ABSTRACT

Financial Performance is the central element for any profit based organization. Corporate Social Responsibility (CSR) becomes a necessity when it has an impact over various dimensions of the business & forced by law. 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 brokerage firms in Chennai are the industry under study, as CSR is gaining significance in India and also forced by the stock market regulator. Only stock brokerage firms listed in the regulators website are considered for this study.

In this backdrop, this research identifies the benefits of CSR proposed by earlier research on various other industries & geographies and developed a research model with hypothesis relating to the impact of CSR on the stock broking industry in India. The hypothesis includes CSR impact on “employee attraction & retention, customer loyalty, reputation, access to capital and financial performance”. The research also covers the direct impact of employee attraction
& retention, customer loyalty, reputation, access to capital on financial performance. After conceptual underpinnings, an instrument was developed and survey was conducted among the stock brokerage firms in Chennai.

The data were collected from 178 outlets in Chennai. The data analysis of this empirical study was carried out using one way ANOVA, Exploratory Factor Analysis and Structural Equation Modelling (SEM) using software tools.