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The Impact of CSR on Firms' Financial Performance – A Literature Review

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Abstract

This paper observes the various related literature in India and abroad along with the findings and suggestions made by diverse researchers regarding how financial performances are affected by the corporate social responsibility. In India, corporate social responsibility has been made mandatory by the Companies Act, 2013 and as a result, the Indian companies have started spending for this purpose. Central public sector enterprises of India have played a key role regarding corporate social responsibility for the development of the nation, in which, they have published a set of separate guidelines for central public sector undertakings on 12 April, 2013 that was later superseded by another set of guidelines dated 21 October, 2014. It has been observed that the findings have been divided into three groups across the globe, that is, corporate social responsibility has either a positive impact or a negative impact or no impact on firms' financial performance.

Keywords

Corporate Social Responsibility, Financial Performance, Literature Review, Foreign Countries, India

1. Introduction

India is the first country that has made it mandatory to spend at least 2% of the average profits of three immediately preceding financial years for those companies, including all Central Public Sector Enterprises (except loss making companies), that have at least a net profit of Rs. 5 crore or a turnover of Rs.1000 crore or a net worth of Rs. 500 crore each on corporate social responsibility (CSR) for elevation of the society and also requires them to disclose an annual report on CSR in their Board's Report belonging to a financial year. The norm has already been made effective from 1st April, 2014 (Govt. of India, 2014). But, after going through the various Annual Reports of these CPSEs, the authors have noted that most of the Central Public Sector Enterprises (CPSEs) are not spending the required amount as per the norm in India. As CSR is gaining importance throughout the world, many researchers have already examined the relationship between CSR and financial performance, but a review of literature on CSR and financial performance across the globe to give a view on the CSR in order to improve the financial condition of CPSEs, is hardly available. So, it is high time to see the impact of CSR on financial performance of firms as per the researches done by researchers in different countries. In this paper, the authors have made an attempt to find out the research gap based on influence of CSR on firms' financial performances with the help of previous academic researches.

2. Literature Review

2.1. Relationship Between CSR and Financial Performance in Foreign Countries

Iqbal et al (2012) examined the connectivity of CSR with financial performance, market value of share and financial leverage of 156 listed companies on Karachi Stock Exchange for the entire period of 2010-11. They adopted descriptive statistics, correlation and regression to conduct the study. This study showed a mixed result, i.e., CSR negatively affected the market value of those companies, CSR did not have any influence on those companies and there was no relationship between CSR and financial leverage. Mujahid and Abdullah (2014) studied the dependency of CSR on firm's financial performance as well as on shareholders' wealth in Pakistan. They had selected 10 firms which are highly rated as CSR firms and 10 non-CSR firms to see the differences in their financial performances and shareholders wealth as well. They selected the return on equity (ROE) and return on assets (ROA) ratios (profitability ratio) as financial performance indicators and stock price & earnings per share (EPS) for representing shareholders' wealth. They adopted a mixed methodology (financial analysis and literature review) in this study. They concluded that there was a significant positive relationship between CSR and financial performance and shareholders' wealth as well. Siddiq and Javed (2014) examined the effect of CSR on the organizational performance of six companies, listed in Pakistani Index. They selected CSR, which is measured by perceived CSR and perceived stakeholder relationship, as an independent variable and for dependent variable they chosen ROA and total turnover as indicators of organizational performance. The study adopted descriptive statistics, Pearson's correlation and regression for analyzing the data (both primary and secondary). The correlation result showed that both CSR and organizational performance were positively correlated whereas regression result depicted that Perceived CSR had an insignificant positive relationship with organizational performance but perceived stakeholders relationship affected the organizational performance negatively as well as insignificantly. Kiran et al (2015) examined the influence of CSR on financial performance of 10 Oil & Gas companies, listed on the Karachi stock exchange for the period 2006-13. Correlation and regression analyses had done in that study. The study showed three different types of results: the first one was a positive relationship between CSR and net profit & net profit margin, the second one was a negative relationship between CSR and total assets and the last one was the insignificant relationship between CSR and firm's profitability. Malik and Nadeem (2014) examined how far CSR influenced the financial performance of banks in Pakistan for the period of 2008-12. They used regression to conduct the study and the result showed a positive relationship between CSR and profitability indicators, viz., EPS, ROE, ROA and net profit. Nadeem et al (2014) examined CSR practices of banking sector in Pakistan. They selected donation (as a component of CSR) as the independent variable and net profit margin and EPS as dependent variables. They observed that when the donation amount increased, then it led to higher return to the bank. It means that there was a positive relationship between CSR and financial performance of banks. Mehar and Rahat (2007) examined CSR with a view to finding out whether there is any impact of CSR on the corporate financial performance (CFP) of eight companies in the pharmaceutical industry in Karachi. Using t-test, they observed that there was no significant relationship between CSR and CFP. Aga et al (2012) examined the CSR practices of 10 pharmaceutical companies of Peshawar, Pakistan, to find out how far CSR affects the financial performance of these companies. They selected financial performance as the dependent variable and CSR as the independent. They used Cronbach's Alpha to get the reliability of data and correlation and regression, to have the result. The result showed that CSR was significantly related to financial performance of the companies under study. Kakakhel et al (2014) examined the influence of CSR on financial performance of 15 cement companies which are listed on Karachi Stock Exchange in Pakistan for the period of 2008-14. Hausman test fixed model had been used in that study. The result pointed out that corporate social responsibility had a positive and significant relationship with financial performance of these companies. Ahmed et al (2012) studied the interaction between CSR and financial performance (CFP) of banking sector in Bangladesh. They used t-test to conduct the study. They concluded that the banks that were dealing with a high CSR had a higher CFP compared to the banks that were not dealing with CSR activities at a satisfactory level. Rahman et al (2014) examined the effectiveness of CSR expenditure on the profitability on Jamuna Bank Ltd. (JBL) in Bangladesh for the period of 2007-12. They selected CSR and profitability as the independent and the dependent variable respectively. Using ordinary least squares and Student's t- test, they concluded that profit after tax (PAT) was not significantly affected by CSR expenditure. Raihan et al (2015) studied the corporate social responsibility expenditure of Islami Bank Bangladesh Ltd (IBBL) to study how far CSR expenditure of this bank influences its financial performance for the period of 2008-12. They selected return on equity and deposit per employee (DPE) as the profitability measure and the productivity measure respectively. They adopted descriptive statistics, multiple correlation and regression analysis to conduct the study. They observed that most of the CSR activities had a negative correlation with DPE. Khan et al (2016) examined the influence of corporate social responsibility on financial performance of Southeast Bank Ltd (SEBL). They selected ROA, ROE, EPS and net profit as the financial performance indicators. Using percentage, average and correlation coefficient, they selected that there was a positive relationship between CSR and ROA, ROE, EPS & net profit. Mahtab (2015) studied CSR practices of 5 MNCs that are listed in DSE (Dhaka Stock Exchange) to see the relationship between CSR and financial performance of those MNCs in Bangladesh for the period of 2010-2014. He adopted correlation and regression analysis to conduct the study. They selected net profit, net profit margin, total assets, ROA and ROE. The correlation result showed a positive relation among CSR and all other variables, whereas regression analysis showed an insignificant influence of CSR on all other variables except net profit margin. Scholtens (2008) investigated the relationship between CSR and financial performance of a sample of 289 firms from the US for the period of 1991-2004 by using OLS and Granger Causation method. The author concluded that CSR and financial performance were correlated to each other and financial performance (both risk and return) in general terms precedes social performance (both strengths and concerns). But some components of CSR like community involvement, employee relations, diversity, environment and product may not have the positive relationship with financial performance in respect of return and risk. Foote et al (2010) studied the impact of corporate social responsibility on performance of organisation in the perspective of Malcolm Baldrige criteria of the USA and also compared this with the current academic thought. They had gone through various theories of firm's management, current academic thought and research to carry out the study in the criteria of Malcolm Baldrige. They concluded that there was a positive influence of corporate social responsibility on firm's performance as supported by the literature. Palmer (2012) examined the impact of CSR on sales and gross margin of S&P 500 firms which are traded in American Stock Exchange in the US for the period of 2001-2005. By using time series regression, the author concluded that CSR and CFP are closely related to each other. The author pointed out that though CSR programmes increase gross margin but lead to decrease in sales. Jacson and Hua (2009) investigated the association between CSR and financial performance of lodging and gaming companies in the US. They selected top ten socially responsible companies (which have been ranked in Fortune's 2007) and other publicly traded non-ranked CSR firms from CRSP and Margent database. They selected profit margin and ROE as the financial performance indicators. They adopted correlation and t-test to conduct the study. The result showed that socially responsible companies have better financial performance than non-socially responsible companies. Cheung and Mak (2010) evaluated the relationship between corporate social responsibility disclosure and financial performance of 57 publicly traded commercial banks. The data had been obtained from Bloomberg ESG database for the period of 2006-09. The authors used regression analysis in that study. The result revealed that there was no definite relationship between CSR disclosure and financial performance of the said banks. Lin et al (2009) investigated the impact of CSR on financial performance of 1000 Taiwanese companies for the period of 2002-04. They used Jensen measure, the amended Jensen's measure, Treynor's measure, Sharpe's measure, mean corpuscular volume (MCV) measure and regression analysis to conduct the study. They concluded that in the short period, CSR did not have much positive influence on financial performance but it had a positive advantage in the long period. Choi et al (2010) investigated the relationship between CSR and corporate financial performance (CFP) of 1122 firms in Korea for the period of 2002-2008. They measured CSR by both an equal-weighted CSR index and stakeholder-weighted CSR index suggested by Akpiner et al in 2008. To measure the financial performance of these companies, they used RoE, RoA and Tobin's Q ratio. The result showed a significant positive relationship between stakeholder-weighted CSR index and CFP but there was no significant relationship between equal-weighted CSR index and CFP. Ocran (2011) investigated into various CSR activities done by multinational companies (MNCs) in Ghana and how the CSR activities influenced the firm's profitability there. He collected data through questionnaire and interview method. By using Pearson Product-Moment Correlation Coefficient, the author concluded that CSR activities had a positive impact on profitability of MNCs firm in Ghana. Anlesinya et al (2014) evaluated the effect of corporate social responsibility on financial performance of MTN Ghana Ltd. They selected a sample of 35 participants with the help of convenient sampling technique. Standard multiple regression and hierarchical multiple regression techniques were used in that study. They pointed out two types of result; one is that CSR did not have a significant result at the aggregate level but at the disaggregate level, community CSR was a positive relationship with financial performance whereas environmental CSR had a negative relationship with financial performance and at the same time employee CSR and customer CSR did not have significant negative and positive relationship respectively with financial performance of the companies under study. Ofori et al (2014) studied the corporate social responsibility practices of Ghana's banking sector and wanted to investigate how far corporate social responsibility affects the financial performance of Ghana's commercial banks. They selected a sample of 22 commercial banks in Ghana. They selected corporate social responsibility as a independent variable and financial performance as a dependent variable. They adopted Cronbach's Alpha, descriptive statistics, inferential statistics, mean scores, standard deviation, ANOVA, Pearson correlation and multiple regressions to carried out in that study. They pointed out that the financial performance of these banks depends on control variables, viz. size, growth, origin and debt ratio, rather than on CSR, though CSR and financial performance were positively correlated with each other. Babola (2012) studied the interaction between CSR and firms' profitability of ten randomly selected companies which are listed in Nigerian Stock Exchange for the period of 1999- 2008. By using OLS method, the author concluded that there was a negative relationship between CSR and firm's profitability and most of the Nigerian companies spend a little amount for the CSR activities which was less than ten percent of their annual profit. He recommended that Nigerian Government should build up some rules and regulations regarding CSR, so that every company will be bound to do social accounting and socially responsible activities. Fasanya and Onakoya (2013) studied the influence of CSR on financial performance of firms in Nigeria with a case study of Cadbury Nigeria Plc. They adopted descriptive techniques as well as chi-square and content analysis in this study. The result showed that CSR had a positive relationship with financial performance of firm in Nigeria. Akanbi and Ofoegbu (2012) examined the influence of CSR on organizational performance of United Bank for Africa in Lagos. They used t-test, regression, Pearson correlation and ANOVA to conduct the particular study. The study revealed that there was a positive relationship between various dimensions of CSR and organizational performance. Monsuru and Abdulazeez (2014) analyzed the impact of CSR activity disclosure of 12 commercial Nigerian banks for the year 2012 only. They selected CSR disclosure scores, bank's size and owner's equity as independent variable whereas bank's profitability indicated by ROE as dependent variable. By using multiple regression analysis, they observed that banks profitability had a positive relationship with CSR disclosure and bank's size, but there was a relationship between owner's equity of bank and bank's profitability. They recommended that banks should have a proper management in the case of CSR expenditure and its disclosure in annual report and banks should clean up all forms of pollution, provide infrastructure facilities as well as develop the society. Weshah et al (2012) investigated the association between CSR and bank size, the level of risk in bank & advertising intensity on one hand and corporate financial performance, on the other hand, for thirteen Jordanian commercial banks which are listed in Jordanian stock exchange for the year 2011. Simple regression and multiple regressions have carried out in the present study. They observed that there was a positive relationship between CSR and CFP. Also they observed that CFP had a positive relationship with bank size, the level of risk in bank and advertisement expenses of these banks. Fu et al (2012) examined the association between corporate social performance (CSP) and financial performance (CFP) of Chinese companies with 1228 and 1251 samples for the year 2005-06, 1577 and 1603 samples for the year 2009-10. They used Tobin's Q ratio, descriptive statistics, and correlation and regression analysis to conduct the study. The result showed a negative relationship between CSP and CFP. They had also pointed out some factors that also influenced the relationship of CSP and CFP of Chinese companies, their special ownership structure, governance structure, culture background and wage rigidity. Wuncharoen (2013) examined the correlation between CSR activities and firm's performance of the hotel located on Koh Samui Island in Thailand. Content analysis had been conducted to evaluate the CSR activities of these hotels. With the help of simple regression statistics, the author observed that there was a positive relationship between CSR and hotel's financial performance. He found that some 4 or 5 star hotels are doing CSR activities whereas 3 star hotels were not doing CSR activities. Buckingham (2012) investigated the impact of CSR dimensions, viz., environment, employee and community on three financial aspects such as profitability, market value and stock return in the UK. The author had collected data from Ethical Investment Research Information Service (EIRIS) database over a period of 2003-07. Generalised Method of Moments (GMM), Ordinary Least Square (OLS) regression and descriptive statistics was carried out to conduct the study. The researcher had been three types of result- first, CSR was a positive impact on ROA but it was a negative impact on return on sales (ROS) viz. CSR had a weak positive relationship with profitability. Second, CSR and market value were positively correlated but their relationship was statistically insignificant. Third, CSR had a small effect on stock return and that one also insignificant. Adeneye and Ahmed (2015) assessed the influence of CSR on company performance. For that they had collected data from 500 UK companies. They selected market to book value (MBV), company size and return on capital employed (ROCE) as the performance indicator of these companies. Descriptive statistics, regression and Pearson correlation were carried out to conduct the present study. The result revealed that CSR was a positive relationship with MBV and on ROCE but it was a negative relationship with size of companies. They had recommended doing more CSR activity for getting more competitive advantage. Gasti and Ameybor (2016) studied the relationship between CSR and working capital of 43 UK companies which are listed on London Stock Exchange for the period of 2005-12. They adopted panel unit root, correlation, collinearity and heteroskedasticity consistent covariance test (white). The result of the study showed a non- significant positive relationship between CSR and working capital of 43 UK companies. Ekatah et al (2011) studied the association between CSR and profitability of Royal Dutch Shell Plc in UK for the period of 2001-05. Content analysis and case study method used in that study. The result showed a positive relationship between CSR and profitability of these companies. Dzhavdatovna et al (2014) assessed the impact of CSR on financial efficiency of 10 large companies; those had been taken from energy sector of Fusion Federation in Russia for the year 2009-2011. Based on linear correlation coefficient Ordinary Least Square (OLS) regression and descriptive statistics, they observed that there was a positive relationship between CSR and firm's financial efficiency. Mocan et al (2015) studied the CSR practices in the banking sector in Romania that how CSR will provide to value creation in this banking industry. They concluded that CSR was an actual instrument in the banking industry to develop their economic situation. They pointed out that CSR had a number of benefits such as economic efficiency, improve company reputation, employee loyalty, communication between banking industry and society, attractive new opportunities and increase organizational commitment. Kamarta and Kartikaningdyah (2015) investigated the impact of CSR on financial performance of mining and basic industry chemicals for the period of 2009-12. They adopted purposive sampling and taken 24 companies which are listed in Indonesia Stock Exchange. They used profitability ratios, viz. ROA, ROE, net profit margin and EPS as financial performance indicators. By using multiple regression analysis, they observed that CSR had a partial significant effect on ROA and net profit margin but CSR had no significant impact on ROE and EPS. Vitezie (2011) examined the relationship between efficiency of firm and socially responsible business performance in Croatian enterprises for the year 1993-2010. The author used a sample of 22 enterprises which submit public report on socially responsibility and 20 enterprises which did not report on socially responsibility from Zagreb Stock Exchange. Efficiency has been indicated by financial ratios such as ROA, ROE, ROS and price/ earnings ratio. Univariate correlation, descriptive statistics, t-test have used in this research paper. The result showed that efficiency of a firm depends on socially responsible business performance. Nkomani (2013) examined the impact of CSR on CFP of the top 100 listed companies in Johannesburg Stock Exchange (JSE) in South Africa for the period of 2002-11. The data had been collected through BFA database and the annual financial statements of these companies. The author used ANOVA and Kruskal-Wallis test to conduct the study. He ultimately selected a sample of 68 companies and divided these companies according to the companies included in Johannesburg Stock Exchange (JSE) socially responsible investment index (SRII) and the companies not included in Johannesburg Stock Exchange (JSE) socially responsible investment index (SRII). The author concluded that the companies, not included in SRII, had better financial performance than the companies included in SRII. Saleh et al (2011) evaluated whether CSR disclosure had any impact on financial performance of 200 PLCs which are listed on the main board of Bursa Malaysia for the period of 2000-2005. They used ROA, stock return and Tobin's Q ratio, indicators of financial performance measure, as dependent variable and dimensions of CSR, such as employee relation, community involvement, product, environment as independent variables. To conduct the study, they carried out descriptive statistics, Pearson's correlation and Generalised Least Square (GLS) regression and the result showed a positive relationship between CSR and financial performance of these companies. Ahamed et al (2014) investigated the relationship between CSR and CFP of Malaysian companies which are listed in Bursa Malaysia for the period of 2007—2011. They selected various dimensions of CSR like workplace, community, environment and marketplace as independent variables and ROA and ROE, the financial performance indicator, as dependent variable. Regression analysis had been employed to conduct the study. The study revealed that CSR had a positive relationship not only with ROA and ROE but also with firm size and firm revenue as a control variable. Subramanium et al (2014) assessed the relationship between CSR reporting with liquidity position of 194 Malaysian Public listed companies for the year 2009. They used content analysis to develop CSR index and multiple regression analysis to see the relationship among CSR index, management and institutional ownership, corporate governance mechanisms and the liquidity of equity shares of these companies. The result showed a positive relationship between CSR reporting and liquidity of equity shares which means that if the companies adopted greater level of CSR disclosure the higher will be the liquidity in terms of price impact. Yusoff and Adamu (2016) examined the interconnection between CSR activities and financial performance of Malaysian Public listed companies for the period of 2009-13. Sample size consists of Malaysian top 100 companies, from Malaysia stock exchange (Bursa Malaysia), through purposive sampling. They selected environment, community, workplace and market place as independent variables (components of CSR) and ROE & EPS (indicators of financial performance) as dependent variables. By using Pearson correlation test, they pointed out that four independent variables had a positive relationship with two dependent variables viz. CSR and financial performance was positively correlated. Ozcelik et al (2014) evaluated the relationship between CSR and financial performance of Borsa Istambul 100 index companies for the year 2010-12. They adopted independent t-test and logistic regression to conduct the study. They pointed out that firm size and CSR were positively correlated but there was no relationship between CSR and financial performance of these companies. Tarugsa et al (2012) studied the relationship among three specified capabilities (viz. shared version, stakeholder management and strategic productivity), proactive social responsibility and financial performance of 171 small & medium enterprises in machinery and equipment sector of Australian manufacturing industry. Quantitative survey method had been used in this study. The result showed a positive relationship between specified capabilities and CSR which ultimately improves the financial performance of small & medium enterprises companies in Australia. Brine et al (2006) aimed at studying the correlation between CSR and financial performance of a sample of 277 ASX (Australian Security Exchange) listed companies (which are the industries included energy, materials, industrials consumer discretionary, consumer staples, health care, financials, information technology, telecommunication services, utilised and property trusts) in Australia for the year 2005. They adopted Ordinary Least Square regression method to conduct the study. The result showed that there was no statistically significant relationship between CSR and financial performance of these companies in Australia. Valmohammadi (2014) aimed at investigating the influence of seven dimensions of CSR (such as organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development) on organizational performance in Iran. The author used a sample of 207 Iranian manufacturing and service firms. For conducting the study, structural equation model had been adopted. The result revealed a significant positive relationship between CSR and organizational performance of these companies. Lu et al (2009) investigated the impact of CSR on organizational performance of container shipping in Taiwan (China). After doing exploratory factor analysis, they had selected three dimensions of CSR (namely 'community involvement and environment', 'disclosure' and 'employee and customer interests') as dependent variables and both financial and non-financial performance as independent variables. They have used Cronbach's Alpha, ANOVA and multiple regressions to analysis the data. The result depicted that 'community involvement and environment' and 'disclosure' had a positive relationship with financial performance but 'employee and customer interests' had a positive impact on non-financial performance of these companies.

2.2. Relationship Between CSR and Financial Performance in India

Sandhu and Kapoor (2005) studied the relationship of CSR and financial performance by using correlation and regression analysis of 20 leading companies in India for the period of 2000-03. They observed that there was no significant relationship between CSR and financial performance of these companies. Krishnan (2012) examined the interconnection between CSR and financial and non financial performance of 500 BSE (Bombay Stock Exchange) listed companies for the year 2008-11. They adopted frequencies and percentile, Pearson coefficient correlation, one sample t-test, Cronbach's Alpha to conduct the study. They concluded that CSR had a positive influence on financial and non financial performance of 500 BSE listed companies. Sankar (2014) studied the various research papers relating to the relationship between CSR initiatives of various organisations and their financial performance. The findings of this study showed a mixed relationship between CSR and financial performance. On the basis of prior study, the author concluded that CSR had a positive relationship with financial performance of firms. Yadav and Gupta (2015) aimed at see the influence of CSR activities on financial performance of 5 private companies in India such as Tata Steel, RIL, Mahindra & Mahindra, Infosys and Larsen & Toubro for the year 2010-14. They have taken return on net worth, profit before tax and EPS as the financial performance indicators. With the help of regression analysis and ANOVA, they pointed out that CSR has an insignificant relationship with return on net worth but it was a positive relationship with EPS of these companies. Bhunia (2012) investigated the relationship between CSR and firm's financial performance of the firms listed in Sensex of Bombay stock exchange for the period from 2008 to 2011 by using descriptive statistics and regression statistics of Hausman test model. The result showed a positive relationship between CSR and financial performance. The author observed that the firms did not conduct CSR activities at a satisfactory level. The author pointed out that the positive effect of CSR on firm's financial performance has been reduced by the financial crisis in 2008. Govindrajan and Amilan (2013) examined the impact of CSR initiatives on financial performance as well as market performance of oil and gas industry in India for the period of 2007-10. They have taken a sample of 12 companies from oil and gas industry. They adopted one way ANOVA, Chi-square, Karl Pearson's correlation, regression and descriptive statistics to conduct the study. The authors concluded that CSR had a positive effect on financial performance as well as market performance of oil and gas industry in India. Chaudhury et al (2011) studied CSR practices of 12 banking and financial institutions (chosen under stratified random sampling method) with the case study method for the period of 2007-10. The study showed that banking sector and financial sectors are directly related to social banking and developing banking approach but both of them failed to do CSR practices in satisfactory manner because of lacking coordination among Government, corporate and non-Government organization's effort. Moharna (2013) examined the CSR activities of public sector banks namely Allahabad bank, Andhra bank, Bank of Baroda, State Bank of India and UCO Bank. The study revealed the most of the banks are doing CSR activities in the area of rural development, education, community welfare, women and children. The author concluded that these banks were not doing CSR practices in a satisfactory manner. Singh et al (2013) worked on CSR activities and CSR reporting practices as well as present status of CSR practices in banking sector. For the sample they have selected two public banks, viz. State Bank of India and Punjab National Bank and two private banks, viz. HDFC Bank and ICICI Bank. They observed that most of banks, whether public or private, were doing CSR activities, but not disclosing the amount spending on CSR activities in their website. They suggested that RBI should distinguish between banks in respect of CSR practices and fix a certain percentage to be spend by bank and also set up a committee to monitor on banks activities toward CSR. Vijay and Divya (2014) studied the various CSR activities done by Indian commercial banks and wanted to know customer satisfaction as a part of CSR and also examined the influence of CSR on Indian commercial banks in pre and post-period of banking activity in respect of CSR implementation for the period of 2000-01 to 2012-13. They adopted descriptive statistics analysis, trend coefficient and chow test to conduct the study. They concluded that commercial banks were providing a good level of customer satisfaction as the CSR was a concerned and the performance level of these banks increases as due to implementation of CSR. They suggested disclosing the amount of CSR expenditure in their annual reports. Sharma and Aggarwal (2016) studied the CSR activities done by 12 public and 7 private sector banks in India for the period of 2014-15 and wanted to see if there was any difference regarding the CSR practices between the two types of banks in India. They pointed out that most of the banks were not spending 2% shares of average net profit of preceding three years on CSR and public sector banks were performing CSR activities better than private sector banks. Also they observed that most of the banks are performing CSR activities in the area of rural development, education, community welfare, women and children.

2.3. Central Public Sector Enterprises in India

Laura (2014) studied the CSR practices of two Maharatna companies, viz. Steel Authority of India Limited (SAIL) and National Thermal Power Corporation (NTPC) and one Miniratna company, viz. Airport Authority of India (AAI) on socio economic development of rural people. The study concluded that those CSR activities done for rural development had a positive impact on overall development of society and business. Bhunia and Das (2015) studied CSR activities of seven Maharatna companies to examine to what extent CSR influences the financial performance of these Maharatna companies in India for the period of 2004-13. They adopted correlation, simple regression and multiple regressions to test the causality of CSR on firm's profitability. The authors observed that only Gas Authority of India Limited had a positive impact of CSR on profitability but the rest of the companies had a negative impact on its profitability. Das and Bhunia (2015) examined the effect of CSR on financial performance indicators of sixteen Nabaratna companies in India for the period of 2010-14. To conduct the study, the authors adopted correlation and linear regression. The correlation result showed that all the financial performance indicators, viz. liquidity, financial leverage, fund size, firm's size, net profit margin and ROS had a insignificant positive relationships with CSR but only ROA was negatively related to CSR. The multiple regression result revealed that CSR affected the fund size and firms' size but profitability indicators of these companies were not influenced by CSR. The authors concluded that CSR did not have any effect on financial performance indicators except fund size and firm's size.

3. Conclusions

This study monitors the diverse allied literature in India and abroad along with the findings and suggestions made by diverse researchers on the topic of how financial performances are affected by the corporate social responsibility. The primary findings were that most of these studies exposed positive impact of CSR on financial performance; some studies revealed a negative relationship between them and a few exhibited a mixed result. The study also demonstrated that a few studies pointed toward a positive impact of CSR on financial performance but their relationships had been found to be insignificant. The results of these studies varied due to various reasons, i.e., types of data, variables, statistical techniques, etc. At that moment it is noticeable that there is no study about the impact of corporate social responsibility on firms' financial performance of Indian Central Public Sector Enterprises.

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