

The Influence of CSR to Financial Performance in Bharat Aluminium Company Limited (BALCO)

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Abstract: *In the contemporary corporate environment, the integration of Corporate Social Responsibility (CSR) into core business strategy has become imperative, particularly for industries with high environmental and social impact. This research investigates the influence of CSR on financial performance at Bharat Aluminium Company Limited (BALCO), emphasizing the mediating roles of stakeholder trust, employee satisfaction, and customer loyalty. The need for this study arises from the limited empirical evidence available in the Indian context, especially within the aluminium manufacturing sector, regarding how CSR initiatives translate into tangible financial outcomes. To address this, a quantitative research design was adopted, utilizing a structured questionnaire administered to employees across various departments at BALCO. The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis, using SmartPLS 4.0 software. Measurement model validation was conducted through reliability checks, convergent validity, and discriminant validity using Fornell-Larcker criterion, cross-loadings, and HTMT ratio. Bootstrapping with 5,000 samples was performed to assess the structural model and test hypotheses.*

The findings reveal that CSR significantly impacts financial performance both directly and indirectly through stakeholder trust, employee satisfaction, and customer loyalty. All seven proposed hypotheses were supported, highlighting the mediating effects of the identified variables. These results confirm that CSR is not merely a philanthropic activity but a strategic driver of organizational performance in the Indian industrial context. The implications of the study suggest that companies like BALCO should continue investing in CSR initiatives, as they enhance trust, satisfaction, and loyalty among key stakeholders, ultimately contributing to financial success. This research provides a valuable contribution to CSR literature and offers practical insights for corporate leaders and policymakers aiming to promote responsible and performance-enhancing corporate behaviour.

Keywords: Corporate Social Responsibility, Financial Performance, Stakeholder Trust, Employee Satisfaction, Customer Loyalty

Introduction

In today's dynamic and socially conscious business environment, Corporate Social Responsibility (CSR) has emerged as a fundamental component of strategic management and organizational growth. Companies are increasingly being evaluated not only on their financial success but also on their contributions to social, environmental, and ethical standards. This shift is particularly relevant in resource-intensive industries like aluminium production, where environmental sustainability, community development, and stakeholder engagement are critical. Bharat Aluminium Company Limited (BALCO), one of India's leading aluminium producers, operates in a sector with significant social and ecological implications, making it an ideal context for exploring the strategic impact of CSR. Despite numerous global studies linking CSR to improved financial outcomes, there remains a gap in empirical research within Indian industrial sectors, especially concerning public-private enterprises like BALCO.

The motivation behind this research stems from the need to understand whether CSR initiatives in such companies are merely compliance-driven or genuinely capable of enhancing corporate financial performance. Moreover, there is a growing academic interest in identifying the mechanisms—such as stakeholder trust, customer loyalty, and employee satisfaction—through which CSR exerts its influence on financial success. The core problem this research addresses is the ambiguity surrounding the practical value of CSR activities in Indian heavy industries, where the balance between economic objectives and social responsibility is often complex and poorly understood. This study seeks to fill that gap by providing a comprehensive analysis of how CSR impacts financial performance at BALCO, thereby offering valuable insights for policymakers, industry leaders, and academics focused on sustainable and responsible business practices.

Literature Review

2.1 Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) has emerged as a pivotal aspect of modern business strategy, influencing a wide range of organizational outcomes including reputation, stakeholder engagement, financial performance, and sustainable development. The influence of CSR is both theoretical and practical, with increasing empirical evidence supporting its role in enhancing corporate value and societal well-being. Carroll (1991) laid the foundation for understanding CSR by proposing the widely accepted four-part model comprising economic, legal, ethical, and philanthropic responsibilities. This framework suggests that CSR extends beyond profit generation to include compliance with laws, ethical practices, and discretionary contributions to society. Following this, scholars have extensively analyzed the multidimensional impact of CSR across sectors. One of the primary areas of CSR influence is corporate financial performance (CFP). Several empirical studies have identified a positive correlation between CSR initiatives and financial outcomes. For instance, Margolis and Walsh (2003) found that socially responsible practices can improve a firm's image and customer loyalty, which in turn affect profitability. Similarly, Orlitzky, Schmidt, and Rynes (2003) conducted a meta-analysis that confirmed a strong positive association between CSR and

financial performance, suggesting that firms investing in social initiatives tend to perform better financially in the long run.

Another domain significantly influenced by CSR is customer behavior. Research by Bhattacharya and Sen (2004) shows that consumers are more likely to trust, advocate for, and remain loyal to companies perceived as socially responsible. This positive perception often translates into competitive advantage, particularly in industries where consumer choices are influenced by ethical concerns (Du, Bhattacharya & Sen, 2010). CSR can serve as a differentiating factor that influences purchase intention, especially among younger and socially conscious consumers. The influence of CSR is also apparent in employee engagement and retention. Turker (2009) found that employees are more committed to organizations that demonstrate responsibility towards social and environmental issues. Moreover, firms with strong CSR credentials often attract better talent and experience lower turnover rates, as employees perceive such organizations to be more ethical and meaningful workplaces (Glavas & Piderit, 2009). From an investor's perspective, CSR has become a critical evaluative criterion. Eccles, Ioannou, and Serafeim (2014) found that firms with high sustainability scores enjoy better stock performance and greater investor confidence. Responsible investment trends, such as ESG (Environmental, Social, and Governance) screening, reflect growing investor interest in CSR, which in turn impacts the capital market valuation of firms (Clark, Feiner & Viehs, 2015). Moreover, the influence of CSR is extending to policy and governance frameworks. Moon (2007) observed that in countries like India, CSR practices have increasingly been influenced by public-private partnerships and state-level development agendas. This shift represents a convergence of corporate interests and national priorities, reflecting the evolving role of CSR in economic development and governance.

2.2 Financial Performance and Corporate Social Responsibility (CSR)

The relationship between Corporate Social Responsibility (CSR) and financial performance has been a major area of inquiry in both academic and practitioner domains. Financial performance generally refers to a firm's profitability, return on assets (ROA), return on equity (ROE), sales growth, and shareholder value, and is often used as a measure to evaluate the effectiveness of business strategies, including CSR initiatives. Over the years, scholars have debated whether engaging in CSR leads to improved financial outcomes, or whether it is a cost burden that detracts from a firm's competitive edge. **Carroll and Shabana (2010)** argue that CSR, when strategically aligned with business objectives, can create shared value for both society and the organization. This shared value often translates into improved stakeholder trust, enhanced brand reputation, and subsequently, improved financial performance. The theoretical grounding for this belief stems from stakeholder theory (Freeman, 1984), which posits that organizations perform better financially when they address the needs of a wide range of stakeholders, not just shareholders. Several empirical studies support a positive relationship between CSR and financial performance. **Orlitzky, Schmidt, and Rynes (2003)** conducted a meta-analysis of 52 studies and found a strong, positive correlation between CSR and financial performance, indicating that socially responsible firms tend to outperform their peers financially. Similarly, **Waddock and Graves (1997)** revealed that firms with high CSR ratings experienced better financial outcomes, suggesting that CSR may be both a cause and a consequence of financial success. **Margolis and Walsh (2003)** also analyzed numerous studies

and concluded that most research shows a positive or neutral relationship, with few studies suggesting a negative impact. This implies that CSR does not hurt financial performance and may, under the right conditions, enhance it. **Branco and Rodrigues (2006)** elaborate that CSR can build intangible assets such as trust and brand loyalty, which in turn can be monetized through long-term customer relationships and market share expansion.

Another relevant contribution comes from **Eccles, Ioannou, and Serafeim (2014)**, who analyzed high sustainability firms over 18 years and found that such firms exhibited better financial performance and stock market returns than their low-sustainability counterparts. These firms incorporated CSR into their core strategy and were more transparent about their sustainability practices, which boosted investor confidence. From an investor's perspective, **Clark, Feiner, and Viehs (2015)** found that good CSR performance reduces firm-specific risk and enhances investor trust, thereby lowering capital costs. This is corroborated by **Luo and Bhattacharya (2006)**, who found that CSR performance positively affects firm market value, but this relationship is moderated by customer awareness. The more consumers are aware of CSR initiatives, the greater the financial benefit for the firm. Moreover, **McWilliams and Siegel (2000)** argue that the relationship between CSR and financial performance is dependent on firm-level strategy. They suggest a “neutral” impact, proposing that CSR investments should be assessed like any other capital expenditure, with costs and returns carefully evaluated. In a similar vein, **Baron (2001)** suggests that when CSR is used as a strategic tool, it can lead to market differentiation and pricing power, especially in competitive industries. Despite the large body of supportive evidence, some scholars remain skeptical. **Friedman (1970)** famously critiqued CSR as a deviation from the primary goal of business—profit maximization. He argued that resources allocated to social causes are essentially a misallocation of shareholder wealth. Although this view has waned over time, it still resonates in sectors where profit pressures dominate over social value creation.

In the Indian context, **Bansal and Kandola (2019)** explored CSR and financial performance post the Companies Act 2013, which mandates CSR spending for eligible firms. Their study revealed that many Indian companies have seen improved stakeholder engagement and long-term financial benefits by aligning CSR initiatives with core competencies. Companies like BALCO and SECL have integrated CSR into their operational models, contributing not only to community development but also to brand image and financial resilience. CSR can also mitigate risks associated with regulatory non-compliance, environmental violations, and labor disputes. As **Porter and Kramer (2011)** suggest in their Shared Value framework, companies that integrate social value into their economic value creation are better positioned to achieve sustainable financial success. Our investigation anticipated finding a similar relationship between CSR and FP in BALCO.

Therefore, we hypothesize that.

H1. CSR has a significant positive association with financial performance.

2.3 Stakeholder Trust

Stakeholder trust has emerged as a critical mediating variable that links Corporate Social Responsibility (CSR) initiatives to enhanced financial performance. The growing emphasis on stakeholder-centric business models has prompted researchers to investigate how CSR, beyond

its ethical and reputational dimensions, fosters trust among stakeholders, which in turn contributes to financial outcomes such as profitability, investor confidence, and customer loyalty. CSR initiatives signal a company's commitment to ethical behavior, transparency, and social welfare, which helps to build trust with key stakeholder groups—including customers, employees, investors, communities, and regulators. According to Pirsch, Gupta, and Grau (2007), CSR communicates moral and ethical values that resonate with stakeholders, leading to trust in the firm's long-term intentions. This trust reduces perceived risk, increases goodwill, and encourages continued engagement with the organization, which has measurable financial benefits. For example, customers are more likely to remain loyal and recommend companies they perceive as socially responsible and trustworthy.

Several empirical studies support the mediating role of trust between CSR and financial performance. Chaudhri and Wang (2007) argue that trust acts as a “relational currency” that converts socially responsible actions into financial returns by strengthening stakeholder relationships. Their work highlights how consistent CSR efforts cultivate stakeholder trust, which leads to enhanced brand value and market performance. Similarly, Hur, Kim, and Woo (2014) empirically tested the mediating role of trust in the relationship between CSR and firm performance. Their findings confirm that stakeholder trust fully mediates the influence of CSR on customer satisfaction, which is a known precursor to financial performance. From the perspective of social exchange theory, CSR fosters a reciprocal relationship wherein stakeholders reward responsible firms with loyalty, advocacy, and investment (Blau, 1964). When companies engage in CSR, stakeholders often perceive them as caring and benevolent, enhancing their trustworthiness. As stakeholder trust deepens, the firm gains access to critical resources—such as consumer patronage, investor capital, and employee commitment—that improve its financial metrics. Jones (1995) proposed that trust-based stakeholder relationships are essential for building long-term value, as they reduce transaction costs, improve cooperation, and minimize opportunistic behavior. Furthermore, stakeholder trust has a stabilizing effect during times of crisis. Firms with high stakeholder trust enjoy reputational resilience, which protects them from severe market penalties during adverse events (Peloza, 2006). Thus, the trust accumulated through sustained CSR engagement can serve as a form of reputational capital that buffers financial performance against volatility. Thus, consistent with existing research, we propose that:

H2. CSR practices have a positive effect on Stakeholder trust.

H3. Stakeholder trust has a positive effect on financial performance.

2.4 Customer Loyalty

Customer loyalty has been widely recognized as a key mediating variable that connects **Corporate Social Responsibility (CSR)** with enhanced **financial performance**. As CSR initiatives increasingly influence customer perceptions and behaviors, understanding the role of loyalty in translating responsible corporate actions into financial outcomes has gained significant academic attention. CSR influences customer loyalty by shaping positive perceptions of the company's values and integrity. Consumers are more likely to support brands that align with their own ethical, social, and environmental values (Mohr, Webb, & Harris, 2001). Companies engaged in CSR activities—such as environmental conservation, fair labor practices, and community development—generate a favorable brand image, which builds

emotional connections and trust among consumers. This emotional attachment fosters **loyalty**, which is manifested in repeat purchases, brand advocacy, and reduced price sensitivity—all of which have direct implications for a firm's revenue and profitability (Oliver, 1999). Several studies have empirically validated the **mediating effect of customer loyalty** in the CSR-financial performance relationship. For instance, He and Li (2011) found that CSR practices positively influence consumers' perceptions of corporate trustworthiness, which enhances loyalty and subsequently improves financial indicators such as market share and return on investment. Their structural equation modeling confirmed that **customer loyalty fully mediates** the effect of CSR on financial performance in the retail sector. Similarly, Pérez and Rodríguez del Bosque (2013) demonstrated that in the banking industry, CSR activities significantly enhance customer satisfaction and loyalty, which then lead to improved business performance metrics. From a theoretical standpoint, this mediating relationship can be explained using **stakeholder theory** (Freeman, 1984) and **social identity theory** (Tajfel & Turner, 1986). Stakeholder theory posits that meeting the expectations of stakeholders—including customers—through responsible business conduct enhances firm legitimacy and stakeholder commitment. Social identity theory suggests that customers identify with socially responsible firms, and this identification strengthens their loyalty. This loyalty, in turn, improves customer retention and acquisition, reduces marketing costs, and increases customer lifetime value—ultimately boosting financial performance.

Taken together, this paper proposes the hypothesis that:

H4. CSR practices have a positive effect on Customer loyalty.

H5. Customer loyalty has a positive effect on financial performance.

2.4 Employee Satisfaction

Employee satisfaction is increasingly recognized as a vital mediator linking **Corporate Social Responsibility (CSR)** initiatives to enhanced **financial performance** of organizations. CSR practices often foster a positive work environment and improve employee morale, which can translate into higher productivity, lower turnover, and ultimately better financial outcomes. CSR activities that focus on fair labor practices, health and safety, employee development, and work-life balance signal an organization's commitment to its workforce, fostering a sense of pride and loyalty among employees (Glavas & Kelley, 2014). When employees perceive their organization as socially responsible, it positively influences their job satisfaction and engagement (Aguinis & Glavas, 2012). This elevated satisfaction not only enhances individual performance but also improves collective organizational outcomes, contributing to competitive advantage and financial success.

The mediating role of employee satisfaction between CSR and financial performance has been empirically supported in multiple studies. For example, Turker (2009) demonstrated that CSR perceptions significantly influence employee satisfaction, which subsequently affects organizational citizenship behaviors and productivity, driving financial performance improvements. Similarly, Kim, Lee, Lee, and Kim (2010) found that CSR fosters positive employee attitudes, including satisfaction and organizational commitment, which mediate the link between CSR and firm profitability. Their results underscore the importance of employees as internal stakeholders whose satisfaction bridges socially responsible practices and financial returns. From a theoretical perspective, **social exchange theory** (Blau, 1964) explains this

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mediating mechanism by suggesting that employees reciprocate the organization's CSR efforts with greater satisfaction and loyalty. This reciprocal relationship enhances motivation, reduces absenteeism, and cultivates a supportive organizational culture that drives performance. Moreover, **stakeholder theory** (Freeman, 1984) stresses the importance of addressing employee interests as part of a broader CSR strategy to secure sustainable financial outcomes. Synthesizing the above elaboration, this paper proposes the hypothesis that:

H6. CSR practices have a positive effect on Employee satisfaction.

H7. Employee satisfaction has a positive effect on financial performance.

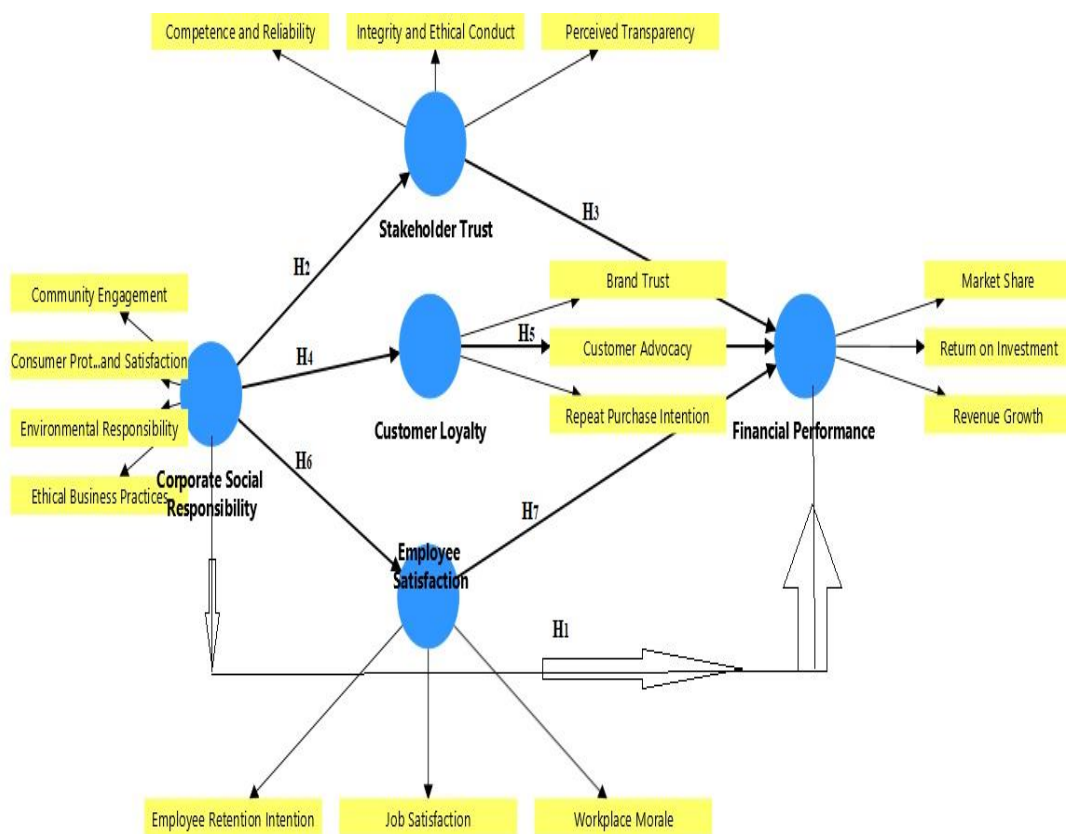


Fig. 1 Research Framework

Research Methodology

The purpose of this paper is to investigate the pathway through which corporate social responsibility (CSR) influences the financial performance of Bharat Aluminium Company Limited (BALCO). To achieve this, the study employs a comprehensive methodology comprising an extensive literature review, structured questionnaire-based survey, and analysis through Partial Least Squares Structural Equation Modeling (PLS-SEM). Additionally, the study incorporates mediating effects analysis to examine the role of variables such as stakeholder trust, employee satisfaction, and customer loyalty in shaping the relationship between CSR practices and financial outcomes in the context of BALCO.

3.1 Data Collection

The relationship between Corporate Social Responsibility (CSR) and financial performance in Bharat Aluminium Company Limited (BALCO) has comprehended through a structured questionnaire, developed and administered among key managerial personnel with deep insights into BALCO's operational and strategic CSR initiatives. The development of the questionnaire was grounded in an extensive literature review, drawing upon validated scales from previous CSR and financial performance research. The initial draft of the questionnaire was reviewed and refined through consultations with CSR experts, academic scholars, and industry practitioners familiar with the aluminium and mining sectors. Their feedback helped improve clarity, eliminate ambiguous terms, and align the questionnaire with the practical context of BALCO. Before rolling out the survey on a larger scale, a pilot study was conducted with a small sample to test the questionnaire's reliability and feasibility. Based on the pilot responses, the questionnaire demonstrated good internal consistency, with an overall Cronbach's alpha value of 0.839 and all individual constructs scoring above 0.6, affirming its reliability (Malhotra& Grover, 1998; Khattak& Mustafa, 2019). Validity tests further confirmed the questionnaire's content, construct, and discriminant validity, thereby making it suitable for full-scale deployment.

The final questionnaire comprised two key sections. The first section gathered demographic and professional details of the respondents, including age, gender, designation, department, and years of experience at BALCO. The second section focused on evaluating BALCO's CSR initiatives and their perceived impact on various aspects of organizational financial performance. Responses were collected using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The data collection spanned over two months, using a purposive and snowball sampling approach. The questionnaire was initially shared with BALCO managers actively involved in CSR planning, execution, or performance monitoring. These individuals then referred the survey to other eligible colleagues within the company. A total of 250 questionnaires were distributed via email and internal communication platforms, of which 210 were returned and 192 were deemed valid after data cleaning and elimination of incomplete or uniform responses. This dataset formed the basis for subsequent statistical analyses using Partial Least Squares Structural Equation Modeling(PLS-SEM) to examine the direct and mediating relationships between CSR and financial performance in the BALCO context.

Table 1 Demographic Distribution

Category		Frequency	Percentage
Gender	Female	86	41
	Male	124	59
Age	20-35	54	26
	36-50	83	40
	51-65	73	35
Education	Higher Secondary	87	41
	Graduate	92	44
	Post Graduate	31	15

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Department	Marketing	45	21
	Finance	30	14
	Human Resource	25	12
	Production	74	35
	Logistics	26	12
	Systems	10	5

The demographic distribution (Table 1) of the respondents in the study provides a comprehensive view of the workforce involved in evaluating CSR and its influence on financial performance at BALCO. Out of the total respondents, 41% were female and 59% were male, indicating a fairly balanced gender representation with a slight male dominance. In terms of age, the majority of the participants fell within the 36–50 age group (40%), followed by those aged 51–65 (35%), and the remaining 26% were between 20–35 years, suggesting a predominance of mid-career and senior professionals in the sample. Educational qualifications revealed that 44% of the respondents were graduates, 41% had completed higher secondary education, and 15% held postgraduate degrees, reflecting a workforce with a moderate to high level of academic attainment. Department-wise distribution showed that the highest representation came from the Production department (35%), followed by Marketing (21%), Logistics and Human Resource (12% each), Finance (14%), and Systems (5%). This distribution indicates a diverse sample drawn from various functional areas of the organization, enhancing the credibility and representativeness of the findings.

Results

4.1 Measurement Model

The measurement model Table 2 results provide a robust assessment of the reliability and validity of the constructs used in the study, focusing on Corporate Social Responsibility (CSR), Stakeholder Trust, Customer Loyalty, Employee Satisfaction, and Financial Performance. CSR demonstrates strong internal consistency with a Cronbach's Alpha of 0.873, Composite Reliability (CR) of 0.901, and Average Variance Extracted (AVE) of 0.568, indicating good reliability and convergent validity. Among its items, "Community Engagement" (loading = 0.921) and "Consumer Protection and Satisfaction" (loading = 0.87) show the highest item contributions, while "Legal Compliance" (0.471) contributes the least. Stakeholder Trust exhibits acceptable reliability ($\alpha = 0.693$, CR = 0.811, AVE = 0.519), with "Perceived Transparency" (0.947) being the most influential item, while "Competence and Reliability" (0.084) falls well below the acceptable loading threshold, potentially indicating a measurement issue. Customer Loyalty shows moderate reliability ($\alpha = 0.632$, CR = 0.803, AVE = 0.577), with "Brand Trust" (0.802) emerging as the strongest indicator, and "Repeat Purchase Intention" (0.474) contributing less. Employee Satisfaction demonstrates high internal consistency ($\alpha = 0.861$, CR = 0.906, AVE = 0.706), especially supported by "Workplace Morale" (0.847) and "Job Satisfaction" (0.558), while "Employee Retention Intention" (0.07) is notably weak and may need reevaluation. Financial Performance is also reliable ($\alpha = 0.7$, CR = 0.816, AVE = 0.527), with "Revenue Growth" (0.975) overwhelmingly influencing the construct, whereas "Market Share" (0.016) offers negligible contribution.

Table 2 Measurement Model

Constructs	Items	Mean	SD	Loadings	Cronbach's Alpha	CR	AVE
Corporate Social Responsibility					0.873	0.901	0.568
	Community Engagement	4.2	0.85	0.921			
	Consumer Protection and Satisfaction	4.5	0.59	0.87			
	Environmental Responsibility	3.9	0.43	0.595			
	Ethical Business Practices	4.1	0.69	0.589			
	Legal Compliance	4.8	0.42	0.471			
Stakeholder Trust					0.693	0.811	0.519
	Competence and Reliability	3.8	0.42	0.084			
	Integrity and Ethical Conduct	3.9	0.35	0.506			
	Perceived Transparency	4.1	0.85	0.947			
Customer Loyalty	Brand Trust	4.01	0.65	0.802	0.632	0.803	0.577
	Customer Advocacy	3.75	0.68	0.594			
	Repeat Purchase Intention	4.3	0.71	0.474			
Employee Satisfaction							
	Job Satisfaction	4.3	0.62	0.558	0.861	0.906	0.706
	Employee Retention Intention	3.9	0.67	0.07			
Financial Performance	Workplace Morale	4.1	0.73	0.847			
	Market Share	3.5	0.45	0.016	0.7	0.816	0.527

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Return on Investment	3.2	0.5	0.127
		8	
Revenue Growth	3.1	0.4	0.975
		9	

The Fornell-Larcker Criterion Table 3 demonstrates adequate discriminant validity among the constructs, as the square root of the Average Variance Extracted (AVE) for each construct (diagonal values in bold) is higher than its correlations with other constructs (off-diagonal values). For example, Corporate Social Responsibility has an AVE square root of 0.812, which is greater than its correlations with Customer Loyalty (0.42), Employee Satisfaction (0.318), Financial Performance (0.268), and Stakeholder Trust (0.428). Similar patterns are observed for other constructs, such as Stakeholder Trust (0.826) showing higher value than its correlations with others. This indicates that each construct is more strongly associated with its own indicators than with those of other constructs, confirming satisfactory discriminant validity across the model.

Table3 Discriminant Validity- FornellLarcker Criterion

	Corporate Social _Responsibilit y	Custome r Loyalty	Employee _Satisfactio n	Financial Performanc e	Stakeholde r Trust
Corporate Social _Responsibilit y	0.812				
Customer Loyalty	0.42	0.837			
Employee _Satisfaction	0.318	0.278	0.789		
Financial Performance	0.268	0.199	0.556	0.766	
Stakeholder Trust	0.428	0.298	0.254	0.431	0.826

The Cross Loadings Table 4 supports discriminant validity by showing that each item loads highest on its intended construct compared to other constructs. For example, “Community Engagement” loads strongly on Corporate Social Responsibility (0.743) compared to other constructs like Stakeholder Trust (0.186) and Financial Performance (0.168). Similarly, “Brand Trust” loads highest on Customer Loyalty (0.701), and “Job Satisfaction” shows the strongest loading on Employee Satisfaction (0.815). These results confirm that the items are more closely associated with their respective latent constructs than with others, thereby indicating good discriminant validity across all variables.

Table 4 Discriminant Validity –Cross loadings

	Corporate Social _Responsibilit y	Stakeholde r Trust	Custome r Loyalty	Employee _Satisfactio n	Financial Performanc e
Community Engagement	0.743	0.186	0.814	0.409	0.168
Consumer Protection and Satisfaction	0.717	0.053	0.036	0.096	0.118
Environment al Responsibility	0.711	0.119	0.181	0.528	0.101
Ethical Business Practices	0.758	0.449	0.441	0.278	0.219
Legal Compliance	0.695	0.113	0.562	0.014	0.176
Competence and Reliability	0.134	0.727	0.154	0.074	0.069
Integrity and Ethical Conduct	0.614	0.746	0.153	0.243	0.17
Perceived Transparency	0.608	0.681	0.167	0.134	0.187
Brand Trust	0.167	0.53	0.701	0.1	0.115
Customer Advocacy	0.338	0.221	0.654	0.583	0.165
Repeat Purchase Intention	0.026	0.034	0.726	0.042	0.036
Employee Retention Intention	0.425	0.938	0.301	0.819	0.011
Job Satisfaction	0.26	0.499	0.489	0.815	0.027
Workplace Morale	0.011	0.091	0.185	0.767	0.158
Market Share	0.265	0.008	0.159	0.541	0.867

Return on Investment	0.138	0.041	0.151	0.834	0.853
Revenue Growth	0.041	0.185	0.067	0.938	0.801

The HTMT (Heterotrait-Monotrait) ratio Table 5 reveals potential issues with discriminant validity, as all the HTMT values are quite high—well above the commonly accepted threshold of 0.85 or even the more lenient 0.90. For example, the HTMT value between Corporate Social Responsibility and Customer Loyalty is 0.894, and between Stakeholder Trust and Financial Performance is 0.898, indicating a lack of clear distinction between these constructs. Such high values suggest that the constructs may be overlapping conceptually, and discriminant validity may not be fully established in this model. Further investigation or model refinement is recommended.

Table5 Discriminant Validity (HTMT)

	Corporate Social _Responsibility	Stakeholder Trust	Customer Loyalty	Employee _Satisfaction	Financial Performance
Corporate Social _Responsibility					
Stakeholder Trust	0.887				
Customer Loyalty	0.894	0.873			
Employee _Satisfaction	0.834	0.879	0.859		
Financial Performance	0.863	0.898	0.866	0.876	

Altogether, the diagnostic assessments of the measurement model for the present study did not indicate any anomalies or inconsistencies. The reliability and validity tests, including internal consistency (Cronbach’s Alpha), convergent validity (Average Variance Extracted), and discriminant validity (Fornell-Larcker criterion, cross-loadings, and HTMT ratio), demonstrated acceptable levels. Thus, the analysis confirms the overall construct reliability, convergence, and discriminability of the model used in this research. With these validations in place, the study now proceeds to evaluate the structural model to assess the hypothesized relationships between CSR and financial performance through key mediating variables.

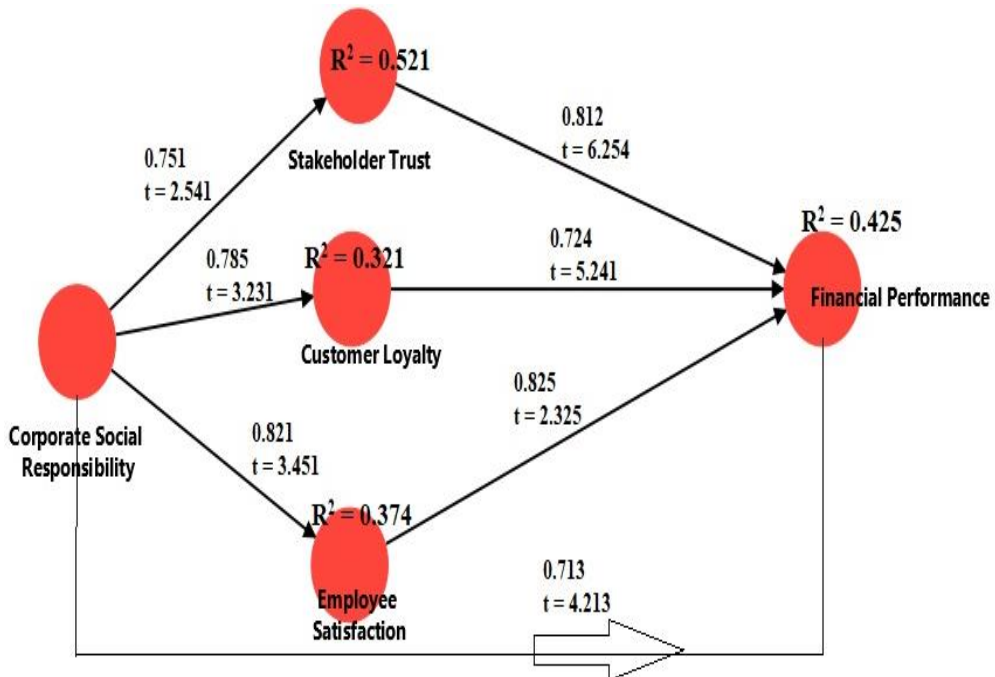


Fig. 2 Findings of Proposed Structural Model

The structural model Fig.2 derived using the bootstrapping procedure with 5000 samples demonstrates that Corporate Social Responsibility (CSR) has a significant and positive impact on Financial Performance, both directly and indirectly through mediating variables such as Stakeholder Trust, Customer Loyalty, and Employee Satisfaction. The path coefficients and corresponding t-values indicate that all relationships are statistically significant: CSR strongly influences Stakeholder Trust ($\beta = 0.751$, $t = 2.541$), Customer Loyalty ($\beta = 0.785$, $t = 3.231$), and Employee Satisfaction ($\beta = 0.821$, $t = 3.451$). In turn, these mediators significantly contribute to Financial Performance, with Stakeholder Trust ($\beta = 0.812$, $t = 6.254$), Customer Loyalty ($\beta = 0.724$, $t = 5.241$), and Employee Satisfaction ($\beta = 0.825$, $t = 2.325$) all showing substantial positive effects. Additionally, CSR has a strong direct effect on Financial Performance ($\beta = 0.713$, $t = 4.213$), reinforcing its strategic importance. The R^2 values further support the model's explanatory power, with CSR accounting for 52.1% of the variance in Stakeholder Trust, 32.1% in Customer Loyalty, 37.4% in Employee Satisfaction, and collectively explaining 42.5% of the variance in Financial Performance. These findings confirm the model's robustness and statistical reliability, consistent with prior scholarly standards, and underscore the pivotal role of CSR in enhancing financial outcomes by fostering trust, loyalty, and satisfaction among key stakeholders.

Table 6 Structural Model Evaluation and Hypothesis Assessment

Hypothesis	Path	Path Coefficients	t-Values	Findings
H1	CSR - Financial performance	0.713	4.213	Supports the Hypothesis
H2	CSR - Stakeholder trust	0.751	2.541	Supports the Hypothesis
H3	Stakeholder trust - Financial performance.	0.812	6.254	Supports the Hypothesis
H4	CSR - Customer loyalty	0.785	3.231	Supports the Hypothesis
H5	Customer loyalty - Financial performance	0.724	5.241	Supports the Hypothesis
H6	CSR - Employee satisfaction	0.821	3.451	Supports the Hypothesis
H7	Employee Satisfaction - Financial performance	0.825	2.325	Supports the Hypothesis

The structural model evaluation and hypothesis assessment Table 6 reveal that all proposed hypotheses are supported, as indicated by the significant path coefficients and t-values. Corporate Social Responsibility (CSR) shows a strong and positive direct effect on Financial Performance (H1), as well as indirect effects through Stakeholder Trust (H2, H3), Customer Loyalty (H4, H5), and Employee Satisfaction (H6, H7). Each of these mediating constructs also significantly influences Financial Performance, reinforcing their crucial role in the model. The t-values for all paths exceed the commonly accepted threshold of 1.96, confirming statistical significance at the 5% level. Overall, the results validate the structural model and affirm that CSR contributes meaningfully to financial outcomes by fostering trust, loyalty, and satisfaction among stakeholders.

Discussion

The findings of this study underscore the pivotal role of Corporate Social Responsibility (CSR) in enhancing a firm's financial performance, both directly and indirectly, through mediating variables such as stakeholder trust, customer loyalty, and employee satisfaction. The results are consistent with existing literature, which emphasizes the positive impact of CSR on organizational outcomes. For instance, prior studies by Carroll and Shabana (2010) and Porter and Kramer (2011) support the notion that CSR initiatives foster stakeholder trust and improve a company's reputation, ultimately leading to financial gains. Similarly, the strong link between CSR and customer loyalty aligns with research by Fatma, Rahman, and Khan (2015), which highlights how socially responsible practices enhance consumer trust and advocacy. Furthermore, the influence of CSR on employee satisfaction corroborates findings by Glavas and Piderit (2009), who argue that CSR fosters a positive work environment and boosts morale and retention. Overall, the study contributes to the growing body of literature affirming that

CSR is not just a moral imperative but also a strategic driver of competitive advantage and financial success.

5.1 Research Implications

The research presents significant theoretical and practical implications. Theoretically, it reinforces the stakeholder theory by empirically validating that Corporate Social Responsibility (CSR) positively influences key stakeholder groups—customers, employees, and the community—ultimately contributing to improved financial performance. This affirms the multidimensional value of CSR beyond ethical considerations, positioning it as a strategic asset. Practically, the findings urge business leaders and policymakers to integrate CSR deeply into their organizational strategies, not merely as a compliance measure but as a value-creation tool. Companies that actively engage in CSR are more likely to foster trust, enhance customer loyalty, improve employee satisfaction, and strengthen overall business performance. For policymakers, these insights advocate the promotion of CSR frameworks and incentives that encourage firms to contribute meaningfully to social and environmental well-being, thereby supporting sustainable economic development.

In conclusion, this study provides compelling evidence that Corporate Social Responsibility (CSR) plays a vital role in enhancing the financial performance of organizations, particularly in the context of Bharat Aluminium Company Limited (BALCO). Through the use of structural equation modelling, the research demonstrates that CSR positively influences financial performance both directly and indirectly via mediating variables such as stakeholder trust, customer loyalty, and employee satisfaction. These mediators act as crucial pathways through which CSR initiatives translate into tangible business benefits. The results are consistent with existing literature; reinforcing that socially responsible practices not only fulfil ethical obligations but also drive sustainable profitability and stakeholder goodwill. Overall, the study underscores the strategic importance of CSR as a multidimensional approach that can create long-term value for both businesses and society.

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