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An exploration on the impacts of organization's financial characteristics on CSR spending

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Abstract

Despite Scads research to explore the association between (CSR) Corporate social responsibility spending and financial performance, literature are yet inconclusive. The study attempts to examine the relationship of financial characteristics of companies and the CSR spending in Indian emerging market. This research examine the influence of CSR spending disclosure upon the firm's performance through panel regression of samples comprising of 386 companies listed within S&P BSE 100 index, covering all primary players in capital market for four year period from 2014 – 2015 and 2017-2018. The inferences reveals out the trend in exploring the negative association of CSR spending on Firm's value and profitability (characteristics). This negative impact are majorly affected by Social and environmental spending disclosure score. The inverse relationship is highlighted by exposing the adverse impact of financial characteristics (Company's value and Profitability) on the CSR spending parameters. The research yields out implications to the policymakers, managers, investors and consumers of company. The inferences contributes to literature through offering CSR insights spending and the company's performance (Indian Emerging market) to have increased international focus. Further to this, the CSR disclosure measurement through (ESG)environmental score, Social score and then governance score stands as novel in this context.

Keywords: CSR-Corporate social responsibility, BSE-Bombay Stock-Exchange, disclosure, financial characteristics, performance, profitability

1. Introduction

CSR (Corporate Social Responsibility) has turned as a highly debated and explained problem in the corporate governance world. It also has turned as a sheer interest domain for the researchers and major concern for the investigators in the area of management science and commerce. Specifically, several investigators and reports have been undertaken by manufacturers and academicians for comprehensive understanding about the CSR activities as well as to test the entire impacts on numerous variables. Motivated by the requirement for certain robust and rigorous empirical evidence, several conventional researches have intended to test statistical association amongst CFP (Corporate Financial Performance) and CSR. Accordingly, after gathering the needed financial information from the corresponding annual records of top hundred companies that have been listed by Indian NSE (National Stock Exchange), multi-variate and factor regression analysis have been undertaken. From the analysis, it has been exposed that, CSR activities possess significant influence upon the financial performance of a company. It has also conclusively claimed that, there exists a moderate and positive association amongst corresponding variables in this context. Outcomes have suggested that, the corporate firms in India have secured better performance by engaging themselves in various CSR activities [1].

Similarly, relationship amongst financial performance of the firm and CSR disclosure have been evaluated in India. To accomplish this, CSR disclosure has been measured with regard to published keywords of CSR on annual statistics of Nifty-50 as of year 2016. Furthermore, ROA has been utilized for delegating the financial performance of sample firms. Nevertheless, the study have not found any evidences for assisting the effects of CSR on market's financial performance. Results have exposed that, regression analysis have exposed neutral relationship amongst ROA and CSR disclosure. Nevertheless, firms in India have taken several initiatives of being a socially responsible corporate and have also publicly disclosed all their endeavours in their overall annual statistics [2]. Furthermore, influence of CSR on financial performance of chosen pharmaceutical and FMCG (Fast Moving Consumer Goods) sector before and after CSR have been assessed. It has been found that, the companies have been taking efforts for contributing to the agreed 2% of average profit for three years towards the CSR activities. Correlation methodology and Paired sample-t-test have been selected for data analysis. Outcome has exposed that financial variables namely NPM, ROS, ROCE and ROA have enhanced after the implementation of CSR in all the chosen companies excluding ROE. Outcomes have exposed that, financial variables and CSR have maximum significant variations and correlation degree in FMCG area while minimum correlation degree and insignificant variation in post and pre-CSR time in the pharmaceutical sector. Thus, it has been suggested that, businesses have to include CSR into long term objectives of business thereby afford suitable advertising in quantitative and qualitative forms. It has also been stated that, this will enhance the profit and goodwill in long-run that profits several beneficiaries [3].

Following this, the influence of mandatory spending of CSR on the performance of firms have been evaluated in accordance with the cross sectional data for the chosen IT sectors. It has been hypothesized that, the CSR spending possess positive influence on the performance of firms that have been measured with regard to ROE. For estimating the association amongst the firm's performance and CSR spending, logit-regression model has been utilized. A significant association has been revealed amongst the performance of firms and CSR status [4]. It also encompassed of all the main capital market players for 10 years from 2007 to 2016. Outcome has exposed a trend towards negative impact on the CSR disclosure about the profitability and value of firms in India. Adverse impact of value and profitability of firms on disclosing CSR has been observed to emphasize the inverse-association [5]. Furthermore, the influence of CSR technology and regulations on CSR disclosure upon Indian CPSE (Central Public Sector Enterprises) has been undertaken. To accomplish this, CSRDI (Corporate Social Responsibility Disclosure Index) has been adopted to compute the CSR disclosure level and CICTI (Corporate Information and Communication Technology Usage Index). The research has utilized secondary data. Through the use of manual content evaluation, the necessary data for the CSR disclosures have been gathered from annual records of the Maharatna companies. Besides, usage of CICT has been gathered from web-portals, social media, CSR news and various other digital sources. The study sample encompassed of 7 Maharatna CPSEs with 6 years period that ranges from (2011-2012) to (2016-2017). Through the use of paired-t-test, it has been exposed that, there exists significant variation in the CSR disclosures before and after regulatory time. On contrary, CSR disclosures for the Maharatna companies have significantly enhanced the regulatory period of post CSR. By using the multi-regression analysis, it has been revealed that, there exists significant and positive association amongst ICT use and CSR disclosing of the Maharatna companies [6]. From conventional studies, it is found that, there exists no consistencies in determining the research associated to linkage amongst company's financial performance and CSR spending. This develops an evident gap as well as a potential requirement for rigorous study on CSR spending and the impact of organization's financial performance on this spending for which the present study is undertaken.

1.1. Problem Statement

CSR has evolved as a significant research topic in modern business area. Correspondingly, companies have begun to spend on responsible activities for the society. Review of existing literatures expose that, the sector of financial performance of CSR has been extensively studied. However, such researches have thrown mixed outcomes with few recommending positive association amongst the two variables [7, 8] and few recommending negative association amongst the two variables [5]. Though the associations have been rampantly researched, evaluating it in the present case in biggest companies in India is vital for which the present study is undertaken by focussing on Nifty-50/BSE-100 companies.

1.2. Significance of the study

Activities of CSR have been realized as a typical responsibility of firms. With significant evolvement of sustainable management, firms have initiated to realize CSR as a significant strategy of business. While several endeavours have been undertaken to comprehend the CSR impact on the performance of corporate, empirical evidence stays equivocal. Hence, to provide an incisive view of the outcomes, the present research contributes to literature as follows,

Initially, the research evaluates CSR impacts on Firm's performance, in according to value creation as well as the accounting measures and the reverse impact of company's performance in Nifty-50/BSE-100. The research affords certain distinct contributions, at first, ESG scores are used which in not extensively considered in CSR oriented researches. Subsequently, the research measured the performance of company with regard to firm value and profitability. Lastly, reverse impact of company's financial performance upon CSR disclosure are also assessed.

1.3. Paper organisation

Section 1 states the introductory concepts of research. Section 2 enumerated the review of literature studies and its gaps, Section 3 describes about the research method, Section 4 illustrates the results of statistical analysis, Section 5 presents the discussion and section 6 defines the conclusive statement of the study.

2. Review of Existing Work

Different researches have regarded different approach for evaluating the CSR disclosing impact on the performance of firms. The problems encountered during this analysis are also discussed in this section,

The study [9] has integrated the viewpoints of resource based opinion with institutional insight from organizational-theory for researching the influence of both upon financial performance. This case has been contributed on Indian multinationals which is one of the top thousand companies by transactions for the time-period from 2010 to 2018. CMIE Prowess database has been regarded. Panel data technology have been used for the Research and stable result panel regression has been considered. The argument has been looked upon the consequences of the compulsory CSR on companies who were paying CSR afore the rules and the people who initiated CSR based expenses after the instructions in 2013. Voluntary spenders and the final mandatory spenders has been named as the prior. DID (Differences-in-differences) method has assisted to study aftermath of CSR giving suggestion in pre and post interior voluntary and mandatory spenders. To conclude this statement, it has been recognised as an organised spectacle of an outcome, CSR moderation after the amendment Section 135 of Companies Act and implementation in 2014.

Additionally, the institutional capital have been embodied by CSR, since it gives successful outcome financial performance before the CSR regulation has been established in the framework of India. Also, this case have been declared that these both R&D intensity and advertising intensity have a prevailing effect on the economic performance and can be accepted as resource capital. Moreover, the article [7] have logically verified the Indian corporate's passive level in terms of provision of firms' earnings and the enhancement of utilization of similar onto CSR practices. Accounts of the firms for the unspent payment each year have commenced. Apart from that, exploration and consequences of this proposal has proved that there has been a friendly relationship between CSR spending and firm's profit. This has been foreseen authentically valuing the four years data of Nifty fifty and BSE thirty firms. This has been practiced and executed by Panel regression and Gaussian Mixture models. It has also witnessed that, both NSE and BSE scheduled last year's firms about CSR expenditure had a reassuring solution around this contemporary year's profits [10]. Analytical study has given an idea that government must focus on the method of compulsory CSR with welfare instrumentalism to the growing positive effects of company's subdivision for lecturing the ecological and community problems in the nation.

The research [11] has considered the power of a bond among CSRD and Corporate Financial Performance companies in India. The research also have an example of 287 firms from the economic-year 2014 – 2015 to 2018 - 2019 and recruit data panel regress with the help of combined OLS (Ordinary Least Squares), random effect and fixed effect models. The results have shown that CSR report has different impact in CFP measurement. On the whole, industrial type, and the method of financial evaluation identifier, visualize certain differences in CFP – CSRD dynamic. The importance of the research stays in the ascending purpose of societal responsibility and the developing contributor of upcoming arcades in world-wide corporates. Also, CSR agreement possess effects in the provisional accounting traditional of Indian companies. The good sensations beside the CSR agreement and provisional accounting tradition have been powerful for companies that have weaker for family organisation and powerful for the democracy. Additionally, it has been researched that recent accounting tradition has been extremely different compared with upcoming expenditure in CSR. Moreover, the study [8] has objected to find out with an experiment, the list of Indian companies which has been recommended by the CSR [Corporate Social Responsibility].

To govern the rapport among company presentation and CSR, retreat study has been used. Though CSR has a fragile bond with market based profits, it has optimistic effect with accounting measure. The arcade do not notice the standard authorised CSR expends for a praise worth that has been an important outcome in the research. Those expenditure has been measured healthy instead, but the expenses done by the companies in additional to the authorized CSR expenses has been prized through fairs for their sensible performance of CSR. The research has also targeted to establish as well as explore the bond that occurs among CSR and board independence performance of Indian companies. As an example, the year of 2013 - 2019 has been considered as a period of seven years; 76 non-financial firms planned on the National stock exchange. Numerous statistical tools have been used such as, Arellano-Bond dynamic panel data technique and the static panel data technique that has been found on common methods of instant methodology. The outcome of this study has exposed that board independence should maintain the good bond with the companies CSR behaviour [12, 13]. Moreover, the effect of CSR expenses on the profitability through the attention of NSE – 200 firms have been focussed in the study [14]. Results have claimed that the money expense on the CSR performance has an optimistic effect on the gain of the firms. The CSR performance has been huge popular by the amount spent by NSE 200, this has indicated that Indian commercial division has an escalating concern for the public. This current learning is about the importance of CSR agreement of compulsory expenses to Indian companies in the particular year, from 2014 – 2015 to 2018 – 2019. A sample list of 426 companies on the NSE in India & satisfying the standards to obey with reputed CSR requirements have been examined. The economical behaviour have been investigated with regard to systematic risk [beta] & stock returns. The result has exposed that required CSR expenses have been irrelevant to companies of India as exposed by irrelevantly optimistic involvement of required CSR expense in persuading profits [15].

In addition, the aim of the study has been to examine the bond among the financial performance and the CSR from the bifacial perception. The result of the study has revealed that CSR has an optimistic and analytically important effect on upcoming and concurrent economical behaviour [16]. The study has tried to identify the effect of CSR on economic behaviour in India environment. Hence, the study has chosen BSE 100 catalogue for the years from 2010 – 2018 as an example. The committee regret study has exposed that CSR has optimistic effect on stock returns and simultaneous profitability. Similarly, the study's result has exposed that CSR has optimistic effect on upcoming profitability and possibility which has shown that CSR will extend its effects [17]. Additionally, the research [18] has intended to assess the relationship amongst stock price, financial performance and CSR of top BSE-30 listed companies between the time period 2014 to 2015 and 2017 to 2018. Findings from the research has represented significant causality amongst stock price, financial performance and CSR as expenditure upon the cost of stock of companies and social welfare actions rely on the financial outcomes. Besides, for empirically testing curvilinear association amongst financial performance and CSR in Indian companies, the study [19] has considered panel data encompassing of 43 companies between 2008 and 2017. Panel and correlation regression have been undertaken for evaluating the probable link. Resultant outcomes have indicated that curvilinear association exists between financial performance and CSR. On contrary, the research [20] has evaluated the influence of CSR on BSE-30 enlisted corporate efficacies through the use of multiple criteria models for decision making. The study has employed several methodologies comprising of free-disposal hull and data-envelopment analysis for observing the effective rankings. Subsequently, truncated regression has been performed for assessing the outcomes on association amongst financial performance and CSR. Findings have recommended that 6/30 corporates have been technically effective in all the frontier methods. Further, results have exposed the three CSR pillars (namely social, governance and environment) has positive correlation with efficacy. Further, it has been perceived that social and environment scores have positive relation with ROA (Return on Assets). In addition, the research [21] has intended to determine if there exists any significant variation in actual expenditure upon CSR. No significant variation has been found. It has also been claimed that, actual amount that has been spent upon CSR has been enhancing.

2.1. Research Gap

- The study has claimed that, with the accessibility of various years of the data upon CSR spending, researches might claim conclusive outcomes through the use of regression models. Besides, there exists a scope for ascertaining relevance of the CSR activities as well as expenditure throughout several dimensions. In future, researches must evaluate this ideal CSR spending through firms. The historical data must be considered to find if there exists any relationship amongst CSR spending and company performance [15].
- Further studies could regard several financial performance measures for checking the relationship [16].
- Further surveys have to regard the secondary impacts wherein the company functions on relationships amongst CFP (Corporate Financial Performance) and CSR [1].

3. Research Methodology

The study is carried as an empirical study based on secondary data sources. The Research framework as shown in above figure 2 were developed based on various independent, dependent and moderating parameters. The empirical research propounded to elucidate the impacts of the financial characteristics of S&P BSE 100 Index companies, on the CSR spending and disclosure to their stakeholders. The secondary data analysis is put forth to test the hypothesis of the study. Other moderating parameters are the profitability of the company and the firm's performance in the study. Statistical data are exhibited to test the hypothesis. This study is a descriptive and empirical research study. The data has been collected randomly from the secondary data sources such as articles, researchers and website sources. The collected secondary data were utilized for statistical analysis through IBM SPSS software package. The hypothesis has been tested based on the objectives of the study.

3.1. Research Design

The research persuades with secondary data based study. The collected data is analysed using the support of the technique SPSS analysis tool, which is a statistical tool that generally used for quantitative analysis of complex data. At first, distribution of respondents are enumerated. After analysing the frequency descriptive measures, the system tests the framed hypothesis.

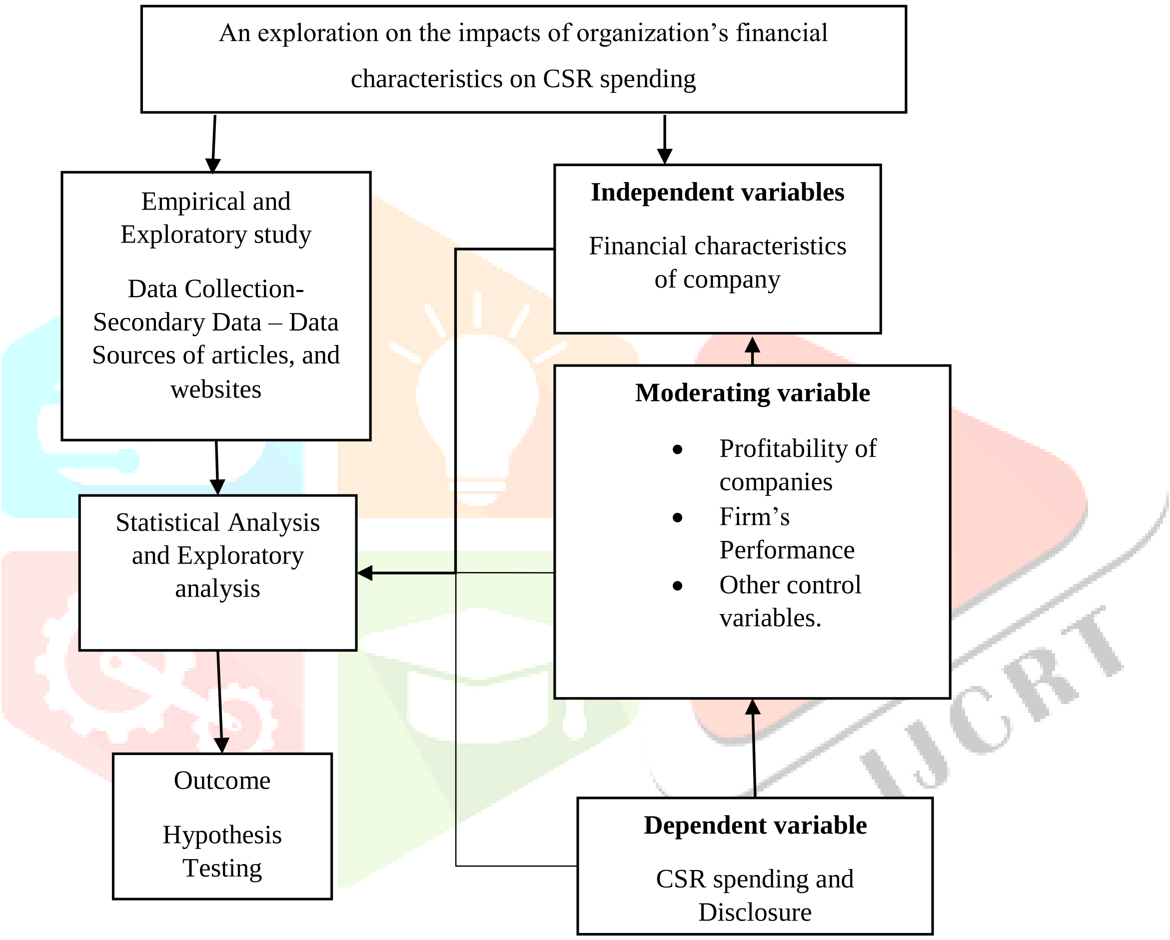

Figure 1. Research framework of study

After the evaluation of hypothesis, the conclusion was made and the future direction was also deliberated.

3.2. Research Hypothesis

$\mathbf{H_1 1}$ There is a significant relationship of firm profitability with CSR spending disclosure.

$\mathbf{H_1 2}$: There is a significant relationship of CSR spending with Firm value.

$\mathbf{H_1 3}$: There is a significant relationship of the level of CSR spending and financial characteristics of companies paving to profitability.

3.3. Research Objectives

- To examine the impacts of financial characteristics of the company on its CSR spending and disclosure
- To analyse the relationship of CSR spending of companies with its company's value
- To assess the association of financial characteristics of the firm with its profitability and performance of company.

3.4. Model Development

The model following utilised to assess the association of CSR spending disclosure on Financial characteristics (Performance of firms).

Table 1. Summary of Variables

Variables	Description
SDS	Social disclosure score
Innovation	R&D expenditure
Advertisement	Percentage of advertisement expense to sales
Firm size	Natural log of total assets
EDS	Environmental disclosure score
ESGDS	Environmental, social and governance disclosure score
TobinQ	Ratio among market & accounting value
Risk	Debt to equity ratio
Cost of capital	Cost of equity capital
Growth	Growth in EPS
Firm age	Firm age nature log(Years)
ROA	Return on asset
GDS	Governance disclosure score

$$ROA_{it} = \alpha + \beta_1 ESG + \beta_2 AGE + \beta_3 SIZE + \beta_4 RISK + \beta_5 GRW + \beta_6 CRIS + \beta_7 COC + \beta_8 ADV + \beta_9 INV + \varepsilon_{it} - (1)$$

$$ROA_{it} = \alpha + \beta_1 EDS + \beta_2 SDS + \beta_3 GDS + \beta_4 AGE + \beta_5 SIZE + \beta_6 RISK + \beta_7 GRW + \beta_8 CRIS + \beta_9 COC + \beta_{10} ADV + \beta_{11} INV + \varepsilon_{it} \text{ -- } (2)$$

$$TOB_{it} = \alpha + \beta_1 ESG + \beta_2 AGE + \beta_3 SIZE + \beta_4 RISK + \beta_5 GRW + \beta_6 CRIS + \beta_7 COC + \beta_8 ADV + \beta_9 INV + \varepsilon_{it} \text{ –}(3)$$

$$TOB_{it} = \alpha + \beta_1 EDS + \beta_2 SDS + \beta_3 GDS + \beta_4 AGE + \beta_5 SIZE + \beta_6 RISK + \beta_7 GRW + \beta_8 CRIS + \beta_9 COC + \beta_{10} ADV + \beta_{11} INV + \varepsilon_{it} \text{ -- } (4)$$

$$ESGDS_{it} = \alpha + \beta_1 ROA + \beta_2 TOBQ + \beta_3 AGE + \beta_4 SIZE + \beta_5 RISK + \beta_6 GRW + \beta_7 CRIS + \beta_8 COC + \beta_9 ADV + \beta_{10} INV + \varepsilon_{it} \text{ -- } (5)$$

$$EDS_{it} = \alpha + \beta_1 ROA + \beta_2 TOBQ + \beta_3 AGE + \beta_4 SIZE + \beta_5 RISK + \beta_6 GRW + \beta_7 CRIS + \beta_8 COC + \beta_9 ADV + \beta_{10} INV + \varepsilon_{it} \text{ -- } (6)$$

$$SDS_{it} = \alpha + \beta_1 ROA + \beta_2 TOBQ + \beta_3 AGE + \beta_4 SIZE + \beta_5 RISK + \beta_6 GRW + \beta_7 CRIS + \beta_8 COC + \beta_9 ADV + \beta_{10} INV + \varepsilon_{it} \text{ -- } (7)$$

$$GDS_{it} = \alpha + \beta_1 ROA + \beta_2 TOBQ + \beta_3 AGE + \beta_4 SIZE + \beta_5 RISK + \beta_6 GRW + \beta_7 CRIS + \beta_8 COC + \beta_9 ADV + \beta_{10} INV + \varepsilon_{it} \text{ -- } (8)$$

The above table 1 describes about the summary of all the variables used in the study, wherein this ESGDA represents the ESG spending disclosure score, and EDS defines the environmental score, SDS-social disclosure score, GDS represents the governance disclosure score. The return on asset is denoted by variable ROA and Tobin's Q are represented by TOBQ. The crisis period is defined by,
CRIS, cost of capital represented by COC, firm risk defined as RISK, growth variable represented as GRW,
Size of firm as SIZE, advertisement defined by ADV, i represents the company and time denoted by t

3.5. Description of Data and Sampling

The study relies on Secondary data. The sample comprises of five hundred companies being listed on S&P BSE Index of (BSE) Bombay Stock Exchange as upon 31st March 2017. This S&P BSE-100 Index obtains 95 percentage of total market-capitalisation of all firms, listed on BSE, since Companies-Act 2013 were made effective from April 1st 2014. Data collection is the tool used to gather information from the respondents based on a specific Subject which is taken for research.

3.6. Data Collection

The Data were collected from 2014-2015 to 2017-2018 for nearly 4 years. The in-depth analysis of company's annual report were performed in data collection on CSR spending and certain corporate governance practices. The financial variables and Data upon ownership were collected from prowess (CMIE) Centre for Monitoring Indian-Economy database. Due to the missing in the data, the final samples comprises of only 386 firms. These samples covers the entire major players, in capital market, for those four years. The independent and dependent variables discussed below were gathered from Bloomberg and prowess database

3.7. Key Variables of the study

The study utilises Bloomberg ESG-score for measuring the disclosure of CSR spending. This is a third-party Rating-Scale, for assuring subjective analysis. The ESG scores of disclosure depends upon extent of CSR-disclosure. This comprises of three sub-categories including Governance score, Environmental score and social score. These total three scores referred as ESG score. The firm performance are analysed through the financial characteristics of the firm including Tobin's Q and (ROA) Return on asset. This ROA utilised in calculating profitability of firm. The tobin's Q utilised to compute the value of firm. This Tobin'Q defined as ration of market value of firm, and the accounting value. The size of firm, growth of firm, Firm age, capital cost, innovation, risk and crisis were obtained to be control variables. The firm-age implies the count of years since in incorporation, firms with high expertise and experience were expected to perform well in terms of CSR spending and profitability. The firm-size denotes the size of company's operation, hence the bigger companies possess more resources will generate high profit and high CSR disclosure in spending. The risk implies the chance or any loss. Having more riskinvestors, may expect might demands high profit and those firms have higher demands from the investors for disclosing information. The growth parameter indicated company's performance and firms having consistent growth were expected in generating good profit and may disclose the information. The crisis represents the period of Global financial-crisis from period 2017-2018 that adversely impacts the business and entire economy. The capital cost refers to company's fund cost that has impact on CSR spending and profitability. The advertisement variable denotes the amount spent, upon company's promotion to maximize profitability. The variable innovation represents the approach to bring new ideas to market, after the proper development and research, in increasing profitability.

3.8. Research Instruments and Data Analysis

The secondary data sources, employs a standard structured questionnaire as the research instrument for study. The research assess the impacts of financial characteristics or the variables on the performance of firms and CSR spending primitives. Other statistical outcomes are collected from the different BSE index websites as well. The statistical assessment employed on secondary data draws out conclusions and inference by using (SPSS) statistical package for social sciences.

4. Results and Discussions

4.1. Descriptive statistics

Table 2. Descriptive statistics

Variables	Maximum	Minimum	Mean	Median	Std-Dev
TOBQ	81.63	0.2	2.28	1.41	2.82
EDS	62.01	0	7.29	13.39	12.16
GDS	73.21	0	44.82	48.21	6.64
FSIZE	15.81	7.78	12.13	12.15	1.72
GRW	21.4	-4.29	13.17	17.17	1.17
INOV	17.75	0	0.33	0	1.25
ADV	87.3	0	12.25	0.04	20.63
ROA	146.3	-88.54	7.55	5.7	9.63
ESGDS	63.6	4.13	16.19	10.96	10.85
SDS	84.9	0	11.51	3.07	16.21
FAGE	4.73	1.09	3.53	3.49	0.71
RISK	822.7	0	1.191	0.42	13.74
CRIS	1	0	0.3	0	0.45
COC	26.5	-34.7	10.13	10.34	1.98

The above table 2 elucidates the summary data statistics. The mean value of ROA seems to 7.55 (maximum =146.3 and median value is 5.7), average TOQ value is 2.28 (with maximum = 81.6 and median value to be 1.41). The score of ESG disclosure is 16.16 (with maximum 63.63 and median value to 10.9). The average EDS value if 7.290 with maximum = 62.01 and median value to 13.390, average SDS seems to 11.510 with maximum 84.91 and median value to 3.07, average GDS value to be 44.83 (maximum 73.21 and median value to be 48.210)

Table 3. Correlation-Matrix

Variables	ESGS	EDS	SDS	GDS	AGE	SIZE	RISK	GROW	CRIS	INV	COC	FPOP
ESGS	1											
EDS	0.583	1										
SDS	0.581	0.580	1									
GDS	0.402	0.538	0.541	1								
AGE	0.146	0.132	0.120	-0.019	1							
SIZE	0.310	0.265	0.371	0.122	0.275	1						
RISK	-0.015	-0.01	-0.015	-0.001	-0.022	0.004	1					
GROW	0.057	0.068	0.045	0.040	0.086	0.042	-0.02	1				
CRIS	-0.122	-0.056	-0.102	-0.777	-0.135	-0.207	0.033	-0.05	1			
INV	0.037	0.044	0.060	0.017	0.053	-0.032	-0.02	-0.052	0.04	1		
COC	0.040	0.023	0.051	0.02	-0.021	0.215	0.018	0.004	-0.01	-0.042	1	
ADV	-0.022	-0.023	0.010	0.004	-0.017	0.043	0.018	0.006	-0.014	-0.011	0.007	1

4.2. Corporate social responsibility disclosure and firm profitability

The outcomes of the table 4 implies the CSR spending impacts on the profitability of the firms. The results permits in verifying the negative impact of CSR spending disclosure on firm's profitability. The individual social score and environmental spending score indicates the negative influence on the profitability of the firms. Hence the results contradicts the first hypothesis.

The findings of the table 4 are contradictory to the first hypothesis. In similar to this study, other research of Giannarakis[22], illustrated the positive relations and the consistency of the results, wherein the impact of CSR spending to have negative influence on profitability of company. The prime goal of the business is in providing solely the maximum return to their shareholders and in other activities that deviates from main purpose would make this least effective. The CSR activities were assumed to be competitive disadvantage since it causes high cost that impacts the product price adversely, firms profit and wage structure. In accordance to control-variables, the inferences implies that the high rate of growth and firm-size to have positive relationship with profitability of companies. The companies which spends high in R&D and companies having high capital cost were found to have high profitability in firms. The rest of other control variables such as risk, age, advertisement and crisis were not significant.

4.3 Corporate social responsibility disclosure and firm value

The outcomes of table 4 exhibited the CSR spending impacts on the value of the firms. The results depicted the negative relationship between CSR-spending disclosure and value of firms. Hence the present research rejects out the second hypothesis. The individual environmental-disclosure score of spending, Governance score and Social score exposed the same negative effect on the firm's value. Whilst the investors and Indian consumers were yet in preliminary stages to depict the positive behaviour towards the activities of CSR, and if there prevails no any positive behaviour on the approach, the funds utilisation towards CSR-activities, in spending towards CSR has the negative impacts upon firm's value. In accordance of control-variables list, the research enunciated that high rate of company's growth and high capital cost enhances and improvises the company's value, wherein the crisis period affects adversely the value of company.

Table 4. Panel-Data regression analysis I having fixed impacts

	ROA		**TOBQ**	
Variables	**(1st model)**	**(2nd model)**	**(3rdmodel)**	**(4th model)**
ESG	-0.049		-0.083	
SDS		-0.058		-0.011
COC	0.107	-0.105	0.056	0.058
GDS		-0.009		2.431
ADV	0.017	0.001	2.72	-0.029
AGE	0.85	0.865	0.356	0.272
CRIS	1.154	1.05	-0.193	-0.21
EDS		-0.44		-0.022
SIZE	0.763	0.716	-0.044	0.003
GRW	0.027	0.027	0.002	0.002

RISK	-0.011	-0.011	-0.002	-0.001
INV	0.564	-0.164	0.007	0.042
Constant	14.2	14.27	1.9	3.33
Adjuster R	0.6	0.601	0.32	0.635
F-Statistic-value	15.62	15.69	17.84	17.94
Ncount	386	193	386	193

Table 5. Panel-Data regression analysis II having fixed impacts

Variables	ESG (5^{th} model)	EDS (6^{th} Model)	SDS (7^{th} Model)	GDS (8^{th} Model)
ROA	-0.024	-0.041	-0.074	-0.019
AGE	0.344	-0.111	1.089	-2.13
TOBQ	-0.05	-0.135	-0.026	-0.173
GRW	0.025	0.002	1.113	0.574
RISK	0.007	0.003	0.003	0.007
COC	-0.036	-0.052	-0.009	0.003
CRIS	-1.804	-1.055	0.026	-0.031
ADV	5.76	-4.89	-2.207	-1.213
SIZE	1.073	0.553	-8.44	-6.94
INV	0.09	-0.022	0.072	-0.056
Constant	4.358	2.918	-3.578	47.02
Adjusted R^2	0.817	0.872	0.859	0.654
F-Statistic-value	44.74	68.49	60.77	19.53
Ncount	386	193	193	386

4.4. Firm performance and corporate social responsibility disclosure

The outcome of the above table 5, indicates the impact of company's performance in their financial characteristics (profitability and company's value) on the spending of CSR, its disclosure and its governance, social and individual environmental scores separately. The outcomes explicated inverse relationship between (ROA) profitability of firms, and all the disclosure scores (ESG, E, S and then G). In similar to this, the significant negative association explored between ESG and (Tobin's Q)Firm value. Whilst there brings out insignificant negative relationship between social CSR disclosure score and firm's value. The results of this discussion is against the statement of H3 that hypothesized the positive impact of company's performance on CSR spending, assuming that excessive cash-flow would be directed to CSR-activities. Instead, it implies that the Indian Companies were spending those excess cash-flows in other different areas, for increasing the profit-margin because of higher market competition sustainability culture and lacking of positive behaviour towards CSR. With accordance to the control-variables, the outcomes indicates that big firms does make high social disclosure for CSR, wherein in the COVID crisis period, the companies does make less CSR disclosure. the old companies perform more social-disclosure however those firms possess weaker governance CSR spending. The companies having more count of borrowed-funds and high rate of growth, tends to make more Environment d and ESG spending disclosure. The increase in capital cost minimizes the environmental CSR disclosure, and those remaining control – variables were statistical insignificant.

5. Discussion

A research of Li reported to analyse the impacts of ESG score, on the company's value, and determine the positive relationship and enunciated that improvised accountability, and confidence of investment boosts out firm's value[23]. Similarly other study of Diab and Aboud, assessed the effects of ESG score on company's reputation and brought out companies inclusive in ESG-index depicted higher firm value, implying that this inclusion in index and company's value were related positively[24]. The long-terms sustainability of companies aided by CSR maximized the value of firm[25]

The study utilises individual ESG-score and composite score, in measuring the spending on CSR of companies. The performance of the firms are measure through (profitability)ROA and (Company's value)TobinQ. The other control variables includes firm-size, capital cost, innovation, advertisement, crisis, growth rate, risk and firm age. The outcomes of panel regression test, explicated the trend to the negative association of CSR spending disclosure and company's value and Profitability of company (Financial characteristics). This sort of negative association were majorly influenced through social disclosure and Environmental disclosure scores. Eventhough the adverse association of firm's value and profitability on CSR spending is being observed in underlining inverse relationship. This kind of inverse association reveals that within India, high CSR spending adversely related or impacts with the firms value and profitability of companies (financial characteristics attributes). This could because of lacking in positive companies behaviour, insufficient awareness or sensitiveness of CSR practices of firms acquired by consumers, lacking in sustainable investment culture, in comparison with the developed countries.

5. Conclusion

The present research analyses the association of financial characteristics variables with CSR spending disclosure of 386 companies of BSE-100. It examines impact of financial parameters upon expenditure activities of CSR and the performance of the firms that assumes both firm value and profitability of the firms in India. The research offers the precise implication towards consumers, policymakers, managers and investors. At first, the consumers should be conscious about the firm’s CSR initiatives, and those consumers should provide assistance for employment to companies. As second implication, the investors could utilise ESG score to be CSR activity level that negatively associates with company’s performance financial characteristic. As third inference, the manager must consider the crucial aspects of CSR and should indulge in CSR expenditure in wise manner, only after detailed study, instead to stick on to mandatory range. The managers must be accountable to undertake suitable actions, for creating public awareness of those CSR activities and wise spending on CSR by companies, in order to possess benefits in future. Finally the policy makers should to provide high emphasis on CSR activities promotion to reach out major ultimate consumer, residing in country’s remote areas specially the CSR activities. In accordance to theoretical implication, the inferences contributes to yield insights on relationship of CSR spending disclosure of companies and its financial characteristics in India , stating the performance status and profitability, wherein this kind of emerging market studies are less clear and scant after Companies Act-2013 amendments. Future researchers could be performed through integrating other aspects like sustainability parameter, integrated reporting and intellectual capital expenditure.

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