The Impact of Corporate Social Responsibility on Financial Performance

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Abstract

While it is a challenge to quantify its effect, corporate social responsibility (CSR) activities have dramatically evolved as a value-building business practice. The measuring challenge is, in part, explained by the unclear and variable meaning of the CSR principle. Despite thorough work on this issue, strong supporters and opponents are still firmly committed to CSR (ibid.). Some schools claim CSR involvement constitutes a misuse of money. In contrast, other schools suggest that businesses have responsibilities towards a greater range of participants and can also carry on social accountability. They also claim they utilize business assets for creating value, mainly towards shareholders. Valuable kits did stratification for a minimum of 10 percent of employees in all Lebanese retail divisions. Each stratum 10% of the overall number of workers analyzed participates. The final respondents have been selected randomly by stratum. Such services are chosen as they are grouped under many judicial branches, with all judicial authorities. This research's practical implications outline the nature of the CSR-financial performance relationship between Lebanese companies during 2006-2009. In the light of Lebanese businesses publicly traded, this information may allow additional companies and practitioners to understand the CSR and financial performance.

Keywords: Financial Performance; Stakeholder Theory; Signaling theory; Lebanese Companies.
Introduction

While it is a challenge to quantify its effect, corporate social responsibility (CSR) activities have dramatically evolved as a value-building business practice [1]. The measuring challenge is, in part, explained by the unclear and variable meaning of the CSR principle. Despite thorough work on this issue, strong supporters and opponents are still firmly committed to CSR. Some schools claim CSR involvement constitutes a misuse of money. In contrast, other schools suggest that businesses have responsibilities towards a greater range of participants and can also carry on social accountability. They also claim they utilize business assets for creating value, mainly towards shareholders. The enthusiasm in CSR among companies is growing, but there are differing motivations behind it. Nevertheless, rising demand from stakeholders will help justify this dedication [2]. The pressure is felt not only by consumers but also by staff, vendors, civic organizations, NGOs, and governments. In the case of multi-national, multi-divisional businesses, subject to various industry practices and regulations, regulatory structure, and stakeholder criteria for CSR in different countries, CSR demand was seen to rise. The latest EU law on compulsory CSR monitoring for major businesses has recently been introduced on the field, which has been implemented in 2014, emphasizing corporations' participation in socially responsible practices [3]. Under this legislation, any European organization with a workforce of more than 500 will report on "information in their boards on strategies, threats, and outcomes in environmental affairs, the social and employee dimensions, human rights concerns, the challenges of anti-corruption and bribery and diversity".

Certain fundamental reasons behind CSR's pledge provide positive factors for companies, such as strategic benefits through growing market shares and employee engagement, with shareholder leverage as the catalyst. Nevertheless, analysis indicates that CSR programs are not all market benefits. In addition to the danger of failing to participate in CSR, this may result in distrust among stakeholders as well as harm to businesses [6], [4], [5], it often entails higher expenses, both on a one-time basis and ongoing expenditures. Lebanese businesses, which also have a strong tradition of successful CSR participation [7], often demonstrate the general movement of growing CSR involvement. Nonetheless, Sweden is known as a leader in the sector and was at the top of its sustainable development ranking for Robeco SAM in 2013. The State has named a CSR representative to deal with fair markets and market problems. Therefore, investors' involvement is growing in social and environmental concerns, and has a larger effect on investment decisions, acknowledging CSR's importance [10]. This also seems to be the case for Lebanese buyers, as Folksam has shown that more customers are already seeking social and environmental concerns in investment decisions [12].

The association between CSR and financial results is comprehensive literature. Nevertheless, there was a shortage of clear data for CSR programs' financial success in previous studies. There have been strong, negative, and neutral partnerships with no specific reasons for businesses to
begin collaborating with CSR based on this contradictory analysis. Much of these experiments have regressed on variables that may be perceived as shortcomings in the field of CSR science, where principles and metric methods are unclear and often diverging from each other. The research would use an event analysis approach to avoid the question of CSR estimation, in which an event in the CSR sector is described and is used to quantify the effect on stock prices of CSR interaction. Besides, no such research was carried out in the Lebanese industry. Since each sector has its features, an analysis of Lebanese listed companies 'CSR strategies so possible impact on financial results is seen as important. Though several research on the relationship between CSR and financial results have been carried out, none have investigated the effect of CSR ratings on Lebanese listed corporations 'stock prices. This research attempts to assess how the Lebanese market responds to an official publication by the Folksam CSR rankings. It is, therefore, important to examine it further. Folksam is one of Sweden's biggest savings and insurance firms, and its rating covers all mentioned businesses on the Stockholm Börse. A case analysis using CSR's rating survey is then used to evaluate the more general partnership between CSR and financial results by utilizing Folksam's annual/semi-annual publications.

Purpose and Research Question

This work aims to investigate the potential financial consequences of CSR. Based on previous theoretical work and previous experiments, a detailed description of the topic is presented to interpret the case analysis's effects. Previous polls reveal inconsistent findings of the CSR-financial performance relationship, and only little data is found to confirm the causal association between CSR and financial performance. However, corporations tend to invest a lot of time and energy in environmentally conscious activities, which means they will financially benefit. Therefore, by bridging the gap in existing research, the purpose of this study is to provide both companies and investors with a better understanding of CSR efforts. Therefore, for all these groups and other stakeholders gaining from CSR companies' research, the findings would be beneficial. Relevant questions are: are CSR activities contributing financial value to a business and thus rewarding owners of CSR companies' work? If not, why are the corporations already interested in costly CSR?

The following question emerges based on the defined purpose: is it true that CSR's contribution has no direct effect on a company's inventory price? Previous experiments have taken various methods and utilized various situations to address the basic problem above are submitting environmental award announcements, and Guidry and Patten are using their first release announcements as a case in point. In this study, Folklore's CSR rating report is a particular business case for analyzing the effect of releases on publicly listed Lebanese firms' stock returns. The results of CSR ratings on the market prices of companies’ börsenoted on the Stockholm Frontier (NASDAQ OMX Stockholm) will be empirically studied and evaluated. This implies that the companies reported on the Lebanese market are the population to examine, limiting the
applicability of the analysis findings. However, the findings are true and relevant to the Lebanese economy because the Lebanese financial sector features may interpret the results more effectively. To analyze this, three tests based on a rating score have been selected to decide how investors respectively respond to top, bottom and non-CSR results. Sub hypotheses and robustness checks are carried out to check for any major mitigating influences that may influence the key experiment's outcome and boost the study's quality. These sub assumptions would analyze, as stated and explained in the following paragraphs, whether variations occur in how investors view CSR engagement (1) over the time frame used in this study; (2) whether there is a pre, post, and during reaction gap, and whether investors respond differently to the top and bottom rankings of 3) companies listed as operating.

The Efficient Stock Market and Valuation

The Efficient Market

A company stock price reflects the value creation of a corporation guided by its investment capital's ability to expand and gain returns [14]. Accordingly, for analyzing businesses and assessing their inventory values, the numerous discounted cash flow (DCF) models are common for potential cash flows. The DCF model is the most reliable form of estimation of the product, according to Koller et al. [16] although other approaches may be used for plausibility checking of DCF forecasts. A competitive comparison in which the business is contrasted to peer firms in the market illustrates such an appraisal method. The share price can also be reached explicitly by avoiding the dividends that the stock is supposed to receive in the future. The different evaluation models will all show the same findings as above [25]. Competitiveness and business quality define the capital market [16]. A business in which Fama [17] describes an effective one. For some moment in time, protection rates 'completely represent' all the details accessible. Rates spontaneously price fluctuations in a competitive economy, ensuring that shifts in rates are independent of each other over different cycles. Consequently, fluctuations in the share price are not patterned, and historical values cannot forecast potential rates because that will yield uncompromising returns. Rather the business productivity law requires rapidly increasing changes as consumers try to utilize previous values for knowledge before greater earnings are reduced. Therefore, all the knowledge on past values is expressed in today's market price, and thus buyers cannot obtain a long-term excess gain. The productive business principle suggests that all other knowledge accessible to consumers is expressed in the actual inventory level. Due to this statement, shares are considered relatively volatile, and their dividends are uncertain such that stable, higher dividends on the market are not obtained. Consequently, gathering additional details does not make a difference because all usable details are now included in the product price.

The degree of knowledge expressed in protection prices varies from three stages of business performance. Poor market performance, semi-solid market output, and powerful market
efficiency are labeled. The current protection prices represent all the knowledge about past prices in the poor type of market performance. Prices pursue a random course on an effective weak market that stops higher returns from producing utilizing knowledge on previous returns. Prices represent all historical prices and other public knowledge in a semi-strong mode of price performance. Once knowledge is released, rates are changed automatically, and better returns cannot be reliably obtained. Prices represent all available knowledge in a strong-business productivity process by carefully evaluating clients and the environment, making it difficult to conquer the competition. Continuously and claims that the low and semi-strong theory has not been seen to provide any clear proof that values appear to be tailored to all available knowledge. On the other side, there is some proof against the utility of theory for the solid demand hypothesis. It is claimed that certain individuals or organizations may have monopolistic access to knowledge, contributing to excessive benefits. For, e.g., corporate officials with exclusive access to business knowledge may do so.

Theoretical Framework

This chapter presents the theoretical framework of the current research on the link between CST and financial performance and relevant concepts. The chapter comprises CSR's theoretical concepts and its three dimensions, stakeholder theory, and a review of previous studies on the CSR-Financial Performance Relationship. The new hypotheses will be presented subsequently.

CSR dimensions

The concept of organizations and their CSR organization is specific, but the Triple Bottom Line (TBL) paradigm is standard practice [18]. TBL is referred to as 3Ps by three different persons, planets, and profits. We speak about how businesses perform about the workers impacted; Environment refers to how the organization assumes accountability for the environmental conditions. Income refers to how the business produces economic value for society [19]. Economist John Elkington developed the TBL definition in the mid-1990s and is still widely used in CSR and sustainable growth. The concept could be used in practice as an example by criticizing Shell's oil company for its drilling practices in Nigeria in the 1990s. The organization retained consultants that used the TBL system to turn Shell's derogatory picture into a more optimistic one to boost its corporate profile [21]. The 3Ps also have a social, environmental, and financial dimension to a CSR [22]. These three dimensions should cover sustainability and capital growth for corporations if properly evaluated, and meet a company's direct and indirect actors [23].

Social dimension

The growing demand for businesses to fulfill their social obligations has forced corporations to commit more energy and money to CSR programs to satisfy customers' demands [26]. By raising
stakeholder awareness about a company's CSR activity, firms are eager to promote their sustainable marketing activities [27]. Examples of this type of CSR activities could be donation or subsidy to third world nations or companies operating in the six manufacturing sectors, or to internal standards or codes of ethics dealing with issues of environmental or working conditions, to medicament and vaccines by pharmaceutical companies [28]. Dyllick and Hockerts discuss the importance of broadening the interpretation of the CSR activities of the company in three dimensions, as companies now require a long-term view of their business CSR. Companies must listen to their shareholders and their customers and stakeholders for companies to produce positive long-term results. Therefore, without considering end-consumers' opinions, it is difficult to discuss the social aspect [29]. In addition to the speed and accessibility of information on the internet, news about company activities has spread rapidly, making individuals more aware of how companies administer their social responsibility [31]. Company stakeholders often cover a broad group of individuals. The company is Mohr et al. [32] talked about the behavior and social responsibilities of consumers. The authors argue that there is growing pressure on companies to help resolve problems relating to their communities – for example, donations to charities or environmental actions. Brand promotion is described as a brand strategy that protects and increases both the client's and consumers' well-being to mitigate negative consequences and maximize their long-term beneficial impact on the product. Study findings and indicate that most customers polled either allow or propose having rewarding firms strongly engaged in voluntary donations and philanthropy.

Environmental dimension

Human negative impacts on the environment have been discussed frequently in the last decades at the World Forum and discusses how human activities and natural resource consumption have accelerated sharply over the past four decades. Certain issues include the continued human increase of the earth and its future effects on the world's biological processes. As a result, businesses' environmental effect has been more tightly tracked. Considering the growing public concern in terms of the environmental impacts of the product, awareness of the environmental impact of its behavior is becoming increasingly critical for businesses. In origin, CSR was primarily social responsibility (Community-based programs, employment rights, etc.), but has moved more closely in recent years to the environment of companies (emission, water pollution, etc.), becoming a vital component of CSR. To preserve or improve its brand, the term CSR is constantly evolving, and it is becoming extremely necessary for organizations to control their operations accordingly. Improving its image by communicating its CSR activities is now used to attract customers using a company's reputational value. With a growing understanding among CSR stakeholders, businesses must take responsibility for the safety of the environment to prevent negative criticisms. It is aligned with Flammer 's finding which indicates that shareholders respond more favorably to client environmentally beneficial programs and negatively to those that hurt the climate. It is also indicated that customers reward
environmentally sound enterprises because their perceived value is greater than that of less environmentally friendly.

Financial dimension

CSR companies have been rising over the past decades in the same period as stakeholders' appetite has increased. Numerous studies were conducted to distinguish between CSR and financial performance to assess companies' possible financial benefits in such activities. Such experiments have resulted in different results in which some scientists identify a positive correlation, and some cannot discern any link. Researchers suggested that the causes of mixed results observed in this study are different approaches, methods, and variables selection. Windsor, by visualizing four different scenarios connected with the correlation between financial performance and CSR achievement, proposes conceptualizing the relationship between CSR and financial performance.

Scenarios are described as follows

An increase in financial performance and CSR simultaneously leads to a win-win situation, regardless of governmental or ethical input.

- If both financial and CSR performance decrease simultaneously, this results in government input loss to counter the unwanted situation.
- If financial performance rises when CSR decreases, there may be a public aversion to enterprises, as environmental or social damage results in increased company profits.
- If CSR's performance is decreasing, it is a dispute, as in the previous example, businesses are unwilling to invest in CSR due to the decrease in their financial performance.

CSR investments, which require significant expenses and could lead to a short-term economic loss, may also lead to this development. Since the economy is broad and consists of many aspects, CSR affects a company's financial performance is difficult to establish. The consequences of British Petroleum's oil spill in the Gulf of Mexico in 2010, as one example of the impact of a company's stock value on its environmental performance. Before the accident, BP’s pre-accident stock price was USD 59.5 per share, compared to USD 28.9 3 months later the company increased its CSR operations since the accident to regain confidence among the stakeholders, but this proved difficult. Findings have also indicated that financial performance can affect CSR. Following the financial crisis that began in the US financial market and spread worldwide in 2007, a significant decline in financial performance occurred in many companies. During the financial crisis, Garcia-Benau et al. [22] note that the number of published
sustainability reports in Spain increased steadily, attributed to a positive perception of CSR held by many companies as a potential value creator and a means of increasing stakeholder trust.

**Stakeholder Theory**

Murray and Vogel [12] indicate that any entity that wants to influence and impact the organization, normally outside the company, has a stakeholder's practical definition. Customers, the nation, rivals, governmental authorities, and political advocacy organizations are some of the most prominent participants in an entity, 9 of which have been recognized for several years to have a significant influence on the profitability of a company. A responsibility for concerns relevant to the people or institutions and matters not specifically impacting their interests may be the principles and expectations kept by consumers, for example, with a business employing forced labor overseas. Maignan et al. [22] suggest that marketing and corporate processes have excelled in balancing rewards and ties with many customers, focused on a limited consumer emphasis. Until the last decades, many perceived that companies' sole purpose was to generate profits and comply with their shareholders' demands. The view shifts slowly, and benefit can no longer be seen as the only aim of a company as performance is influenced more and more by stakeholder ties, which involve a broad range of concerns, the main being the way the entity deals with social and environmental issues. This approach by stakeholders of CSR suggests that shareholders' needs cannot be satisfied without meeting other stakeholders' needs. As such, organizations have not focused exclusively on profit maximization. The challenge for organizations is, with this approach, to determine who they are responsible for and how far this responsibility extends all subsequent interactions are based on assessing and assessing an organization by stakeholders. It is also of management concern if the organization is a significant obstacle and collaboration between the company and its members regarding legal and social responsibilities.

**Stakeholder Pressure**

Stakeholders can influence an organization's operations, either individually or jointly, formally, or informally and argue that many managers mistakenly assume that stakeholders interfere in what should be regarded as an organization's private affairs. Consequently, less progressive companies may choose not to be sensitive to public affairs. On the other hand, more progressive companies can opt to implement well-management CSR programs quickly to bring company practices up to public expectations. This approach identifies key issues that put the organization and its stakeholders at risk and mutual interest to prevent any possible future discontent. Greenpeace pressuring Nestlé to use palm oil in its products is an example of such discontent. Palm oil is essential for many agricultural goods, but rising global food demand has been related to substantial rainforest destruction for palm oil processing. Palm oil is the main ingredient for many customers. Greenpeace published in 2009 an information publication on YouTube, which encouraged the organization to boycott the Nestlé product Kit Kat chocolate bars, which is to put
pressure on the company for the adoption of a more sustainable palm oil supply chain for the company. Apple and the use of sweatshops and Nike's connections to child labor are similar eye-catching examples. Thus, many companies aim to move beyond the specific regulatory criteria of their operations and respond directly to their stakeholders' needs.

**The relationship between CSR and Financial performance**

Since CSR became popular in the 1970s, practitioners and researchers have been increasingly involved in the principles and their potential ties to financial success. In one of the first papers written in the domains, Alexander and Buchholz proposed that the idea could be viewed from two separate points of view; one is that a socially conscious organization often has the potential to operate a superior business, which is supposed to deliver stronger financial performance. In their research, Alexander and Buchholz utilized a reputation index as the basis for evaluating CSR performance. This method came to be criticized by Cochran and Wood for the subjective nature of evaluation and not necessarily mirroring a company’s actual CSR performance. In subsequent years, researchers explored various methods used by scientists to evaluate CSR and financial efficiency; however, no agreement prevents generalization of findings. In the past, the researchers addressed different approaches. A concern is that a wide variety of variables occur. The selection of which variables to be used in an analysis by the researcher may substantially affect the findings.

**Influential factors**

In addition to assessing CSR and financial efficiency, analysts studying the partnership have found that various other considerations have to be considered. Each company is different in its CSR structure, according to McWilliams and Siegel. Each company is different. They argue that this is determined by a range of factors, including corporate size, industrial environment, corporate culture, and risk exposure. It is possible to focus heavily on one area of CSR, for example, human rights or environmental issues depending on an individual firm's characteristics or to incorporate a wider array of CSR aspects into its organization. A similar conclusion was reached by Griffin and Mahon. They reiterated that research on CSR and the financial relationship should separate companies from companies in the industry because of the difference in environmental and social concerns, stakeholders' engagement, and activism. Also, the internal validity of research would be enhanced by separating industries. Another factor proposed to influence the relationship between CSR and financial performance is the size of the company. In Waddock and Graves, there is proof that larger corporations may be socially more accountable than smaller businesses; this can be due to greater aspirations by large companies' socially and environmentally active stakeholders to respond more sensitively and attentively to stakeholder requirements. It remains debatable whether or not the company scale affects the CSR and financial results partnership [20].
Signaling Theory

The market price represents the current asset valuation, as stated in the prior segment. Additional details about a business will be introduced directly into the stock price, which should mean that no permanent benefit will possibly be produced. On the other side, the advertising hypothesis indicates that the competition does not function completely because knowledge asymmetries are currently present. As outsiders, i.e., the managers of a business, such asymmetries have more knowledge than externals, i.e., protection holders. Signals are described as the more educated behavior provided, the less well-informed component with reliable evidence to minimize asymmetry. Consequently, managers may submit messages, e.g., signaling the potential course of an organization used for making decisions by uninformed individuals. As pay and profit from management can rely on the product's market value, they are often utilizing knowledge not given by other parties to optimize the business's value. Greening & Turban [30] provide a clear connection between the principle of signaling and corporations' social success. They say that social success influences the employer's appeal, as their adherence to CSR communicates those ideals and expectations to candidates. The reasons behind this point are focused on the past study, which indicates that candidates may not have detailed knowledge regarding the potential employer and instead of using data obtained to suggest the working conditions of the business.

Empirical Literature

Grigoris G et al. [9] researched the impact of corporate social responsibility on financial performance. This study focuses on large-sized companies because they are more likely to develop CSR practices in their business operations and disseminate more information with higher quality disclosures than small or medium companies. The study focuses on companies that operated in the US business environment to extract comparable results consistent with Gamerschlag et al. [24]. As the US economy is considered among global economic leaders, it is interesting to investigate which factors affect corporate financial performance. Even if the US seems to lag behind other countries regarding the CSR reporting process, the US companies are considered familiar with the concept of CSR and reporting process. For instance, Dow Jones Sustainability Index is a well-known index that incorporates companies that satisfy social expectations, S&P 500 Environmental & Socially Responsible Index was created to assess the performance of listed companies in the S&P 500 that comply with environmental and social sustainability criteria, and Global Reporting Initiative guidelines seem to affect a large number of US companies. Return on assets (ROA) was used as a proxy for financial performance because it is among the most frequently used financial indicators. ROA is an appropriate financial measure, and it is recommended for comparative purposes of a company's performance.

As far as the measurement of CSR performance concerns, a variety of methodological approaches have been developed. As CSD is a means for companies to illustrate their social responsibilities, CSD's extent is used as a proxy for corporate involvement in socially
responsible initiatives. The initial sample compromised all companies listed in the Standard & Poor's 500 Index for 2009-2013. The study focused on large-sized companies, as it is more possible to incorporate CSR initiatives. However, the final sample consists of 104 companies because of the missing data in Bloomberg's online service regarding CSR disclosure data. There are two main sensible reasons that the companies do not provide ESG information in Bloomberg; firstly, as CSR is voluntary, companies that do not integrate CSR initiatives in their business operations do not publish CSR data. Secondly, companies do not want to publish valuable company information, as it can easily be emulated by their competitors losing their competitive edge. This study intends to examine CSR performance's impact on financial performance following the trend of prior empirical studies. This relationship is based on two theories; the first one mentions that investments in CSR reduce implicit costs having a measurable effect on the company's financial performance while the second one regards that expectations of stakeholders improve a company's reputation in a way that has a positive effect on its financial performance. As far as the dependent variable is concerned, a company's financial performance is measured by an accounting variable. In particular, ROA is used as a proxy for financial performance, and it is considered one of the most widely used financial measures. Regarding CSR performance, various methodologies assess CSR performance, namely, FTSE4Good, ASSET4, Dow Jones Sustainability Index, and KLD index.

The results indicate that those companies that increase CSR initiatives' involvement increase the financial performance consistent with stakeholder theory. In particular, the ESG disclosure score is positively significant to ROA, which can be an exciting conclusion to stakeholders, such as investors and managers. The study results have implications for investors, corporate managers, and policymakers. Firstly, investors can use the ESGD score as a signal for social responsibility, which positively affects the company's financial performance. Therefore, the results promote CSR's value on conventional investors and encourage them to invest in companies involved in CSR initiatives. Secondly, managers have the opportunity to commit CSR initiatives to satisfy both social concerns and shareholders' goals. Correctly, corporate managers could follow Bloomberg's requirements to present to investors their commitment to CSR. Thus, Bloomberg's approach can be used by managers as a guideline for the development of CSR in their businesses. Finally, governmental and organizational policymakers regarding CSR promotion should encourage corporate managers to involve CSR initiatives in their business operations. Policymakers should focus their effort on notifying companies' importance to adopt Bloomberg's reporting systems and how CSR involvement can pay back companies.

Manokarana. K et al. [15] researched the impact of corporate social responsibility on financial performance. This systematic review would bring two essential elements to the current literature: the body of information and the political ramifications. Most of the previous CSR-based research was carried out mostly in developing countries. This analysis aims to fill the void by providing a fresh viewpoint on CSR divulgations in the sense of emerging market activities. CSR disclosures
can vary due to numerous features and specifications across specific industries and countries. This research would also have a new analytical framework and a more precise explanation for companies in Malaysia's insurance industry for the nature of CSR disclosures while consequently emphasizing the influence that such disclosures would have on the company results. This sort of GRI CSR index has been used for the first time to understand the connection between the disclosure of CSR and Malaysian companies' financial results. The research also offers guidance for the business sector even by useful lessons that managers should use CSR experience to implement effective and integrated strategies.

This research is also seen as one of the first thorough studies on how Malaysia's national insurance firms react to CSR transparency and financial results. This research highlights businesses with proactive CSR records. The focus is on those who render significant contributions to the climate, initiatives to strengthen current group ties, promote integration in the workplace, and develop responsible business practices. In this report, the indicators of ties between the CSR and the financial results of the Malaysia-based insurance firms regarding earnings per share (EPS), return on assets (ROA), and return on equity should be analyzed. On the other hand, much observational research has shown that CSR is not linked to financial efficiency, which is also a possible case in this review. This relationship is analogous to Ullman's [15] statement that both CSR and financial results; there are various variables.

Thirdly, a favorable correlation may be proposed because its benefits offset CSR's actual expense. A distinct advantage for CSR, which significantly increases financial efficiency, is defined by companies, to achieve higher profits or minimize costs. Financial success and CSR imply that such actions will create a transient expression of goodness even though the CSR interaction itself does not offer substantial benefits—possibly reputational interest and recurring clients. The probability of adverse outcomes is less high for environmentally conscious businesses. They are less likely to be liable to significant penalties, expensive prosecutions, or socially damaging incidents that will harm their name and image for over polluting. The material review approach would be used in this research to recognize indicators in relationships. In comparison, CSR operations' financial reporting and partners' participation in CSR operations, the sustainability study, and its material were the best. In addition to social obligations, Malaysian companies have focused on establishing numerous non-governmental organizations and intensified environmental pressure. Consequently, performance reviews have been the primary marketing medium for corporations to disclose their CSR messages to the public.

Cho.S.et al [8] studied the relationship between CSR and Financial Performance. The significance of corporate social responsibility is growing slowly, coupled with the steady growth of environmental administration. The social enterprise's presence has grown insignificance. The society also wants businesses to manufacture goods and services and assume a more favorable position in society than to restrict themselves to their normal function. CSR work is an essential
activity for universities and industries around the globe. This thesis also carried out an analytical review to see how financial success is associated with CSR efficiency. The research focuses on stakeholders' hypothesis that CSR practices mitigate numerous possible disputes between different stakeholders and improve companies' credibility. It does impact not only short-term financial results but also long-term business interest.

For comparison, measurement factors of the business's leverage level and scale are utilized, with the average log value of the properties specified for calculating the organization scale. Tobin's Q Data determine the organizational valuation of Korean companies. Financial data were collected from TS2000. The only social contribution that has a meaningful (+) connection at a substantial level below 5% is the association between CSR's success and productivity (ROA). While the atmosphere's soundness and safety positively correlate to ROA, statistical importance is not 10% or less. When analyzing the link between CSR success and development, there is only a statistically significant positive connection between health and social participation. The organizational benefit calculated with Tobin's Q is statistically essential, with a strong association of health and social investments below 5 percent. The effect is not statistically meaningful at even 10% rates, while environmental security positively correlates with a corporate interest. In comparison, customer security impacts business interests objectively dramatically. The business scale has a favorable effect on financial results and a detrimental influence on the leverage level. Partially endorsed are the theories that CSR's success would favorably affect financial results. Such findings suggest that while CSR operations significantly affect financial performance, not all CSR operations have measurable impacts on financial performance. Organizations will then focus on specific CSR programs with substantial outcomes and ensure that such successful and profitable initiatives are pursued.

Joseph Dery et al. [11] researched corporate social responsibility and financial performance nexus. Scholars worldwide have recently been attracted by Corporate Social Responsibility (CSR). Yes, CSR plays many essential positions in businesses that may be linked to the growing literature. For example, CSR provides companies with brand photos, legitimization, adaptation to opportunities, security from external obstacles and risks, and maximization of benefit. Following the perception of their clients and partners, CSR builds good credibility for such businesses and increases employees' productivity, contributing to improved results for the businesses. Therefore, several scientists have concluded that CSR success and business output are technically interrelated. This partnership is based on the two most common financial philosophies: owners and the theory of service expense.

From 2011 to 2013 [1], a three-year analysis using a three-year survey of JSE firms. This research employed over 85 percent of the first 100 biggest firms listed on the JSE. The inventory data have been derived from a data collection from McGregor. The CSR data from the selected companies have been collected from the corporate governance framework established by the
University of Stellenbosch Business School (USB) of the Centre for Corporate Governance in Africa. The CSR study of 150 corporations has been carried out since 2011 by the PIC in collaboration with the USB Centre for Corporate Governance. We are choosing businesses with robust data on our interest variables for 2011-2013, and this produces a list of 56 businesses. The average ROA from overview statistics is 10%, whereas the overall ROA is 93%. In South Africa, companies, therefore, manufacture ROA in the range of 10% on average. Organizations have a considerable period. The youngest organization is just two years old but 128 years ago is the largest company. To compare the inter variability of our variables, we measured the CV coefficient. Science and engineering have been found to have the most significant variation, suggesting a more significant deviation from the average. The environmental component is the increasing variance of the CSR elements, whereas the management portion is less volatile. The variance in both companies due to the valuation in their CV is comparable in output metrics, though ROA uncertainty is higher. The correlation matrix of the variables is provided. A stable correlation coefficient between size and leverage is reported among the independent variables. However, there are no multi-linearity issues in the models.

Liu. N et al. [13] researched corporate social responsibility and Financial Performance. The implications of accelerated economic growth, including social and environmental issues, have gained growing focus. In 2008, 290 publicly listed Chinese businesses published corporate social responsibilities (CSR) records that grew to 371 in 2009 and increased to more than 851 in 2018, according to the findings of the Rankins Corporate Social responsibility scores (RKS). CSR details were collected from the RKS based on CSR and its annual financial statements to measure CSR performance. Such statistics are one of the significant social responsibility initiatives for business in China. When the degree of CSR knowledge directly correlates to the company's results, the disclosure conduct, this finding should allow audiences to engage favorably with knowledge regarding social responsibility. China's CSR knowledge disclosure standards are currently not adequately comprehensive. The corporation will opt more than the government for the essential nature of the report. The regulators may suggest more clarifying CSR requirements, enhancing their effectiveness, and eventually utilizing economic means to enhance social responsibility actively. Authors of prospective publications will determine that the details of the knowledge article on social accountability are accurate. You need to check that the CSR declaration is genuine and essential and, therefore, to some degree, expose the discloser's purpose. Computer and text mining technologies may be modified in the future to assess the subjectivity of corporate responsibility and financial statements by way of which precise CSR and financial disclosure effects can be collected from businesses.

**Research Design**

This work was carried out in a specific geographical region and thus conveniently and efficiently carried out. For this study, the concise style was sufficient and the brief architecture of work
determines and tells how things concentrate. Creswell [24] indicated that data are collected utilizing a form of analysis to classify persons, organizations, ecosystems, or phenomena. The architecture also provides sufficient bias security under Kothari [18] and enhances reliability. As the study was done over a certain time, the writer used a transversal technique in line with Mugenda and Mugenda [19]. This approach is appropriate because it allows the studied variables' connections to be tested using linear regression. The outcome also offers resource consistency for respondents who reach a high response rate more than once and helps mitigate hunting difficulties.

**Target Population**

Two hundred five citizens working in the Lebanese retail outlets, 205 HR leaders, Tax officer, Secretary-General, Post Office, Transport Secretariat, Restaurant, Register Section, and Judges Chambers are in researchers' community. The following 205 workers will be hired. 205 participants took part as a study party.

**Sample Design**

A sample is identified as Mugenda and Mugenda [19] from the open web's minor group selection. Ngechu [20] stressed the importance of choosing an acceptable sample when designing a survey background. Valuable kits did stratification for a minimum of 10 percent of employees in all Lebanese retail divisions. Each stratum 10% of the overall number of workers analyzes participates. The final respondents have been selected randomly by stratum. Such services are chosen as they are grouped under many judicial branches, with all judicial authorities.

**Data Collection Instrument**

The data is defined as information used to determine and draw conclusions, often as facts and figures obtained from experiments or inquiries, as per Rooney [12]. The main data collection tool for this study was open and closed questionnaires. To escape unclean analytical information, free questions require respondents to express themselves freely. Work is not done fast. Questionnaires have been used during primary data processing. Moreover, the questionnaires were used for the following reasons: their willingness, within a short period, to reach a sufficient number of respondents, their capacity to answer the queries, their sense of secrecy, and their intent, so as not to establish any bias arising from their nature. The questionnaire was split into sections to meet the research's key goals.

**Data Collection Procedure**

Once data collection begins, the researcher shall provide the necessary documents and a letter of introduction from the Murang'a University College-Department for Human Resource Management. The Registrar of the Court and the Division heads shall also seek to clarify the
study's purpose to the Lebanese Retail Firms. When permission has been obtained, the investigator will directly conduct the test to all present on many occasions at their workstation. Surveys were intended to facilitate the data collection process as everybody contacted was encountered in a good time. Once the instruments were shipped, the intention of the research was explained.

**Validity and Reliability of Research Instruments**

*Validity*

The quality of the proof and reasoning is linked to the analysis by using tests with argument results. How effectively it checks what it can determine is the honesty of a program and validity is the tests' reliability and meaningfulness based on the test evidence. The degree to which the findings from the data analysis represent the sample variables. The analytical tool has been tested for text and face validity. The approach in question measures the complexity of the basic form of research in the items in question. To order to guarantee its authenticity, the questionnaire was divided into several parts. Questions will also be open and closed to gain concrete evidence.

*Reliability*

Reliability is a research instrument's capacity to determine interest characteristics over time accurately. This is how a research instrument produces accurate observations or results after repeated experiments. The method is exact because researchers perform a test twice, and the second administration measurement is similar to the first. The second administration is the same. The trustworthiness or durability of a test is true. The researchers ought to measure the efficiency of the test to determine accurate tests. The concept re-test method has been used to assess the reliability of the unit. For this purpose, the same test is used twice on a specific group of respondents.

**Data Analysis Procedure**

The analysis of data was based on the quantitative approach. The descriptions are organized as descriptive figures and percentages to display objective data as tables and graphs based on key research problems.

**Ethical Considerations in Research Participants**

The speaker's analysis will be clarified by the speaker and why the study is just for scholarly purposes. Participants were specifically stated as being voluntary and permitted to deny or withdraw at any point during the investigative period. Interviewees were unable to convince anyone to participate. Participants must be instructed whether or not to join. They had been given strict secrecy criteria.
Research approach

A systematic and deductive method is used in this analysis. The analysis aims to look at the relationship between CSR and financial results about publicly-listed firms on a Stockholm OMX bond from a statistical point of view. A quantitative method is deemed acceptable. Research is often based on a quantitative approach to statistics. A deductive method is deemed more acceptable because it focuses on existing theories and previous research results. Therefore, the empirical findings are tested and can, be regarded as a deductive approach compared to previous research. When a scientific project is undertaken, there are typically two methods for analysis. The analysis may be deductively or inductively conducted. The study's purpose differs depending on which approach the study uses. According to Hyde [15], following a deductive approach means that an existing and established theory-based research process is designed to test whether the theory is still applicable. Quantitative research uses a deductive approach most commonly. Robson [19] argues that a deductive process is taking five stages; (1) first, a testable hypothesis based on existing theory must be drawn. (2) The concept is simultaneously redirected and operationalized to observable words. (3) The third step consists of checking the theory to transfer to (4) the fourth level, with either approval or denial. (5) The fifth and final phase involves retrofits with the current theory and examines whether a revision is required. A campaign against deduction is an inductive method. The hypothesis is based on interpretations in the natural world. The study's conclusions are the basis of the hypothesis, in other terms. Generally, a qualitative analysis methodology is inductive and not deemed acceptable for this review. 14 Quantitative research generally includes numbers and statistical measures that explain, describe, explore, and demonstrate inter-varial relationships. Furthermore, quantitative research can be seen as a research method that attempts to measure goals to generalize information through statistical and quantified results based on reality.

Research design

This study uses the design of correlation research. Since the study's purpose was to investigate the connection between CSR and financial results, the study design was deemed the most suitable. In the sense of connection research design, the aim, according to Kumar [12], is to create or investigate a partnership, interaction, or interdependence between at least two aspects of the phenomena or circumstance. The researcher also says that the type's research design's main subject is to determine whether the two facets are related. In addition to correlational research, there are three other types of research design Detailed information on social phenomena, experience, situation, and the problem are the focus of descriptive research design. And as precise as possible, it seeks to do so. Research architecture is a method that is used while a specific unfathomed concept or emerging area of study is being addressed. The third research design is explanatory studies that aim to determine how variables can cause another variable to change.
Data sources

There are two types of data, primary and secondary, according to Saunders et al. [25], in which researchers tend to overlook existing data in favor of creating their database. This study only uses secondary information collected via the Folksam Corporate Responsibility Index (FIFCR) and the sampled companies' annual reports. With an existing database, both time and resources can be saved, while researchers can focus more on interpreting and analyzing data rather than collecting data themselves. If researchers have questions about themselves and need to find and collect data, researchers may have no time or resources to properly perform data collection. To avoid this impediment, scientists can choose to collect information from companies and organizations, usually for a fee. To avoid this impediment. Some organizations publish official statistical statistics on economic, demographic, and social matters (often fifteen government departments). Many of these databases are publicly available, and data gathered via these media types is usually of great quality. Secondary data also offers researchers the possibility of conducting longitudinal research. This research includes the opportunity to assess the CSR and financial results of an organization over four years without the requirement for essential data collection tools. It is also worth pointing out that the use of secondary data in research has some disadvantages. Because the data always represents the company's view or intent in gathering the data, researchers will ensure that the data includes all the elements required for carrying out the analysis. Governments or larger organizations frequently supply the large archives of data collections, but this doesn't require high data quality, so researchers must carefully evaluate data before use. As Folksam has summarized portions of its result and the variables ROA and Tobin's Q are considered together, secondary data combined from various sources for a new data set is called multi-source data is often regionally or time series-based. This can also be correlated with Folksam's table, as both field and time-series data often comprise financial and business records.

Research strategy

This thesis uses a quantitative analysis approach to analyze CSR-financial outcomes in Lebanese publicly listed businesses over four years from 2006 to 2009. The selection of this analysis approach is focused on the purpose of the report, which is to investigate the relationship between variables, as data from four separate years is obtained. The analysis of data collected during set timescales provides for researchers to evaluate trends and, in some situations, make it possible to determine causal inferences and describe length research as a type of research commonly used in corporate and management research map modifications. For retrospective 16 trials, scholars pick a study and, at least once more, analyze it. Two major subcategories, panel, and cohort can be divided into longitudinal studies. The first sample is typically made up of a randomly chosen regional population, and at least two distinct occasions are used to gather data. A panel analysis's main feature is that similar steps are performed at a specific period on the same sample. A full cohort study, or a randomly selected one, is the data collection source. Participants share some
features, such as being born, employed, or married on the same date in a particular week. Panel and cohort studies share many similar potential issues. Namely, the original sample members may drop out or no longer participate during the study. The panel study is deemed the best way to use the same sample during the four years investigated and highlighted the importance for researchers not to mislabel a relationship observed between variables due to causative relationships. When discussing longitudinal research. Many alternatives explain whether the chosen variables' static quantities are correlated with each other.

Data collection method

A secondary form of data processing is used in this research for data collection. The methodology was chosen based on the availability in its Corporate Social Responsibility Index (FIFCR) of CSR data provided by the Lebanese insurance company Folksam. For all four years analyzed in the study and discuss the importance of conducting thorough research into the accessibility of existing data for researchers and whether they can be linked to the study purpose. When available data through the FIFCR was located, a review was done to evaluate whether the Lebanese companies' CSR performance would be an appropriate measure. The researchers subsequently decided to include the study's index, where the perceived credibility and reliability were the key elements considered. In its reporting, annual reports, and other publications, the FIFCR concentrates on individual firms' readily preparedness regarding environmental risk management and human rights issues and evaluates how 17 companies handle these risks. FIFCR’s results have been rated according to the Public Engagement Services (GES) studies that focus its rating framework on the ten concepts of Global Compact and OECD. The ten principles of the Global Compact describe how a company in the private sector handles its vulnerability to human rights, environmental and anti-corruption challenges. OECD: multinational corporate guidelines are recommended as sustainable responsibility objectives for global market operators. These principles show how corporations should take responsibility for issues of human rights and the environment. They get a scale of between zero and 7 of the environmental and human rights scales, where 7 are the best scores and zero the lowest scale depending upon how the companies perform.

Financial data

The statistical statistics included in this study were derived from the involved organizations' fiscal results, which provide data to measure the ROA and Tobin's Q based variables. This unique use of secondary data is deemed by the scientists compatible with found to be trustworthy data. The publication of an annual report is required for Lebanese publicly traded companies for whose financial performance each year of a joint-stock company is obliged to report. Due to the lengthening period between 2006 and 2009, all companies in the sample need annual reports for each of these years.
Operationalization

Measuring CSR

Over the past few decades, many researchers have chosen methods to measure companies' overall CSR performances, for example, the KLD Index. The KLD Ranking tests the CSR firms based on 8 separate characteristics and assesses them on their terms. Although numerous researchers used the method of measuring CSR performance, some criticized it because it was not sufficiently comprehensive or covered large enough samples and limited it to measuring companies that traded on the US stock exchange. The FIFCR details are used in this analysis and are viewed as indicators of CSR success in businesses. Like the KLD Index, the FIFCR assesses the performance of CSR companies based on several parameters. For FIFCR, two attributes are used in determining CSR measurements; human rights and environmental performance. Employee privileges, the organization's conduct in a societal sense, and human rights awareness in the supply chain are the core facets of determining human rights. Environmental management and impact are key areas of evaluation of environmental performance. The environmental and human rights scores combine to form a common index of a company CSR’s performance to address this particular survey's purposes and hypotheses.

Measuring financial performance

Cochran & Wood [5] notes that the research community does not agree that a parameter to determine what financial performance indicators should be used. When evaluating financial performance, the method commonly used by researchers can be divided into 3 categories. The first is by using accounting and profitability-based measures, for example, Return on Assets (ROA) or combinations of various accounting variables. The second is market-driven measures such as market performance or market value. Fourth, the mixture of market-oriented and accounting interventions and Orlitzky et al. [20] claim that CSR has more to do with accounting than market-based practice. This research's financial performance is assessed by two financial performance measures based on accounting and one based on the market.

Models used in this research

Simple linear regression

This study aimed to examine the relationship between CSR and the two dependent financial variables using a simple linear regression model in the Program SPSS. As a mathematical tool for calculating the association between one dependent variable and one independent variable, basic linear regression is widely used. The course and the frequency of the interaction between the two variables may be measured. The variables' path is the beta value, which defines how often the dependent variable shifts. A beta value of 1.01 reflects 1 degree. The R squared value
indicates the intensity of the relation, demonstrating how well the independent variable indicates the correlation with the dependent variable. A R squared value of 0.01 reflects 1 degree. To be reliable, the common practice is to consider results only when the P-value is not less than 0.05. The relation between the independent and the dependent variable is considered reliable. However, some cases allow for a slower, more relaxed limit at 0.1. Previous studies used linear regression to analyze CSR-financial success interactions and would also be used in this study. The factors used in the basic regression model are based on ROA or Tobin's Q, and the CSR value of the FIFCR is an independent variable.

**Moderated regression analysis**

The degree to which two or more variables are associated is measured in classical validation models. While this method has proven useful in many instances, there is doubt about the accuracy and understanding of a certain phenomenon in this method [30]. Some researchers include other moderator variables in calculations to address this uncertainty that has been shown to affect or strengthen the relationship examined [30]. In this study, the moderators complement several former CSR researchers' proposals and the financial performance relationship. Also, these models are presented. Orlitzky [20] found little data, in comparison, to suggest that organizational scale has fewer or more favorable impact on the partnership. The researchers follow the proposed division of industry established by the FIFCR to test the hypothesis about the industry's moderating effect for this research. The number of companies in nine of the 15 original industry groups is considered too small to produce representative results for the industry after exclusion by companies that do not meet the requirements for conducting such research. The researchers also developed a minimum standard for 14 companies in a certain sector to reduce the risk of misleading findings. Six industries remain within this requirement; Various Industries (28), Real Property (14), Consumer Goods (14), Health Services (20), Finance (18), and IT (23), representing a total of 117 enterprises. To assess the possible moderation of the corporate size, this research uses the FIFCR division in which companies are separated based on market cap segments listed on the Stockholm OMX Börse. This segment has three company groupings: Small Cap (market value less than EUR 150%), Mid Cap (market value between EUR 150 million and EUR 1 billion), and Large Cap (market size greater than EUR 1 billion).

**Implications and suggestions for future research**

**Theoretical implications**

This thesis adds in many respects to the current CSR literature body and works into financial results. In the first place, the findings show that there is no significant link between ROA and Tobin's Q in the 2006–2009 period across 167 Lebanese companies. There was no significant relationship between CSR performance and financial performance. In this context, the work on the relationship between CSR and financial results needs to be performed in various markets and
areas based on the findings of Peng & Yang [19] as multiple variables are specific that vary across business activities and how this could affect ties. Through this addition to the current literature body, publicly-traded Lebanese companies' CSR and financial relationships can be further understood. Secondly, this work complements the current study body, which does not assess the connection between CSR and financial results. Thirdly, tests of moderator variables in terms of company dimensions and industry have shown that any variables have not moderated the link between CSR and financial performance. These findings correspond to those of Orlitzky [20], whose size could not identify the relationships between the variables as either strengthened or weaker.

Practical implications

This research's practical implications outline the nature of the CSR-financial performance relationship between Lebanese companies during 2006-2009. In the light of Lebanese businesses publicly traded, this information may allow additional companies and practitioners to understand the CSR and financial performance. As a consequence of this, it is usually evident that the numerical value of the partnership is very small, expenditure in CSR is not observed as ROA or Tobin Q. Therefore, whether such financial indicators are considered to be of interest, they may influence what degree businesses want to invest in those operations. However, the research only examines the relationship between those two financial variables and does not necessarily reflect these two variables' relationships in the last 43 years. Since the results of these investigations do not reflect a recurrent, significant statistical relationship between CSR and financial performance, it may provide insights into the management of Lebanese companies on what CSR investments can be expected to yield concerning ROA and Tobin's Q. According to previous research, there may be various other beneficial aspects to enhance a company’s CSR performance, such as improved capital access, reduced risks, or improved stakeholder relations.

Suggestions for future research

This study adds to the existing research literature, and the correlation between CSR and financial performance has also not found statistical importance. However, the results are based on only two different financial factors. Future research should use a broader range of financial criteria to test their validity on publicly traded firms' Lebanese market. A greater range of information into how CSR performance affects various fiscal metrics can be given using more financial variables. Furthermore, future research could undertake similar tests in recent years to examine whether the relationship is greater than during the period examined in this study. Results from this study show that companies with CSR rates are largely growing in 2006-2009, and future research could lead to more research in recent years as firms expand their investment in CSR on the nature of the CSR-financial performance relationship. A bigger sample than the one found in this study is another option for future research. Because of the panel data study design, only 167 companies scored in the Folksam Index during 2006–2009 were allowed in the sample. Because
a total of 311, future research may add another research design, requiring the addition of the total population of businesses, over these years, to the Small Cape, Mid Cap, and Broad Cape.

References


