Impact of Paradigm Shift in Corporate Social Responsibility from Voluntary to Mandatory on Corporate Financial Performance

PARVESH KUMAR ASPAL[1], MANJIT SINGH[2], SAYEEDUZZAFAR QAZI[3*]
[1]I. K. Gujral Punjab Technical University,
Jalandhar,
INDIA

[2]Department of Applied Management,
Punjabi University,
Patiala,
INDIA

[3]College of Business Administration,
University of Business and Technology,
Jeddah,
SAUDI ARABIA

**Corresponding Author*

Abstract: - This study aimed to find out the impact of a paradigm shift in corporate social responsibility on corporate financial performance. Developing an inclusive and prosperous society needs to reformulate the business-society nexus concerning social responsibility. Corporations are supposed to not only on economic priorities but on societal and environmental implications as well. In the present scenario business organizations must divert the profits to social obligations like medical & and education facilities, hunger & and poverty eradication, a pollution-free environment, and equality of gender. The government has been following constructive initiatives to formalize corporate responsibility toward society from voluntary guidelines to legal obligations. Keeping in view the historical legal reforms, the present study focuses on the empirical analysis of the association between CSR disclosures and corporate financial performance among Indian companies after the enactment of the amended Companies Act. The analyses highlight that companies' CSR disclosures have a significant impact on their financial performances. The findings of the study are consistent with earlier research, where the CSR disclosure and financial performance relationship is positive. Several companies are engrossed in social obligations towards external and internal stakeholders, as spending on social responsibilities will ensure good financial health. The current research imparts empirical support as well as theoretical support and motivation for the corporate sector towards CSR initiatives.

Key-Words: - Corporate Social Responsibility, CSR disclosure, Corporate Financial Performance, Corporate Sustainability, Community welfare.

Received: April 17, 2023. Revised: October 2, 2023. Accepted: October 13, 2023. Published: October 27, 2023.

1 Introduction

The corporate sector has been generating prosperity, value, and wealth for investors for the last six decades, but concurrently the nation is facing concerns about unemployment, malnutrition, poverty, illiteracy, etc. The business sector must acknowledge its social responsibility for the well-being of society at par with the Government development initiatives, [1]. Corporations are now required to divert their profits for the promotion of education, equality of gender, and, poverty and hunger eradication as their social obligation. The notion of corporate social responsibility (CSR) is as old as business firms, as it is primarily a twentieth-century invention, [2]. Although the needs of societies were traditionally considered as a part of state responsibility, now the corporate sector has challenged and undermined this custodianship, [3]. CSR encompasses ethical, legal, economic, and discretionary responsibilities, which corporations must have to fulfill for stakeholders" interests, [4]. In developed nations, corporate houses have replaced the business as a center of nationwide interest and have substituted religion as novel places of worship, [5]. The division of social responsibilities among the state, communities, and the corporate sector has awakened the corporations as the long-run sustainability is directly correlated with the prosperity and welfare of the community. Consequently, the success of their economic operations depends upon the development of the communities in which they operate, [6]. India is one of the leading economies around the globe that has mandated CSR by amending corporate laws.

As a consequence, CSR initiatives have strategic benefits to corporations by responding to societal expectations and they will encourage sustainable business practices by promoting accountability and transparency, [7]. The administrations are progressively following top-down CSR mechanisms as a strategic tool to tackle environmental and societal issues. Such CSR initiatives are a signal of legal adherence for corporations to perform beyond the economic sphere and boost their obligation towards environmental and societal concerns. Remarkable examples such as CSR regulations implemented in China in the year 2006, [8], in Indonesia, the corporate and investment laws have been legalizing environmental and social responsibilities since 2007, [9], the 2% of the profit on CSR expenditure has been mandated and introduced in Mauritius in 2009, [10], in Denmark the National Action Plans for CSR has been implemented in the year 2008 and 2012, [11], and in India, CSR has been made mandated by making historical amendment in the Companies Act. The year 2013 is a witness of remarkable historical development regarding the mandating of CSR activities, [12].

The second section of the study introduces research questions in light of the in-depth theoretical underpinnings of CSR evolution. And, the objective of the study is to explore the impact of CSR initiatives on financial health, which may inspire corporations to fulfill their commitments towards the community. Hence, the present study is undertaken to review the emergence of CSR in the Indian context and to investigate the comprehended impact of CSR disclosures on corporate profitability after the implementation of the amended Company Act.

Further, it highlights the alliance between CSR disclosures and corporate financial performance. The third section introduces the database, research design, and model econometric specification. Subsequently, in the fourth section, the study presents the empirical findings and discussion considering the relevant research findings. The final section of the study embodies the conclusion and managerial implications.

2 Review of Literature

The CSR concept has remained under debate since it was put forward. The antagonists opined that if management spends shareholders" earnings on social activities rather than profit maximization, it will diminish its efficiency and would not achieve the optimal utilization of resources, [13]. Conversely, proponents of CSR favor that ethical practices-oriented companies should take social citizens" responsibility and donate some of their resources for community betterment. Because it will improve the corporate image, better social relationships, attract talented employees, and long-run profits, [14]. The stakeholder theory stemmed gradually in the 1960s and has had rapid momentum since the 1980s. The contributory work of, [15], scratched the formal development of stakeholder theory and extended the public awareness about CSR. These stakeholders take care of company interests and consequently, the company protects the interest of stakeholders invisibly.

2.1 Theoretical Foundations: Paradigm Shift of Corporate Social Responsibility

The government of India has been following constructive initiatives to formalize corporate responsibility toward society. At the outset, the National Voluntary Guidelines are issued on environmental economic, and social accountability of business organizations and, subsequently, by amending the Companies Act in the year 2013 and consequent variants. Presently, CSR in India has proceeded ahead merely with charities and donations, now CSR has turned up as a vital element of the corporate strategy. The Phase-Wise CSR Emergence in India is presented in Table 1.

Table 1. Phase-Wise CSR Emergence in India

Phase	Period	Year	Quality of CSR
1.	Pre – industrialization	1800	The nature of the CSR initiative was in the shape of charity with religious faith and trust.
2.	Pre – industrialization	1801-1914	The nature of CSR initiatives was in the shape of donations with the purpose of social welfare.
3.	Industrialization	1950-1980	The nature of CSR initiatives was in the shape of a responsible manner with a development approach
4.	Post-Industrialization	1980-2013	The nature of CSR initiatives was in the shape of considering the stakeholder's interests.
5.	Post- Amendment to Companies Act	2013-Present	CSR activities are being performed as per the guidelines of the Act as a legal obligation.

Source: [16]

2.2 The Linkage between Corporate Social Responsibility and Corporate Financial Performance

The CSR disclosures and financial performance association is still a long way from clarity, [17], as various research investigations highlighted a nebulous association between these two variables, [18]. Moreover, when a positive relationship has been found, [19], [20], it was not clear whether, financially sound corporations merely spend more on CSR to achieve a higher standard or have improved functioning along with other CSR initiatives resulted in enhanced economic performance, [17]. CSR disclosure measurement is a multidimensional construct based on a broad range of inputs, such as philanthropic programs for the community, environmental strategies, women empowerment, the quality of products and services, after-sale services, and customer relationship management. CSR disclosure measures applied in the earlier studies were forced-choice assessment techniques, [21], like the reputation index, [19], 1988, case study technique, [22], and the single-dimensional measure of environment and pollution, [18]. Keeping in view the above discussion a multidimensional measure of CSR disclosure based on stakeholder theory, [22], [23], is applied in the present study. The study has considered all CSR disclosure dimensions in relevance to social activities, employee issues, environmental protection, energy conservation, consumer satisfaction, and product and service quality. Therefore, the targeted CSR disclosure dimensions are categorized as employee relations, consumer issues and products, community welfare and development, and environment are extracted from the study, [24]. Numerous empirical findings and literature revealed the CSR disclosures and financial performance relationship.

The earlier research studies provide divergent inferences of negative, positive, and no or neutral relationships among the variables. The positive influence on profitability can lead the corporation to undertake CSR initiatives since the corporation with sound finances has more resources to resolve the societal issue, [19]. Companies having a sound relationship with their workforce and CSR reputation can attract talented employees which in turn may enhance efficiency and financial performance, [25]. Based on the stakeholder theory examined the CSR disclosures and the profitability performance relationship among Chinese companies and found an improved financial position. Similarly, researchers, [26], explored the investigations on the CSR disclosure and financial performance relationship and observed a positive association. Researchers, [27], summarized the findings of 62 investigations on the financial performance and CSR relationship and highlighted that 33 studies supported the positive relationship, whereas, 20 studies revealed the negative relationship, and only nine studies found no relationship. Similarly, [28], summarized the empirical results of 46 research papers and 51 research studies and revealed that 63% of the research studies supported the positive association, whereas, 10% of studies supported the negative relationship, while, 27% of studies failed to express any outcome. Whereas, [29], recapitulated the findings of earlier studies and revealed that 50% of research studies supported a positive relationship, whereas, 25% of studies supported a negative relationship, while, 20% of studies supported a mixed relationship and only 5% of studies supported no relationship.

In an empirical study, [30], reviewed the alternative operationalization and measurement techniques for the CSR and corporate financial performance association. The findings revealed that all techniques employed in earlier literature suffered with limitations which may have an impact on such association. A study of Indian banks, [31], found that CSR has a positive influence on financial performance. The study also provides insight into integrating CSR with strategic decisions and refurbishing the traditional profit-oriented approach to societal development approach. Similarly, [32], found the financial performance of CSR-performing corporations has increased in comparison to non-CSR-performing corporations. The study provided significant implications for policy developers, investors, managers, and stakeholders. Whereas, [33] expressed that after the implementation of mandatory CSR regulation, companies investing in CSR initiatives experienced a negative linkage between CSR expenses and profitability, signifying that heavy investment did not result in profits. A study, [34], investigated the association between CSR performance and corporate profitability and found that only social contribution has a positive impact on profitability. Similarly, the study revealed a positive association among the total assets growth rate, societal contribution, and corporate soundness. A study, [35], indicated that environmental risk has a moderate linkage between global reporting initiatives and financial reporting, moreover, the corporations having higher risk have a significant linkage between global reporting initiatives and financial performance. Furthermore, [36], explored the short-run impact of CSR-relevant news on the corporation value and shareholder value of Austrian Traded Index firms. The outcomes of the study reflected that CSR-relevant news has a considerable influence on the firm stock price and firm value. In an investigation, [37], expressed that better financial performance may improve the corporate social performance which in turn may enhance the financial profitability. A study regarding the linkage between CSR and corporate profitability, [38], concluded a positive influence of CSR on financial performance with profitability, value-added, and growth management, indicating that CSR investments will enhance shareholders' wealth and profitability. Regarding the linkage between CSR and financial performance, [39], revealed a positively significant connection between financial performance and CSR, as corporate stability augments the function of CSR in endorsing corporate profitability.

3 The Rationale of Study and Research Question

The literature on CSR is generally dominated by experimental and empirical research in Australia, the USA, and other European developed nations as compared to developing nations, [40]. As far as CSR in the Indian business environment is concerned, both companies and society are less mindful of their privileges and duties. In a study, [41], highlighted that there is an imperative need to make consciousness of long-standing advantages of CSR both for society as well as companies. Moreover, CSR has not so far been satisfactorily contemplated in the Indian context; consequently, companies are still viewing CSR as an obligation rather than an opportunity for long-standing benefits for corporations and society. Therefore, there is a need to conduct a study that reflects the impact of CSR initiatives on the financial position, which may inspire the companies to think about their responsibilities and commitments towards the community. Hence, the present study is undertaken to review the emergence of CSR in the Indian context and to investigate the impact of CSR disclosures on corporate profitability after the implementation of the amended Company Act.

4 Research Methodology

4.1 Data Collection and Period of the Study

The data regarding the financial aspects of the companies is extracted from the Prowess database. The information regarding CSR disclosure is drawn from corporate sustainability, annual, and environmental reports. The time frame for the present study is of three years i.e. from the year 2014 to the year 2016. This particular period is chosen because in the year 2013, a historical amendment in the Companies Act was made to discharge the social responsibility, mandatory for the companies. 81

corporations registered on the Indian Bombay Stock Exchange are selected as a sample based on industry classification, such as (1) Automobile (2) Pharmaceuticals (3) Energy, (4) Chemical, Paint & Pesticides, (5) Oil & Gas, (6) Communication & computer software, (7), Textile (8) Mineral & Metal (9) Infrastructure, and (10) FMCG. The sample is drawn from the diverse segments of the economy having a relevant effect on the community and environment, [42].

4.2 Research Design

The framework of many empirical research studies revealed that CSR disclosure, indices, principles, and measurement techniques are formulated mainly in developed countries, however, such frameworks may not be applied in developing nations, [43], [44]. Consequently, the CSR disclosure framework based on a CSR checklist containing thirty disclosing statements is derived from the earlier studies of, [45], [46], [47], to explore the nature and degree of CSR disclosures. Such disclosing statements are further categorized into four main dimensions i.e. community development & and welfare, employee relations, environment, and customer issues and products based on stakeholder theory. The content analysis technique, [24], [48], is used to extract information from the sustainability, annual, and environment reports of companies. The panel data regression technique is applied to examine the CSR disclosures and company financial performance relationships.

4.3 Model Specification

4.3.1 Financial Performance Indicator

The study on association between CSR disclosures and financial performance is an interesting and valuable task, [17], and various researchers highlighted a nebulous association between these two variables. On reviewing the literature, the two basic financial indicators; return on equity (ROE), and return on assets (ROA), are employed as dependent variables. The use of ROE and ROA as a financial performance indicator is consistent with several earlier studies, [49]. Consequently, the present study has employed two financial performance indicators; ROE and ROA. It is believed that profitability measurement indicator (ROA), is extensively applied and it has provided more valuable results in comparison to other measures, [21]. Numerous researchers, [50], [51], [52], have applied ROA as a financial performance indicator in several types of research. Return on equity is another considerable indicator of profitability, which reveals how well the shareholder's funds are used to maximize stockholders" wealth. Several researchers have used ROE to evaluate the economic strength, [52], [53].

4.3.2 Variable Description

Corporate social responsibility disclosure is the sole independent variable in this study. The disclosed CSR items are assigned values under three kinds of categories such as non-disclosure, quantitative disclosure, and qualitative disclosure, [24], [54], [55], [56]. The literature review further advocates that numerous other variables may influence this association. However, in the present study, the size of the company and leverage are applied as control variables.

4.3.3 Econometric Specification

To investigate the desired relationship in the sampled Indian companies, the panel data regression equations are estimated as follows:

$$ROE_{it} = \alpha_0 + \beta_1 CSR_{it} + \beta_2 SISE_{it} + \beta_3 LEV_{it} + e_{it} \quad (1)$$

$$ROA_{it} = \alpha_0 + \beta_1 CSR_{it} + \beta_2 SISE_{it} + \beta_3 LEV_{it} + e_{it} \quad (2)$$

Here, ROE and ROA are the dependent variables, whereas CSR is the proxy of CSR disclosure activities carried out by the corporations. The control variables are leverage (LEV), and the size of the company (SIZE).

5 Empirical Findings

The validity of different assumptions of regression and specification tests is also examined.

5.1 Descriptive Statistics

Descriptive statistics are analyzed to assess the mean and dispersion among variables for all sample companies. The Descriptive Statistics (N=243) are presented in Table 2.

Table 2. Descriptive Statistics (N=243)

	Mean	SD	CV	ROA	ROE	CSR	LEV	SIZE
ROA	11.81	7.97	67.52	1	--	0.040	-0.481*	0.246*
ROE	22.55	15.38	68.24	--	1	-0.025	-0.334*	0.148*
CSR	74.58	10.61	14.23	0.040	-0.025	1	-0.031	0.358*
LEV	0.29	0.44	149.52	-0.481*	-0.334*	-0.031	1	-0.074
SIZE	12.53	1.02	8.13	0.246*	0.148*	0.358*	-0.074	1

**Correlation is significant at the 0.05 level*

The descriptive statistics highlight that the mean ROE and ROA are approximately 22.55 11.81 and 22.55% respectively. In the case of the control variable leverage, the mean leverage is 0.29% and the mean company size is 12.53. Similarly, in the case of the CSR disclosure, the coefficient of variation is 14.23%. The mean leverage of sample companies is approximately 0.30 times indicating that the total liabilities constitute an insignificant percentage of the capital structure.

The average CSR disclosure of 74.58% indicates that the selected companies in India have highly disclosed their CSR initiatives. The Pearson correlations among the pair of variables highlight that the correlation coefficient between ROA and leverage is 0.48. Likewise, the correlation between the variables, ROE and ROA with the independent variable CSR disclosure is 0.025 and 0.040 respectively, which is much lower as compared to the standard of 0.80, expressing that the problem of multicollinearity does not exist.

5.2 Diagnostic Tests

Various fundamental regression diagnostic checks are being used to detect the presence of multicollinearity, homoscedasticity, autocorrelation, and stationarity. The average VIF scores (1.16) and the Pearson correlation coefficient values reveal that there is no problem
with multicollinearity. The diagnostic check also confirms the homoscedasticity of the data. Regarding ROA and ROE the Durbin Watson (DW) statistic is 2.39 and 2.27 respectively, reflecting that there is no autocorrelation among the variables. In addition to this, the Augmented Dickey-Fuller test confirms the stationary of the data.

5.3 Specification Tests

The Redundant fixed effect test is applied to choosing a suitable model between the pooled OLS regressions & and panel data regressions. In the case of dependent variable ROE, the statistical values (χ^2 value 556.064, p-value = 0.000), and regarding ROA, the statistical values (χ^2 value 530.932, p-value =.000), signifies that the panel data regression technique is more suitable in comparison to the pooled OLS technique. Likewise, the Hausman test chooses the best suitable model between the REM and FEM. In the case of dependent variable ROE, the the statistical values (χ^2 = 6.07, p-value = 0.10), and regarding ROA, the the statistical values (χ^2 = 10.11, p-value = 0.017), signify the choice of the FEM as compared to REM.

5.4 Analysis of Regression Results

The specification tests confirm the fixed effect model (FEM), is an appropriate method for regression analyses. Research on CSR disclosures and financial performance association have revealed positive and mixed findings, [57], [58], and negative, [59], whereas, few studies have revealed a neutral relationship, [60], [61]. On the same pattern, various research works found a positive relation between CSR disclosures and long-term profitability, [62], [63]. The following Table 3 below depicts the findings of regression analyses of relationships among variables.

The comparative study of the results reveals that regression coefficients are statistically significant in the FEM model. A significant and positive linkage is observed between CSR disclosures and financial performances. Table 3 depicts that in the case of ROE, the regression coefficient CSR is statistically significant; moreover, the regression coefficients of leverage and size have also passed the significance test. It implies that the control variables have a significant effect on CSR and financial performance association. Further, the high value of the adjusted R - R-square (86.63%), and F-statistics (p = 0.0000), reflect the overall fit of the fixed-effects model. In this study, the findings of the CSR and profitability relationship are in line with the earlier research investigations such as, [26], [50], [64]. Better financial performance may boost corporate social performance which in turn may enhance financial health.

Table 3. Panel Data Regression Results

Dependent Variable	Return on Equity Panel (FEM)			Return on Assets Panel (FEM)		
Independent Variable	**Coefficient**	**t-Statistic**	**Prob.**	**Coefficient**	**t-Statistic**	**Prob.**
CSR	0.1280	2.088	0.0384*	0.0941	3.0815	0.0024*
Leverage	-5.8507	-1.6947	0.0921**	-3.2058	-1.8641	0.0641**
Sise	6.6397	1.7436	0.0832**	3.9728	2.0944	0.0378*
Observations	243			243		
R-squared	0.9121			0.9188		
Adjusted R-squared	0.8663			0.8765		
F-statistic	19.8993			21.704		
Prob. (F-statistic),	0.0000*			0.0000*		
Redundant Fixed Effect Test						
Chi-Square Statistic	556.064			530.932		
Prob.	0.000			0.0000		
Hausman Test						
Chi-Sq. Statistic	6.071			10.1155		
Prob.	0.100			0.0176		

** 5% level of significance*
*** 10% level of significance*

Further, Table 3 reflects that in the case of ROA, the regression coefficient CSR is statistically significant; moreover, the regression coefficients of leverage and size have also passed the significance test. Further, a high value of R-square (87.65%), reflects the best fit of the Fixed Effects model. This is further substantiated by the F-statistics (p=0.000). It is further revealed that CSR is positively associated with profitability i.e. ROA. The present findings are inconsistent with the earlier research works of, [26], [65].

The CSR disclosure score is computed based on stakeholder theory by covering community development, employee welfare, environment, and customer issues. In the context of the present study, [28], summarized the empirical findings of 46 research papers and 51 research studies and found that 63% of the research studies supported the positive association.

6 Conclusion

The present study has endeavored to address the perennial question of CSR disclosures and profitability relationships. The study has observed that corporate financial performance does depend on CSR disclosure with a sign of a positive relationship. Thus, it can be emphasized that the results expressed by the present study agree with the empirical literature and this reflects that corporate involvement in CSR practices is consistent with the claims of stakeholder theory. Many companies around the world are anxious and hesitant to undertake CSR initiatives, as there is always an apprehension that implementation of CSR activities would not yield better results. The present research signifies the positive linkage between CSR disclosures and corporate profitability after mandatory adherence to CSR. It is evident that now many Indian companies are interested and engrossed in social responsibilities for internal and external stakeholders, as they are thinking that spending and implementing social responsibilities will ensure good financial results.

The financial performance of the next years can also be predicted through involvement in various appropriate CSR initiatives and satisfying the stakeholders. Consequently, internal stakeholders will contribute dedicatedly to the company as well and the external stakeholders will refurbish a good reputation for the company. In the meantime, a good reputation would certainly gain the companies more business opportunities; therefore spawning improved growth and returns. Accordingly, corporations with a sound financial position are more ready to undertake CSR initiatives, which will develop positive relationships between investors and companies. Moreover, the positive effect on profitability may improve companies" reputations, employee morale, and investor relations, and avoid penalties for environmental issues. If CSR activities are put under robust guidelines and control regulations, the corporations would incorporate CSR as a part of a strategic plan into their business models for their operations and gain profits. Last but not least, companies should keep in mind that no business runs in isolation, CSR must ensure that the interaction with stakeholder groups is to generate constructive influence on the community as well as on the environment, whilst earning profits.

CSR became mandatory for corporations after the amendment to the Company Act, so the present study investigated the linkage between profitability and CSR from shareholders' and companies' viewpoints. The measurement of CSR is complex due to the lack of a globally accepted unanimous definition. Because of the limited scope of universal measurements and cannot be directly applicable in developing nations, content analysis is applied to assess the corporations' CSR reporting. More significantly, the present findings support the legitimacy and stakeholder theories that have implications for researchers and practitioners. As CSR scheme hinges upon the interdependence between community and business, which, consequently, accentuates the integration of environmental, social, and economic issues. Practically, this study is vital for administrators and investors to evaluate the conformity of CSR disclosure practices under the corporate governance code. The study emphasizes the legitimate responsibility of leaders and boards of directors on social concerns to bring new facets to the CSR literature. The present study covered only ROE and ROA as two financial performance gauges. In the future, studies could include other market-based and accounting-based financial indicators, like EPS, ROS, Tobin's Q, and Net Profit.

References:

[1] Eweje, G. (2006). The role of MNEs in community development initiatives in developing countries: Corporate social responsibility at work in Nigeria and South Africa. *Business & Society*, *45*(2), 93-129.

[2] Pava, M. L., & Krausz, J. (1996). The association between corporate social-responsibility and financial performance: The paradox of social cost. *Journal of Business Ethics*, *15*(3), 321-357.

[3] Cherian, J., Umar, M., Thu, P. A., Nguyen-Trang, T., Sial, M. S., & Khuong, N. V. (2019). Does corporate social responsibility affect the financial performance of the manufacturing sector? Evidence from an emerging economy. *Sustainability*, *11*(4), 1182.

[4] Maignan, I., & Ferrell, O. C. (2000). Measuring corporate citizenship in two countries: The case of the United States and France. *Journal of Business Ethics*, *23*(3), 283-297.

[5] Bergman, M. M. (2015). Linking business and society beyond corporate responsibility: culture, social development, and corporate sustainability. *Journal of International Business Ethics Vol*, *8*(2), 3-8.

[6] Bergman, M. M., Bergman, Z., & Berger, L. (2017). An empirical exploration, typology, and definition of corporate sustainability. *Sustainability*, *9*(5), 753.

[7] Bissoon, O. (2018). Corporate social responsibility in Mauritius: an analysis of annual reports of multinational hotel

groups. *Asian Journal of Sustainability and Social Responsibility*, *3*(1), 1-19.

[8] Lau, C. L., Bergman, Z., & Bergman, M. M. (2019). Environmental protection and corporate responsibility: The perspectives of senior managers and CxOs in China. *Sustainability*, *11*(13), 1-17.

[9] Waagstein, P. R. (2011). The Mandatory corporate social responsibility in Indonesia: Problems and implications. *Journal of Business Ethics*, *98*(3), 455-466.

[10] Bissoon, O. (2018). Corporate social responsibility in Mauritius: an analysis of annual reports of multinational hotel groups. *Asian Journal of Sustainability and Social Responsibility*, *3*(1), 1-19.

[11] Knudsen, J. S., & Moon, J. (2017). *Visible hands: Government regulation and international business responsibility*. Cambridge University Press.

[12] Gulenko, M. (2018, December). Mandatory CSR reporting—literature review and future developments in Germany. In *Nachhaltigkeits Management Forum| Sustainability Management Forum* (Vol. 26, No. 1, pp. 3-17). Springer Berlin Heidelberg.

[13] Friedman, M. (2007). The Social Responsibility of Business Is to Increase Its Profits. In: Zimmerli, W.C., Holzinger, M., Richter, K. (eds) Corporate Ethics and Corporate Governance. Springer, Berlin, Heidelberg.

[14] Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal*, *16*(2), 312-322.

[15] Freeman, R. E. (2010). *Strategic management: A stakeholder approach*. Cambridge University Press.

[16] Swathi, P. A. (2006). Study on the evolution of the concept of corporate social responsibility in India—From charity to legal compliance. *Journal of Exclusive Management Science*, *5*(7), 1-8.

[17] Ullman, A. A. (1985). Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of US firms. *Academy of Management Review*, *10*(3), 540-557.

[18] Shane, P. B., & Spicer, B. H. (1983). Market response to environmental information produced outside the firm. *Accounting Review*, 521-538.

[19] McGuire, J. B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management Journal*, *31*(4), 854-872.

[20] Wokutch, R. E., & Spencer, B. A. (1987). Corporate saints and sinners: The effects of philanthropic and illegal activity on organizational performance. *California Management Review*, *29*(2), 62-77.

[21] Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, *28*(2), 446-463.

[22] Clarkson, M. B. (1991). Defining, evaluating, and managing corporate social performance: The stakeholder management model. *Research in corporate social performance and policy*, *12*(1), 331-358.

[23] Davenport, K. (2000). Corporate citizenship: A stakeholder approach for defining corporate social performance and identifying measures for assessing it. *Business & Society*, *39*(2), 210-219.

[24] Bhatia, A., & Chander, S. (2014). Corporate social responsibility disclosure by SENSEX companies in India. *Management and Labour Studies*, *39*(1), 1-17.

[25] Luo, X., & Bhattacharya, C. B. (2006). Corporate social responsibility, customer satisfaction, and market value. *Journal of Marketing*, *70*(4), 1-18.

[26] Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saaeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of Business Research*, *68*(2), 341-350.

[27] Griffin, J. J., & Mahon, J. F. (1997). The corporate social performance and corporate financial performance debate: Twenty-five years of incomparable research. *Business & Society*, *36*(1), 5-31.

[28] Roman, R. M., Hayibor, S., & Agle, B. R. (1999). The relationship between social and

financial performance: Repainting a portrait. *Business & Society*, *38*(1), 109-125.

[29] Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, *48*(2), 268-305.

[30] Galant, A., & Cadez, S. (2017). Corporate social responsibility and financial performance relationship: a review of measurement approaches. *Economic research-Ekonomska istraživanja*, *30*(1), 676-693.

[31] Maqbool, S., & Zameer, M. N. (2018). Corporate social responsibility and financial performance: An empirical analysis of Indian banks. *Future Business Journal*, *4*(1), 84-93.

[32] Dornean, A., & Oanea, D. C. (2018). The impact of adopting CSR and corporate financial performance. Evidence from BSE. Bulletin of Kyiv National University named after Taras Shevchenko. Series: Economics, (6 (201)).

[33] Mukherjee, A., Bird, R., & Duppati, G. (2018). Mandatory corporate social responsibility: The Indian experience. *Journal of Contemporary Accounting & Economics*, *14*(3), 254-265.

[34] Cho, S. J., Chung, C. Y., & Young, J. (2019). Study on the Relationship between CSR and Financial Performance. *Sustainability*, *11*(2), 343.

[35] Mukherjee, A., & Nuñez, R. (2019). Doing well by doing good: can voluntary CSR reporting enhance financial performance?. *Journal of Indian Business Research*, 11(2), 100-119,

[36] Ender, M., & Brinckmann, F. (2019). Impact of CSR-Relevant news on stock prices of companies listed in the Austrian traded index (atx). *International Journal of Financial Studies*, *7*(3), 36.

[37] Abilasha, N., & Tyagi, M. (2019). Impact of CSR on financial performance of top 10 performing CSR companies in India. *IOSR Journal of Economics and Finance*, *10*(2), 49-55.

[38] Kaur, N., & Singh, V. (2020). Empirically examining the impact of corporate social responsibility on financial performance: evidence from Indian steel industry. *Asian Journal of Accounting Research*, 6(2), 134-151

[39] Wu, L., Shao, Z., Yang, C., Ding, T., & Zhang, W. (2020). The impact of CSR and financial distress on financial Performance—evidence from Chinese listed companies of the manufacturing industry. *Sustainability*, *12*(17), 6799.

[40] Tsang, E. W. (1998). A longitudinal study of corporate social reporting in Singapore: The case of the banking, food and beverages and hotel industries. *Accounting, Auditing & Accountability Journal, 2(5)*, 624-635.

[41] Jamali, D., & Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. *Journal of Business Ethics*, *72*(3), 243-262. https://doi.org/10.1007/s10551-006-9168-4

[42] Molina-Azorín, J. F., Claver-Cortés, E., Pereira-Moliner, J., & Tarí, J. J. (2009). Environmental practices and firm performance: an empirical analysis in the Spanish hotel industry. *Journal of Cleaner Production*, *17*(5), 516-524.

[43] Chapple, W., & Moon, J. (2005). Corporate social responsibility (CSR) in Asia: A seven-country study of CSR web site reporting. *Business & Society*, *44*(4), 415-441.

[44] Matten, D., & Moon, J. (2008). “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, *33*(2), 404-424.

[45] Azim, M., Ahmed, E., & D'Netto, B. (2011). Corporate social disclosure in Bangladesh: A study of the financial sector. *International Review of Business Research Papers*, *7*(2), 37-55.

[46] Haniffa, R. M., & Cooke, T. E. (2005). The impact of culture and governance on corporate social reporting. *Journal of accounting and public policy*, *24*(5), 391-430.

[47] Rouf, D., & Abdur, M. (2011). The corporate social responsibility disclosure: A study of listed companies in Bangladesh. *Business and Economics Research Journal*, *2*(3), 19-32

[48] Abed, S., Al-Najjar, B., & Roberts, C. (2016). Measuring annual report narratives disclosure: Empirical evidence from forward-looking information in the UK prior the financial crisis. *Managerial Auditing Journal*. 31(4/5), 338-361.

[49] Kang, K. H., Lee, S., & Huh, C. (2010). Impacts of positive and negative corporate social responsibility activities on company performance in the hospitality industry. *International journal of hospitality management*, *29*(1), 72-82.

[50] Ehsan, S., & Kaleem, A. (2012). An empirical investigation of the relationship between corporate social responsibility and financial performance (Evidence from manufacturing sector of Pakistan). *Journal of Basic and Applied Scientific Research*, *2*(3), 2909-2922.

[51] McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: correlation or misspecification?. *Strategic Management Journal*, *21*(5), 603-609.

[52] San, O. T., & Heng, T. B. (2011). Capital structure and corporate performance of Malaysian construction sector. *International Journal of Humanities and Social Science*, *1*(2), 28-36.

[53] Bagchi, B., & Khamrui, B. (2012). Relationship between working capital management and profitability: A study of selected FMCG companies in India. *Business and Economics Journal*.. 60, 1-12.

[54] Oliveira, L., Rodrigues, L. L., & Craig, R. (2006). Firm-specific determinants of intangibles reporting: evidence from the Portuguese stock market. *Journal of human resource costing & accounting*., *10(1)*, 11-33.

[55] Whiting, R. H., & Miller, J. C. (2008). Voluntary disclosure of intellectual capital in New Zealand annual reports and the "hidden value". *Journal of Human Resource Costing & Accounting*, *12(1),* 26-50.

[56] Whiting, R. H., & Woodcock, J. (2011). Firm characteristics and intellectual capital disclosure by Australian companies. Journal of Human Resource Costing & Accounting, 15(2), 102-126.

[57] Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, *24*(3), 403-441.

[58] Posnikoff, J. F. (1997). Disinvestment from South Africa: They did well by doing good. *Contemporary Economic Policy*, *15*(1), 76-86.

[59] Wright, P., & Ferris, S. P. (1997). Agency conflict and corporate strategy: The effect of divestment on corporate value. *Strategic Management Journal*, *18*(1), 77-83.

[60] Inglis, R., Morley, C., & Sammut, P. (2006). Corporate reputation and organisational performance: an Australian study. *Managerial Auditing Journal*, *21(9)*, 934-947.

[61] Teoh, H. Y., & Shiu, G. Y. (1990). Attitudes towards corporate social responsibility and perceived importance of social responsibility information characteristics in a decision context. *Journal of Business Ethics*, *9*(1), 71-77.

[62] Cochran, P. L., Wood, R. A., & Jones, T. B. (1985). The composition of boards of directors and incidence of golden parachutes. *Academy of Management Journal*, *28*(3), 664-671.

[63] Stanwick, P. A., & Stanwick, S. D. (1998). The relationship between corporate social performance, and organizational size, financial performance, and environmental performance: An empirical examination. *Journal of Business Ethics*, *17*(2), 195-204.

[64] Ahamed, W. S. W., Almsafir, M. K., & Al-Smadi, A. W. (2014). Does corporate social responsibility lead to improve in firm financial performance? Evidence from Malaysia. *International Journal of Economics and Finance*, *6*(3), 126-138.

[65] Hillman, A. J., & Keim, G. D. (2001). Shareholder value, stakeholder management, and social issues: what's the bottom line? *Strategic Management Journal*, *22*(2), 125-139.

Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)

The authors equally contributed to the present research, at all stages from the formulation of the problem to the final findings and solution.

Sources of Funding for Research Presented in a Scientific Article or Scientific Article Itself:

No funding has been received for this research

Conflict of Interest

The authors have no conflict of interest to declare.