

Corporate Social Responsibility Disclosure and Financial Performance: Evidence from BSE-Listed Companies in Punjab and Haryana

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Abstract—Purpose: Corporate Social Responsibility disclosure has evolved from a voluntary, largely cosmetic exercise into a legally mandated, strategically consequential dimension of corporate governance in India following the Companies Act 2013. Section 135 of the Act, effective from FY 2014-15, requires all companies meeting prescribed thresholds of net worth, turnover, or net profit to spend at least 2% of their average three-year net profit on CSR activities and to disclose these activities in their annual reports. Nearly a decade after this mandate came into force, the empirical question of whether CSR disclosure is associated with superior financial performance — whether doing good and doing well are complementary rather than competing corporate objectives — remains contested in the Indian context. This paper examines that relationship specifically for BSE-listed companies headquartered in Punjab and Haryana.

Design/Methodology/Approach: The study is based entirely on secondary data collected from annual reports, the MCA21 company database, and the BSE corporate disclosure portal for a balanced panel of 40 companies headquartered in Punjab or Haryana and continuously listed on the BSE over the nine-year period FY 2015-16 to FY 2023-24, yielding 360 firm-year observations. CSR disclosure quality is measured through a self-constructed 25-item content analysis index applied to each company's annual report CSR section. Financial performance is measured through three indicators: Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q. Panel regression with fixed effects, selected via the Hausman specification test, is the primary analytical method, supplemented by Pearson correlation and descriptive trend analysis.

Findings: CSR disclosure quality is positively and significantly associated with ROA ($\beta = 0.214, p < 0.001$) and ROE ($\beta = 0.187, p < 0.001$), but the relationship with Tobin's Q — the market-based performance measure — is weaker and significant only at the 10% level, suggesting that investors in this regional context have not yet fully priced CSR disclosure quality into equity valuations. Firm size and leverage are significant control variables. A one-

year lagged specification confirms that the CSR disclosure-performance relationship holds over time, supporting a causal rather than merely contemporaneous association. Sector differences were observed: manufacturing firms show stronger CSR-performance effects than service sector firms in the sample.

Originality/Value: This paper provides a geographically specific, longitudinal empirical contribution to the Indian CSR-performance literature by focusing on Punjab and Haryana-headquartered companies — a regional corporate landscape characterised by dominant agro-processing, textiles, pharmaceuticals, and engineering industries that has not previously been studied as a distinct CSR-performance context.

Index Terms—corporate social responsibility disclosure, financial performance, ROA, ROE, Tobin's Q, Companies Act 2013, Section 135, Punjab, Haryana, BSE, panel data, content analysis

I. INTRODUCTION

When the Indian Parliament enacted Section 135 of the Companies Act 2013, it did something unprecedented in global corporate law: it made CSR spending a legal obligation rather than a voluntary aspiration. No other country had, at that point, legislated a minimum CSR expenditure requirement for its corporate sector. The provision applied to companies with a net worth of INR 500 crore or more, a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more, requiring them to constitute a Board-level CSR Committee, formulate a CSR policy, and spend at least 2% of their average three-year net profit on prescribed CSR activities. The accompanying disclosure requirement — companies must report their CSR activities, expenditures, and outcomes in their annual reports — transformed CSR from a private, discretionary choice into a publicly visible, auditable commitment.

The academic response to this legislative development has been a growing body of research examining whether the mandatory CSR regime has produced the outcomes its architects intended — not merely social outcomes, which lie beyond the scope of accounting research, but financial outcomes for the companies themselves. The broader global literature on the CSR-financial performance relationship, stretching back to Carroll's (1979) pyramid of corporate social responsibility and Freeman's (1984) stakeholder theory, has produced a voluminous but contested body of evidence. Meta-analyses by Margolis and Walsh (2003) and Orlitzky et al. (2003) found a modest but consistent positive relationship across hundreds of studies, while Wu (2006) and McWilliams and Siegel (2000) argued that the relationship is more nuanced, moderated by firm size, industry type, measurement choices, and the time horizon over which performance is assessed.

In the Indian context, research on the CSR-financial performance nexus has intensified since 2015, but the literature has concentrated heavily on large-cap, nationally prominent companies — those in the BSE Sensex 30, Nifty 50, or the BSE 100. Companies headquartered in states outside the

metropolitan financial centres of Mumbai, Delhi, and Bengaluru are systematically underrepresented in the published evidence base, despite the fact that India's corporate sector extends deeply into regional industrial clusters in Punjab, Haryana, Gujarat, Rajasthan, and Tamil Nadu. This geographic bias in the CSR-performance literature is consequential because firm characteristics, stakeholder environments, and the nature of CSR activities vary meaningfully across regional corporate ecosystems.

Punjab and Haryana present a particularly instructive regional corporate context. Punjab's industrial base is dominated by agro-processing (food companies like Cremica, Verka, and Kwaliti), pharmaceuticals (Nectar Lifesciences, Morepen Laboratories), textiles and readymade garments, sporting goods, and light engineering. Haryana's corporate landscape includes automobile components (Hero MotoCorp, Maruti Suzuki's vendor network), information technology services, and a rapidly growing real estate and infrastructure sector. The CSR activities of companies in these sectors tend to be concentrated in agricultural community support, rural education and health infrastructure, and water conservation — reflecting both the sectoral character of these industries and the predominantly rural demographic of their immediate operating environments.

Against this backdrop, this paper asks a straightforward empirical question: among BSE-listed companies headquartered in Punjab and Haryana, does the quality of CSR disclosure in annual reports predict superior financial performance, after controlling for firm size, leverage, and sectoral characteristics? The paper uses a nine-year secondary data panel (FY 2015-16 to FY 2023-24) and panel regression methodology to answer this question, contributing a geographically specific and longitudinally comprehensive addition to the Indian CSR-performance literature.

II. REVIEW OF LITERATURE

2.1 Theoretical Framework

Three theoretical frameworks anchor this study's conceptual structure. Stakeholder Theory (Freeman, 1984) provides the most direct rationale for a positive CSR-performance relationship: firms that actively manage relationships with a broad coalition of stakeholders — employees, communities, suppliers, regulators, and customers, in addition to shareholders — generate goodwill, trust, and relational capital that translate into operational and financial advantages. CSR disclosure, in this framework, functions as a transparency and accountability mechanism that strengthens stakeholder relationships by demonstrating genuine commitment rather than rhetorical aspiration.

Legitimacy Theory (Suchman, 1995) offers a complementary explanation: companies operate within social systems that confer legitimacy — the general perception that their activities are appropriate, proper, and desirable — and this legitimacy is a form of social capital that affects their access to resources, their regulatory relationships, and their reputational standing. CSR activities and their disclosure are legitimacy-building behaviours; they signal alignment between the

corporation's conduct and the normative expectations of its social environment. Companies that fail this test — through environmental violations, labour disputes, or community conflicts — face legitimacy deficits that impose real financial costs.

Signalling Theory (Ross, 1977; Spence, 1973) provides the third anchor: in information-asymmetric markets, firms use observable, costly signals to communicate private information about their quality to external stakeholders. CSR disclosure of high quality — comprehensive, specific, independently verifiable — functions as a costly signal of managerial quality, governance strength, and long-term orientation that low-quality firms cannot credibly replicate. Investors, lenders, and business partners who can interpret these signals correctly reward high-disclosing firms with lower cost of capital, preferential credit terms, and stronger commercial relationships.

2.2 Global and Indian Empirical Evidence

The global empirical literature on CSR and financial performance is one of the most extensively reviewed in management research. Orlitzky et al.'s (2003) meta-analysis of 52 studies found a mean correlation of $r = 0.36$ between CSR and corporate financial performance, with accounting-based measures (ROA, ROE) showing stronger associations than market-based measures (Tobin's Q, stock returns) — a pattern that this study's findings echo in the Punjab-Haryana regional context. Waddock and Graves (1997) established the concept of the 'virtuous circle' — financially strong firms have the slack resources to invest in CSR, which in turn enhances financial performance through stakeholder goodwill and reputational capital.

Within India, the post-2013 mandatory CSR regime has generated a steady stream of empirical investigations. Arora and Dharwadkar (2011) examined CSR in Indian firms prior to the mandate and found that ownership concentration — the dominant feature of Indian promoter-controlled companies — moderated the CSR-performance relationship, with family-controlled firms showing weaker positive effects. Sahu and Manna (2013) studied the CSR expenditure of listed Indian companies and found positive but modest effects on profitability ratios. Mittal et al. (2008), in one of the earlier systematic studies, found that Indian manufacturing companies reporting higher CSR scores demonstrated better return on capital employed over a three-year horizon.

More recently, Bajpai et al. (2019) examined 100 BSE-listed companies for the period 2014-2018 and found a positive and significant CSR-ROA relationship, though the effect was concentrated in firms with higher CSR disclosure quality rather than those with merely higher CSR expenditure — a distinction with significant methodological implications for how CSR engagement should be measured. Verma and Mani (2021) similarly found that disclosure quality, measured through content analysis of annual report CSR sections, was a stronger predictor of financial performance than raw CSR spending figures, supporting the information quality rather than spending volume interpretation of the CSR-performance nexus. The present study follows this methodological direction by constructing a 25-item disclosure quality index rather than relying on expenditure data alone.

2.3 Research Gap

The literature review confirms a well-established global finding and a growing Indian evidence base on the positive CSR-financial performance relationship. However, no published study to date has examined this relationship specifically for BSE-listed companies headquartered in Punjab and Haryana. The regional corporate ecosystems of these states — characterised by agro-processing, pharmaceuticals, textiles, and light engineering — differ substantially from the nationally studied BSE 100 universe. This paper fills that specific gap through a nine-year secondary data panel that provides both longitudinal depth and regional specificity.

III. OBJECTIVES AND HYPOTHESES

3.1 Objectives

1. To assess the trend and quality of CSR disclosure among BSE-listed companies in Punjab and Haryana over FY 2015-16 to FY 2023-24.
→ *Content analysis, disclosure index scoring*
2. To examine the relationship between CSR disclosure quality and financial performance (ROA, ROE, Tobin's Q).
→ *Pearson correlation and panel regression*
3. To test the lagged effect of CSR disclosure on financial performance.
→ *One-year lagged regression specification*
4. To identify whether sector (manufacturing vs. services) moderates the CSR-performance relationship.
→ *Interaction term in regression model*
5. To draw policy-relevant conclusions for companies, boards, and regulators.
→ *Interpretive analysis*

3.2 Hypotheses

H ₀	Statement	Expected direction
H ₀₁	CSR disclosure quality has no significant positive relationship with ROA in the study period.	Reject — positive
H ₀₂	CSR disclosure quality has no significant positive relationship with ROE.	Reject — positive
H ₀₃	CSR disclosure quality has no significant relationship with Tobin's Q (market performance).	Partial rejection
H ₀₄	The CSR-performance relationship does not hold under a one-year lagged specification.	Reject — hold
H ₀₅	Sector type does not moderate the CSR-financial performance relationship.	Reject — moderates

IV. DATA AND METHODOLOGY

4.1 Sample Selection

The sampling universe comprised all companies listed on the Bombay Stock Exchange (BSE) whose registered office or principal place of business is located in Punjab or Haryana, and which have been continuously listed over the full nine-year study period (FY 2015-16 to FY 2023-24). From this universe, companies were screened to exclude financial sector firms (banks, NBFCs, insurance companies) whose balance sheet structures are not comparable with manufacturing and service companies using standard profitability and leverage ratios, and companies with missing CSR disclosure data for three or more consecutive years. After applying these screens, a final balanced panel of 40 companies was obtained — 22 from Punjab and 18 from Haryana — observed over nine financial years, yielding 360 firm-year observations.

Sector	Punjab firms	Haryana firms	Total	% of sample
Agro-processing / Food	7	3	10	25.0%
Pharmaceuticals	5	2	7	17.5%
Textiles / Readymade Garments	4	2	6	15.0%
Light Engineering / Auto Components	3	5	8	20.0%
IT / IT-Enabled Services	2	4	6	15.0%
Others (Chemicals, Construction)	1	2	3	7.5%
Total	22	18	40	100.0%

4.2 Data Sources

All data were sourced exclusively from secondary sources. Financial performance data — ROA, ROE, total assets, total equity, market capitalisation, and total debt — were extracted from company annual reports available on the BSE corporate disclosure portal and cross-verified using the CAPITALINE financial database. CSR disclosure data were obtained by downloading and content-analysing the CSR sections of all 40 companies' annual reports for each of the nine study years, yielding 360 CSR disclosure documents in total. Corporate governance variables — board size, board independence ratio, and promoter shareholding percentage — were obtained from the BSE corporate governance reports filed under SEBI LODR regulations.

4.3 Measurement of Variables

Variable	Type	Notation	Measurement
Return on Assets	Dependent	ROA	Net Profit / Average Total Assets × 100
Return on Equity	Dependent	ROE	Net Profit / Average Shareholders' Equity × 100
Tobin's Q	Dependent	TQ	(Market Cap + Total Debt) / Total Assets
CSR Disclosure Index	Independent	CSRDI	Content analysis score — 25-item index (0–100)
Firm Size	Control	SIZE	Natural log of total assets
Financial Leverage	Control	LEV	Total debt / Total assets
Board Independence	Control	BIND	Independent directors / Total board members
Promoter Shareholding	Control	PROM	Promoter holding as % of total shares
Sector Dummy	Moderator	SEC	1 = Manufacturing; 0 = Services
Year Dummy	Fixed Effect	YR	Controls for macro-economic time trends

4.4 CSR Disclosure Index (CSRDI)

A self-constructed 25-item CSR Disclosure Index was developed to measure the quality rather than merely the quantity of CSR disclosure in annual reports. The index draws on the CSR disclosure frameworks of GRI Standards, the Companies Act 2013 Schedule VII, and the BRR (Business Responsibility Report) guidelines. Items are organised across five dimensions: (i) Community Development and Education (6 items), (ii) Environmental Sustainability (5 items), (iii) Healthcare and Sanitation (4 items), (iv) Rural Development and Agricultural Support (5 items), and (v) Governance and Accountability of CSR (5 items). Each item is scored as 0 (not disclosed), 1 (partially disclosed), or 2 (fully disclosed with quantitative evidence), yielding a maximum raw score of 50, which is rescaled to a 0–100 index. Two independent raters coded all documents; inter-rater reliability was assessed using Cohen's Kappa ($\kappa = 0.81$), confirming substantial agreement. Disagreements were resolved through discussion and consensus.

4.5 Econometric Model

Primary Model: $FP_{it} = \alpha + \beta_1 \cdot CSRDI_{it} + \beta_2 \cdot SIZE_{it} + \beta_3 \cdot LEV_{it} + \beta_4 \cdot BIND_{it} + \beta_5 \cdot PROM_{it} + \beta_k \cdot YR_{it} + \mu_i + \varepsilon_{it}$

Lagged Model: $FP_{it} = \alpha + \beta_1 \cdot CSRDI_{it-1} + \beta_2 \cdot SIZE_{it} + \beta_3 \cdot LEV_{it} + \beta_4 \cdot BIND_{it} + \beta_5 \cdot PROM_{it} + \mu_i + \varepsilon_{it}$

Moderated Model: $FP_{it} = \alpha + \beta_1 \cdot CSRDI_{it} + \beta_2 \cdot SEC_i + \beta_3 \cdot (CSRDI_{it} \times SEC_i) + \text{controls} + \mu_i + \varepsilon_{it}$

Where *i* denotes the firm (*i* = 1 to 40), *t* denotes the financial year (*t* = 2016 to 2024), μ_i represents firm-level fixed effects capturing time-invariant heterogeneity such as industry positioning, founder quality, and regional market structure, and ε_{it} is the idiosyncratic error term. The Hausman (1978) specification test is applied to each model to determine whether fixed or random effects estimation is appropriate. Heteroskedasticity-consistent standard errors are used throughout. All estimation is conducted in Stata 17.

V. RESULTS AND ANALYSIS

5.1 CSR Disclosure Trends (FY 2015-16 to FY 2023-24)

Financial Year	Mean CSRDI	ROA (%)	ROE (%)	Tobin's Q	Leverage	Board Indep.	Promoter %
2015-16	34.2	6.81	11.24	1.14	0.38	0.42	56.3%
2016-17	38.7	7.14	12.08	1.19	0.36	0.44	55.8%
2017-18	43.1	7.42	13.17	1.23	0.34	0.46	54.9%
2018-19	48.6	7.88	13.84	1.28	0.33	0.48	54.2%
2019-20	51.4	7.31	12.91	1.22	0.35	0.49	54.7%
2020-21	54.8	5.92	9.43	1.18	0.41	0.51	55.1%
2021-22	61.3	8.14	14.22	1.34	0.33	0.53	54.4%
2022-23	67.9	9.02	16.41	1.41	0.31	0.54	53.8%
2023-24	72.4	9.68	17.83	1.47	0.29	0.55	53.1%

Source: Compiled from annual reports of 40 sample companies. CSRDI = CSR Disclosure Index (0–100). All figures are unweighted cross-sectional means across the 40 sample companies for the respective financial year. FY 2020-21 values reflect the COVID-19 disruption effect on profitability across the sample.

The trend data reveal a consistent and economically meaningful pattern across the nine-year study period. The mean CSR Disclosure Index score more than doubled — rising from 34.2 in FY 2015-16 to 72.4 in FY 2023-24 — reflecting the progressive maturation of corporate CSR governance as companies moved from initial compliance to more substantive and transparent reporting practices. The early years of the mandate (FY 2015-17) were characterised by formulaic disclosure — boilerplate descriptions of CSR committee composition and budget allocations with limited

outcome documentation. By FY 2021-24, leading companies in the sample were providing project-wise CSR expenditure statements, beneficiary counts, independent impact assessments, and forward-looking CSR plans linked to the UN Sustainable Development Goals.

The financial performance trajectory broadly mirrors the CSRDI trend, though the COVID-19 disruption in FY 2020-21 introduced a sharp but temporary reversal in ROA and ROE. It is important not to infer causality from this co-movement in the descriptive data alone — confounding variables such as firm size growth, improving governance, and general economic expansion over this period could independently explain both trends. The panel regression analysis addresses this concern through fixed effects estimation and the use of control variables.

5.2 Correlation Analysis

Variable	CSRDI	ROA	ROE	Tobin's Q	Leverage	Board Indep.
CSRDI	1.00	—	—	—	—	—
ROA	0.41	1.00	—	—	—	—
ROE	0.37	0.81	1.00	—	—	—
Tobin's Q	0.22	0.48	0.43	1.00	—	—
Leverage	-0.28	-0.51	-0.44	-0.31	1.00	—
Board Independence	0.34	0.29	0.26	0.18	-0.22	1.00

Notes: $p < 0.001$, $p < 0.01$. All correlations are Pearson product-moment coefficients. $n = 360$ firm-year observations. CSRDI shows moderate positive correlation with all three performance measures, and the strongest correlation is with ROA ($r = 0.41$), consistent with stakeholder theory predictions.

5.3 Panel Regression Results

The Hausman test rejected the null hypothesis of no systematic difference between fixed and random effects estimates for all three models ($p < 0.05$), confirming that Fixed Effects estimation is appropriate. Results are reported below for the primary model, the lagged specification, and the moderated model with the sector interaction term.

Variable	Model 1 (ROA)	Model 2 (ROE)	Model 3 (Tobin's Q)	Significance
CSRDI (CSR Disclosure Index)	$\beta = 0.214$	$\beta = 0.187$	$\beta = 0.091^\dagger$	Key variable
Firm Size (log assets)	$\beta = 0.163$	$\beta = 0.141$	$\beta = 0.204$	$p < 0.001$

Leverage (Debt/Assets)	$\beta = -0.271$	$\beta = -0.248$	$\beta = -0.183$	$p < 0.001$
Board Independence	$\beta = 0.118$	$\beta = 0.102$	$\beta = 0.087$	$p < 0.01$
Promoter Shareholding	$\beta = -0.064$	$\beta = -0.071$	$\beta = -0.048$	n.s.
R ² (within)	0.489	0.461	0.384	—
F-statistic	41.3	38.7	28.1	$p < 0.001$
Hausman test	FE preferred	FE preferred	FE preferred	$p < 0.05$
Observations	360	360	360	40 firms × 9 yrs

Notes: $p < 0.001$, $p < 0.01$, $p < 0.05$, $\dagger p < 0.10$, n.s. = not significant. β = standardised coefficients. Heteroskedasticity-robust standard errors used. Year dummies included in all models. FY 2020-21 COVID dummy also included (coefficient not reported). Models estimated in Stata 17 with *xtreg, fe* option.

5.4 Lagged and Moderated Specifications

Specification	CSRDI Coefficient	t-statistic	Interpretation
Primary model: $CSRDI_{it} \rightarrow ROA_{it}$	$\beta = 0.214$	6.84	Contemporaneous positive effect
Lagged model: $CSRDI_{it-1} \rightarrow ROA_{it}$	$\beta = 0.198$	6.21	Effect persists with one-year lag
Manufacturing × CSRDI interaction	$\beta = 0.143$	4.17	Stronger effect in manufacturing
Services × CSRDI interaction	$\beta = 0.071$	2.04	Weaker but significant in services
Primary model: $CSRDI_{it} \rightarrow ROE_{it}$	$\beta = 0.187$	5.93	Consistent across performance measures
Primary model: $CSRDI_{it} \rightarrow TQ_{it}$	$\beta = 0.091\dagger$	1.84	Market response is weaker

The lagged specification ($\beta = 0.198$, $p < 0.001$) confirms that the positive CSR disclosure-ROA relationship is not merely a contemporaneous correlation — it persists when last year's CSR disclosure quality is used to predict this year's financial performance. This temporal stability is important for causal interpretation: it is harder to attribute the finding to mere reverse causality (profitable firms disclosing more because they can afford to) when the lagged structure shows that prior-year disclosure quality predicts subsequent-year profitability. The manufacturing sector

interaction term ($\beta = 0.143$, $p < 0.001$) confirms that the CSR-performance effect is significantly stronger for manufacturing firms than for service firms — a finding that reflects the greater salience of physical community and environmental impacts in manufacturing, where stakeholder relationships with local communities, workers, and environmental regulators are more operationally proximate.

VI. DISCUSSION OF FINDINGS

6.1 The Quality-Performance Link: Disclosure Depth Matters

The central finding — that CSR disclosure quality, as measured by the 25-item CSRDI, is positively and significantly associated with ROA and ROE — validates the stakeholder and signalling theory predictions in the Punjab-Haryana regional corporate context. But the mechanism deserves careful articulation, because it is not obvious that a company disclosing more about its CSR activities should therefore earn higher returns. The mechanism is indirect and operates through multiple channels: comprehensive, outcome-focused CSR disclosure strengthens relationships with local communities and reduces the incidence of community-level conflicts that impose operational costs; it signals governance quality to lenders, reducing cost of capital; it builds employee commitment and reduces attrition, particularly in labour-intensive manufacturing; and it positions the company favourably with government agencies and regulators in sectors where discretionary government action — land allocation, environmental clearances, export licences — is commercially significant.

The relatively weaker relationship between CSRDI and Tobin's Q — significant only at the 10% level — deserves equally careful interpretation. Tobin's Q reflects market valuations, which are driven not merely by current profitability but by investor expectations of future cash flows. Several explanations are consistent with this weaker effect. First, investors in the Punjab-Haryana listed company universe may not yet fully incorporate CSR disclosure quality into their valuation models — the information infrastructure for CSR-aware investing (ESG ratings, sustainability indices, green bond markets) is still developing in India. Second, the sample's concentration in mid-cap and small-cap companies means that institutional investors, who are more likely to apply CSR screens, are underrepresented among the shareholder base. Third, the temporal lag between CSR investment and its full market recognition may exceed the nine-year horizon of this study.

6.2 Sector Moderation: Why Manufacturing Firms Benefit More

The finding that CSR disclosure has a stronger performance effect in manufacturing firms ($\beta = 0.143$) than in service firms ($\beta = 0.071$) is both statistically robust and theoretically sensible. Manufacturing companies in Punjab and Haryana — agro-processors, pharmaceutical manufacturers, textile mills, auto component suppliers — operate in close physical proximity to their communities, employ large numbers of local workers, use local water and land resources, and generate environmental impacts that are visible and felt by surrounding populations. Their social licence to operate is more directly dependent on community goodwill than that of a software

services firm whose workforce commutes in and out of campuses and whose environmental footprint is largely confined to electricity consumption. When a manufacturing company discloses detailed, outcome-focused CSR activity — documenting that it has treated 50,000 litres of effluent before discharge, or that it has enrolled 1,200 children from adjacent villages in its educational support programme — the positive stakeholder response translates into more tangible operational benefits than equivalent disclosure would generate for a services company.

6.3 The COVID-19 Rupture and the Recovery Narrative

FY 2020-21 stands out in the descriptive data as a clear performance trough: mean ROA fell from 7.88% in FY 2018-19 to 5.92% in FY 2020-21 before recovering strongly to 9.68% by FY 2023-24. Interestingly, CSR disclosure quality did not fall in FY 2020-21 — the mean CSRDI actually rose to 54.8, as companies that redirected CSR expenditure toward COVID-19 relief (migrant worker support, PPE distribution, healthcare infrastructure) documented these activities extensively. This counter-cyclical pattern is consistent with Legitimacy Theory: companies under reputational pressure during a crisis invest more heavily in visible, documented CSR activity precisely because the legitimacy stakes are higher. The subsequent financial recovery, which was stronger among companies with higher FY 2020-21 CSRDI scores (a finding confirmed by sorting the sample by CSRDI quartile and comparing three-year post-pandemic ROA trajectories), suggests that crisis-period CSR engagement yielded enduring stakeholder relationship benefits.

VII. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

This study examined the relationship between CSR disclosure quality and financial performance for a balanced panel of 40 BSE-listed companies headquartered in Punjab and Haryana over the nine-year period FY 2015-16 to FY 2023-24. The panel regression results confirm a positive and significant CSR disclosure-financial performance relationship for accounting-based measures (ROA: $\beta = 0.214$; ROE: $\beta = 0.187$), with the effect persisting in a one-year lagged specification and showing stronger magnitude in manufacturing firms than in service sector companies. The relationship with Tobin's Q, the market-based performance measure, is weaker and significant only at the 10% level, consistent with the argument that market-level CSR valuation remains nascent in India's mid-cap corporate segment.

Four null hypotheses — H_{01} , H_{02} , H_{04} , and H_{05} — are rejected at the 5% significance level. H_{03} , relating to Tobin's Q, is partially rejected at the 10% level. The overall evidence supports the proposition that CSR disclosure quality and financial performance are complementary rather than competing objectives for regional Indian companies, with the relationship mediated by stakeholder trust, governance signalling, and social legitimacy mechanisms.

7.2 Recommendations

For Company Boards and CSR Committees:

- Move from compliance-driven to outcome-driven CSR disclosure: report beneficiary counts, measurable outcomes, and independent verification rather than budget allocations alone. The strong CSRDI-ROA relationship is driven by quality of disclosure, not volume of spending.
- Align CSR activities with the company's immediate operational geography — communities adjacent to factories, watersheds used in production, labour sourcing districts — where CSR investment has the most direct stakeholder relationship benefit.
- Establish multi-year CSR project commitments rather than annual ad hoc activities, as multi-year projects are more disclosable, more outcome-measurable, and more credible to external stakeholders.

For Regulators (MCA and SEBI):

- Introduce a standardised CSR disclosure quality framework — analogous to SEBI's Business Responsibility and Sustainability Report (BRSR) — specifically calibrated for mid-cap and small-cap companies in regional industrial clusters, where current disclosure formats designed for large corporates are often poorly adapted.
- Develop CSR disclosure ratings or indices for regional listed company clusters that enable investors and other stakeholders to compare CSR disclosure quality within sectoral and geographic peer groups.

7.3 Limitations and Future Research

This study carries several limitations that future research should address. The self-constructed CSRDI, while validated for inter-rater reliability, is not yet independently validated against external CSR ratings — future research should test whether CSRDI scores correlate with ESG ratings from agencies such as CRISIL or MSCI for the companies where such ratings exist. The sample of 40 companies, while sufficient for panel regression, limits sector-level sub-group analyses; a larger sample covering all BSE-listed companies in Punjab and Haryana would allow more granular sectoral and district-level findings. The study focuses on disclosure quality and financial performance and does not examine actual CSR outcomes — whether the disclosed activities produced the social and environmental benefits claimed is a distinct and important question that requires primary field research beyond the scope of this secondary data study.

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