ASSOCIATION BETWEEN CSR EXPENDITURE AND STOCK PRICES OF AXIS BANK IN INDIA: A VECM APPROACH

Dr. Shishma Kushwaha*, Dr. Sudha Swaroop, Dr. Himadri Srivastava*****

*Associate Professor, Noida Institute of Engineering & Technology, Greater Noida (U.P.), India
**Assistant Professor, G.L. Bajaj Institute of Mgt. & Technology, Gr. Noida (U.P.), India
*** Assistant Professor, RNTU, Bhopal (M.P), India

Abstract

This study investigates the relationship between Corporate Social Responsibility (CSR) expenditure and stock prices of the Axis Bank. The Johansen Cointegration Test and the Vector Error Correction Model (VECM) on Quarterly data collected from the website of the Ministry of Corporate Affairs, Axis Bank annual reports, and National Stock Exchange within Quarter 1 2015 and Quarter 1 2024 have been applied which provide insights into the effectiveness of CSR activities in enhancing shareholder value. The -trace statistics of cointegration allude to the long-run association between Corporate Social Responsibility (CSR) expenditure and stock prices. Using a Vector Error Correction Model (VECM), long-run and short-run causalities are applied to examine how CSR initiatives impact the stock market performance of companies. The findings suggest that while CSR expenditure has a notable impact on share prices in the long run, the short-run effects are more nuanced, influenced by market conditions and investor sentiment. This study has profound implications for investors to diversify their portfolios, considering the impact of CSR expenditure in the short and long run.

Keywords

CSR expenditure, share prices, shareholder value, Johansen Cointegration, Vector Error Correction Model, Indian banking industry, Axis bank

Introduction

In the evolving corporate landscape, the integration of Corporate Social Responsibility (CSR) into business strategies has become increasingly significant, not only for enhancing corporate reputation but also for potentially influencing financial outcomes, such as share prices. CSR encompasses various activities aimed at promoting social welfare, environmental sustainability, and ethical governance, reflecting a company's commitment to societal values beyond mere profit maximization (Carroll, 1999). The burgeoning interest in CSR is driven by growing stakeholder expectations and regulatory pressures, which compel firms to demonstrate their social and environmental responsibility (Porter & Kramer, 2006).

The impact of CSR expenditures on share prices is a topic of substantial debate. On one hand, CSR initiatives can enhance a company's reputation, thereby potentially improving investor sentiment and leading to higher stock prices (Fombrun, 1996). On the other hand, substantial CSR spending might be perceived as a diversion of resources away from core business operations, potentially impacting short-term financial performance and share prices negatively (Margolis & Walsh, 2003). The dual nature of these effects underscores the complexity of the relationship between CSR expenditures and stock market performance.

In India, the importance of CSR has been particularly pronounced in the banking industry, where regulatory frameworks and stakeholder expectations have driven banks to integrate social responsibility into their core operations.

The Indian banking sector, characterized by its substantial role in economic development and financial inclusion, has increasingly embraced CSR as a strategic imperative. CSR in the Indian banking industry includes a broad range of activities which includes financial literacy programs, environmental sustainability initiatives, and support for community development projects (Chakrabarty, 2013). This shift reflects a growing recognition that banks, as key financial intermediaries, have a significant impact on both the economy and society, thereby necessitating responsible corporate behaviour (Sahoo & Maji, 2015).

The legal and regulatory framework governing CSR in India has played a crucial role in shaping the banking sector's approach to social responsibility. The Companies Act of 2013 marked a significant milestone, making it mandatory for companies meeting certain criteria to allocate a minimum percentage of their profits towards CSR activities (Government of India, 2013). This legislative mandate has led to a more structured and systematic approach to CSR, compelling banks to not only engage in social and environmental initiatives but also to report their CSR activities transparently.

Banks in India have responded to these requirements by implementing diverse CSR programs aimed at addressing critical social issues such as education, healthcare, and environmental conservation. For instance, Axis Bank has invested in various community development projects and environmental sustainability efforts, reflecting its commitment to integrating CSR into its business strategy (Axis Bank Sustainability Report, 2024).

The integration of CSR into the banking sector is driven by multiple factors, including the need to enhance corporate reputation, manage stakeholder expectations, and comply with regulatory requirements. Furthermore, CSR activities are seen as a way to foster long-term relationships with customers and communities, thereby contributing to the overall stability and growth of the financial system (Kumar & Verma, 2018).

About Axis bank:

Axis Bank, one of India's leading private sector banks, has established itself as a prominent player in the Indian banking industry through its robust financial performance and comprehensive corporate social responsibility (CSR) initiatives. Founded in 1993, Axis Bank has grown to become one of the largest banks in India, offering a wide range of banking products and services to individuals, businesses, and institutions (Axis Bank Annual Report, 2023).

In recent years, Axis Bank has significantly expanded its focus on CSR, recognizing the importance of integrating social and environmental concerns into its business strategy. The bank's CSR activities are guided by the belief that contributing to societal well-being is integral to achieving sustainable business growth. This commitment is reflected in its diverse range of initiatives, which address critical areas such as education, healthcare, environmental sustainability, and community development (Axis Bank Sustainability Report, 2022).

Axis Bank's CSR strategy is aligned with the broader regulatory framework established by the Indian Companies Act of 2013, which mandates that companies meeting specific criteria allocate a portion of their profits to CSR activities (Government of India, 2013). This legislative change has prompted Axis Bank and other major corporations to adopt a more structured approach to CSR, ensuring that their social investments are both impactful and transparent.

The bank's CSR initiatives include programs such as "Axis Bank Foundation," which focuses on supporting education and healthcare for underprivileged communities, and "Environment Sustainability," which aims to reduce the bank's carbon footprint through various green initiatives (Axis Bank Annual Report, 2023). These programs reflect Axis Bank's commitment to creating positive social and environmental outcomes while also aligning with its corporate values and strategic objectives.

Axis Bank's CSR and Sustainability Report, 2024, reveals a heartfelt commitment to make a difference in both society and the environment. The bank has been actively involved in supporting educational programs and skill-building initiatives for underprivileged communities, helping young people gain valuable skills and opportunities. They've also focused on improving healthcare access, particularly in rural areas, by organizing health camps and funding essential medical infrastructure. On the environmental front, Axis Bank has made strides in reducing its carbon footprint through energy-saving measures and green projects like solar panel installations. Their efforts extend to community development and disaster relief, showing their dedication to addressing urgent social issues. The report also highlights Axis Bank's commitment to transparency and responsible governance, ensuring their social and environmental efforts are both impactful and aligned with global standards.

Literature Review

Introduction to CSR in the Banking Industry

Corporate Social Responsibility (CSR) has gained significant attention in the banking sector, particularly as financial institutions are increasingly scrutinized for their ethical, environmental, and social practices. Unlike other industries, banks operate in a highly regulated environment where trust and reputation are paramount. This makes CSR an essential component of their strategic objectives. The relationship between CSR and financial performance, including stock prices, has become a focal point for both academics and practitioners, leading to a growing body of literature exploring this connection.

Theoretical Framework Linking CSR and Financial Performance

The theoretical foundation linking CSR activities to financial performance, including stock prices, is grounded in several key theories:

- **Stakeholder Theory:** Freeman (1984) posits that firms should create value for all stakeholders, not just shareholders. In the banking sector, this includes customers, employees, regulators, and the community. CSR activities can enhance stakeholder relationships, leading to increased customer loyalty, employee satisfaction, and regulatory goodwill, which can, in turn, positively impact stock prices.
- **Resource-Based View (RBV):** According to Barney (1991), firms with unique resources and capabilities can achieve a competitive advantage. CSR activities, particularly those that are difficult to replicate, can be seen as valuable resources that enhance a firm's reputation and market differentiation, potentially leading to improved financial performance and stock price appreciation.
- **Signaling Theory:** Spence (1973) suggests that companies use CSR as a signal of their quality and long-term viability to investors. For banks, a strong CSR commitment can signal financial stability and ethical management, which may positively influence investor perceptions and stock prices.

Empirical Evidence on CSR and Stock Prices in Banking

Positive Relationship Between CSR and Stock Prices

Several studies have identified a positive relationship between CSR activities and stock prices in the banking sector. For instance, Scholtens (2008) analyzed European banks and found that those with higher CSR scores experienced better financial performance, including higher stock prices. The study emphasized that CSR activities related to environmental management and social responsibility were particularly influential.

In a similar vein, Wu and Shen (2013) examined the CSR performance of 162 banks across 22 countries and found a positive relationship between CSR and market valuation. Their findings suggest that investors perceive CSR activities as value-enhancing, particularly in banks with strong governance structures.

Mixed or Insignificant Findings

However, the relationship between CSR and stock prices is not universally positive. Some studies have found mixed or insignificant results. Aupperle, Carroll, and Hatfield (1985) conducted an empirical examination and concluded that there was no significant relationship between CSR and financial performance, including stock prices, in the banking sector. They argued that while CSR might enhance reputation, it does not necessarily translate into immediate financial gains.

Similarly, Arouri, Hossain, and Muttakin (2019) studied the impact of CSR disclosure on bank performance in emerging markets and found no significant effect on stock prices. The authors suggested that in less developed financial markets, investors might not fully appreciate or understand the value of CSR activities, leading to a weaker association with stock prices.

Long-term vs. Short-term Impact

The time horizon over which CSR impacts stock prices is another important consideration. Some studies have argued that the benefits of CSR are more pronounced in the long term. Eccles, Ioannou, and Serafeim (2014) found that companies with strong sustainability practices, including banks, outperformed their peers over a long-term period (18 years). The study highlights that while the immediate impact of CSR on stock prices might be modest, the long-term benefits are substantial, especially in terms of risk mitigation and resilience during financial crises.

Industry-Specific Factors

The banking industry has unique characteristics that influence the CSR-stock price relationship. For instance, the role of regulatory scrutiny and public trust in banking is far more critical than in other industries. Simpson and Kohers (2002) explored the relationship between CSR and financial performance in U.S. banks and found that socially responsible banks had lower risk profiles, which was positively reflected in their stock prices. The study emphasized that CSR activities related to ethical lending practices and community involvement were particularly valued by investors.

In contrast, Soana (2011) argued that the banking industry's highly regulated environment might dampen the impact of CSR on stock prices, as investors might prioritize regulatory compliance and financial stability over CSR activities. The study found that while CSR had a positive impact on reputation, it did not significantly influence stock prices in the short term.

Moderating and Mediating Factors

The relationship between CSR and stock prices in the banking sector is often moderated or mediated by various factors:

- **Corporate Governance:** Strong governance mechanisms can enhance the credibility of CSR activities, leading to a more pronounced impact on stock prices (Jo & Harjoto,

2011). In banks with robust governance, CSR is often integrated into the core strategy, which can positively influence investor perceptions.

- **Market Conditions:** The impact of CSR on stock prices can vary depending on the overall market environment. During periods of financial instability, CSR activities that emphasize risk management and ethical practices may become more valuable to investors, leading to higher stock prices (Ntim & Soobaroyen, 2013).
- **Geographic and Cultural Context:** The effectiveness of CSR in influencing stock prices can also be contingent on geographic and cultural factors. For instance, banks in regions with strong social norms around sustainability and corporate responsibility may see a more positive relationship between CSR and stock prices (Brammer & Pavelin, 2006).

The literature on the relationship between CSR and stock prices in the banking industry presents a complex picture. While there is evidence to support a positive relationship, particularly in the long term, the impact of CSR on stock prices can be influenced by various factors, including corporate governance, market conditions, and regional context. As CSR continues to evolve as a strategic imperative in the banking sector, further research is needed to explore these dynamics and provide more nuanced insights into how CSR activities translate into financial performance.

Research Objectives and Hypothesis:

- To examine the long-run relationship between CSR expenditure and the share price of Axis Bank.

  H0: There is no long-run relationship between Axis Bank's CSR expenditure and its share price.
  H1: There is a significant long-run relationship between Axis Bank's CSR expenditure and its share price.

- To study the impact of Axis Bank's CSR expenditure on its share price.

  H0: Axis Bank's CSR expenditure does not have a significant impact on its share price.
  H1: Axis Bank's CSR expenditure has a significant impact on its share price.

- To investigate the cause-and-effect relationship between CSR expenditure and the share price of Axis Bank.

  H0: There is no cause-and-effect relationship between Axis Bank's CSR expenditure and its share price.
  H1: There is a cause-and-effect relationship between Axis Bank's CSR expenditure and its share price.

Data and Research Methodology

We examine the relationship between Corporate Social Responsibility (CSR) expenditure and stock prices. For the same, Quarterly data of the stock price of Axis Bank and CSR expenditure by the Axis Bank have been considered from Quarter 1 2015 and Quarter 1 2024. The data has been collected from the website of the Ministry of Corporate Affairs, Axis Bank annual reports, and NSE websites. In a bid to examine the long-run association between Corporate Social Responsibility (CSR) expenditure and stock prices, Johansen's cointegration and VECM tests have been employed.

Johansen's Cointegration Test

Before applying a cointegration test, it's essential to check the stationarity of the variables. If all variables are integrated at the same order, typically at the first order (I(1)), we can proceed to examine long-run relationships among the series. Two prominent methods for this analysis are the Engle and Granger two-step method (1986) and Johansen's cointegration test (1988). Johansen's test is conducted on the variables in their level form (non-stationary) and the results are interpreted based on trace statistics and maximal eigenvalue.

According to Johaansen (1988), the "ratio of likelihood statistic" with the "trace testing" is:

"$\lambda trace\ (\ r\ ) = -\ T \sum_{i=r+1} n\ \ln(1-\lambda_i)$" (1)

Where,

"$\lambda_{I=}$ "Eigein" values from the estimated Π matrices, r = *0, 1,2,3...n*

1,T = observations

H0, the null hypothesis can be tested with the "trace statistic", which demonstrates that the amount of various characteristics roots which is equal to or less than r (whereas r = 0, 1, or 2,3), as opposed to the general alternative.

If the estimated values of roots are closed to 0, the trace will be tiny in this statistic. In comparison to the calculated values of the under roots, which increase by 0, the calculated value will be tremendous. Otherwise, as predicted by "Johansen" in (1988). The maximum "Eigein statistic value" is:

"λ_1 trace (r,r+1+1) = $-T\sum_{i=r+1} n \ln(1-\lambda i)$" (2)

The null hypothesis reflects the co-integrated vectors as r, while the max statistic verifies the (r+1) alternative vector of cointegration. As a result, the null hypothesis r=0 is established for the alternative hypothesis r =1, and the alternative r =1 is tested for the (r=2) alternative. and so on. When the anticipated value is close to 0, the max will be modest. The lag length affects Johansen's co-integration approach. A "Vector Autoregressive model" is fitted to the data to find an appropriate lag length structure.

The estimated lags are essential for the "co-integration test" which is determined by evaluating the values of the "Likelihood Ratio" (LR), the "Schwarz Info Criteria" (SIC) and "Akaike info criteria" (AIC).

Vector Error Correction Model

When the series become stationary after taking the first difference (I(1)), indicating that they are stationary at the same order, a cointegration test is employed. If linkages are found between the variables, they are considered cointegrated, suggesting a long-term relationship among them. However, there may be short-term disequilibrium. To address this, the Vector Error Correction Model (VECM) is applied to assess the presence of short-run disequilibrium and to determine the rate at which the variables adjust to restore the long-run equilibrium.

The VECM model is described as follows:

$$\Delta y_t = \pi y_{t-s} + \digamma_1 \Delta y_{t-1} + \digamma_2 \Delta y_{t-2} + \ldots\ldots + \digamma_{s-1} \Delta y_{t-(s-1)} + \in_t,$$

$$Where,\ \pi = (\sum_{i=1} s\beta_i) - I_m \ and\ \digamma_1 = (\sum_{j=1} s\beta_j) - I_m$$

In the equation, the left-hand side consists of mmm variables in their first-differenced form, while the right-hand side includes the lagged values of the dependent variable, represented with a coefficient matrix C. while e*t* is denoted as error term. . If cointegration is detected among the variables, an error correction model is applied, allowing the equilibrium relationship to be adjusted by the short-run dynamics of the variables (Engle & Granger, 1987). The variation in the dependent variable reflects the disequilibrium in the cointegrating relationship, which is corrected from one period to the next. Thus, error correction is a method for aligning short-run adjustments with long-run equilibrium by incorporating short-run changes. The error correction

term captures the long-run relationship, and its significance is assessed using the t-test. The Wald Test is subsequently used to analyze the short-run causal relationships, as explained by the differenced explanatory variables and their coefficients.

Results and Discussion

The variables ' statistical properties are examined before employing the econometric model. Table 1 presents the descriptive statistics for CSR and Stock Price. It is observed that the mean Stock Price (1102.328) is significantly higher than the mean CSR (144). The standard deviation, which reflects the volatility of a series, indicates that Stock Price is more volatile (973.30) compared to CSR (42.54). Additionally, the negative skewness of the Stock Price suggests a higher likelihood of negative earnings, while CSR exhibits positive skewness.

Table 1: Summary Statistics of Variables

CSR		*SHARE PRICE*	
Mean	144	Mean	1102.328
Standard Error	6.994085	Standard Error	62.4387
Median	135	Median	1079.4
Mode	135	Mode	#N/A
Standard Deviation	42.54336	Standard Deviation	379.7998
Sample Variance	1809.938	Sample Variance	144247.9
Kurtosis	2.051073	Kurtosis	-1.30041
Skewness	1.507688	Skewness	-0.20108
Range	178	Range	1151.2
Minimum	91	Minimum	515.4
Maximum	269	Maximum	1666.6
Sum	5328	Sum	40786.15
Count	37	Count	37
Largest(2)	252.25	Largest(2)	1604.2
Smallest(2)	93.5	Smallest(2)	517.7

Source: The author's own calculation.

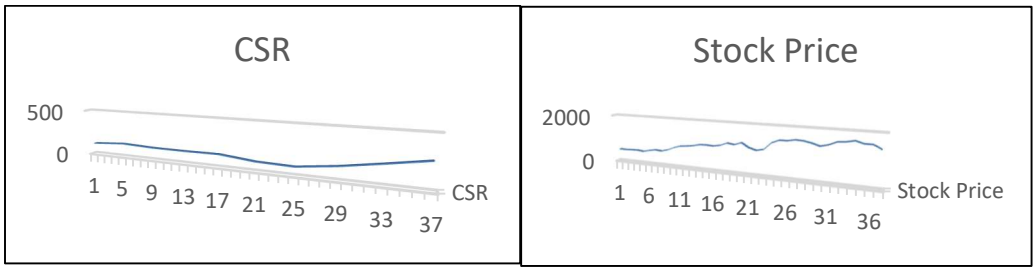

Fig 1. Graphical Representation of CSR and Stock Price

Source: Figure derived from MS Excel

The Augmented Dickey-Fuller (ADF) test was applied to check the stationarity of the data for CSR expenditure and the stock price of Axis Bank. Table 1 presents the results of the unit root tests. For each variable, the null hypothesis (indicating that the series contains a unit root) is accepted at the level, confirming the presence of a unit root. The variables were then converted to their first differences, and the ADF tests were reapplied. The null hypothesis was strongly rejected, indicating that the variables are stationary at the first difference. A series that is stationary at the first difference is also referred to as Integrated at the first order, or I(1). The Johansen test was subsequently conducted to examine the presence and order of integration among the variables. To investigate cointegration, all variables must be integrated at the same order, which in this study, is I(1).

Table 2: Augmented Dickey-Fuller (ADF) Test

	At Level		At first differencing	
	t - statistics	Prob.	t - statistics	Prob.
CSR	-0.904935	0.7748	-5.696028	0.000
1% Critical Value	-3.632900		-3.639407	
5% Critical Value	-2.948404		-2.951125	
10%Critical Value	-2.612874		-2.614300	
Share Price	-1.703018	0.4196	-4.395650	0.0013
1% Critical Value	-3.670170		-3.632900	
5% Critical Value	-2.963972		-2.948404	
10%Critical Value	-2.621007		-2.612874	

Source: The author's own calculation.
H_0: Series is not stationary**.** * indicates rejection of H_0 at 5% significance level

The lag length for the variables is as follows: -

Table 3: Lag length

Lag	LR	FPE	AIC
0	NA	519530.7	18.83639
1	29.49744	234787.5	18.04098

2	3.504316	266782.1	18.16426
3	6.438066	266773.3	18.15407
4	8.275487	241495.3	18.03598
5	11.17445*	184256.4*	17.73532*

Source: The author's own calculation.

*indicates lag order selected by the criterion

LR: sequential modified LR test statistic (each test at 5% level)

FPE: Final prediction error

AIC: Akaike information criterion

The test result shows that the optimal lag length for the variables is five.

Table 4: Johansen co-integration test

Hypothesized No. of CE	Trace Statistics	0.05 Critical Value	Prob.
None*	17.66765	15.49471	0.0232
At most1*	0.416766	3.841465	0.5186

Source: The author's own calculation.

* indicates rejection of H_0 at 5% significance level

The null hypothesis is rejected because the value of the test statistics is greater than the critical value and one cointegrating equation is present between the variables at 5% level of significance.

Table 5: Estimated Long Run and Short Run Coefficients using VECM approach

	Coefficient	Prob.
C(1)	-0.123741	0.0394
C(2)	0.120926	0.5639
C(3)	0.019484	0.9200
C(4)	-0.473131	0.0398
C(5)	-0.186467	0.4154
C(6)	10.80918	0.0263
C(7)	-4.057937	0.5307
C(8)	-4.498037	0.4487

C(9)	-2.025562	0.6392
C(10)	40.47479	0.0746

Source: The author's own calculation.

The following is the model produced using the Vector error correction model:

(Share price) = -0.123741*(share price (-1)) – 0.0644222273421*CSR(-1) – 1154.22967254) + 0.120926*share price(-1)) + 0.019484*share price(-2)) – 0.473131*share price(-3)) - 0.186467*share price(-4)) + 10.80918*CSR(-1)) – 4.057937*CSR(-2)) -4.498037 *CSR(-3)) - 2.025562*CSR(-4)) + 40.47479

The CSR expenditure has a considerable and beneficial impact on the share price simultaneously in the short and long term. The VECM coefficient is used to evaluate both short and long-adaptation processes at the same time. The equilibrium path converges to the long-run equilibrium path, the coefficient is amid zero and minus one, and the equilibrium is responsive to the external downturn. It indicates that divergence from share price evenness in the current period will be rectified by 12% in the following period to restore equilibrium.

A model must pass the residual and stability diagnostics in order to be accepted.

Table 6: Breuch-Pagan-Godfrey Heteroscedasticity test

F – statistic	2.123563
Obs*R- squared	16.08926
Scaled explained SS	6.141733
Prob. F (10,21)	0.0702
Prob.Chi – Square (10)	0.0971

Source: The author's own calculation.

The test results reveal that the model is not affected by heteroscedasticity.

Table 7: Breuch LM serial correlation test

F – statistic	4.993120
Obs*R- squared	19.03700
Prob. F (5,217)	0.0054
Prob.Chi – Square (5)	0.0019

Source: The author's own calculation.

The test result shows that the model has no serial correlation.

Table 8: Jarque-Bera Normality test

Mean	7.11e-15
Median	-2.783362
Maximum	156.0926
Minimum	-121.9337
Std.Dev.	65.97864
Skewness	0.166572
Kurtosis	2.615248
Jarque – Bera	0.345359
Probability	0.841407

Source: The author's own calculation.

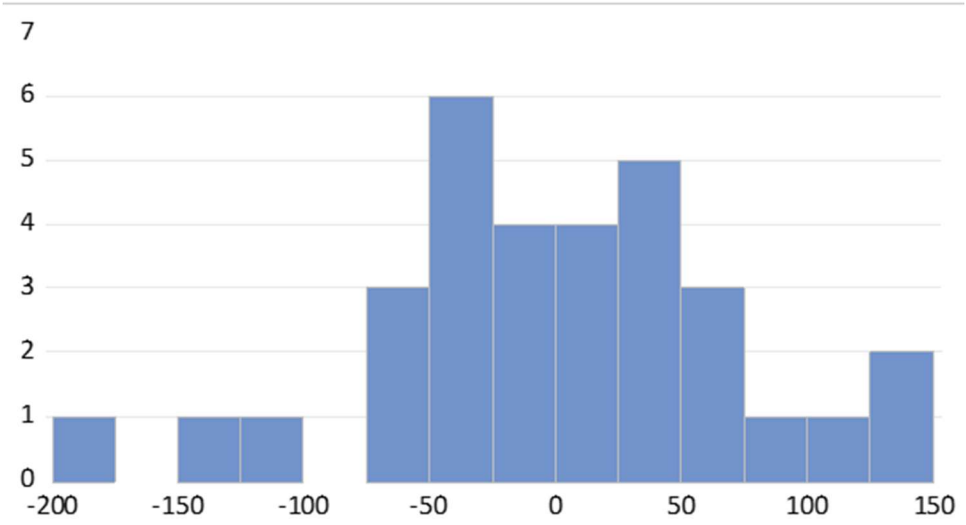

Figure 2: Graphical Representation of Normality Test

Sources: Figure derived from Eviews12

The test result reveals that the distribution is normal.

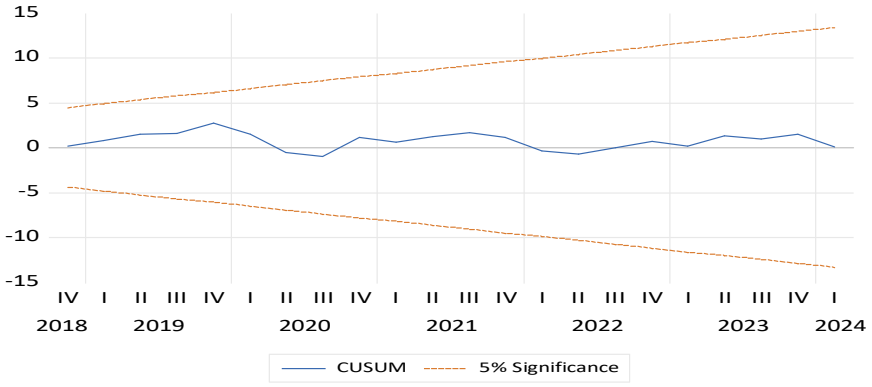

Figure 3: Graphical Representation of CUSUM TEST

Sources: Figure derived from Eviews12

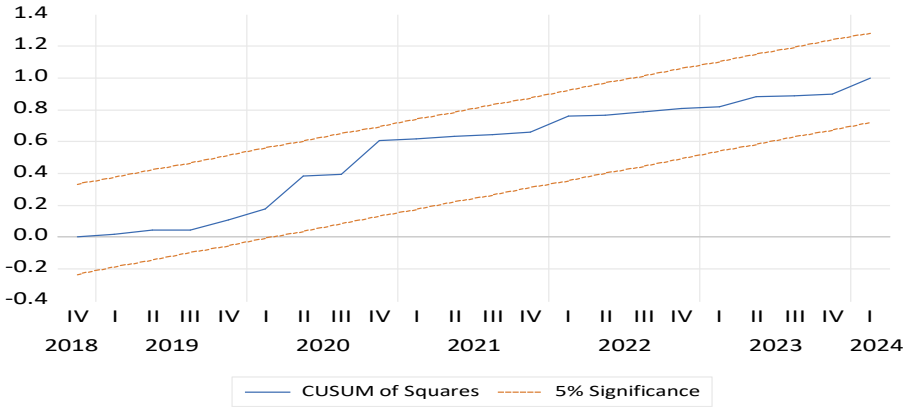

Figure 4: Graphical Representation of CUSUM SQUARE TEST

Sources: Figure derived from Eviews12

The cumulative sum (CUSUM) and cumulative sum of square (CUSUMSQ) tests confirms that the models appear to be stable and well-specified.

Table 9: Coefficient of ECT & Probability

Coefficient of Error Correction Term	Prob.
0.12	0.01

Table 10: Wald Chi-Square test

Chi-square	6.21
Prob.	0.02

Source: Author's own computation**.** * indicates rejection of H0 at 5% significance level

The ECT is substantial statistically for specification with Share Price as the dependent variable, indicating that the variables with Stock Price as the dependent variable have a longer-run causal link. At a 5% level of significance, the Chi-square value between CSR Expenditure and Stock Price is significant .

Conclusion and Policy Implication

Axis Bank, one of India's prominent financial institutions, has made significant CSR investments, making it an apt subject for examining these dynamics. This study seeks to uncover the intricate relationships between Corporate Social Responsibility (CSR) expenditure and stock price based on the Quarterly data collected from Quarter 1 2015 and Quarter 1 2024, offering insights into how CSR initiatives impact stock performance in both the immediate and extended timeframes. The patterns of fluctuation are analyzed through Johansen cointegration and VECM test results. Test results of the Johansen cointegration test reveals the presence of one cointegrating equation. Next, we applied VECM to check long-run and short-run causality. There is evidence of long-run equilibrium between Corporate Social Responsibility (CSR) expenditure and stock price. The long-term association between CSR expenditure and the share price of Axis Bank demonstrates the interconnectedness of these variables. If there are short-term shocks that alter the movement of any variable, they will converge over time in the long run, re-establishing equilibrium. This indicates that CSR expenditure significantly contributes to the growth of Axis Bank's share price. The model's speed of adjustment shows that it can restore balance in the face of disturbances. It also implies that CSR expenditure is significant and strong enough to create short-run causality to Stock Price of Axis Bank. This study shows that market dynamics are not different in the long-run and short-run in the form of causality. Moreover, CSR expenditure Granger-causes the stock price of Axis Bank in both the long and short term. Consequently, CSR expenditure acts as a predictor of the share price of Axis Bank. The findings from this research will contribute to the broader discourse on CSR's financial implications, providing valuable insights for investors who seek to align their investment strategies with socially responsible practices, and for corporate managers aiming to balance CSR expenditures with shareholder value. Additionally, the results could inform policy discussions on the efficacy of CSR as a strategic tool for enhancing corporate performance and addressing societal expectations. The scope of this study can be further expanded by investigating another variable that could influence the stock market.

References

- Carroll, A. B. (1999). Corporate Social Responsibility: Evolution of a Definitional Construct. *Business & Society*, 38(3), 268-295.
- Engle, R. F., & Granger, C. W. J. (1987). Co-Integration and Error Correction: Representation, Estimation, and Testing. *Econometrica*, 55(2), 251-276.
- Fombrun, C. J. (1996). Reputation: Realizing Value from the Corporate Image. *Harvard Business Review Press*.
- Margolis, J. D., & Walsh, J. P. (2003). Misery Loves Companies: Rethinking Social Initiatives by Business. *Administrative Science Quarterly*, 48(2), 268-305.
- McWilliams, A., & Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *Academy of Management Review*, 26(1), 117-127.
- Porter, M. E., & Kramer, M. R. (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 84(12), 78-92.
- Chakrabarty, B. (2013). Corporate Social Responsibility in the Indian Banking Sector. *Global Journal of Management and Business Studies*, 3(1), 23-32.
- Government of India. (2013). Companies Act, 2013. Ministry of Corporate Affairs. Retrieved from https://www.mca.gov.in/
- Kumar, R., & Verma, P. (2018). CSR and Financial Performance in Indian Banks: A Comparative Analysis. *International Journal of Business and Management*, 13(4), 45-56.
- Sahoo, S., & Maji, S. G. (2015). CSR Practices in Indian Banks: A Study of Selected Banks. *International Journal of Corporate Social Responsibility*, 1(1), 1-16.
- Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal, 28*(2), 446-463.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99-120.
- Brammer, S., & Pavelin, S. (2006). Corporate reputation and social performance: The importance of fit. *Journal of Management Studies, 43*(3), 435-455.
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science, 60*(11), 2835-2857.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
- Jo, H., & Harjoto, M. A. (2011). Corporate governance and firm value: The impact of corporate social responsibility. *Journal of Business Ethics, 103*(3), 351-383.
- McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal, 21*(5), 603-609.
- Ntim, C. G., & Soobaroyen, T. (2013). Black economic empowerment disclosures by South African listed corporations: The influence of ownership and board characteristics. *Journal of Business Ethics, 116*(1), 121-138.
- Scholtens, B. (2008). Corporate social responsibility in the international banking industry. *Journal of Business Ethics, 86*(2), 159-175.
- Simpson, W. G., & Kohers, T. (2002). The link between corporate social and financial performance: Evidence from the banking industry. *Journal of Business Ethics, 35*(2), 97-109.
- Soana, M. G. (2011). The relationship between corporate social performance and corporate financial performance in the banking sector. *Journal of Business Ethics, 104*(1), 133-148.
- Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics, 87*(3), 355-374.
- Wu, M. W., & Shen, C. H. (2013). Corporate social responsibility in the banking industry: Motives and financial performance. *Journal of Banking & Finance, 37*(9), 3529-3547.
- https://www.axisbank.com/docs/default-source/business-responsibility-reports/business-responsibility-sustainability-report-for-the-year-2023-24.pdf retrieved on August 14, 2024.
- *https://www.axisbank.com/annual-reports/2023-2024/pdf/annual-report-for-the-year-2023-2024.pdf retrieved on 18.07.2024*
- *https://www.axisbank.com/annual-reports/2022-2023/pdfs/CSR-Spend.pdf retrieved on 18.07.2024*
- *https://finance.yahoo.com/quote/AXISBANK.NS/history/?period1=1396310400&period2=1711843200&frequency=1mo retrieved on 19.07.2024*
- *https://www.moneycontrol.com/financials/axisbank/profit-lossVI/AB16/2#AB16 retrieved on 18.07.2024*