## RESEARCH PAPER

## On

**CORPORATE SOCIAL RESPONSBILITY**

**OF**

**FINANCIAL PERFORMANCE**



##### MASTER OF BUSINESS ADMINISTRATION

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**Abstract**

Companies have taken the initiative to be socially responsible over the years. In the past, the focus for companies has been on maximizing wealth. With the growth of corporate social responsibility (CSR), there has been many debates regarding its benefits. More companies are beginning to realize the value of being socially responsible and how critical it is to business function. This paper researches past studies on the relationship between corporate social responsibility and financial performance.

This relationship is then tested using a reliable source of data on corporate social responsibility performance. Although corporate social responsibility (CSR) has been gaining relevance in the academic, business, and political worlds, the relationship between CSR and performance remains unclear. This study provides a better understanding of the relationship between companies' financial performance and CSR activities.

In other words, can the allocation of company resources to address social, environmental, and governance issues be a source of synergy to increase business value and improve financial performance for the benefit of the company and its stakeholders? To shed new light on this issue, we mapped this topic via a systematic review and content analysis of 53 articles identified in the confluence between CSR and financial performance from 1984 to 2021.

Our study suggests that CSR directly impacts a company's financial performance, and this impact becomes more significant as the company's environmental, social, and governance (ESG) scores improve. Moreover, we must note that this is a comprehensive study whose results include analyses of companies from the world's largest stock market indices, mutual funds, sustainable portfolios, non-sustainable portfolios, regions, asset classes for ESG investing, emerging markets, developed and developing countries, among others. Additionally, this study provides a path for future research.

**Need for the study**

CSR also has a positive association with long-term financial performance. Different measures

predetermine the relationship between CSR and financial performance. The Fortune and KLD

indices follow each other. The TRI and Philanthropy indices diverge at the CSR level and do

not correlate with financial performance.

It’s incredibly important that your company operates in a way that demonstrates social

responsibility. Although it’s not a legal requirement, it’s seen as good practice for you to take

into account social and environmental issues.

Social responsibility and ethical practices are vital to your success. The 2015 Cone

Communications/Ebiquity Global CSR study found that a staggering 91% of global consumers

expect businesses to operate responsibly to address social and environmental issues. Furthermore,

84% say they seek out responsible products wherever possible.

As the above statistics show, consumers are increasingly aware of the importance of social

responsibility, and actively seek products from businesses that operate ethically. CSR

demonstrates that you’re a business that takes an interest in wider social issues, rather than just

those that impact your profit margins, which will attract customers who share the same values.

Therefore, it makes good business sense to operate sustainably.

**Review of literature Theoretical background**

Corporate social responsibility as a specific theory affirms that corporations are entities with

economic, legal, ethical, and philanthropic obligations. Corporations responsible for a triple

bottom line seek sustainability in the economic, social, and environmental realms.

CSR typically includes issues like business ethics, community engagement, global warming,

water management, human dignity & rights etc.

**Research Methodology**

CSR is the procedure that applies to assess an organization's impact on society and evaluating

their responsibilities. It starts with an assessment of the following aspects of each

business: Suppliers.

Research is primarily qualitative and case based. The reason for choosing the case study strategy

is the exploratory and the qualitative nature of study. Since the case studies have become one of

the most common ways to do qualitative inquiry” of the reasons to use case studies in our research

is its quality of flexibility which allows the

researchers to use multiple data collection methods. flexibility is always the main strength of the case study strategy in terms of interpretation and getting access to the specified places, or organizations. The research is a based on secondary data. We used document analysis/content analysis as main method of data collection. Document analysis/content analysis also called “textual analysis” in the study will include all kinds of academic articles, textual and multimedia products, ranging from television Programme to web sites on the internet.

This systematic literature review includes bibliometric and content analyses. Bibliometric studies have gained importance given the growing number of scientific publications and their capacity to use techniques to quantify the process of written communication (Ikpaahindi, 1985). Simultaneously, citation analysis can be used to identify influential scientific articles and their relationships (Chai & Xiao, 2012). Combining content analysis with bibliometric analysis is a way to identify the trends, topics, and fields discussed most frequently in the literature, and the gaps that may exist (Carvalho et al., 2013). A research protocol (Figure 1) suited to the methodological rigour required in a systematic literature review was developed to map and analyse relevant studies to meet the proposed objective. Based on Tranfield et al. (2003), the systematisation of the protocol encompasses three stages: planning the review, conducting the review, and disseminating knowledge.

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