EVALUATING THE IMPACT OF CSR ON PROFITABILITY AND FIRM VALUE: A STUDY OF SELECTED TEXTILE COMPANIES

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ABSTRACT

The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers. Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders.

This research is an attempt to examine the impact of CSR activities on the profitability and firm value of two listed textile companies TATA TEXTILES & RELIANCE TEXTILES companies and thereby to examine whether the company with higher CSR disclosure has higher profitability.

KEY WORDS: CSR Disclosure Score, Profitability measures, Tobin’s Q, Multiple Regression Analysis.

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