

# The Social Responsibility Effect: How Organizational Espoused Values Shape Performance

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## Abstract

### Purpose

This paper aims to investigate the impact of incorporating social responsibility-related values into an organization's espoused values on firm performance.

### Design/methodology/approach

The present research is based on S&P BSE 100 Indian Companies. The study covers seven years, from 2017-18 to 2023-24. The relationship between social responsibility-related values and firm performance, along with control variables, has been explored using the GLS method.

### Findings

The findings reveal that the presence of social responsibility-related values in an organization's espoused values has a positive and significant impact on firm performance.

### Practical implications

The research contributes to the existing literature on organizational espoused values, social responsibility, and firm performance. The findings enable management to proactively steer their organizations towards higher profitability by incorporating socially and ethically relevant values into strategic statements such as organizational espoused values.

### Originality/value

To the best of the author's knowledge, the present research is novel in its investigation of the impact of social responsibility-related values on financial performance in an emerging setting.

**Keywords:** Social Responsibility, Espoused Values, Organizational Values, Firm Performance, GLS Method

## 1. Introduction

In today's modern era, the issue of sustainability has evolved from a discretionary consideration to a critical requirement for business entities (Trollman and Colwill, 2021). Nowadays, companies encounter tremendous pressure and scrutiny from regulatory bodies, government entities, competitors, and well-informed customers to address sustainability and environmental challenges (Morioka *et al.*, 2017; Zollo *et al.*, 2013). To address such issues, numerous organizations are proactively integrating ethical practices into their operations and genuinely considering their societal impact. This transition would lead to an enhanced reputation and increased overall value delivered to their stakeholders. Thus, sustainability has emerged as a key determinant that influences the strategic direction of successful organizations in the current landscape.

The sustainability strategy of a business is governed by how senior management responds to and addresses social and ethical issues (Wijethilake, 2017). Businesses are increasingly recognizing the need to go beyond mere compliance with regulatory requirements and integrate social responsibility and sustainability into their strategies and operations. This proactive approach is crucial in meeting the increasing expectations of stakeholders and addressing pressing societal and environmental challenges (Verma and Sangle, 2015). However, organizations need effective member engagement to integrate sustainability into policies and practices. One strategy that can help an organization engage its members is

clearly articulating sustainability and social responsibility practices into its strategic statements, such as values, mission, vision, and philosophy (Khandelwal and Mohendra, 2010). According to Collins and Porras (1996), establishing a genuinely "excellent" and "visionary" company necessitates one percent vision and ninety-nine percent alignment among the members' values. By embedding social responsibility into their core values, organizations can cultivate long-term sustainability and attract individuals who share a similar dedication to making a positive impact in the world.

Indeed, no organization can achieve long-term success without a corporate culture fueled by genuine enthusiasm and dedication. Therefore, Organizational values, "the building stones of corporate culture, are the best source of distinctive resources and competitive advantage" (Barchiesi and La Bella, 2014, p.21). According to Barchiesi and La Bella (2014), organizational values cannot be artificially fabricated, imported, or replicated. If they are absent, they cannot be simulated. Although social responsibility may not consistently represent a distinct value, it is undeniably crucial as a strategic priority. Failure in social responsibility by corporations can estrange stakeholders and foster a contentious institutional atmosphere (Werther and Chandler, 2005). Corporate social responsibility must be incorporated within the organization's core operations and strategy (D'Anselmi, 2011), with corporations explicitly outlining how they will contribute to business and societal sustainability in their value statements. However, there is limited consensus on the exact definition of socially responsible business practices (Tian and Fang, 2024). Organizations are, therefore, encouraged to weave social and environmental priorities into their strategic plans (Journault, 2016; Wijethilake, 2017). Existing literature on social responsibility often explores its impact on operational performance (Journault, 2016), ecological outcomes (Anser *et al.*, 2020), investor attraction (Rokhayati *et al.*, 2019), financial outcomes (Indriastuti and Chariri, 2021; Long, 2014), and market volatility (Zhang *et al.*, 2018). Today, companies are increasingly focused on aligning with societal needs (Carballo, 2023; Obel and Kallehave, 2022). However, research on embedding social responsibility as an organizational espoused value is scarce, and it remains uncertain whether this focus has led to improved performance. Empirical studies confirmed that most organizations in developed countries favor corporate social responsibility programs and know their need. According to Khandelwal and Mohendra (2010), "espousing socially relevant values and corporate social responsibility is gaining enormous importance today." However, only a few organizations aim to make social responsibility an integral part of their values (Hassan, 2007). This knowledge gap presents an exciting opportunity for future research to explore this important area in greater depth.

This inquiry addresses the relatively underexplored area of organizational espoused values with social responsibility and their impact on organizational performance. By concentrating on this aspect, we establish a definitive subject for this research, as suggested by Bourne and Jenkins (2008). Specifically, the research will examine the extent to which organizations articulate their values within the documentation available on their official websites and to what extent the social responsibility aspect is integrated within these espoused value statements. This analysis aims to facilitate the identification of organizational values, thereby contributing to a deeper understanding of how these values are communicated to external parties (Daly *et al.*, 2004; Kabanoff *et al.*, 1995).

This paper examines the extent to which the annual reports of the top 100 companies promote social responsibility-related values and how these values influence firm performance. The remainder of the study discusses the literature review and research methodology, followed by analysis and interpretation. The study concludes with the implications and some recommendations for future scope.

## 2. Literature Review

### 2.1 Theoretical Framework

Several theories suggest that the positive impact of the values articulated by companies is evident. The next sections will delve into each theory briefly.

#### 2.1.1 Stakeholder Theory

Stakeholder Theory posits that organizations need to consider the interests of all stakeholders, comprising of employees, customers, suppliers, and the wider community, instead of only pursuing profits maximization (Jones and Wicks, 1999; Freeman, 1984; Donaldson and Preston, 1995). By inculcating social res initiatives within their business strategies, corporations can enhance relationships with legal and political entities, effectively meet stakeholder expectations, and build a favorable public image (Khandelwal and Mohendra, 2010). Moreover, advancements in these areas can lead to the development of intangible assets such as employee commitment and customer loyalty, which may ultimately contribute to better financial performance. This integrated approach enables firms to address the broader impact of their

operations and fosters a sustainable business model that benefits not just shareholders, but the entire spectrum of stakeholders they engage with.

### 2.1.2 Signalling Theory

Signalling theory suggests that companies should be mindful of the signals their values, beliefs, and intentions send to stakeholders, who in turn use these signals to inform their decision-making (Jones and Murrell, 2001). To effectively influence stakeholders such as investors, employees, and customers, firms must strategically position themselves in their perceptions (Brown *et al.*, 2006). According to Hauser (1996), the costs associated with these signals are not merely expenses but rather enhance the credibility of communication. Consequently, by incorporating socially responsible values into their core value statements, organizations can more effectively communicate with stakeholders, thereby fostering trust and alignment with their interests. This approach not only aids in establishing stronger relationships but also ensures that organizations are viewed positively in a competitive landscape, thereby enhancing their overall credibility and appeal to a diverse range of stakeholders.

### 2.1.3 Legitimacy theory

Legitimacy theory suggests that companies must operate within the bounds of what society deems socially acceptable to maintain successful operations. This theory posits that firms can improve their operations by functioning within the framework of societal norms and values. Companies often use voluntary environmental disclosures to legitimize their activities and create an impression of social responsibility.

Legitimacy Theory posits that organizations delve into Corporate Social Responsibility (CSR) initiatives primarily to maintain and improve their legitimacy in the eyes of society. Within this framework, it is proposed that corporations must adhere to societal demands and norms to ensure their long-term survival and sustainability. Furthermore, as highlighted by Sutton and Callahan (1987), the values espoused by organizations are not merely philosophical; rather, they serve as instrumental tools designed to enhance the reputation and image of the corporation. Moreover, the existing literature emphasizes that a significant motivation for corporations to advocate socially relevant values that align with their organizational culture is to reinforce their legitimacy (Siehl and Martin, 1990).

## 2.2 Organizational Espoused Values

**Rokeach (1973)** defined value as "a belief that a specific mode of conduct or end state of existence is preferable, socially or personally, to an opposite or contrary end state or mode of conduct." Corporate values are of significant importance to inspire the workforce to contribute to the goals and objectives of the firm. An important way to communicate the company's vision and direct the workforce is by defining a set of corporate value statements (Ehrenhard and Fiorito, 2018). Bourne *et al.*, (2019) defined espoused values as "Those determined by the top management team and are often stated explicitly in corporate documents". The idea that espoused values are developed by top management is strongly supported in the literature and also mentioned by Forte (2004). This is important as managers can take action in their interest by trying to align corporate values with their values. Managers can do this to eliminate conflicts between their values and their behaviour at work (Hemingway, 2005). The fact that conflicts of values between people and organizations can occur makes it probable that employees may not live their organization's values. This is supported by Gopinath *et al.*, (2018), who underline that writing down corporate values does not necessarily mean a company is trying to achieve them, even if it claims to do so. Values are beliefs, perhaps enshrined in a mission statement or a philosophy that has meaning to a business. It is widely believed that the development, adoption, and implementation of values is one of the key success factors in high-growth, high-profit businesses. Therefore, businesses must align their corporate values with social responsibility, as this alignment benefits both the company and society. (Juščius and Šimanskienė, 2009).

## 2.3 Organizational Espoused Values and Social Responsibility

Ethical and multicultural values are important for planning and implementing effective management practices and organizational sustainability. Successful companies are now more likely to believe that social and environmental responsibility affect financial performance (De Medeiros and Da Silveira, 2007). In their study, Barchiesi and Bella (2014) emphasize that an extreme emphasis on only one core value orientation can be detrimental without a strong commitment to social responsibility. Their research analyzed the core value statements of Fortune's world's most admired companies from 2009 to 2013. They were assessed according to five core value orientations: customer/user, employees, economic and financial growth, excellence, and social responsibility. They found that only a few firms, among the most admired ones, base their practices solely on customer-oriented, employee-oriented, or excellence-focused values. In contrast, the majority (85.29%) integrate social responsibility with other core values in their business

practices. This suggests that companies achieving long-term high performance and peer admiration tend to emphasize social-responsibility-oriented values alongside other orientations.

#### 2.4 Espoused organizational values and firm performance

Researchers discovered that writing down corporate values positively correlates with firm performance (Donker *et al.* , 2008; Jonsen *et al.* , 2015). Jonsen *et al.* (2015) provide evidence that Fortune 100 patterns of espoused values positively and significantly influence a firm's performance. Companies indicating stable espoused values perform worse than companies that change them over time. Luinstra (2019) mentioned that organizations that espouse values perform better than those that do not. The study also highlighted that those espoused values, used as a tool for better performance, are ineffective and are often employed for image management. The values identified by Batstone (2003) were proposed to be associated with organizational profitability, but none were statistically significantly related to organizational profitability (Johnson, 2009). De Medeiros and Da Silveira, (2007) demonstrated that corporate values as a single average index negatively correlated with stock return volatility, as expected. Values such as individualism, ethics, social responsibility, sustainability, and transparency also showed a negative relationship with stock volatility, whereas corporate governance did not. The study also found that ethics reduces liquidity, and no significant relationship exists between corporate values and abnormal stock returns. The literature cited here suggests a relationship between espoused organizational values and organizational profitability.

### 3. Data and Methodology

The current study investigates how social responsibility-related values influence financial performance in non-financial companies listed on India's S&P BSE 100 index of the Bombay Stock Exchange (BSE). This is considered a major representative index of the Indian market as it includes about 20 main industries of India (Saini & Singh, 2022). The data is drawn from the Ace Equity and Prowess database and the annual reports of the sample companies for the seven years from 2018 to 2024. The total number of observations for sample firms over the seven-year period is 504, after excluding banking and financial institutions, as they follow different rules and regulations.

The explanatory variable of the study is organizational espoused values, which include social responsibility as one of their values. The values have been collected from the companies' annual reports. The variable has been measured as dichotomous, where 1 indicates that the company includes social responsibility as one of its values, and 0 indicates otherwise. The organizational value statements were thoroughly reviewed to determine if they include aspects of social responsibility, such as sustainability, security, long-term perspective, and global perspective, beyond these specific terms or synonyms.

#### 3.1. Firm performance measures

The study measures firm performance based on two dimensions: accounting and market-based performance. The return on assets (ROA) is taken as a proxy for accounting performance, indicating how efficiently a company utilizes its assets to generate profits. It is calculated by dividing net income by total assets (Veeravel *et al.*, 2024). Tobin's Q is taken as a proxy for market-based performance and is measured by dividing total market capitalization and total debt by total assets (Buallay, 2019).

#### 3.2. Firm and Corporate Governance Control Variables

The literature reveals the impact of governance and voluntary disclosure on a firm's performance (Hussain *et al.*, 2018; Veeravel *et al.*, 2024). Thus, investigating the impact of social responsibility-related value disclosure on firm performance in isolation may not be adequate. This study employs two sets of control variables — firm characteristics and corporate governance — to investigate the impact of social responsibility values on firm performance. Size, leverage, age, sales growth, liquidity, board size, the presence of women on the board, and promoters' ownership are taken as control variables to control their impact on the relationship between the presence of social responsibility values and firm performance. A detailed description of all these variables and their measurement is described in Table 1.

Table 1: Variables Description

| Variables             | Acronym   | Measurement                              |
|-----------------------|-----------|------------------------------------------|
| Dependent variable    |           |                                          |
| Return on Assets      | ROA       | The ratio of Net Income to Total Assets  |
| Market Capitalization | marketcap | The natural log of Market Capitalization |
| Independent variables |           |                                          |

| Social Responsibility-related Values | SR    | Dummy variable, 1 if SPR present or else 0               |
|--------------------------------------|-------|----------------------------------------------------------|
| Control variables                    |       |                                                          |
| Firm Size                            | Size  | Natural logarithm of Total Assets                        |
| Firm Age                             | Age   | Natural Logarithm of number of years since incorporation |
| Leverage                             | Lev   | Ratio of Debt to Equity                                  |
| Sales Growth                         | SG    | Percentage change in Net Sales                           |
| Liquidity                            | QR    | Quick Ratio                                              |
| Board Size                           | BSize | Natural logarithm of the total number of board members   |
| Women on Board (%)                   | WBod  | The proportion of women directors to Board               |
| Promoter Ownership                   | POwn  | The proportion of promoter ownership                     |
| Source: The Authors                  |       |                                                          |

### 3.3 Econometric Model

The effect of social responsibility values on firm performance has been examined using GLS panel regression on a sample of 504 firm-year observations for seven years. The dependent variables are firm performance, measured as return on assets (ROA) and Tobin's Q. The independent variable is dichotomous in nature, i.e., the presence of social responsibility values in organizational espoused value statements has been assessed. Also, firm-specific, board-specific, and ownership data have been included as control variables.

The models of the study are given below:

$$ROA_{it} = \alpha + \beta_1 SR_{it} + \beta_2 Age_{it} + \beta_3 Size_{it} + \beta_4 Lev_{it} + \beta_5 SG_{it} + \beta_6 QR_{it} + \beta_7 BSize_{it} + \beta_8 WBod_{it} + \beta_9 POwn_{it} + \varepsilon_{it}$$

$$TQ_{it} = \alpha + \beta_1 SR_{it} + \beta_2 Age_{it} + \beta_3 Size_{it} + \beta_4 Lev_{it} + \beta_5 SG_{it} + \beta_6 QR_{it} + \beta_7 BSize_{it} + \beta_8 WBod_{it} + \beta_9 POwn_{it} + \varepsilon_{it}$$

Here, ROA represents firm performance of firms  $i$  in period  $t$ ; SR stands for social responsibility values; Age represents firm age; Size is the firm size; Lev depicts firm leverage; SG represent sales growth; QR stands for quick ration; BSize stands for size of the board of directors; WBod represents proportion of women on board, POwn stands for promoters' ownership;  $\varepsilon$  represents error term.

## 4. Empirical results

To determine the impact of social responsibility values in value statements on firm performance, STATA version 15 is applied. First, a statistical summary of the variables is presented, followed by a panel data regression analysis, and the results are explained and discussed.

Table 2: Year-wise Description of Organizational Espoused Values Statements

| Years | No. of firms with values present | % of firms with values present | No. of firms with SR Values present | % of firms with SR values present | % of firms with SR values present out of total firms | Total firms |
|-------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|------------------------------------------------------|-------------|
| 2018  | 39                               | 54.17                          | 13                                  | 33.33                             | 18.06                                                | 72          |
| 2019  | 43                               | 59.72                          | 16                                  | 37.20                             | 22.22                                                | 72          |
| 2020  | 45                               | 62.5                           | 17                                  | 37.78                             | 23.61                                                | 72          |
| 2021  | 49                               | 68.06                          | 17                                  | 34.69                             | 23.61                                                | 72          |
| 2022  | 49                               | 68.06                          | 16                                  | 32.65                             | 22.22                                                | 72          |
| 2023  | 54                               | 75                             | 20                                  | 37.03                             | 27.78                                                | 72          |
| 2024  | 55                               | 76.38                          | 21                                  | 38.18                             | 29.17                                                | 72          |
| Total | 285                              | 64.19                          | 98                                  | 34.39                             | 22.07                                                | 504         |

Source: The Authors

Table 2 presents the disclosure of espoused organizational values among the sampled companies over a seven-year period. The data indicates a notable increase in the disclosure of organizational espoused values, rising from 54% in 2018 to 76% in 2024. In parallel, social responsibility-related values also exhibit a similar trend, with the proportion

increasing from 18% in 2018 to 29% in 2024. However, it is important to note that among the organizations that disclose their espoused values in their annual reports, only about 34.39% include social responsibility as one of their declared values. This statistic effectively highlights a persistently low integration of social responsibility values within Indian companies, despite the urgent need and increasing calls for social accountability. The overall data reflects a gradual shift towards recognizing the importance of these values; nevertheless, the relatively limited inclusion of social responsibility suggests an area that requires substantial progress. Continued efforts to enhance the disclosure and integration of social responsibility into the core values of these organizations will be essential in responding to societal expectations and fostering corporate accountability.

Table 3: Summary Statistics and Multicollinearity Measures

| Tests        |           | Age   | BSize | POwn  | QR    | SR   | Size  | WBod  | SG     | Lev   | ROA    |
|--------------|-----------|-------|-------|-------|-------|------|-------|-------|--------|-------|--------|
| Descriptives | Obs.      | 504   | 504   | 504   | 504   | 504  | 504   | 504   | 504    | 504   | 504    |
|              | Mean      | 48.03 | 10.82 | 49.51 | 1.78  | 0.24 | 10.06 | 17.20 | 14.54  | 0.42  | 11.54  |
|              | Std. Dev. | 26.23 | 2.64  | 17.61 | 3.68  | 0.43 | 1.42  | 9.65  | 24.68  | 3.13  | 9.77   |
|              | Min       | 5.30  | 4.00  | 0.00  | 0.18  | 0.00 | 5.12  | 0.00  | -65.70 | -0.64 | -13.19 |
|              | Max       | 122   | 22.00 | 87.40 | 46.53 | 1.00 | 13.79 | 55.00 | 157.70 | 69.82 | 76.52  |
| VIF          | ROA       | 1.32  | 1.24  | 1.23  | 1.18  | 1.2  | 1.1   | 1.09  | 1.05   | 1.03  | -      |

Source: The Authors

Table 3 provides a comprehensive summary of the statistical data pertinent to the study, specifically focusing on the return on assets (ROA), social responsibility values, and associated control variables. The analysis reveals that the mean score for social responsibility values is 0.24, with a standard deviation of 0.43. These figures suggest that the level of disclosure regarding social responsibility values among Indian companies is notably low. In terms of financial performance, the average ROA is calculated at 11.54%, implying that firms yield approximately 11.54% profit relative to their total assets. Additionally, the mean score for promoter ownership is 49, with a range of 0 to 87.4. The average firm size is quantified at 10.06, with a standard deviation of 1.42, while the average leverage is 0.42, with a standard deviation of 3.13. Furthermore, the typical composition of the board of directors comprises around 11 members. However, a review of gender representation reveals that, on average, only 17.2% of board members are women, highlighting a significant underrepresentation of female directors within these organizations.

Table 4: Correlation Analysis

| Variables | 1      | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|
| 1 ROA     | 1      |        |        |        |        |        |        |        |        |    |
| 2 SR      | 0.012  | 1      |        |        |        |        |        |        |        |    |
| 3 Age     | -0.186 | -0.011 | 1      |        |        |        |        |        |        |    |
| 4 Size    | -0.040 | 0.404  | 0.065  | 1      |        |        |        |        |        |    |
| 5 Lev     | -0.166 | -0.039 | 0.037  | -0.042 | 1      |        |        |        |        |    |
| 6 QR      | 0.069  | -0.059 | 0.019  | 0.092  | -0.021 | 1      |        |        |        |    |
| 7 SG      | 0.127  | -0.048 | -0.014 | -0.028 | -0.136 | -0.030 | 1      |        |        |    |
| 8 POwn    | 0.176  | -0.147 | -0.034 | -0.313 | 0.063  | -0.315 | 0.059  | 1      |        |    |
| 9 BSize   | -0.035 | 0.040  | 0.271  | 0.170  | -0.044 | 0.209  | -0.119 | -0.071 | 1      |    |
| 10 WBod   | -0.029 | 0.072  | -0.156 | -0.043 | 0.023  | -0.080 | -0.068 | -0.026 | -0.237 | 1  |

Source: The Authors

The study incorporates multicollinearity assessments using the Variance Inflation Factor (VIF) and Pearson correlation coefficients to evaluate the potential collinearity among the variables, which could affect the precision of the estimated coefficients. As indicated in Table 3, the VIF values for all variables are significantly below the critical threshold of 10, suggesting the absence of multicollinearity issues. Furthermore, Table 4 shows that Pearson correlation coefficients do not indicate any significant relationships that would contribute to multicollinearity problems within the regression analysis. Therefore, the results demonstrate that multicollinearity is not a concern in this study, thereby supporting the reliability of the regression outcomes.

#### 4.1 Results and Discussion

The current study examines the impact of social responsibility values on the firm performance of BSE 100 Indian companies over a seven-year period, from 2017-18 to 2023-24.

Table 5: Panel regression analysis using the GLS Method

| Variables | Coeff.  | Std. Err. | z     | p-value  |
|-----------|---------|-----------|-------|----------|
| SR        | 0.9368  | 0.5599    | 1.67  | 0.094*   |
| Size      | 0.0000  | 0.0000    | -6.11 | 0***     |
| Age       | 0.4581  | 0.5346    | 0.86  | 0.391    |
| Lev       | -0.5511 | 0.2009    | -2.74 | 0.006*** |
| QR        | 0.0666  | 0.0309    | 2.15  | 0.031**  |
| SG        | 0.0364  | 0.0047    | 7.73  | 0***     |
| POwn      | 0.0662  | 0.0197    | 3.37  | 0.001*** |
| BSize     | -0.6495 | 0.8060    | -0.81 | 0.42     |
| WBod      | -0.0144 | 0.0186    | -0.78 | 0.437    |
| Constant  | 6.8734  | 3.0334    | 2.27  | 0.023    |
| Wald Chi  | 145.17  |           |       |          |
| Prob.     | 0.000   |           |       |          |

Source: The Authors, \* indicates  $p < 0.1$ , \*\* indicates  $p < 0.05$ , \*\*\* indicates  $p < 0.01$

Table 5 presents the panel data regression analysis conducted using the Generalized Least Squares (GLS) method. It uses two dependent variables to measure firm performance: ROA and Tobin's Q. To ensure the reliability of the results, tests for heteroskedasticity and serial autocorrelation were performed, as their presence can mislead to erroneous interpretations of the findings. The analysis confirms the existence of both heteroskedasticity and serial autocorrelation; therefore, the GLS method was employed to examine the relationship between social responsibility-related values, firm performance, and relevant control variables.

Results indicate that SR-related values exert a positive and significant influence on a firm's return on assets (ROA), aligning with conclusions drawn by previous studies (Donker et al., 2008; Jonsen et al., 2015; Luinstra, 2019). Furthermore, the firm's control variables, such as age, liquidity, and sales growth, have a positive impact on firm performance. However, leverage and firm size negatively impact ROA, which suggests that small firms tend to have higher profitability than larger firms. These results are inconsistent with prior studies (Donker et al., 2008; Veeravel et al., 2024). The promoter ownership shows a positive and significant effect on firm performance at a 1% level of significance. These findings highlight the intricate relationships between corporate governance structures and their impact on financial outcomes.

The study employs Tobin's Q to measure the market-based performance of the firm. The results reveal a positive and statistically significant impact of social responsibility-related values on Tobin's Q. This indicates that by focusing more on the social responsibility aspect in their strategic statements, firms can improve their market-based performance. The control variables, including firm age, sales growth, liquidity, and promoter ownership, have a positive and statistically significant impact on the firm's market performance. However, firm size and leverage show a negative and statistically significant impact on firm performance.

#### 4.2 Additional Analysis

To verify the robustness of these results, this study further analyzes two more models with the same independent and control variables. Firstly, the study used two different proxies for accounting and market-based performance, which have been replaced with ROCE and Price-to-book value. The results presented in Table 6 demonstrate that the presence of social responsibility-related values in organizational espoused values has a positive and significant influence on both accounting and market-based performance. Thus, the results of the present study are reliable and robust.

Table 6: Panel regression analysis using the GLS Method

| Variables | Coeff.  | Std. Err. | z      | p-value  |
|-----------|---------|-----------|--------|----------|
| SR        | 0.1034  | 0.0598    | 1.730  | 0.084*   |
| Size      | 0.0000  | 0.0000    | 13.690 | 0.000*** |
| Age       | 0.2070  | 0.0583    | 3.550  | 0.000*** |
| Lev       | -0.0004 | 0.0034    | -0.130 | 0.900    |
| QR        | 0.0427  | 0.0054    | 7.840  | 0.000*** |
| SG        | 0.0033  | 0.0007    | 5.060  | 0.000*** |
| POwn      | 0.0100  | 0.0021    | 4.710  | 0.000*** |
| BSize     | 0.2167  | 0.0953    | 2.270  | 0.023**  |
| WBod      | 0.0133  | 0.0020    | 6.670  | 0.000*** |
| Constant  | 8.7263  | 0.3373    | 25.870 | 0.000    |
| Wald Chi  | 469.73  |           |        |          |
| Prob.     | 0.000   |           |        |          |

Source: The Authors, \* indicates  $p < 0.1$ , \*\* indicates  $p < 0.05$ , \*\*\* indicates  $p < 0.01$

#### 4.3. Implications, Limitations, and Future Scope

This research highlights the crucial role of socially responsible values in enhancing organizational performance, thereby supporting stakeholder theory, signaling theory, and legitimacy theory. Evidence suggests that firms committed to social responsibility can enhance their financial performance by cultivating an ethos that aligns with these values. A study by Smith et al. (2021) found that companies that prioritize social responsibility initiatives tend to experience increased customer loyalty, resulting in higher profitability. The findings advocate for a clear articulation of social responsibility in organizational espoused value statements, as this approach promotes effective internal and external communication. By doing so, companies not only enhance their reputation but also foster a sustainable competitive advantage. Therefore, firms should actively incorporate and promote social responsibility to achieve superior performance and satisfy stakeholder expectations, aligning operational goals with societal values for long-term success.

Although the study offers valuable insights, it has several limitations that future research could address. Firstly, although achieving sustainability is a global concern, this study is restricted to listed companies in India, an emerging economy. Future studies could explore this relationship across different institutional and economic contexts. Secondly, the sample size of the study is limited. Future research could explore and test this relationship by including more firm observations, which may build further reliability and validity of the findings. Lastly, this study focuses solely on non-financial listed firms; therefore, future research could investigate how social responsibility-related values impact the performance of financial firms.

#### 5. Conclusion

The primary objective of every business is to enhance its performance, and the disclosure of organizational values plays a crucial role in achieving this objective. The present research emphasizes the significance of organizational espoused values and social responsibility in business strategies and practices. Since corporate ethics and values emerge from social settings within the context of corporate culture and management interaction processes, the practical application of these ethics and values in day-to-day business operations requires more strategic clarification for executives and managers in organizational terms.

The empirical findings of this study point out that the espousal of organizational values in corporate documents has improved significantly over the years in BSE 100 Indian companies. However, despite the recognized urgency to integrate social responsibility and sustainability into business strategies, their communication through espoused values is still limited to only 29%. The empirical results demonstrate that incorporating social responsibility-related values into an organization's espoused values can enhance its performance. Thus, based on empirical findings, the research suggests that embracing and promoting socially responsible values in strategic statements, such as values statements, would contribute to the betterment of society and play a critical role in driving improved financial performance.

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