CHAPTER 1 INTRODUCTION

This introduction chapter focuses on the following: theoretical background of Corporate Social Responsibility, Corporate Social Responsibility in India, introduction to Stock Broking firms, theoretical background of financial performance of stock broking firms, scope of the study, need of the study, statement of the problem, objective of the study and also the introduction to the research methodology used in the study.

1.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

According to AupperJe, CarroIJ, and Hatfield (1985), the reason for compounding difficulties in studying corporate social responsibility has been the “lack of an effort to empirically test definitions, propositions, and concepts: researchers have tended to create their own measures rather than to use one of the many pre-existing definitions in the literature”. Not only has this hindered inter-study comparisons and analyses; it has limited development of a research base in the social issues area.

According to Nuanlaong Attharangsun & Yongyut Ratchatawetchakul (2012), the concept about corporate social responsibility has been issued to study for a long time.

Yongtae Kim, Myung Seok Park, Benson Wier (2010) claimed Corporate social responsibility is an issue of growing interest, and the reporting of socially
responsible activity is becoming more prevalent as investors, customers and other stakeholders demand greater transparency about all aspects of business. As the importance placed by stakeholders on socially responsible behaviour has increased, the attitude toward CSR has changed dramatically over the last few decades.

The extract from Seong Cho, Cheol Lee, and Cheong K. Park (2012), study on “Measuring corporate responsibility” quote recent financial crises and a growing call for sustainability reporting guidelines like those from the Global Reporting Initiative (GRI) have placed pressure on corporate executives to provide the public with information that goes beyond a company’s standard financial reports. These nonfinancial performance measures are more important than a company’s current economic performance in creating long-term shareholder value, according to a survey of top executives (“Management Barometer Survey,” PricewaterhouseCoopers, 2002). These reports are often evaluated, and a company’s performance of corporate social responsibility is generally quantified by rating agencies. They also specify accordingly, researchers and business professionals have begun to focus on this new kind of nonfinancial measurement.

According to Lalit Jain (2013), Senior Vice President & Company Secretary of Jubilant Life Science Ltd CSR establishes better practices within the firm and thereby creates wealth and improves society. According to him the CSR is expressed as various terms as stated below.

- Corporate responsibility
- Corporate accountability
- Corporate ethics
- Corporate citizenship
- Sustainability
- Stewardship
- Triple bottom line
- Responsible business
The 3 P’s include People, Profit and Planet.

According to Sweeney (2009), based on his research relationship between CSR and Financial Performance is the largely debated area of CSR. He concluded in his study that CSR is considered significant for both large and small organisations. He also pointed out in his literature that the term CSR has many definitions and it is considered best defined in the “stakeholder theory”. He also concluded that the term is widely used in referring to social and environmental actions of the organisation. He noted in his study that firms use alternative terms to CSR like community relations, environmental policy, health and safety, ethical responsibility and sustainability.

Warm Glow theory states that “feeling of doing good” is the driving factor for “the act of giving” even though the past research proves the tax benefits is the vested interest (David Leonhardt, 2008). 4imprint Blue paper (2010) quotes this feeling good theory has been extended to business world. The customer has an incentive if buys it from a company that acts ethically. The blue paper states there is an uptake during 1990’s and early 2000’s and few called it as “corporate social
responsibility” others call as “corporate philanthropy” or “corporate citizenship”. It is also considered as a means to source funds. The paper specifies the corporate social responsibility is frequently referred to as “CSR” was a “means to market the brand in a new way”. The paper also quotes that CSR is no more a “trend” and it is an “expectation” of the customer. The paper concludes that business continues to see positive growth from their CSR efforts, such as: enhancement in reputation, increase in sales and increase in customer loyalty, strengthened relationships and wide market share, increase in competitive edge, peace of mind & complete satisfaction.

Tracey Swift & Simon Zadek (2002), clearly states today's global economy provides opportunities for increased international trade for the creation of wealth, in addition to new challenges to develop trading relationships that deliver in support of the UN's Millennium goals of reducing poverty and ensuring greater environmental security. In early July 2002 European commission adopted a policy paper “CSR, a business contribution to sustainable development”. According to the Account Ability research in 2002 below are the dimensions of CSR: Human rights, Working conditions, Equality and diversity, Consumer protection, Environment and health impacts, Economic development, Ethical business practices, Lobbying and political influence, Businesses’ role in conflict zones.

Ray Broomhill (2007) clarifies that Corporate Social Responsibility is prominent in recent years but has been approximately widespread for more than fifty years.

According to Zhi Tang, Clyde Eirikur Hull & Sandra Rothenberg (2011) the benefits of Corporate Social Responsibility to Corporate Financial Performance have been debated over decades and several amendments to improve the modelling of this relationship have been proposed.

In contrary David Henderson (2001) considers CSR as a threat to prosperity for both rich and poor countries. He stresses that it will reduce the competition and hence undermines the market economy.
NGO’s & CSO’s are engaged in the following activities according to Peter, Utting (2003); Watchdog activism, Consumer activism, Shareholder activism, Litigation, Critical research, public education

Sweeney et al. (2008) presents a paper to explain how CSR has to be reported. The paper considers annual report as one of the mode of communication of the CSR activities.

1.2 CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Lalit (2013) in his journal specified all CSR policies should cover the following

“Care for stakeholders”

“Respect for worker’s Rights and Welfare”

“Ethics”

“Human Rights”

“Environment”

“Social Development”

Lalit Jain is a Senior Vice President and Company Secretary of Jubilant Life Science Ltd CSR. According to Lalit Jain the CSR can help the organization in the following: enhanced brand image and reputation, superior social acceptance, improved impact on customers, Ability to attract more investors, Ability to attract and retain employees, Governmental support and Better valuation

Based on the empirical survey carried out in India by German development institute, CSR has become a sustainable business strategy. The trends of CSR are changing from charity to responsibility in India was one of the finding of KPMG (2008) in association with ASSOCHAM. In the global front, according to
Norwegian ministry of foreign affairs, companies are not just functioning in a market; they are also functioning within a culture, a local community and a political system. The debate surrounding corporate social responsibility (CSR) is concerned with the role companies play in this broader social context.

SEBI vide its recent circular has made it compulsory for peak hundred listed firms to account certain significant information as measurement of their business responsibility like CSR spending as a percentage of its net profit, the number of stakeholders’ complaints received and resolved, details of any pending case filed by stakeholder against any unfair trade practice, irresponsible advertising or anti-competitive behaviour adopted by the company.

According to Tatjana (2006), CSR schedule in India is mainly community development and philanthropic activities. The research also confirms that CSR is now considered as a main agenda of the business process in India. According to the research there has been 4 phases of CSR development in India as explained in the below table

<table>
<thead>
<tr>
<th>Phase</th>
<th>Development</th>
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<tbody>
<tr>
<td>Phase 1</td>
<td>CSR as Charity and philanthropy development</td>
</tr>
<tr>
<td></td>
<td>Phase 1 was during the industrial revolution</td>
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<tr>
<td>Phase 2</td>
<td>CSR as Social Development</td>
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<td></td>
<td>Phase 2 during independence struggle</td>
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<tr>
<td>Phase 3</td>
<td>CSR under the mixed economy paradigm</td>
</tr>
<tr>
<td></td>
<td>Phase 3 after independence struggle</td>
</tr>
<tr>
<td>Phase 4</td>
<td>CSR in a “confused state”</td>
</tr>
<tr>
<td></td>
<td>Phase 4 is the current phase ie globalised world</td>
</tr>
</tbody>
</table>
Researcher explains that the first phase was mainly based on religion, culture and industrialisation. The second phase was influenced by Mahatma Gandhi’s during the independence struggle, which was based on “theory of trusteeship”. The Indian industries participated in social and institutional development. During the third phase the public sector units, labour and environmental standards evolved. This phase signifies the shift from corporate self regulation to public and legal regulation. Corporate governance, labour and environmental issues became the centre stage agenda for politics and became legislature once it was accepted by all. The fourth phase was from 1980 until the present. Multi stakeholder approach is accepted and the tradition philanthropic engagements got abandoned to some extent. After 1990, the government through its new industrial revolution tried to integrate the Indian business to the global business. Control and strict licence system was partly abolished. This led to an industrial revolution and rapid growth. The industries have increased profit, which they can spend to public or the government expenditure. This has affected the basic agenda of CSR and it’s on a confused state. The confused state is because the philanthropic philosophy is not completely abolished and remains in many on the Indian firms. The understanding of CSR is on a puzzled state because of the shift from traditional to profit oriented approach. In spite of all these shifts community still a major agenda in CSR.

Tatjana (2006) also proved that CSR is considered important factor of sustainable business strategy. The study also states that many of the Indian industry do not consider employees as one of the stakeholders while framing the CSR agenda, only the society and environment is considered. Only the public sector units consider CSR as philanthropic. This explains the role of the public sector companies in India. Only 20% of the respondents of the study consider the internal factors like employees, working condition refer as CSR activities, while 80% consider only the external stakeholders as their understanding of CSR. The external activities include Village development, mainly education, health and training.
1.3 STOCK BROKING

Capital Market exists when there is an exchange of capital. The capital is in the form of money or property. The tenure of investment is long in capital market when compared to the money market. The risk in capital market is also considered to be very high as the uncertainty is more because of the long tenure. The risk and return are in proportion i.e. more risk will yield more return in comparison with the money market, where the risk is less and hence the return is also less.

Capital Market can be classified as Primary Market and Secondary Market. Primary market is a market known for acquiring capital called as initial public offer. The investors invest in the form equity through the primary market. These investors earn corporate action benefits based on the company’s performance and also can sell the equity share in the secondary market. The secondary market is a place where the investor can transfer their ownership and make good the profit known as capital gains. The entities who want funds for their projects could be company’s or government organisations. The entities that provide capital could be individual investors or institutions.

![Figure 1.2 Securities Market](image)

**Figure 1.2 Securities Market**
No Capital Market would exist without the secondary market. The opportunity to trade in secondary market only keeps the primary market active. The secondary market provides the ability to transfer the ownership to another individual or institutions which has the appetitive for the risk.

The Capital Markets trade on various types of securities. Securities are basically financial instruments which are tradable and transferable. The secondary market involves various market infrastructure entities which support in trading.

The Various Market Infrastructure Entities for the primary and secondary market.

Below is the list for primary market entities:

- Underwriter
- Issuer
- Investment Manager

The other entities include regulator, exchange in which the security is listed and depositary at which the security is listed. One security can be listed in more than one exchange and depositary.

Below is the list for the secondary market entities:

- Exchange
- Regulator
- Stock Broker
- Depositary
- Custodian
- Depositary Participant
- Clearing house
- Clearing Member
Exchange: A place where the order gets matched into trade. All brokers and dealers eligible for trading are connected to the exchange. There are various means by which they can be connected, which includes VSAT, broadband, VPN, etc.

A country can have more than one exchange as approved by the regulator. Introduction to National level Exchanges & Regional Exchange is provided in Appendix

Regulator: The capital market is considered to be one of the most regulated industries which are governed by the stock market regulator. The regulator approves grants for the Exchange, Clearing House, Depositary, Stock Brokers, Custodians, etc. They also monitor these entities and penalise them if necessary on compliance grounds.

Stock Broker: Stock broker is a registered member of an Exchange. Stock Broker can be a proprietary (individuals) or institutions (company). One stock broker can have membership in multiple exchanges.

The eligibility criteria are defined by the exchange over and above the general regulations as stipulated by the regulator. Any entity (individual/institution) interested in the stock broking business has to submit all required documents to the exchange and regulator. The exchange and the regulator on accessing the stock broker application grants permission and assign a unique number to the stock broker.

Both the exchange and the regulator monitor and request for periodical reports (daily, monthly, yearly). The stock broker is obliged to respond to the request of the exchange and the regulator. Both the exchange and the regulator have the right to cancel the membership of the stock brokers on various grounds of compliance.
The stock broker can open any number of outlets within the permitted area of the exchange. All details of the outlet including the certified dealer details need to be provided to the exchange.

The stock brokers can also have sub brokers under them whose application also go through all necessary scrutiny by the exchange and the regulator. The exchange and the regulator assign a unique sub broker number on approval. All brokerage profits earned by the sub broker are shared with the main broker. The main broker deposits the base capitals and additional base capital necessary for getting the limits from the exchange on behalf of the sub broker.

All margins collected by the sub broker are also deposited with the main broker. The client registration of sub broker happens through the approval of the main broker after due submission of the “know your client” documents.

Depositary: In modern day stock broking business the settlement happens within two to three days from the trade happens. This is made possible through depositary. Depositaries are banks for the securities, where all securities are held in electronic form.

Custodians/Depositary Participant: Depositary participants are members of the depositary. Globally depositary participants are referred as custodians. Depositary participants support the investors by opening “demat” account to maintain the custody of their holdings. They also help in corporate action processing and settlement.

There are different types of corporate action benefits in the market like the dividends, Bonus, right issue etc. The corporate action can be broadly classified as Mandatory & Voluntary Corporate Action

Clearing House: Clearing house is one of the key stakeholder in Market Infrastructure space, which helps to compute the obligations of the client. A clearing house is associated with an Exchange. A clearing house can be associated
with more than one exchange. In India, each exchange has their own clearing house.

In the trade life cycle, once the trade is executed in the exchange, it flows to the clearing house where the trades are novated and the clearing house acts as the central counter party of both the legs of the trade.

The security and cash obligations for both the buyer and seller are computed in the clearing house. The settlement instruction is then sent to the depository for securities and to the bank for cash settlement.

Clearing Member: Clearing Member’s is registered member of a clearing house. All stock brokers who have the trading membership in an exchange must have an associated clearing member. One individual or institution can be a trading member, clearing member or both. All margin payments, base capital and additional base capital payments happen through the clearing member. The daily settlements are referred to as pay in & pay out in Indian markets.

<table>
<thead>
<tr>
<th>Table 1.2 Market Infrastructure Entities</th>
<th>Indian Market (examples)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Infrastructure Entities</strong></td>
<td><strong>Indian Market (examples)</strong></td>
</tr>
<tr>
<td>Regulator</td>
<td>Securities Exchange Board of India</td>
</tr>
<tr>
<td>Exchange</td>
<td>National Stock Exchange (Introduction to National &amp; Regional Exchange is provided in Appendix)</td>
</tr>
<tr>
<td>Clearing House</td>
<td>National Stock Exchange Clearing Corporation Ltd</td>
</tr>
<tr>
<td>Depositary</td>
<td>National Securities Depositary Ltd</td>
</tr>
<tr>
<td>Stock Broker (Trading Member, Clearing Member &amp; Depositary Participant)</td>
<td>Karvy Stock Brokers</td>
</tr>
</tbody>
</table>
Market Segment: There are basically two market segments for the exchange traded instruments ie Spot Market & Derivatives Market

Spot Market is a market place where the underlying security is traded. The settlement from the seller to the buyer happens based on the settlement cycle ie trade date + n days. Any default in settlement will lead to penalty for the party who defaults.

Derivatives Market is a market place where the underlying security is not traded but the value of the trade derives its value from the underlying. The underlying could be an equity, bond, interest rate, commodity, weather, etc. There are three types of participants in derivatives market ie hedger, speculator and arbitrageur.

Apart from the stock exchange, there also exist a bilateral market called as the over the counter market. In this market the buyer and seller come together and negotiate the deal in terms of price, quantity, quality, time, etc. This deal is not governed by an exchange or regulator hence encompasses credit risk.

<table>
<thead>
<tr>
<th>Table 1.3 Stock Exchange Vs Over the Counter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stock Exchange</strong></td>
</tr>
<tr>
<td>Organized market with specific and detailed trading rules</td>
</tr>
<tr>
<td>Exchange defines the rules of the game and enforces them</td>
</tr>
<tr>
<td>Highly transparent</td>
</tr>
<tr>
<td>Quotes and prices are available very rapidly by numerous services</td>
</tr>
<tr>
<td>Less credit risk</td>
</tr>
</tbody>
</table>
As on date, in India there are 21 stock exchanges under the preview of SEBI, the regulator. The major stock exchanges include National Stock Exchange of India (NSE), Bombay Stock Exchange (BSE) and MCX- Stock Exchange of India (MCX-SX). The trading in stock exchanges is considered as secondary market. In an Indian Market scenario trades are executed through the intermediary called stock brokers. Stock brokers and sub brokers are governed by SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. According to SEBI regulation stock broker is “a person having trading rights in any recognized stock exchange and includes a trading member”.

Figure 1.3 Trade Life Cycle
The stock broker holds the membership in a stock exchange and abides by all rules and regulation of the exchange. The stock brokers can be a Sole proprietorship, partnership, corporate body or financial institution.

Securities and Exchange Board of India (stock-brokers and sub-brokers) regulations, 1992 defines stock brokers as “member of a stock exchange” The stock exchange is a place where the orders are getting executed. According to the regulator Securities and Exchange Board of India there are 21 stock exchanges in India.

This includes national level and regional stock exchanges. National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchange Ltd. (BSE) and MCX-Stock Exchange Ltd. (MCX-SX) are the 3 National level stock exchanges.

These national level exchanges contribute to the major volume in India in terms of number of listed securities, volume and also in terms of number of stock broker participants & investors/traders.

The Securities and exchange board of India (stock-brokers and sub-brokers) regulations, 1992 defines sub broker as “any person not being a member of stock exchange who acts on behalf of a stock broker as an agent or otherwise for assisting the investors in buying, selling or dealing in securities through such stock brokers”.

The National level exchanges NSE, BSE and MCX-SX have hundreds of registered stock brokers. These stock brokers provide services to traders and investors.

Generally a stock broker can be classified as full service broker or discount broker.
Table 1.4 Full service broker Vs Discount broker

<table>
<thead>
<tr>
<th>Full service broker</th>
<th>Discount broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>In addition to executing trades for its clients, a full service broker provides them with research, planning and advice services. Full service brokers charge higher fees for these additional services and value the personal relationships with clients.</td>
<td>A discount broker provides low cost market access to primarily self-directed clients. Discount brokers are historically focused on bare-bones features (via online and phone channels), but are increasingly introducing advanced research and planning tools</td>
</tr>
</tbody>
</table>

Various services provided by the stock broker includes; Trading Account, portfolio management, Demat Account Facility, investment advices, trading advices and Corporate Action Processing.

The various investment options available for the client through the stock brokers are listed in the table

Table 1.5 Investment Options

<table>
<thead>
<tr>
<th>Investment Option</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock / Equity</td>
<td>Company raises cash by raising equity. Investor can earn money in 2 ways 1) through corporate action benefits 2) Capital gains ie by selling in the market</td>
</tr>
<tr>
<td>Debt</td>
<td>Fixed deposit, PPF</td>
</tr>
<tr>
<td>IPO</td>
<td>Initial Public Offer is the primary market where company source money from the investors</td>
</tr>
</tbody>
</table>
Table 1.5 (Continued)

<table>
<thead>
<tr>
<th>Mutual Fund</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Fund</td>
<td>Pooled funds of money handled by professional on behalf of the investors</td>
</tr>
<tr>
<td>Bond</td>
<td>Company issues bonds to investors with fixed periodic interest rates</td>
</tr>
<tr>
<td>Commodity</td>
<td>Allowing Hedging or speculative opportunities in derivatives spot and derivatives markets</td>
</tr>
<tr>
<td>Currency Derivative</td>
<td>Trading in currency</td>
</tr>
<tr>
<td>Other investment options</td>
<td>Insurance, pension plans, etc</td>
</tr>
</tbody>
</table>

Anappindi et al. (2011) quotes that stock broking organisations require different professionals. Below is the list of professionals quoted in the study.

- Dealers
- Research Analyst
- Business Development Executives
- Operation executives
- Surveillance and risk management executives

1.4 CSR IN STOCK BROKING FIRMS IN INDIA

Securities and Exchange Board of India (SEBI) was established on April 12, 1992. The preamble is to protect the interest of the investors and regulate the securities market. SEBI was established in accordance with the Securities and Exchange Board of India Act, 1992. According to Securities and Exchange Board of India guidelines related to CSR all listed entities are mandate to submit the Business Responsibility Reports, as part of their Annual Reports. The
Business Responsible Reports must include all key principles in the “National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business” framed by the Ministry of Corporate Affairs (MCA). Initially as on November 24, 2011 this rule was applicable to top 100 companies in terms of market capitalization and will be extended to other companies in the phased manner. Even though Business Responsibility Reporting was mandatory to all top 100 listed companies, other companies were also encouraged to report. SEBI has issued a specific format for reporting in-order to compare across companies. Companies are encouraged to give additional information not covered in the format. Business Responsibility Report (BRR) must be available in the company website for the general public. Business Responsibility Report (BRR) has to be furnished in electronic format, in the exchange where the company is listed. All MNC’s along with the Global Reporting Initiative (GRI) report must also issue the BRR highlighting the practice in India. Any Failure to provide Business Responsibility Report (BRR) will be considered Non Compliance by SEBI under Clause-55 of Equity Listing Agreement. SEBI circular issued on August 13th, 2012 regarding the Business Responsibility Report (BRR) became effective from financial year ending on or after December 31, 2012. The circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”. The Business Responsibility Report (BRR) report has section A, B, C, D and E. Section A has the general information about the company like Name, Email Address, registered address, etc. Section B details the financial details of the company like the paid up capital, total turnover and total spending on CSR. Section C covers other details like does the company has subsidiary, etc. Section D covers the BR information like the details of the director, questions on BR policies. Section E covers the principle wise performance

According to companies Act, 2013 every company net worth of Rs 500 crores or more or turnover of Rs 1000 crore or more or net profit of Rs 5 crore or more during any financial year must constitute a CSR committee with 3 or more directors. The boards report must disclose the composition of the committee. The
committee should formulate the policy indicating the activities, recommended expenditure and the monitor policy, etc.

Global Reporting Initiative (GRI) is an organization that provides a framework for sustainability reporting. GRI works in cooperation with United Nations Global Compact. The framework is general and can be used for all types of organization. It is pertaining to the economic, environmental and social performance. The reporting must be uniform so that it is comparable. More than 4,000 organizations from 60 countries use the GRI to produce their sustainability reports.

1.5 SCOPE & NEED FOR THE STUDY

Below diagram depicts the various questions in researcher mind in relevance to this subject under study.

![Figure 1.4 Scope of the Study](image-url)
Below is the Need for the Study

1. There has been scant evidence for any study developed for CSR impact on financial performance for Indian stock broking sector.
2. The CSR developed for the study was done after reviewing a maximum number of possible models available in the extant literature as scale construction source.
3. Structural Equation Modelling technique has been deployed to test the model proposed for this study, which is unique for the stock broking study.

1.6 STATEMENT OF THE PROBLEM

Financial Performance is the central element for any profit based organization. Corporate Social Responsibility becomes a necessity when it has an impact over various dimensions of the business & forced by law. The CSR may create positive, negative or neutral signals with respect to the financial performance based on the company’s contribution towards the factors contributing to CSR for the industry in concern. The stock brokers in Chennai are the population under study as CSR is gaining importance in India and also forced by the regulator. In this backdrop, this study identifies the benefits of CSR proposed by earlier research on various other industries & geographies and developed a research model with hypothesis concerning the impact of CSR. The hypothesis includes CSR impact on employee attraction & retention, customer loyalty, reputation, access to capital and financial performance.

1.7 RESEARCH QUESTIONS

Kothari (2004) explains the research problem as “some difficulty the researcher finds to explain the context either in a theoretical or practical situation and wants to obtain a solution for the same”. The general research problem is broken down into various research questions.
The various research questions of the study stemming from the nature of the problem are stated as under:

i. What is the influence of organisations corporate social responsibility on Employee attraction & retention?

ii. What is the influence of organisations corporate social responsibility on Customer Loyalty?

iii. What is the influence of organisations corporate social responsibility on Reputation?

iv. What is the influence of organisations corporate social responsibility on Access to capital?

v. What is the influence of organisations corporate social responsibility on Financial Performance?

vi. What is the influence of Employee attraction & retention on Financial Performance?

vii. What is the influence of customer loyalty on Financial Performance?

viii. What is the influence of Reputation on Financial Performance?

ix. What is the influence of Access to capital on Financial Performance?

x. Is there any significant difference in the perception of corporate social responsibility by relevant demographic variables namely turnover of the outlet, Nature of the organisation (Proprietary/ Private Ltd/Public Ltd), Number of employees in the outlet, Years of existence of the outlet in the location?
1.8 OBJECTIVES OF THE STUDY

➢ To present a theoretical framework for establishing a research model in regard to corporate social responsibility influence on financial performance;
➢ To identify the impact of corporate social responsibility on employee attraction & retention, customer loyalty, reputation and access to capital;
➢ To assess the impact of employee attraction & retention, customer loyalty, reputation and access to capital on financial performance;
➢ To evaluate the empirical validation of proposed model on corporate social responsibility;
➢ To examine the impact of select demographic variables on corporate social responsibility.

1.9 RESEARCH METHODOLOGY

The first objective was accomplished through the retrospection of extant literature on the different models developed by various researchers around the world. Based on the review of literature the CSR model was developed influencing the financial performance of a firm.

The second objective of this study was to find out the impact of corporate social responsibility on employee attraction & retention, customer loyalty, reputation and access to capital. This was carried out by applying Structural Equation Modelling.

The third objective was to analyse the impact of CSR, employee attraction & retention, customer loyalty, reputation and access to capital on financial performance. It was carried out by the application SEM.

The fourth objective set for establishing empirical evidence of the proposed CSR model was accomplished through the deployment of advanced statistical tools namely, Exploratory Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modelling.
The final and fifth objective was about assessing the difference in perception of CSR by select demographic factors was studied applying ANOVA.

1.10 DEPOSITION OF THE THESIS

The thesis document contains five chapters and the brief explanation of the subjects of each chapter is provided hereunder.

Chapter 1: Introduction

This chapter provides the basic introduction of Corporate Social Responsibilities, Stock Broking and CSR in India. The Chapter also provides the scope, research problems, research questions, etc.

Chapter 2: Review of Literature

The Literature survey provides the narration of various related research on the topic and research techniques & tools

Chapter 3: Research Design Framework

This chapter presents the retrospection of the theories related to CSR and the research model defined based on these models. This also includes the relevant research techniques to be used for the study.

Chapter 4: Research Methods & Analysis

This chapter covers sampling design, instrument development steps, data collection and calculations.

Chapter 5: Findings and Implications

The last chapter summarizes the findings of the study, research implications, limitations and recommendation for further research opportunities.
CHAPTER ONE
Introduction

CHAPTER TWO
Review of Literature

CHAPTER THREE
Research Design Framework

CHAPTER FOUR
Research Methods & Analysis

CHAPTER FIVE
Findings & Implication

Figure 1.5 Deposition of the Thesis