NEAR EAST UNIVERSITY

INSTITUTE OF GRADUATE STUDIES

DEPARTMENT OF INTERNATIONAL BUSINESS

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE BEFORE AND AFTER THE PANDEMIC

MSc. THESIS

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Nicosia

August 2023

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MSc. THESIS

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August, 2023

Approval

We certify that we have read the thesis submitted by **ELLEN FERO** titled **"THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE BEFORE AND AFTER THE PANDEMIC"** and that in our combined opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of International Business.

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Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rule and conduct, I have fully cited and referenced information and data that are not original to this study.

ELLEN FERO

31/08/2023

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ELLEN FERO

Abstract

The Impact of Corporate Social Responsibility on Financial Performance Before and After the Pandemic

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Msc, Department of International Business

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Corporate Social Responsibility (CSR) is a complete set of strategic management, marketing and development functions which is popularly known as the self-regulatory business model. CSR contribute to a smooth running of the company's operations and enables firms to achieve their goals as well as gaining competitive advantage. CSR also provides the necessary connectivity between the firms and its various stakeholders, integrating functions and operations performed in an organization with the society. Furthermore, it empowers the creation of appropriate programs and influences incorporation of certain actions to resolve and minimize potential threats to both the community and the organization as a whole. Previous research indicated that firms can gain sustainable competitive advantage through strategic CSR which then result in obtaining positive CFP. However, the novel (covid-19) pandemic has put companies through a test concerning CSR, exposing firms in revealing their true intentions and believes behind embracing CSR. As per the results of my study, doing good pays and in other scenarios it doesn't, the effectiveness of it lays in how it is implemented, and also on the fact that CSR has been introduced as a tool to manage risk for the firm so it can be beneficial when there is risk involved and less useful when there is no risk. Proper implementation of CSR concept is often said to contribute significantly to the successful growth and development of the firm and its stakeholders. However, even with the growing popularity of CSR as a self-regulatory business model /strategy there isn't one single classified CSR performance measure, and there is a little systematic verification of the relationship between CSR which claim to play an indirect role to the CFP as well as the overall business performance. The aim of this paper is to analyze the financial impact of the CSR before and after the pandemic. The results of our study were obtained from various company's annual reports after initiating CSR and primary data obtained from responses of companies participated in our research questionnaires. The result of my study is important for the additional future literature in my area of study.

Keywords*:* Corporate Social Responsibility, Financial Performance, Corporate finance, Risk management, financial markets and investments

ÖZ

The Impact of Corporate Social Responsibility on Financial Performance Before and After the Pandemic

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Kurumsal Sosyal Sorumluluk (KSS), popüler olarak kendi kendini düzenleyen iş modeli olarak bilinen eksiksiz bir stratejik yönetim, pazarlama ve geliştirme işlevleri kümesidir. KSS, şirket operasyonlarının sorunsuz bir şekilde yürütülmesine katkıda bulunur ve firmaların hedeflerine ulaşmasını ve rekabet avantajı elde etmesini sağlar. KSS ayrıca, bir organizasyonda gerçekleştirilen işlevleri ve operasyonları toplumla bütünleştirerek, firmalar ve çeşitli paydaşları arasında gerekli bağlantıyı sağlar. Ayrıca, uygun programların oluşturulmasını sağlar ve hem topluluğa hem de bir bütün olarak kuruluşa yönelik potansiyel tehditleri çözmek ve en aza indirmek için belirli eylemlerin dahil edilmesini etkiler. Önceki araştırmalar, firmaların stratejik KSS yoluyla sürdürülebilir rekabet avantajı elde edebileceğini ve bunun da pozitif CFP elde etmesiyle sonuçlanabileceğini göstermiştir. Bununla birlikte, yeni (covid-19) salgını, şirketleri KSS ile ilgili bir teste tabi tutarak, şirketlerin KSS'yi benimsemenin ardındaki gerçek niyetlerini ve inançlarını ifşa etmelerini sağladı. Araştırmamın sonuçlarına göre, iyi işler yapmak kazandırırken diğer senaryolarda kazandırmıyor, etkinliği nasıl uygulandığında ve ayrıca KSS'nin risk yönetimi için bir araç olarak tanıtılmasında yatıyor. Bu nedenle, risk söz konusu olduğunda yararlı olabilir ve risk olmadığında daha az yararlı olabilir. KSS konseptinin uygun şekilde uygulanmasının, genellikle firmanın ve paydaşlarının başarılı bir şekilde büyümesine ve gelişmesine önemli ölçüde katkıda bulunduğu söylenir. Bununla birlikte, kendi kendini düzenleyen bir iş modeli/stratejisi olarak KSS'nin artan popülaritesine rağmen, sınıflandırılmış tek bir KSS performans ölçüsü yoktur ve CFP'de dolaylı bir rol oynadığını iddia eden KSS arasındaki ilişkinin çok az sistematik doğrulaması vardır. yanı sıra genel iş performansı. Bu makalenin amacı, pandemi öncesi ve sonrası KSS'nin mali etkisini analiz etmektir. Çalışmamızın sonuçları, KSS'yi başlattıktan sonra çeşitli şirketlerin yıllık raporlarından elde edildi ve birincil veriler, araştırma anketlerimize katılan şirketlerin yanıtlarından elde edildi. Çalışmamın sonucu, çalışma alanımda gelecekteki ek literatür için önemlidir.

Anahtar Kelimeler: Kurumsal Sosyal Sorumluluk, Finansal Performans, Kurumsal finansman, Risk yönetimi, Finansal piyasalar ve yatırımlar.

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CHAPTER I

Introduction

Due to the pandemic most companies have incurred losses whilst some have been profiting steadily. The mechanism of profit-making is that, organizations and individuals engage in activities such as buying and selling goods or services but in the present day the sustainability or growth of the business lies in so many areas of business activities. In other words, activities such as buying and selling goods or services are not the only fundamental to making profit and sustain entities for future growth. One cannot argue the fact that such activities assist in fulfilling short term goals, for examples, in achieving seasonal revenue. In my opinion strategies have to be put in actions for both organizational value and continuous future revenue of the company. Before commencing on this analysis, we should clarify the characteristics of strategies for instance, business strategy performs its role in enabling firms to achieve its goals, mission and vision. Strategies depends on the nature of the business and how they intent to use them. In business practice we have a long list of strategies which can then be broken down into four strategies which are corporate, competitive, functional, and operating strategy. These types of strategies serve to formulate other types of strategies for example, stability, or growth-based strategies, derived from corporate or organizational level strategy (Jason Gordon, 2022). This more integrated view of the firm is in association to the strategic planning, which is characterized by the systematic formulation of strategies geared toward the achievement of organizational goal. Research has demonstrated that firms which put strategic management into practice typically outperform those organizations that do not (Wilson, 1994). From the strategic management point of view companies could examine their own core strength which helps with the viability of their business and enhancing its well-being through internal corporate social responsibility (CSR) initiatives. Strategic corporate social responsibility is required to address both the value chain and environmental implications of a firm (Jane Nicole, et al 2022).

So, despite the business motives, CSR has successfully resulted as a great marketing strategy for a lot of businesses, it is a great way of gaining trust from customers. Marketing strategy describes in details organizational understanding on how to attract, reach and how it plans to retain its customer base. Strategies mentioned above are associated with corporate social responsibility and can assists firms in achieving organizational values and future revenue if used properly. Depending on the business motive, CSR can be used as both business model, and/or strategy. It can then be considered a strategy if it is used as a solution to solve a problem. Corporate social responsibility refers to organizations enhancing their long-term economic, social, and environmental performance. Nevertheless, it is popularity known as a self-regulating business model. Before the pandemic, prior years ago we observed that effective CSR paved the path for the formation of relationship between societies and organizations that are mutually beneficial. In this research we intend to find out if that is still the case after covid 19 pandemic. Firms operating in line with the ethical code of conduct it is considered as virtue despite the industry of its operation. Corporate social activities are voluntary contributions which build a bridge of trust between firms and its stakeholders, compared to its competitors. The voluntary nature of these initiatives is what makes them socially responsible and the fact that they are not governed by the governmental institutions. However, regardless of the growing popularity of CSR, there is little systematic verification of the claim that CSR plays an indirect role in business performance. In current business practice, most but not all companies have adapted CSR strategy or model, the reason being that society responsibility requires more investments to support CSR initiatives for example contribution of finance, goods or services to the community or governmental cause. Being socially responsible is viewed as contradicting the shareholders' interest. Therefore, this research is examining the impact of CSR from cooperate finance, risk management and financial market and investment on business financial performance before and after the pandemic.

Research Problem

An important trend today is for businesses to look at their work from a strategic corporate social responsibility perspective and recognize the key relationship between the business and its stakeholders. However, despite the growing popularity of CSR, there is little systematic verification of the claim that CSR plays an indirect role in business performance. Most, but not all companies have adapted CSR strategy/model in business practice, the reason being that society responsibilities requires more investments to support the initiatives for instance contribution of finance, goods or services to the community or governmental causes. Although by doing so organizations could lose financial support because it is considered as not prioritizing profit maximization concept, according to the stockholder theory. Having conflict of interest between the managers and the shareholders can result in loosing financial support from shareholders like mentioned earlier. So, in addition, investing in CSR activities comes with risk of uncertainties. On the other hand, due to the pandemic as of today some organizations are struggling to survive in the market whilst some have closed because of low or lack of customer demand which then led to a loss in profitability and then bankruptcy. However, is the short-term gains or loss provided by CSR and the associated risks worth the costs? We need to;

- To identify the key variables that mediate or moderate the relationship between CSR and financial performance during and after the pandemic
- To compare the relationship been the variables and the financial performance before and after the pandemic
- To examine the changes in practices adopted by companies during the pandemic

Research Significant

My aim in this research is to find out firstly how corporate socially responsible companies are and most importantly the financial impact of corporate social responsibility in organizations that had adapted CSR before and after the pandemic. Furthermore, we want Comprehensive understanding of financial performance: By considering multiple variables such as CSR, corporate finance, risk management, and financial market and institutions, the study provides a holistic view of the factors that influence financial performance. This comprehensive understanding can contribute to more informed decision-making by businesses and investors. Other reasons include the following; Identification of key drivers of financial performance: The research can identify the relative importance and impact of each variable on financial performance.

This knowledge can help businesses prioritize and allocate resources effectively in areas such as CSR initiatives, financial management, risk mitigation, and navigating financial markets.

Impact of CSR on financial performance: The study can shed light on the specific impact of CSR practices on financial performance. Understanding how CSR initiatives, such as sustainability efforts and social engagement, influence financial outcomes can guide companies in designing and implementing effective CSR strategies that align with their financial goals.

Financial risk management: Examining the role of risk management on financial performance is crucial, especially in the context of the pandemic. Businesses need to understand how effective risk management practices, including resilience planning, contingency measures, and financial hedging, impact their financial performance during times of crisis.

Financial market dynamics: The research can explore how financial market conditions and institutions affect the financial performance of businesses. This understanding is particularly relevant during and after the pandemic when financial markets experienced significant volatility and disruptions. Insights into the relationship between financial market factors, such as interest rates, investment flows, and regulatory changes, and financial performance can assist businesses in adapting to changing market conditions.

Policy implications: The findings of the study can inform policymakers and regulatory bodies about the impact of CSR, corporate finance, risk management, and financial market and institutions on financial performance. This knowledge can guide the formulation of policies and regulations that support businesses in improving their financial performance and managing risks effectively.

Practical implications for businesses: The research can provide practical implications for businesses in terms of optimizing their financial performance. It can offer insights into how companies can integrate CSR practices, enhance financial management strategies, mitigate risks, and navigate financial markets to improve their overall financial performance.

By studying the impact of these variables on financial performance before and after the pandemic, this research contributes to the understanding of the complex relationships among CSR, corporate finance, risk management, and financial market and institutions. The findings can have practical implications for businesses, policymakers, and investors, helping them make informed decisions, enhance financial performance, and contribute to sustainable and resilient economies

Definition of the Terms

Analyzing is to examine in details either information or situation with the purpose of explaining or interpreting. For instant, in this study we are going to examine the financial impact of CSR so that we can interpret it for future use.

Financial impact these are positive or negative effects related to the management of all business transactions such as returns, expenses, company assets and so on.

Social responsibility is the voluntary work done by companies which is not governed by any governmental institution

Corporate social responsibility is defined as societal obligation, an organization's overall willingness to enhance the society and environmental well-being, without neglecting stakeholders' satisfaction.

Strategy is a master plan put in place for an action or to help tactics in fulfilling the firm's short-term and long -term objectives.

CHAPTER II

LITERATURE REVIEW

Defining Corporate Social Responsibility (CSR)

There has been an ongoing debate about corporate social responsibility since Howard Bowen who is widely regarded as the father created it in 1953, ever since then every author and scholars has tried defining it but no single person has successfully managed to give it one single concrete definition. So before embarking with our analysis on the financial impact let us attempt to explain CSR in a simple possible way which give us an understanding of the concepts of CSR in all phases of its expansion that have been periodically unveiling with time. Corporate social responsibility (CSR) is a societal obligation it is an organization's overall willingness to enhance the society and environmental well-being without neglecting stakeholder's satisfaction. In our world today the buying decision of consumers is being influenced by the corporate brand's social motive. Customer's intentions are loud and clear in buying decisions making and some companies prefer to operate in a customer-oriented basis which can then leads to adapting CSR in their business function model. Corporate social responsibility, sustainability, triple bottom line include good corporate citizenship, corporate philanthropy or ethical trusteeship all these terms are used to define actions willingly done or supposed to be done by organizations or individuals towards enhancing the wellbeing of the society and its environment. Social responsibility is voluntary work, which isn't controlled by anyone other than has the organization that has initiated the program itself showing its intentions to the world and being transparent to its society. The fundamental morality and how businesses should behave towards the society was well explained by Bowen (1953) mentioning that CSR refers to the basic moral orientation adapted by a company in its behavior toward the society. This means it's now left to the firms to do what seems right towards the society that's how it becomes corporate responsibility. Since it has been an ongoing debate raising questions on whether companies should initiate CSR activities, it further increases the curiosity by also bringing the financial impacts of CSR investments activities into question. Do the financial benefits of these socially responsible investments outweigh the costs in comparison of prior years and post the pandemic crisis? Nonetheless, literature shows that firms with CSR scores outperforms those without the foundation of CSR in their business practice or low CSR tally. Nofsinger and Varma (2014) finds organizations with high CSR ranking showing less risk, moreover, investors have been found with high possibility to keep their investments in firms with much CSR ratings compared to those with less ratings in a market shock situation for examples 2008 crisis and the pandemic. This means some shareholders have found the relevant ceiling bridge between CSR initiatives and company performance which impacts the firm value.

Theoretical Framework of Corporate Social Responsibility

Before embarking on the theories of our subject we want to trace the trends of CSR morphing from a niche subject of the topic to where it currently is today evolving from one theory to another. Moreover, studying the origin of CSR helps us understand the logic that motivated its first practitioners and pioneers. Historically CSR was created in 1953 by one of its exponent Haward Bowen who was often cited as the father of CSR. Bowen was an American economist who argued that companies had a responsibility to consider the social implications of their actions. In the same year 1953 Bowen published his book “Social Responsibility of the Businessman,” which helped popularize the concept of CSR. However, back in the 1800s even before the term "CSR" was coined, philanthropists and entrepreneurs such as Andrew Carnegie and John D. Rockefeller were integrating acts of charity into their business practices. Carnegie in the” gospel of wealth” (1889) argued that great wealth should be redistributed not by giving small amount of funds to the poor but by managing wealthy for the noble or common good. He provided a moral basis for corporate philanthropy by linking it with his concern about income distributions. Carnegie argued that the man of wealth should consider all surplus revenues which comes to him simply as trust funds and become a mere agent and trustee for his poor brethren. An early pioneer John Rockefeller championed philanthropy and invested heavily in their communities by doing so he equated stewardship or trusteeship with job creation. He believed that the best philanthropy is investing time, money and effort employing people at a remunerative wage, to develop and expand the resources at hand, provide opportunity for progress and health labor where it does not exist. In the United Kingdom as well

Robert Owens was one of the first business people to consider dedicating significant attention to social responsibility in the 1800s. He initially reduced the daily working hours for employees, offers training for his workers. Owen argued that fair treatment of employees could result in a return equal to fifty percent to hundred percent on funds invested. In addition to his social impact, he refused to employ children to work and then opened school for them to reduce child labour. Back then the concept was not clearly differentiating the responsibility of business firms and business people. Hence why, some business leaders began to implement social welfare programs for their workers including housing, healthcare, and canteen services etc. In the 1900s smoke was considered as prosperity among companies in almost every industry but not all were agreeing to such acts, and it was also among the biggest environmental challenges in the United States of America. Nonetheless, as time goes on due to industrial evolution and other factors companies began to face increased pressure from consumers, activists and government to address social and environmental issues. In 1971 the American congress passed the clean Air Act, which required companies to reduce their emission of air pollution. Furthermore, by tracing the history of Corporate social responsibility (CSR) we have learned that back in the days, CSR started as a responsibility of either one man (wealth man) or firm leaders and it was done voluntarily, until it was officially created as CSR by Bowen (1953) who has often cited as the father of CSR. In addition, as companies were evolving and adapting, Johnson and Johnson Company were among the first companies to consider the needs of the ones, they save first as a way of incorporating CSR into their business practice, culture and values. However, Milton Friedman argued that the only responsibility of businesses was to increase profit. There are numerous theories regarding CSR which most corporate entities have adapted in business practice such as: Shareholder theory, social contract theory, ethical theory, legitimacy theory.

Shareholder theory

According to Freidman's (1970) stated that companies should focus on maximizing shareholder value rather than focusing on other activities that divert shareholders' funds. Other activities that are not central or directly related to maximization of shareholder value should not be given priority when allocating financial resources. He said that the primary goal for any entity should be to increase the profitability of the business since that is what the shareholders are interested in. The theory suggests that social responsibility of a firm is achieved when shareholders are satisfied. Friedman (1970) emphasizes that companies should engage and contribute to society only if they have an important position in the surrounding environment and the stockholders gain profits from those actions. For instant, Friedman (1970) said that if a company is an important employer in society, it can attract suitable employees by being involved in activities that contribute positively to the social demands which ultimately create or increase shareholder value. In addition, he claimed that if business embrace CSR it will become more like charity and would not pursue its commitment to the stakeholders. However, this view was refuted by Dunn. He argued saying except if businesses are socially responsible, they might actually fail to even provide minimum returns to its shares and stock holders. Stockholder theory gives shareholders an upper hand while neglecting the society surrounding the entity. It overlooks the fact that the organization's success depends on the goodwill from the community to purchase the products and services. Therefore, both parties have a mutual relationship, and the business also has a responsibility towards the community.

Stakeholder theory has played a central role in this shift towards a more holistic view of CSR. This theory asserts that businesses have a responsibility not just to shareholders, but to all stakeholders who are affected by their actions, including customers, employees, suppliers, and the wider community. The stakeholders are categorized into primary and secondary stakeholder. The primary stakeholders are those that if they are absent in participating in the core activities of the firm leads to its collapse such as shareholders and employees. Whereas the secondary stakeholders are those affected by the firm, or influence the direction of the organization but are not directly involved in the firm's activities or transactions. Due to the significant series of connections a company have with different stakeholders, therefore it has to decide which stakeholder should be the top priority, and how to respect and respond. Freeman (1984) proposed the concept of stakeholder theory and this approach has become increasingly important as globalization has made the world connected and businesses have a great impact on society. Companies that embrace stakeholder theory have been found to have higher levels of trust and loyalty from customers, greater employee satisfaction and retention, and even stronger financial performance over the long term. Given these benefits, it's not surprising that stakeholder theory has gained widespread recognition and adoption in the business world.

Social Contract Theory

As referenced by Gray and others (1996) in Moir (2001), the concept of society can be understood as a compilation of social contracts agreed upon between individual members and society as a whole. Given this interpretation, businesses, being integral components of any society, are expected to adopt ethical business practices that reflect social morality. Exploring further into what constitutes morality, Moir (2001) suggested that it involves a set of guidelines that dictate the manner in which individuals should treat one another. These guidelines are considered agreeable by rational individuals as they promote mutual benefit, providing that others also adhere to the same principles. Consequently, businesses are expected to lend support to their local communities and actively engage in community activities, showcasing their dedication to following these ethical rules. Delving into the stance of social contract theorists on this matter, they concur with stakeholder theorists in acknowledging the significance of catering to stakeholder groups' interests. However, they argue that such interests must not overshadow non-stakeholder interests or compromise essential aspects like safety, health, freedom, and overall prosperity. In essence, the social contract theory advocates for maintaining a balance between addressing stakeholder concerns and safeguarding critical aspects pertaining to society's well-being.

Ethical Theory

This theory is a branch of philosophy that deals with moral principles and how individuals should behave. Understanding ethical theory can help individuals make better decisions and consider their impact on others. Ethics involves considering one's moral obligations and values, as well as the consequences of one's actions. At its core, ethical theory is concerned with determining what is right and wrong in any given situation. There are many different ethical frameworks that have been developed over time, each with its own strengths and weaknesses. Regardless of the specific framework being used, the goal is always the same, to make decisions that are grounded in ethical principles and that align with both personal and societal values. It is a vast field, encompassing various approaches such as deontology, utilitarianism, relativism and virtue ethics.

Deontology: this theory emphasizes on prioritizing duties and obligations first when making ethical decisions. In Accordance with the theory of deontology, what we believe our duties are will drive how we act in different circumstances. For example, we may make decision based on our loyalty towards our loved ones or fulfilling family duties, or based on following the law. The theory was created by Immanuel Kant in 1788 saying that as human beings we have duties and obligations to fulfil regardless of the outcome.

Utilitarianism: According to Bentham and Mill's theory people choose their actions based on how their decisions will benefit the most people. You make a decision that will be best for everyone involved. The theory of utilitarianism encourages individuals to do more of good to the society and reduce bad. According to this theory, what makes a morality to be true or just is its positive impact to human and non-human beings. It encourages to help others and prioritize fairness.

Relativism: the theory of relativism states that morality is relative to the norms of one's culture. That means a person's action can be right or wrong depending on the moral norms of the society in which it is practiced. The same particular action may be morally right in one society or country but be morally wrong in another.

Virtue: virtue theory is an ethical framework that says that we can judge a person's decisions based on his or her character and morality. The way someone lives his or her life or a company operates can explain any ethical decision according to this theory. For example, a person or company that lies and cheats its customers or another person to get ahead in life probably makes decisions based on advancing his or her own interests according to the virtue theory. Virtues are basically positive character traits such as generosity and honest.

From Business perspective: Business ethics is a complex field that encompasses multiple branches of philosophy and applies them to business practices. The goal of business ethics is to examine and establish ethical principles and values that should guide business decisions and actions. By doing so, businesses can operate in a manner that is not only profitable but also just and ethical. Although the specifics of business ethics may vary depending on the company and industry, the overall goal remains the same: to ensure that businesses operate in accordance with ethical principles and contribute to a more just and equitable society. There are several dimensions of CSR that links with business ethics which includes environmental issues, health promotions, human rights, labor and security, enterprise and economic development, business standards and corporate governance, and education and leadership development. Ethics can provide moral map for both companies or society and even individuals. By examining ethical theory, individuals can gain a deeper understanding of their own beliefs and how they fit into the larger context of society.

Legitimacy Theory

In the context of corporate social responsibility, legitimacy theory holds that a company's continued success is closely linked to its ability to maintain the support and acceptance of the surrounding community. This means that companies need to prioritize not only their economic performance, but also their social and environmental behavior. This theory suggests that businesses have a social contract with society to operate in an equitable and responsible way. This involves not only complying with laws and regulations but also actively engaging in practices that contribute positively to society. By doing so, they can demonstrate their commitment to the long-term welfare of the community and build a sustainable business model. In addition, the concept of legitimacy revolves around the idea that society perceives the actions of a firm, to be fitting, desired, and consistent within the context of socially constructed systems comprised of norms, values, and ideologies. Suchman (1995) delineated this notion as the basis for the Legitimacy Theory. In order for an organization to acquire legitimacy, Moir (2001) argues that it must recognize the importance of establishing meaningful corporate communications with society at large. Furthermore, Moir highlights that an organization has the option to employ four overarching legitimating strategies when confronted with various threats to its legitimacy. These strategies involve: (1) striving to inform stakeholders about the organization's intention to enhance its performance; (2) attempting to alter how the organization is perceived regarding a particular event without making any actual changes in its performance; (3) diverting or manipulating stakeholders' attention away from the matter of concern, and (4) working towards modifying external expectations related to its performance. The Legitimacy Theory effectively elucidates why it is crucial for firms to engage in corporate social responsibility (CSR), as well as leverage CSR initiatives as an instrument for public relations. By implementing CSR activities and effectively communicating them to society, organizations can strengthen their legitimacy by demonstrating their alignment with societal values and expectations, ultimately contributing to their long-term success and sustainability.

Corporate Social Responsibility Initiatives

Nowadays consumers are very intentional in what they buy and where they buy it from. So, offering high quality of goods and services is no longer the top factors that influence purchasing decisions, since CSR has reshaped the way businesses are being conducted and how customers view them. In order to obtain highest possible noble achievements to increase business performance as well as participating in helping and supporting with the matters of the social wellbeing and its environmental wellbeing, organizations engage in CSR initiatives. Corporate social initiatives are major activities conducted by an entity to support social causes and to fulfill commitments to corporate social responsibility according to Kotler, Lee (2004). The initiatives differ in every company according to the objectives of the programs and how they intend to use them. CSR initiatives encompass organizational support such as corporate social marketing, affiliated marketing, advertising, volunteering, organizational philanthropic and social responsive business operation as stated by Kotler, lee (2004).

When firms engage in activities for instance, promoting people's happiness, safety, and health basically they try to achieve changes in people’s attitude and behavior through promotion sponsorship which is then called corporate social marketing. In this type of initiative companies chooses a target audience to serve and then set the program’s goal, this can present the opportunity to increase employee behavior and boost the potential benefits. Corporate social marketing is a type of initiative to use when your primary aim is to boost profits, gain attention, and positively impact society. Moreover, it helps in projecting positive brand or corporate image. Engaging in affiliated marketing involves a profit-making entity with a nonprofit making enterprise joint together to support one noble cause. The profit-making entity then allocates a percentage of the campaign budget to the promotion of that particular noble cause. The commitment of the firm to making a donation to the campaign by allocating a certain percentage of their profits is an indirect marketing which creates streams of sales later on. It is for a fact that consumers will prefer products or services rendered by the firms that have been supporting the good cause when it comes to buying decisions. Companies take part of their profits from retail sales to the cause then ultimately gain competitive advantage and customer relationship, and the other part gain donations everyone wins. Organizations can use different advertising channels to assist the society in communicating inspiring messages, giving ideas via a nonprofit or charitable event such as funding a space where people can meet, learn and share their encounter. Advertising in different channels is the best way in creating weakness on important topics when helping the good cause. Sometimes firms ask their employees to take specific time in a week to work in the community and sometimes firms encourage its employees or other volunteers to participate in community service, with financial incentives offers and paid time offs. In this initiative volunteers can be the firm’s employees, franchisees or business partners. It reflects the company's morale and open dialogue which shows the firm’s transparence to the society. When firms engage in selling a product or donating a service in cooperation with funds donation it is philanthropic. Philanthropy is considered as giving back to the society which could be in the form of monetary or in-kind support such as grants, scholarships, contributions of resources, expert advice, use of facilities, and donated equipment. Another form of corporate social responsibility (CSR) is treating employees and consumers fairly and sticking to strict code of ethics in business practice is considered being socially conscious.

Corporate Finance

From the standpoint of corporate finance, stake- holder theory allows us to make several interesting cross-sectional predictions. First, the manner in which the prices of the firm's securities respond to new information is likely to depend on the firm's net organizational capital and on the nature of its stakeholders. Second, as we noted in the previous section, firms that expect to provide high payoffs on implicit claims will attempt to distinguish themselves ex ante. Under some circumstances, this can be done by choosing the appropriate dividend payout rate or financial it follows, therefore, that financial structure depends on a firm's net organizational capital the nature of its stakeholder.

Risk management

Risk is defined as something happening that may have an impact on the achievement of objectives, and it includes risk as an opportunity as well as a threat (Audit Office, 2000). The nature of banking business contains an environment of high risk. So risky in the sense that it is the only business in where proportion of borrowed funds is far higher than the owners equity (Owojori et al., 2011). The banking business in comparison to other types of human endeavour is entirely exposed to risks. Banks no longer simply receive deposits and make loans, they also operate in a rapidly innovative sector with a lot of pressure mount for profit which urges them for continuous product or service development to cross-sell and up sell to satisfy customers. Risks are much more complex and now since one single activity can involve several risks. Risks contain risks (Luy, 2010). Banking risks are classified into credit risk, market risk, and operational risk (Basel Committee on Bank supervision). However, Santomero, (1997) identify six types of risks - systematic or market risk, operational risk, and legal risk. Crouhy, Galai and Mark (2006) also made another classifications of bank risk to include market risk, credit risk, liquidity risk, operational risk, legal risk, business risk, strategic risk, and reputation risk. Thus, the researchers main focus is the effect of risk management practices with regards to the pandemic typified by liquidity, credit and capital risks on their financial performance. This is in line with Santomero, (1997) who maintains that the banking industry has long viewed the problem of risk management as the need to control four of the above risks which make up most, if not all, of their risk exposure via credit, interest rate, foreign exchange and liquidity risk. While the banks recognize counterparty and legal risks, they view them as less central to their customers, and where counterparty risk is significant, it is evaluated using standard credit risk procedures, and often within the credit department itself. Credit Risk Credit risk arises whenever a lender is exposed to loss from a borrower, counterparty, or an obligator who fails to honour their debt obligation as they have contracted (Luy, 2010). According to Colquitt (2007), this loss may derive from deterioration in the counterparty's credit quality, which consequently leads to a loss to the value of the debt, or according to Crouhy, et al., (2006), the borrower defaults when he is willingly to fulfill the obligations. Credit failures in banks is not new or a rare occurrence, they affect their liquidity position as well as cash flows and profits. Hence, Greuning and Bratanovic (2009) maintain that it is a biggest threat to any bank performance and the principal cause of bank failures. According to Owojori et al., (2011), available statistics from liquidated banks clearly showed that inability to collect loans and advances extended to customers and creditors or companies related to directors or managers was a major contributor to the distress during the pandemic. When this occurred, a number of banking licenses were revoked by the central bank. Reports of various years indicate, many banks had their ratios of performing credits that were less than 10% of loan portfolios. Market Risk, This is the risk of asset valued change associated with systematic factor. According to Santomero (1997), market risk by its nature can be hedged but cannot be diversified away completely. Two market risks that ate of concern to the banking sector are interest rates and relative value of currencies. The banking operation is solely dependent on these as it impact on performance. For instance most banks track interest rate risk closely. They measure and manage the firm's vulnerability to interest rate variation as well. Liquidity Risk According to Santomero (1997), liquidity risk can be described as the risk of a funding crisis, such as unexpected event in the form of large charge off, loss of confidence, or a crisis of national proportion like existency crisis. Risk management here centers on liquidity facilities and portfolio structure. Recognizing liquidity risk leads the banks to recognize liquidity itself as an asset, and portfolio design in the face of illiquidity concerns as a challenge. It is very important at this juncture to talk on the need for risk management. The standard economic theory maintain that managers are supposed to maximize their expected profit without regard to the variability around its expected value. However, Santomero (1995) listed four distinct rationale for risk management. These are managerial self-interest, the non-linearity of the tax structure, the cost of financial distress, and the existence of capital market in perfection. Risk Management Procedures The management of the banking firm relies on a sequence of steps to implement a risk management system.

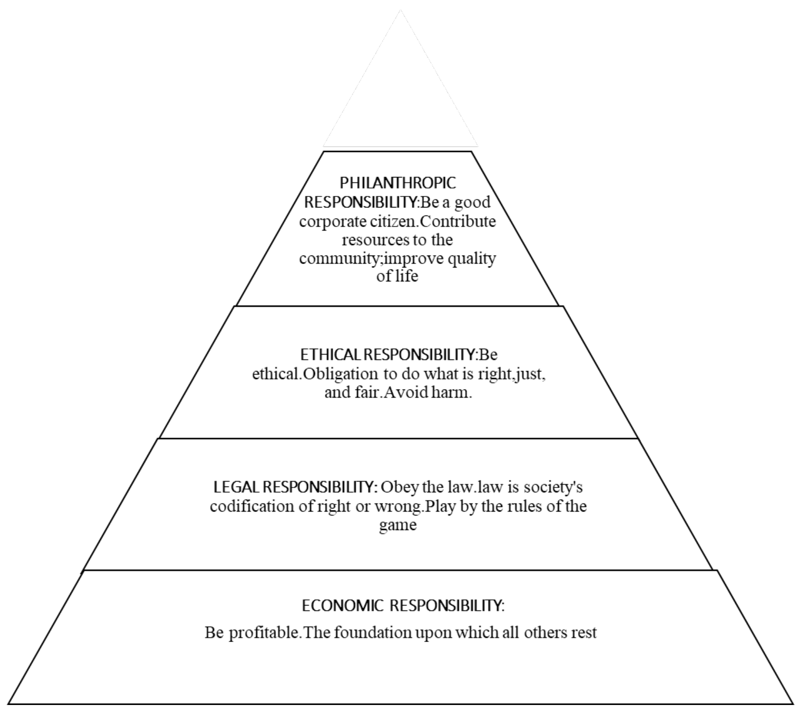
Santomero (1997) identify four sequential steps to implement a risk management system. These can be seen as containing the following four parts: (i) Standards and reports, (ii) Position limits or rules, (iii) Investment guidelines or strategies, (iv) Incentive contracts and compensation. In general, these tools are established to measure exposure, define procedures to manage these exposures, limit individual positions to acceptable levels, and encourage decision makers to manage risk in a manner that is consistent with the firm's goals and objectives. To see how each of these four parts of basic risk management techniques achieves these ends, we elaborate on each part of the process below. In Section IV we illustrate how these techniques are applied to manage each of the specific risks facing the banking community. (i) Standards and Reports The first of these risk management techniques involves two different conceptual activities, i.e., standard setting and financial reporting. They are listed together because they are the sine qua non of any risk system. Underwriting standards, risk categorizations, and standards of review are all traditional tools of risk management and control. Consistent evaluation and rating of exposures of various types are essential to understand the risks in the portfolio, and the extent to which these risks must be mitigated or absorbed. The standardization of financial reporting is the next ingredient. Obviously outside audits, regulatory reports, and rating agency evaluations are essential for investors to gauge asset quality and firm level risk. These reports have long been standardized, for better or worse. However, the need here goes beyond public reports and audited statements to the need for management information on asset quality and risk posture. Such internal reports need similar standardization and much more frequent reporting intervals, with daily or weekly reports substituting for the quarterly GAAP periodicity. (ii) Position Limits and Rules a second technique for internal control of active management is the use of position limits, and/or minimum standards for participation. In terms of the latter, the domain of risk taking is restricted to only those assets or counterparties that pass some prespecified quality standard. Then, even for those investments that are eligible, limits are imposed to cover exposures to counterparties, credits, and overall. The recent fiasco at Barings is an illustration of this point. Position concentrations relative to various types of risks. While such limits are costly to establish and administer, their imposition restricts the risk that can be assumed by any one individual, and therefore by the organization as a whole. In general, each person who can commit capital will have a well-defined limit. This applies to traders, lenders, and portfolio managers. Summary reports show limits as well as current exposure by business unit on a periodic basis. In large organizations with thousands of positions maintained, accurate and timely reporting is difficult, but even more essential. (iii) Investment Guidelines and Strategies Investment guidelines and recommended positions for the immediate future are the third technique commonly in use. Here, strategies are outlined in terms of concentrations and commitments to particular areas of the market, the extent of desired asset-liability mismatching or exposure, and the need to hedge against systematic risk of a particular type. The limits described above lead to passive risk avoidance and/or diversification, because managers generally operate within position limits and prescribed rules. Beyond this, guidelines offer firm level advice as to the appropriate level of active management, given the state of the market and the willingness of senior management to absorb the risks implied by the aggregate portfolio. Such guidelines lead to firm level hedging and asset-liability matching. In addition, securitization and even derivative activity are rapidly growing techniques of position management open to participants looking to reduce their exposure to be in line with management's guidelines. (iv) Incentive Schemes To the extent that management can enter incentive compatible contracts with line managers and make compensation related to the risks borne by these individuals, then the need for elaborate and costly controls is lessened. However, such incentive contracts require accurate position valuation and proper internal control systems. Such tools which include position posting, risk analysis, the allocation of costs, and setting (Jensen and Meckling (1976), and Santomero, (1984). Risk Management and Bank Performance A major objective of bank management is to increase shareholders' return epitomising bank performance. The objective often comes at the cost of increasing risk. Bank faces various risks such as interest risk, market risk, credit risk, off balance risk, technology and operational risk, foreign exchange risk, country risk, liquidity risk, and insolvency risk (Tandelilin et al, 2007). The bank's motivation for risk management comes from those risks which can lead to bank underperformance. Issues of risk management in banking sector have greater impact not only on the bank but also on the economic growth (Tandelilin et al, 2007). Tai (2004) concludes that some empirical evidence indicates that the past return shocks emanating from banking sector have significant impact not only on the volatilities of foreign exchange and aggregate stock markets, but also on their prices, suggesting that bank can be a major source of contagion during the crisis. Banks which better implement the risk management may have some advantages: (i) It is in line with obedience function toward the rule; (ii) It increases their reputation and opportunity to attract more wide customers in building their portfolio of fund resources; (iii) It increases their efficiency and profitability. Cebenoyan and Strahan (2004) find evidence that banks which are advanced in risk management have greater credit availability, rather than reduced risk in the banking system. The greater credit availability leads to the opportunity to increase the productive assets and bank's profit.

Financial markets and investments

A financial market is simply a market in which one or more financial assets are traded. Originally, a financial market was a physical location—an exchange—where traders met to make agreements to buy or sell certain financial assets with a high degree of transparency in prices and order sizes. Preceded by some semi-formal security markets in Italy, the first known exchange for security trading was established in 1531 in Antwerp, Belgium, where various forms of bonds were traded. Stock exchanges were formed in Amsterdam in 1602, London in 1773, and New York in 1792. Today the trading in most financial markets takes place via an electronic system in which traders can place orders and see how prices evolve. Whether the trading is physical or electronic, an exchange typically regulates the trading in various ways, for example regarding how orders are placed, the order sizes allowed, who can trade, and how deals are settled. An exchange has an associated clearing house taking care of the clearing and settlement of the transactions made on the exchange. The clearing house is formally the counterparty in any trade on the exchange. A deal between two traders is implemented as two transactions, one between the buyer and the clearing house and the other between the seller and the clearing house. The clearing house guarantees that both traders receive the payments the deal entitles them to, even if the original counterparty defaults and cannot make its promised payment. Hence, the traders on an exchange do generally not have to assess counterparty risk. Typically, the clearing house requires traders who promise some future payments to post collateral in form of margin deposits of a certain size. These deposits are used to cover losses in case of the trader defaulting on his promise. Some trading takes place in the less organized over-the-counter markets or simply OTC markets. (Non-exchange trading venues are also referred to as Alternative Trading Sys tems or ATSs.) An OTC market is a computer and telecommunications network linking selected dealers. OTC markets have been much less regulated than exchanges. OTC trades were usually not run through a central clearing house, so the seller and the buyer would enter a bilateral contract in which case an assessment of the counterparty risk becomes relevant. However, in the aftermath of the recent financial crisis, governments and international organizations have pushed for more regulation of the OTC markets. The regulation requires OTC derivative trades to be executed through exchanges or electronic trading platforms and cleared through central counter parties (CCPs). Despite the regulatory push for more exchange-based trading, OTC trading remains prevalent for derivative securities such as futures and options, especially the more exotic species of derivatives. However, OTC markets exist for all main types of securities, including securities that are also traded on organized exchanges. A significant share of off-exchange security trading takes placed in so called dark pools. A dark pool is a private exchange or forum in which investors can trade certain financial securities with other members of the forum. Many dark pools are owned and operated by large financial institutions, others are independent, and some are even owned by companies that also own traditional exchanges. When trading on a traditional exchange, an investor generally has to post how many units of the security she wants to buy or sell and at which price. This may reveal information to other investors who may subsequently place orders that will lead the price to move adversely before the original investor's order has been executed. Dark pools are less transparent and orders are not revealed to other potential investors. This may be advantageous in a given situation, especially for large investors wanting to trade a larger block of securities. On the other hand, the lack of transparency leads to prices being less informative about the true value of the security, so that unwary or unsophisticated investors may trade at unfair prices. Dark pools were originally reserved for large institutional investors, but many dark pools now attract other investors, including retail investors, by allowing smaller trades with faster processing and lower transaction costs than at traditional exchanges.

Principle of Implementing CSR

CSR initiatives assembles every niche part driven from the definitions and meanings provided by scholars and different writers. We have defined the subject as a societal obligation, and organization's overall willingness to enhance the society and environmental well-being, without neglecting stakeholder's satisfaction. In other words, corporations are seen as the main social actors hence why the activities undertaken by firms are to be debated. Corresponding with the words of the authors Bowen, Gond and Bowen (2013) said as business people decide on product diversity and employee amounts, there is a direct contribution to a broader impact. . Extensive definition of CSR in the educational literature was dismantles into four categories which are economic, legal, ethical, and philanthropic responsibilities according to Carroll (1991) he argued by constructing a pyramid in a way of displaying CSR from bottom to the top as follows



The four components of CSR pyramid Carroll, (1991)

Carroll defined CSR as economic, legal, ethical and philanthropic responsibilities of a firm towards its society. The four components of the responsibility that organizations must partake are explained as follows:

Philanthropic responsibilities on Carroll (1991)

Philanthropic responsibilities are on the pinnacle block of the Carroll's pyramid, which involves organizations performing voluntary activities back to the society of their business operations and failing to do so wouldn't be considered unethical behavior, which is also the major difference between philanthropic and ethical activities. These responsibilities can be contributed as monetary donations or in-kind contributions for examples donated funds to charity, volunteer work, gifts, expertise advice etc. It is seen as giving back to the society where the firm operate or being a good corporate citizen.

Ethical responsibility of businesses is on the second block from the top of the Carroll's pyramid. The society consider businesses to be operated in an ethical manner. These responsibilities are viewed as normal, standards, and expectations that the company's society consider significant but are not governed by law. The basis of ethical responsibilities of organizations is often about offering fair, honest and just to its community for instant fair working conditions for employees. Ethical expectations goes above and beyond legal expectations hence why laws and regulations are formed in the basis of ethical dimension and that is the difference between the two.

The next dimension which is the second layer of Carroll (1991) is the legal obligation of companies to comply with laws and regulation. The fundamentals of this type of responsibility is that a successful company comply with these obligations to avoid harsh consequences or unnecessary costs that could come in a form of fees and penalties towards ignoring or breaking the law, for instant breaking health rules and regulations during the pandemic could cost the company a fine and the leaders their job for examples our former UK prime minister Boris Johnson lost his position as a consequence of breaking Covid 19 rules.

Carroll (1991) presented the first business responsibility in the pyramid from economic dimension. Economic responsibilities focus on activities that enables business to make profit continuously and being sustainable while at the same time meeting other expected responsibilities such as philanthropic, ethical and legal successfully. The importance of economic responsibilities is making profit constantly whilst reducing ecological footprint. In addition, Carroll's definition of CSR has brought simplicity and understanding to the topic of subject that many individuals and firms use as conceptual framework. It’s viewed very essential that operating business strategy should not be separated from CSR. Discussions has been evolving from the fact that the academician Carroll did not specifically mention environmental dimension in constructing the CSR pyramid. It’s very noble for businesses to include all the aspects involves CSR if they plan to be transparent with themselves and to the society. The society, environment and firms are intertwined together in a sense that one cannot exist without the other hence why the corporate environmental responsibility cannot be overlooked. There are harmful impacts of business performance on the environment. In congruent with the Commission of the European commit, (2001) states that CSR is essentially a concept whereby companies decide voluntarily to contribute to a cleaner environment and a better community, as well as linking with the stakeholders. In available knowledge about the ongoing debate in CSR, evidence shows that hundreds of different appreciated definitions and most of those definitions are almost congruent hence why Dahlsrud, (2008) said the confusion does not lay much in defining CSR but in interpreting and constructing it into an applicable specific concept. That’s the reason why we have to dismantle and analyze all aspects and definitions of CSR to assist in tracing the origin of the financial impacts of our topic. CSR activities should not be an episodic phenomenon but rather a solid commitment established by entities for it to be recognized as CSR. In fact, if a company support environment clean-up campaign today, then quits the campaign and begins contributing jerseys and balls to a football club/team, and then stops that and pursues clean water campaign, then leaves that and start giving grants and scholarships to less privileged kids, and so on, companies should show a solid commitment to activity for it to be considered as CSR exercising firm. Being socially responsible is not something that companies have to wake up and do, in fact it has to be installed and embraced from the backbone of the business which is business culture, beliefs and values. The integration of CSR into a business culture mainly involves three identified principles of CSR. According to Katamba, D.et al. (2012), he stated that many businesses regard the following principles as part of their core values;

Sustainability: basically, sustainability is the ability of meeting the present need without compromising the chances of future generation to meet their own needs. In other words, it is a CSR principle that prioritize the current actions and future impact of a company. The fundamental idea of sustainability is based on three core sustainability principles which are social, environmental and economical, the direct focus is on how firms can possibly impact those three features of the planet. In other cases, organizations use natural resources in their position recklessly which can become empty and cause difficulties in sustaining the operation. If that happens corporations are advised to use resources meagerly and undertake actions which are designed to renew the main source of the resources, for example if a company is involved in using timber or wood in its business operations (deforestation) it then has to engage in practices like reforestation the planting back of trees and forests or leaving them to give some of them to grow for the purpose of renewing the source base. Some companies invest plenty money on research and development to find ways of conserving and developing alternative sources. According to Wijonarko& Astuti (2022) Some aspects on principles of sustainability are a) social impact which is defines as measuring the impact of society on the business in terms of social contract and stakeholder impact, one example is that roughly 80% of customers in the world today would prefer doing business with a firm that prioritizes sustainability as business practice than the one that doesn't. b) Organizational culture which is described as the relationship between a company and its internal stakeholders, especially employees, and all aspects of that relationship; c) Economical or financial is defined in terms of adequate returns for the level of risk taken.

Accountability: accountability was not needed in financial perspective only but for a much wider view, hence why as individual or companies we are supposed to have certain standard of excellence, promoting honesty, dependability, and trust and also accepting responsibility for errors and learning from them. This principle relates to the company's ability to recognize that company's actions affect the external environment and therefore the firm should act responsible for the action taken, such as engaging in environmentally friendly activities. Moreover, Stakeholders are supposed to be informed about those business activities which have a potential to affect the environment, and the proposed actions to alleviate or reduce those impacts. Government in most countries have created sort of a national body or law which regulates and approves projects after a thorough assessment which ensures that they are either environmentally friendly or that measures to reduce the impacts are incorporated in the project designs, Ugandan government for instant, approved an environmental statute through which the national environmental management authority was created. To be successful in accountability one has to naturally embrace the building blocks of accountability which are transparency, compliance, answerability, and trust. We are going to explain transparency on it's on as CSR principle. i) Compliance is constant monitoring and maintaining our actions, work flow and thoughts with the work ethic code/ ethics code of conduct. ii) Answerability is to clearly respond or give honest answer with justice when there is a question/situation to be addressed. iii) Trust is basically the ability to see through what you can do best and realize a mistake when there is one and be able to correct it.

Transparency: The principles of transparency and accountability are two interrelated things. In the context of CSR, the transparency principles means that the external impact of the actions of the organization can be certainly discovered from the firm's reports which reviews all relevant facts without hiding any. To realize accountability the whole process must be transparent. The entities action and transactions affect all the stakeholders including those external to the firm and the environment hence why they are entitled to know all relevant information that concern them through reports, so business or management should know that. Everything related to the CSR program must be communicated in detail and transparency however it does not mean all information should be made publicly available. There are certain types of information that may not be shown publicly such as private information like client records and so on. As an example external stakeholders would want to know what the firms has done or plan to do to reduce negative impacts from its operations. From the moment it was introduced CSR was supported and rooted in various principles mentioned previously and theories in related literature.

Factors that Hinder Implementation of CSR

i. Obligation to shareholders

Firstly, if the company's main objective is to maximize profit to increase share value and adhere to the interest of its investors. By neglecting its surroundings or community according to shareholder theory that can be a hindrance to the implementation of CSR due to the fact that it says that businesses are not accountable to the society but only to their share and stock holders.

ii. Company Financial and Political Power:

In the real world, various large companies could be found engaging in exploitative practices, either knowingly or unknowingly, through their sub-contractors. They utilize their financial muscle and growing influence in the political arena to influence policies in their favor and often remain unchecked. Some actively lobby governments to prevent competition, while others financially support political parties in their host countries.

iii. Differences in Cultural Values:

The differences in cultural values across countries may hinder the development and execution of a global CSR (Corporate Social Responsibility) agenda. Certain communities might resist the activities undertaken by organizations that seem to threaten or change their cultural values, including maintaining a clean, healthy, and hygienic environment.

iv. Lack of Managerial Skills and Commitment:

Many times, the management lacks the essential training and preparation to deal with socially responsible issues and activities. Moreover, they're heavily involved in profit-making activities and contractual commitments to shareholders, who expect maximum returns on investments. As a consequence, in some cases, CSR activities may reduce immediate profits.

v. Inadequate or Lack of Legal and Government Monitoring Systems:

The absence of sufficient legal and government monitoring systems has contributed to companies staying unchecked when engaging in unethical or anti-social practices. Others have managed to survive through compensations and damages paid to the society or governments alike, due to the lack of systems that determine the worth of damages or fines. For instance, in cases related to low pay, poor working conditions, and human health risks.

THE COVID-19 PANDEMIC AND POST PANDEMIC

The worldwide crisis has put CSR to the test and the evidence available in existing literature supported the idea that many business firms were battling to reset their CSR thinking and initiatives to accommodate this pandemic crisis and to meet public expectations. The pandemic introduces a question of what the businesses and organizations are going to do to counter this global pandemic that has brought shockwaves and has no apparent end point. Let's begin to look at business firms and what they have done or could have done to fulfill their perception of CSR when facing these threatening issues, because some business entities made decisions to take actions to deal with the crisis or find solutions that enable them to manage it. However, dealing with these issues involves five CSR principal ingredients, which include environmental, economic, philanthropic, legal and ethical problems (Carroll, 1991; Su et al., 2017; Lee et al., 2018; Albitar et al., 2021). Since these factors are considered to have an effect on the social environment that affects the business issues of the companies, these organizations plan their CSR practices around these five factors. Nevertheless COVID - 19 has affected the world and its natural environment that include government, military, businesses, stock markets, public and private schools, religious institutions, nonprofit organizations and education, in different levels. However, in the business sector we have organizations ranging in size from small businesses like one family-owned business, medium size owned, partnership which was heavily impacted by the pandemic. The most affected part of the societies were the company's employees, consumers, competitors, communities, suppliers and the natural environment. In other words, these groups are the stakeholders that have close link or contact with the businesses. Therefore, with these variables let's begin to explore the impacts and the company responsibilities using Carroll's CSR dimensions to examine the bases of first, the economic issues.

Economic Responsibility and its Impact

The economic dimension of businesses represents the heart and soul of a company's system.it is considered a supporting pillar for survival and sustainability. It is correct to view economics and economic expectations as a part of social responsibility because societies expect or require businesses to be profitable to be able to motivate owners or shareholders to invest, and have sufficient resources to continue operations if they are to meet society's expectations and requirements for examples firms were required to continue producing goods and services, jobs, and being able to sustain themselves during the pandemic. Business's first priority or goal in an extreme competitive global business environment is having favorable economic performance and sustainability which is considered a foundation standard measure to be met by every operating firm in a competitive business world, for instant, during covid-19 when the world was constantly receiving market shocks and companies were not only fighting market competition but fighting to survive the pandemic era. Nevertheless, some companies fail to achieve economic responsibilities ran out of business. During the pandemic the situation changed drastically, instead of prospering many business entities were battling to survive. The continuation of business operations was seen as sign of life and hope, not to be taken for granted like we used to before the pandemic era. Covid-19 disrupted businesses in every continent, country, state, city or industry together with their suppliers. Most of companies went bankrupt and ran out of business due to lockdowns in the whole world which resulted in firms failing to provide as they used to be because of the endless financial shock to the global economy. The infectious disease impacted productivity and reduced labor supply as well. Supply disruptions have resulted from lockdowns, suspensions, and closures of businesses. On the other hand, Consumer spending and investment by businesses have decreased as a result of layoffs, income loss due to illness, confinement, unemployment, and deteriorating economic forecasts. In agreement with studies conducted, most organizations dislike vulnerability. Risky vulnerability has portrayed the course, degree, and results of the pandemic and this has introduced a ruthless pattern of business, consumers, and employee insecurity, and monetary conditions being tightened. Businesses have had to cut back on investments and lost jobs as a result. The economic effects of these conditions have been difficult to analyze and comprehend. Non-linear effects, spillovers across countries, and a lot of uncertainty about the future of the economy have complicated matters. The battle was a survival of the fittest and what's left of other companies is history. Furthermore, it is helpful to take note of some of the human costs of the recession. Societies are starkly divided between the wealthy and the poor as a result of the COVID-19 economy. The well-off and educated have fared much better, frequently working in digital economy or essentials supply businesses. On the other hand, lower-wage workers with less education, who are frequently associated with traditional businesses and tourism and public gathering-associated regions, have fared much less well (Morath et al., 2020). Over 100 million people have been forced to live on less than $2 per day as a result of the pandemic, according to the World Bank (Zumbrun, 2020). This means there is an increase in poverty worldwide. Transportation, entertainment, recreation, restaurants and bars, travel, and other industry sectors have all been hit extremely harder to the extent that even in the present day some movies have been flops.

Related Research

To find out the financial performance of firm, we will analyze a related research which focused on finding the financial performance of firms in UK with regards to CSR, this was done by an author called Shruti Singh. The researcher starts the investigation by introducing us to the idea of CSR with definition with the help of a few authors. The researcher explains CSR as a body that includes economic, legal, ethical and discretionary of the organization which are expectations of the society in which the organization belongs too. It’s important to understand that the writer provides four basic criteria that encompasses CSR they included ethical, economic, legal and philanthropic. However CSR goes beyond this definitions as expressed by the writer he included another definition which presents CSR in a context much wider than the previous definition explained. They referred to CSR as “firm consideration” which means that CSR is not compulsory but rather voluntary and a subject that should be optional after careful analyses because of the consideration effect in the context of explaining merely suggesting that it’s less important than expressed by the previous researchers. The writer took another approach in the expression of CSR and described it as an obligation in another manner and this was according to World Bank. They suggested that all organizations should be held accountable to all its stake holders when it came to operations and activities. They agreed that firms must consider the community and environment. so in summary CSR is a context that has been explained multiple times it has been described as an obligation and also a consideration meaning that it could be by choice or must be in relating to the activities of CSR they are all of a similar nature when expressing CSR which brings it to a conclusion that CSR is all of the above however it depends on how it applies to each firm as not all communities or environment will require the same approach when it comes to CSR hence why it's a subjective issue. The writer goes on to briefly explain the history which is important to know how CSR came about, history suggest that CSR has grown in importance and significance which means that it has become more compulsory for organizations to embrace it as a concept, it has now been automatically built into the system of the individuals of the organizations becoming a subconscious idea. CSR began before World War 2 but gained importance afterwards. It was argued that it not only applies to organizations but to communities as well. In explaining the history the foundation of the subject it importance to note that Howard Bowen was widely considered as the father of CSR and his ideas suggested that CSR should be expressed more in the decision making of the manger and what business can offer the larger society. Later in the years, organizations began to explain the relationship between CSR and the benefits it provide. Its gives organizations more drive as they believe it provides some benefits which were right for the organization CSR expression changed meaning throughout the years until it became viewed as an obligation in the 1960s which was the year that brought about the arrival of human rights and consumer right etc because of this new concepts it caused a huge popularity in CSR. society fought for the right it meant that CSR was also been included because of the connection to those topics of interest, however it was in the 1980s that it started to establish the links between CSR and the finance of the organization, briefly in the explanation of CSR the researcher also used 3 major theory which have been explained previously they include social contracts, legitimacy, and stakeholders theory,. The idea of the researcher was to find out the financial implication of implementing CSR on the finances of the business both in the short term and long term profitability of the organization. With regard to the literature review in chapter 2. Let's break down CSR in to difference aspect of the organization for example how it has been used, viewed and applied. With regards to how it has been used, it has been used as a strategy which means it's clearly defined into the mission, objectives and goals of the firm. It seen as a business related strategy for basically supporting the firm, it seen as a competitive strategy which allows the organization to compete globally with other brands around the whole world and if done correctly, firms will reap the rewards like greater brand recognition, market share and increased profit. How it been viewed is seen in connection with the customers which basically means that when dealing with customers firms should apply fairness, respect and honesty when dealing with customers. It's understandable that it will require more finances but organization should take care and be price sensitive when it comes to the transfer of cost to the customer, CSR and employees, this explains how it been used the researcher explains that for CSR to function properly it must be available in the minds of the employees this means that organizations must feed their employees with it so that in return will provide credibility for the stakeholders. To conclude the review we are going to look at CSR and the financial performance firm were encourage to have a trail when it came to implement CSR to see if they will obtain a negative or positive effect in the organization. They have been advised to be carefully when it comes to the negative results and be extremely cautious also when it provides a positive results they are encouraged to pursue it with enthusiasm. CSR is seen as a negative impact when it provides the firm with extra costs which impact the performance badly even though it increases market share ,it's still not advice able in contrast, when it provides a positive impact it will increase or improve the relationship with stakeholder which helps to reduce the cost and increases the market opportunities which leads to further better net financial performance however, there are groups of people who find it consuming an refuse to practice it at all because of the results they could obtain is like a gamble and having a positive results in not always assured with regards to the result of applying CSR and this factors provide organization with an indication that they will obtain a negative or positive results . The factors include the firms, size, diversification, R&D and market condition. This are the factors that could obstruct the financial performance the extract further explains that by providing a data which includes the percentage of positive and negative results when implementing CSR but it discovered that mixed results was the highest type of observation in the sense that companies where getting positive results as well as negative results when implementing any kind of CSR activities. The impact of the financial performance can be measured by the short term and long term profitability. The short term profitability are usually measured by ROA which means return on asset however its inconsistent because of the CSR dimensions involved. And as the results is difficult to show a significant positive relationship between CSR and ROA. Long term profitability also has dimension and 3 out of 5 dimension impact positivity this dimension include: environmental issues, diversity issues and community relations. With the positive impact comes creation of intangible resources and higher market value. The financial impact was also analyzed with regards to different industries to see if there's any changes generally speaking industries in the hospitality department should have positive effects whereas sub industries should have no effect but generally each CSR dimension affects the financial performance differently and the financial impact vary across tourism related industries. The thesis paper was trying to find out about the financial impact of CSR in UK firms. The start answering the investigation the writer decided to explain the resource of the choice country. The researcher expressed saying that UK are generally environmental friendly and transparent when it comes to disclosing practices of CSR nature and so therefore makes them have greater influences on countries around the world the researcher chose to pay attention to organization in the petroleum , natural gas and mining of metal ores and pharmaceuticals sector, I presume is because of the model of operation in those industries they might be seen as controversial so therefore provides a greater challenge to them to have any CSR related activity there are all forms of energy required hence the importance of the biggest way of tackling the challenge was to be involved in source of energy that way they can reduce any form of environment issues. To conclude this analysis we will analyze the results. According to researcher there have been a lot of pressure to implement CSR and still not all organizations are in favor of it instead they came to a sort off an agreement between CSR and profitability. The researcher also found the results of CSR and financial performance to be inconclusive which means it must either be positive, negative or neutral results. The researcher's decision to explore the UK industry as selected firm publicly listed and found out that UK firms could either enter voluntarily or by aided by the government to sponsor their CSR activities. Which means that the UK firms have taken steps to become CSR incorporated and as well disclosing information of the involvement the writer evaluated the impact with regards to short term and long term and analyzed on a linear regression over a 4 year period and from

2008 to 2012 to validate the impact which keeps some of the CSR’s dimension constant the researcher results showed that CSR affected the firm in the short term negatively which was because of the extra cost burden imposed by the application and so it doesn’t generate any economic benefit for the firm. With regards to long-term there was no significant economic benefit in contrast however, for organization that are already under performing it will provide a positive impact because they can be failing twice the stake holders will want more engagement which would increase the positive aspect of the organization which could lead to better market share and profitability. However it’s only in the long term. In the short term is not possible to have a positive results regardless of the organization or industries where as in the long term its only plays a vital role if the industries is already under preforming the reason is because of the cost burden of CSR it doesn’t make it attractive to implement hence why the government in the UK generally provides assistant to attract organization there writer could have included a lot more industries and greater sample size and also perform the investigation across countries to get a better idea as different countries have different factors which provides a more interesting, compelling and rounded argument about the topic however the analyses provided an insightful information on the topic.

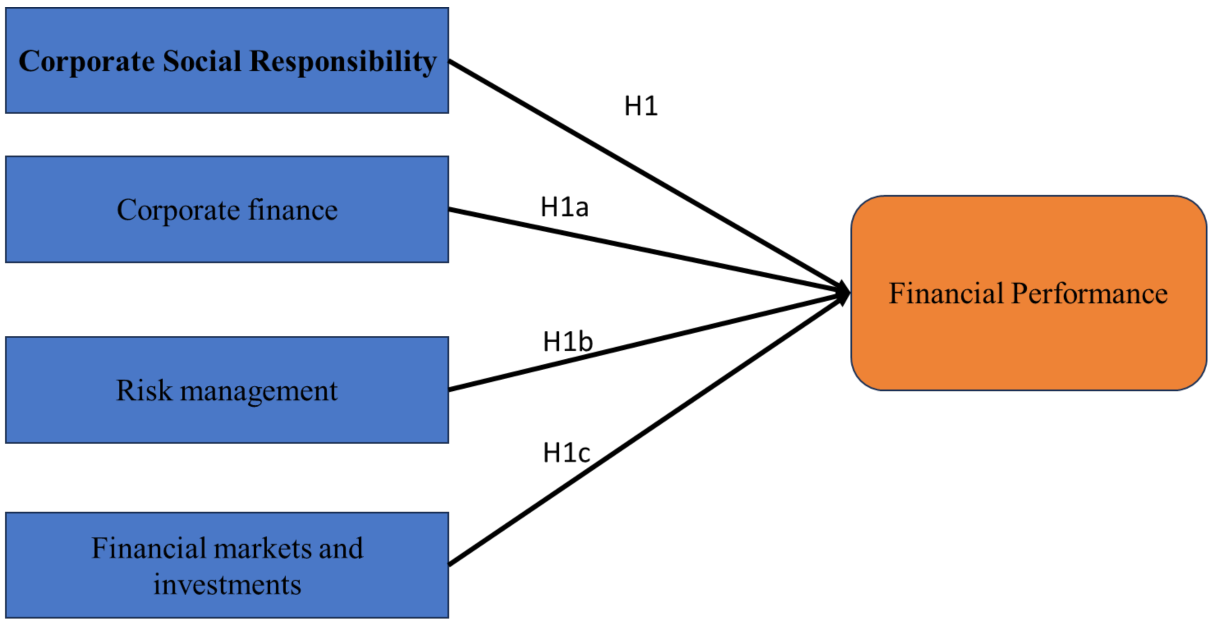


Figure 1 Research Model

Research Hypotheses

H1: There is a positive impact between CSR and financial performance

H1a: There is a positive impact between corporate finance and financial performance

H1b: There is a positive impact between risk management and financial performance

H1c: There is a positive impact between financial markets and investments and financial performance

CHAPTER III
RESEARCH METHODOLOGY

In this chapter we will present the methodology used in this thesis. The structure of this chapter starts with the research design followed by the sample or study then the data collection tools and procedures and finally end with data analysis plan.

Research Design

In order to achieve our research aims and objectives we set out at the beginning, there are two board methodological choices present and accessible under the scientific research process we are embracing under the deductive style approach, the include qualitative and quantitative methods. Our research will primarily be going to contain a qualitative method. This is a process that will involves collecting and analyzing non numerical data to gather in-depth insights and to understand concepts, opinions and experiences. This type of methodology creates room for understanding the problem we are investigating by exploring the values, attitudes and behaviors or phenomenon. Qualitative approach as a result is subjective due to the possibility of biasness and the fact that individual interpretations and perceptions of social reality may differ. In this type of approach, information and data are introduced in a non-numeric organization and no use of statistical assessment tools. This implies that the reliability of the findings could be very low even though there are valued. Also it's difficult to repeat this type of research method because of the complexity of replicating the settings provided for similar conditions and environment. I have adopted a mindset which assumes that reality is an objective fact and the knowledge of reality is observable and measurable. Hence why I will be conducting my research using a deductive approach to enable me investigate the relationship between the variables ie the financial impact before, during and after covid. The second approach will take the style of quantitative approach this suggest a numerical data which provide us with numerical data which will be used to draw theories and calculated suggestions as to what happens to a company financial performance when they implement CSR activities. This is the most appropriate means as calculations are made to be used to present a correlation between the usually and unusually assumptions.

Participants/population & the sample study group

The research is trying to find out the relationship between CSR and finance performance to but put more specifically before and after covid. This means that our population has been obtained from a randomly selected profitable organizations who publicly present their financial statement as well as other documentation annually to obtain this information or target sample within those organization are individuals in the upper management of the organization as they fit the criteria to obtain the type of information we are looking for. The population of this research was 10467 employees. The sample size for conducting the questionnaire is 371 and our sample size for written source documentation has been around 10 organizations and all randomly selected companies must constantly have performed CSR type of initiatives before and after covid in Zimbabwe. The upper management that includes shareholders senior management etc. were chosen due to the fact that they have direct asses to financial statement which makes it easy when observing and analyzing the data available from the companies selected. Out of 371 distributed questionnaires, 350 was return which makes 94% as a response rate.

Data collection Procedures

Denscombe (2000) suggested that the following can be used to collect data, they include interviews questionnaire and observation these are appropriate primary sources while written source documents is the secondary source. These methods can be combined together to collect data or used individually however we will be combining or mixing the two methods for this investigation to gain better understanding of our research area. In this investigation we used a questionnaire which is not structured as it allows expression and elaboration of ideas and knowledge by the respondent and written sources to obtain other information for analysis and to compliment the interview. The written sources is to obtain two things the first is to understand how socially responsible the chosen companies are by obtain an ESG risk rating, which will be found using the sustainable index provided online, the second step is to obtain their financial records to be able to calculate the financial performance, Previous research on the relationship between Corporate Social Responsibility (CSR) and financial performance has typically relied on Net Income/Assets (NII/A) as a measure of financial performance. However, we believe that operating performance (OIBD/Total Assets) is a more suitable metric as it does not penalize companies for leveraging their capital structure and does not include the effects of taxation. Once both information is obtained, we then conduct regression analyses to understand if there a correlation with the theories and information we obtained or if there's any new theories. We are using these two methods to try to collect and combine our data to reach a more accurate and creditable results. Our questionnaire was carefully created to obtain true and honest information due to the fact that there's room for explaining and expression of the interview. The processes of collection will took 2 forms the first will be as follows once we identified the organization and they match our criteria an invitation was sent to the upper management for a request to take part in our research by filling out our questionnaire but before they take the questionnaire a consent form will be sent beforehand requesting an approval for using the data to conducted in our research. Once the questionnaire has been completed all this will be done through email for the organizations that not accessible around my location. But the organization that are very accessible, a simple request was made to allow face to face or direct contact when attempting the questionnaire this will give us the opportunity to engage more with the respondent while they complete the questionnaire after the questionnaire has been completed, we requested to obtain the company information and annual report regarding CSR activities to accompany the completed questionnaire.

Data collection Tools

The date collection tool used in this thesis investigation are of two types the first is a primary form of collection tool which is a questionnaire which could be completed either telephone or face to face and in exceptional cases email. The questionnaire is not structured to allow proper expression of the respondent in other words it will allow more in-depth understanding of the research topic at hand. This means that it will contain 17 questions of which 15 of them are close ended to gather quantitative data from the respondents and 2 questions are qualitative by nature because they invite responses and feedback necessary and we will encourage honest feedback for such question as the provide the researcher with important data needed for analyses and also with question that provide decrease or increase options, the respondent is encourage to explain how for the research analysis. The second type of collection tool is from a secondary source of information and this is in a form of written sources document from the company which be of two types the first being the financial statement record and the second is a form of certificate obtained to show how socially responsible the company is. The companies have been carefully chosen because of the 2 major criteria they have the first the publication of their financial records and the second is having a certification top access how socially responsible they are which is having a risk. Also, this companies have been categories based on industry sector for comparison purposes.

Table 1 The Cronbach's Alpha for Research Variables

Variable Name	Number of Items	Cronbach's alpha
Corporate Social Responsibility	12	0.768
Corporate finance	4	0.755
Risk management	4	0.834
Financial markets and investments	4	0.822
Financial Performance	5	0.836
Total	**17**	**0.780**

Data Analysis

There are two general strategies to choose from when analyzing data this can either by theoretical proposition or by developing a case description Yin2003. We use theoretical proposition when there's already a substantial amount of information of previous research within in this subject while case description is created when there's limited research available for our research field of CSR. In this thesis we will employ a theoretical proposition this will be in the form of the written source documents with a little case description (the use of the questionnaire to find out more) to give an in-depth understanding of our topic area. According to Miles and Huberman 1994. When performing a data analysis, it contains three stages they include data reduction, data display and conclusion drawing and verification. Data reduction is the process of reducing the amount of capacity required to store data it will involves sorting and organizing in other to verify and draw a conclusion. Data display basically means that data that has been reduced can now be represented in such a way to help us draw a conclusion. Conclusion drawing and verification refers to the researcher's point of views. The researchers can do this by monitoring and observing patterns, regularities and irregularities and providing possible explanation and propositions for example when calculating the data for the financial performance of each company chosen, we are bound to see irregulars which do not fit our original hypothesis and so we will employ logic and theoretical analyses to provide explanation for such phenomenon. When we gather and analyzed our data we consider all 3 stages of data analysis. How we focus on the data reduction is to by pay attention to our research question and discarding irrelevant information that takes our focus away from the main idea to aim to display our reduced data in an accurate manner in other to avoid misinterpretation to be able to draw a conclusion. When it comes to the final stages of the conclusion drawing and verification of our research. We investigate patterns observed and provide explain nation. In other to reach a correct conclusion. Data can be analyzed in two ways when conducting an investigation, it can be either be through a cross analysis or within case analysis. Within case analysis our empirical data is usually compared and analyzed to a theory and conducting across analysis means involving comparing across multiple similar cases of the same matter.

CHAPTER IV
RESULTS

Descriptive Statistics

The purpose of this research is to examine an investigation of the impact of CSR on firm performance in Zimbabwe. To achieve this goal, the researcher distributes (371) questionnaire were subjected to (350) valid questionnaire for statistical analysis. Table 2 summarizes the distribution of the questionnaire on the research sample.

Table 2 The Distribution of The Questionnaire on The Research Sample

	Number	**Ratio**
Distributed questionnaires	371	100%
Questionnaires recovered	363	98%
Non-refunded questionnaires	10	2%
Non-analytical questionnaires	11	3%
Questionnaires under analysis	350	94%

After collecting the questionnaire from the sample, the questionnaire response scale which contains 17 items was translated to a quantitative scale by giving the answer category 5 = Strongly Agree, 4 = Agree, 3 = Neither Agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree. The total scores of the sample respondents for each paragraph were classified as shown in Table 3.

Table 3 The Degree of Approval of the Questionnaire Paragraphs

Likert-Scale	Classification	Description
1	1 – 1.79	Strongly Disagree
2	1.8 – 2.59	Disagree
3	2.6 – 3.39	Neither Agree nor Disagree
4	3.4 – 4.19	Agree
5	4.2 – 5	Strongly Agree

The researcher relied on the degree of approval of the questionnaire paragraphs according to (Idek et al., 2014) the rule specified in Table 4 that the approval for the paragraph is strongly disagreed if the average mean of the paragraph between 1 – 1.79, disagree if the average mean of the paragraph falls between 1.8 – 2.59, neither agree nor disagree if the average mean of the paragraph is between 2.6 – 3.39, agree if the average mean of the paragraph between 3.4 – 4.19, and strongly agree if the average mean of the paragraph between 4.2 – 5.

CSR

Table 4 shows the mean scores for the CSR items. The respondents' mean scores for the CSR items range from 3.33 to 4.12. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for CSR (overall), as well as each of its dimensions, were all above the 3.00 mid-point score. These scores indicate that the customers perceptions of the CSR are satisfactory.

Table 4 The Mean Scores for the CSR Items

Items	Mean	Std. Deviation	Degree of Approval
CF1	3.33	1.03	Natural
CF2	4.08	1.10	Agree
CF3	3.73	1.04	Agree
CF4	4.03	1.05	Agree
RM1	3.34	1.04	Natural
RM2	3.33	1.03	Natural
RM3	4.08	1.10	Agree
RM4	3.73	1.18	Agree
FMI1	4.03	1.12	Agree
FMI2	3.99	1.13	Agree
FMI3	3.76	1.07	Agree
FMI4	3.12	1.22	Natural

Financial Performance

Table 5 shows the mean scores for the FP items. The respondents' mean scores for FP items range from 2.16 to 3.99. At the same time, their standard deviation demonstrated that the items do not present a high deviation from the average mean among items.

Therefore, the respondents' mean scores for FP (overall) was 2.9 this indicate that the customers perceptions of the FP are natural.

Table 5 The Mean Scores for the FP Items

Items	Mean	Std. Deviation	Degree of Approval
FP1	2.16	0.96	Disagree
FP2	3.12	1.22	Natural
FP3	3.35	1.00	Natural
FP4	3.99	1.13	Agree
FP5	3.76	1.07	Agree

Demographic Characteristics of Respondents

Demographic characteristics of respondents that have been captured in this research include 3 different aspects; gender, age, educational level. First, gender was measured into two categories of male and female. Second, the age which was measured in seven categories having options of less than 25 years, from 25 – 29 years, from 30 – 34 years, from 40 – 44 years, from 45 – 49 years, and more than 50s years. Third, educational level was measured in three categories diploma or below, undergraduate, postgraduate or above.

Gender

Gender respondents were selected in two categories: male and female. In data from customers, the majority of male and female respondents were 63% and 37% respectively. Table 6 summarize the sample distribution by gender.

Table 6 Sample Distribution by Gender

Variables	**Frequency**	**Percent**
Gender		
Male	219	63%
Female	131	37%
Total	350	100%

Age

In customers data, respondents were of different age groups in a relative distribution as shown in Table 7. The highest representation is respondents who belong to the 30 – 34 years by 51%. The rate of ageing between 35 – 39 years was 23%, respondents from 25 – 29 years were 8%, from 40 – 44 years 7%, from 45 – 49 years 4%, and 5% were more than 50s years.

Table 7 Sample Distribution by Age

Variables	**Frequency**	**Percent**
Age		
25-29	30	8%
30-34	180	51%
35-39	82	23%
40-44	25	7%

45-49	17	4%
50 years and more	16	5%
Total	350	100%

Educational Level

The educational level of respondents was measured in three categories as shown below in Table 8. The highest percentage of respondents who obtained an undergraduate degree is 93%, and postgraduate or above is 7%.

Table 8 Sample Distribution by Educational Level

Variables	**Frequency**	**Percent**
Educational Level		
Undergraduate	327	93%
Postgraduate	23	7%
Total	350	100%

Correlation Analysis

The results of the correlation analysis which indicates that all the three constructs were positively correlated with each other with 0.01 significance value are shown in Table 10. The relationship between EC and FP (R= 0.831, p = 0.01) is considered as a significant and high positive correlation. The relationship between GB and FP (R = 0.776, p = 0.01) is considered as a significant and high positive correlation. The correlation coefficient between EC and GB (R = 0.761, p = 0.01) is considered as very high positive correlation.

Table 9 Correlation between Research Variables

	CSR	**CF**	**RM**	**FMI**	**FP**
CSR	1				
CF	$.685^{**}$	1			
RM	$.755^{**}$	$.688^{**}$	1		
FMI	$.720^{**}$	$.766^{**}$	$.742^{**}$	1	
FP	$.831^{**}$	$.761^{**}$	$.776^{**}$	$.845^{**}$	1

N=350

**Correlation is significant at the 0.01 level (2-tailed).

Hypotheses testing

The relationship between CSR and financial performance

Hypothesis H1 posits that CSR positively influence FP. As shown in Table 10 the linear regression demonstrated that the path estimates between CSR and FP was significant ($F_{(1,348)}$ = 510.039, $p < 0.05$, R^2= 0.691). Also, the model coefficient shows that CSR were positive and statistically significant to FP ($T_{(348)}$ = 22.584, β = 0.982, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 10 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.896, ULCI= 1.068), so the author infers that the effect of CSR on FP is significantly different from zero. Therefore, hypothesis H1 was accepted.

Table 10 Regression analysis of CSR on FP

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.831[a]	.691	.690	.691	510.039	1	349	.000
a. Predictors: (Constant), CSR								

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17647.382	1	17647.382	510.039	.000[b]
	Residual	7888.810	348	34.600		
	Total	25536.191	349			
a. Dependent Variable: FP						
b. Predictors: (Constant), CSR						

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	35.553	1.631		21.804	.000	32.341	38.766
	CSR	.982	.043	.831	22.584	.000	.896	1.068
a. Dependent Variable: FP								

The relationship between CF and financial performance

Hypothesis H1a posits that CF positively influence FP. As shown in Table 11 the linear regression demonstrated that the path estimates between CF and FP was significant ($F_{(1,348)}$ = 314.644, p< 0.05, R^2= 0.580). Also, the model coefficient shows that CF were positive and statistically significant to FP ($T_{(348)}$ = 17.738, β = 1.515, p < 0.05).

According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 11 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 1.347, ULCI= 1.683), so the author infers that the effect of CF on FP is significantly different from zero. Therefore, hypothesis H1a was accepted.

Table 11 Regression analysis of CF on FP

<table>
<tr><th colspan="9">Model Summary</th></tr>
<tr><td rowspan="2">Model</td><td rowspan="2">R</td><td rowspan="2">R Square</td><td rowspan="2">Adjusted R Square</td><td colspan="5">Change Statistics</td></tr>
<tr><td>R Square Change</td><td>F Change</td><td>df1</td><td>df2</td><td>Sig. F Change</td></tr>
<tr><td>1</td><td>.761[a]</td><td>.580</td><td>.578</td><td>.580</td><td>314.644</td><td>1</td><td>349</td><td>.000</td></tr>
<tr><td colspan="9">a. Predictors: (Constant), CF</td></tr>
</table>

<table>
<tr><th colspan="7">ANOVA[a]</th></tr>
<tr><td colspan="2">Model</td><td>Sum of Squares</td><td>df</td><td>Mean Square</td><td>F</td><td>Sig.</td></tr>
<tr><td rowspan="3">1</td><td>Regression</td><td>14806.786</td><td>1</td><td>14806.786</td><td>314.644</td><td>.000[b]</td></tr>
<tr><td>Residual</td><td>10729.406</td><td>348</td><td>47.059</td><td></td><td></td></tr>
<tr><td>Total</td><td>25536.191</td><td>349</td><td></td><td></td><td></td></tr>
<tr><td colspan="7">a. Dependent Variable: FP</td></tr>
<tr><td colspan="7">b. Predictors: (Constant), CF</td></tr>
</table>

<table>
<tr><th colspan="9">Coefficients[a]</th></tr>
<tr><td colspan="2" rowspan="2">Model</td><td colspan="2">Unstandardized Coefficients</td><td>Standardized Coefficients</td><td rowspan="2">t</td><td rowspan="2">Sig.</td><td colspan="2">95.0% Confidence Interval for B</td></tr>
<tr><td>B</td><td>Std. Error</td><td>Beta</td><td>Lower Bound</td><td>Upper Bound</td></tr>
<tr><td rowspan="2">1</td><td>(Constant)</td><td>25.199</td><td>2.639</td><td></td><td>9.548</td><td>.000</td><td>19.998</td><td>30.399</td></tr>
<tr><td>CF</td><td>1.515</td><td>.085</td><td>.761</td><td>17.738</td><td>.000</td><td>1.347</td><td>1.683</td></tr>
<tr><td colspan="9">a. Dependent Variable: FP</td></tr>
</table>

The relationship between RM and financial performance

Hypothesis H1b posits that RM positively influence FP. As shown in Table 12 the linear regression demonstrated that the path estimates between RM and FP was significant (F

$_{(1,348)}$ = 281.525, $p< 0.05$, R^2= 0.551). Also, the model coefficient shows that RM were positive and statistically significant to FP ($T_{(348)}$ = 16.779, β = 0.448, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 12 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.395, ULCI= 0.501), so the author infers that the effect of RM on FP is significantly different from zero. Therefore, hypothesis H1b was accepted.

Table 12 Regression analysis of RM on FP

Model Summary

Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.743[a]	.553	.551	.553	281.525	1	348	.000

a. Predictors: (Constant), RM

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3673.972	1	3673.972	281.525	.000[b]
	Residual	2975.459	228	13.050		
	Total	6649.430	229			

a. Dependent Variable: FP

b. Predictors: (Constant), RM

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	14.162	1.001		14.142	.000	12.189	16.136
	RM	.448	.027	.743	16.779	.000	.395	.501

a. Dependent Variable: FP

The relationship between FMI and financial performance

Hypothesis H1c posits that FMI positively influence FP. As shown in Table 13 the linear regression demonstrated that the path estimates between FMI and FP was significant ($F_{(1,348)} = 291.625$, $p < 0.05$, $R^2 = 0.714$). Also, the model coefficient shows that FMI were positive and statistically significant to FP ($T_{(348)} = 17.779$, $\beta = 0.948$, $p < 0.05$). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis has been rejected. If zero falls outside of the interval, then the hypothesis has been accepted. In Table 13 shows that zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI= 0.395, ULCI= 0.501), so the author infers that the effect of FMI on FP is significantly different from zero. Therefore, hypothesis H1c was accepted.

Table 13 Regression analysis of FMI on FP

Model Summary

Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.845[a]	.714	.714	.712	291.625	1	348	.000

a. Predictors: (Constant), FMI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3673.972	1	3673.972	291.625	.000[b]
	Residual	2975.459	228	13.050		
	Total	6649.430	229			

a. Dependent Variable: FP

b. Predictors: (Constant), FMI

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	14.162	1.001		14.142	.000	12.189	16.136
	FMI	.948	.027	.845	17.779	.000	.395	.501

a. Dependent Variable: FP

CHAPTER V
DISCUSSION AND CONCLUSION

Discussion

Corporate socially responsibility CSR is still a hot subjects for all types of business, firms and organization, its generally viewed as a corporate strategy to promote public image, large organization in the world not only invest significant resources to implementing CSR activities but are also welling to provide evidence publicly to completing their intention by disclosing the CSR activities they must have undertaking to various potential investors and stakeholders, this evidence can to presented as an annual sustainability report or in a form of a risk rating like ESG risk rating. Firms make it mandatory to incorporate CSR criteria when accessing the merits of the capital allocation decision. Another way of looking at it is that investing in CSR can give companies a competitive edge which will be explained later in this chapter to helps them do better financially, which financial market like and shareholders benefits from but the evidence for this is mixed as we explained in chapter 4 and we will summarize the explanation in chapter 6, but first a brief discussion about CSR and CFP. The general idea is that an increase in a company performing CSR activities will lead to an increase in financial performance of the organization this assumption is totally far from the truth as we have proven in chapter 4 there are inconsistency with these assumptions. The inconclusive findings in the exiting literature regarding the relationship between CSR and financial performance may be attributed to a variety of factors one such factor could be the size of the firm or a tangle able factor like the sales or asset. One potential explanation that we can agree within this study is the difficulty in accurately measuring

CSR and conducting the appropriate test needed to conduct the various measurements, however the problem starts as a results it is challenge in obtain accurate data on CSR performance at the corporate level as ratings provided of various agencies are not always consistent furthermore companies do not always provide full disclosure to all about CSR activities and the nature of ESG efforts makes it difficult to measure and compare across time and sectors. This is just the first of many challenges which has been explained previously.

Though many CSR writers do not speak often of the economic responsibility, as it is often taken for granted, this category of responsibility has become highlighted and urgent during, throughout, and after the pandemic. The economic responsibility is often framed as making money for owners, and this is a worthy objective, but in the pandemic, becoming financially sustainable is interrelated with continuing to provide the goods, services and jobs that consumers and employees need. Thus, one could easily argue that businesses' economic responsibilities undergird all the others and inevitably must be addressed during and following the pandemic. Since the economic, or financial, responsibility of the firm is typically associated with sound strategic decision-making emanating from the board of directors and top-level executives, it is imperative that governance responsibilities be addressed. In this context, Lynn Paine has set forth important new ways of looking at corporate governance and each of these is consistent with CSR-thinking that is needed today (Paine, 2020). Paine proposes more structured attention to stakeholders. Boards are under greater pressure to monitor stakeholder expectations, especially from employees. Boards will need to pay more attention to how business and society intersect. The pandemic has highlighted the tighter relationship between societal problems and businesses' sustainability. Boards will need to pay closer attention to executive compensation. The pandemic has exposed glaring compensation inequities across society and within organizations (Paine, 2020). More deliberative decision making will be needed. There are no longer simple decisions when COVID-19 factors present themselves in strategic decisions. Finally, more attention will be needed to address board composition regarding race and ethnicity. This imperative would be in response to the global outcry regarding racial injustice that occurred during the pandemic and that companies can ill afford to ignore. In short, the board's job and strategic decision-making responsibilities have become exceedingly more demanding and it is expected that these pressures will outlive the current outbreak of the pandemic (Paine, 2020). Each of these suggestions align with economic responsibilities as a part of CSR expectations.

In this subsection, we look at the reasons why businesses are becoming increasingly involved in CSR. We've talked about the fact that organizations are "almost obligated" to take part in CSR due to the actions of individuals, organizations, states and transnational entities, which are motivated by three main motivations: motives that affect the organizational aspect motives that influence the organizational aspect the moral aspect When looking at the motivations that affect the organizational element, we'll look at the three main motivations: motives that primarily affect shareholder interests motives that impact the interests of stakeholders on a long-term basis motives that have an impact on the collective identity motive that affects stewardship interests motives related to higher order values what it takes to create a good CSR culture

Smith (1994). in Harvard business review article, pointed out "The New Corporate Philanthropy," he identified it as shift to creating future long-term commitments to particular social issues and initiatives, giving additional than only cash contributions, creating strategic alliances, providing funds from all business dimensions and units along with the philanthropic budget, and doing all this without compromising advancing towards business goals. Previous years ago, companies use to make decisions concerning the preferences of social issues to support based on the approach for doing well and doing good; corporations could genuinely focus on few strategic areas that match with their organizational culture and values, choosing initiatives that assist business goals as well as selecting issues related to core markets and products. Unlike during the fifth documented pandemic, corporations' decision making reflects an increase desire to survive, commitments were more shot-term allowing companies to spread funds to issues at hands rather than including the lives at stake during that era. The pandemic has put corporations at test in regard with CSR, ultimately most corporations embraced the idea of doing good to look good by supporting the issues related to their core markets and core products on the other hand downsizing their workforce when they needed their jobs the most because their lives were depending on it. Companies choose to support business objectives only to abandon their responsibility to its employee stakeholder which could be perceived as self-serving. A good example of such companies is Dell, Uber, Raytheon, and Shell etc. However, if we can pay much attention historically CSR did not start in the 1800s from the biblical point of view all the support God gives either in business or any activity that ultimately gives tangible results, he asks us back of one tenth of annual produce which is called tithe. This came to practice in the time of Abraham and Jacob, it was first cited in the first book of the bible Genesis 14:20 as well as chapter 28 verse 20 to 22. Tithe is given no matter the circumstances either you are making profit or loss. It is well known that employees are the heart of organizations yet in crisis companies abandon them to serve themselves when they both would have survived if they find solutions for fulfilling both obligations. In other words, it became a strategy for survival.

Speaking of strategic, let’s discuss achieving a competitive advantage by implementing CSR. The majority of medical professionals promise that regular physical activity will improve our appearance making us look better, have better well-being, do better, and increase longevity. There are many who contend that participating in CSR programs may offer similar potential advantages. Apparently, such involvement appears attractive to potential investors, consumers, financial analysts, business colleagues, in the news or annual reports. Existing literature shows that it feels good to all the stakeholders including employees, stockholders, existing customers, and the board members. There is increasing evidence that it benefits the community as well as the brand. Additionally, there are those who argue that businesses with a solid track record of CSR actually last longer. Evidence shows that one important way an organization can distinguish itself from its rivals is through CSR nowadays, and also after making a social investment, the strategic CSR investor may gain the following advantages or benefits:

In today's competitive employee market, CSR may have a significant impact on human resource recruitment and retention. Cone/Roper studies also shows that a company’s involvement in social initiatives can have a positive impact on prospective and current employees, as well as board members and citizens. According to Cone/roper 2001 survey, employees working in companies reported to have cause-related programs they are proud of their organization's values and they have strong sense of loyalty to the company than when workers in organizations are not reported to have these initiatives. According to their study in 2001, 53% of employees working in organizations with such programs prefer to continue working with such companies partly because of their employer's' commitment to different social initiatives. Even graduates nowadays won't mind given less amount of salary compared to other companies offering higher salary but without any social cause related programs. It can also result in increased staff commitment, productivity and involvement. So companies do what it takes to appear socially responsible whether it don't with good intention or not in other to attract motivate and retain employees.

Some business functions can reveal a decrease in working expenses and increase in income from grants and initiatives due to the application of corporate social initiatives, for example corporations that embraced environmental programs to minimize waste, recycle, reuse materials, conserve water and electricity. Mentioning few companies like Nestle and Desso have managed to reduce costs by collecting and recycling their products. Company purchases gesso as raw materials for production from closer water supply facilities. However, Desso invented a method to use the granules accruing as waste from drinking water production for the production of carpets. As many water supply companies try to minimize waste to 99%, Desso reduced the cost of buying gesso. Another area for potential costs reduction is in advertising expenditures, especially as a result of increased free publicity. Investing in the right social causes can give enough publicity that eliminate advertising process a good example is when the body shop launched their campaign forbidding cosmetic test on animals.

Debate suggest that an implementation of CSR initiatives can lead to increase in stock value. CSR has the ability to attract new investors and reduce exposure to risk in case of corporate or management crises; From the perspective of stakeholders, a critical incident like corruption or an environmental scandal may have a negative impact on the company's reputation. However, if the incident is handled skillfully, the negative effects may be minimized and, in some cases, recovered quickly. According to the University of Southwestern Louisiana study, on “the effect of published reports on unethical conduct on stock price,” revealed that exposing unethical corporate behavior reduces stock prices for an average period of six months. As a result, proactive CRS plans and programs can be used to manage these risks or incidents, which typically attract the attention of regulators, courts, governments, and the media. When employees get involved in the community through giving, fundraising, and community volunteering CSR effectively impact the perception of the corporation in the general face of the public.

Jane Fuller stated, "It pains me to say this, but I am becoming less cynical about corporate social responsibility," in an essay that appeared in the Financial Times in July 2003.This is not as a result of the number of words that businesses, lobbyists, and politicians have used to discuss this issue. It's because the market places a higher value on businesses that are less vulnerable to risks related to social, environmental and ethical issues. In other words, social, environmental, and ethical considerations are already taken in to account by investors. This conduct is not sentimental. It is an objective assessment of various expenses. According to Business for Social Responsibility, businesses with social, environmental, and ethical responsibilities have "rapidly growing access to capital that might not otherwise have been available."

When a company connects to society through maintaining and imposing CSR activities, the outcome is a positive public image. several existing reports covers principles and evaluation of execution in the area of corporate social obligation includes the following: the council on economic priorities, it evaluates company performances on a range of social dimensions, business ethics publishes a list of 100 best corporate citizens, and other external reports and standards covering CSR for example Global Reporting Initiative. According to Business for Social Responsibility, in addition to receiving favorable press attention from reports like these, "companies that demonstrate they are engaging in practices that satisfy and go beyond regulatory compliance requirements are being given less scrutiny and freer rein by both national and local government entities." In times of crisis, a strong community reputation can be a real asset. Rogovsky & Dunfee, explained a striking case in which good reputation protected McDonald’s during the 1992 South Central Los Angeles riots. Lastly a good corporate image can also impact policy makers as well. In accordance to what Craig Smith said in the article “The New Corporate Philanthropy,” giving an example of AT&T in the 1990s.

CSR is accounted to be beneficial in extreme competitive business markets as an instrument to create, develop and support worldwide brand differentiation and trust. Pringle & Thompson in the book" Brand Spirit," championed the idea of linking a brand or company to a suitable charity or cause can make to the "Spirit of the Brand." Consumers are climbing towards the pinnacle of Maslow’s Hierarchy of Needs and seeking self-actualization. According to Pringle & Thompson in their book Brand Spirit, they assert that consumers are moving beyond "the practical issues of functional product performance or rational product benefits and beyond the emotional and psychological aspects of brand personality and image." What they are seeking and are drawn to currently be demonstrations of good. According to Katamba, D.et al.(2012) indication that all this is accomplished through winning public support, customer loyalty based on the firm’s ethical values, integrity and best practices, and contributions to social development. In addition, consumers are eager to know how the brand functions and how it thinks and feels to be able to track what it believes in. for example, the spirit that participation in corporate social initiatives has given to the Ben & Jerry’s brand.

Cone/Roper presented concrete evidence in their study that corporations can benefit significantly from involving themselves to a relevant cause. The outcome of the study shows that more percentages of the consumers would be more likely to buy products from the companies that are associated with societal causes they are interest in, some customers will switch brands or retail store to support a cause they care about, and some stakeholders believe that cause related marketing should be a standard to be included in the company’s activities. Since 2001 evidence have been surfacing showing increase in customer’s supporting companies that takes actions in developing the society which then lead to an increase in brand preference. The American Express campaign for the restoration of the Statue of Liberty in the early 1980s is one of the greatest instances of a corporate social initiative that raised sales and market share. According to Kotler, Lee (2004) the Conference Board surveyed 25000 citizens in 23 countries concerning CSR and the results shows that ninety percent of participants desire firms to focus on more than just profitability, 40 percent are ready to criticize those companies they perceive as not taking part in developing the society, and some have actually avoided good/services of firms that don’t seem to be socially responsible. As mentioned before CSR can be a tool in a competitive market that can guarantee increase in sales margin and a favorable market share if used properly. All of the above are enforced to make profit and sustain the business growth due to the fact that corporate social responsibility has been obligated for corporate benefits such as business growth and profitability, especially when the company makes long-term investments to maintain its relationship with society.

The fact that there may be no “one size fits all” in a CSR implementation model because different approaches exist in various economic settings as a result of different levels of corporate social responsibility knowledge and development. Below are some of the generally steps a company can follow to ensure success in implementing CSR program. Apply your strategy or program around your company’s core competencies. There are numerous worthy causes that businesses can support however, your CSR efforts may be less successful if they are not focused on and aligned with what your company already does well. So, choose the best CSR option(s) to pursue with the assistance of knowledge of the Value Chain and funnel analyses of corporate social responsibility. Supporting a cause that aligns with a company's strengths, research, and knowledge in a particular area can benefit community partners and the company by bringing in new customers and revenue streams. Answer this question first, what should be the specific objective, timing, and other aspects of the company's corporate social responsibility goal? Nonetheless CSR can act as a risk alleviation strategy or an opportunity seeking strategy, hence why Managers should always look for an intersection point between the business and its community/environment returns.

Recognize issues that matters to your customers. Implementing CSR has provided evidence of installing brand loyalty to the customers. Due to the links created by globalization customers around the world have grown in power and realized their right which have now shaped how businesses operates. Nowadays, the purchasing decision of customer’s lies in how responsible the company is to its surroundings. Consumers purchase products that have a social benefit as a way of motivating and rewarding firms for being socially responsible, on the other hand, they also hold the power to punish or destroy businesses that act irresponsible or harmful to the environment. Developing CSR programs that make your workers proud. Most corporate entities use CSR programs as a strategy to protect and grow their valuable asset which is the company’s employees. More than half of the current generation is motivated by the company’s commitments in the society or environment when deciding about a firm to work for and it is unlikely for them to consider going for a job offer with an employer without CSR practice in place. On the other hand, existing employees have high possibility to stay in a company longer when they are given a chance to participate in changing and providing a better society for examples in a form of paid time off for volunteers working community services and so on.

Measure the return on investment (ROI) of your CSR actions for the executives and investors. In an organizational setup, initiatives can compass multiple departments like marketing, human resources, sustainability and compliance which makes evaluation of CSR programs overwhelming. However, if the CSR efforts are having an impact on the company’s performance creating a structured framework for reporting that links efforts back to strategic business priorities will directly inform the executive and investors. Try to quantify socially conscious efforts that have a direct impact on the company's bottom line. For instance, look for ways to reduce costs, get new customers, and raise brand awareness. We can also embrace from “CSR: An Implementation Guide for Canadian Business,” which proposed the process to ensure successful implementation of CSR programs or commitments include the following:

1. Create a coordinated CSR decision making structure.

2. Create a CSR business plan and put it into action.

3. Determine performance measures and establish measurable goals.

4. Engage employees and other stakeholders affected by CSR commitments.

5. Create and carry out CSR training.

6. Set up procedures for dealing with problematic behavior.

7. Plan out your internal and external communications.

Source: "CSR: An Implementation Guide for Canadian Business" pp. 49–56

It is defined as a process to gather and provide data on CSR initiatives or activities, progress and effectiveness so as to allow management or stakeholders to track, measure and assess CSR campaigns. Data from CSR M&E may also be used to predict and plan for future resource requirements, as well as to give needed data to policy-making and advocacy. Moreover, M&E of CSR activities gives government representatives, development managers, and civil society a better way to enhance their understanding from past events, upgrade service delivery, plan and allocate resources, and present outcomes to stakeholders as part of showing transparency and accountability. This type of monitoring and evaluation can be internal, external, and independent monitoring and evaluation. 1) Internal monitoring and evaluation: is carried out by employees from the company's local or regional offices or the headquarters, even a combination of staff members from each group. Most significantly a member of the organization being monitored and evaluated must be involved in internal E&M. 2) External monitoring and evaluation: This type of monitoring and evaluation (M&E) entails the employment of an outside agent or agency to assess whether a company is complying with its standards of CSR efforts or principles (for instance, if it has signed up for UN Global Compact membership or GRI). The firm being reviewed often provides continual consultation during this process. 3) Independent: (the third party) M&E occurs when a third party evaluates a company's compliance with its CSR commitments and the M&E system is completely independent of the entity being monitored or evaluated. When a firm releases a CSR statement to the public, typically other shareholders get interested and as a result follow the company without any official notification and also start monitoring and analyzing it very early on. The assessors may publish impartial reports regarding a particular industry at one time or at recurring periods and intervals. Therefore, it should not come as a surprise to see that their organization is being aggressively evaluated alongside others. In addition, corporate social responsibility measuring is the process of quantifying any CSR action, process, input, or anything else that can be measured in order to report on how well it performed, how frequently it occurred, what impact it had, and/or how much it changed over time. Furthermore, various schools, international bodies, academicians and other management gurus have created different standard measures for CSR such as the GRI Guidelines, UN Global Compact etc. There isn't a single, globally accepted benchmark for CSR, as a results different indices, tools and models have been developed over the years. These effective measuring tools have played an essential role in different settings and most firms have utilizes them successfully. Section down below are the measuring tools for CSR and what they are used for:

Each tool is unique and is used to measure different things compared to other tools for example, as Katamba, D, et al (2012), explained that the FTSE4Good Index focuses primarily on investors and provides external stakeholders with a useful insight. "The FTSE4Good Index Series has been developed to assess the performance of businesses that adhere to internationally accepted criteria for corporate responsibility and to encourage investment in such businesses. The FTSE brand and transparent management standards make THE FTSE4Good the index of choice for the development of Responsible Investment products. Dow Jones Indexes is a top full-service index provider that creates, manages, and licenses indexes for use as investment products and as benchmarks. It is also the first global indexes to measure the financial performance of the top sustainability-focused businesses globally. They offer trustworthy and impartial standards for managing sustainability portfolios for asset managers. The DJSI employ a best-in-class methodology and comprise, respectively, global and regional sustainability leaders from each industry. The DJSI family's yearly evaluation is founded on a detailed examination of the company's economic, environmental, and social performance, evaluating factors including corporate governance, risk management, branding, climate change mitigation, supplier chain standards, and labor policies. The GRI Guidelines and Indicators provide framework for CSR reports and communication, as well as potential use in strategic planning, it aims to create worldwide consistent criterion for sustainability reports. It mainly concentrated on large corporations, although it is also utilized by government organizations, groups that deal with the environment, human rights, and labor issues, and other businesses. The objective is to reach a comparative assessment of the reporting entity's economic, ecological, and social contributions.

This concentrate only on sustainability investing and encompass asset management indexes and private equity. The tool is rooted on a huge questionnaire which include three aspects such as social, environmental and economical, and can be separated into general and industrial specific guideline. The strategy used by SAM extends beyond the traditional environmental, social, and governance (ESG) framework and incorporates other crucial intangible business issues in consumer-driven businesses like innovation management, customer relationship management, and brand management which is crucial to company's long-term success. The BSC facilitated strategic planning and management from a management perspective. According to Kaplan, N (2000s) BSC is a strategic planning and management system used in business and industry, government, and non-profits throughout the world to align business activities with the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. In an effort to track progress toward an organization's strategic goals, this tool focuses on monitoring a variety of overall performance indicators, frequently including customer perspective, internal business processes, learning and growth, and financials.

Conclusion

Our investigation was carried out to find out how the financial performance is affected when there's are changes to our 4 variables with our specific case being the pandemic. The conclusion to this are as follows: The implication of CSR is a process that requires a significant investment which affects the expenses of the business. The reason for the popularity is because of the benefits it provides to a company however it can be very costly to implement and it requires a great ideal of knowledge and procedures to be executed. During the pandemic it became very expensive to continue and as a results priorities shifted to survival rather. Organizations are still recovering from the crisis, and as a results there's a decline in the implementation of CSR related activities. The corporate finance is the source of funding the business. It significantly declined both during and after the pandemic. The impact of the internal and external finance on investment was not different from each other during the post pandemic period and also we discovered that businesses were heavily reliant on the internal source to survive. With regards to the risk management there are 4 risk involved and all of them had been affected individually. For example credit risk decreased to uncertainty of the business banks and financial institutions were not willing to associate with business and as a result we saw a significant decline in credit risk the same conclusion could be seen in the market risk, liquid risk and operational risk (changes to business system and polices). All heavy declined and as a result affect the financial performance of the business. The Highest Impact for CSR Factors before and after the Pandemic Is FMI This is because they are vital to the smooth operation of capitalist economies. Because they provide a foundation for the organizations to functions. The second part illustrates the specific implications that would have an impact on regulators, managers, and stakeholders by extending the literature on CSR knowledge generation and company performance in the context of an emerging economy, such as countries in Zimbabwe region. Companies in Zimbabwe region are expected to need stronger and more effective CSR disclosure if they want to play a significant role in the global financial system. Practitioners, as well as firms, should create fresh plans and make sure to include CSR in their reports. Firms can establish legitimacy for their operations and products. Since CSR disclosure has many benefits for businesses and society as a whole, policymakers should take into account enacting new laws that require it. Investors must consider the social initiatives of the businesses they support because CSR may increase a company's market value.

Furthermore, the differences in CSR disclosure countries and earnings management will likely affect the firm's performance. Investors' decision-making over their investments will be affected by this, leading to more effective investments. If these things were better understood, it would be possible to pass laws that would make businesses and financial markets in Zimbabwe region run more smoothly. To conclude this investigation, we will provide solutions and recommendations to our research question. The aim of this investigation was to find out first if the a company's CFP is affected when there's and implementation of any kind of CSR activities, to provide further comparison our research wanted to also find out with regards to the covid pandemic in other words what was the marginal effect of implementing CSR activities before, during and after the pandemic periods. Our observation generally before the pandemic saw that companies performed CSR activities for their own benefits and there were not necessarily being genuinely responsible, because for a company to be socially responsible they are expected to be economically functional and support all other areas for example being responsible to the community, stakeholders and customers. Most company were having CSR out of mandatory reasons, which means that proper care and consideration when not properly accounted from for their intention of such activities. And another reason for companies to have CSR was as a result of an obligation in other words due to laws and regulation requirement made it legal to be socially responsible. At the beginning there was "just in case" reason this could mean for example just having CSR for emergency reasons, it was done with no apparent intension the best way it could be described was get out if jail card what that means is that Just in case there was any crisis it helped companies to either benefit during that time or strategically maneuver around coping with the presented crisis. Generally during and after the pandemic companies realized that they were suffering and used CSR type of activities to either boast sale or survive the pandemic. However for example some companies became socially irresponsible due to uncertainty when the local currency fell instead of finding ways to reduce operating cost to help the company survive, the first thing they did was to reduce the work force by redundancy, The study also reveals that the three airline companies have violated the rights of their employees by enforcing excessive and unjustified layoffs and pay cuts, freezing planned raises, requiring unpaid leaves, and, in some cases, suspending free meals during crew shifts. Additionally, the three airlines have taken advantage of the financial strain and lack of employment brought on by the pandemic by offering employees inferior contracts. This is evidence on how specific stakeholders got unvalued during the pandemic. During the pandemic most organizations focused on voluntary and charitable deeds only instead of also supporting workers, by prioritizing employees' wellbeing in employees' operations, and keeping credibility and genuineness in employees' communication and action. They could have found other ways for example instead of let go of their employees they could provide them with a loan and arrange a payback period when stabilization of the economy returns this can be paid back by taking a percentage of their future salary to pay back the loan this way employees are guaranteeing protection during the crisis. Instead, they of letting go, it was seen as the easy way out of the crisis and as the result performed unfair removal of employee leaving an employee in a difficult situation.

“Doing good to look good” this is a phrase generally for company who just wanted to protect their image and didn’t really care about the outcome of performing CSR we set out to find out the marginal impact of the application of CFP, especially during the pandemic period in other words will the CFP increased or deserve or stay the same. Other researcher measured CFP using various methods like asset4, MSCI, KLD etc and also the return of assets ROA. In our case we decided to use sustainability index or Sustainalytics to first of all provide certification by giving use the ESG risk rating of the companies this was performed in chapter 4. ESG is all about being more environmentally conscious, but CSR is a company's corporate values. Basically, having a good CSR plan can help you score higher on the ESG scale. One of the most important things for any business in the long run is to make sure they have a strong, unique brand of CSR in place. The ESG was done in comparison across companies in different industries and the result basically suggested that companies the manufacturing and oil and gas sector tend to have a higher ESG risk rating than companies in the software or technology sector this could be because there mode of operation involve the manufacturing sector involves a lot of emission of carbon and other different problems like illegal labor or poor working amongst other factors could. Now our focus was to find CFP of the companies identified during the pandemic our CFP was calculated by trying to find the operating performance of the company which is done by dividing the operating income before depreciation (OIBD) by the total asset this was calculated to provide analyses generally of what we would expect to see. We would expect generally an increase in the CFP during the pandemic but that was not the case there was a mixture of results there was an increase, decrease and some even stayed the same so to answer the research question yes, the implementation of CSR activity would definitely affect the CFP of the company in a negative and positive way. If we were to describe the correlation of the graph it would be U shaped with regard to the operating performance. Let's analyze the results with examples from case study reseach. Companies that did not have CSR activities involvement like uniliver plc saw a downward shift in the correlation of the chart what that meant is as the time period increased their sales begin to fall because the customer didn't want to associate with them due to the lack of involvement in CSR related activities even if they decided to start in would increase their expensive and also result to still a decrease in their operating performance. A company that saw the opposite which was upper wards sloping positivity was apple tech and software company the major reason for this was because of the fact that they are already a corporately socially responsible company because through the research we discovered that there has always being an allocation of budget towards their involvement with CSR and during the 3 years' time frame of the pandemic this will suggest an increase in the operating performance. this does mean that they didn't have additional expenses during the pandemic, it because of their good public image, customers still wanted to associate with them so as a result their sales continued to increase a different suggestion for the increase could be is because of the pandemic it caused a growth in the use of technology and saw an increase in demand and sales in all technology and software products. And finally, company that saw no change in their operating performance. I could suggest that the idea behind this could be attributed to their size a company we investigated called Raytheon technology corps we observed no change in their CFP and so there's is a strong argument possibly to do with the size it was big enough to with stand the effect of the pandemic and so their operating performance did not change even if they performed CSR or not.

Recommendation according to findings

It's obvious that companies have CSR just to look good and having CSR has become a trend and also if they have no be proper provision it can affect the financial performance and improve company image however it important to understand that CSR plays a far more important meaning that that. CSR is beneficially because corporate social responsibility (CSR) can have a positive impact on a company's public image and reputation. It can lead to better press coverage, a better reputation, and stronger community ties. It can also help a company's brand to be more visible to current and potential customers, as well as employees. It can also have a positive effect on cost savings. For example, using less packaging can reduce costs if the company is committed to sustainability. It can also lead to increased customer engagement. According to an IBM study, 60% of customers were willing to make changes to their shopping behavior to reduce their environmental impact if the company was committed to sustainability. Consumers are more likely to stick with brands that share their values, and a CSR commitment can help companies demonstrate how their values are realized. Finally, research has shown that improved market performance can be a positive effect on a company's financial performance. Some recommendation with regards to applying CSR properly is for companies to know their values and they affect the community As an organization, it’s important to be clear about what you stand for. Integrate your brand promise and brand values into your overall strategy. Some organizations may begin with projects such as raising funds for a charity or supporting a charity that aligns with your company’s values. Consider including environmental social governance values in your mission statement to ensure that every employee knows your values on a daily basis. A local focus is essential for impactful corporate social responsibility (CSR). Even if you have a global business with a global corporate social responsibility campaign, you need to understand how your actions can impact local communities. What can your offices do to engage with their local and wider communities? This helps build trust, momentum and consistency across your overall corporate social responsibility efforts.

When discussing the recommendations according to findings one word comes up on a regular occurrences this is “contingency” the four variables affect the financial performance of the organization most especially in the case of a pandemic. I will recommend some solutions with regards to the variable investigated. For CSR affecting the financial performance, our studies suggested a negative impact on the financial performance. The plan with regards to the pandemic I would suggest the following if the organization did not perform CSR before the pandemic then it would be better not to as it will no show true representation of organization values and commitment instead it would bring unwanted and unplanned expenses however. So it's preferred that a minimal contribution is applied during the pandemic to ensure safety of the community and then afterwards careful research and development and application is necessary in other to carry on with the application and reintroduction of CSR into the organization.

Corporate finance deals with sources of funding and how the firm increase value. With regards to then pandemic it impossible for a firm to increase value as funding will be difficult to obtain during the pandemic. So companies can either come up with a supplementary finding set up or extra budgetary funds as a contingency measures to survive during the pandemic. This suggestion will also be applicable for the financial markets variable, as there would be closures to the financial markets during such crisis period so having a means to help and protect against shut down is vital for the survival of the organization. All contingency comes from within the organization in the case of a pandemic so carefully planning is essential and provision have to be made for extraordinary circumstance when setting up an organization.

Recommendation for further research

Our research focused generally on a wider perspective on trying to find out about the corporate financial performance of companies who implemented CSR before covid after covid and during covid we wanted to find out if CSR does affect the financial performance of the companies especially when there's a crisis like a pandemic and what did the companies do to either be socially responsible or not socially responsible. There are a number of possible further areas of research objective that we could look into to give a difference or more accurate result when trying to find out about the CFP of a company. For example, comparison could be, made in regard to the economies of the companies chosen what this means is that if we tried to find out the CFP of a company in a developed economy like Europe, we could potential see a different with a company's ins the same industry but in a less developed economy in like Asia or Africa. One other possibility for further research is to investigate with regards to economies to see if any changes could be identified. Another area for further research is a comparison of CFP between companies in the same industry because each industry could have different competencies and internal and external pressure for example and external pressure is government regulation and polices and customer issues. And finally, a last idea for further research could lie in the type of CSR activities implemented different activities have different impact on the companies so trying to find out what happens to the CFP with regard to the type of CSR activities performed keeping other factors and elements constant. Could be another area for exploration. Limitations

Despite the large scale of our study, it is limited in several ways. First, the results are based on a cross-sectional survey conducted at one point in time. As such, they cannot establish causality. We rely on the logical argument that the process of firm globalization has been occurring longer than Internet-based CSR has been in existence, so it precedes it chronologically. However, we would argue that over time, greater CSR use in turn leads to greater firm globalization. Second, due to the methodology used, the models in our study explain a low amount of variance. We chose to focus on the effect of firm globalization on CSR use and impacts, rather than being explicitly interested in a range of factors explaining different types of impacts. Given the robustness of our estimates, the results indicate that globalization does have an effect on CSR use. It also has an impact on performance, both independently and through the mediating influence of scope of CSR use. Third, our study used subjective measures of firm performance. Although this was a necessity given the scale and multicounty aspect of the study, the results would be stronger if objective performance measures could have been included, especially if both types of measures could have been used in order to examine the correspondence between such measures. Future cross-country research should rely on some external data on firm performance in addition to perceptual data when the latter must be used. It should also include country-level variables such as the evenness of the IT infrastructure across the different countries in which each firm operates, as well as more extensive indicators of firm globalization, such as the number of countries or continents of operation, to better measure global scope. Finally, longitudinal study of these relationships over time will help to better assess causality and investigate reverse effects of the scope of CSR use on firm globalization.

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APPENDIX

QUESTIONNAIRE

Informed Consent Form- Questionnaire

You are invited to participate in a research study analyzing the financial impact of corporate social responsibility before and after the Pandemic. This study is conducted by Ellen Fero MSc student of near east university The research is self-funded.

Read the following:

There are only two criteria to participate in this study which is to work in a upper management role and have displayed some elements of csr before and after the pandemic in the organization.

This questionnaire will take approximately 15mins to complete.

Your will not be contacted again in the future as a result of participating

You will be rewarded with an incentive on completion of the questionnaire. The questionnaire does involve any risk to you.

You don't have to be involved in the study if you don't want to its purely voluntary

You don't have to answer any question you don't want

I will be happy to answer any questions you have about the research investigation.

If you have any research related question you may contact me at 20212597@std.neu.edu.tr

By proceeding to take this questionnaire, I agree to take part in this research investigation and to the above 5 statements. Any statements I have concern with I will discuss with the principal researcher prior to commencing. Thank you

*Please print or save a copy of this form for your records.

Analyzing the financial impact of CSR b4 and after the pandemic

1. Do you know the theme of social responsibility?

   a)I know that topic very well b)I don't know so well that topic
   c)I have never heard about that

2. Which are in your opinion problems related to the development of initiatives in the field of social responsibility by your company? (please circle more than one if possible)

a)Lack of knowledge b)Lack of institution assistance c)Lack of specific legislation on CSR Business benefits not immediate High costs d)Lack of corporate skill e)Little impact on social and environmental business Few interest of the company

3. Which of the following problems did your company face before adapting CSR? Employee safety

   Illegal child labor Women rights Overtime

   Fair pay

4. What CSR activities are you practicing?

   Charitable giving Fair trade practices Reducing carbon footprint Environmental responsibility Supporting Sustainable registration Diversity equality and inclusion

   Socially and environmental conscious investments

5. In your opinion what are the reasons that might move your company to adopt CRS practices?

Ethical motivation of top management Promote corporate image

Increase of the efficiency Greater employee satisfaction Commercial advantages to new markets

Benefit in relationship with institution finance and community Public incentives

Pressure from consumer association and media

6. Which area of social responsibility is more significant for the company?

Governance and dialogue with the stakeholders Policy towards employees

Relationship with clients and suppliers Relationship with the community Environment protection

7. In which of the following area has your company seen the most significant change in operations after adopting CRS?

a)System of governance transparency and relationship with investors and shareholders b)Health and development of employees b)Practices of responsible business c) Climatic changes d) Social responsible investing Partnership with community

8. Do you think that the relationship with society of your company has encouraged the adoption of CSR practices?

Very much Pretty much not at all Indifferent

9. Do you think that the relationship between the Society and your company has encouraged the adoption of CSR practices?

Very much pretty much. Not at all. Indifferent

10. Which of the following measures has your company adopted to reduce environmental impact?

Energy
saving
Waste
recyclin
g

Mobility management (carpooling, car sharing) Sustainable packaging

Develop of environmental friendly product Life Cycle Assessment processes Management of environmental system Use of renewable resources

None of the above

11. Which are concrete actions towards community in which your company operate?

Donation to organizations having social or environmental utility Sponsorship of sport and cultural events

Cause Related Marketing campaign Partnership projects of social solidarity Corporate foundation Corporate voluntary None

12. What of the measure(s) has your company adopted to reduce the financial impact of CSR after the pandemic? (please comment below)

13. In your opinion how did corporate social responsibility affect sales of the company after the pandemic?

    a) Increase in salesb)Decrease in sales stayed the same

14. What was the overall financial position of the company after the pandemic?

    a) Increased b) decreased stayed c)the same

15. Which corporate social responsibility actions is the most expensive to implement?

    Please write down your comment below

16. Which of the following activities do you want to realize in the next years?

    Communicate company performance in CSR and sustainability to stakeholders Improve environmental impact of products/services. Develop new products/services which help to reduce social or environmental problems

    Improve energetic influence

    Reduce greenhouse gas emission or waste

Improve rigid control on suppliers concerning standard regarding human rights

17. With the measures your company has adopted are you going to continue to implement CSR?

Yes No

ETHICAL APPROVAL

NEAR EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

01.02.2023

Dear Ellen Fero

Your application titled **"Analysing the financial impact of corporate social responsibility before and after the Pandemic"** with the application number NEU/SS/2023/1500 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

PLAGIARISM REPORT

thesis

Yazar Ellean Fero

Gönderim Tarihi: 14-Haz-2023 12:37PM (UTC+0300)
Gönderim Numarası: 2115856368
Dosya adı: Ellean_Fero.docx (223.7K)
Kelime sayısı: 27705
Karakter sayısı: 149466

thesis

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%15	%15	%7	%
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BİRİNCİL KAYNAKLAR

1	www.researchgate.net İnternet Kaynağı	%4
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