

The Impact of Corporate Social Responsibility on Financial Performance and Business Practices, with A Focus on the Case of International Certifiable Management Standard

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ABSTRACT

In This research explored the interactive dynamicity between corporate social responsibility (CSR) and financial performance based on well-established principles of management from all parts of the world. Data from 687 fully executed questionnaires collected from Chinese respondents were used in the analysis with the help of SPSS and statistical techniques like ANOVA and factor analysis in the context of quantitative research. Two fundamental assumptions were the pillars that sustained the research: the first one argued that the financial performance of a company improves with the implementation of CSR, and the second one argued that the influence of positive CSR becomes more amplified when it supports traditional management practices. The result depicted a highly positive correlation between CSR and financial excellence regardless of the existence of international standards, with the presence of high F-values and p-values less than 0.05. Organizational processes—managing aspects like the confidence of stakeholders, the efficiency of operations, the control over risks, and reputation—showed remarkable improvement when globally accepted standards were in practice. Management structures including the incorporation of CSR had positive effects on innovation, timely profitability, and compliance with the law. Researchers found that the advantage resulting from the incorporation of CSR increased with the implementation of certifiable management standards, which were not only improving the financial outcomes but also the pathfinder towards sustainable performance. These works demonstrate that raising the level of CSR while achieving economic growth in an interconnected global marketplace are mutual goals, which are possible with the implementation of worldwide recognised standards.

Keywords: Corporate social responsibility (CSR); Business practices; International certifiable management standard; Research; Management.

INTRODUCTION:

Corporate Social Responsibility (CSR) may influence a corporation's bottom profitability in three ways: how the public sees the firm, how much shareholders believe it, and how long it can stay in business. CSR may help a business's competitive advantage, customer base, and danger profile. There are several things that might impact the chances of making money, such as the kind of business, how much money it spends on CSR, and how it goes about doing it. If CSR projects do not get in the way of normal business, both society and the company's bottom line may benefit from shared value via environmentally friendly and responsible businesses. CSR that meets internationally acknowledged management requirements improves bottom-line outcomes by increasing stakeholders' trust, credibility, and production (Schönherr et al., 2022). CSR initiatives have a big effect on how organisations run every day because they promote ethical conduct, planning, and shareholder involvement. If businesses comply with these criteria, they are more inclined to be open, care about the environment, and be accountable. They also want firms to follow international rules for the environment. If someone adhere to these criteria, the

firm will do well, and investors and customers will enjoy it. Getting a licence makes individuals more careful with their money, more dependable at work, and more involved in their communities. CSR projects may be improved by adopting management ideas that are well-known. Companies may work on global social and environmental problems via these programs while still making money in the long term. Because of the connection between CSR and leadership standards, businesses all over the globe are turning more responsible and aware of the environment (Chakroun et al., 2020).

BACKGROUND OF THE STUDY

Organisations in China are starting to see that management principles that are acknowledged throughout the world are having a bigger effect on their CSR projects that are meant to make the nation more profitable. After following these criteria, businesses in China have become more efficient, recognised their brands, and made more sales abroad. Approval lowers operational hazards and ongoing costs by fostering creative thinking, making the best use of resources, and making sure that rules are followed. By following these

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rules, the company can protect its image and keep doing well in China's economy, which is becoming more globalised and competitive. One cannot generate money and stay competitive in China's dynamic business environment without doing the right thing. This is because of global CSR licences that connect moral commitments to financial success. China has made CSR a primary priority since the International Organisation for Standardisation became accepted across the world (Wu et al., 2020). Businesses in China are better known around the globe, increasingly competitive, and more adept at obeying the rules thanks to these plans. Business owners in China can demonstrate that they worry about ethics, sustainability, and doing what's right by society by getting licenses. Concerns about people and the environment are coming first in businesses because customers are learning more, rules are getting tighter, and heavy pressure from foreign investors. A company is honest if it has licenses to do business in other countries. Customers are more likely to believe, one can handle risks better, and one can get into foreign areas which had been hard to get to before. These ideas could help Chinese businesses because they push for long-term changes in social and environmental norms. Companies in China are gradually following worldwide norms for CSR. The use of globally accepted management standards is encouraging moral research and development, which is changing the way Chinese companies conduct business (Deng et al., 2022).

PURPOSE OF THE RESEARCH

The objective of this study was to investigate the correlation between CSR and financial performance, with a particular emphasis on the influence of worldwide management standards. The study concentrated on the procedures and financial outcomes for companies after their adoption of standards and acquisition of relevant certifications. The study extensively relied on case histories and actual information to figure out how well-known CSR programmes helped the firm make more money, gain the trust of shareholders, and stay in business for a long time. Second, researchers wanted to evaluate how these standards changed the company's views on social responsibility, conservation of the environment, and ethics. The main goal was to learn more about the advantages of this study topic and how widely recognised management standards might encourage ethical corporate practices. The study seemed to illustrate to managers, lawmakers, and consumers the significance of integrating CSR with established standards to fulfil both social and business objectives.

LITERATURE REVIEW

Following outdated methods that ignore a company's R&D investment makes it harder to figure out how CSR affects financial performance. When companies use internationally certifiable management standards, they have a disciplined way of thinking about CSR that makes it a part of their core business plan instead of an afterthought or a wonderful thing to do. All these ideas show how important it is to prepare ahead and make things better all the time. They also make sure that the

organization's future strategies and goals are in line with its research and development (R&D) work. Companies who are working on technological improvements should put money into research and development (R&D) since it might pay off big in the future. Companies may stand out in competitive situations and get ahead of their competitors by using intangible resources like reputation, computer networks, and innovative thinking (Chakroun et al., 2020). If these resources are produced according to widely accepted management standards, they might be the focus of efforts to conduct research and development. When rules encourage openness and accountability, businesses are more inclined to make CSR one of their main goals. It's clear that CSR is vital for a company's bottom line (Brotons & Sansalvador, 2020). CSR may make firms more productive and provide them an edge in the market. When one thinks about sustainable practices, one views them as an important aspect of creating value. Quality management standards that are accepted across the world are in line with this view. They provide a systematic way to make sustainability a part of everyday company operations. These rules help businesses make the most of their social, economic, and environmental resources. They also make sure that businesses are responsible and always becoming better. In principle, the business has a better chance of getting more work done, gaining over consumers' trust, and reaching its ultimate R&D objectives if it follows these rules. Social responsibility programs make employees more committed in the achievement of the firm, which helps them connect with and become involved in their communities. Taking care of resources and using eco-friendly methods may lower danger and save money. Following globally recognised standards for environmental responsibility not only makes the firm seem better, but it also draws in prospective investors. The strategic connection between CSR and recognised governance norms speeds up value development. If businesses want to stand out, become better, and stay in business for a long time, they need to manage all their social, ecological, and economic resources all at once (Sekhon & Kathuria, 2020).

RESEARCH QUESTIONS

- What is the impact of CSR on business practices considering the international certifiable management standard?
- What is the influence of the international certifiable management standard on business practices?

RESEARCH METHODOLOGY

6.1 Research Design

The researchers in this study sought to determine the causes of events by using quantitative methods. Statistical analysis was conducted by the researchers using SPSS version 25. The demographic data was much simpler to understand after using descriptive statistics. The intensity and direction of the connections may be determined by examining odds ratios (OR) with a 95% confidence interval (CI). When the p-value was found to be less than 0.05, statistical significance was

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demographic details, while an additional section used a 5-point Likert scale to enquire about analogue and digital media-related subjects. A wide range of print and digital sources provided the bulk of the secondary data.

6.2 Sampling

Using a simple random sampling approach, researchers ensured that the sample accurately represented the population. The inclusion of 657 persons in the sample was confirmed using the Rao-soft tool. The researcher distributed 760 questionnaires to the participants as part of the study. With the elimination of 36 sets owing to incompleteness, while a grand total of 723 questionnaire sets were collected. 687 people made up the final sample size.

6.3 Data and Measurement

Data used in the research was mostly derived via questionnaires. A portion of the survey requested

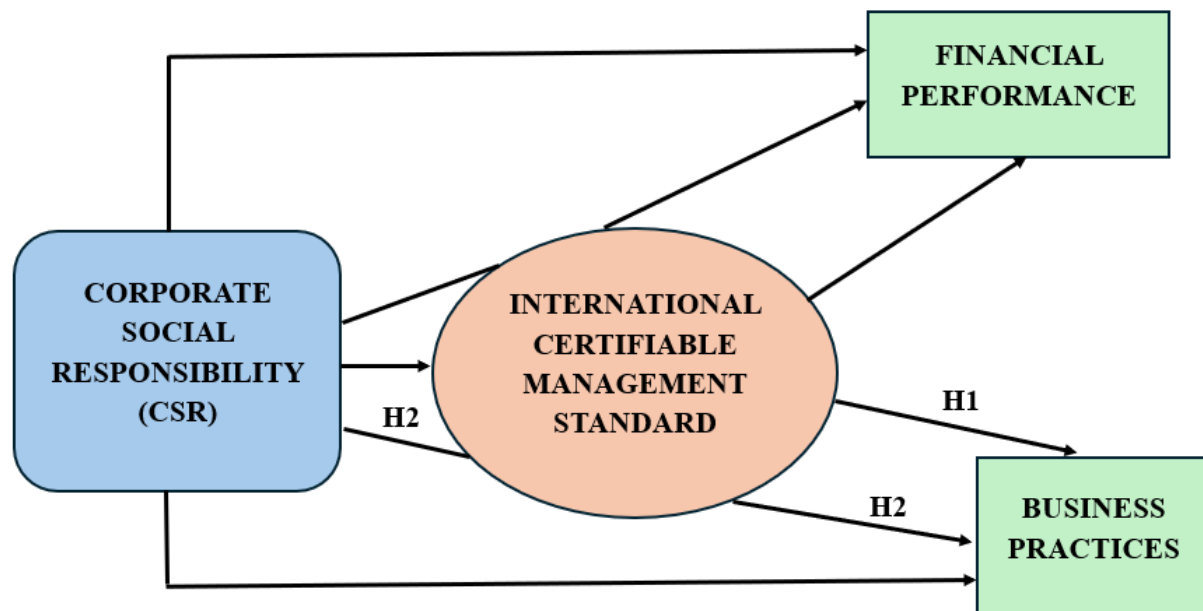
6.4 Statistical Software

This study's statistical analysis was conducted using SPSS 25 and Microsoft Excel.

6.5 Statistical Tools

There was extensive data analysis done using a description-based approach. It was formerly believed that reliability evaluations were best managed via factor analysis. To get a deeper comprehension of the data, a comprehensive analysis was conducted. The researcher verified the concept and looked for group differences using analysis of variance (ANOVA).

CONCEPTUAL FRAMEWORK



RESULT

Factor Analysis

Factor Analysis (FA) involves evaluating publicly available data to uncover hidden components. Assessments often depend on regression coefficients in cases when there are no obvious visual or diagnostic clues. The main objective is to identify any clear connections, errors, or infractions throughout all inquiry. Many regression methods make use of the databases used in Kaiser-Meyer-Olkin (KMO) tests. Together, the sample parameters and the theoretical model provide reliable predictions, as shown by the findings. There are some rows of data that are identical. Ratio improvements make the figures easier to read. When the researcher interacts with KMO, they will obtain a value from 0 to 1. The ideal range for the KMO value is 0.8 to 1, which signifies a sufficiently large sample.

- These sums are suitable, says Kaiser: These are the prerequisites for clearance, as per Kaiser's suggestions:
- Extremely low, well below the standard range of 0.60 to 0.69 (0.050 to 0.059). A range of 0.70 to 0.79 is considered typical for middle grades.
- An optimal score ranges from 0.80 to 0.89. They consider the range of 0.90 to 1.00 to be remarkable.
- Table 1: KMO and Bartlett's Test for Assessing Sampling Adequacy
- The Kaiser-Meyer-Olkin statistic is favourable at 0.891.
- The outcomes of Bartlett's sphericity test are as follows:
- The estimated chi-square value is 3252.968.
- There are 190 degrees of freedom and a level of importance of 0.000.

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.891
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	0.000

This typically simplifies the application of example criteria. Researchers employed Bartlett's Test of Sphericity to determine the statistical significance of the correlation matrices. The Kaiser-Meyer-Olkin value of 0.891 indicates that the sample size is sufficiently large for analysis. Bartlett's sphericity test produces meaningful results, indicated by p-values of 0.00. Given that Bartlett's sphericity test produced positive results, it is logical to conclude that the correlation matrix is not distinctive.

INDEPENDENT VARIABLE

Corporate social responsibility (CSR):

In the years following World War II, a new idea called "CSR" came forth. The 1960s saw the birth of CSR with the campaigns for civil rights, women's suffrage, environmental justice, and rights for consumers. The relationship between theory and action has made CSR a global idea. CSR is a method of thinking and a concept that has become popular across the globe because more people agree that modern businesses should be accountable for more than simply generating money and obeying the regulations. The international marketplace is always changing and being more competitive. Now, ethics and charity are also things that contemporary businesses need to do to be socially conscious. When making choices and putting policies into action, companies that care about social responsibility constantly think about how they will affect other stakeholders (Zhaoxing et al., 2022).

MEDIATING VARIABLE

International certifiable management standard:

Standardisation leads to greater innovation, more freedom for managers, better entry into markets, and better technical transportation. Standardisation has made a lot of scientific and practical information available to everyone at a low cost. There are a lot of different stakeholders, especially when it comes to international management standards. It is common for several parties to be involved in the standardisation technique. A lot of things affect the choice to go through with the treatment. Standardisation is a way for practitioners to learn that they like since it makes them less dependent on other sources of data. Taking part in standardising helps improve and grow existing knowledge in an effective way. Some people have compared participating in standardising to being in an open space for innovative ideas. Using multi-stakeholder standardisation methods could help spread the standard's fundamental knowledge. The establishment of standards via a multi-stakeholder method including global governance highlights their legitimacy as a dependable source of information (Kohl, 2020).

DEPENDENT VARIABLE

Business practices:

Businesses must adopt "business practices." to conduct ethically. Openness, honesty, and fairness in all business dealings earn the respect of customers, employees, investors, and neighbours. To be trustworthy, one must obey the regulations, treat employees well, and run an honest business. Communicating well, accepting responsibility, and improving are crucial. Socially accountable and environmentally conscious companies serve the community and the environment and gain excellent news. Innovative and efficient ways boost productivity and competitiveness. Stakeholders trust institutions that are transparent about money and accountability. Keeping things secret and protecting intellectual property helps a company safeguard its interests. Growing the firm and doing transactions with other businesses requires knowledge of different cultures and laws in today's globalised market. Good business practices create loyal customers, consistent growth, and a happy workplace. Honest companies are increasingly likely to succeed and maintain their reputation (Fam et al., 2022).

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● **Relationship between international certifiable management standard and business practices:**

Management guidelines that are recognised across the world provide companies a way to make sure quality, protect the environment, and keep workers safe. These requirements have a big impact on how businesses work by promoting methodical processes, making it easier for them to keep becoming better, and building trust among stakeholders. When organisations follow these criteria, they are more likely to use standards of excellence, streamline their operations, and become more efficient overall. They also promote transparency and accountability, which builds confidence among consumers and opens additional marketplaces throughout the world. Also, firms who follow these rules frequently must constantly check and improve their management processes, which helps long-term growth. International certifiable standards are a way to make quality and accountability a part of everyday company operations. They help organisations meet global standards and create a culture of excellence and compliance. This partnership makes the business more competitive and ensures its long-term success in the worldwide market (Mirtsch et al., 2020).

Based on what has been said so far, the investigator has formulated a subsequent hypothesis to estimate the relationship between international certifiable management standard and business practices:

- “H01: There is no significant relationship between international certifiable management standard and business practices.”
- “H1: There is a significant relationship between international certifiable management standard and business practices.”

Table 2: H₁ ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81395.492	242	8149.793	1097.319	0.000
Within Groups	841.492	445	7.427		
Total	87591.172	687			

The outcome is noteworthy in this investigation. With a p-value of .000 (less than the .05 alpha level), the value of F approaches significance with a value of 1097.319. This means the “H1: There is a significant relationship between international certifiable management standard and business practices” is taken, and the null hypothesis is rejected.

● **Relationship between CSR and business practices considering the international certifiable management standard:**

CSR and business operations are deeply aligned, and more so when they are aligned with internationally accepted management principles. These rules provide businesses a structured framework to make social, environmental, and ethical issues a part of their everyday work. These guidelines reflect that companies desire to conduct operations in a fair and ethical manner. This entails making sure that workers have safe places to work, safeguarding the environment, and holding leaders accountable. When CSR activities are planned this manner, they are easier to keep track of and more structured, which makes these individuals better. Adding CSR to management makes operations more transparent, makes it easier for stakeholders to talk to each other, and helps the company expand over time. People typically do this in response to demands or suggestions from global standards. Consequently, organizations that combine CSR with certified operations typically see the reinforcement of their reputation, the gaining of the confidence of consumers and access to new marketplaces. In the end, such alignment supports a culture of responsible business operations that ties economic ambitions with social and environmental responsibility and enables sustainable, longer-term business success and global sustainable outcomes (Schoeneborn et al., 2020).

Considering the discussion, the researcher has formulated a subsequent hypothesis to evaluate the relationship between CSR and business practices considering the international certifiable management standard:

- “H02: There is no significant relationship between CSR and business practices considering the international certifiable management standard.”
- “H2: There is a significant relationship between CSR and business practices considering the international certifiable management standard.”

Table 3: H₂ ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81596.472	230	8759.713	1168.429	0.000
Within Groups	851.415	457	7.497		
Total	89581.192	687			

The outcome is significant in this investigation with a p-value of.000 (less than the.05 alpha level), the value of F, which is 1168.429, approaches significance. This means the “H₂: There is a significant relationship between CSR and business practices considering the international certifiable management standard” is taken, and the null hypothesis is deserted.

DISCUSSION

Research that looked at acknowledged management principles and how CSR influences the finances of an organisation and operations demonstrated how performing the proper thing as a company may be linked to generating money in many ways. One of the standards was how effectively a company's financial and managerial practices followed the norms that are recognised across the globe. Many businesses adopted these rules to improve their reputation, get additional collaborators, and become more competitive. These advantages helped the company generate more money by making it simpler to enter global markets, cutting expenses, and making it less difficult to produce more money. The study also discovered that organisations' processes changed significantly when they employed worldwide standards that could have been studied. Companies were more concerned with their social responsibility, growing in the positive direction, and preserving the planet. Things progressed quicker at the corporation, and all personnel had to keep improving their skills. The change made it easier for businesses to follow government rules and laws, and it also made procedures easier and encouraged innovative thinking. The study also discovered that different types of businesses and places were impacted by CSR and permits in various manners. corporations in developing nations and other Asian markets are beginning to look more like corporations in industrialised countries so they can better serve customers throughout the globe and stay ahead of the competition. The study found that organisations may make their operations and profits better by starting CSR initiatives that follow globally accepted guidelines. In response, businesses looked for ways to develop that would work in a market that is becoming more interconnected while still following best practices in management.

CONCLUSION

The research showed that well-known management principles had a big effect on how companies worked

and how well they did in business. Using these kinds of ideas greatly improved the reputation of businesses, the confidence of shareholders, and the effectiveness of operations. Using well-known CSR ideas might help with risk management, save operating costs, and boost long-term profits. By following these rules, businesses encouraged development and increased responsibility, which led to more responsible and environmentally friendly actions. The government must push for these rules, and the international marketplace needed to be ready to use them. The Chinese experience highlighted the importance of the effort. The research showed that following widely accepted standards improved CSR and gave companies great economic benefits. This is an important strategic decision for businesses that want to grow in a way that is good for the environment and stay competitive in an international marketplace. The research showed that companies need CSR rules if they want to make changes and make money.

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