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The Nexus Between CSR Practices and Financial Performance: Empirical Evidence from the Manufacturing Sector in India

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ABSTRACT

This research investigates the association between corporate social responsibility (CSR) and the financial performance of manufacturing firms listed in India subsequent to the enactment of The Companies Act, 201, Section 135. This paper uses the pooled OLS, random effect panel regression model, multicollinearity, and normality test for data analysis on 41 manufacturing companies top listed in nifty 100 for the duration of 2015-2023. The empirical study of this manuscript determines that CSR expenses have a positive link with ROE and ROA and adverse link with Tobin's Q. The implications of this manuscript are for customers, investors, managers and contributors. Therefore, this study can give some insights into how much organisations spend on CSR activities and its effect on FP after adopting CSR practices. The study can also be used by policymakers to evaluate the effectiveness of present CSR regulations and to make necessary amendments to promote better CSR practices. This manuscript highlights the gap in the link between CSR and the FP of the listed manufacturing companies from the Nifty 100 index of India with recent data.

Keywords: Corporate Social Responsibility (CSR), India, Mandatory CSR, Firm performance, corporate social responsibility, ROA, ROE, Tobin's Q

Introduction

CSR is the framework that refers to the institute's obligation to operate in a socially, economically, and environmentally responsible manner. In recent days, CSR practices have been adopted by many companies all over the world. CSR is the firm's attempt to fortify socioeconomic welfare in addition to its profit-making goals. CSR activities are believed to give the firm a positive image and add value to its financial benefits. Modern stakeholders are very much socially concerned and pay attention to how corporations respond to social activities. Hence, companies prioritise CSR practices that yield positive value, increasing customer traffic and profits. Some corporate social responsibility activities also reduce costs, benefiting the firm's FP.

According to a modern study (Satapathy & Paltasingh, 2019), CSR in India is described as an expedition from empathy to purposeful dedication. The word CSR may have emerged from Western ideology, but the concept of Philanthropy in India arose from its own cultural values and philosophy. In India, donation and charity are deeply ingrained in social culture, out of which a portion of revenues are donated for social and communal welfare (Sharma & Aggarwal, 2021). Many companies worldwide have adopted CSR programs for the well-being of society. Even in India, involvement of business in social issues is regarded as a form of social responsibility towards the society. The Indian firm’s rich practices of social engagement, charity and philanthropy since the early twentieth century have been recognised by many reporters (Sood & Arora, 2006).

The Indian government implemented the Companies Act, 2013, of which section 135, declares that companies must invest two percent of their net profit for CSR activities over 3 preceding years to ensure that every sector contributes to fulfilling the needs of society (Sharma & Aggarwal, 2021). CSR practices in India differ from other nations as they were made compulsory and governed by law.

The term CSR also attracted many researchers worldwide as people are more interested in using ethically sustainable products. Therefore, various studies were conducted to study the linkage between the two parameters from different industries. The results from the various manucripts have shown different types of relationship between the two variables, sometimes these linkage were positive, negative and even neutral link. Most manuscripts have explored affirmative link between CSR and FP (Saad. S.B. & Belkacem. L, 2021; Anissa Dakhli, 2021; Farhan et al., 2022). The linkage between the financial performance and CSR activities of the firm have been studied for decades, and there is plenty of literature regarding this study. Regardless of these attempts, the findings are uncertain (Schnippering, 2020; McWilliams & Siegel, 2000; Margolis et al., 2009). Substantial reviews from major portion of literatures related with CSR states that corporate social concern effects the market rate of return, while few literature depicts that CSR can enhance the company’s earning rate, along with positive effect on market returns (Blasi et al., 2018). This particular study explored the decrease in financial risk due to CSR expenditure in all parameters. The companies involved in the social practices will have a competitive advantage because the investors prefer to be associated in those companies that are more socially engaged (Ramasamy et al., 2007). It was believed that the firm’s initiatives towards the society in the form of CSR, may help to offer economic and social upliftment to the country’s population (Agrawal & Sahasranamam, 2016).

Some papers also analysed the inverse link between CSR and FP (Sharma & Aggarwal, 2021; Kabir. M.A & Chowdhury. S.S., 2023; Fahad. P. & Busru, 2021). Certain experimental studies have identified a similar inverse link between CSR disclosure and FP, supporting the notion that CSR activities are not direct towards the return to investors of the frim but rather are the results of agency concerns (Cho et al., 2012; Gillan et al., 2021). The negative association may be traced to when companies engage in social activities; there will be increased social expenses, reducing profit maximisation efforts. The explanation in the support of negative correlation is from agency theory. From the agency's point of view, CSR efforts are related to the redirection of shareholder surveys, which may intensify the information off-balance issues and reduces the firm's image, resulting adverse effects of higher capital limitations (Bacha et al., 2021). Some other studies also highlighted the inverse correlation between CSR and corporate performance (Hirigoyen & Rehm, 2015; Lin et al., 2019).

Some of the manuscripts highlighted a neutral association between the two variables. These studies support the dominant position in the literature that a neutral connection exists between CSR and corporate FP(s). There is some research on developing nations in the literature, and those that exist do not give definitive conclusions (Hasan et al., 2022). The authors showed how adding R&D as a variable in the model turned down the positive association between CSR and FP to a neutral link between them (McWilliams & Siegel, 2000). According to the study (Sekhon & Kathuria, 20), the effect of CSR on FP might be either neutral or negative

Literature Review

The socially responsible companies perform a profitable business while accounting for the positive and negative environmental, economics & social effects on society. Moir (2001) stated that CSR advocates address issues such as market place, employees, community, and environment, while the study (Rowe, 2006) found that CSR is more charitable giving. CSR has been supported since the "Slump of 1929" (Berle, 1932), with the contributors promoting the premise that corporations have social responsibility over and above the profits. From the 1970s onwards, the definition of CSR grew considerably clearer (Mishra, 2019). While the study (Johnson, 1971) defined the organisation which are socially responsible towards the stakeholders could hold up the interests of multiple collaborators and shareholders.

Plenty of authors have developed new interpretation to CSR over the last 30 years (McWilliams & Seigel, 2000; Margolis et al., 2007). The common thematic that runs through such interpretation emphasises the significance of incorporating socioeconomic issues into commercial actions. Some theories, such as strategic humanitarianism and CSR (Dienhart, 1988; McWilliams & Seigel, 2001), argue that CSR increases business profitability.

In the Indian context, the extent and intensity of CSR efforts are governed by the collaborative effect of social pressure which leads to increased performance (Baron et al., 2011; Story & Neves, 2015). The company act 2013, section 135 in India includes a list of firms that must spend a minimum of 2% of their average net profit towards social welfare activities. The average net profit is computed by averaging the net profits of the previous 3 fiscal years. During any fiscal year, these enterprises must have a turnover of Rs.1000 cr. or more, or net worth of Rs.500 cr. or more, and a net profit of Rs.5 cr. or more. When the section was introduced, the Act followed a comply or explain policy. The company that failed to meet CSR spending targets must explain the reason in its financial report (Sharma & Aggarwal, 2022).

Certain scholars have employed reputation metrics as a means to quantify Corporate Social Responsibility (CSR), whereas alternative researchers have adopted a company rating methodology. Nonetheless, content analysis has been extensively utilized in numerous preceding investigations to scrutinize annual reports for information pertaining to CSR disclosures. In prior studies, market-based & accounting-based and indicators have been employed as stand-in for FP to analyse its association with CSR (Saleh et al., 2011; Kolsi & Attayah, 2018). On the other hand, disagrees with the existence of a link between CSR and the two ratios. Despite ongoing disagreements (Saleh et al., 2011), most of the previous literatures showed that accounting-based metrics are preferred more over market-based measures (Hasan, 2021). As a result, the current uses both the accounting and market-based metrics for financial performance (FP) as dependent variables.

Theoretical Background

CSR could involve mandatory rules and voluntary actions that go beyond the extent of the regulation. The voluntary approach regards CSR as a self-imposed obligation that firms must only determine. Everyone has a social responsibility to others and the more fantastic social realm. It is also valid for businesses (small and large, private and public, and multinational corporations) whose actions affect many stakeholders. Companies are under increasing pressure from all directions to meet stakeholders' expectations.

Researchers have developed theories that support and oppose corporate expenditure on CSR activities. The present study adopts stakeholders' theory and agency theory to explore relation between the two variables of CSR and FP of firms. These theories were taken in this study to depict positive and negative links between CSR and FP because the stakeholders' theory tells about the positive aspects of CSR for the company. In contrast, the agency theory suggests about the negative aspects of CSR. The companies will be involved in CSR activities to attract and retain their stakeholders for a long time. Also, the companies work as government agents by being involved in CSR activities. Therefore, these two theories were used in this present study. Stakeholders include the environment, the community, the customer, the shareholders, the suppliers, the employees, and so on. The primary notion of contemporary CSR is dependent on the stakeholder theory. According to the stakeholder theory, a corporation should consider the welfare of its stakeholders. The Company must manage each stakeholder's unique interests in order to generate as much as possible fo r them all. This statement is further supported through factual findings (Waddock & Graves, 1997; Saleh et al., 2010). This theory also states that CSR initiatives enhance the firm performance. CSR activities build a positive image and reputation for the organisation, reflected in the firm's FP and value creation (Freeman, 1984; Donaldson & Preston, 1995). The study (Boukattaya & Omri, 2021) stated that according to the stakeholders' theory, CSR improves FP by minimising expenses and adding value. As a result, in order to have a beneficial effect, managers must hold up the interests of various stakeholders. This tells us that stakeholder theory plays a vital role in CSR as it emphasises the importance of an organisation creating value for all stakeholders, not just its shareholders, who are effected by its business activities and decisions.

The authors Jensen and Mekcling, 1976 initially explored the relationship between shareholders and managers in the form of agent-principal. The authors have identified this association as a legal commitment in which plural people employ another person to undertake specific tasks for their part. This entitles the agent some authority to take decisions. Jensen & Mekcling, 1976 observed that agency costs are derived from conflicts of interest. Agency issues arise due to a misalignment between the goals of managers and those of shareholders (Dakhli, 2021 a,b). According to this theory, CSR initiatives reduce firm value creation. The theory perceives CSR activities as an additional cost and attempting to meet the need of huge group of stakeholders resulting in additional expenses and agency conflicts. Managers are naturally prone to distribute the resources of corporate above the optimal level on CSR-related plans and projects in order to maximise their interests at the cost to stakeholders, such as personal reputation, potentially creating agency costs and heading towards deduction in corporate value (McWilliams & Siegel, 2001). They stated too about the increased CSR investments incurring additional costs, placing the organisation at a competitive snag and reducing the FP, which contradicts the stakeholders' theory.

Motivation

There is a research gap to inspect the influence of CSR on the FP of manufacturing organisations listed in Nifty 100 index in India, as more research has yet to be done in this area. This motivated the study to conduct this study as manufacturing companies are more responsible for CSR.

Research Gap & Objectives

The research gap identified to conduct this study is the critically examining the response of CSR on the FP of manufacturing companies listed in the Nifty 100 index in India, as more research has yet to be done in this area. Some research has been conducted on BSE-500 companies in India. Therefore, there is a research gap in studying how well the top manufacturing companies in India are involved in CSR activities and finding its effect on their FP after implementing "The Company Act 2013".

The primary objective of this manuscript is to analyse the link between CSR and firm's FP. It provides how the companies are engaging in CSR activities. Additionally, this study aims to examine how manufacturing companies listed in the Nifty 100 index in India work on government rules and regulations regarding CSR practices. This study also intends to find whether spending beyond the mandated amount on CSR affects a firm's performance. The question identified for this manuscript is: How does CSR effect the FP of manufacturing companies, and Does CSR expenses or score affect the FP?

Variables

The present study's independent and dependent variables are CSR expenses and FP. CSR expenses are the amount incurred by a company for corporate social responsibility. As per Indian regulations, companies with more than five crores of net profit should spend a minimum of 2% of the average residual profits of last three years (The Company Act, 2013). The three proxies to measure FP are, Tobin's Q, ROE, and ROA.

Hypothesis Development

The CSR expenses (in %) of firm is taken as the independent variable, as in India, there is a mandatory expenditure of 2% for CSR activities. Many research has looked into CSR and FP links in developing & developed nations. At the same time, few research has found a positive association between CSR and FP (Brammer & Millington, 2008; Saleh et al., 2011; Rodgers, 2013; Taylor et al., 2018; Egginton & McBrayer, 2019). Few contributors have noticed to have an adverse association (Brammer et al., 2006; Vergalli & Poddi, 2011; Akben-Selcuk, 2019). According to supporters of the positive association, CSR reduces increase risk-bearing or encourages risk avoidance (Albuquerque et al., 2019), and CSR initiatives positively affect a company's market value (Verschoor, 1998). Some other research were able to establish an inverted U-shaped link between CSR and FP (Barnett & Salomon, 2012; Singh et al., 2017; Cho et al., 2019) and an insignificant link between CSR and FP (McWilliams & Siegel, 2000; Awaysheh et al., 2020). According to the upside down shaped connection, when CSR rises, the firm's value climbs gradually, reaches a peak, and then declines.

Return on Assets (ROA)

ROA is acronym for Return on Assets. It is the first proxy for financial performance (FP). Return on Asset is derived by dividing the residual profit post taxation (PAT) by total assets. This tool is quite prominent among the researchers to measure FP (McWilliams & Siegel, 2000; Cho et al., 2019). ROA has been suggested to be an accurate measure of FP (Berman et al., 1999). Distinctive from the other financial measurements, such as ROE, ROA is unaffected by a firm's varying debt levels. A higher ROA suggests value generation for owners because ROA is inversely proportional to the price of stock. Adding to it, ROA is a termed to be superior of business success in asset-heavy organisations such as manufacturing industries. The hypothesis developed for this,

H1: CSR and ROA are positively correlated.

Return on Equity (ROE)

ROE is acronym for Return on Equity. It is the second proxy for fp. It is another commonly used measure by many researchers (Malik & Kanwal, 2018). It is derived by dividing net profit by net worth of the company. Few research reflected a negative link between CSR and Return on Equity (Sharma & Aggarwal, 2022; Sekhon & Kathuria, 2020). The study (Farhan et al., 2022) determined no significant linkage between community, diversity, employment, and return on equity but a significant inverse link between ROE and environment. (Bouaziz, 2012) identified the association between size of auditor and fp in 26 Tunisian enterprises registered on the Tunis Stock Exchange. The findings concluded that the size of auditor significantly effects business fp in terms of ROA and ROE. The following is the developed hypothesis,

H2: CSR and ROE are positively correlated.

Tobin's Q

The third proxy used to measure fp is Tobin's Q. It is determined by dividing the value of firms's market capitalisation by the value of its total assets. Some researchers also used this measure in their studies (Taylor et al., 2018; Cho et al., 2019). In some previous studies, Tobin's Q significantly shows a negative link with CSR expenditure (Sharma & Aggarwal, 2022). However, the study contradicts this by stating that Tobin's Q positively correlates with CSR expenses. According to the study, the larger and more established businesses, in particular, have lesser Tobin's Q, whereas higher efficient firms have higher Tobin's Q and organisations with greater leverage have lesser Tobin's Q. The following is the developed hypothesis, *H3: CSR and Tobin'Q are positively correlated.*

Data and Methodology

The present study uses the secondary data of 41 manufacturing registered companies of India. The observing period is nine financial years from 2015 to 2023. The sample size was determined by selecting the companies from the Nifty 100 index. From those 100 companies, it has been shortlisted to manufacturing companies for this study; therefore, 46 companies were selected in the first place. However, due to the absence of data on CSR expenditure from the given study period, three companies have been removed from this study, and ultimately, 41 manufacturing companies were used for the present study. The inputs for this study is collected from various sources like Bloomberg and ProwessIQ repository, which contain data from listed and unlisted companies.

The nature of the data used in this study is panel data. It enhances the accuracy of econometric estimations by accounting for impact of unobserved and variables. Furthermore, it aids in supervising individual unobserved variability and can better find and measure effects frequently missed in time-series data/cross-section. Overall, it delivers extra valuable data, extra variety, and minimalist collinearity within variables, greater freedom, and greater efficiency (Hsiao, 2007). The study (Baltagi et al., 2005) also stated that the panel data showed accuracy in the estimation on examined to cross-sectional and time-series approaches. Most of the empirical studies used panel data for analysis of their study (Anbar & Alper, 2011; Brooks, 2014; Farhan et al., 2020; Farhan & Yameen, 2020).

The present manuscript uses a Panel regression model for the analysis of data. Firstly, this study uses the unit root and Hausman tests. From the results of the Hausman test, whether to employ a fixed effect or Random effect model is to be decided for effective results.

Table 1: List of dependent and independent variables with their measurement and definition.

List of variables	Acronym	Operationalisation	Source
Independent variable			
Corporate Social Responsibility	CSR	2% of the Average Net Profit of three fiscal years	ProwessIQ
Dependent variables			
Return on Assets	ROA	Profit After Tax (PAT) divided by Total Assets	Bloomberg
Return on Equity	ROE	Net Profit divided by Net Worth of the company	Bloomberg
Tobin's Q	TQ	Market capitalisation divided by the Total Assets of the company	Bloomberg

Research Models

The manuscript models that are used to examine the effect of CSR on the FP of manufacturing companies are as follows:

$$CSR_{it} = \alpha + \beta_1 * ROA_{it} + \beta_2 * ROE_{it} + \beta_3 * TQ_{it} + \varepsilon_{it}$$

Where,

CSR_{it} = Corporate Social Responsibility Expenses for i^{th} company in t years

ROA_{it} = Return on Assets for i^{th} company in t years

ROE_{it} = Return on Equity for i^{th} company in t years

TQ_{it} = Tobin's Q for i^{th} company in t years

ε_{it} = Error term

Results and Discussions

Table 2 represents the value derived in the form of descriptive statistics of the selected variables which have been used in this study. From the table, the mean of CSR expenses is 0.020668, which indicates that the companies are spending this much on CSR activities on average, with a standard deviation of 0.016759, which is appropriately near the mean, referring to lessened variability for the span from minimum (-0.038179) to maximum (0.192766). Likewise, the arithmetic mean of the ROA, ROE, and Tobin's Q is 11.14817, 20.94053, and 54.57218, with a standard deviation of 8.619668, 19.63452, and 53.11085 respectively.

Table 2 **Descriptive statistics of selected variables**

Variables	*CSR Expenses*	*ROA*	*ROE*	*Tobin's Q*
Mean	0.020668	11.14817	20.94053	54.57218
Median	0.020060	9.890000	18.92000	34.76553
Maximum	0.192766	37.66000	115.3500	274.2950
Minimum	-0.038179	-14.84	-91.43	0.807923
Std. Dev.	0.016759	8.619668	19.63452	53.11085
Skewness	4.049984	0.483066	0.935120	1.711771
Kurtosis	37.15536	2.967159	10.32934	6.096162
Jarque-Bera	18842.36	14.28988	874.9428	325.8173
Probability	0.000000	0.000789	0.000000	0.000000
Sum	7.585049	4091.380	7685.175	20027.99
Sum Sq. Dev.	0.102793	27193.32	141098.3	1032399.
Observations	367	367	367	367

The unit root test by Levin-Lin-Chu is used to analyse the stationarity of the data of the variables because the study chose to run the panel regression for this study. Table 3 represents that the data of all the variables, which are CSR Expenses, ROE, ROA and Tobin's Q, are level stationary because the p- value of the Levin-Lin-Chu test is most relevant at a 99% confidence level and has 1% of error that is the p-value is < 0.01. Hence, the null hypothesis in this test is failed to be accepted, which specifies that the data is level stationary.

Table 3	**Testing for panel unit root by Levin-Lin-Chu test**
Variables	*t-statistics*
CSR Expenses	-20.2810***
ROA	-9.56322***
ROE	-11.7266***
Tobin's Q	-7.71681***

Note: (***) indicates the significance at 1%

The pooled Ordinary Least Square (OLS) regression has been tested for analysis in this study, which is shown in Table 4. The three independent variables are highly significant at different confidence levels. ROE and ROA are significant at 1%, whereas Tobin's Q is significant at 10%. Suppose the confidence level of 95% is considered for this study. In that case, the independent variable, Tobin's Q, is insignificant; and henceforth, this study fails to reject the null hypothesis. The other two independent variables, ROA and ROE, are significant at a 95% confidence level; hence, the null hypothesis is failed to be accepted.

Table 4		**Pooled OLS**
Variables	*Coefficient*	*t-statistics (Std. error)*
ROA	0.021214	14.91598***
		0.001422
ROE	0.000301	3.231338***
		0.000093
Tobin's Q	0.0000429	-1.672011*
		0.0000256

*Note: ***, * indicates the significance at 1% and 10% respectively.*

Table 5 depicts the Hausman test, which checks whether the fixed or random effect models are appropriate for the data taken for analysis. As for the test, the probability value is insignificant, as the value is more than 0.05 (0.5471), so the null hypothesis is accepted, which suggests that the random effect is more appropriate for the data analysis for this study, as the null hypothesis is that the random effect model is more appropriate for the research.

Table 6 presents the analysis of the random effect model. This results in ROA, and ROE is highly significant at 95% of the confidence level and has a 5% error. The probability value is < 0.05; therefore, the alternate is accepted. Finally, the third proxy is also highly significant at the 10% confidence level but insignificant at the 95% confidence level, which is the probability value > 0.05; therefore, the study fails to reject the null hypothesis. Hence, this model suggests that there is variability between CSR and FP not only in the specifications of the individual company but also over the period of time.

Table 5	Hausman Test	
Chi-Sq. Statistics	*Chi-Sq. d.f.*	*Probability*
2.1237	3	0.5471

Table 6	Random effect test	
Variables	*Coefficient*	*t-statistics (Std. error)*
ROA	-0.000563	-1.97535** 0.000285
ROE	0.000245	2.449102** 0.0001
Tobin's Q	0.0000575	-1.934364* -0.0000297

*Note: **, * indicates the significance at 5% and 10% respectively.*

The final step for the panel data regression is residual diagnosis. One of the most common problems in the regression analysis is multicollinearity, so the VIF is used to test the multicollinearity for the study. Table 7 represents the multicollinearity test of the Variance Inflation Factor for the residual diagnostic. The VIF is applied to find the existence of the multicollinearity of the dataset. As a result of the analysis, there is no multicollinearity in the dataset of the present study because the centered VIF value is < 5 for all the variables.

Table 8 shows the Normality test, which is also used for residual diagnosis of the panel data. This test suggests that the null hypothesis is rejected and the alternate hypothesis is accepted as the probability value is < 0.05. The null hypothesis states that the data is distributed normally, on the other hand alternate hypothesis states the vice versa. So, as a result, the latter statement is accepted which is the alternative one. The histogram table is used to depict the normality of the data in an understandable manner.

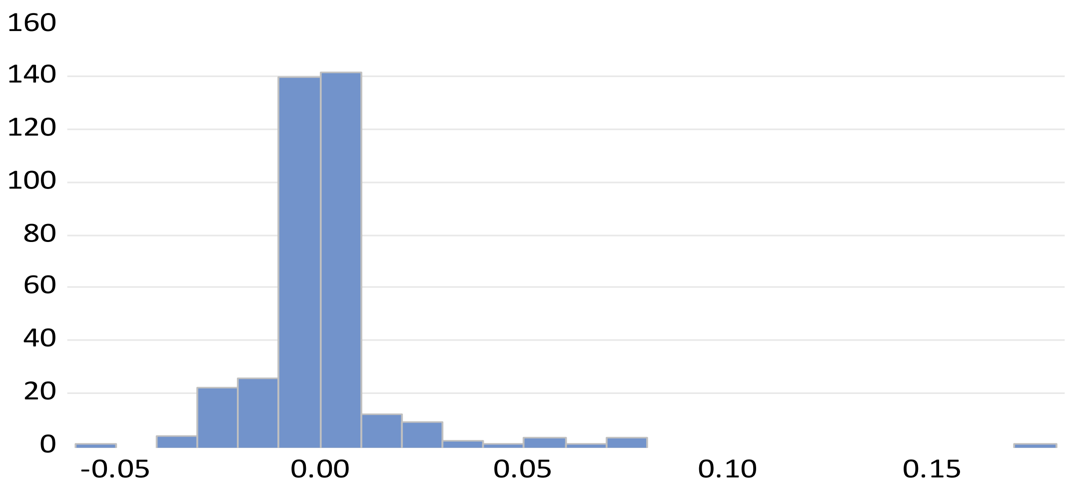

Table 7	Multicollinearity Test - Variance Inflation Factor		
Variables	*Coefficient Variance*	*Uncentered VIF*	*Centered VIF*
ROA	5.01E-08	13.29516	4.965879
ROE	8.66E-09	9.525128	4.449822
TOBIN_S_Q	6.57E-10	5.086670	2.470852

Table 8	Normality Test
Mean	0.0000252
Median	-0.000277
Maximum	0.170303
Minimum	-0.054896
Std. Dev.	0.016498
Skewness	4.015936
Kurtosis	37.36993
Jarque-Bera	19050.4
Probability	0.0000

Conclusion

This present study is conducted to find, first, whether the CSR spending of the manufacturing companies has any effect on their FP, second, how the top manufacturing companies are reacting towards the government's CSR rules and regulations and finally, whether the spending amount beyond the mandate CSR has any impact on performance of the company. Hence, we analysed the association between the two value of CSR and FP to fill gap in this research. We used panel regression to examine the influence of CSR on the FP of companies.

For analysis, we used the top 41 manufacturing companies from the Nifty 100 index of India and found both the links between CSR and proxies of FP using a random constant effect of panel regression. ROE and ROA have a positive link with the company's CSR expenses, whereas Tobin's Q has a adverse association with the company's CSR expenses. This is maybe the metric Tobin's Q failed to reflect the slight effect of CSR on market views and also the numerous ways in which CSR adds value to the company's total value. Another reason can be that CSR initiatives, environmental sustainability or any social development activities by companies would take years to reflect tangible results. Therefore, the market may not immediately recognise or value these long-term benefits. There are some constraints in this study. Firstly, the focus of the study was restricted to manufacturing sector, excluding the companies from other sectors. Secondly, the sample size is very small as this study only considered the top manufacturing companies from the Nifty 100 index of India. Thirdly, the CSR effect may vary for other nations because, in India, it is mandatory to spend a certain amount on CSR activities that are not followed by other nations. Therefore, future studies can be conducted on all manufacturing companies or on companies, including other sectors in India. Further, the researchers can also be work on conducting the CSR's effect on company performance in other nations.

Implications

The implications of this study are for customers, investors, managers and policymakers. Therefore, this study can give some insights into how much organisations spend on CSR events and its effect on FP after adopting CSR practices. Customers can benefit from this study for their decision-making on product preferences as the CSR practices may indicate their dedication to quality and ethical standards, resulting in better products and services. CSR commitments can also lead to a change in customer perception of the company as they can perceive that they are more trustworthy and reliable. The customers might feel as if they are indirectly contributing to society by supporting firms that engage in CSR activities.

The managers may also use this research findings to make strategic decisions on investments in CSR practices, considering the possible effect on FP. Understanding the link between CSR and FP may help managers engage with stakeholders and solve their issues more effectively. The study can also be used by policymakers to evaluate the effectiveness of present CSR regulations and to make necessary amendments to promote better CSR practices. Being aware about the association between CSR and the FP of organisations, the government may encourage the firms to promote socially responsible practices to increase economic growth. The government may improve monitoring procedures to ensure that companies follow the CSR guidelines while encouraging transparency in reporting.

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