

# Chapter 3

## Retracted The Impact of Corporate Social Responsibility Reporting Practice on the Financial Performance of Tunisian Banks

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### **ABSTRACT**

*This study investigates the link between corporate social responsibility (CSR) disclosure and the financial performance of banks in Tunisia over the period from 2013 to 2023. The analysis was conducted on the financial statements of fourteen banks in Tunisia to gather data on CSR disclosures. The panel data analysis revealed a statistically significant and positive correlation between the level of CSR disclosure and the financial performance of these banks. These results suggest that greater CSR disclosure is associated with improved profitability for banks in Tunisia. This study contributes to the existing literature on the relationship between social responsibility disclosures and financial performance, providing valuable insights for both academics and industry professionals.*

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## 1.0 INTRODUCTION

Corporate social responsibility (CSR) encompasses a company's commitment to ethical self-governance and integrating moral practices into its core business operations (Razak, Ismail, Yamin, & Syah, 2019). CSR involves a range of initiatives aimed at ensuring a positive impact on the environment and stakeholders. This includes assessing and improving the organization's economic, social, and environmental policies to meet stakeholder expectations (Ramzan, Amin, & Abbas, 2021).

CSR reporting requires companies to publish detailed reports on their social and environmental impacts (Platonova et al., 2016). This type of reporting aims to transparently communicate efforts beyond financial goals, such as environmental conservation, social equity, and community involvement. CSR disclosure specifically refers to the public dissemination of information about a company's CSR practices through various channels for stakeholders (Saki, 2020).

Organizations engage in CSR disclosure for multiple reasons, including enhancing their public image, building stakeholder trust, attracting socially conscious investors, and complying with regulatory requirements (Christensen et al., 2017). Detailed CSR disclosures are crucial for demonstrating a firm's commitment to sustainability and social responsibility. Evidence suggests that investors are often willing to pay more for shares in companies with strong CSR policies, due to the association with transparent management, better governance, and lower risk profiles. Effective CSR strategies support long-term sustainable development and incentivize companies to improve their sustainability practices and disclose more about their CSR activities (Siueia et al., 2019).

The United Nations Sustainable Stock Exchange initiative, launched in 2012, aims to develop a new framework for sustainable global finance and encourage voluntary commitments to sustainable development in business and investment strategies worldwide. Research indicates that strong CSR strategies can enhance a company's ability to sustain operations and improve financial performance. CSR and sustainability are interrelated approaches that contribute to better financial outcomes. The CSR index is often used to assess ethical business practices (Siueia et al., 2019).

Moreover, CSR disclosure can influence the financial performance of businesses, particularly in the banking sector (Chowdhury & Nehal, 2020). Increased focus on CSR programs has led to greater scrutiny of the banking sector's role in sustainable development, given its substantial use of resources and waste generation. Therefore, banks need to prioritize environmental protection alongside shareholder returns (Chowdhury & Nehal, 2020).

The existing literature on the relationship between financial success in the banking sector and corporate social responsibility (CSR) has produced inconsistent empirical results, with studies showing neutral, positive, and negative associations.

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