

# Evaluating the Financial Effects of CSR Initiatives on Key Stakeholders Employees and Customers

Tanul Mishra<sup>1</sup>, Thanisha R<sup>2</sup>, Tanzila Naz<sup>3</sup>, Pooja V<sup>4</sup>  
*1,2,3,4 Xime*

**Abstract**—Many organizations try to attain sustainability in their competitive advantage not only through corporate affairs or philanthropy but also through the more formal corporate social responsibility (CSR). Although many studies have examined CSR effects on the corporate reputation and the brand image of the organizations, the empirical connection between CSR practices and measurable financial performance via the behavior of stakeholders is inconsistent. According to the study, it fills the gap by assessing the impact of CSR activities on employees and customers as two major stakeholders and the eventual impact of employees and customers on the financial performance of an organization. A cross-sectional quantitative survey involved 100 customers and 100 employees from different sectors of the Indian economy, including IT, Finance, public administration and service sectors. The questionnaire was structured with 20 Likert-scale items based on perceptions of CSR communication, authenticity, integration and outcomes. Data analysis was done using SPSS v26 and Smart-PLS 4.0 through descriptive statistics, reliability analysis, exploratory factor analysis, correlation, and multiple regression analysis.

The study reveals that perceived CSR authenticity and strategic CSR contribute to employee outcomes including job satisfaction, emotional attachment and retention intention. The CSR efforts influence brand trust, confidence to purchase and long-term loyalty among customers. Moreover, stakeholders associate strong CSR performance with the improvement of firms' financial stability and competitive position. The current research has a number of limitations which shall be acknowledged. The first limitation is that the cross-sectional research design limits causal claims as well as self-reported data. Secondly, purposive sampling prevents the findings of the study from being generalized on a larger level. Another issue is that an emphasis on perception rather than objective behavioral data impacts inferences about real-world actions. Finally, heterogeneity across industries in the sample may preclude sectoral dynamics since the effects of CSR

probably differ in Business-to-Business and Business-to-Customers, or commodity and differentiated product markets. Earlier studies primarily concentrated on the benefits of CSR relating to reputation. However, in contrast, this study emphasizes on behavioral translation of CSR perceptions into stakeholder behavior that affect financial outcomes. Overall, the dual stakeholder concept offers valuable insights into CSR's function as a strategic investment that generates an internal (employee retention) and external (customer loyalty) financial return which strengthens the business case for continued CSR commitment.

**Index Terms**—Corporate Social Responsibility, Stakeholder Theory, Financial Performance, Employee Engagement, Customer Loyalty

## I. INTRODUCTION

Corporate social responsibility (CSR) is now a strategic requirement for modern business enterprises, particularly in regulated emerging market economies such as India. India's Companies Act, 2013 states that it is compulsory to spend on CSR and it is not just a charity activity (Gautam & Singh, 2020). This regulatory change presents an opportunity to probe how all such initiatives create value and not just compliance. The principal lens for this enquiry is stakeholder theory which posits that key relationships should be managed to create long-term value (Harrison et al., 2020). According to this notion, employees and consumers are no longer a secondary audience. They are the main players instead whereby their actions will directly transform CSR engagement into performance.

However, there is a significant gap between theory and integrated empirical analysis. Though the individual impact of CSR on employee attitudes or customer trust is well documented, the existing literature rarely

combines those perspectives in one theoretical context, especially outside the Western economies. The actual interaction between reactions from internal and external stakeholders that drives results is poorly understood. Using a contemporary stakeholder theory as a lens, the study fills this gap in the Indian context by examining the effect of CSR authenticity and integration on retention and loyalty and importantly, whether the stakeholders see a link to financial health of the organization. Further, this study clarifies the role of CSR as a strategic investment in sustainable performance by linking these simultaneous pathways.

## II. LITERATURE REVIEW

According to stakeholder theory, firms are more likely to be successful in the long run, if they manage to balance the conflicting or one-sided interests of other key groups such as employees, customers, suppliers, communities, regulators (Freeman, 1984; Donaldson & Preston, 1995). CSR means the application of the above opinion by integrating business strategy with social, environmental and ethical concerns. Recent studies indicate that stakeholder satisfaction and cooperation (Harrison et al., 2020) is an indirect channel through which CSR can affect firm value. According to a resource-based view, CSR, that is deemed credible, assists in the generation of reputational capital and establishing strong relationships that are valuable and difficult to imitate, thus becoming a source of competitive advantage (Hael et al., 2025; Atanda et al., 2025).

Out of all the internal stakeholders, employees are critical in determining organizational performance. Studies show that employees who consider their company as socially responsible report significantly higher job satisfaction, commitment, identification, and engagement (Yousfi et al., 2022; Zhou et al., 2024). The effects are strongest when employee values are aligned with organizational CSR practices, and when there is emphasis on internal CSR (treatment fairness, employee welfare, development opportunities) and not on external philanthropy (Farooq et al., 2019). Greater satisfaction results in enhanced productivity and a lower turnover rate, which translates into lower costs (Chaudhary, 2017; Ardiansyah & Alnoor, 2024).

It is being evident that with focus changing on sustainability, customers are making purchases based on CSR. An authentic corporate social responsibility has been shown to enhance brand trust, emotional connection, and loyalty (Lee et al., 2021; Rinawiyanti et al., 2023). Responsible firms are rewarded by consumers with repeat purchases, good word-of-mouth, and sometimes even a willingness to pay a premium (Gupta & Sharma, 2021; Chang et al., 2022). Further, transparency and perceived sincerity are vital, though greenwashing may negate these benefits (García-Jiménez et al., 2022).

Meta-analyses and longitudinal studies generally support a positive link between CSR and financial performance, though effects may vary by industry or firm size, or the context of measurement (Zhao & Murrell, 2022; Chandratreya, 2024; Valentine, 2024). The enhanced stakeholder trust and loyalty, lower employee turnover, reduced capital costs, and greater resilience during crises are the key transmission channels (Suganthi, 2020; Prastiwi et al., 2025; Ruschak et al., 2023; Adewole, 2024).

The existing literature has been found to be based on western data, while focusing on attitudes rather than behaviors. Only a few studies have examined the perceptions of stakeholders regarding the financial impact of CSR (Gautam & Singh, 2020). The paper bridges the gaps by concurrently analyzing both employees and customers in the mandatory CSR space of India and linking them to behavioral outcomes and perceived financial performance.

## III. OBJECTIVES AND HYPOTHESES

This study has the following objectives.

- i: To investigate whether the clear communication, perceived authenticity and strategic planning of core operation of business in CSR affect job satisfaction, emotional attachment, and motivation of employees in an organization.
- ii: To investigate whether the strong CSR initiative has the power to retain the employees within the firm and whether the employees also believe that these practices improve the financial stability of the organization.
- iii: To investigate whether the customer brand trust, their emotional connections, and purchase confidence is being affected by the CSR initiative.

iv: To investigate whether the loyalty of customers, their willingness to pay premiums, and staying long-term relationship with the organization is being affected by CSR initiative.

v: To explore from the stakeholder's perception, whether the CSR has any positive impact on financial performance, competitive advantages, and market reputation of the organization.

vi: To compare the impact of CSR on the two group of stakeholders, i.e., employees and customers, and identifying which group is more responsible to CSR.

#### Hypotheses Development

Hypotheses related with the employees of the organization.

H1a: There is positive impact of Corporate Social Responsibility (CSR), through clarity of communication, on employees' job satisfaction in the organization.

H1b: There is positive impact of Corporate Social Responsibility (CSR), through perceived authenticity, on employees' emotional attachment to the organization.

H1c: There is positive impact of Corporate Social Responsibility (CSR) on the morale and motivation of employees in the organization.

H2a: There is positive impact of Corporate Social Responsibility (CSR) initiatives on the perception of employees regarding financial stability.

H2b: There is positive impact of Corporate Social Responsibility (CSR) performance on the retention of employees in the organization

H2c: There is positive impact of Corporate Social Responsibility (CSR) on the perception of employees that the organizations provide competitive compensation and benefits indirectly through long-term success.

Hypotheses related with the customers of the organization:

H3a: There is positive impact of Corporate Social Responsibility (CSR) awareness and communication clarity on the customer brand trust.

H3b: There is positive impact of Corporate Social Responsibility (CSR), through perceived authenticity, on customer brand loyalty.

H3c: There is positive impact of Corporate Social Responsibility (CSR) initiatives on the customer purchase confidence and satisfaction.

H4a: There is positive impact of Corporate Social Responsibility (CSR) on customer willingness to pay premiums for the products.

H4b: There is positive impact of Corporate Social Responsibility (CSR) on customer loyalty and intention of re-purchase.

H4c: There is positive impact of Corporate Social Responsibility (CSR) on customer intentions to recommend the brand to others.

Hypotheses related with the Financial Performance Perception:

H5a: Both stakeholders (employees and customers) perceive Corporate Social Responsibility (CSR) has positive influence on organizational financial performance.

H5b: There is positive impact of Corporate Social Responsibility (CSR) on the perception of stakeholders, regarding organization's competitive advantage.

H5c: There is positive impact of Corporate Social Responsibility (CSR) on the perception of stakeholders, believing that it contributes to long-term organizational stability and market reputation.

## IV. METHODOLOGY

### 4.1 Population and Sampling

The population comprises of the employees and the customers of that organization where formalized CSR programs have been implemented. Since there was diversity of industry and geographical dispersion, the researcher has employed purposive and snowball sampling techniques rather than the probability sampling.

In line with the recommendation of Hair et al. (2017), a sample size of 100 was chosen from both groups of

the stakeholders, i.e., employees and customers, so that the dataset can be subjected to multivariate analysis. This study adopts a descriptive cross-sectional research design along with quantitative survey methodology. According to Creswell and Creswell (2018), these designs are suitable for assessing stakeholder views at a particular moment and for examining relationships among variables without experimental intervention.

4.2 Method

The researcher has collected the data through a questionnaire which was based on validated 5- point Likert scales from previous research based on CSR. The instrument comprises three sections: Section A contains the demographic information of the employees as well as customers, Section B comprises of the statement regarding CSR Perceptions, and Section C contains the open-ended questions to assess the perception of the stakeholders. The researcher has collected data from the stakeholders using Google Forms distributed via Professional networks, Email invitations to HR departments, and Consumer forums and social media groups.

The analysis of data was conducted in five stages, using both the IBM SPSS Statistics 26 and the Smart-PLS 4.0 software. In stage 1, the data were screened to find any missing values, and in stage 2, the outliers were identified by using the Mahalanobis Distance technique. Since we adopted the technique of Hair et al. (2017) to assess normality, we used the criteria for outlier checking; any values of skewness and kurtosis less than ±2 were considered acceptable. In stage 3, descriptive statistics were calculated, while stage 4 involved an examination of the constructs' reliability and validity from all four stages. All constructs were consistent in that they achieved a Cronbach's alpha of greater than 0.70 as per Nunnally and Bernstein (1994). An Exploratory Factor Analysis using Principal Components (Varimax) demonstrated that our data were suitable for the type of analysis we were conducting as a KMO > 0.80 was found with the Bartlett's test for Sphericity which was statistically significant. Stage 5 involved investigating the relationship between the constructs by using Pearson Correlations and performing multiple regression analysis.

4.3 Measurement of variables

Table 1 shows the demography of the stakeholders which are 200 respondents; 100 of which were employees and 100 of which were customers. The employee sample consisted of 38% in IT/Software, 24%, in Banking/Finance, 22% in Public Sector, and 16% in Manufacturing. While 42% of employees had worked with their company for 2–5 years, only 31% had worked with their company for less than 2 years; and 27% had worked with their company for more than 5 years. The majority of employees were in Junior (45%) or Middle Management (39%), with only 17% at Senior Management levels. Further, the customer sample consisted of 52% of customers aged 18–30 years old; 33% aged 31–45, and 15% aged 46 or older; while 54% of customers were men and 46% women. Nearly half of customers (49%) bought products from their preferred brands on a monthly basis, while 28% bought them on a weekly basis and 23% bought them occasionally.

Table 1: Variables Considered

Demographic variable	Category	Employee sample n (%)	Customer sample n (%)
Industry sector	IT/Software	38 (38.0)	—
	Banking/Finance	24 (24.0)	—
	Public Sector	22 (22.0)	—
	Manufacturing	16 (16.0)	—
Organizational tenure	< 2 years	31 (31.0)	—
	2–5 years	42 (42.0)	—
	> 5 years	27 (27.0)	—
Hierarchical position	Junior level	45 (45.0)	—
	Middle management	38 (38.0)	—
	Senior management	17 (17.0)	—
Age group	18–30 years	—	52 (52.0)
	31–45 years	—	33 (33.0)
	46+ years	—	15 (15.0)
Gender	Male	—	54 (54.0)
	Female	—	46 (46.0)
Purchase frequency	Weekly	—	28 (28.0)
	Monthly	—	49 (49.0)
	Occasionally	—	23 (23.0)

Empirical results:

Before hypothesis testing, the reliability and validity of the measurements were tested using the psychometric properties, using the Cronbach's alpha coefficient and exploratory factory analysis (EFA). Table 2 states that both employee CSR perception and customer CSR perception had significant consistency, with a = 0.884 and 0.901, respectively. Further, all other individual constructs the threshold value of 0.70, stating satisfactory internal exceeded consistency.

Table 2: Reliability Statistics

Construct	Cronbach's Alpha	N of Items
Employee CSR Perception	0.884	20
Customer CSR Perception	0.901	20
CSR Communication	0.812	4
CSR Authenticity	0.845	5
Stakeholder Outcomes	0.878	6
Financial Perception	0.791	5

According to Table 3, the Kaiser-Meyer-Olkin measure was 0.861 (employees) and 0.878 (customers), which are meritorious measures. In both the cases of employees ( $\chi^2 = 1247.35$ ,  $df = 190$ ,  $p < 0.001$ ) and customers ( $\chi^2 = 1389.62$ ,  $df = 190$ ,  $p < 0.001$ ), Bartlett's Test of Sphericity was highly significant showing that the correlation matrices are significantly different from identity matrices.

Table 3: KMO and Bartlett's Test

Measure	Employee Sample	Customer Sample
KMO	0.861	0.878
Bartlett's $\chi^2$	1247.35	1389.62
df	190	190
Sig.	<0.001	<0.001

a. Descriptive Statistics

In Table 4, the employees' responses clustered between 3.6 and 3.9 on a five-point scale. The employees generally believe that CSR is clearly communicated, sincerely pursued, and well-

integrated, and that it enhances job satisfaction, morale, emotional attachment, and their willingness to stay. They also view CSR as adding to the financial stability and performance and the reputation of employers.

Table 4: Employee Responses - Descriptive Statistics

Item	Mean	SD	Mode
CSR communicates clearly	3.72	0.91	4
Organization genuinely committed	3.85	1.02	4
CSR well integrated	3.68	0.95	4
CSR increases job satisfaction	3.68	1.15	4
CSR strengthens emotional attachment	3.61	1.08	4
CSR improves employee morale	3.74	1.02	4
Intention to continue working	3.54	1.21	4
CSR contributes to financial stability	3.78	0.96	4
CSR helps organizational performance	3.82	0.88	4
CSR enhances employer reputation	3.91	0.94	4

Table 5 depicts the responses from customers, which demonstrates a clear pattern of means from 3.28 to 3.94. The mean of CSR strongly impacts company image (M=3.94; SD=0.91), brand trust and loyalty. Awareness and clarity of CSR communication are positive, although lower than other scores. The willingness to pay a premium received the lowest mean of all the scores (M=3.28; SD=1.24) and demonstrated a greater level of variance/homogeneity amongst survey participants who are potentially price sensitive.

Table 5: Customer Responses - Descriptive Statistics

Item	Mean	SD	Mode
Aware of company's CSR	3.45	1.06	4
CSR communicated clearly	3.52	1.01	4
Company genuinely committed	3.67	1.08	4

CSR increases brand trust	3.89	0.98	4
Emotionally connected due to CSR	3.67	1.11	4
CSR influences purchase decisions	3.52	1.19	4
Willing to pay premium	3.28	1.24	3
CSR enhances loyalty	3.71	1.04	4
CSR improves company reputation	3.94	0.91	4
CSR gives competitive advantage	3.76	0.97	4

b. Correlation Analysis

Table 6 and Table 7 demonstrate a consistent positive and significant relationship ( $p < 0.001$ ) between the perception of CSR and the primary outcomes for both groups. CSR communication, authenticity, and integration have the strongest relationship with employee outcomes of satisfaction, emotional attachment, retention intention, perceived financial stability and employer reputation ( $r = 0.582$  to  $0.683$ ). CSR awareness and authenticity strongly correlate with customer outcomes of brand trust, emotional connection, customer loyalty, purchase confidence and intent to recommend ( $r = 0.573$  to  $0.698$ ). These relationships help validate the hypotheses related to the stakeholder-mediated impact of CSR.

Table 6: Employee Correlations (Pearson r)

Variable Pair	r	Sig
CSR Communication ↔ Job Satisfaction	0.647**	<.001
CSR Authenticity ↔ Emotional Attachment	0.615**	<.001
CSR Integration ↔ Motivation	0.582**	<.001
CSR ↔ Retention Intention	0.624**	<.001
CSR ↔ Perceived Financial Stability	0.591**	<.001
CSR ↔ Employer Reputation	0.683**	<.001

Table 7: Customer Correlations (Pearson r)

CSR Awareness ↔ Brand Trust 0.698\*\* <.001

CSR Authenticity ↔ Emotional Connection	0.671**	<.001
CSR ↔ Purchase Confidence	0.573**	<.001
CSR ↔ Loyalty	0.644**	<.001
CSR ↔ Willingness to Pay Premium	0.487**	<.001
CSR ↔ Recommendation Intent	0.621**	<.001

\*Note: \*\* indicates  $p < 0.01$  (two-tailed)

c. Regression Analysis and Hypothesis Testing

Employee and customer outcomes were separately analyzed using multiple regression analysis. In Table 8, CSR communication, authenticity, integration explained jointly 52.4% variance in job satisfaction among employees. The CSR-related variables positively significantly predicted retention intentions and perceived financial situation, thereby supporting H1a–H1c and H2a– H2b. Further, it was found that long-term success of competitive remuneration was positive association with CSR ( $\beta = 0.387$ ,  $p = .002$ ), providing support for H2c.

Table 8: Multiple Regression Results - Employee Outcomes

Model	DV	R <sup>2</sup>	Adj R <sup>2</sup>	F	Sig	Predictor	$\beta$	t	p
1	Job Satisfaction	.524	.509	35.2	<.001	Communication	.341	4.12	<.001
						Authenticity	.289	3.21	.002
						Integration	.226	2.54	.012
2	Retention	.461	.450	41.5	<.001	Commitment	.387	4.89	<.001
						Attachment	.342	4.31	<.001
3	Financial Stability	.438	.426	37.8	<.001	CSR Perception	.589	7.21	<.001

Table 9 states that CSR awareness and authenticity significantly predicted brand trust, which in turn enhanced loyalty, supporting H3a–H3c and H4b. CSR authenticity and brand connection significantly influenced willingness to pay a premium, supporting H4a. CSR perception also positively predicted recommendation intentions ( $\beta > 0$ ,  $p < 0.001$ ), supporting H4c.

Table 9: Multiple Regression Results - Customer Outcomes

Model	DV	R <sup>2</sup>	Adj R <sup>2</sup>	F	Sig	Predictor	$\beta$	t	p
1	Brand Trust	.578	.565	44.1	<.001	Awareness	.312	3.54	.001
						Authenticity	.418	5.02	<.001
						Brand Image	.267	2.78	.006

2	Loyalty	.512	.497	33.8	<.001	Trust	.395	4.67	<.001
						Satisfaction	.301	3.24	.002
						CSR	.248	2.51	.014
3	Premium Willingness	.289	.274	19.7	<.001	CSR Authenticity	.412	4.21	<.001
						Brand Connection	.287	2.89	.005

Thus, both employees and customers perceived CSR as enhancing financial performance, competitive advantage, and long-term stability (H5a–H5c). For example, CSR perceptions correlated strongly with perceived financial performance (employees:  $r = 0.591$ ; customers:  $r = 0.612$ ) and competitive advantage ( $r = 0.647$ ,  $p < .001$ ).

Table 10: Hypothesis Testing Summary

Hypothesis	Description	$\beta$	p-value	Status
H1a	CSR Communication → Job Satisfaction	0.341	<.001	Supported

H1b CSR Authenticity Emotional Satisfaction 0.615 <.001 Supported

	Attachment			
H1c	Strategic Integration → Motivation	0.582	<.001	Supported
H2a	CSR → Financial Stability Perception	0.589	<.001	Supported
H2b	CSR → Retention Intention	0.624	<.001	Supported
H2c	CSR → Compensation Perception	0.387	.002	Supported
H3a	CSR Communication → Brand Trust	0.698	<.001	Supported

H3b CSR Authenticity → Emotional Connection 0.671 <.001 Supported

H3c	CSR → Purchase Confidence	0.573	<.001	Supported
-----	---------------------------	-------	-------	-----------

H4a	CSR → Premium Willingness	0.412	<.001	Supported
H4b	CSR → Customer Loyalty	0.644	<.001	Supported
H4c	CSR → Recommendation Intent	0.621	<.001	Supported
H5a	CSR → Financial Performance (Both)	0.589/0.612	<.001	Supported
H5b	CSR → Competitive Advantage	0.647	<.001	Supported
H5c	CSR → Long-term Stability	0.591	<.001	Supported

## V. DISCUSSION

The findings lend strong credence to the assertion that CSR activities generate value for stakeholders, which, in turn, leads to financial benefits for organizations. Among employees, perceived CSR authenticity emerged as the strongest predictor of positive outcomes ( $r = 0.615$ ,  $p < 0.001$ ) or that employees can differentiate between actual CSR efforts and superficial ones. Essentially, a greenwashing organization just partakes in symbolic CSR actions, instead of taking real responsibility for the environment or society. The correlation between CSR perception and retention intention ( $r = 0.624$ ) indicates that there is strong potential for cost savings from the reduced layoff of employees. It is of substantial significance as replacing an employee in knowledge intensive industries has been estimated at between 50-200% of annual salary (Bhattacharya et al., 2008). The findings related to employees are in line with recent studies of Farooq et al. (2019) and Kim et al. (2018) that show CSR enhances employees' psychological contract with the organization. Another important finding is that the clarity of communication had a significant independent effect on employee outcomes ( $\beta = 0.341$ ,  $p < 0.001$ ). That means even the most authentic and well-designed CSR programme lack effectiveness and benefits, if not communicated properly to the employees. The notion that positive action taken by an organization will be understood and acknowledged by stakeholders is challenged by this evidence.

Further, customer findings state that CSR had a strong and positive influence on brand trust ( $r = 0.698$ ) and customer loyalty ( $r = 0.644$ ). However, the impact on willingness to pay price premiums was relatively weaker ( $r = 0.487$ ) as consumers in the Indian market may have price sensitivity. The strong loyalty effect indicates that CSR contributes to repeat purchase behavior and improved customer lifetime value which are usually more important to long-term organizational performance than the ability to charge premium prices. According to Gupta and Sharma (2021), in emerging markets, CSR generates financial value through sales volume and customer retention rather than transaction profit margin.

Both employees and customers perceived CSR as positive for the firm's financial health (employees:  $r=0.591$ ; customers:  $r=0.612$ ). This finding supports the business case for CSR investment that is more than merely regulatory or ethical compliance. These positive perceptions of stakeholder legitimacy and stakeholder confidence themselves create organizational value, thereby being increasingly recognized as important intangible assets that create value for the organization (Lins et al., 2017).

We find some interesting differences in comparing the effects of the two groups. The trust response of customers for CSR is stronger ( $r = 0.698$ ) than for employees' perception of the employer's reputation ( $r = 0.647$ ). On the other hand, employees' retention intentions ( $r = 0.624$ ) were comparable to loyalty effects ( $r = 0.644$ ). The pattern indicates that CSR functions strategically both ways, to develop external credibility and trust with customers and internal commitment and cohesion among employees. The present study, thus, contributes significantly by examining and quantifying the dual benefit of CSR to internal and external stakeholders, which has rarely been investigated before in previous studies.

#### 5.1 Policy Implications

In this paper, we bring out a number of practical implications for the policymakers and decision-makers of the organizations. To begin with, organizations must invest in authentic CSR commitment rather than superficial CSR initiatives as stakeholders are sophisticated in their ability to differentiate between genuine efforts and opportunistic "greenwashing."

Next, strong effect of clarity of communication implies CSR initiatives must invest equally in implementation and communication. The HR departments need to add CSR initiatives into employer branding as there is high impact on turnover retention. Correspondingly, marketing teams can take advantage of CSR authenticity in consumer engagement campaigns in the context of loyalty as opposed to premium pricing in low-price segments.

Further, the outcome of this research warrants the introduction of regulations on mandated CSR disclosure and accountability because the transparency created by such a regulation improves stakeholder confidence while also enhancing its positive impacts. The mandatory nature of CSR under Companies Act, 2013 has thus been affirmed, enforcement of which however must ensure authenticity over compliance only. Lastly, international development agencies could view CSR frameworks as tools to achieve sustainable development goals through market mechanisms rather than relying solely on government programs.

## VI. CONCLUSION

According to this research, a properly implemented Corporate Social Responsibility (CSR) initiative can enhance the financial performance of an organization through favorable employee and customer relationships. Employees who believe CSR to be authentic and are aware of the CSR activities of their organization generally have higher job satisfaction, commitment, and retention levels whereas customers develop more trust, confidence, and loyalty with an organization with good CSR reputation. This study contributes to the stakeholder theory by showing that CSR creates stakeholder value by altering stakeholder behavior rather than enhancing corporate image in context to India

Future research could incorporate longitudinal designs for studying changing behaviors of stakeholders over time, ideally combining survey data with organizational records of actual retention and purchase patterns. Secondly, experimental or quasi-experimental designs can be used to manipulate CSR communication to establish causality more definitively. Thirdly, comparative studies can be conducted across emerging markets to test whether the findings of the present research can be generalized

beyond India too. Lastly, studies examining the relationship between CSR and other HRM practices and marketing strategies can offer comprehensive understanding of the overall organizational role.

#### ACKNOWLEDGEMENTS

We would like to acknowledge the valuable guidance of faculty mentors and academic supervisors who provided constructive feedback throughout the research process. Gratitude is extended to the employees and customers who voluntarily participated in the survey and contributed meaningful insights. The study also benefited from secondary literature sourced from peer-reviewed journals, academic databases, and published research on CSR, stakeholder theory, and financial performance, which helped in developing the theoretical and empirical framework of this research.

#### REFERENCES

- [1] Adewole, O. (2024) 'Leveraging on CSR as a tool of brand communication based on consumer's perception with extrapolation from a novel 3-factor model', *International Journal of Corporate Social Responsibility*, 9(1), p. 16.
- [2] Ardiansyah, M. and Alnoor, A. (2024) 'Integrating corporate social responsibility into business strategy: creating sustainable value', *Involvement International Journal of Business*, 1(1), pp. 29–42.
- [3] Atanda, O., Aikomo, D. and Okon, I.J. (2025) 'The financial trade-offs of corporate social responsibility: A simultaneous equation approach in the Nigerian context', SSRN. Available at: SSRN 5369144.
- [4] Bhattacharya, C.B., Sen, S. and Korschun, D. (2008) 'Using corporate social responsibility to win the war for talent', *MIT Sloan Management Review*, 49(2), pp. 37–44.
- [5] Chandratreya, A. (2024) 'Corporate social responsibility and financial performance: A meta-analysis'.
- [6] Chang, X., Fu, K., Jin, Y. and Liem, P.F. (2022) 'Sustainable finance: ESG/CSR, firm value, and investment returns', *Asia-Pacific Journal of Financial Studies*, 51(3), pp. 325–371.
- [7] Chaudhary, R. (2017) 'CSR and employee engagement: Can CSR help in redressing the engagement gap?', *Social Responsibility Journal*, 16(5), pp. 587–604.
- [8] Creswell, J.W. and Creswell, J.D. (2018) *Research design: Qualitative, quantitative, and mixed methods approach*. 5th edn. Thousand Oaks, CA: Sage Publications.
- [9] Donaldson, T. and Preston, L.E. (1995) 'The stakeholder theory of the corporation: Concepts, evidence, and implications', *Academy of Management Review*, 20(1), pp. 65–91. <https://doi.org/10.2307/258887>
- [10] Farooq, O., Payaud, M., Merunka, D. and Valette-Florence, P. (2019) 'The impact of corporate social responsibility on organizational commitment: Exploring multiple mediation mechanisms', *Journal of Business Ethics*, 125(4), pp. 563–580. <https://doi.org/10.1007/s10551-013-1928-3>
- [11] Freeman, R.E. (1984) *Strategic management: A stakeholder approach*. Boston: Pitman.
- [12] García-Jiménez, J.V., Ruiz-de-Maya, S. and López-López, I. (2022) 'How to enhance the effects of CSR perceptions on word-of-mouth: The moderating role of skepticism', *Journal of Business Research*, 144, pp. 389–399.
- [13] Gautam, R. and Singh, A. (2020) 'Corporate social responsibility practices in India: A study of top 500 companies', *Global Business Review*, 21(1), pp. 135–151.
- [14] Gupta, S. and Sharma, R. (2021) 'Consumer perception and willingness to pay for CSR: Evidence from the Indian retail sector', *Social Responsibility Journal*, 17(6), pp. 892–909.
- [15] Hael, M., Hazaea, S.A., Zhang, H. and Mareeh, H. (2025) 'Mapping the literature trends of consumer behavior and sustainability: Insights from a bibliometric analysis approach', *Environment, Development and Sustainability*, 27(5), pp. 9841–9871.
- [16] Hair, J.F., Hult, G.T.M., Ringle, C.M. and Sarstedt, M. (2017) *A primer on partial least squares structural equation modeling (PLS-SEM)*. 2nd edn. Thousand Oaks, CA: Sage Publications.
- [17] Harrison, J.S., Bosse, D.A. and Phillips, R.A. (2020) 'Managing for stakeholders, stakeholder utility functions, and competitive advantage', *Strategic Management Journal*, 31(1), pp. 58–74. <https://doi.org/10.1002/smj.801>

- [18] Kim, H.R., Lee, M., Lee, H.T. and Kim, N.M. (2018) 'Corporate social responsibility and employee-company identification', *Journal of Business Ethics*, 95(4), pp. 557–569. <https://doi.org/10.1007/s10551-010-0440-2>
- [19] Lee, C.K., Song, H.J., Lee, H.M. and Petrick, J.F. (2021) 'An investigation of the relationship between perceived CSR authenticity and behavioral intentions', *International Journal of Hospitality Management*, 95, p. 102920.
- [20] Lins, K.V., Servaes, H. and Tamayo, A. (2017) 'Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis', *Journal of Finance*, 72(4), pp. 1785–1824. <https://doi.org/10.1111/jofi.12505>
- [21] Prastiwi, A., Atmini, S., Pusposari, D., Sari, Y.M. and Putri, F.C. (2025) 'The reciprocal relationship between profitability and corporate social responsibility disclosure', *JRAK*, 17(2), pp. 414–427.
- [22] Rinawiyanti, E.D., Xueli, H. and As-Saber, S.N. (2023) 'Integrating corporate social responsibility into business functions and its impact on company performance: Evidence from the Indonesian manufacturing industry', *Social Responsibility Journal*, 19(7), pp. 1233–1262.
- [23] Ruschak, M., Caha, Z., Talíř, M. and Konečný, M. (2023) 'The application of CSR in marketing communication and its potential impact on customer perceived value', *Entrepreneurship and Sustainability Issues*, 10(4), p. 223.
- [24] Suganthi, L. (2020) 'Investigating the relationship between corporate social responsibility and market, cost and environmental performance for sustainable business', *South African Journal of Business Management*, 51(1), pp. 1–13.
- [25] Valentine, I. (2024) 'Corporate social responsibility (CSR) practices and financial performance of firms', *American Journal of Finance*, 9(1), pp. 51–63.
- [26] Yousfi, O., Loukil, N. and Béji, R. (2022) 'Powerful CEOs and CSR performance: Empirical evidence from France', *Management International*, 26(6), pp. 213–237.
- [27] Zhao, X. and Murrell, A.J. (2022) 'Revisiting the corporate social performance-financial performance link: A replication of Waddock and Graves', *Strategic Management Journal*, 43(3), pp. 658–674.
- [28] Zhou, Y., Liu, P. and Teng, M. (2024) 'The effects of host and home country economies on MNEs' overseas CSR investment', *Journal of International Management*, 30(6), p. 101191.