

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

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ABSTRACT

The purpose of this study was to evaluate the influence that corporate social responsibility (CSR) has on business practices, with a particular emphasis on the role that globally accredited management standards have in improving the performance of corporations. The purpose of this research was to investigate the ways in which CSR activities affected ethical behaviour, responsibility for the environment, and financial results within entities. A quantitative research design was adopted, and data were collected from 687 respondents using structured questionnaires. Statistical analysis was performed using SPSS version 25, employing factor analysis, ANOVA, and regression tools to test the hypothesis. The findings revealed a significant positive relationship between CSR and business practices, with a p-value of 0.000, confirming the acceptance of the alternative hypothesis. Companies that actively ran CSR programmes were more open with their stakeholders, earned more trust, and ran their businesses more efficiently. Companies that followed foreign management standards also made more money, came up with new ideas, and were more competitive in the international market. The study also found that incorporating CSR made businesses more sustainable in the long run by encouraging moral leadership, protecting the environment, and being socially responsible. When companies in China started using global CSR models, it helped them improve their image and business position around the world. Overall, the research concluded that CSR was not only a moral obligation but also a strategic approach that improved financial performance, reduced risks, and ensured sustainable business growth.

Keywords: Corporate social responsibility (CSR); Business practices; Research; Management; International market.

INTRODUCTION:

Corporate social responsibility (CSR) may change how people regard the firm, how much trust investors have in it, and whether it can continue in business. This can influence the bottom line. Customers, workers, and investors are more likely to stay loyal to companies that place honesty, safeguarding the ecosystem, and social obligation at the top of their priority list of priorities. This is the reason these companies tend to generate more money. CSR may help an organisation's business competitiveness, customer base, and vulnerability profile all become better. The kind of company, how much it dedicates to CSR, and the way it goes about it are all elements that might affect its chances of generating money. Businesses that are concerned about the surroundings and the money of their consumers may execute CSR initiatives that have no impact in the manner of business as usual. When CSR satisfies generally acknowledged standards of leadership, stakeholders are more inclined to trust, trust in, and manufacture, which is excellent for the bottom line (Chakroun et al., 2020). Certified businesses are more likely to support eco-friendly policies that save expenses, reduce risks, and boost profitability. A more ethical and responsible approach to corporate operations could be possible with this strategy. Organisational

culture, long-term strategy, and stakeholder engagement are all positively impacted by CSR activities, which in turn influence day-to-day operations. Complying with these standards increases the likelihood that firms will be transparent, environmentally conscious, and responsible. Further, they would want businesses to adhere to environmental regulations set out by the world community. The business will thrive, and both investors and consumers will be pleased if someone follows these guidelines. People are more conscientious with their money, reliable employees, and active members of their communities when they get their licences. Well-known management concepts may be a good fit for CSR efforts. Using these initiatives, businesses may address pressing social and environmental issues on a global scale without sacrificing their bottom line. An increasing number of companies throughout the world are taking environmental responsibility seriously because of the link between CSR and management standards (Schönherr et al., 2022).

BACKGROUND OF THE STUDY

Companies in China are starting to realise that management ideas that are known throughout the world are having a bigger effect on their CSR projects which are meant to boost China's profits. Chinese businesses

have enhanced their operations, gotten more global attention for their company names, and sold more goods abroad since they started following these rules. If businesses follow global CSR rules, they may make more money, get more attention from foreign investors, and keep their business partners happy. Getting clearance lowers operational risks and ongoing costs by promoting creative thinking, making the best use of resources, and ensuring that rules are followed. The company may keep its good name and keep doing well in the rapidly globalised and competitive international market by following these rules. People who want to generate money and stay competitive in China's economy need to do the right thing. This is because global CSR licenses connect moral duties to making money. China has made CSR a top priority since the International Organisation for Standardisation was recognised across the world (Wu et al., 2020). Thanks to these tactics, Chinese companies are now more well-known throughout the world, more lucrative, and more likely to follow the rules. Chinese companies may show they care about ethics, environmental protection, and accountability by obtaining certificates. Businesses are focussing more on social and environmental problems in response to stricter regulations, pressure from outside financiers, and more informed customers. Dealing with businesses that have licenses from other countries is a smart move Possible benefits include more assured customers, better risk management, and entry to formerly inaccessible international markets. These suggestions might be useful for Chinese companies who want to raise social and environmental standards in the long run. China is starting to close the gap with other rich countries when it comes to CSR. Managing standards that are acknowledged and recognised globally are driving moral growth and study. As a result, this is changing the game for Chinese companies (Ang et al., 2022).

PURPOSE OF THE RESEARCH

The impetus for this research was to comprehend the impact of worldwide standards of management on the correlation between CSR and company practices. This research mainly aimed on efficiency of the management system of company. The examination primarily focused on the activities and revenue of companies after acquiring the necessary certifications and adhering to legislation. The research analysed several case studies and empirical data to ascertain how the company's esteemed CSR initiatives enhanced revenue, bolstered owner trust, and ensured long-term sustainability. Secondly, researchers examined how these criteria altered the company's perceptions of ethics, social responsibility, and environmental protection. The primary objective was to get a better understanding of the benefits of this study topic and how popular management principles may promote ethical business practices. To accomplish business and social objectives, the research aimed to inform managers, lawmakers, and customers on the need of integrating CSR according to certain criteria.

LITERATURE REVIEW

Using antiquated methods that fail to consider the investment made by a business in R&D makes it more difficult to ascertain the effect of CSR on its economic performance. Firms may take CSR seriously when they use internationally accredited management standards, elevating it from a nice-to-have to a core component of their business strategy. All these suggestions highlight the importance of planning forward and continuously improving conditions. In addition, they check that the company's future and goals are compatible with R&D efforts. Investing in research and development (R&D) might pay off handsomely for IT companies in the long run. Businesses may distinguish themselves in competitive environments and get an edge over their competitors by using intangible assets like reputation, computer systems, and innovative thinking (Purbawangsa et al., 2020). If these assets undergo growth according to regular management practices, they might be the focus of research and development programs. When rules encourage openness and responsibility, businesses are more inclined to make CSR a part of their long-term goals. It's clear that CSR influences a business's bottom line. When used with additional methods like these, CSR becomes an even more powerful tool for helping a business stay alive and create money. People trust one more, fresh ideas grow, and companies profit in the end. CSR can help businesses do better in the international marketplace and get more done. In terms of sustainable practices, it is a key part of making value. This attitude is in keeping with quality management standards that are acknowledged across the world. These standards provide companies a formal way to include sustainability in their most important tasks (Zhaoxing et al., 2022). By adhering to these standards, which also guarantee accountability and ongoing improvement, businesses may make the most of their financial, social, and environmental resources. Following these rules should give the organisation a better shot at growing output, gaining consumers' trust, and accomplishing its long-term R&D objectives. Employees who take an interest in CSR programmes care more about the success of the organisation, which makes them more likely to become involved in their communities. Using environmentally friendly methods and saving resources might lower hazards and expenses. When a firm follows globally acknowledged standards for environmental stewardship, it improves its image and makes prospective investors more interested. The strategic relationship between CSR and recognised governance norms speeds up the process of creating value. Companies that want to stand out, develop better, and continue in business for a long time must handle their social, environmental, and financial resources all at once (Sekhon & Kathuria, 2020).

RESEARCH QUESTION

What is the impact of CSR on business practices?

RESEARCH METHODOLOGY

6.1 Research Design

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Using quantitative methodologies, the researchers in this study aimed to discover the causes of occurrences. The researchers used SPSS version 25 to conduct the statistical analysis. Following the use of descriptive statistics, the demographic data became much easier to comprehend. Analysis of odds ratios (OR) with a 95% confidence interval (CI) may reveal the strength and direction of the relationships. A p-value of less than 0.05 was considered statistically significant. Quantitative methods were gaining popularity to conduct comprehensive statistical analyses and systematic assessments of survey data.

6.2 Sampling

Employing a simple random sampling method, researchers guaranteed that the sample correctly reflected the population. The inclusion of 657 individuals in the sample was validated utilising the Rao-soft tool. The researcher administered 760 questions to the respondents for the study. A total of 723 questioning sets were gathered after the deletion of 36 sets due to incompleteness. The ultimate sample size consisted of 687 individuals.

6.3 Data and Measurement

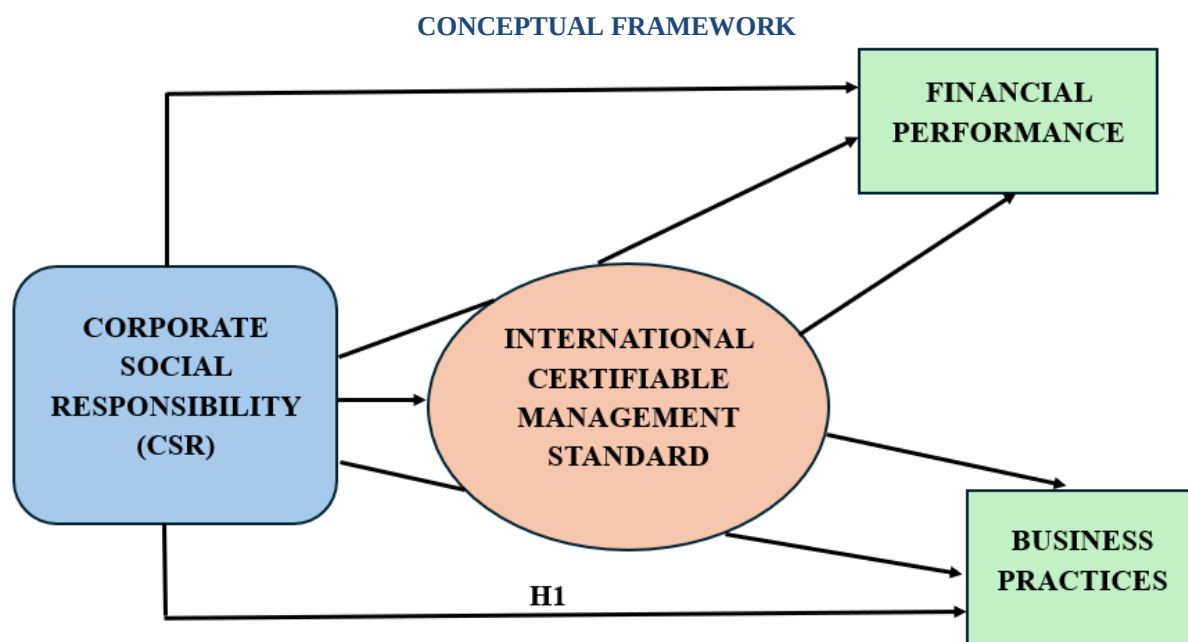
Most of the data used in the study came from surveys. Part of the poll asked for basic personal information, while another part utilised a 5-point Likert scale to probe respondents' thoughts on both digital and analogue media. The secondary data was mostly sourced from a variety of print and digital sources.

6.4 Statistical Software

Microsoft Excel and SPSS 25 were used to do the statistical analysis of this research.

6.5 Statistical Tools

A description-based technique was used for substantial data analysis. There was a time when factor analysis was considered the gold standard for reliability assessments. A thorough study was conducted to have a better understanding of the data. Using the method of analysis of variance (ANOVA), the researcher checked for concept verification and sought group differences.



RESULT

Factor Analysis

To find hidden components, Factor Analysis (FA) examines publicly accessible data. When there are no clear diagnostic or visual indicators, assessments often rely on regression coefficients. Throughout the investigation, everyone aims to spot any obvious links, mistakes, or violations. Use of databases from Kaiser-Meyer-Olkin (KMO) tests is common in regression algorithms. The results demonstrate that via combining the sample parameters with the theoretical model, accurate predictions are produced. Maybe there are some duplicate entries in the data. The figures are made simpler to read by improving the ratios. A number between zero and one will be returned to the researcher by KMO whenever they engage with it. An adequate sample size is indicated by a KMO value between 0.8 and 1, which is the optimal range. Kaiser states that these amounts are appropriate: According to Kaiser's recommendations, these are the requirements for clearance:

- Significantly low, well under the usual range of 0.60 to 0.69 (0.050 to 0.059). A range of 0.70 to 0.79 is considered standard for middle grades.
- An ideal score is between 0.80 and 0.89. The range of 0.90 to 1.00 is deemed exceptional.
- Table 1: KMO and Bartlett's Test for Evaluating Sampling Adequacy

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- The Kaiser-Meyer-Olkin statistic is advantageous at 0.891.
- The results of Bartlett's sphericity test are given below:
- The chi-square value is assessed at 3252.968.
- There are 190 degrees of freedom and a significance level 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

In most cases, this makes it easier to apply example criteria. To find out whether the correlation matrices were statistically significant, the researchers used Bartlett's Test of Sphericity. The sample size is big enough to be analysed, according to the Kaiser-Meyer-Olkin value of 0.891. With p-values of 0.00, Bartlett's sphericity test yields statistically significant findings. Because the results of Bartlett's sphericity test were positive, everyone may infer that the correlation matrix is not unique.

INDEPENDENT VARIABLE

Corporate social responsibility (CSR):

After World War II, a new idea called "CSR" came forth. The civil rights, women's suffrage, justice for the environment, and consumer rights movements of the 1960s led to the idea of CSR. The link between the theory and action has made the idea of CSR viable all around the globe. People are starting to think that modern businesses should be accountable for more than simply producing money and obeying the regulations. This notion, referred to as CSR, is becoming increasingly popular throughout the globe. Trade between countries is becoming more competitive and fast-paced all the time. Companies nowadays that are concerned about the environment also do the right thing morally and help the community. When making choices and putting policies into place, companies that care about their social responsibility constantly think about how they will affect other stakeholders (Zaman et al., 2022).

DEPENDENT VARIABLE

Business Practices:

"Business practices" are a need for companies to operate ethically. People will appreciate the company more if one treats them with openness, honesty, and justice in all that anybody does. One must be trustworthy if they treat their workers fairly, follow the rules, and conduct their company honestly. It is vital to communicate effectively, take responsibility, and strive for improvement. Good things come to those who run their businesses with a conscience and a commitment to social responsibility and environmental protection. Achieving a competitive advantage requires creative and effective solutions. The public has more faith in organisations that are forthright about their finances and hold themselves to account. A firm may better defend its interests by maintaining secrecy and securing its intellectual property. In today's international market, understanding other cultures and regulations is crucial for growing the organisation and interactions with other firms. Consistent growth, satisfied employees, and devoted consumers are the results of sound company operations. There is a growing trend towards the success and reputation maintenance of honest businesses (Rahi et al., 2024).

• Relationship between CSR and business practices:

There is a significant link between CSR and how companies operate since CSR has an impact on how firms conduct themselves ethically, socially, and environmentally. CSR is a promise that a business will do more than merely make money. Being a responsible employer, exhibiting good care of the surroundings, and becoming active in the community are all examples of this. Companies who include CSR in their business perceive more trust from stakeholders, more good referrals about their company's name, and more devoted consumers. Companies that implement CSR principles generally

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do better as they spend less, take better care of their resources, and make certain they obey the regulations. People who manage a company should also be truthful, treat their employees well, and get their supplies from places that are fair. This might help them get excellent customers and workers. Companies who are concerned about CSR are also more inclined to see hazards to people and the environment. This leads to more steady growth over the long run. Organisations follow CSR if they want to conduct business in a manner that is beneficial for people and the planet. This change makes a business more competitive and helps the environment and society at the same time. When companies combine their CSR with their main business aims, they produce shared value. This lets them make money while simultaneously serving the needs of society. So, CSR is not only the right thing to do, but it is also a smart way to help a business succeed in the long run (Singh & Misra, 2022).

Based on what has been said so far, the researcher has developed a subsequent hypothesis to estimate the relationship between CSR and business practices:

- “H01: There is no significant relationship between CSR and business practices.”
- “H1: There is a significant relationship between CSR and business practices.”

Table 2: H₁ ANOVA Test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81992.372	236	8079.571	1107.245	0.000
Within Groups	807.413	451	7.297		
Total	87291.142	687			

The outcome is meaningful in this research. With a p-value of .000 (less than the .05 alpha level), the value of F approaches significance with a value of 1107.245. This means the “H1: There is a significant relationship between CSR and business practices” is taken, and the null hypothesis is rejected.

DISCUSSION

It was established by the findings of this research that CSR had a substantial influence on the method in which firms carry out their operations. According to the results of a statistical research, CSR initiatives had a substantial link to the achievement of an organisation in the domains of ethical behaviour, society, and sustainability. Companies who participated in CSR activities were more trustworthy with their clients, made better use of their resources, and had stronger connections with their clients. The outcomes of the research indicated that CSR made businesses seem more successful, increased the happiness of people, and contributed to the overall success of the companies. Moreover, it was able to attract investors who were interested in the morality of the company as well as its obligation to the ecology of the environment. Companies who followed worldwide leadership guidelines not just did the proper thing, yet they also generated more money and were better than their rivals. The findings were consistent with other research indicating that CSR might enhance profitability and ensure long-term stability for organisations. The research also found that CSR led to new ideas and better

handling of risks by getting workers interested in environmental and social problems. Asian companies who followed global CSR regulations had stronger reputations and access to international markets. The research claimed that CSR has made company operations more transparent, long-lasting, and accountable. This is wonderful news for both individuals and companies.

CONCLUSION

The research showed that CSR made corporate operations much better. The results indicated that companies who actively participated in CSR conducted their operations in a more ethical, efficient, and sustainable manner. CSR programs helped businesses stay in business for a long time, build trust with stakeholders, and be responsible. Companies who integrated CSR with global management norms experienced more innovation, worldwide recognition, and competitiveness. CSR programs that helped the firm grow led to better handling of risks, more dedicated employees, and more loyal customers. The research said that Chinese companies who follow global CSR rules are more likely to do well in the long run in the

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international market, which is becoming more competitive. In short, CSR was an instrument of strategy that encouraged responsible governance, improved financial performance, and made sure that businesses would be there for a long time. It was also a moral duty by and of its own right.

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