INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH AND ANALYSIS

ISSN(print): 2643-9840, ISSN(online): 2643-9875

Volume 08 Issue 06 June 2025

DOI: 10.47191/ijmra/v8-i06-13, Impact Factor: 8.266

Page No. 3170-3182

Analysing the Impact of Corporate Social Responsibility (CSR) on Business Sizes, Entrepreneurship Growth and Profitability: A Case Study of UK Companies

Ayodeji Bamidele Owoeye (PhD)

Royal Agricultural University, Business School Cirencester

ABSTRACT: This research looks into the relationship between Corporate Social Responsibility (CSR) and profitability through a qualitative case study of twenty-five businesses in England. The present study attempts to reveal how CSR initiatives are perceived and implemented by businesses of various sizes and from different industries, as well as how such activities affect a business's profitability. Given an Interpretivism methodology, this research conducted interviews with twenty-five managers of businesses. These interviews, facilitated by a qualitative research method, created a richer and more detailed set of data considering the complex market dynamics. In relation to the overall structure, all interview questions were divided into three broad sections: Overall understanding of CSR activities, Financial and Profitability Implications, and Future of CSR. In semi-structured design, questions can be designed to relate to each business's unique strategies. These findings and discussions, therefore, indicate that the scale of the business affects the effectiveness and extensiveness of CSR strategies. The amount of financial returns that can be achieved from CSR strategies differs considerably from industry to industry, and the competitive financial advantage that can be created through the adoption of CSR is surprisingly on the decline. Moreover, while most companies feel that CSR strengthens profitability, most of them need financial metrics to make the measurements and are not sure about their future CSR plan. Interestingly, even without those metrics and apparent competitive advantage, businesses still felt eager to continue with the CSR strategies.

KEYWORDS: Corporate Social Responsibility (CSR), Profitability, Business Strategy, Market Dynamics

INTRODUCTION

Over the years, corporate social responsibility (CSR) has gained significant importance in society through the awareness of employees and consumers. In the past few days, profit or size has been the sole concern when making purchase decisions. However, as this awareness of social and environmental issues spreads across the globe and ethical issues have grown, so has the demand for higher standards for companies with respect to their contributions to society beyond the sole purpose of profit-making. CSR represents a company's behaviour to act in activities that have positive effects on their stakeholders, whether employees, customers, communities, or environments. Its range is from philanthropy and community outreach to friendly environmental practices and ethical labor standards.

CSR is especially important in modern UK businesses as it is a significant game changer in economic performance and community welfare. These enterprises are more than economic enterprises but are also considered vital drivers in regional economic growth, local job opportunities, and social links. Equally, as with many other sectors, these enterprises has been criticized for operating policies that consider profits without accountability or concern for environmental and social consequences. As a result, most firms find it highly demanding to implement CSR strategies that try to deal with these challenges and complement their operations with the demands for social responsibility that keep increasing.

In United Kingdom, CSR has come into notable prominence, whereby businesses try to balance their profitability with ethical conduct. Over the last couple of years, encouragement has been extended to businesses to rebuild and maintain trust through the showing of due concern for ethical business practices that will be beneficial to society and the environment. It has created a greater focus on CSR activities as companies seek new ways to improve their social and ecological footprints and, at the same time, try to find ways to quantify what the consequences will be for their bottom line. Although there is a growing focus on CSR, there is still a question with respect to the impact of CSR on profitability.

While some argue that CSR activities enhance business reputation, customer loyalty, and operational efficiency and, therefore, increase profitability, others expect that such strategies might divert resources from profit-generating activities and thus negatively impact financial performance. Therefore, this debate presents the tensions between CSR activities and profit margins, which are discussed in detail in the research.

The primary aim of this research is to study the impact of CSR on the profit margins of businesses in United Kingdom through a qualitative research method. By focusing on conducting interviews with executives or managers, this study seeks to explore how CSR initiatives are perceived and implemented in businesses of different sizes and from various industries and how these activities influence the business's profitability.

The research will investigate the ways in which CSR is integrated into the strategic decision-making processes, the challenges and opportunities that arise from CSR activities, and the perceived link between CSR and profitability.

This study will specifically address the following research questions:

1. How do Entrepreneurs perceive CSR within their businesses?
2. Does Entrepreneurs perceive CSR will bring direct profitability and cost savings to their businesses?
3. What are the perceptions of the Entrepreneurs on the idea the CSR on competitive edge, future strategies and impact of financial terms on their businesses?
4. How does the business sizes impact its operates and perception of the relationship between CSR and profitability?

The academic significance of this research lies in its contribution to the existing body of knowledge on Corporate Social Responsibility, particularly within businesses in England. While much of the existing research on CSR has focused on large-scale quantitative studies that examined the relationship between CSR and financial performance within certain industries, there needs to be more qualitative research that delves into the nuance of the topic with reference to United Kingdom. By adopting a qualitative approach, this research will provide in-depth insights into practitioners in various industries in United Kingdom.

Apart from academia, the research's practical value to various industries within United Kingdom particularly in England will also be very significant. As the pressure from regulators, customers, and other relevant stakeholders to be socially responsible continues to mount, businesses, in turn, require an understanding of how CSR influences profitability in order to make appropriate strategic choices. The findings of this study will considerably benefit owners and managers, as well as other relevant influential stakeholders, who are tasked with designing and implementing CSR strategies for businesses.

By considering how business leaders across multiple industries perceive the corporate social responsibility movement, this study will define a pragmatic view of entrepreneurs in the implementation of CSR. In fact, such information enhances the awareness of the business decision-maker in terms of what factors influence the success of CSR initiatives and, therefore, enables informed decisions to be made regarding resource allocations to such activities. More importantly, the focus of the study on the relationship between CSR and profitability provides critical evidence to be used in justifying investments in CSR or refining an existing strategy for maximum social impact and financial return.

This research might also have wide repercussions in industries other than United Kingdom. These findings are communicated through academic publications, industry reports, and conferences; this could shape how businesses across the UK consider CSR and, as it were, those of other countries. Furthermore, this study may also arouse discussion among policymakers, contributing to the development of legal guidelines that compulsorily turn an "act of goodwill" into an obligation that all businesses should take on.

The reset segment of the paper is structured as follows: Section 2 focuses on the Literature Review, section three outlines the research design and methods used to collect and analyze data, section four focuses on the findings and discussion, and the last section focuses on the conclusion and recommendations.

LITERATURE REVIEW

Definition of CSR and related concepts

The concept of Corporate Social Responsibility (CSR) has experienced a significant transformation since it was first brought up in the 9th and early 20th centuries. It was primarily manifested as philanthropy by industrial leaders like Andrew Carnegie and John D. Rockefeller. Carnegie (1889) challenged wealthy people to support social causes; they both believed in the importance of using wealth for societal benefits. In the mid-20th century, CSR was further studied by Bowen (1953). He posited that businesses hold responsibilities beyond mere profit generation. Following the stakeholder theory by Freeman (1984), he believed that the decisions of a corporation should be determined by various stakeholders instead of mere shareholders. With the increasing awareness of environmental and social issues, CSR welcomed its globalization in the 1990s and 2000s. Today, with a growing emphasis on sustainability, ethical governance has ingrained business strategy with a strong CSR component.

Theoretical Perspectives on CSR

Theoretical perspectives on CSR include a range of frameworks that provide a diverse lens for understanding its role and impact in business. Friedman (1970) believes that the main responsibility of a business is to maximize its revenue and increase returns to shareholders. In contrast, Freeman's stakeholder theory argues that businesses should consider all stakeholders, including employees, customers, suppliers, and the community (Freeman, 1984). Other theories include legitimacy theory and institutional theory. Dowling and Pfeffer (1975) suggested that CSR activities help organizations align with societal norms to secure their legitimacy and survival, while institutional believes that CSR practices are shaped by regulatory, normative, and cultural environments (Berger & Luckmann, 1966). Another theory by Carroll (1991) outlines four key elements of CSR: economic, legal, ethical, and philanthropic responsibilities. A business must meet all of the expectations given by society at a given point in time.

Previous Related Studies

General impact on various industries

The relationship between CSR and a corporation's financial performance (CFP) has been widely studied, yielding mixed results. An early study by Friedman (1970) argued that CSR reduces financial performance by taking resources away from investments that maximize profits. On the contrary, more recent studies suggest a positive correlation between CSR and CFP. A meta-analysis conducted by Margolis and Walsh (2003) found a small but significant positive relationship between CSR and financial performance. Similarly, Orlitzky, Schmidt, and Rynes (2003) conducted another meta-analysis of 52 studies, discovering that CSR has a beneficial financial impact. It demonstrates how effective social business activities improve a corporation's efficiency and reputation.

However, some scholars argued the opposite. McWilliams and Siegel (2000) argued that the relationship is more complex. It could be influenced by factors such as industry context and specific CSR activities. Blomgren (2010) specifically points out that CSR only helps a corporation to achieve profits instead of above the industry average using a case study of executive perceptions of the 15 largest textile companies in Norway. Overall, although most recent research indicates a positive correlation between CSR and financial performance, the specifics of this relationship are still dependent on a number of factors.

Determinants when designing CSR strategies

Businesses need to consider several determinants in formulating their CSR strategies to ensure their efficacy and alignment with stakeholder expectations and organizational objectives.

Firstly, stakeholder engagement is a fundamental aspect of CSR design. Talking with stakeholders helps organizations know what they expect and how they view social responsibility. Pressure from stakeholders, especially investors, consumers, and non-governmental organizations (NGOs), all have a big impact on how CSR policies are created and force businesses to address social and environmental issues aggressively (Clarkson, 1995; Jamali, 2008). According to Devin and Lane (2014), engaging with stakeholders is important for organizations to find out what their stakeholders think is socially responsible behavior. Above all, this engagement not only shapes the CSR practices but also enhances legitimacy and credibility. This is noted by those who stress matching CSR communication with what stakeholders expect in order to create strong relationships (Nielsen & Thomsen, 2018). Interestingly, Muller and Kolk (2010) collected survey data from 121 Mexican auto parts suppliers and then discovered that management's ethical commitment is the main factor driving CSR and that it has a positive interaction with trade-related pressures to increase CSR levels.

Secondly, from a micro perspective, internal organizational culture and leadership commitment also influence the design of CSR policies, with companies tending to integrate social responsibility into their corporate ethos. An organization's internal culture shapes how CSR is perceived and implemented. Hejjas, Miller and Scarles (2018) discussed how employee engagement in CSR activities can vary based on organizational culture and the perceived benefits of participation.

Another factor is business objectives. Business alignment ensures the sustainability of CSR activities. Some believe that CSR activities should be related to business activities or core functions for the benefit of both corporations and society (Carrasco et al., 2016). Others also noted that making CEOs' pay subject to CSR standards can lower the struggles associated with conflicts of interest and foster responsible corporate conduct (Kim et al., 2022).

Other factors, such as size, also play an important role in CSR design. By conducting research on Croatian banks, Hernaus and Stojanovic (2015) conclude that banks' size and ownership status are both determinants of their motivation and capacity to take on or improve their CSR strategies. Similar studies from China also prove this point (Li & Zhang, 2010; Zu and Song, 2008).

CSR strategies in UK Businesses

Businesses in United Kingdom should recognize the importance of CSR as a means to contribute positively to the society while also enhancing their brand reputation and financial performance. Among the various CSR activities, companies focus on environmental, financial, ethical, and philanthropic factors. These four types of CSR activities are not only socially impactful but also influence business outcomes, including profitability and stakeholder relationships.

Environment and sustainability initiatives

One of the most visible forms of corporate social responsibility in United Kingdom is environmental sustainability. Businesses are keen on sustainable practices that enable firms to reduce their ecological footprints, particularly businesses in manufacturing and tourism. For instance, companies such as Tata Steel have pledged their carbon emission reductions by adopting renewable sources of energy in their operations (Tata Steel, 2024).

Financial responsibility

Financial responsibility in CSR entails such decisions that result in the enterprise contributing to the economic well-being of their communities. Indeed, several businesses have led the front in establishing sustainable economic practices relevant to both their finances and the local economy. For instance, guided by the principle of responsible investment, the financial services firm Admiral Group is committed to avoiding investments with a potentially high social risk that would harm social welfare (Admiral Group plc, 2022). Moreover, many local banks and credit unions practice fair lending, as it allows people of low income to have access to resources without compromising their susceptibilities to fraud.

Ethical business practices

Other essential aspects of CSR within England pertain to ethics in business operations. Companies have also formulated policies and strategies that warrant fair labour, zero tolerance for bribery, and transparency in operations. For example, Greggs, over the years, has been praised for its ethical stance on employees' welfare, with compensations that are at a minimum wage and appropriate working conditions offered (Greggs, 2024).

Philanthropical activities

Philanthropy remains a vital CSR activity among English businesses, where companies actively contribute to social causes through donations and community service. These philanthropic efforts not only serve the community but also bolster the company's reputation, reinforcing customer and stakeholder loyalty. The Westminster government offers a number of intriguing incentive possibilities that may be a valuable to many businesses agenda. The events benefit England's local communities and create a lasting effect while promoting the organisation's goal and purpose.

Challenges and Criticisms of CSR

Practical challenges businesses faced in implementing CSR policies

Many studies have emphasized the practical problems associated with implementing CSR strategies in the banking sector. Porter and Kramer (2006) pointed out that one of the biggest challenges is aligning CSR strategies with core business strategies, which can be complex and resource-intensive. Furthermore, considering the lack of standardized measurements and the requirement for transparency, measuring and reporting CSR achievements presents huge challenges (Owen & O'Dwyer, 2008). Stakeholder engagement is another important concern brought forward by Freeman (1984). He believes that businesses must handle various conflicting expectations from customers, regulators, and shareholders. Cultural and organizational resistance also play a significant role in how effective CSR implementation can be within businesses. Because of the changing regulatory demand and customers' expectations, CSR standards have been constantly changing, which makes these practices even more difficult (Scholtens, 2009).

Nowadays, with the emergence of the ESG concept, more and more corporations are willing to invest in CSR in exchange for customers' trust and a good corporate reputation. However, they also face real-world obstacles that make comprehensive plans necessary to successfully integrate CSR into their operations.

Criticism and Limitations of CSR in businesses

Though CSR has become a significant aspect of modern business practices, it is not without its criticisms and limitations. One of the primary criticisms is that CSR often serves as a superficial marketing tool rather than a genuine commitment to ethical practices. Lee (2007) and Kazmi, Leca and Naccache (2016) argued that by doing so, much of current CSR research emphasizes the business case for CSR, perhaps at the expense of a broader societal and ethical context that should drive the motivations behind CSR initiatives. What is more, CSR initiatives may be differently effective in different sectors and contexts. For example, there is evidence to suggest that in less innovative companies, CSR gets in the way of customer satisfaction and, therefore, market value too (Luo & Bhattacharya, 2006). That means that CSR and financial performance are only sometimes in good balance and might depend on many internal factors, such as the innovative capability of the company and its responsiveness to the needs of key stakeholders (Hasan et al., 2016).

Apart from this, another serious problem concerning CSR is the gap between what companies say and practice. Some scholars argue that the discrepancies between what companies say about their CSR promises and what they practice make stakeholders distrust them. This inconsistency can destroy trust and reduce the value of CSR initiatives. These stakeholders may begin to perceive them as mere window dressing rather than a committed effort toward solving social and environmental problems.

These criticisms and limitations highlight the necessity of a more sincere, open, and comprehensive strategy for corporate social responsibility in the banking industry.

Research Gaps in Literature

Current research into the relationship between Corporate Social Responsibility and profitability demonstrates a number of noticeable gaps, particularly within the context of English business and qualitative research.

First, very few studies focus on CSR from the profitability context, where unique local conditions like smaller companies and local consumer trust might affect the efficacy of CSR compared to larger multinational companies usually studied. The CSR research difference in this area is important because this unique economy and culture must be studied carefully.

Another very significant problem is the overdependence of CSR studies on quantitative research methods. While such tools provide useful information, they can often miss vital insights into the company culture and leadership and what the stakeholders have in mind, which are essential to grasping the long-term nature of CSR. In some smaller, resource-constrained companies, qualitative research would be much more effective for understanding CSR's intangible benefits, such as reputation and goodwill with the local community.

Most studies do not consider how CSR is changing. Today, people see CSR as an important part of the business plan, with stakeholders' changing expectations about openness, sustainability, and ethics. This change in attitude implies the need for new research that shows modern perceptions of CSR and profit.

Finally, most studies emphasize large multinational corporations, overlooking how SMEs like many in the United Kingdom can leverage CSR for profitability. Addressing these gaps requires incorporating diverse methodologies and focusing on the changing business environment and evolving stakeholder perceptions in a smaller regional market.

RESEARCH METHODOLOGY

The research sought to identify the relationship between CSR practices and their impact on financial performance based on a qualitative perspective and, more significantly, emphasized the significance of the study within various industry. The philosophical approach that was identified in this respect was that of Interpretivism, where the quantitative and qualitative tools were combined to provide comprehensive insight into the subject matter.

Data collection was done through systematic interviews and reports on CSR, which means the qualitative data will be reliable and valid. Semi-structured questionnaire was planned by gaining informed consent and ethical agreement from participants. Data analysis included thematic analysis and content analysis to interpret qualitative interview content. It assured the complementary nature through which the complex interplay between CSR and profitability could be comprehensively grasped.

These ensured that the sampling strategy captured diverse and representative businesses. The diversity was meant to help capture a wide picture of the CSR practices and their financial implications. Ethical issues were taken into consideration throughout the research process. All data was sourced with anonymity of participants and were strictly maintained. Informed consent was obtained from all participants, and their contributions were assured of use only for the research work. It was also made known that the recordings would be destroyed once the study was complete.

Overall, this section presents results that detail the findings from the analyses and present certain conclusions and recommendations based on the data that will have been collected and interpreted through these methodological approaches.

RESEARCH FINDINGS AND DISCUSSIONS

This research focus on businesses that were either locally founded or had large independent firms or workplaces in United Kingdom. To make the findings more generalizable, businesses of varying sizes were selected across a range of sectors, including small to medium, having one workplace to multiple branches. The selected sector includes education, catering, legal and accommodation, etc. During the interviews, respondents were first asked about their understanding of their businesses' CSR strategy, as well as what the core strategies were and how long they had been in place.

Introduction to Data Analysis and Discussion

Table 1 shows the respondents of this research and its percentage.

S/N	Industry	Percentages	Companies
1	Food	16	4
2	Hotel and Recreation	12	3
3	Education	16	4
4	Legal	16	4
5	IT	12	3
6	Construction	12	3
7	Retail	16	4
		100	**25**

Sources: Compiled by the Authors

Based on the above, the above businesses are classified into small, medium and large scale. The researchers argued that the data from the various sectors should provide robust discussions

Defining CSR Concepts from the Respondents Perspectives.

Before the defining the broad CSR strategies, the researcher argued that all companies have introduced relevant CSR policies to a greater or lesser extent, which reflects the fact that modern companies, regardless of their size, seek a relatively balanced position between profitability and bringing about a positive social impact. Based on these, a critical discussion of the behavioral attitudes to long-term projects, broad CSR policies were considered.

Based on the data obtained from the respondents, 30% argued that CSR should emphasizes reducing its environmental impact through initiatives like minimizing plastic packaging, promoting energy efficiency, and cutting carbon emissions. It also ensures its supply chain meets ethical standards, supporting fair wages and working conditions for workers globally. Furthermore, the respondents argued that the companies are committed to community engagement by partnering with local charities, supporting food donation programs, and addressing food poverty.

Furthermore, 12% of the respondents emphasized the importance of creative CSR strategies in the information and technology companies. They argued that there are no formal codes for CSR but there is ongoing development of the codes with the businesses. It has a three-phase plan to achieve Net Zero by 2024 and a border ESG strategy that encourages workers to take public transit to work. It also gave military families employment opportunities.

In addition to the above discussions, 40% of the respondents argued that although there are no formal regulations, there is a unity of principles that have been formed internally when conducting company operations, and employees are highly enthusiastic about corporate social responsibility (CSR). Supporting regional food suppliers, hosting many community engagement activities, and ensuring equitable compensation at work are some of its CSR initiatives.

Based on the data and information from the interviews, the authors can infer that the small and medium businesses have robust strategies on CSR and are very captured.

Furthermore, SMEs can be judged to have their businesses is CSR-related, and therefore, their business activities have a strong societal orientation. The researcher came to the conclusion that as the multi-branch company grew over the course of ten years, it leveraged its resources and knowledge to create a solid CSR plan.

Does Entrepreneurs perceive CSR will bring direct profitability and cost savings to their businesses?

To answer the above questions, the researcher adopted two steps approach. The first step dealt with the cost saving impact of the entrepreneurs' perception of CSR. Given that corporate social responsibility (CSR) is highly regarded by businesses today and is regarded as a feature of a contemporary organisation, it is reasonable to consider how businesses are use CSR as a tool for cost saving.

Based on the results, this revealed that 88% of the respondents emphasized that CSR is a critical cost saving strategies in their businesses.

For instance, some of the respondents argued that they have switched to energy saving equipment and as a consequent, it saves a lot in energy cost which was huge to the high cost of energy. Furthermore, most of the businesses interviewed, emphasized that they have adopted the paperless initiative within the company, and we get funding from government to switch to more eco-friendly electronic devices.

Along with the aforementioned, the food companies said that they collaborate with nearby farmers to ensure a consistent supply of dairy products. Because we need to locate a farm that is forward-thinking and sustainable, it did initially cost a little extra. We sign a long-term contract after finding it, though, and it saves us a great deal of time and money down the road.

In conclusion, the majority of businesses concurred that there are advantages to be obtained, either directly or indirectly, from implementing CSR methods, even while they do not immediately reduce costs or even raise them. No matter how big or small the business, the more creative or extensive a CSR programme is, the more likely it is to save money.

The second step is of this question is to critically examine the relationship between CSR and profitability.

The results from the respondents revealed a mixed outcome. Firstly, 25% of respondents are although CSR may lead to higher costs, it does not necessarily reduce profits, as CSR could also have a positive impact on sales that offset these costs. All the executives were questioned about whether they believed CSR strategies improve overall profitability.

Furthermore, the results of the companies with extensive CSR policies are mixed but these companies (recognize profitability confidently from their CSR activities, suggesting that their CSR efforts might be well-aligned with their business strategies or market expectations. Some businesses executive stated that because of organizing various local community events and being the venue for various club activities, the people who come to participate in the events become the customers who spend money in the shop. This is a straightforward way of increasing sales. Also, they argued that sophisticated CSR scheme enabled them get funding from the government.

In addition to the above, 50% of the respondents argued that it is undeniable that they all agree that CSR policies will benefit the company's profitability to some extent; they just think that such a change will favour the long term over the short term. Some respondents of the view that after launching its technological solutions to make offices more environmentally friendly and sustainable, was approached by a number of other local companies that were interested in a partnership. Furthermore, businesses argued that it is difficult to say that CSR will bring profitability if they do not implement some relevant CSR policies, then they will likely fall behind the pace of development of this market. Consequently, the profitability will even decline.

In conclusion, the author argued that it is difficult to directly relate CSR with profitability but where the CSR policies are well designed and implemented, it will contribute to profitability.

What are the perceptions of the Entrepreneurs on the idea the CSR on competitive edge, future strategies and impact of financial terms on their businesses?

Does integrate CSR impact the Financial Competitiveness

Knowing how CSR activities affect competitiveness is essential as companies incorporate these efforts into their strategy more and more. Do many businesses still think that CSR will provide a strong core competitiveness in the market, even when they do not disclose clear profits directly from CSR strategies?

The authors argued that the expectation is that robust CSR strategies should impact of the financial competitiveness of the businesses. The results of the respondents revealed that companies are positive about the competitiveness that CSR could bring about financial competitiveness. From the data, 90% of the companies argued that there is a positive relationship exist between financial competitiveness and CSR could bring into the businesses.

According to the aforementioned, some of the respondents highlighted its competition in terms of consumer kind and quantity, pointing out that by providing healthier product alternatives, it has been able to draw in more health-conscious clients. This supports the larger claim that businesses may use socially conscious activities to satisfy the changing needs of contemporary consumers by appealing to specialised segments and developing a distinctive marketing offer. Similar to this, another set of companies reported a rise in their clientele, especially after hosting monthly meetings at their establishment. This suggests that community-engaged CSR projects can result in measurable commercial benefits. In this instance, community involvement boosts the company's competitiveness by bringing in new clients and reaffirming its position as a community centre.

Nevertheless, the majority of businesses that see a benefit do not have official measurements in place to quantify this advantage, even though they believe in the competitive worth of CSR. For example, they claimed to be more progressive than their rivals, but they acknowledge that they haven't yet come up with a way to measure this.

Surprisingly, however, some companies believe that corporate social responsibility (CSR) does not provide a competitive edge. Instead of seeing CSR as a way to advance, many businesses seem to see it more as an industry standard that they must adhere to in order to stay ahead of the competition. One business owner in the recreation sector, for example, stated that they do not think corporate social responsibility (CSR) creates competition since "everyone is doing it," and they thus view it as something that is required to remain in the game rather than to have an advantage. Furthermore, because none of the four companies had official methods for assessing how CSR impacts their competitiveness, other companies also underlined the absence of measurement tools. Their belief that CSR does not offer them a competitive edge is influenced by the absence of measures. They could just overlook it since these long-term advantages might not be immediately apparent.

The author admitted that most people based their opinions of a firm on its moral or social consciousness, but they were unable to predict with precision how their CSR initiatives would impact their customers' perceptions and financial outcomes. Thus, their only area of uncertainty is competitive value.

In conclusion, the majority of businesses that took part in this survey think that corporate social responsibility (CSR) gives them a competitive edge, but they find it difficult to comprehend or assess this benefit due to a lack of measuring tools. Four of the businesses do not view corporate social responsibility (CSR) as a competitive advantage, which further emphasises the possibility of a change in attitude, particularly in sectors where CSR is already more or less a common practice rather than a differentiator in the marketplace. The aforementioned emphasis highlights the necessity for businesses to create far more sophisticated plans and metrics for their CSR competitiveness initiatives.

How does the business sizes impact its operates and perception of the relationship between CSR and profitability?

The paper investigated the impact business sizes on its operation and how this influence the perception of the businesses on CSR and profitability.

The results from the respondents revealed that there is mixed results. Based on the results, most of the small businesses argued that business sizes and its operations does not any reasonable influence on the perception of businesses on CSR and profitability. While the other half of the respondents agreed otherwise. This implores that large and established businesses does have influence the perception of businesses on CSR and profitability. This was confirmed from Owoeye (2024) where he argued that there are links between board size and income smoothing, with an emphasis on the intervening effect of International Financial Reporting Standards (IFRS).

Given the growing body of studies connecting the long-term profitability and company health, this conclusion was particularly intriguing. These businesses genuinely think that corporate social responsibility (CSR) is more than just fast money, even if many individuals use it to boost reputation, customer loyalty, and competitive advantage. This is because they see its worth in broader, non-monetary ways. These seven businesses emphasise CSR's ethical aspects rather than its primarily profit-driven nature. Businesses may believe, for instance, that corporate social responsibility (CSR) is a sort of moral duty, something they should do to improve society, even if it does not immediately or even quickly lead to higher profits.

According to the author, these companies perceive corporate social responsibility (CSR) as a way to get an advantage over one or more of the following: it attracts clients who value social responsibility, saves money in an environmentally friendly way, provides access to government financing, or helps them avoid regulatory fines. They believed that having a strong and secure future business is just as important as ethical considerations.

CRITICAL DISCUSSIONS

According to the explanation above, CSR tactics have little effect on direct profitability. Nonetheless, it has been acknowledged that CSR may produce both long-term and indirect profits. Furthermore, despite the fact that its earnings are hard to measure, the company's significant competitive position in the market has been acknowledged, which will enable it to keep expanding and strengthening its CSR initiatives. The following considerations, which partially align well with earlier research, might be used to further explore the result.

CSR strategy are impacted by different company sizes and industries.

The study's analysis of businesses of various sizes, from startups to large corporations, reveals how organisational size may affect CSR strategies and results. Larger businesses may execute more thorough and organised CSR initiatives since they frequently have more resources available to them. Additionally, they could benefit more from improved brand loyalty and market reputation as customers increasingly choose businesses that exhibit social responsibility. Small and medium-sized enterprises (SMEs), on the other hand, frequently deal with operational and financial limitations, which may restrict the extent of their CSR initiatives. This result is also consistent with earlier research.

Jenkins (2009) asserts that because SMEs lack a specialised department devoted to corporate social responsibility (CSR), they interact with CSR more casually. Additionally, Godos-Díez, Cabeza-García, Martínez-Campillo, and Fernández-Gago (2020) contend that because there are less resource limits, big-budget films are more likely to formalise their CSR strategy. D'Amato and Falivena (2019) conducted another case study on European listed companies and came to the conclusion that larger companies have more credibility for their CSR efforts because they can allocate more resources than smaller companies, which prefer more conventional methods of performance improvement over CSR.

It may, however, also gain from a more adaptable, rapid, and locally targeted approach to CSR. Their efforts may be more focused and customised to meet the demands of the local community, even though they may be less extensive than those of larger corporations. Smaller companies are more focused on assimilating into their local society than multinational corporations, according to Madden, Scaife, and Crissman (2006). That is significant since it emphasises how CSR may take on various forms based on an organization's goals and resources. For example, major corporations might concentrate resources on global sustainability programs or large-scale charity donations, whereas SMEs may be more concerned with small-scale local communities or ecologically friendly operations.

Businesses from different industries participate to a deep project; in other words, the sectors and their goals vary. For instance, environmental issues like cutting waste or the carbon footprint may be the first duties in manufacturing companies. Technology businesses may be less biased in their employment practices or focus more on handling data in an ethical manner. The study examines several industries and demonstrates that everyone's definition of CSR is unique. Rather, it is an adaptable concept that can be modified to meet the unique requirements and issues of many industries (Carroll, 1991).

Reasonable Expectations for the Financial Gains from CSR

When compared to earlier research, the current study is helpful; yet, the majority of CEOs surveyed stated that their CSR efforts did not immediately provide financial gains. The results go against the widely held notion that earnings are directly impacted by CSR. Dutch Bangla Bank Ltd. was studied by Mahbuba and Farzana (2013). According to their data, CSR efforts account for 90.7% of the difference in post-tax profit. CSR and profitability appear to be strongly positively correlated. According to Orlitzky, Schmidt, and Rynes (2003), only big businesses can profit financially from corporate social responsibility (CSR) since they can afford to deploy it.

The findings of this qualitative survey, however, consistently demonstrated that the majority of businesses, big and small, do not assert that they can quickly identify or quantify increases in revenue or cost savings as a consequence of CSR programs. In actuality, a lot of people started to think that it increases the whole cost. It supports earlier research in the area of the long-term financial business case for corporate social responsibility, which seems to become more focused. Better brand reputation, increased consumer loyalty, a stronger market position, and long-term cost savings are some of the less evident but longer-term ways that CSR profit manifests itself, according to Porter and Kramer (2006). For instance, CSR may enhance a company's reputation even if it may take longer to save expenses or increase revenue.

Having a stronger reputation may help you attract new clients, increase the loyalty of existing clients, and retain staff, all of which contribute to long-term financial success. Furthermore, especially in the near term, CSR's impact on profitability can be more about quality than quantity (Eccles, Ioannou, & Serafeim, 2014). The United Bank for Africa (UBA) is taken into consideration by Folajin et al. (2014). According to their research, while investing in CSR may have a negative impact on profitability in the short run, the long-term advantages of doing so are very significant and lead to higher returns in the future. Additionally, Blomgren (2010) noted that while corporate social responsibility (CSR) helps a company retain profits close to the industry average, it does not guarantee earnings beyond it.

However, other research asserts that there is a substantial positive direct association. A business's financial performance may gradually improve if it has a robust CSR programme. Nonetheless, advantages like increased stakeholder trust, better brand equity, and a more favourable public perception are probably in store. Even if they are difficult to quantify financially, these benefits are priceless in a company environment where customers are becoming more and more interested in social responsibility and corporate ethics. A business that actively works to lessen its environmental impact, for instance, might not immediately notice cost benefits. However, by attracting eco-aware customers, it may eventually acquire a competitive edge (Elkington, 1998). The study emphasises how crucial it is to see corporate social responsibility (CSR) as an investment in the long-term viability of a company rather than as a means of earning immediate profits.

Using CSR to Gain a Competitive Edge

Apart from these qualitative advantages, it has also been demonstrated that corporate social responsibility (CSR) enhances a business's competitive advantage in the market. This is the position of many earlier investigations. According to Porter and Kramer (2002), CSR gives businesses a competitive edge when it incorporates their primary objectives. CSR is essential for giving the company a competitive edge in emerging areas, according to Frynas (2008). According to McWilliams and Siegel (2000), CSR will give a business a competitive edge if it aligns with its strategies. According to the majority of academics, businesses that participate in CSR frequently find themselves in a stronger position in the market than their rivals, even though the direct financial benefits of CSR may not be immediately noticeable.

The results of this investigation, however, point to a different conclusion. As people's awareness of sustainability grows, the idea of corporate social responsibility (CSR) has gained popularity and acceptance in the Welsh market. As a result, businesses who don't practise social responsibility may find themselves at a disadvantage in areas like manufacturing, technology, and retail where CSR is becoming more and more demanded. CSR implementation is not a bonus; rather, it is an essential behaviour to prevent falling behind. Therefore, CSR can at least guarantee that businesses maintain an average position within the sector, even in situations when it does not immediately result in increased profitability. Companies who don't use CSR tactics run the danger of seeing their profitability lag behind the industry average, indicating that CSR is quickly becoming a crucial part of corporate operations in a variety of industries.

Businesses that do not prioritise corporate social responsibility (CSR) run the danger of alienating a substantial section of its clientele, as customers are growing increasingly picky about the ethics of the firms they support. As a result, corporate social responsibility (CSR) is not only a "nice-to-have" aspect of contemporary company; rather, it is crucial to long-term profitability and market survival.

The Importance of Goal-Oriented CSR Strategies

Why Goal-Oriented CSR Strategies Are Important

It's interesting to note that prior research has shown that SMEs do not typically depend on formal financial measurements, but large corporations do (Galant and Cadez, 2017). Nevertheless, the research shows that the majority of businesses, regardless of size, still want more precise, quantifiable objectives, even if many have shown good attitudes towards CSR and are dedicated to enhancing their CSR strategy. Positive results were more probable for businesses that set clear CSR goals and included them into their overall business plan (McWilliams & Siegel, 2001). The scale of a corporation is proof that this strategy works in terms of profitability and societal effect. On the other hand, businesses that approached CSR haphazardly or informally frequently saw no tangible results from their work.

Accordingly, CSR needs to be carefully planned, carried out, and measured, just like any other corporate activity. Businesses must be clear about what they hope to achieve from their CSR efforts, such as a more diverse workforce, improved community connections, or less environmental impact. Firms should be able to attest to the effectiveness and suitability of their CSR programmes for their long-term strategic plans if they have well-defined targets and conduct frequent progress reviews. Generally speaking, the qualitative research technique offers a rather new way to look more thoroughly at the connection between profitability and corporate social responsibility in a setting that is becoming more sustainable.

Therefore, based on in-depth interviews with top executives from a variety of UK organisations, this technique provides insights into the perceptions, motives, and strategic decision-making processes underlying CSR efforts. While quantitative research often relies on numerical data to draw conclusions, qualitative research may provide a detailed account of how companies implement corporate social responsibility (CSR) and how they believe it impacts profitability. It is especially helpful when studying complicated, multifaceted subjects, like this one, where the financial results are easier to assess and quicker. The chance to examine subtleties in how CSR influences business culture, enhances stakeholder relationships, and informs long-term sustainability initiatives is made possible by the more subjective character of CEO viewpoints as recorded through interviews.

Additionally, the investigation of CSR within the particular sector and geographical settings in which enterprises were polled is justified by the qualitative case study approach. The study methodology will enable the researcher to examine how CSR is seen and applied differently in diverse organisations throughout Wales, given their varying sizes and industries. Larger businesses, for instance, might have extensive, globally renowned CSR programs, whereas smaller businesses would concentrate more on sustainability initiatives pertinent to the specific market or local community participation. Therefore, qualitative research may address these kinds of discrepancies that may not be apparent from quantitative data alone.

The pursuit of CSR's more subtle or intangible advantages, including improved reputation, increased customer loyalty, and higher staff happiness, is also ideally suited for qualitative research. Although these advantages are difficult to measure, understanding how CSR might ultimately contribute to profitability requires an understanding of them. Business executives are directly impacted by the qualitative approach. Thus, it conveys the idea that businesses themselves think these softer advantages enhance their overall financial well-being and competitive positioning. This tool further expands the perspective on possibilities and problems given in integrating the idea of corporate social responsibility (CSR) into company strategy by highlighting potential barriers to effective CSR implementation, such as ambiguous goals or a lack of resources.

CONCLUSION AND RECOMMENDATIONS

The study emphasises that although short-term profitability may not be directly impacted by Corporate Social Responsibility (CSR), there is no denying the long-term and indirect financial advantages of CSR. CSR improves a company's competitive position, builds consumer loyalty, and improves brand reputation. Because they have more resources, larger companies typically carry out more organised CSR programs, which boosts their reputation in the marketplace. On the other hand, small and medium-sized businesses (SMEs) frequently take part in community-driven and locally focused projects even if they do not have official CSR structures. The study highlights the flexibility of CSR techniques depending on sector-specific demands and reiterates that organisational size and industry type have an impact on CSR initiatives.

Since many organisations find it difficult to quantify direct revenue growth, the financial impact of corporate social responsibility (CSR) is still complicated and hard to evaluate. However, via enhancing stakeholder trust and guaranteeing regulatory compliance, CSR helps businesses remain sustainable over the long run. Additionally, as customers grow more socially conscious, businesses that do not integrate CSR run the danger of losing their competitive edge. The idea that companies incorporating CSR into their core strategy typically achieve sustainable growth and industry resilience is further supported by the fact that CSR should ultimately be viewed as a long-term investment rather than an instant financial benefit.

RECOMMENDATIONS

The researcher proposed the following recommendations

1. Strategic CSR Integration

To guarantee significant effect and long-term sustainability, businesses should create clear, quantifiable goals for their CSR programs and coordinate them with their broader company strategy.

2. Industry-Specific CSR Methods

Businesses should modify CSR programs to meet the demands of their particular industries. For instance, technology businesses should concentrate on digital inclusion and ethical data management, while manufacturing companies should prioritise environmental sustainability.

3. Assistance for SMEs in the Implementation of CSR

To address resource limitations, policymakers and business executives could encourage SMEs to implement CSR through collaborations, training initiatives, and financial incentives.

4. Better CSR Outcome Measurement and Reporting

Companies should set up strong frameworks for evaluating corporate social responsibility (CSR) that consider community impact, employee involvement, brand equity, and financial returns.

5. An outlook on long-term investments

Instead of viewing CSR as a quick fix for making money, businesses should view it as a strategic investment in customer loyalty, brand value, and regulatory compliance.

6. Development of Regulations and Policies

Governments ought to enact laws that promote ethical business conduct while striking a balance between company expansion and compliance.

7. Using CSR to Gain a Competitive Edge

Companies need to understand that corporate social responsibility (CSR) is not just a moral requirement but also a crucial difference in cutthroat marketplaces. Businesses will be more positioned for long-term success and industry leadership if they aggressively include CSR.

By following these suggestions, businesses may maximise their CSR efforts to promote long-term financial sustainability in a market that is becoming more socially conscious, boost company reputation, and spur sustainable growth.

REFERENCES

1) Admiral Group plc (2022). *Our sustainability framework | Admiral Group Plc*. [online] Admiral Group Plc. Available at: https://admiralgroup.co.uk/sustainability/our-sustainability-framework [Accessed 15 Sep. 2024].
2) Berger, P.L. & Luckmann, T. (1966). *The Social Construction of reality: a Treatise in the Sociology of Knowledge*. New York: Open Road Media.
3) Blomgren, A. (2010). Does corporate social responsibility influence profit margins? a case study of executive perceptions. *Corporate Social Responsibility and Environmental Management*, 18(5), 263–274.
4) Bowen, H.R. (1953). *Social responsibilities of the businessman*. Iowa City: University Of Iowa Press.

5) Braun, V. & Clarke, V. (2006). Using Thematic Analysis in Psychology. *Qualitative Research in Psychology*, 3(2), pp.77–101.
6) Carnegie, A. (1889). *The Gospel of Wealth*. New York: Carnegie Corp. of New York.
7) Carroll, A.B. (1991a). The Pyramid of Corporate Social Responsibility: toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), pp.39–48.
8) Carroll, A.B. (1991b). The Pyramid of Corporate Social Responsibility: toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), pp.39–48.
9) Clarkson, M.B.E. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *The Academy of Management Review*, 20(1), pp.92–117.
10) Columbia University (2019). *Content Analysis*. [online] www.publichealth.columbia.edu. Available at: https://www.publichealth.columbia.edu/research/population-health-methods/content-analysis.
11) Creswell, J.W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches*. 4th ed. London: Sage Publications Ltd.
12) Creswell, J.W. & Clark, V.L.P. (2018). *Designing and conducting mixed methods research*. 3rd ed. Los Angeles: Sage.
13) D'Amato, A. and Falivena, C. (2019). Corporate social responsibility and firm value: Do firm size and age matter? Empirical evidence from European listed companies. *Corporate Social Responsibility and Environmental Management*, 27(2).
14) Devin, B.L. & Lane, A.B. (2014). Communicating Engagement in Corporate Social Responsibility: A Meta-Level Construal of Engagement. *Journal of Public Relations Research*, 26(5), pp.436–454.
15) Eccles, R.G., Ioannou, I. & Serafeim, G. (2014). The Impact of Corporate Sustainability on Organizational Processes and Performance. *Management Science*, 60(11), pp.2835–2857.
16) Elkington, J. (1998). Partnerships from Cannibals with forks: the Triple Bottom Line of 21st-century Business. *Environmental Quality Management*, *8*(1), 37–51.
17) Folajin, O.O., Ibitoye, O.T. & Dunsin, A.T., (2014). Corporate social responsibility and organizational profitability: An empirical investigation of United Bank for Africa (UBA) Plc. *International Journal of Academic Research in Business and Social Sciences*, *4*(8), p.205.
18) Freeman, R.E. (1984). *Strategic Management: A Stakeholder Approach.* Boston: Pitman.
19) Freeman, R.E. (2010). A Stakeholder Approach to Strategic Management. *SSRN Electronic Journal*, 1(1).
20) Frynas, J.G. (2008). Corporate Social Responsibility and International Development: Critical Assessment. *Corporate Governance: An International Review*, 16(4), pp.274–281.
21) Galant, A. & Cadez, S. (2017). Corporate social responsibility and financial performance relationship: a review of measurement approaches. *Economic Research-Ekonomska Istraživanja*, 30(1), 676–693.
22) Godos-Díez, J.L., Cabeza-García, L., Martínez-Campillo, A. & Fernández-Gago, R., (2020). The importance of firm size and development strategies for CSR formalisation. In *Adapting to Environmental Challenges: New Research in Strategy and International Business* (pp. 107-131). Emerald Publishing Limited.
23) Greggs (2024). *Greggs Corporate | Doing Good*. [online] corporate.greggs.co.uk. Available at: https://corporate.greggs.co.uk/doing-good/ [Accessed 15 Sep. 2024].
24) Guba, E.G. and Lincoln, Y.S. (1994). *Handbook of Qualitative Research*. Thousand Oaks: Sage Publications, pp.105–117.
25) Hasan, I., Kobeissi, N., Liu, L. & Wang, H. (2016). Corporate Social Responsibility and Firm Financial Performance: The Mediating Role of Productivity. *Journal of Business Ethics*, *149*(3), 671–688.
26) Hejjas, K., Miller, G. & Scarles, C. (2018). 'It's Like Hating Puppies!' Employee Disengagement and Corporate Social Responsibility. *Journal of Business Ethics*, 157(2), pp.319–337.
27) Hernaus, A.I. & Stojanovic, A. (2015). Determinants of bank social responsibility: case of Croatia. *E+M Ekonomie a Management*, *18*(2), 117–134.
28) Jamali, D. (2008). A Stakeholder Approach to Corporate Social Responsibility: A Fresh Perspective into Theory and Practice. *Journal of Business Ethics*, 82(1), pp.213–231.
29) Jenkins, H. (2009). A 'business opportunity' model of corporate social responsibility for small- and medium-sized enterprises. *Business Ethics: A European Review*, 18(1), pp.21–36.
30) Kazmi, B.A., Leca, B. & Naccache, P. (2016). Is corporate social responsibility a new spirit of capitalism? *Organization*, 23(5), 742–762.
31) Kim, H.J., Mun, S. & Han, S.H., (2023). Corporate social responsibility and the alignment of CEO and shareholders wealth: Does a strong alignment induce or restrain CSR?. *Corporate Social Responsibility and Environmental Management*, *30*(2), 720-741.

32) Lee, M.-D.P. (2008). A Review of the Theories of Corporate Social responsibility: Its Evolutionary Path and the Road Ahead. *International Journal of Management Reviews*, 10(1), pp.53–73.
33) Li, W. & Zhang, R. (2010). Corporate Social Responsibility, Ownership Structure, and Political Interference: Evidence from China. *Journal of Business Ethics*, 96(4), pp.631–645.
34) Luo, X. & Bhattacharya, C.B. (2006). Corporate Social Responsibility, Customer Satisfaction, and Market Value. *Journal of Marketing*, 70(4), pp.1–18.
35) Madden, K., Scaife, W. and Crissman, K. (2006). How and why small to medium size enterprises (SMEs) engage with their communities: an Australian study. *International Journal of Nonprofit and Voluntary Sector Marketing*, 11(1), pp.49–60.
36) Margolis, J.D. & Walsh, J.P. (2003). Misery Loves Companies: Rethinking Social Initiatives by Business. *Administrative Science Quarterly*, 48(2), 268–305.
37) Monito (2024). *UK's Best Online Banks*. [online] www.monito.com. Available at: https://www.monito.com/en/wiki/best-online-banks-uk.
38) Moore, D.S., Notz, W.I. and Fligner, M.A. (2011). *The Basic Practice of Statistics*. New York: W.H. Freeman.
39) Muller, A. & Kolk, A. (2010). Extrinsic and Intrinsic Drivers of Corporate Social Performance: Evidence from Foreign and Domestic Firms in Mexico. *Journal of Management Studies*, 47(1), pp.1–26.
40) Orlitzky, M., Schmidt, F.L. & Rynes, S.L. (2003a). Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, 24(3), pp.403–441.
41) Orlitzky, M., Schmidt, F.L. & Rynes, S.L. (2003b). Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, 24(3), pp.403–441.
42) Owen, D.L. & O'Dwyer, B., (2008). Corporate social responsibility: The reporting and assurance dimension.
43) Owoeye, A. B (2024). The Impact of International Financial Reporting Standards on Corporate Governance, Board Size and Income Smoothing in the Nigerian Financial Market, International Journal of Multidisciplinary Research and Analysis, Volume 07 Issue 03 March 2024, DOI: 10.47191/ijmra/v7-i03-05, Impact Factor: 8.22 Page No. 884-895.
44) Penderyn Distillery (2024). *Penderyn Distillery Chairman Embarks on Journey to Ukraine, Demonstrating Solidarity and Support*. [online] Penderyn. Available at: https://www.penderyn.wales/2024/08/16/penderyn-distillery-chairman-embarks-on-journey-to-ukraine-demonstrating-solidarity-and-support/ [Accessed 15 Sep. 2024].
45) Porter, M. and Kramer, M. (2006a). Strategy and society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), pp.78–92.
46) Porter, M. and Kramer, M. (2006b). Strategy and society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), pp.78–92.
47) Porter, M.E. and Kramer, M.R., 2002. The competitive advantage of corporate philanthropy. *Harvard business review*, *80*(12), pp.56-68.
48) Tata Steel (2024). *Tata Steel | Corporate Social Responsibility*. [online] www.tatasteel.com. Available at: https://www.tatasteel.com/corporate/our-organisation/csr/ [Accessed 15 Sep. 2024].
49) Welsh Water (2024). *Environmental, Social and Governance*. [online] Dŵr Cymru Welsh Water. Available at: https://corporate.dwrcymru.com/en/about-us/investors/environmental-social-and-governance [Accessed 15 Sep. 2024].
50) WRU Charitable Trust (2019). *Welsh Rugby Charitable Trust*. [online] Wrct.co.uk. Available at: https://www.wrct.co.uk/#:~:text=The%20Welsh%20Rugby%20Charitable%20Trust [Accessed 15 Sep. 2024].
51) Zu, L. & Song, L. (2008). Determinants of Managerial Values on Corporate Social Responsibility: Evidence from China. *Journal of Business Ethics*, *88*(S1), 105–117.