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A study on corporate governance, profitability, corporate social responsibility and its effect on corporate value with reference to selected steel companies listed in NSE, India.

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Abstract:

Purpose- The purpose of this study is to examine relationship between corporate governance, profitability, corporate social responsibility and its effect on corporate value of the chosen steel companies for the period between 2016-2022.

Design / methodology/ approach- The study was all selected steel companies listed in NSE in 2016-2022.This type of research performed in this study was regression, correlation as a method of validating the hypothesis. It covers the general research design, the way data is collected, the field survey and the data analysis. The collection of secondary data was used extensively in the current investigation.

Findings- the study finds that the variables of corporate governance and corporate value have a no significant and positive effect on profitability, corporate social responsibility on the steel companies listed in NSE.

Value- The study is to investigate and compare the relationship between corporate governance, profitability, corporate social responsibility and corporate value. The study is originally to measuring the corporate governance variable will be measured by committees and board meeting. Meanwhile, for the profitability variable will be ROA and ROE were used indicators. The originally study of the 10 steel companies for the 6 years 2016-2022.

Keywords – corporate value, corporate social responsibility, corporate governance, profitability, steel companies.

1.Introduction:

Corporate governance refers to the set of policies, practices, and regulations that direct and control a firm. Corporate governance is the process of balancing the interests of all the parties that have an interest in a company, including clients, vendors, creditors, the authorities, and the general public. Corporate governance,

which lays the groundwork for a company's goals to be met, covers practically every element of management, including internal controls, action plans, performance reviews, and corporate transparency

The entire profitability of every firm is its top objective. One of the most widely used financial ratio analysis tools is corporate profitability ratios, which are used to assess a company's bottom line and return to its investors. Both managers and owners place a high value on organisational profitability indicators.

Corporate Social Responsibility (CSR) is not a new concept in Indian businesses, but it has long been a key part of Indian corporate culture. History, philosophy, and religion all have an impact on how a society expresses its commitment to social responsibility. Since ancient times, India has maintained a huge business society. India maintained a strict caste system for much of its history, which resulted in the establishment of traditional commercial societies within the merchant or trade caste, which was in charge of all of the society's economic and commercial activities.

In pre-Industrial India, the trader's class was crucial in laying the groundwork for charity (Shrivastava and Venkateshwara 2000). They built and maintained institutions for education, religion, and social interaction and gave liberally from their treasuries during difficult times (Sundar 2000). Deep religious undertones were frequently infused into these charitable activities. The social trusteeship idea is present all throughout the area, despite the fact that these individuals' names are unknown. Up until British rule, the trader's ethics was upheld throughout the middle of the 1800s

CSR is a voluntary strategy that goes beyond a company's organisational and legal duties to include social and environmental issues in its operations and relationships with stakeholders. Corporate value, which is reflected in the market price of the company, is the value that investors need in order to make investment decisions. Investors' view of a company's success rate, which is strongly tied to its stock price, is known as corporate value.

2. Literature review

Haidi Zhou and Qiang Wang (2020): This study aimed to assess how (CSR) programmes in the service and manufacturing industries affect through the two mediating factors of supplier cooperation and employee involvement, their innovation performance. To examine construct reliability, this study used two well-known methodologies. First, they used orthogonal and oblique rotations in exploratory factor analysis (EFA) to assure high loadings on hypothesised components and low loadings on cross-loadings in the dataset.

Kamaliah (2020). Corporate social responsibility (CSR) disclosure and how it affects a company's value as a result of the influence of corporate governance and profitability The population of the study consisted of all the companies listed in the LQ 45 Index group on the Indonesia Stock Exchange in the years 2013-2014. We consider secondary data. The interaction between corporate governance, profitability, and firm value is investigated in this research using company (CSR) disclosure as an intermediary variable.

B. A. Purbawangsa, S. Solimun, A. A. R. Fernandes, and S. M. Rahayu (2019). The study uses CSR disclosure as an intermediary variable to examine how corporate governance, profitability, and business value interact. A comparable study was carried out using the indicators quantify corporate governance, which makes this one special because many other studies had inconsistent findings and employed a variety of indicators.

N. Cucari (2019). Research on corporate governance using qualitative comparative analysis: A thorough search for pertinent publications on a certain topic is part a methodical literature review process. With the use of a cutting-edge analysis technique that can help inductively oriented scientific research reveal conceptual and empirical connections between macro-societal components, the study encourages academics to revaluate corporate governance difficulties.

D. El-Bassiouny and N. El-Bassiouny (2019). Comparative analysis of diversity, corporate governance, and CSR reporting among the top-listed companies in Egypt, Germany, and the US.: From the perspective of institutional theory, the goal of this paper is to look into how corporate social responsibility (CSR) 16 reporting practises of businesses operating in Egypt, Germany, and the United States affect organizational-level factors, specifically diversity and corporate governance structure.

T. L. Tuan (2012). Corporate governance, ethics, and social responsibility. ANOVAs and structural equation modelling were used to analyse 317 responses from 1,173 middle managers' self-administered structured questionnaires (SEM). The survey results will be used to inform the utilisation of primary data. Corporate governance may have a direct influence on firm value, and CSR disclosure plays no part in minimising this impact. Through CSR disclosure, a company's profitability also affects the value of the company.

Thiagarajan, S., Sridharan, P., & Bonaventura, S. (2017). Comparative analysis of listed companies in Sri Lanka and India with regard to business characteristics, corporate governance, and capital structure modifications. The study looks into the key elements that affect how quickly listed firms in Sri Lanka and India shift to their ideal or target capital structures for the years 2003/04 to 2012/13. These significant worldwide variations in capital structure have a significant impact on internal governance practises and business ecosystems in Sri Lanka and India.

M. B. A. Qadan and M. S. Saadian (2018). The case of Jordan: The purpose of this study is to evaluate the volume and diversity of CSR disclosure in Jordan. Additionally, it examines the effects of ownership structure variables such board ownership concentration, institutional ownership, and foreign ownership, as well as how board size, independent [non-executive] directors, the CEO/chairman duality, age, and gender affect CSR disclosure.

Wang, Q., Dou, J., & Jia, S. (2016), A meta-analytic review of CSR and corporate financial performance. To ensure the study database's representativeness and completeness, a three-stage sampling approach was used to identify literature for the meta-analysis. The relationship between corporate social responsibility (CSR) and 17 corporate financial performance (CFP) has long been a hotly debated topic in academic circles.

Shenghua Jia, Qian Wang, Junsheng Dou, and Qian Wang, (2015). The study invites academics to rethink corporate governance issues using a new analysis technique that can aid in the discovery of conceptual and empirical relationships between macro-societal factors through inductively oriented scientific inquiry. A coding methodology that specifies what data should be collected from each investigation. Each study was coded by two writers. The interrater coefficient was greater than 90%, indicating that the coding method was reliable.

Castejón, P. J. M., & López, B. A. (2016). The CRS was used as a dependent variable, with the sector, size, family situation, and the presence of a CSR report in the company as independent variables. The findings from both family-owned and non-family-owned small and medium-sized enterprises (SME) demonstrate that family-owned SME's place a higher priority on CSR. To be extended to other independent communities, allowing it to be compared to determine whether cultural characteristics have an impact on the outcome.

Tito Tomas Siueia & Jian ling Wang (2019). The study discovered that the positive CSR disclosure index has a considerably higher impact on raising FP than the negative CSR disclosure index, and voluntary CSR disclosure varies by country.

Djoko Suhardjanto (2017) The ANOVA test is used to determine the direct association and mutual effect between the dependent and independent variables in the first stage. The assumption of variance homogeneity must be met before doing an ANOVA test. That is, the variance of the 19 dependent and independent variables must be the same. The levels of CSR disclosure in the three nations varied greatly.

Shafat Maqbool (2017) This study investigates the connection between corporate social responsibility and financial success in the context of India. The study focused on commercial banks listed on 20 the Bombay Stock Exchange (BSE). The F-test, BP-LM, and Hausman tests are always significant when the relationship between profitability and CSR is examined, with a value of 0.05 favouring the Fixed effect mode

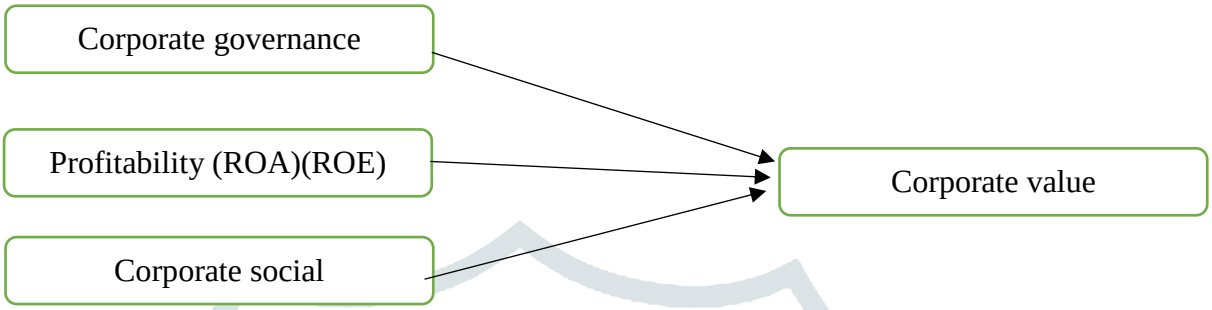
DashtBayaz, Mahmoud Lari, (2018). Examining the relationship between corporate social responsibility (CSR) spending and financial performance in a growing market. When CSR is used as an independent variable, more than 70% of cases with CSR as a dependent variable demonstrate a positive relationship between CSR and firm financial success.

• Evidence from the BRICS countries on corporate social responsibility disclosure **Tsitaire, Jea**n (2018) The study assesses the quality of BRICS firms' corporate social responsibility (CSR) compliance and disclosure policies while considering the application of business laws and regulations under various management systems. The study examines CSR disclosure in the form of assessments of the 20 largest firms in the BRICS countries using the qualitative method of content analysis. It is suggested that Indian corporations contribute to CSR activities in order to improve their financial performance.

• **Sudin Bag & Amina Omran, (2020):** The current study is based on secondary data, and the information gathered pertains to 100 of India's top NSE-listed firms. The quantitative method is used to investigate the statistical link between CSR and CFP, while the deductive approach is used to arrive at a conclusion

Research Gap: The corporate governance, profitability, corporate social responsibility, and corporate value of the company are essential in the eyes of the researchers because research has been done in a particular field. The fact that there is so little study on corporate governance, profitability, corporate social responsibility, and corporate value in the NSE-listed steel business is concerning, though. Comparison of the steel industry's ROA, CSR contribution, committee rating, and Tobin Q is made as part of the analysis.

3.Conceptual framework



Corporate governance

Corporate governance is the term used to describe the system of rules, practices, and policies that govern and control a firm.. Essentially, it aims to promote accountability among all employees and organizational groupings in an effort to halt errors in their tracks. Strong corporate governance sends a message to the market that a company is well managed and that the interests of management and external stakeholders are compatible. As a result, it could greatly increase company's competitive advantage.

Profitability

A company's profitability is determined by how often money it makes compared to what it spends. Return on assets (ROA), a profitability ratio, gauges a company's profitability in terms of return on assets. Corporate management, analysts, and investors can use ROA to judge how successfully a company uses its resources to turn a profit**.** Divide net income by shareholders' equity to get return on equity (ROE), a metric for assessing financial performance.

Corporate social responsibility

The concept of corporate social responsibility (CSR) includes businesses in the administration of and interaction with stakeholders in social and environmental issues. Commonly referred to as "Triple Bottom-Line-Attainment," CSR is the process through which an organisation balances economic, environmental, and social obligations while satisfying the needs of its shareholders and stakeholders.

Corporate value

Corporate value is the total value created by the ENEOS Group's business operations, including the economic and social value (which helps to address societal challenges) as well as the reputation valued by all stakeholders.

4. OBJECTIVE

• To examine the relationship between of corporate governance, profitability, corporate social responsibility effect on corporate value of the chosen companies for the period of 6 years.

• To know the effect of corporate governance, profitability and corporate social responsibility on corporate value.

5. Research methodology

Any research's validity is dependent on its ability to gather data in an organised manner and analyse it in the right sequence. The collection of secondary data was used extensively in the current investigation. The type of research performed in this study was descriptive.

5.1. Data collection method: In this study, the data is collected through secondary data

5.2 Research Type: Descriptive Research

5.3. Sampling Technique: Non probability

5.4. Sample Size:10 Selected Steel companies listed in NSE

5.5. Source of Data: Annual report and company sources.

5.6. Test Used: Correlation and Regression

5.7 Tool Used: SPSS version 24 for calculation of Pearson co-efficient of Corelation and Regression

5.8. Hypothesis:

H0a: There is no significant connection between corporate governance and corporate value

H1a: There is a significant connection between corporate governance and corporate value

H0b: There is no significant relationship between profitability and corporate value.

H2b: There is a significance relationship between profitability and corporate value.

H0c: There is no significance connection between corporate social responsibility and corporate value.

H3c: There is a significance connection between corporate social responsibility and corporate value.

6. Data analysis:

Table 6.1 correlation Analysis:

Table 6.1 the result shou that the correlation among corporate value (Tobin's Q) and corporate governance (p>0.087) is more than 0.05 t-test is non-significant so T-test value is 0.023 is accepted. The correlation among corporate value and return on asset is the (p > 0.0861) is more than then 0.05 T -test value is 0.025 indicating a positive correlation the T value is accepted. The correlation among corporate value and return on equity is(p<0.248) is less than 0.05 t-test is significant so the T-test value is 0.167 is rejected. The correlation between corporate value and corporate social responsibility is (p< 0.473) is less than 0.05 the test is significant and the test value is 0.104 which rejected. The correlation between corporate value and return on asset 0.062 which is weak positive correlation.

Regression Analysis and Hypothesis Testing:

Table 6.2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814[a]	.634	.752	11.5156166

Predictors: (Constant), CSR, CG, ROA, ROE

correlation

		Tobin's	CG	ROA	ROE	CSR
Tobin's	Pearson Correlation	1	-.023	-.025	-.167	-.104
	Sig. (2-tailed)		.873	.861	.248	.473
	Pearson Correlation	-.023	1	.072	.351*	.048
	Sig. (2-tailed)	.873		.620	.012	.742
ROA	Pearson Correlation	-.025	.072	1	.112	-.059
	Sig. (2-tailed)	.861	.620		.438	.684
ROE	Pearson Correlation	-.167	.351*	.112	1	.219
	Sig. (2-tailed)	.248	.012	.438		.127
CSR	Pearson Correlation	-.104	.048	-.059	.219	1
	Sig. (2-tailed)	.473	.742	.684	.127	

*. Correlation is significant at the 0.05 level (2-tailed).

Table 6.2 shows the summary statistics of regression analysis result. R value is high positive 0.814 which indicates that the correlation coefficient has high positive relation between independent and dependent variables. The R square demonstrates value of 0.6341 which shows 63.41% of the variability in the corporate value (Tobin's Q) can

be described by the variance of the corporate governance, profitability (ROA, ROE) and CSR. The remaining 17.52% of change in Corporate value (Tobin's) is caused due to variables which are not considered in this regression analysis or variables external to this analysis.

Table 6.3 Represents analysis of variance that is ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	209821	4	52455	.796	.011[b]
	Residual	5967424	45	132609		
	Total	6177245	49			

a. Dependent Variable: Tobin's
b. Predictors: (Constant), CSR, CG, ROA, ROE

The result of analysis of variance of ANOVA is in the above shows that F statistical of those models is 13.26 and the significant of F is 0.000. which is less than 0.05. it expressed that the relationship among the independent and dependent variables this study is statistically significant. However, the F test in this table results in a value of 0.796, higher than the normal value of 4.00, indicating that the model's fit between corporate governance, profitability, corporate social responsibility, and company value for the years 2016 to 2022 is satisfactory.

Table no 6.4 showing coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.208	16.627		.133	.895		
CG	.254	1.033	.038	.246	.807	.875	1.143
ROE	.235	.232	.163	1.011	.018	.826	1.211
ROA	.370	3.883	.014	.045	.025	.979	0.021
CSR	6.279	.000	.071	.471	.040	.944	1.049

a. Dependent Variable: Tobin's

The table 6.4 shows the result of percentage changes in corporate value (Tobin's Q) due to the variability of independent variable. Here ROA, ROE and CSR have the positive coefficients with corporate value whereas CG have positive coefficients. This reflects that corporate value of the steel companies. The result shows that

one variable change leads to positive impact on the corporate value. But the values of t-test are found under the arrange or standard value of the rule of thumb. At last, the significant level is observed to be lesser that is 0.0000 (should be more than 0.05). since the level is significant is lesser than 0.05 through this statistical ground the alternative hypothesis is accepted where the positive relationship among the independent and dependent variables.

Hypothesis Accepted/Rejected:

H0a: There is no significant connection between corporate governance and corporate value-Accepted

H0b: There is no significant relationship between profitability and corporate value: Rejected

H0c: There is no significance connection between corporate social responsibility and corporate value-Rejected.

7. Finding

The aim of this study is to determine the effect of corporate governance, profitability, corporate social responsibility and corporate value towards steel industry listed in NSE. This data is compiled from corporate trends and annual reports. During this period, regression analysis was conducted to determine the impact of corporate value of the steel industry listed in NSE. The study covers five years from 2016 to 2022.

The importance of corporate governance, profitability, corporate social responsibility in the organization is the most important for increase the corporate value of the company. This is primarily concerned with the relationship among the corporate governance, profitability, corporate social responsibility and corporate value. In this study, using both correlation and regression analysis, the variables are measured in committee rating for corporate governance, return on asset, return on equity for profitability and the Tobin's Q for the corporate value. The outcome demonstrates that there is no meaningful connection between business value, profitability, corporate social responsibility, or corporate governance.

8. Conclusion

The importance of corporate governance, profitability, corporate social responsibility in the organization is the most important for increase the corporate value of the company. This is primarily concerned with the relationship amongthe corporate governance, profitability, corporate social responsibility and corporate value. In this study, using both correlation and regression analysis, thevariables are measured in committee rating for corporate governance, return onasset, return on equity for profitability and the Tobin's Q for the corporate value. The outcome demonstrates that there is no meaningful connection between business value, profitability, corporate social responsibility, or corporate governance. Further studies can be done for other industry for more than 15 to 20 years. To find the relationship between corporate governance, profitability, corporate social responsibility, and company value, researchers may need to investigate various industries for a longer period of time.

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