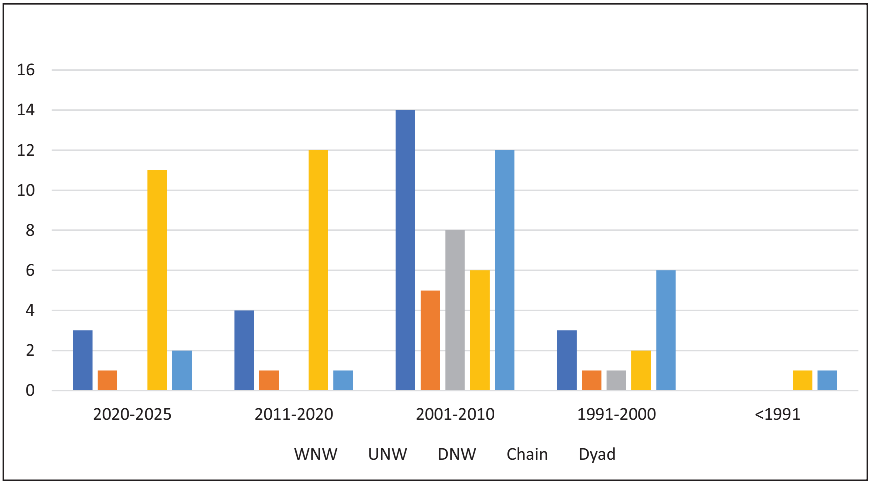

Figure 3. Research Study on Capacity Management Strategies on Structural Dimension.

Reports from All EOEs

The majority of studies discuss the exchange of assets and information as a crucial component of exchanges. Asset exchange is essential for even service-oriented enterprises, such as retail, food services, rentals, hotels and hospitality, hospitals and health services, and logistics and distribution. Information exchange is essential to any transaction in light of information technology (IT) improvements. Information and relationship components have been the subject of studies on 'capacity planning and information sharing'. Since 2001, there has been an

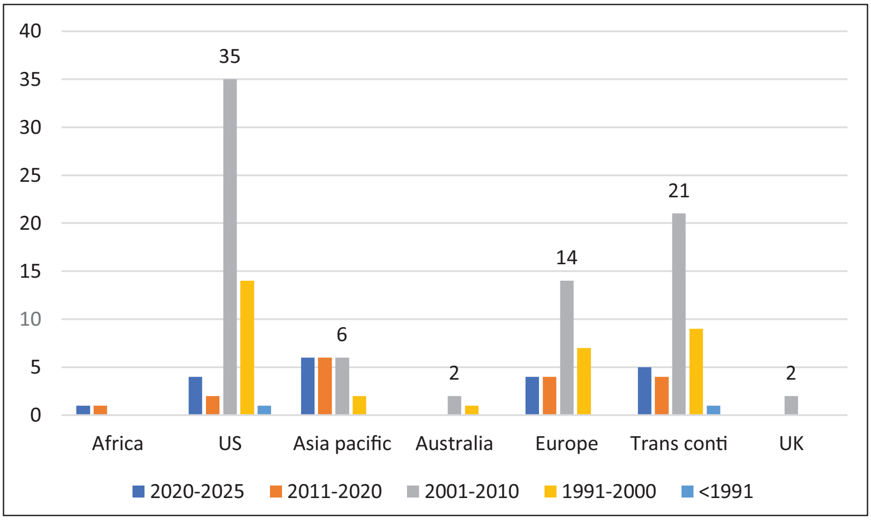

Figure 4. Geographical Scope of Research.

emphasis on knowledge and relationship exchanges. There are a few studies that address the knowledge dimension. Product manufacturing studies tend to focus more on information and assets than on relationships and knowledge. The growing emphasis on relationships and knowledge components has been sparked by the work being done in services and SC networks.

Collaboration, cooperative planning and knowledge exchange are now necessary as a result of increased outsourcing.

Research Advancements by Regions and Research Approaches (Figure 4)

The major regions with the greatest amount of CMS investigations have been the Americas, Asia and Europe (Figure 5). Conceptual research comes in second, after model-based and empirical studies. Research conducted in the Americas shows that the economy is increasing and that SC efforts are becoming more and more popular, particularly in the manufacturing of products. The transcontinental study, in contrast to the Americas, focuses on conceptual studies that have examined strategies for handling demand unpredictability.

Comparing Research Across Significant Themes Across Continents

All of the main scientific topics are represented by the Americas. The majority of research in the Americas focuses on using capacity planning and information exchange to address the problem of demand fluctuation. Research has concentrated more on challenges across the areas.

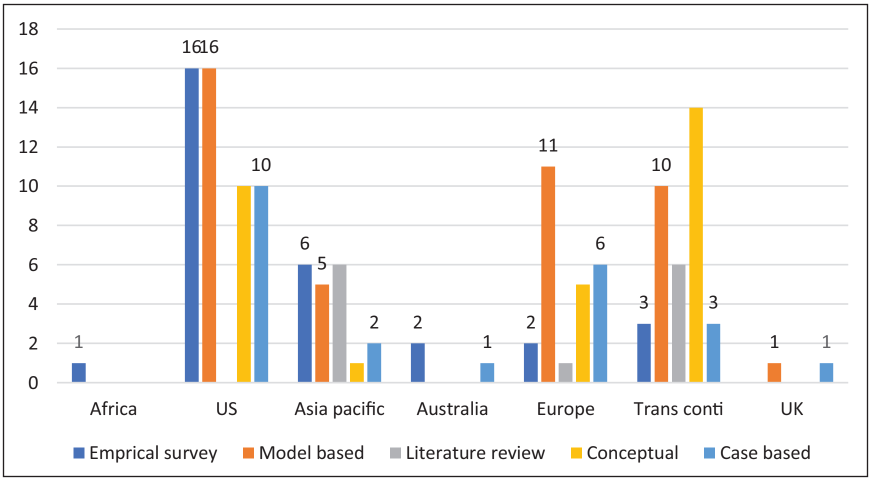

Figure 5. Geographical Study Against Research Methods.

Studies that span several geographies are referred to as transcontinental studies, as are conceptual and modelling studies that have regional applicability and were started in any geography.

Focus on Findings and Solutions

Following initial CM models, empirical and case-based studies validated the results, ultimately leading to the proposal of a value delivery framework aimed at mitigating SCRs (like demand fluctuation and delivery issues) and enhancing overall performance (Figure 6).

Focus on Business Benefit

Companies that strategically differentiate their capacity usage, especially during lean economic periods, achieve better capital utilisation and higher returns on investment.

In order to increase capacity utilisation, there is a rising focus on alternative uses of capacity during lean times, even if the primary priorities are capacity planning, information exchange and long- and short-term capacity augmentation. In addition to cutting workers as a short-term solution, progressive businesses use lean periods to manage non-urgent activities, train staff and partner resources, and increase interaction in providing the best customer touchpoints. Additionally, they provide interaction as an alternative to automated or self-service procedures. Among the most significant advantages that a CMS offers are improved SC performance, customer happiness and financial outcomes.

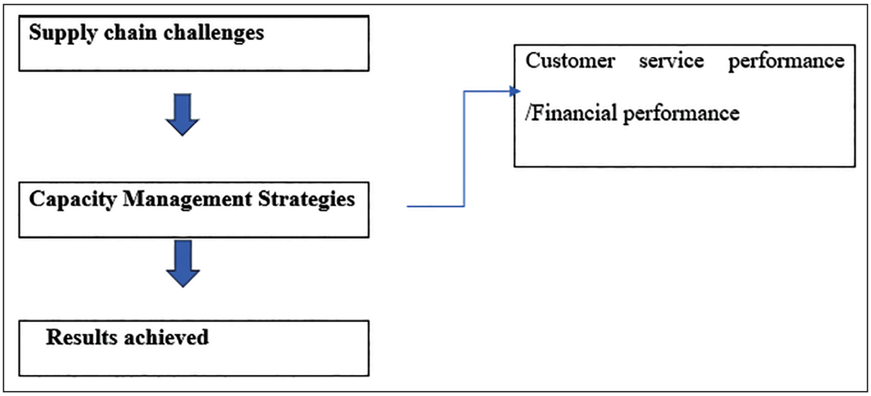

Figure 6. Capacity Management Strategies.

Conclusions

This chapter summarises distinctive submissions, limitations and future research opportunities derived from the study, based on the findings related to its RQs.

Unique Contributions of the Article

The article makes several unique contributions to the CM literature, primarily by addressing identified research gaps:

1. Development of the CMS:

   a. The study systematically analysed the SCRs.
   b. It covered a wide range of CM technologies.
   c It introduced and utilised a corporate performance construct to develop the CMS value delivery framework.

2. Highlighting the strategic imple10tion gap:

   a. It confirmed a low level of research interest in the structural and terminological dimensions of CMS.
   b. It identified that the existing literature is heavily skewed towards discussing CM options (CMOs), per Klassen and Rohleder (2010), but lacks research on the strategic implementation of CMS for SCR reduction or business performance enhancement.

3. Advocating for comprehensive performance measurement:

   a. It underscores the necessity of a comprehensive approach to business performance, pointing out the pitfall where a programme might improve SC competitive performance without addressing customer happiness or mitigating negative financial impacts.

Findings Based on RQs

The article's findings, discussed in Sections 3 and 4 (relating to *RQ1* and *RQ2*), establish the current state and advancement of research regarding SCRs and CMS utilisation:

- *SCR focus is manufacturing-centric*: The primary focus of studies addressing the risk of demand unpredictability is the bullwhip effect in manufacturing, with very few studies focused on the service sector.
- *Identified service SCRs*: Other critical SCRs identified include issues with delivery quality and insufficient delivery capacity to meet demand.
- *Existing capacity strategies*: The study summarised existing suggested strategies, which involve:

    - Capacity planning.
    - Information exchange throughout the SC.
    - Matching capacity to demand during peak and lean periods.
    - Enhancing capacity using both internal and partner resources.

Determining Potential Research Gaps and Scope

Current academic literature reveals a fragmentation in CM research, with a disproportionate focus on SCM within the manufacturing sector. Research concerning service supply chains (SSCs) is largely tangential, often concentrating on the downstream activities of manufactured goods, such as distribution, logistics or post-purchase services, leaving SCM in pure service contexts under-addressed.

A significant methodological limitation is the prevailing focus on linear 'chains' rather than complex 'networks', particularly in the downstream sphere. Furthermore, empirical investigation into the value proposition of CM organisations (CMOs) and demand management organisations (DMOs) has been scarce since the foundational work of Klassen and Rohleder (2010). Similarly, studies that conceptualise 'knowledge' as a key exchange component within SC interactions remain rare.

Conceptual Contribution and Empirical Directives

This study introduces a novel conceptual framework designed to guide subsequent empirical research on CMSs. We advocate for a strategic managerial emphasis on the CMS across the entire service lifecycle. Assessing the utility of the CMS necessitates a holistic evaluation of the interdependencies between intra- and inter-structural elements of the SC.

We recommend the integration of the CMS throughout the entire SC, including upstream tiers and DNWs. The CMS should be leveraged for capacity planning and scheduling simulations, facilitating a seamless, reciprocal flow of information between planning and service delivery. A critical strategic imperative is to focus on knowledge exchange within SCs to effectively mitigate SCRs.

Future Research Trajectories

Future research should focus on clarifying the intricate linkages between the client, service provider, marketing, design and manufacturing functions. Addressing the scarcity of studies on knowledge exchange can be achieved by empirically investigating the structural formation of DNWs (e.g., clusters for back-office operations, online sales/pricing, logistics and customer support). Such studies would enhance comprehension of the evolving configuration—specifically, stakeholder identification, requirements and relationship dynamics.

To advance global competencies, particularly in relation to the CMS, we urge intensified empirical investigation and comparative analysis across diverse geopolitical regions, including Asia, Australia, Europe, the UK and Africa. The CMS must be institutionally embraced across these regions to precisely determine the value derived from its implementation. This necessitates transcontinental research to examine the global, regional and local practices associated with CMS deployment, the structural variables of the SC system, and to provide cross-industry comparisons alongside a focus on specific industry practices.

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Annexure: Coding Scheme Summary

Themes: Supply Chain Risks (Demand Variability, Capacity Mismatch, Quality); CMS Strategies (Planning, Information Sharing, Augmentation); and Performance Results (Financial, Customer Satisfaction).

Article

The Impact of Sustainability Practices on Brand Value: A Study of Sri Lanka's FMCG Industry

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Abstract

This study explores the impact of sustainability practices on brand value in Sri Lanka's fast-moving consumer goods (FMCG) sector, emphasising the mediating role of consumer perception. In recent years, sustainability has become an integral part of corporate strategy, with environmental, social and governance (ESG) practices increasingly shaping consumer expectations and business performance. However, limited empirical evidence exists on how these practices translate into consumer-driven brand value within emerging markets such as Sri Lanka. Addressing this gap, the study integrates stakeholder theory, the resource-based view and brand equity theory to examine how ESG practices influence consumer perception and subsequently, brand value. Adopting a quantitative, cross-sectional research design, data were collected through an online structured survey from 418 Sri Lankan consumers who had recently interacted with leading FMCG brands like Nestlé, Keells, Dilmah, Kotmale and Elephant House. Using partial least squares structural equation modelling via SmartPLS, the analysis confirmed that all three dimensions of sustainability (ESG) have significant positive effects on consumer perception. Moreover, consumer perception exhibited a strong, positive influence on brand value and served as a significant partial mediator between sustainability practices and brand value. The findings affirm that sustainability initiatives not only enhance corporate reputation but also serve as strategic assets that strengthen consumer-based brand equity in competitive markets.

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The study contributes to the growing body of research linking ESG integration to brand performance in emerging economies and provides actionable insights for managers seeking to enhance brand value through authentic, transparent and socially responsible practices.

Keywords

Sustainability, environmental, social and governance, consumer perception, brand value, fast-moving consumer goods

Introduction

The fast-moving consumer goods (FMCG) industry is one of Sri Lanka's most dynamic and economically significant sectors, shaping daily consumption patterns and contributing notably to national development. Covering essential products such as food, beverages and personal care items, the sector supports both household well-being and macroeconomic growth. With rising global emphasis on sustainability, FMCG firms are increasingly adopting environmental, social and governance (ESG) practices that reflect responsible and long-term business conduct (Kumar & Christodoulopoulou, 2014).

In Sri Lanka, the FMCG sector accounts for about 14% of GDP and employs over 15% of the workforce (*Sunday Times*, 2024). As globalisation and consumer awareness continue to grow, firms face increasing pressure to integrate sustainability into their strategic frameworks. Sustainability initiatives now extend beyond compliance to influence brand identity, trust and competitiveness. Leading brands such as Nestlé Lanka, Elephant House, Kotmale, Dilmah and Keells have implemented initiatives in renewable energy, ethical sourcing, waste reduction and community development. These companies also rank among Sri Lanka's 100 most valuable brands (Brand Finance Plc, 2023), reflecting both market prominence and active engagement in sustainability communication.

For instance, Nestlé Lanka has adopted recyclable packaging and renewable energy systems, Elephant House focuses on energy-efficient production, Kotmale promotes ethical dairy sourcing, Dilmah is noted for biodiversity conservation, and Keells has introduced eco-friendly retail operations. Such initiatives aim not only to reduce environmental impact but also to enhance brand reputation through responsible business practices. This diversity provides a suitable basis to explore how ESG practices affect consumer perception and brand value in a developing market context.

Although extensive research in developed countries has shown that sustainability positively influences trust, loyalty and brand equity (Noh & Johnson, 2019; Saeidi et al., 2015), empirical evidence from developing economies like Sri Lanka remains limited. Local consumers are increasingly aware of global sustainability trends, yet their interpretations and responses may differ from those in Western contexts. Hence, it is unclear whether Sri Lankan consumers recognise and reward a firm's sustainability efforts in ways that enhance brand value.

Another gap concerns the mediating role of consumer perception. While theories such as stakeholder theory (Freeman, 1984), the resource-based view (Barney, 1991) and brand equity theory (Aaker, 1991) highlight the value of intangible resources like reputation, few studies in South Asia have tested whether consumer perception connects sustainability initiatives with brand equity. Understanding this mediation is vital, as consumer perception determines how corporate actions are interpreted and valued.

This study, therefore, examines the impact of sustainability practices on brand value in Sri Lanka's FMCG sector, considering consumer perception as a mediating variable. Using survey data from 418 respondents and partial least squares structural equation modelling (PLS-SEM), the study evaluates the relationships among ESG practices, consumer perception and brand value.

The research addresses four key questions:

1. What is the level of consumer awareness of FMCG firms' sustainability initiatives among Sri Lankan consumers?
2. To what extent do sustainability practices significantly influence consumer perception of FMCG brands?
3. To what extent does consumer perception significantly influence the brand value of FMCG firms?
4. Does consumer perception significantly mediate the relationship between sustainability practices and the brand value of FMCG firms?

The study fills two key gaps: the lack of empirical evidence on sustainability–brand relationships in developing economies and the limited exploration of consumer perception as a mediating factor. Theoretically, it integrates stakeholder theory, the resource-based view and brand equity theory to explain how responsible business practices create brand value through consumer interpretation. Practically, it offers insights for FMCG firms to design and communicate sustainability strategies that align with consumer expectations.

Ultimately, the study argues that authentic and well-communicated sustainability practices can serve not only as ethical imperatives but also as strategic assets that strengthen brand competitiveness and long-term value in emerging economies like Sri Lanka.

Literature Review

Overview

Sustainability has become an essential component of corporate strategy, shaping both organisational performance and brand perception. For the FMCG industry, where competition is intense and products are easily substitutable, ESG initiatives serve as powerful tools for differentiation and long-term brand equity (Kumar & Christodoulopoulou, 2014). This review synthesises key theoretical and empirical insights on sustainability, consumer perception and brand value, establishing the conceptual base for examining these relationships within Sri Lanka's FMCG sector.

Sustainability in the FMCG Industry

Globally, FMCG companies have shifted from viewing sustainability as philanthropy to embedding it as a core strategic priority. Frameworks such as the UN Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) have pushed firms to integrate ESG performance into business operations (Hahn & Kühnen, 2013). Leading brands like Unilever, Nestlé and Procter & Gamble have demonstrated that sustainable sourcing, eco-friendly packaging and waste reduction not only enhance efficiency but also strengthen brand trust and consumer loyalty (Nestlé Lanka, 2023; Unilever, 2022).

Consumer awareness has intensified this transition, as studies show an increasing willingness to pay for sustainable products (NielsenIQ, 2022). However, challenges such as greenwashing and high implementation costs remain, particularly in emerging markets (Delmas & Burbano, 2011). These realities highlight the need for transparency and consistent communication to convert sustainability actions into tangible brand value.

The Sri Lankan FMCG Context

Sri Lanka's FMCG sector contributes significantly to national GDP and employs a large workforce (*Sunday Times*, 2024). Driven by regulatory measures, such as restrictions on single-use plastics, and rising consumer consciousness, companies are gradually integrating ESG principles into their strategies (Central Environmental Authority, 2023). Brands such as Nestlé Lanka, Dilmah, Kotmale, Elephant House and Keells have adopted initiatives in renewable energy, ethical sourcing and community development (Dilmah, 2023; Keells, 2023; Nestlé Lanka, 2023).

Despite these advances, limited empirical research has explored how such initiatives influence consumer perception and brand value. Economic constraints, low rural awareness and fragmented reporting remain barriers to full sustainability integration (Srivastava et al., 2024). Thus, understanding how consumers interpret these initiatives is crucial to evaluating their effectiveness.

Consumer Perception and Brand Value

Consumer perception represents how individuals interpret a brand's actions, ethics and communications (Kotler & Keller, 2022). In the sustainability context, perception encompasses beliefs about environmental care, social responsibility and governance transparency (Peloza et al., 2012). Positive perceptions enhance trust and emotional attachment, which in turn strengthen brand loyalty and advocacy (Aaker, 1991; Keller, 1993).

Empirical studies confirm that authentic sustainability efforts improve brand equity through trust and satisfaction (Noh & Johnson, 2019; Saeidi et al., 2015). However, in emerging markets, perception depends heavily on communication clarity and cultural values (Jayasinghe & Fernando, 2021). In Sri Lanka, community-oriented actions resonate more strongly than abstract environmental claims, underscoring the importance of localised sustainability narratives.

Linking Sustainability and Brand Value

Evidence across industries suggests a strong positive link between sustainability practices and brand value. Firms engaging in credible ESG activities often report higher consumer loyalty, advocacy and long-term competitiveness (Ishaq & Di Maria, 2020; Jagani et al., 2024). Nonetheless, these benefits materialise only when consumers perceive initiatives as genuine and consistent. Misrepresentation or inadequate communication can damage credibility and diminish brand equity (Delmas & Burbano, 2011).

In Sri Lanka, while brands such as Dilmah and Keells are widely recognised for responsible practices, systematic research quantifying how these efforts translate into consumer-based brand value remains limited. Addressing this empirical gap provides meaningful insight into the link between sustainability and branding in developing markets.

Theoretical Foundation

Three complementary theories guide this study. Stakeholder theory (Freeman, 1984) explains that firms create long-term value by balancing diverse stakeholder interests through responsible ESG practices. The resource-based view (Barney, 1991) posits that sustainability initiatives, when valuable and inimitable, function as strategic resources generating competitive advantage. Brand equity theory (Aaker, 1991; Keller, 1993) clarifies that consumer perceptions mediate how sustainability efforts influence brand value; authentic practices enhance awareness, trust and loyalty.

Together, these perspectives establish a framework where sustainability practices drive brand value indirectly through consumer perception, a relationship this study empirically tests within Sri Lanka's FMCG industry.

Summary

Existing literature affirms that sustainability contributes to brand differentiation and long-term value, yet its effectiveness hinges on consumer perception and communication authenticity. While global evidence is extensive, Sri Lanka lacks empirical insights into how consumers interpret FMCG firms' ESG practices. Grounded in stakeholder theory, resource-based view and brand equity theory, this study seeks to address this gap by exploring how sustainability practices influence brand value through the mediating role of consumer perception.

Research Methodology

Research Design and Philosophical Orientation

This study adopts a quantitative, cross-sectional and explanatory research design to examine how sustainability practices influence brand value in Sri Lanka's FMCG sector, with consumer perception as a mediating variable. Grounded in positivist philosophy, the research assumes that social phenomena can be objectively observed, measured and analysed using empirical data (Collis & Hussey, 2014; Saunders et al., 2019).

The positivist stance enables the researcher to remain neutral, applying standardised procedures and statistical tools to test hypothesised relationships among variables. This is particularly suitable for the present study, which seeks to evaluate causal relationships between ESG practices and brand value, while empirically verifying the mediating effect of consumer perception.

Positivism also aligns with the deductive approach employed here, in which hypotheses derived from existing theories, namely stakeholder theory (Freeman, 1984), the resource-based view (Barney, 1991) and brand equity theory (Aaker, 1991; Keller, 1993), are tested using quantitative data. The deductive approach ensures logical progression from theory to hypothesis testing, enhancing objectivity and replicability (Bryman & Bell, 2015; Sekaran & Bougie, 2016).

Research Strategy

A survey research strategy was selected as the most appropriate means of collecting standardised quantitative data from a large number of respondents. Surveys are widely used in consumer research because they facilitate generalisable insights into attitudes and perceptions (Creswell & Creswell, 2018). The study employed a structured online questionnaire, distributed via email and social media platforms, to ensure broad geographic and demographic coverage within Sri Lanka.

This approach offers several methodological advantages such as standardisation, efficiency, cost-effectiveness due to online administration and objectivity.

The questionnaire was designed to measure the five core constructs of the conceptual framework: ESG practices, consumer perception and brand value, while including demographic questions to facilitate subgroup analysis. This strategy is consistent with prior sustainability and brand equity studies (McEachern et al., 2020; Saeidi et al., 2015).

Type of Investigation, Time Horizon and Unit of Analysis

The research is causal-explanatory in nature, focusing on determining how sustainability practices shape brand value and how consumer perception mediates these relationships. A cross-sectional time horizon was adopted, capturing data at a single point to reflect current consumer perceptions of sustainability within Sri Lanka's FMCG industry (Creswell & Creswell, 2018; Hair et al., 2017).

The unit of analysis is the individual consumer, as brand value and sustainability perception are consumer-based constructs. Each respondent's evaluation of FMCG brands forms a distinct data point for analysis. This choice aligns with brand equity theory and stakeholder theory, which emphasise that consumer judgements translate organisational actions into brand outcomes.

Conceptual Model and Hypotheses Development

The study examines five main constructs derived from prior theory and empirical evidence.

- *Environmental sustainability*: Reflects organisational efforts to minimise ecological impact through eco-friendly packaging, waste reduction and emission control (Khandai et al., 2023; Kumar & Christodoulopoulou, 2014).
- *Social sustainability*: Captures fair labour, ethical sourcing and community development initiatives that enhance trust and goodwill (Monfort et al., 2025; Saeidi et al., 2015).
- *Governance practices*: Represent transparency, ethical conduct and accountability mechanisms that promote consumer confidence (Freeman, 1984; Ishaq & Di Maria, 2020).
- *Consumer perception*: Refers to consumers' overall assessment of a company's ethics, responsibility and trustworthiness (Aaker, 1991; Keller, 1993).
- *Brand value*: Indicates perceived worth derived from loyalty, reputation and willingness to pay a premium (Saeidi et al., 2015).

Grounded in theory, the following hypotheses were proposed:

- H_1: Environmental practices have a significant impact on consumer perception.
- H_2: Social practices have a significant impact on consumer perception.
- H_3: Governance practices have a significant impact on consumer perception.
- H_4: Consumer perception has a significant impact on brand value.
- H_5: Consumer perception mediates the relationship between sustainability practices and brand value.

The conceptual framework as given in Figure 1 positions ESG practices as independent variables, consumer perception as the mediator and brand value as the dependent variable.

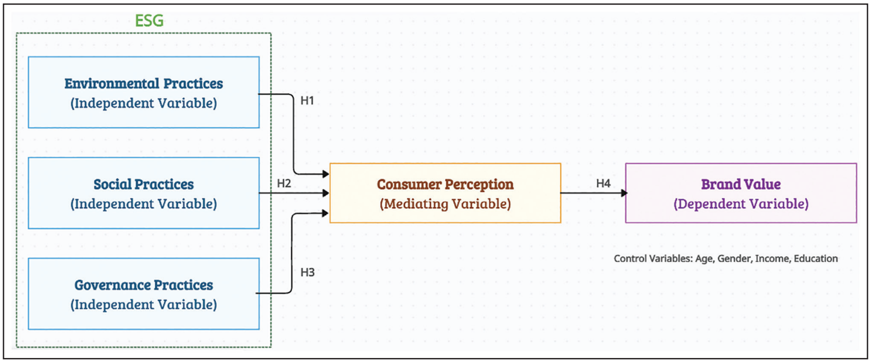

Figure 1. Conceptual Framework.

Measurement of Variables

All constructs were measured using multi-item scales adapted from prior validated instruments (see Table 1). Each item was rated on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). This approach enables quantification of attitudes and ensures consistency across constructs (Joshi et al., 2015).

These measures were pre-tested for clarity and contextual suitability in the Sri Lankan FMCG environment to ensure both content and construct validity.

Population, Sampling and Sample Size

The target population comprised Sri Lankan consumers familiar with leading FMCG brands such as Nestlé, Elephant House, Kotmale, Dilmah and Keells. These companies were chosen due to their market dominance and visible sustainability engagement.

A non-probability purposive sampling method was applied, as it targets individuals with sufficient awareness of brand sustainability efforts, an essential criterion for valid perception measurement (Etikan et al., 2016; McEachern et al., 2020).

The sample size was determined using Cochran's (1977) formula and Krejcie and Morgan's (1970) guidelines, yielding a minimum of 384 participants for a 95% confidence level and ± 5% margin of error. To ensure model robustness, particularly for PLS-SEM, a slightly higher number of respondents (over 400) was targeted, satisfying Hair et al.'s (2017) '10-times rule'.

This sample size ensures statistical power for mediation analysis while providing diversity across demographic categories such as age, gender, education level and income, enhancing the representativeness of results.

Data Collection Procedure

Data were gathered via an online structured questionnaire, distributed through digital platforms such as email, social media and professional networks. Respondents were screened to ensure familiarity with the FMCG brands under study.

Table 1. Measurement of Variables.

Variable	No. of Items	References
Environmental Practices	Four	Khandai et al. (2023), Kumar and Christodoulopoulou (2014)
Social Practices	Four	Monfort et al. (2025), Saeidi et al. (2015)
Governance Practices	Four	Freeman (1984), Ishaq and Di Maria (2020)
Consumer Perception	Four	Aaker (1991), McEachern et al. (2020)
Brand Value	Four	Keller (1993), Saeidi et al. (2015)

The questionnaire comprised three parts:

1. Screening items to confirm brand familiarity.
2. Main measurement items capturing ESG practices, consumer perception and brand value.
3. Demographic questions to record control variables such as age, gender, education and income.

The instrument underwent pilot testing with 30 respondents, leading to refinements for clarity and reliability.

Data Analysis Techniques

The data analysis process involved both descriptive and inferential statistical methods. Preliminary data screening and descriptive analyses were conducted using SPSS, while hypothesis testing and mediation analysis were performed using SmartPLS 4, following Hair et al. (2022).

The analytical process comprised five stages:

1. *Data screening*: Elimination of incomplete responses and assessment of missing data, outliers and normality.
2. *Descriptive statistics*: Summarising demographic characteristics and variable distributions.
3. *Measurement model assessment*: Testing internal consistency (Cronbach's α and composite reliability [CR] $\geq$0.70), convergent validity (average variance extracted [AVE] $\geq$0.50) and discriminant validity (Fornell–Larcker criterion and heterotrait–monotrait [HTMT] ratio $<$0.85).
4. *Structural model analysis*: Estimating direct effects (H_1–H_4), indirect effects (H_5) and mediating relationships via bootstrapping (5,000 subsamples). Model fit indices such as standardised root mean square residual (SRMR) $\leq$0.08 and normed fit index (NFI) $\geq$0.70 were applied to evaluate model adequacy.
5. *Effect size and predictive power*: Examining R^2 and f^2 values to assess the model's explanatory strength.

This analytical approach enables comprehensive evaluation of both measurement quality and hypothesised causal relationships.

Validity and Reliability Assurance

Ensuring measurement validity and reliability was a central concern throughout the research process.

- Content validity was achieved through adaptation from established scales and expert review.
- Internal consistency reliability was verified using Cronbach's α and CR.

- Convergent and discriminant validity were assessed through AVE and HTMT thresholds, respectively (Fornell & Larcker, 1981; Henseler et al., 2015).
- Construct validity was confirmed through significant factor loadings on respective constructs.

These procedures ensured that all measures accurately captured the underlying theoretical constructs, supporting credible and replicable findings.

Ethical Considerations

The study upheld strict ethical standards. Participation was voluntary, and respondents provided informed consent before beginning the survey. Anonymity and confidentiality were assured, and no personally identifiable data were collected. The research design complied with academic integrity and ethical research principles for human participants.

Summary

This study employs a positivist, deductive and quantitative approach using a cross-sectional online survey to test the relationship between sustainability practices and brand value among Sri Lankan FMCG consumers. Through a carefully structured methodology, robust sampling and rigorous statistical testing, the research ensures validity, reliability and replicability. The next section presents the results of data analysis and hypothesis testing.

Findings and Discussion

Introduction

This chapter presents the statistical findings of the study and explains how they support the research objectives. The analysis follows two main stages: (a) assessment of the measurement model to confirm reliability and validity, and (b) evaluation of the structural model to test the hypotheses developed in the conceptual framework. The results are interpreted in line with the context of Sri Lanka's FMCG market and the existing literature provided in the thesis.

Sample Inclusion and Brand Interaction

To ensure the study reflected genuine consumer perspectives, respondents were screened for recent engagement (past 6 months) with five key Sri Lankan FMCG brands: Nestlé, Elephant House, Kotmale, Dilmah and Keells (Figure 2). Of the 432 initial participants, 418 met this criterion and were included in the final analysis.

All respondents reported interaction with at least one of the five FMCG brands, confirming full sample relevance. Keells showed the highest engagement (62.7%),

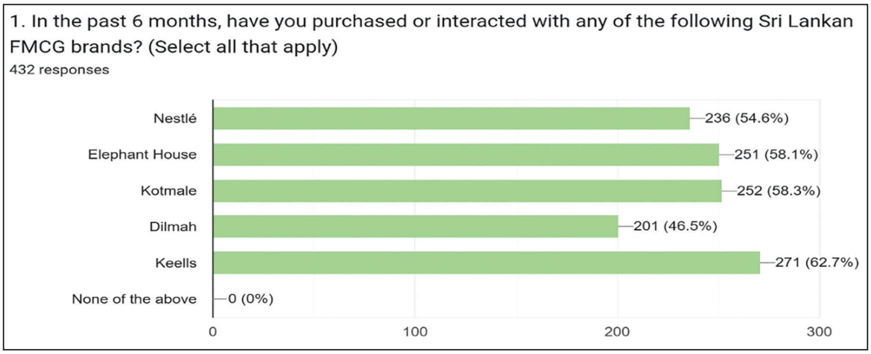

Figure 2. Brand Interaction Analysis (Multiple Responses).

followed by Kotmale (58.3%) and Elephant House (58.1%), indicating strong consumer connections. Dilmah recorded the lowest rate (46.5%), likely due to its more specific product focus. This screening outcome confirms that subsequent analyses of consumer perception and brand value are based solely on active, brand-engaged Sri Lankan consumers.

Descriptives of Demographics Data

As shown in Table 2, the sample mainly consists of young and middle-aged adults, with 47.1% aged 25–34 and 26.6% aged 35–44, together representing 73.7% of participants. These age groups are recognised for their strong awareness of corporate social responsibility and sustainability. The gender distribution is nearly balanced, with 54.1% female and 45.9% male, minimising bias in the analysis. Most respondents are highly educated, as more than 87% hold a university degree, indicating a strong capability to assess complex topics such as governance and environmental transparency. The majority earn between ₹50,000 and ₹200,000, reflecting the core middle-income FMCG consumer segment that regularly purchases branded products and values ethical and sustainable business practices.

Measurement Model Assessment

The measurement model was examined to ensure the constructs used in the questionnaire were reliable and valid. Three main indicators were evaluated: internal consistency reliability, convergent validity and discriminant validity.

Reliability and Convergent Validity. Cronbach's alpha, CR and AVE were used to check internal consistency and convergent validity. Table 3 summarises the results.

Cronbach's alpha results showed strong internal consistency for governance practices (0.771), consumer perception (0.755) and brand value (0.732), while environmental practices (0.662) and social practices (0.689) were slightly below the 0.70 threshold but still acceptable for SEM analysis. The more robust Rho_A

Table 2. The Frequency and Percentage Distribution for the Key Demographic Variables.

Demographics	Frequency	Per cent	Demographics	Frequency	Per cent
Age			*Education Level*		
18–24	39	9.3	Advanced level (A/L)	15	3.6
25–34	197	47.1	Diploma or certificate course	39	9.3
35–44	111	26.6	Diploma or certificate course	294	70.3
45–54	61	14.6	Master's degree or higher	70	16.7
55 above	10	2.4			
Gender			*Income Level*		
Male	192	45.9	Less than ₹50,000	22	5.3
Female	226	54.1	₹50,000–₹100,000	248	59.3
			₹100,001–₹200,000	100	23.9
			More than ₹200,000	48	11.5

Table 3. Reliability and Convergent Validity.

	Cronbach's Alpha	Composite Reliability (Rho_A)	Composite Reliability (Rho_C)	Average Variance Extracted (AVE)
Brand Value	.732	0.746	0.826	0.494
Consumer Perception	.755	0.756	0.845	0.577
Environmental Practices	.662	0.703	0.796	0.500
Governance Practices	.771	0.783	0.853	0.592
Social Practices	.689	0.700	0.810	0.519

measure confirmed reliability for all constructs, each meeting or exceeding 0.70, including environmental (0.703) and social practices (0.700), supporting their inclusion in the model. CR (Rho_C) further validated these findings, with all constructs scoring between 0.796 and 0.853, surpassing the recommended 0.70 benchmark and indicating strong internal consistency.

Convergent validity, assessed using AVE, was satisfactory for consumer perception (0.577), governance practices (0.592), social practices (0.519) and environmental practices (0.500). Brand value recorded a slightly lower AVE (0.494) but was retained due to its high CR (0.826). Overall, the results confirm that all constructs exhibit strong reliability and adequate convergent validity, validating their suitability for the structural model analysis.

Table 4. Fornell–Larcker Criterion Results.

	Brand Value	Consumer Perception	Environmental Practices	Governance Practices	Social Practices
Brand Value	0.703				
Consumer Perception	0.582	0.760			
Environmental Practices	0.446	0.423	0.707		
Governance Practices	0.504	0.595	0.401	0.769	
Social Practices	0.485	0.542	0.445	0.588	0.720

Discriminant Validity. Discriminant validity was tested using the Fornell–Larcker criterion (see Table 4). The square root of each construct's AVE should be greater than the correlation between that construct and others.

The Fornell–Larcker analysis confirms that all constructs meet the criterion, demonstrating clear discriminant validity. For each construct, the square root of the AVE exceeds its correlations with other constructs, indicating that each captures more variance within its own indicators than with others. Specifically, brand value (0.703) is distinct from consumer perception (0.582), environmental practices (0.446) and governance practices (0.504); consumer perception (0.760) is higher than its correlations with brand value (0.582), environmental practices (0.423) and governance practices (0.595); environmental practices (0.707) and governance practices (0.769) also exceed their respective inter-construct correlations. These results confirm that all constructs are empirically distinct, supporting strong discriminant validity of the measurement model.

Structural Model Assessment

After confirming reliability and validity, the structural model was used to evaluate hypothesis relationships. Bootstrapping with 5,000 subsamples produced p values.

Hypothesis Testing—Direct Effects. Path coefficient results for each direct relationship are given in Table 5.

All hypothesised direct paths in the structural model are supported. The strongest effect is consumer perception on brand value (H_4, $\beta = 0.582$, $p < .001$), highlighting that trust and ethical evaluation are key drivers of consumer-perceived brand value, emphasising the strategic importance of reputation for FMCG firms. Among the ESG dimensions, governance practices (H_3, $\beta = 0.388$, $p < .001$) exert the largest influence on consumer perception, followed by social practices (H_2, $\beta = 0.243$, $p < .001$), confirming that ethical governance and social contributions effectively enhance consumer trust and brand image. Environmental practices (H_1, $\beta = 0.157$, $p = .017$) also positively affect consumer perception, though their impact is comparatively weaker, reflecting consumer scepticism towards unverified environmental claims. Overall, the results

Table 5. Path Coefficient Results.

	β	*p* Values
Consumer Perception → Brand Value	0.582	.000
Environmental Practices → Consumer Perception	0.157	.017
Governance Practices → Consumer Perception	0.388	.000
Social Practices → Consumer Perception	0.243	.000

Table 6. Mediation Results.

	β	*p* Values
Environmental Practices → Brand Value	0.091	.027
Governance Practices → Brand Value	0.226	.000
Social Practices → Brand Value	0.142	.000

validate that sustainability initiatives enhance consumer perception, which in turn drives brand value, with the influence hierarchy being governance, social and then environmental practices.

Mediation Effect. The mediation test examined whether perception acts as a mechanism through which sustainability influences brand value.

According to the findings in Table 6, the analysis confirms that consumer perception significantly mediates the effects of all three ESG dimensions on brand value, supporting H_5. Governance practices show the strongest indirect effect (H_{5c}, βIndirect = 0.226, $p < .001$), indicating that their influence on brand value operates largely through enhanced consumer perception. Social practices also have a substantial indirect effect (H_{5b}, βIndirect = 0.142, $p < .001$), demonstrating that ethical labour and community engagement translate into brand value via consumer perceptions. Environmental practices exhibit a smaller but significant indirect effect (H_{5a}, βIndirect = 0.091, $p = .027$), confirming that even modest environmental efforts positively impact brand value through consumer perception. Since both direct and indirect paths are significant, the results indicate partial, or complementary, mediation, showing that consumer perception is a key but not exclusive channel linking ESG practices to brand value.

R^2. The three independent variables, ESG practices, collectively explain 42.8% of the variance in consumer perception, indicating a moderate but meaningful influence on how Sri Lankan consumers assess a brand's ethical image and trustworthiness. Consumer perception, in turn, accounts for 33.8% of the variance in brand value, also classified as moderate, confirming that the creation of this intangible asset effectively predicts market performance. The adjusted R^2 values further demonstrate that the model's explanatory power is stable and robust, supporting its strong predictive capability (see Table 7).

Table 7. R^2 Results.

	R^2	R^2 Adjusted
Brand Value	0.338	0.337
Consumer Perception	0.428	0.424

Discussion

The analysis reveals that ESG practices each influence consumer perception and, in turn, brand value, though the strength of these effects differs. Environmental practices positively affect consumer perception ($\beta = 0.157$, $p = .017$), indicating that initiatives like waste reduction, energy efficiency and sustainable packaging are appreciated but are not the primary drivers of consumer attitudes. In Sri Lanka, green consumerism is still emerging, and the impact of environmental actions is stronger when brands provide transparent, verifiable outcomes such as carbon footprint reductions or third-party certifications.

Social practices have a more pronounced effect on consumer perception ($\beta = 0.243$, $p < .001$), reflecting that fair labour policies, community support and health or welfare initiatives resonate with consumers. In a collectivist society like Sri Lanka, contributions to social welfare strengthen emotional engagement and brand reputation, highlighting the importance of visible social responsibility for relational and emotional capital.

Governance practices exhibit the strongest influence on consumer perception ($\beta = 0.388$, $p < .001$), demonstrating that ethical leadership, transparency and accountability are highly valued. Governance initiatives, including anti-corruption measures, transparent sourcing and public disclosures, serve as critical cues of reliability, building trust and enhancing long-term brand equity.

Consumer perception strongly predicts brand value ($\beta = 0.582$, $p < .001$), confirming that trust, satisfaction and emotional connection are central to consumer-based brand equity. In the Sri Lankan FMCG sector, where functional differences between products are limited, perceptual and emotional factors play a decisive role in shaping brand loyalty and profitability.

Mediation analysis indicates that consumer perception partially mediates the relationship between ESG practices and brand value. Governance practices show the largest indirect effect ($\beta = 0.226$, $p < .001$), followed by social practices ($\beta = 0.142$, $p < .001$) and environmental practices ($\beta = 0.091$, $p = .027$). This suggests that while consumer perception is a key channel through which sustainability actions influence brand value, ESG practices also exert direct effects, meaning both tangible efforts and perceived ethical conduct jointly enhance brand strength.

Overall, the findings support stakeholder and signalling theories, illustrating that consumers interpret sustainability initiatives as credible indicators of corporate integrity. For Sri Lankan FMCG firms, strategic investment in transparent governance, socially responsible programmes and verifiable environmental initiatives, combined with clear communication of these efforts, maximises consumer perception and strengthens brand value.

Limitations and Recommendations for Future Researchers

Limitations

The study's findings are subject to several limitations. Methodologically, the reliance on a cross-sectional design restricts the ability to infer long-term causal relationships. While this approach is suitable for identifying relationships among variables, it does not allow for the examination of changes in consumer perceptions or brand value over time. Consequently, the ability to infer long-term causal effects of sustainability practices remains limited.

The study relied on self-administered questionnaires, which may be subject to respondent bias. Participants could have provided socially desirable responses or overestimated their awareness of sustainability practices. Although anonymity was assured to minimise such bias, the potential influence of self-report limitations cannot be entirely ruled out.

Contextually, the exclusive consumer-centred focus omits the valuable perspectives of other key stakeholders, such as employees and investors. Furthermore, the geographical and sectoral scope, which is confined to the FMCG industry in Sri Lanka, limits the generalisability of the results to other industries and cultural markets.

Recommendations for Future Research

Building on the above limitations, several directions are suggested for future inquiry.

Longitudinal research: Future studies could adopt longitudinal or panel designs to track changes in consumer perceptions and brand value over time. Such designs would provide deeper insight into the enduring effects of sustainability initiatives on brand performance.

Cross-sectoral comparisons: Extending the current model to other sectors, such as apparel, banking or tourism, would allow for comparative analyses and the identification of industry-specific sustainability dynamics. This could strengthen the external validity of the framework.

Incorporation of moderating variables: Further research could explore additional variables that may influence the strength of the ESG–perception–value relationship. Factors such as brand trust, price sensitivity and consumer knowledge could serve as potential moderators, enriching the explanatory power of the model.

Adoption of mixed-method approaches: Combining quantitative surveys with qualitative methods, such as interviews, focus groups or content analysis, would provide deeper insights into the motivations and cognitive processes shaping consumer evaluations of sustainable brands.

In summary, while this study offers valuable evidence on the role of sustainability practices in shaping brand value, future research should broaden the methodological and contextual scope to enhance theoretical depth and practical relevance.

Conclusion

This study provides strong empirical evidence that sustainability practices, including ESG dimensions, significantly enhance brand value in Sri Lanka's FMCG sector. Governance practices were found to have the strongest influence on consumer perception, followed by social initiatives and environmental efforts. Consumer perception was confirmed as a key mediating mechanism, converting sustainability actions into measurable brand value, with partial mediation observed across all ESG dimensions.

The findings support stakeholder and signalling theories by showing that ethical, transparent and socially responsible practices act as credible signals that foster consumer trust, emotional attachment and brand loyalty. Consumer perception emerges as a strategic asset rather than a passive outcome. Firms that communicate and demonstrate authentic ESG practices effectively can strengthen brand equity and achieve a competitive advantage.

From a societal perspective, responsible corporate behaviour benefits both firms and communities by promoting governance integrity, social welfare and environmental stewardship. While environmental initiatives have a comparatively smaller effect, all three ESG dimensions contribute meaningfully to brand value when perceived as genuine and credible.

Overall, this research advances theoretical understanding of sustainability and brand relationships in an emerging market context and provides practical guidance for managers seeking to leverage ESG practices strategically. The study underscores that long-term brand success in the FMCG sector depends not only on operational sustainability initiatives but also on how these actions are perceived and trusted by consumers.

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Appendix

Survey Questionnaire

Instructions to Respondents:

For Section C–E, please indicate your level of agreement with the following statements by selecting the most appropriate response on a five-point Likert scale:

1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

Section A: Screening Questions

1. Have you purchased or interacted with any of the following Sri Lankan FMCG brands in the past 6 months (Nestle, Elephant House, Kotmale, Dilmah, Keells)? (Yes/No)
2. Are you aware of any sustainability or corporate social responsibility (CSR) activities (e.g., eco-friendly packaging, community programmes) conducted by any of these FMCG brands in Sri Lanka? (Yes/No)

Section B: Demographic Information

3. What is your age?
   [18–24] [25–34] [35–44] [45–54] [55+]
4. What is your gender?
   [Male] [Female] [Prefer not to say]
5. What is your highest educational qualification?
   [Up to A/L] [Diploma] [Bachelor's] [Master's or higher]
6. What is your monthly income range?
   [Less than ₹50,000] [₹50,000–₹100,000] [₹100,001–₹200,000] [More than ₹200,000]

Section C: Your Views on Sustainability and Brands

C1: Environmental Sustainability Practices

7. This brand actively reduces environmental pollution in its operations.
8. This brand uses recyclable or biodegradable packaging materials.
9. This brand is committed to reducing its carbon footprint.
10. I believe this brand minimises its environmental impact.

C2: Social Sustainability Practices

11. This brand supports local communities through CSR programmes.
12. The company ensures fair labour practices and employee wellness.
13. This brand promotes health, education or well-being in society.
14. The brand contributes positively to Sri Lankan society.

C3: Governance Sustainability Practices

15. I trust the brand to be transparent about its sustainability actions.
16. The company communicates openly and ethically with consumers.
17. This brand adheres to ethical business practices.
18. I believe this brand's company is accountable for its operations.

C4: Consumer Perception

19. I trust this brand because of its sustainability practices.
20. I have a positive image of this brand.
21. I am aware of the brand's commitment to sustainability.
22. I believe this brand is socially responsible.

C5: Brand Value

23. I would recommend this brand to others.
24. I am willing to pay a higher price for this brand.
25. I feel loyal to this brand.
26. I believe this brand offers high value.
27. This brand's reputation influences my purchasing decisions.

Article

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Abstract

The life insurance industry is a cornerstone of the Sri Lankan financial system, driving economic growth through capital mobilisation and liquidity creation. Despite its importance, Sri Lanka exhibits a notably low life insurance penetration rate compared to other Asian countries. This study investigates the critical factors influencing the purchase behaviour of life insurance among individuals in Sri Lanka, filling a gap in localised empirical research. The research adopts a quantitative approach, utilising the Theory of Planned Behaviour and the Theory of Reasoned Action as its theoretical framework. Primary data were collected via structured questionnaires from a sample of 391 individuals across all 9 provinces of Sri Lanka. The study examines six independent variables: insurance literacy, attitude, subjective norms, trust, risk perception and perceived behavioural control, with purchase intention serving as the mediating variable. Data analysis was performed using multiple linear regressions and Baron and Kenny's method to test the mediating impact. The results indicate that all six independent variables significantly influence life insurance purchase behaviour. Furthermore, purchase intention was found to partially mediate the relationship for insurance literacy, attitude, subjective norms and perceived behavioural control, while exerting a full mediation effect for trust and risk perception. The findings suggest that insurance companies and policymakers should prioritise enhancing life insurance literacy and building trust to increase penetration. Tailored marketing strategies focusing on young adults and educated segments are recommended to expand the market reach and strengthen social security in the country.

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Introduction

Insurance acts as a risk-transfer mechanism where individuals or organisations pay a premium to transfer uncertainty. The life insurance sector, a key part of insurance alongside general insurance, serves as a disciplined contractual saving method and a crucial source of long-term fund accumulation. To determine the use of insurance, one must first measure the performance of a country's insurance sector. According to Chaudhary and Kaur (2016), developed countries have high insurance penetration rates, while developing countries have low rates. As a developing country, Sri Lanka has a low level of total insurance penetration as well as a low life insurance penetration rate, despite the benefits of life insurance. Further, it is highlighted in many articles as well. Table 1 illustrates the life insurance penetration rate in Sri Lanka compared with other countries, according to the *Atlas Magazine*, which was published on 24 May 2024.

Table 1. Life Insurance Penetration Country Comparison.

Country	2020 Life Insurance Penetration(%)	2021 Life Insurance Penetration(%)
Hong Kong	19.20	17.30
Taiwan	14.00	11.60
South Korea	6.40	5.80
Singapore	7.60	7.50
Japan	5.80	6.10
Macau	5.30	6.40
Thailand	3.40	3.40
Malayasia	4.00	3.90
New Zealand	0.80	0.80
Australia	1.10	1.00
India	3.20	3.20
China	2.40	2.10
Vietnam	1.60	1.60
Philippines	1.20	1.50
Indonesia	1.40	1.10
Sri Lanka	0.50	0.60
Bangladesh	0.30	0.40
Asia Pacific	3.60	3.20

Source: From Table 'Insurance penetration rate in Asia-Pacific' (*Atlas Magazine*, 2024).

However, Sri Lanka has enjoyed an increasing real GDP growth rate after the COVID-19 pandemic. According to the formula that calculates the insurance penetration rate, increasing GDP causes an increase in the life insurance penetration rate. Nevertheless, the life insurance penetration rate has been reduced due to the decline in the growth rate of insurance premiums income after the COVID-19 pandemic, as indicated in Table 2. Additionally, with reference to the press release of the Insurance Regulatory Commission of Sri Lanka (IRCSL), they have partnered with the Department of Demography at the University of Colombo and conducted a comprehensive study on public confidence in insurance. Based on the findings, they have highlighted that overall confidence in insurance among the public was at an average level, with general insurance but not life insurance.

A low life insurance penetration rate leads to various disadvantages for a country. Therefore, it is imperative to investigate the factors contributing to low life insurance penetration and implement strategies to increase uptake. To address this issue, most researchers focus more on what factors affect low insurance penetration. Since insurance penetration is calculated using insurance premiums, it is essential to identify whether individuals purchase insurance policies or not. Therefore, the research has focused on individuals' purchase behaviour of life insurance policies. Insurance literacy (Mai et al., 2020; Masud et al., 2021; Md et al., 2017; Omar, 2007), attitudes (Luciano et al., 2015), subjective norms (Echchabi & Aziz, 2012a; Lada et al., 2009), trust (Ling et al., 2010; Omar, 2007; Panigrahi et al., 2018), risk perception (Arun et al., 2012; Md Husin & Ab Rahman, 2016) and perceived behavioural control (Md Husin & Ab Rahman, 2016; Masud et al., 2021; Taylor & Todd, 1995) have been identified as factors that might be influencing the purchase behaviour of individuals. Based on the existing body of knowledge relating to the Sri Lankan context, researchers have identified that insurance literacy, attitudes, trust and risk perception are some factors that influence the Sri Lankan life insurance purchasing behaviour of people. But still, there are a limited number of research articles that have been done under this topic. It is also uncertain if factors like subjective norms and perceived behavioural control, which influence insurance purchases in other countries, have the same effect on people in Sri Lanka.

Accordingly, this study intends to uncover 'What Factors Affect Purchase Behaviour of Life Insurance in Sri Lanka?' To determine the purchase behaviour of individuals, purchase intention also has a direct impact (Muda et al., 2016). Therefore, researchers expect to investigate whether purchase intention mediates the relationship between factors that have been identified and the purchase behaviour.

Table 2. Life Insurance Penetration Level in Sri Lanka 2018–2022, According to the Insurance Regulatory Commission of Sri Lanka (IRSCL).

Year	2018	2019	2020	2021	2022
Life Insurance Penetration %	0.6	0.6	0.7	0.7	0.6

Source: From Table 'Premium Income and Penetration' (Insurance Regulatory Commission of Sri Lanka, 2022).

Based on the research questions, the researchers have developed the following research objectives:

1. To determine whether insurance literacy impacts life insurance purchase behaviour in Sri Lanka.
2. To determine whether attitudes impact life insurance purchase behaviour in Sri Lanka.
3. To determine whether subjective norms impact life insurance purchase behaviour in Sri Lanka.
4. To determine whether trust impacts life insurance purchase behaviour in Sri Lanka.
5. To determine whether risk perception impacts life insurance purchase behaviour in Sri Lanka.
6. To determine whether perceived behavioural control impacts life insurance purchase behaviour in Sri Lanka.
7. To determine whether purchase intention mediates the relationship between insurance literacy, attitudes, subjective norms, trust, risk perception and perceived behavioural control and life insurance purchase behaviour in Sri Lanka.

They will provide significant insights for insurance companies, policymakers and future researchers in Sri Lanka, aiding decision-making related to life insurance uptake.

Literature Review

The literature review for this study is based on two fundamental behavioural theories: Ajzen's (1991) Theory of Planned Behaviour (TPB) and Fishbein and Ajzen's (1975) Theory of Reasoned Action (TRA). TPB describes behaviour in terms of intention, which is influenced by three important components: attitude towards the behaviour, subjective norms and perceived behavioural control (Ajzen, 1991; Echchabi & Aziz, 2012a; Fishbein & Ajzen, 1975). According to TRA, an individual's attitude and the influence of significant individuals impact their intentions, in other words, subjective norms (Lada et al., 2009). These frameworks are commonly used to study financial decision-making behaviours, such as the purchase of life insurance. Based on these theories, the study finds six critical variables: insurance literacy, attitudes, subjective norms, trust, risk perception and perceived behavioural control as primary influences on buy intention, which in turn influences purchase behaviour.

Based on empirical studies, key factors that are related to the intention to purchase insurance policies have been identified. Moreover, the findings for six critical variables examine their relevance and impact within both global and South Asian contexts.

Insurance: This is a financial mechanism designed to mitigate the negative financial impact of uncertain events or potential losses. It acts as a protective agreement against unforeseen circumstances (Zou & Adams, 2006). Life insurance, specifically, is a fortuity contract contingent on an unanticipated event outside the insured's control (Blunden & Thirlwell, 2013). Consumer behaviour in life insurance is intricate, encompassing decision-making processes and influencing factors (Dodamgoda & Canagasabey, 2019).

Insurance purchase behaviour: This involves customers' decisions and the reasoning behind their choices when acquiring insurance (Schoultz et al., 2022). It is a critical consumer decision, encompassing actions involved in acquiring, utilising and disposing of goods and services, alongside the underlying decision-making processes (Aliyu et al., 2014). Research consistently shows a direct link between purchase intention and actual behaviour. A household's perception of life insurance is a key determinant (Schoultz et al., 2022), and their purchasing tendency influences the behaviour (Masud et al., 2021).

Insurance literacy: Based on the global context, informed consumption requires understanding policy terms, comparing insurers and recognising rights and responsibilities (Tennyson, 2011). Customer confidence in insurance decisions is linked to insurance literacy (Tennyson, 2011).

According to the South Asian Context, a significant portion of the community lacks awareness of life insurance benefits (Farooq et al., 2015), posing a barrier to purchase. Low awareness of benefits is prevalent among Malaysians (Masud et al., 2021). Awareness (insurance literacy) has a positive relationship with purchase intention (Arun et al., 2012; Md et al., 2017; Omar, 2007) and directly influences attitude towards life insurance purchase (Md Husin & Ab Rahman, 2016).

H_1: There is a significant impact of insurance literacy on life insurance purchase behaviour in Sri Lanka.
H_2: There is a significant impact of insurance literacy on life insurance purchase intention in Sri Lanka.
H_3: Purchase intention mediates the relationship between insurance literacy and purchase behaviour.

Attitudes: An attitude is an individual's favourable or unfavourable response to an object, person or event, which helps predict behaviour (Ajzen, 1991). Under the global context, attitude significantly impacts the intention to purchase insurance (Md Husin & Ab Rahman, 2016). Awareness directly influences attitudes towards purchasing life insurance (Md Husin & Ab Rahman, 2016), supporting the idea that attitudes shape behaviour. Attitude is a crucial factor in determining purchase intention, with a significant relationship between attitude and behavioural intention (Jung et al., 2016; Phau et al., 2009). Based on the South Asian context, attitudes vary in risky situations, with attitude being a significant positive predictor of behaviour. Malaysians often exhibit unfavourable attitudes towards life insurance, regardless of its value (Masud et al., 2021). Attitude is significantly connected to behavioural intention (Jung et al., 2016), and factors like awareness, purchasing capacity and trust influence buyers' attitudes (Valentina-Daniela & Gheorghe, 2015).

H_4: There is a significant impact of attitudes on life insurance purchase behaviour in Sri Lanka.
H_5: There is a significant impact of attitudes on life insurance purchase intention in Sri Lanka.
H_6: Purchase intention mediates the relationship between attitude and purchase behaviour.

Subjective norms: They are the perceived social pressure from influential others to engage or not engage in a particular behaviour (Chen & Yang, 2018). Based on the global context, subjective norms are a significant predictor of an individual's intention to behave in a specific way, particularly when purchasing financial products (Echchabi & Aziz, 2012b; Hasbullah et al., 2016) or life insurance (Md Husin & Ab Rahman, 2016). They significantly impact the intention to purchase insurance policies (Md Husin & Ab Rahman, 2016; Syed et al., 2012). When considering the South Asian Context, attitude and subjective norms have a more significant positive impact on consumer purchase intention towards life insurance. Subjective norms are crucial to an individual's intention to behave in a particular manner, such as making a purchase (Echchabi & Aziz, 2012b; Lada et al., 2009).

H_7: There is a significant impact of subjective norms on life insurance purchase behaviour in Sri Lanka.
H_8: There is a significant impact of subjective norms on life insurance purchase intention in Sri Lanka.
H_9: Purchase intention mediates the relationship between subjective norms and purchase behaviour.

Trust: It refers to the depth and certainty of feelings based on uncertain evidence, or a party's willingness to accept another's actions based on the expectation of proper execution, regardless of monitoring capacity (Tingchi Liu et al., 2013). Global context highlights that trust is a crucial factor influencing purchase decisions (Chen & Barnes, 2007; Hasbullah et al., 2016), highlighting its importance in insurance purchase intention. Based on the South Asian context, the public often lacks trust in insurance firms to repay premiums upon expiry (Farooq et al., 2015). Trust significantly influences individual behaviours and perceptions.

H_{10}: There is a significant impact of trust on life insurance purchase behaviour in Sri Lanka.
H_{11}: There is a significant impact of trust on life insurance purchase intention in Sri Lanka.
H_{12}: Purchase intention mediates the relationship between trust and purchase behaviour.

Risk perception: This involves assessing the perceived severity and probability of a threatening event (Alfiero et al., 2022). According to the global context, perceived risk positively impacts the intention to buy insurance (Alfiero et al., 2022). People's perception of risk significantly influences their decision to purchase insurance. The South Asian context highlights that risk aversion influences the willingness to purchase life insurance. Risk-averse individuals tend to prefer lower risk and predictable outcomes (Ofoghi & Farsangi, 2013), making them more likely to obtain life insurance (Masud et al., 2021). Risk perception is crucial for encouraging life insurance purchases (Omar, 2007), influenced by potential future risks and financial benefits. Higher perceived risk correlates with a greater willingness to purchase insurance, and awareness of involved risks increases purchase likelihood (Md Husin & Ab Rahman, 2016).

H_{13}: There is a significant impact of risk perception on life insurance purchase behaviour in Sri Lanka.
H_{14}: There is a significant impact of risk perception on life insurance purchase intention in Sri Lanka.
H_{15}: Purchase intention mediates the relationship between risk perception and purchase behaviour.

Perceived behavioural control: This refers to an individual's belief in their ability to perform a behaviour without external influence (Masud et al., 2021; Shih & Fang, 2004). It also encompasses an individual's perception of the ease or difficulty of carrying out certain behaviours (Ajzen & Madden, 1986), reflecting self-efficacy, skills and resources (Shih & Fang, 2004; Taylor & Todd, 1995). Based on the global context, there is a significant relationship between perceived behavioural control and intention (Md Husin & Ab Rahman, 2016), and a positive correlation with insurance purchase intention (Md Husin & Ab Rahman, 2016). While some studies show a positive influence on purchase intention (Alfiero et al., 2022), its effect may vary depending on the insurance type.

H_{16}: There is a significant impact of perceived behavioural control on life insurance purchase behaviour in Sri Lanka.
H_{17}: There is a significant impact of perceived behavioural control on life insurance purchase intention in Sri Lanka.
H_{18}: Purchase intention mediates the relationship between perceived behavioural control and purchase behaviour.

The mediating effects of purchase intention signify a customer's willingness to repurchase a product they deem worthwhile, or a preference to buy due to perceived need or attitude. It is the ultimate decision point for consumers and a significant predictor of actual purchase behaviour (Mai et al., 2020). It influences life insurance purchase behaviour and mediates between explanatory variables and purchase behaviour (Alfiero et al., 2022; Masud et al., 2021).

H_{19}: There is a significant impact of purchase intention on purchase behaviour in Sri Lanka.

These studies highlight the complicated relationship of psychological, social and informational elements in life insurance decisions. This study expands on these findings to investigate how these variables influence purchase behaviour in the Sri Lankan context, with purchase intention acting as a mediating factor, as supported by Baron and Kenny's mediation framework and validated in previous studies (Mai et al., 2020; Masud et al., 2021).

Research Methodology

This study used a quantitative research approach to investigate the factors influencing life insurance buying behaviour in Sri Lanka. The study technique included a systematic questionnaire spread across all nine provinces in both online and printed modes, which allowed for the collection of a wide range of primary data. The sample was selected using a stratified random sampling method with a total sample size of 391 respondents. The sample size is consistent with the sample size suggested by Krejcie and Morgan's table. The replies reflected views from a wide range of age groups, vocations and educational levels. Based on the TPB and the TRA, the study created a conceptual framework as given in Figure 1 with six independent variables: insurance literacy, attitudes, subjective norms, trust, risk perception and perceived behavioural control, and investigated the mediating role of purchase intention on purchase behaviour.

Table 3 includes operationalisation criteria and measurement methods for the study's variables, aligning with the conceptual framework. The research questions were adapted from established literature to evaluate the independent, dependent and mediating variables. A five-point Likert scale was employed to measure the responses, with values ranging from 1 (strongly disagree) to 5 (strongly agree).

SPSS was used to analyse the data, which included descriptive statistics, correlation analysis, multiple linear regression and Baron and Kenny's approach for investigating mediation effects. This technique offered a solid framework for evaluating the links between the fundamental concepts and providing practical insights into consumer behaviour in the life insurance industry.

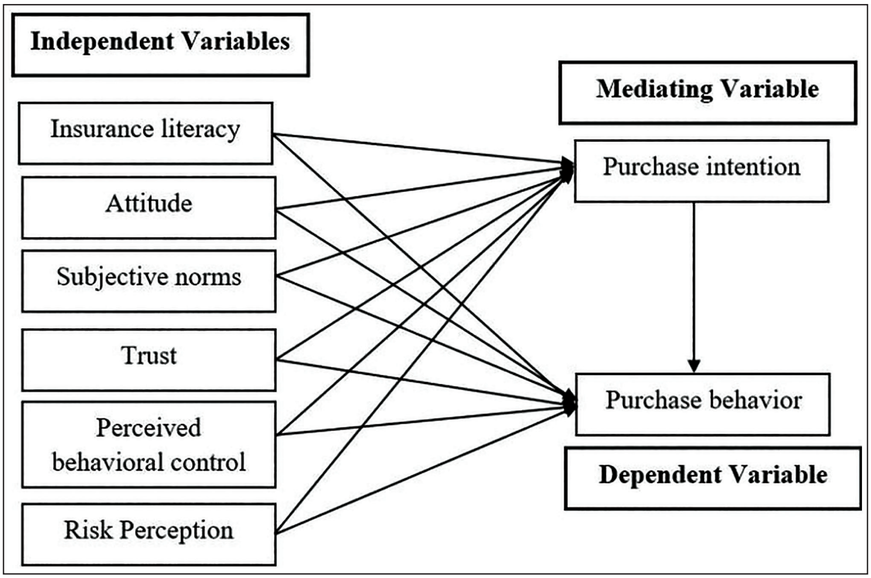

Figure 1. Conceptual Framework.

Source: Authors' construction based on literature survey.

Table 3. Operationalisation.

Variable	Variable Type	Measurement	References
Purchase behaviour	Dependent	1. I have purchased life insurance for myself. 2. b.I am encouraging others to purchase life insurance. 3. I have purchased life insurance for financial security. 4. I have purchased life insurance to protect my loved ones.	Alfiero et al. (2022), Masud et al. (2021)
Insurance literacy	Independent	1. I am aware of the benefits of being insured. 2. I am aware of the risk(s) that are covered by life insurance. 3. I am aware of the importance of insurance. 4. I am aware of the necessity of insurance. 5. I am aware of the terms and conditions of the policy.	Alfiero et al. (2022), Masud et al. (2021)
Attitudes	Independent	1. I agreed that most people need life insurance. 2. I believe insurance helps to achieve the purpose of life assured. 3. I have a positive attitude towards having insurance. 4. I would recommend other people to buy insurance.	Alfiero et al. (2022), Masud et al. (2021)
Subjective norms	Independent	1. Most people who are important to me think I should own insurance. 2. Most people who are important to me would agree with me buying insurance. 3. Most people who are important to me encourage me to buy insurance. 4. My family members agree that owning insurance is the right investment.	Alfiero et al. (2022), Masud et al. (2021)
Trust	Independent	1. Goodwill of the life insurance company is important to me. 2. Life insurance service providers are trustworthy. 3. Life insurance agents/salesmen are reliable. 4. Purchasing experience of others motivates me to purchase life insurance.	Alfiero et al. (2022), Masud et al. (2021)
Risk perception	Independent	1. I think investing in life insurance has less risk compared to other financial investment vehicles. 2. Investment in life insurance is more secure than stock market. No financial, psychological, performance and time risks are associated with life insurance investment.	Alfiero et al. (2022), Masud et al. (2021)
Perceived behavioural control	Independent	1. Goodwill of the life insurance company is important to me. 2. Life insurance service providers are trustworthy. 3. Life insurance agents/salesmen are reliable. 4. Purchasing experience of others motivates me to purchase life insurance.	Alfiero et al. (2022), Masud et al. (2021)

Results and Discussion

This section provides a comprehensive understanding of the analysis that was used to meet the ultimate objective of this study. Testing the reliability and validity of data makes the foundation for further analysis. Additionally, researchers have highlighted the normality of the data in different ways. According to the outcomes of the regression analysis, the analysis of variance (ANOVA) table is 1% significant, and that plays a critical role in the analysis. The profile of the respondents indicates a summary of 391 individual profile responses to the questionnaire survey (Annexure 1). Moreover, descriptive statistics emphasise the overview of all variables in this study. Correlation analysis considers the relationship between purchase behaviour (DV) and independent variables; except for risk perception (RP), there is 1% significant relationship (Annexure 2). However, there is a moderate positive relationship between risk perception and insurance purchase behaviour (Annexure 2). Under ordinary least squares (OLS) assumptions, the heteroscedasticity test shows that some residuals are lying outside the triangle-shaped lines. That means the variance of the residuals is constant (Annexure 3). According to the serial correlation test, model regression summary in the Annexure 4, the Durbin–Watsons value is 1.751. Since the model's value is between 1.5 and 2.5 range, the model is residually independent. As per the multicollinearity test, the variance inflation factor (VIF) values of Annexure 5 show that all the variables do not have multicollinearity problems since all the VIF values are less than 5. Finally, the findings support the applicability of the TPB and the TRA in the Sri Lankan context while providing valuable insights into the dynamics of life insurance purchasing behaviour in Sri Lanka.

Regression Results

Multiple Linear Regression.

Multiple linear regression analysis was conducted on cross-sectional survey data collected from respondents using SPSS software to analyse and quantify the relationship between the study's independent and dependent variables. This was done in order to determine whether the factors that have been identified are really affected by the purchasing of life insurance decisions of the general public in Sri Lanka.

R^2 measures the model's overall regression accuracy and the proportion of the dependent variable's variance explained by the independent variables. R^2 values should range from 0 to 1, inclusive. According to the model summary as given in Table 4, the coefficient of determination is 0.399. This means 39.9% of the dependent variable, purchase behaviour, has been explained by the model. Since it is more than 20%, the model can be applied.

The adjusted R^2 value of the model is 0.390. There is no huge change between the R^2 and the adjusted R^2. Therefore, the researchers can conclude that there are no unnecessary independent variables in the model. When it comes to the multicorrelation, the value is 0.632. That means independent variables:

Table 4. Model Summary.

Model	*R*	R^2	Adjusted Square	*R* Std Error of the Estimate	Durbin–Watson
1.	0.632	0.399	0.390	0.78005	1.751

Notes: *Dependent variable*: Purchase behaviour; *Predictors*: (Constant), Risk perception, Insurance literacy, Subjective norms, Perceived behavioural control, Purchase intention, Trust, Attitude.

Table 5. Analysis of Variance (ANOVA) Test.

	Sum of Squares	Df	Mean Square	*F*	Sig.
Regression	155.116	6	25.853	42.488	0.001
Residual	233.655	384	0.608		
Total	388.772	390			

Note: *Dependent variable*: Purchase behaviour; b. *Predictors*: (Constant), Risk perception, Insurance literacy, Subjective norms, Perceived behavioural control, Purchase intention, Trust, Attitude.

insurance literacy, attitude, subjective norms, trust, risk perception and perceived behavioural control are jointly correlated with the dependent variable: purchase behaviour.

According to the ANOVA table (Table 5), the model is statistically significant with a 1% significant level, which means all the independent variables jointly influence the dependent variable purchase behaviour. That is why this model is an appropriate model.

According to Table 6, the constant of the regression is negative 0.205. Insurance literacy and attitude have positive coefficients in the regression, and according to the *p* value, both variables are highly significant. Perceived behavioural control also has a positive coefficient and is significant. Similarly, subjective norms and trust have positive coefficients. Nevertheless, when it comes to the *p* values, both variables are not significant. However, the variable risk perception has a negative coefficient and it is not significant.

When it comes to the standard coefficient beta, the most dominant variable is attitude, scoring the highest value. Insurance literacy and perceived behavioural control, respectively, take second and third place when considering the standard coefficient beta. When management makes decisions, they need to pay attention to this order.

Hypothesis Testing

There are certain hypotheses that have been tested in this study. Table 7 shows the hypotheses that are used to carry out the research and the status of those hypotheses, whether they are supported or not supported.

Table 6. Multiple Linear Regression.

	Unstandardised Coefficients		Standardised Coefficient			Collinearity Statistics	
	B	Std Error	Beta	*t*	Sig.	Tolerance	VIF
(Constant)	–0.205	0.216		–0.951	0.342		
Insurance literacy	0.225	0.063	0.185	3.578	0.001	0.587	1.704
Attitude	0.432	0.071	0.372	6.058	0.001	0.415	2.411
Subjective norms	0.080	0.067	0.065	1.185	0.237	0.525	1.904
Perceived behavioural control	0.63	0.055	0.144	2.954	0.003	0.656	1.524
Trust	0.026	0.071	0.021	0.361	0.718	0.449	2.228
Risk perception	–0.033	0.063	–0.025	–0.514	0.607	0.675	1.481

Mediating Analysis

The models that have been used for mediating analysis are as follows.

Model 1	PB = $\beta_0 + \beta_1$(independent variable)
Model 2	PI = $\alpha_0 + \alpha_1$ (independent variable)
Model 3	PB = $\lambda_0 + \lambda_1$PI
Model 4	PB = $\delta_0 + \delta_1$ (independent variable) + δ_2PI

Researchers have analyzed the mediating effect of purchase intention by using the Baron and Kenny (1986) method. The results reported in Table 8 demonstrate that all the independent variables (IL, A, SN, PBC, T, RP) significantly influence the dependent variable (PB) according to model 1, and it is 1% significant. Model 2 represents all the independent variables (IL, A, SN, PBC, T, RP) that significantly influence the mediator (PI). Moreover, model 3 also supports this and the mediator (PI) has significantly influenced the dependent variable (PB).

Due to these 3 conditions are satisfied, it is shown that there is a mediating effect (Table 8). Therefore, final model 4 is analyzed by using independent variables (IL, A, SN, PBC, T, RP) and the mediator (PI) to the dependent variable (PB). According to the findings, insurance literacy (IL), attitude (A), and perceived behavioral control (PBC) along the mediator (PI) were 1% significant with the dependent variable (PB), while subjective norms (SN) were 5% significant with

Table 7. Hypotheses Testing Summary.

	Relationship	Path (B)/Coefficient	*p* Value	Decision	Supporting Literature
H_1	IL → PB	0.610	.001	Supported	Mai et al. (2020), Masud et al. (2021), Md et al. (2017); Omar (2007)
H_2	IL → PI	0.659	.001	Supported	Mai et al. (2020), Masud et al. (2021), Md et al. (2017)
H_3	IL → PI → PB	0.539	.001	Supported	Mai et al. (2020), Masud et al. (2021)
H_4	A → PB	0.676	.001	Supported	Husin and Rahman (2012), Luciano et al. (2015)
H_5	A → PI	0.788	.001	Supported	Husin and Rahman (2012), Luciano et al. (2015), Mai et al. (2020)
H_6	A → PI → PB	0.456	.001	Supported	Luciano et al. (2015), Mai et al. (2020)
H_7	SN → PB	0.558	.001	Supported	Echchabi and Aziz (2012a), Lada et al. (2009)
H_8	SN → PI	0.669	.001	Supported	Echchabi and Aziz (2012a), Lada et al. (2009)
H_9	SN → PI → PB	0.585	.001	Supported	Lada et al. (2009)
H_{10}	T → PB	0.550	.001	Supported	Ling et al. (2010), Omar (2007), Panigrahi et al. (2018)
H_{11}	T → PI	0.687	.001	Supported	Mai et al. (2020), Masud et al. (2021), Panigrahi et al. (2018)
H_{12}	T → PI → PB	0.591	.001	Supported	Ling et al. (2010), Mai et al. (2020)
H_{13}	RP → PB	0.383	.001	Supported	Arun et al. (2012), Md Husin and Ab Rahman (2016)
H_{14}	RP → PI	0.418	.001	Supported	Arun et al. (2012), Md Husin and Ab Rahman (2016)
H_{15}	RP → PI → PB	0.636	.001	Supported	Arun et al. (2012), Md Husin and Ab Rahman (2016)
H_{16}	PBC → PB	0.454	.001	Supported	Masud et al. (2021), Md Husin and Ab Rahman (2016), Taylor and Todd (1995)
H_{17}	PBC → PI	0.372	.001	Supported	Md Husin and Ab Rahman (2016), Taylor and Todd (1995)
H_{18}	PBC → PI → PB	0.590	.001	Supported	Md Husin and Ab Rahman (2016), Taylor and Todd (1995)
H_{19}	PI → PB	0.668	.001	Supported	–

Table 8. Mediating Analysis Models.

	Model 1		Model 2		Model 3		Model 4		
	p Value	Beta	*p* Value	Beta	*p* Value	Beta		*p* Value	Beta
IL	.001	0.610	.001	0.659				.001	0.255
							PI	.001	0.539
A	.001	0.676	.001	0.788				.001	0.316
							PI	.001	0.456
SN	.001	0.558	.001	0.669	.001	0.668		.005	0.166
							PI	.001	0.585
PBC	.001	0.454	.001	0.372				.001	0.235
							PI	.001	0.590
T	.001	0.550	.001	0.687				.017	0.144
							PI	.001	0.591
RP	.001	0.383	.001	0.418				.034	0.117
							PI	.001	0.636

the dependent variable (PB). It reveals that purchase intention (PI) partially mediates the relationship between these variables and the dependent variable (PB) due to the direct relationship between insurance literacy (IL), attitude (A), perceived behavioral control (PBC), subjective norms (SN) and the dependent variable (PB) even after accounting for purchase intention. However, there is a full mediation effect between trust (T), risk perception (RP), and the dependent variable (PB) due to these independent variables no longer influence the purchase behavior (PB) after the mediator has been controlled.

Implications, Limitations and Suggestions for Future Research

This research highlights both the theoretical and practical implications of its findings on life insurance purchase behaviour. Theoretically, the study reinforces the validity of the TPB and the TRA by demonstrating that attitude, subjective norms and perceived behavioural control are significant predictors of purchasing life insurance. IRCSL has consistently emphasised the importance of consumer education to boost insurance penetration. IRCSL's Annual Report 2021 highlighted that they empower public awareness through consumer education activities through print, electronic and social media. This included their rights, the importance of insurance and how to select suitable products. Additionally, they have mandated that all insurance policies must be available in all three official languages to reduce public confusion and build confidence. But in practicality, the research suggests that policymakers and insurance companies should prioritise factors like attitude, insurance literacy and subjective norms to increase life insurance penetration. This can be achieved through awareness campaigns, highlighting positive experiences, addressing misconceptions, and offering diverse and accessible product options.

Despite its contributions, the study acknowledges several limitations. The lack of prior research covering all provinces in Sri Lanka necessitated reliance on studies from other countries. Furthermore, the study's focus on only six quantitative factors and its neglect of qualitative influences may provide an incomplete picture of the drivers behind life insurance purchase decisions. The use of questionnaires also introduces the potential for socially desirable responses, which could impact the accuracy of the data.

To build upon this research, future studies are recommended to broaden the scope by investigating additional factors such as cultural influences, socio-economic conditions, product innovations and qualitative characteristics. Researchers could also explore more complex interrelationships between variables and examine the impact of digital platforms and digital literacy on life insurance purchase behaviour (Annexure 3). Expanding the target audience to include insurance companies and policymakers could provide a more comprehensive understanding of the factors influencing life insurance adoption in Sri Lanka from multiple perspectives.

Conclusion

This research provides a comprehensive analysis of the factors affecting life insurance purchase behaviour in Sri Lanka. The study confirms the significant influence of insurance literacy, attitude, subjective norms, trust, risk perception and perceived behavioural control on purchase behaviour, with purchase intention playing a mediating role. These findings have important implications for the Sri Lankan insurance industry and future research directions.

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Annexure 1: Profile of the Respondents

Variables	Frequency	%
Gender		
Male	183	46.8
Female	208	53.2
Age		
18–25	91	23.3
26–39	139	35.5
40–50	90	23.0
51 or above	71	18.2

(Annexure 1 continued)

(Annexure 1 continued)

Variables	Frequency	%
Highest Education		
Below OL	10	2.6
OL	31	7.9
AL	160	40.9
Degree	163	41.7
Postgraduate	27	6.9
Marital Status		
Married	202	51.7
Single	176	45.0
Other	13	3.3
Province		
Central	51	13.0
North central	39	10.0
North-western	50	12.8
Southern	45	11.5
Western	116	29.7
Northern	18	4.6
Eastern	25	6.4
Sabaragamuwa	30	7.7
	17	4.3

Annexure 2: Correlation Analysis

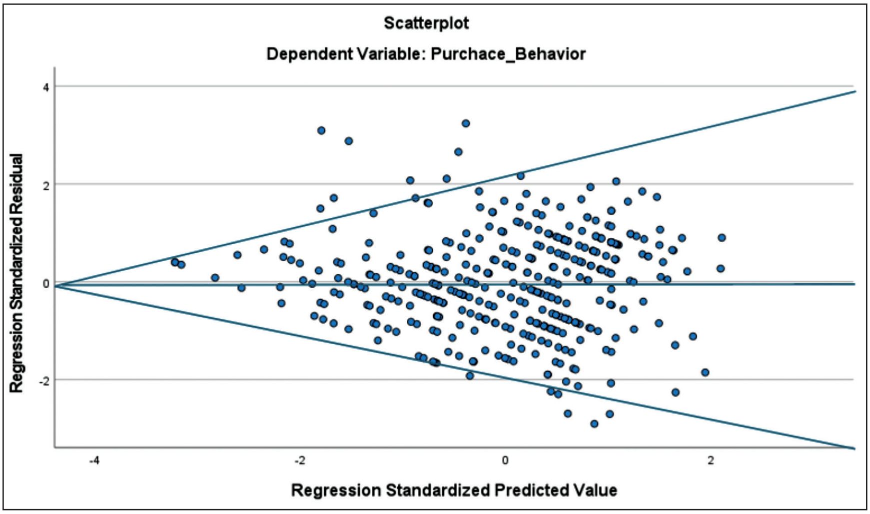
		PB	PI	IL	A	SN	PBC	T	RP
PB	Pearson correlation	1							
	Significance	NA							
PI	Pearson correlation	0.625	1						
	Significance	0.001	NA						
IL	Pearson correlation	0.501	0.579	1					
	Significance	0.001	0.001	NA					
A	Pearson correlation	0.583	0.728	0.588	1				
	Significance	0.001	0.001	0.001	NA				
SN	Pearson correlation	0.452	0.580	0.456	0.637	1			
	Significance	0.001	0.001	0.001	0.001	NA			

(Annexure 2 continued)

(Annexure 2 continued)

		PB	PI	IL	A	SN	PBC	T	RP
PBC	Pearson correlation	0.401	0.351	0.446	0.395	0.437	1		
	Significance	0.001	0.001	0.001	0.001	0.001	NA		
T	Pearson correlation	0.455	0.609	0.517	0.658	0.583	0.474	1	
	Significance	0.001	0.001	0.001	0.001	0.001	0.001	NA	0.001
RP	Pearson correlation	0.292	0.341	0.314	0.425	0.396	0.442	0.512	1
	Significance	0.001	0.001	0.001	0.001	0.001	0.001	0.001	NA

Annexure 3: Heteroscedasticity



Annexure 4: Serial Correlation

Model Summary					
Model	R	R^2	Adjusted R^2	Std Error of the Estimate	Durbin–Watson
1.	0.632	0.399	0.390	0.78005	1.751

Annexure 5: Multicollinearity

Unstandardised Coefficients			Standardised Coefficient			Collinearity Statistics	
	B	Std Error	Beta	*t*	Sig.	Tolerance	VIF
(Constant)	–0.205	0.216		–0.951	0.342		
Insurance literacy	0.225	0.063	0.185	3.578	0.001	0.587	1.704
Attitude	0.432	0.071	0.372	6.058	0.001	0.415	2.411
Subjective norms	0.080	0.067	0.065	1.185	0.237	0.525	1.904
Perceived behavioural control	0.63	0.055	0.144	2.954	0.003	0.656	1.524
Trust	0.026	0.071	0.021	0.361	0.718	0.449	2.228
Risk perception	–0.033	0.063	–0.025	–0.514	0.607	0.675	1.481

Review Article

Sustainability and Corporate Social Responsibility: A Blueprint for Modern Business Success

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Abstract

The continual economic evolution in the world has generated fears about the depletion of natural resources. In recent years, the industries have focused on the 'green business' concept to prioritise a sustainable environment by minimising their effects on the environment. Thus, the industry is offering environmentally friendly products or services, reducing the carbon footprint, to support green initiatives through local partnerships and philanthropy. This article explores the correlation between sustainability and corporate social responsibility (CSR), highlights the different approaches employed by the industry to accomplish these responsibilities, and appraises the development in the Southeast Asian region. Although Southeast Asia has opted for various CSR initiatives and has been engaged in environmental sustainability drives, the effect is far too minimal in most of the countries. Regardless of the increasing trend of global interest in adopting CSR among businesses, as of date, the share of businesses adopting CSR is still relatively very low. The CSR journey of Southeast Asia is marked by strong community engagement, government influence and emerging regulatory frameworks. The region has to face both challenges and avail an opportunity to redefine CSR within its own socio-economic context.

Keywords

Sustainability, modern business, economic evaluation, corporate social responsibility, Southeast Asia,

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Introduction

The concept of 'Green Business' is not new to the exponentially growing industries world over. It roused during the 20th century due to increasing concern about environmental issues like depletion of natural resources due to their exhaustive usage.

In today's globalised economy, sustainability and corporate social responsibility (CSR) the green business has emerged as non-negotiable essentials for business. Stakeholders ranging from customers and employees to investors and regulators demand that companies should not only deliver profits but also be sustainable.

Today, businesses are no longer judged solely by their financial performance, but they are being judged by their contributions to the environment, and thus, the sustainable business practices form the backbone of long-term value creation. From reducing environmental harm to supporting communities and upholding ethical governance, CSR initiatives align corporate actions with broader societal needs (Aghelie, 2017; Aithal, 2019; Purwandani & Michaud, 2021; Rai & Jambhulkar, 2018; Singh & Thakar, 2018; Utting, 2000).

This study focuses on the adoption and implementation of CSR and sustainability practices with an emphasis on Southeast Asia. The role of CSR in advancing sustainability within modern business, vis-à-vis the current state of CSR adoption in Southeast Asian countries, and to identify the advantages of integrating CSR into business strategies is studied. Further, the comparison of CSR practices in Southeast Asia vis-à-vis those in developed countries, by highlighting the differences, gaps and limitations of CSR adoption and in Southeast Asia, with emphasis on fiscal and tax-related barriers, are discussed. The recommendations on the strategies for overcoming implementation challenges and aligning CSR with global sustainability standards are also provided to bridge the gaps and offer the region the opportunities to redefine CSR.

Today, there is a need to understand how companies are engaged in sustainable development, their impact on financial performance, and how they navigate diverse institutional, cultural and political contexts. This study will help to identify key factors shaping practices, explore the shift from obligation to strategic tool, and inform policies for promoting more effective and impactful initiatives, especially as a response to increasing globalisation and development challenges. This will also help the companies build stronger brands, improve customer loyalty, attract and retain talent, and foster long-term sustainability. Understanding CSR issues will also enable individuals to help businesses to integrate ethical and environmental considerations into their strategies. The study will also propose strategies for overcoming implementation challenges and aligning CSR with global sustainability standards.

The Green Business Practices

The terms 'green economy' or 'green business' may be defined as an economy or business which minimises its negative impacts on the environment while improving the welfare of society by different means. The term 'green' is normally used for an action towards a sustainable environment. It highlights the environmental impact arising from any organisation and environmental policies of governments, national and international environmental regulations, and competitive pressures.

There are various terms being used for referring to the concept of 'green business'. These are sustainopreneurship, ecoentrepreneurship, environmental entrepreneurship, ecological entrepreneurship, ecopreneurship, sustainable entrepreneurship and enviropreneurship. All these phrases refer to entrepreneurs and smaller businesses willing to decrease their environmental impact and improve their activities towards green principles like sustainability and environmental friendliness. It is also defined as 'creating value through ecological principles' and 'entrepreneurship through an environmental lens'. Today, a green business is a way to accomplish green growth. It is a development that emphasises confirming the sustainability of the environment and, at the same time, promotes economic growth (Aithal, 2019; Purwandani & Michaud, 2021).

The reason behind adopting green business practices in many developing countries like India varies. Sometimes it is required by customers or by regional governments. In some cases, the organisation may think of it as an investment opportunity. The organisation may implement it due to the self-motivation of the stockholders or due to pressure from the community. Some organisations implement it for improving their brand image in the public. Generally, larger organisations are more familiar with the approach, as they acquire more efficient management functionality and discipline (Aghelie, 2017; Čekanavičius et al., 2014; Purwandani & Michaud, 2021; Rai & Jambhulkar, 2018; Singh & Thakar, 2018).

The Role of CSR in Advancing Sustainability

CSR refers to a company's commitment to manage its operations ethically, contributing to economic development while improving the quality of life for its workforce, their families, the local community and society at large. Sustainability, in this context, focuses on the environmental dimension of CSR, ensuring that resources are used responsibly to support long-term planetary health. Together, these approaches ensure that businesses are accountable for their impacts and are proactive in addressing challenges such as climate change and carbon emissions, biodiversity loss and habitat degradation, water and air pollution and social inequalities and labour exploitation (European Commission, 2019; International Organization for Standardization [ISO], 2010; United Nations, 2015; United Nations Global Compact, n.d.; US Environmental Protection Agency, n.d.; World Bank, 2021).

Thus, by aligning business practices with CSR principles, organisations can minimise harm and enhance their environmental and social footprints, strengthen community trust and stakeholder relationships, meet legal and ethical obligations, and drive innovation and competitiveness in a values-based market (Elkington, 1994; Ellen MacArthur Foundation, 2021; *Harvard Business Review*, 2016; ISO, 2010).

Core Strategies for Responsible and Sustainable Business

Sustainable business practices often lead to improved efficiency and reduced costs, which can directly impact an organisation's profile. For example, the implementation of energy-efficient technologies can lower utility expenses, while sustainable supply chain practices can reduce waste and improve operational efficiencies. The following are some of the core strategies for businesses to be 'Responsible and Sustainable'.

Environmental Stewardship

It is about protecting and responsibly using the natural environment through sustainable practices and conservation efforts, and ensuring the long-term healthy ecosystems and the well-being of future generations. It involves making choices and taking actions that minimise negative impacts and promote a healthy environment. The organisations involved in CSR activities can help in reducing the environmental burden of their business in different ways. For example, the business may adopt energy-efficient processes and technologies, or substitute renewable energy in the processes wherever feasible, or reduce waste generation using circular economy models, or may encourage the use of sustainable packaging (Ellen MacArthur Foundation, 2021; Global Reporting Initiative, 2021; Patagonia, 2023; World Bank, 2021).

Ethical Supply Chains

An ethical supply chain is a system where businesses prioritise fair labour practices, environmental sustainability and human rights throughout their entire supply chain, from sourcing raw materials to delivering finished products. This approach involves establishing strong relationships with suppliers, monitoring their compliance with ethical standards, and addressing any issues that arise. A sustainable business ensures that its entire value chain, from raw materials to product delivery, adheres to ethical and environmental standards. This can be done by evaluating the suppliers for environmental and labour compliance, or by improving transportation to reduce the carbon footprint, or by encouraging local and fair-trade sourcing (Global Reporting Initiative, 2021; ISO, 2010; United Nations, 2015; United Nations Global Compact, n.d.).

Community and Social Engagement

The organisation can achieve this by actively participating in communities and society, and by fostering a sense of belonging, to work together for resolving common issues. It encompasses various forms of participation, including volunteering, attending community events, and joining clubs or businesses engaged in CSR activities are supporting local communities in different ways, like providing education to needy students, providing facilities for improving the health of the underprivileged sectors, and infrastructure, or by promoting equity and diversity, or by strengthening underrepresented groups, and by supporting fair wages and so on (Elkington, 1994; ISO, 2010; United Nations, 2015).

Transparent Governance and Reporting

Transparent governance and reporting involve making information about government and corporate actions readily accessible to the public, promoting accountability and public trust. It is a key element of good governance and helps prevent corruption by allowing citizens to monitor how resources are used and hold officials accountable. The sustainability performance must be measurable and transparent. This can be done by the implementation of various CSR activities, which will help in adopting reporting standards on environmental, social and governance (ESG), and obligating to third-party audits/certifications like ISO 14001, and ensuring accountability through stakeholder communication (Global Reporting Initiative, 2021; ISO, 2010; United Nations Global Compact, n.d.).

Employee Involvement and Workplace Well-being

Employee involvement and workplace well-being are intertwined, impacting both employee health and organisational success. Prioritising employee welfare nurtures a more engaged and productive workforce and provides benefits like improved satisfaction levels and enhanced work culture. Organisations internal sustainability thrives on a responsible culture. The CSR strategies focus on various aspects, like employee training and involvement in green initiatives, work–life balance, workplace health, ethical leadership and open dialogue (Asian Development Bank [ADB], 2022; *Harvard Business Review*, 2016; United Nations Global Compact, n.d.).

Environmental Governance and CSR Progress in Southeast Asia

For implementing CSR activities and fostering sustainable growth in Southeast Asia, the industry witnesses both challenges and opportunities. The Southeast Asia region faces critical environmental issues, including pollution, deforestation and climate risks, which are often intensified by rapid industrialisation (United Nations Global Compact, n.d.; World Bank, 2021). However, in recent years, those organisations that have taken CSR initiatives at the regional and national levels are progressing notably. The steps taken by different countries for improving regional and national sustainability are discussed below.

Government Initiatives

Policies such as Malaysia's Green technology master plan and Thailand's Bio-Circular-Green (BCG) Economy Model promote responsible business transformation. These plans integrate sustainability goals with national economic development (ADB, 2022; United Nations Economic and Social Commission for Asia and the Pacific [UNESCAP], 2020).

Corporate Engagement

Increasingly, companies in Vietnam, Indonesia and the Philippines are adopting environmental impact assessments and sustainability reporting as standard practices. Green financing, ESG benchmarks and CSR disclosures are gaining traction (IKEA, 2023; Unilever, 2022; World Bank, 2021).

Regional Cooperation

The countries from the Association of Southeast Asian Nations (ASEAN) are working together through frameworks like the ASEAN Agreement on Transboundary Haze Pollution, addressing shared environmental challenges through joint governance (ASEAN, 2021; UNESCAP, 2020).

Civil Society and Non-governmental Organisations (NGOs)

NGOs and watchdog groups are playing a pivotal role in driving transparency, pressuring companies and governments alike to meet sustainability standards and honour CSR commitments (ASEAN, 2021; UNESCAP, 2020).

Benefits of Integrating Sustainability and CSR in Business

Performing CSR activities is an excellent way to exhibit an organisation's attitude on the environment, economy and society. This self-regulating business model helps organisations be socially accountable to themselves, their stakeholders and the public. By practising CSR, organisations can become conscious of the kind of impact they have on all aspects of society. The following are some of the important benefits which can avail by the organisations participating in sustainability and CSR in their business.

Reputational Strength and Market Positioning

Organisations that demonstrate genuine responsibility build strong reputations. Today, in competitive markets, there are increased customer loyalty concept among the younger generation and socially aware consumers. CSR initiatives help differentiate brands (*Harvard Business Review*, 2016; Patagonia, 2023).

Financial Resilience and Investment Opportunities

Green businesses are increasingly attracting green ESG-focused investors. The CSR alignment also opens access to government incentives, subsidies and international green financing options (ADB, 2022; *Harvard Business Review*, 2016; IKEA, 2023).

Operational Efficiency and Risk Mitigation

Energy and resource-efficient operations reduce costs and buffer against regulatory risks, supply chain disruptions and environmental liabilities (Elkington, 1994; European Commission, 2019).

Long-term Innovation and Growth

CSR nurtures a culture of innovation. From eco-friendly product design to clean technology and digital transparency tools, sustainable companies often lead in new product and service development (Ellen MacArthur Foundation, 2021; Patagonia, 2023).

Contribution to Global Goals

CSR-driven businesses contribute meaningfully to the United Nations Sustainable Development Goals (SDGs), especially those focusing on climate action, responsible consumption, decent work and inclusive economic growth (United Nations, 2015).

Limitations of CSR in Southeast Asia on Tax and Fiscal Pressures

Despite the growing importance of sustainability, businesses in Southeast Asia face significant fiscal and financial constraints that limit their CSR capacity. As given below, these limitations differ from those in developed economies and must be considered to understand the regional CSR landscape.

1. Over 95% of businesses in ASEAN are small and medium-sized enterprises (SMEs), yet they struggle to comply with taxation frameworks (Organisation for Economic Co-operation and Development [OECD], 2021). Due to this, there is also a limit on profit margins, and there are higher relative tax burdens, which give those more of an overall disadvantage (Yoshino et al., 2023).
2. CSR-linked tax incentives are inconsistent across the region compared to some countries like Singapore and Malaysia, which provide tax breaks for green technology adoption (ASEAN-BAC, 2025; Nguyen et al., 2020). This inconsistency creates unequal opportunities between businesses, giving larger corporations more advantages (ASEAN-BAC, 2025).
3. Many Southeast Asian firms prioritise immediate cost-saving measures to compete with the volatile markets and inflationary pressures (OECD,

2021). This often sidelines CSR investments, as it is considered non-essential expenditure (Yoshino et al., 2023).

4. A significant portion of businesses in Asia operate in the informal sector, making tax collection difficult (Nguyen et al., 2020). Due to this, many firms bypass regulatory obligations, including sustainability reporting (OECD, 2021).
5 .Southeast Asian firms lack widespread access to structured fiscal incentives, ESG-linked funding and established green bond markets, limiting their competitiveness in global sustainability rankings (ASEAN-BAC, 2025; Yoshino et al., 2023) with multinational companies in Europe and North America (OECD, 2021).

Overall, the tax and fiscal pressures create a structural limitation for CSR adoption in Southeast Asia. Unless governments strengthen fiscal incentives, simplify compliance for SMEs and integrate CSR spending into tax-deductible frameworks, CSR will remain concentrated among large corporations rather than being a widespread regional business practice (Nguyen et al., 2020; OECD, 2021; Yoshino et al., 2023).

Overcoming Challenges in CSR Implementation

Running a green business is indeed a challenging job. Many businesses have adopted CSR and other environmental policies. Many are engaged in corporate aid and taking measures to improve the impact of their business. However, the overall effects of these trends are far weaker in most developing countries (Aithal, 2019). Many large corporate organisations in Southeast Asia have their CSR policies; however, the implementation levels vary significantly in these countries (Putra et al., 2024). Despite growing momentum, companies may face obstacles in the implementation of CSR in their businesses. This may include stakeholder resistance to change, high initial costs, resource constraints, complexity in global supply chains, regulatory complexity and so on (Aithal, 2019; Utting, 2000). Some of the solutions for overcoming the challenges include: access to low-interest loans, tax breaks and subsidies that support sustainable investments, starting with low-cost or high-impact areas allows manageable transitions, partnering with NGOs, academic institutions, and industry peers enhances knowledge and collective action and publishing regular CSR reports fosters trust and enables benchmarking progress (Global Reporting Initiative, 2021; *Harvard Business Review*, 2016; IKEA, 2023; UNESCAP, 2020; United Nations Global Compact, n.d.).

How Southeast Asia is Different from Others in CSR

Southeast Asia has unique characteristics compared to other regions. With respect to the regulatory and voluntary approaches, in Europe and North America, CSR is often market-driven and integrated voluntarily into business strategy, influenced by consumer and investor expectations (Matten & Moon, 2020), but in Southeast Asia, CSR adoption is more government-led. National frameworks such as Malaysia's Green Technology Master Plan and Thailand's BCG Model provide policy direction, but enforcement varies across countries (ASEAN Secretariat, 2023; OECD, 2022).

Also, Southeast Asia closely focuses on community development, philanthropy and social welfare, reflecting cultural values of collectivism and social responsibility (Chapple & Moon, 2005; Visser, 2016). By contrast, Western CSR emphasises environmental impact, corporate governance and transparency in global supply chains (Porter & Kramer, 2019).

The Southeast Asian economy relies heavily on SMEs, many of which struggle with financing and knowledge gaps to implement CSR (ADB, 2021). However, global multinationals usually have greater as discussed in the limitations (PricewaterhouseCoopers [PwC], 2023).

Nowadays, large ASEAN corporations are making significant progress in sustainability reporting and green finance, while smaller firms often treat CSR as charitable giving rather than as an integrated business strategy (UNESCAP, 2022); compared to Western economies, CSR has matured into long-term strategic commitments tied directly to profit models (Carroll, 2021). And regarding financing and investment, the global ESG investment market exceeds $35 trillion, while ASEAN's remains relatively modest ($300 billion in 2022). This limits the scale of sustainable transformation in the region compared to Europe and North America (OECD, 2022; World Bank, 2023).

Thus, Southeast Asia's CSR is highly dependent on the engagement of the community, the influence of the government and emerging regulatory frameworks. Though in global trends of CSR underscore market-driven transparency, the integration of advanced ESG and financing on a large scale (ASEAN Secretariat, 2023; ADB, 2021). Table 1 illustrates the comparative CSR and sustainability adoption trends across global corporations and Southeast Asia, showing levels of ESG reporting, renewable energy use and sustainability-linked investment.

There are significant differences in CSR adoption between global corporations and Southeast Asian firms (ASEAN Secretariat, 2023; OECD, 2021; PwC, 2023). The global corporations report an 85%–90% adoption rate, while Southeast Asian firms show 50%–60% (PwC, 2023; World Bank, 2023). This gap suggests that CSR remains more of a compliance-driven or reputational practice in Southeast Asia, rather than a deeply integrated business strategy (Carroll, 2021; Visser, 2016). The global business has achieved a 50%–60% renewable energy integration, while Southeast Asia lags at 15%–20% (ADB, 2021; OECD, 2021). This demonstrates limited investment capacity, weaker policy incentives and infrastructure constraints in the region (Nguyen et al., 2020). Over 70% of global firms have announced carbon neutrality targets, compared to only 30% in Southeast Asia (ASEAN Secretariat, 2023; World Bank, 2023). This reflects weaker enforcement of carbon neutrality in ASEAN economies (Porter & Kramer, 2019). The ESG-related investments in global firms account for 40%–45% of financing, while Southeast Asian firms are at just 10%–12% (Bloomberg

Table 1. Corporate Social Responsibility (CSR) and Sustainability Adoption Trends Across Global Corporations and Southeast Asia.

Indicator	Global (Top 250 Firms)	Southeast Asia (Top 100 Firms)	Findings
Firms publishing CSR/ sustainability reports	96% (KPMG, 2022)	68% (ASEAN, 2022)	CSR reporting is nearly universal globally but still developing in Southeast Asia.
Firms with net zero or carbon neutral pledges	70% (Net Zero Tracker, 2023)	42% (ADB, 2022)	A significant gap shows regional lag in climate commitments.
Renewable energy use in operations	55% (Carbon Disclosure Project [CDP], 2022)	30% (ADB, 2022)	Global leaders move faster; ASEAN nations face infrastructure and financing challenges.
Green bonds issuance	$500 billion (Climate Bonds Initiative, 2022)	$23 billion (ASEAN, 2022)	ASEAN green bond market is growing but small compared to global issuance.
ESG-focused investments	$35 trillion (Blanc & Goyal, 2021)	$300 billion (ASEAN, 2022)	Investment in Asia remains modest but has strong growth potential.

Note: ASEAN: Association of Southeast Asian Nations; ESG: Environmental, social and governance.

Intelligence, 2023; OECD, 2021; PwC, 2023). This indicates underdeveloped green financial instruments in the region, limited availability of ESG bonds and weaker integration of sustainability into financial markets (ADB, 2021).

The comparison between global firms increasingly aligns with Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) standards, whereas Southeast Asian firms show inconsistent reporting practices (ASEAN-BAC, 2025; PwC, 2023). This reflects differences in regulatory frameworks and governance capacity (Matten & Moon, 2020).

It is seen that, while Southeast Asia is making progress in CSR adoption, the region lags significantly behind global counterparts in terms of renewable energy, carbon neutrality and ESG financing (OECD, 2021; Tesla, 2023; World Bank, 2023). The structural issues, such as fiscal pressures, weak regulatory incentives and fragmented reporting systems, remain major barriers (ADB, 2021; Nguyen et al., 2020). If Southeast Asia can strengthen policy support, tax incentives and financial instruments, the gap in CSR implementation could narrow significantly (ASEAN Secretariat, 2023; PwC, 2023). The following are some of the recommendations proposed by various researchers for businesses and policymakers in Southeast Asia.

1. Governments should provide tax breaks, subsidies and fiscal incentives to businesses investing in renewable energy, waste reduction and sustainable technologies (ADB, 2021; Nguyen et al., 2020). Developing green financing instruments, such as ESG bonds, sustainability-linked loans and carbon credits, will also encourage wider adoption (OECD, 2021; PwC, 2023).
2. The government may establish mandatory CSR reporting standards aligned with international frameworks such as GRI, SASB or TCFD (Matten & Moon, 2020; PwC, 2023) and improve enforcement mechanisms to ensure businesses comply with sustainability commitments rather than treating them as symbolic (Carroll, 2021; Carroll & Brown, 2018; Porter & Kramer, 2019).
3. Governments, corporations and civil society organisations should collaborate on large-scale green projects, such as renewable energy infrastructure, waste recycling systems and sustainable agriculture (ASEAN Secretariat, 2023; ADB, 2021).
4. Organisations can provide training programmes, workshops and awareness campaigns for employees, SMEs and local communities to build knowledge on CSR and sustainable practices (UNESCAP, 2022; Visser, 2016). Academic institutions should integrate CSR and sustainability into their curricula to prepare future business leaders (Carroll, 2021).
5. For SMEs, a step-by-step integration approach starting with low-cost sustainability measures can build momentum for larger commitments over time (ADB, 2021; OECD, 2021).
6. Companies should adopt artificial intelligence (AI), Internet of Things (IoT) and blockchain for energy efficiency tracking, transparent supply chain monitoring and carbon accounting (PwC, 2023; World Bank, 2023).

Data-driven decision-making will enhance accountability and improve sustainability performance (Porter & Kramer, 2019).

7. ASEAN members should strengthen cross-border collaborations on environmental governance (e.g., haze control, renewable energy grids) (ASEAN Secretariat, 2023). A regional CSR framework can harmonise sustainability practices and make Southeast Asia more competitive in the global ESG market (ASEAN-BAC, 2025; OECD, 2021).

Conclusion

Sustainable development emphasises and ensures environmental protection and, at the same time, promotes economic growth. Sustainability and CSR are no longer add-ons and are the foundation of the success of modern businesses. By embedding CSR into corporate strategy, companies not only future-proof their operations but also champion a vision of business as a force for good. From environmental protection to social equity, CSR strengthens businesses to lead with purpose, engage stakeholders and contribute to a more resilient and inclusive global economy. In this time of growing environmental and ethical awareness, organisations that walk the talk will define the future.

Today, running a green business is a challenging job in Southeast Asian countries. Many SMEs are struggling to overcome various barriers associated with green business. Despite the increasing wave of global enthusiasm for adopting CSR among businesses, the share of companies adopting CSR is still relatively very low. However, in the CSR journey of Southeast Asia, along with strong community engagement and government influence, there exists an emerging regulatory framework, but it differs from global CSR trends, which emphasise market-driven transparency and advanced ESG integration, along with large-scale financing. Bridging these gaps will offer the Southeast region both a challenge and an opportunity to redefine CSR within its own socio-economic context, and looking at the pace of technological development in Southeast Asian countries, it is opined that the green business concept will definitely be the need of businesses for promoting sustainable growth.

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