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Building Financial Resilience through Sustainable Practices: The Transformative Role of CSER in Global Crisis Management

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Abstract: *This research studies the significant contribution of Corporate Social and Environmental Responsibility (CSER) in creating a sustainable and practical approach to the global financial crisis. It reports on the imminent challenges posed by frequent financial disasters that highlights the need to move beyond the already in place financial crisis management mechanisms. Corporate Social and Environmental Responsibility, along with sustainable finance, motivates investments in diverse fields. It includes renewable energy, socially responsible businesses and sustainable technologies. Technological advancements like blockchain and AI (Artificial Intelligence) further improve CSER practices that strengthen financial institutions' resilience. For this research study, data was collected from a diverse range of financial institutions. It includes banks, investment firms, and insurance companies. This research study underlines the important role of CSER in determining a sustainable and realistic approach in handling and recovering from global financial disasters. The study recommends that financial institutions should integrate CSER principles into their core strategies along with sustainable finance and ethical conduct and integrating technology for transparency and resilience. Also, global cooperation, systematized reporting, and stress testing mechanisms, along with government support and educational initiatives, are important for promoting CSER and safeguarding long-run financial stability.*

Keywords: Corporate social and environmental responsibility, Global financial crisis, Financial institutions, Sustainable development

Introduction

The 21st century can be regarded as the century of many global financial crises, that has affected equally the individuals, industries, economies, and societies. The economics recession in 2008, the eurozone debt crisis and the economic disturbance due to COVID-19 has proven that the foundations of the economic system are very weak and vulnerable to collapse from economic fallouts. During the financial crisis of 2008, many companies faced losses as they were unable to continue activities (Notteboom, Pallis, & Rodrigue, 2021). Financial problems deter productivity and is a hinderance to the development and progress. Likewise, financial crisis impacts the productivity of companies and organizations

(Duval, Hong & Timmer, 2020). Many organizations are bankrupt because of financial constraints and issues. These crises have shaped a pathway to come up with more sustainable and transformative strategies that can support the system in case of financial storms and help in recovery from the downturns. One of these sustainable strategies to these crises is Corporate Social and Environmental Responsibility, (CSER). It has recently gained momentum and is not only a word for ethical and socio-corporate responsibility inside boardroom meetings, but it has the potential to device a framework that can address the crisis in a global arena. The aim of this study is to explore the role of CSER in addressing financial crises in the modern world.

Corporate social and environmental responsibility is an extended form of CSR, corporate social responsibility, aiming towards the corporate philanthropy activities, but the CSER, focuses on sustainable practices, ethical understandings of the investments, responsible supply chains and social engagements. The aim of such practices is not only to make profit but to take care of the environment and society at the same time. The financial crises of the past have revealed that those entities interested in short term benefits crumbled to financial crises while others with CSER mechanism were able to address the crisis in a more responsible and distant manner. They were able to minimize the losses and financial constraints. The world being a global village, where the stakes of organizations are interconnected with one another, stresses upon the integration of CSER practices as a sustainable course to address the recurring financial issues. The data and literature show that those companies that invested in corporate social responsibility were able to sustain the financial crisis (Simionescu & Dumitrescu, 2014).

On the other hand, the world is changing rapidly, especially global warming is changing the landscape of the world (Conte et al., 2021). Therefore, in relation to corporate social responsibility, and investing in society, the corporations are required to protect their environment by investing in renewable energy and greenhouse products (Strielkowski et al., 2021) , generally known as CSER, corporate social and ecological responsibility. Moreover, modern technologies like artificial intelligence and the block chain are also impacting and increasing the productivity (Azarenkova et al., 2018) of the industrial giants (An et al., 2021). All these factors combine to lessen the impact of the financial crisis on an organization. The purpose of this study was to understand the role of CSER practices in addressing financial crisis and sustainable financial development. Data was collected from employees working in banks, investment funds and insurance companies which reveal the importance and critical role of CSER in lessening financial crises.

Literature Review

A review of the literature shows that CSER is gaining momentum in crisis management, especially the financial crisis. The corporate social and environmental responsibility (CSER) is becoming more popular, and many firms are incorporating it into their systems as corporations are gradually realizing the fact that being environmentally and socially responsible contribute towards the businesses (Lynes & Andrachuk, 2008). The concept of corporate social and environmental responsibility is transforming the business and corporate landscapes. It could be defined as the commitment of entitles, firms and business organizations to contribute towards society and environment. Although previously, the term corporate social responsibility (CSR), was much in practice, which is now transformed into CSER, as conservation and protection of environment is a need of the time. Due to global warming, the environment needs to be protected for the coming generations. The term “Corporate Greening” is also used in the literature to define the corporate responsibility towards the environment (Zivin & Small, 2005).

The famous corporations and giant firms are considering the integration of CSER into their operations to deter financial constraints and issues. The research also suggests that implementing CSER helps in creating a competitive strategy (Hakobyan, Khachatryan, Chortok, & Starchenko, 2019). Some countries have regulated CSER in their legislations, like in case of Indonesia, where, by law the companies and entities are required to maintain good practice. It has also been observed that corporate governance contributes towards the CSER, which means that they are both related. The studies have also concluded that organizational commitment, role of media and government contribute towards corporate social and environmental responsibility (Diamastuti, Muafi, Fitri, & Faizaty, 2021). A study conducted among managers indicated that managers are concerned about a range of social responsibility issues. They also identified environmental problems that need to be addressed. In essence, the managers displayed a positive attitude towards corporate social and ecological responsibility (Bhattacharyya, 2015).

On the other hand, it is also an established fact that financial crisis impacts the financial systems which in turn create problems in other sectors , as the availability of funds is inadequate. Financial crises could be defined as disruption in financial systems where adverse selection and ethical problems become worse, so that financial markets and financial intermediaries are unable to efficiently provide funds to those who have the most attractive and productive investment opportunities. These crises shift the balance of economy, and the most productive sectors report losses (Mishkin, 1992). Therefore, during financial crisis, the banks and other financial institutions should only focus on the primary functions like provision of loans and deposits rather than investments because it is too risky and could cause huge losses (Kim, Batten & Ryu, 2020). Financial crisis has not only disturbed monetary affairs but has emotion problems, shock, feelings, and pain associated with it (Olizi, 2020).

Likewise, global issues, like catastrophes, health crisis and pandemic directly impact the economies and lead to financial problems. As in COVID-19 pandemic, those economies that implemented smart strategies were able to mitigate the crisis and reduced economical and financial losses (Wang, Wang, Abbas, Duan, & Mubeen, 2021). The financial crisis threatens the job security of employees working in different sectors. Studies also found that during financial crisis, the employees' performance is contingent to job security (Hamza et al., 2022).

On the other hand, investing in sustainable products also contributes towards enhancing CSER. Business entities making investments in renewable energy contribute towards society and the environment. It also contributes towards the achievement of United Nations sustainability goals, known as Sustainable Development Goals (SDG) and the Paris agreement for mitigating environment hazards. Thus, an organized definition to define sustainable finance would be the finance that supports sectors, activities or activities that contribute to the achievement of, in, at least one of sustainability dimensions and goals (Migliorelli, 2021). Another approach devised for sustainable finance is investments in green bonds. These are the investments where an issuer issues a bond to borrow money and invest it in sustainable products like green and renewable energy. The data reveals that investments in green bonds are evolving with time (Maltais & Nykvist, 2020), because of the promise that sustainable finance helps in eradicating environmental challenges, climate change, efforts for reducing greenhouse gas emissions and developing renewable energy (Muhairi & Nobanee, 2019).

Literature reviews provide useful insights on the importance of corporate social and ecological responsibilities. It also signifies the role of CSER practices in mitigating financial risks and crises. Also, the financial crisis and its impact have been defined, along with the importance of investments in green products to achieve sustainable goals (Scheuren, 2004). It is the collection and gathering of information from respondents by posing questions to them.

Methodology

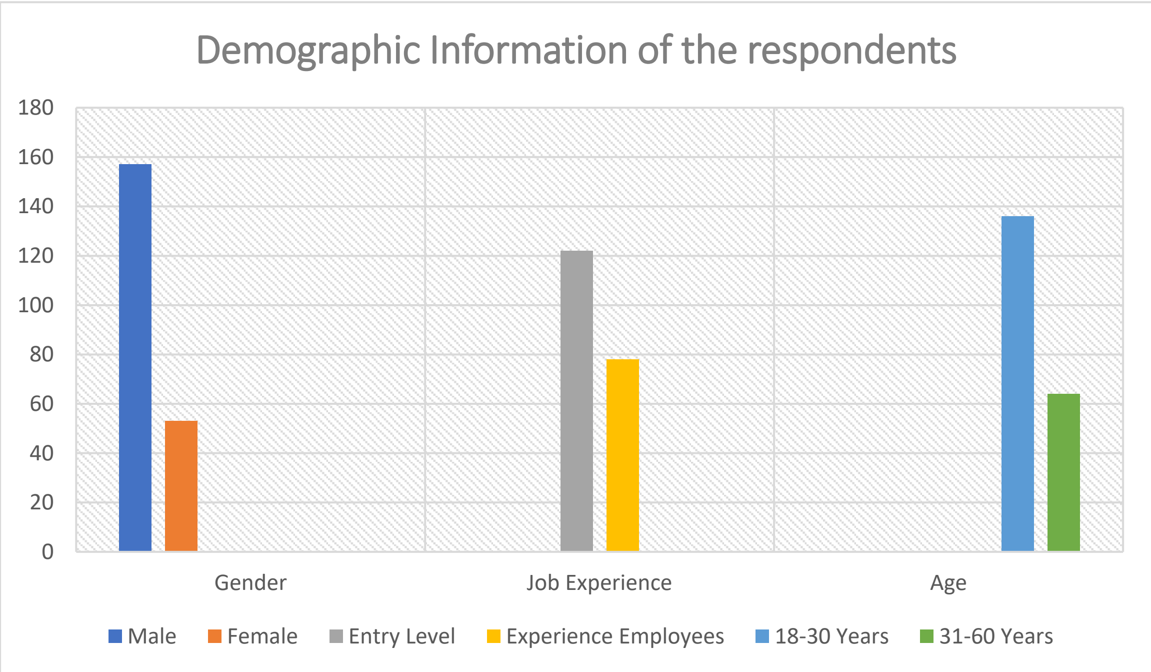
For this study data was collected from a range of financial institutions. It included banks, insurance companies and investment funds. The survey method was incorporated because it is considered one of the most reliable methods for obtaining information from a population under study. The reason for this is that it is very difficult to collect data from the whole population and a sample selected randomly from the population helps in understanding the characteristics and viewpoints of the whole population

(Scheuren, 2004). Here the questions are asked form the respondents, and information is gathered (Check & Schutt, 2011). Survey methods clarify human interactions, actions, and behavior; therefore, such methods are used in social and psychological research studies (Singleton, Straits & McAllister, 1998).

The population selected for the study was very large, and it was not possible to approach them and collect data from all of them. It was also out of scope for this research. Therefore, a sample was randomly collected from the population. The sample size for this study was 200 (n=200). Initially a sample of 285 was selected, but later only 200 were able to respond. The researcher distributed the survey questionnaire to the respondents and later contacted them. With in the stipulated time, 200 respondents filled in the survey questionnaire and were collected back. Table 1.1 shows the demographic information of the survey respondents, like gender, job experience and age.

Table 1.1 Demographic information of the respondents.

Respondents	Male	Female
	147	53
Job Experience	Entry level Employees	Experienced Employees
	122	78
Age	18-25 years	26-60 years
	136	64



Findings

The respondents in this study were working in financial institutions, like banks, insurance companies and investment funds. Respondents were asked about their understanding of the concept of CSER and its role in sustainable finance that can address financial crisis. The main findings can be divided into 5 main categories, as discussed in this section.

CSER and Financial Crisis Management

This section of questionnaire had a set of 4 questions related to the role of corporate social and environmental responsibility in financial crisis management. Out of 200, 180 respondents stated that CSER can help in reducing the financial burdens and losses, while 14 remained neutral, and 6 respondents stated that effective control, audit and check and balance helps more in reducing such crisis. When asked that CSER can help in financial crisis, by investing in green energy sustainable products, 165 agreed to the question, while 20 remained neutral, and 15 did not agree to the notion. 177 respondents agreed that CSER helps companies in creating brand image, which also improves financial position, and 15 respondents were neutral while 8 disagreed. On the other hand, 150 respondents stated that CSER practices and initiatives need government support while 26 were neutral. On the other hand, 24 respondents disagreed by saying that corporations themselves need to implement and support CSER practices.

Table 1.2 CSER and Financial Crisis Management

S No	Questions	Agree	Neutral	Disagree
1	*CSER helps in reducing financial losses*	180	14	6
2	*Can CSER help by investing in Green Energy Products ?*	165	20	15
3	*CSER helps in creating brand image for organizations*	177	15	8
4	*Does CSER practices need government Support ?*	150	26	24

Total respondents 200 *(n=200)*

CSER and Sustainable Development

Sustainable development means conservation of resources in such a way that not only the needs of the present time are met but the resources are also preserved for future generations. The respondents were asked whether they think CSER helps in creating sustainable environment and development, 190 agreed, 3 were neutral while 7 disagreed that corporate social and ecological responsibility helps in enhancing sustainable development.

Table 1.3 CSER and Sustainable Development

S No	Question	Agree	Neutral	Disagree
1	*CSER promotes sustainable development ?*	190	3	7

Total respondents 200 *(n=200)*

Modern Technologies and the financial crisis

Modern technologies can help in reducing the likelihoods of financial crisis. These technologies using advanced functions help to analyze historical data, observe market trends, and suggest solutions to the circumstances. The respondents were asked a set of questions about the role of CSER in mitigating financial crisis, and whether modern technologies like artificial intelligence and block chain help in analyzing and reducing financial crisis. During the study 188 participants responded that modern technologies could contribute to leveraging financial crises. On the other hand, 5 were neutral, while 7 disagreed with that question. These findings exhibit that corporate social and environmental responsibility helps in leveraging technology for transparency and resilience and improve overall processes.

Table 1.4 Modern Technologies and financial crisis

S No	Question	Agree	Neutral	Disagree
1	*Do modern technologies mitigate financial risks?*	188	5	7

Total respondents 200 *(n=200)*

CSER and Role of Financial Institutions

Corporate Social and Ecological Responsibility helps in establishing a practical and sustainable approach to manage and recover from global financial issues. The participants were asked that financial institutions can use the applications of CSER to address global financial crisis and 165 participants agreed that financial institutions can help in devising strategies to resolve global financial crisis, while 30 did not answer these questions, and 5 disagreed that CSER can mitigate global financial losses. The findings recommend that financial institutions should integrate CSER principles, including ethical conduct and sustainable finance, into their core strategies.

Table 1.5 CSER and Role of Financial Institutions

S No	Question	Agree	Neutral	Disagree
1	*Can applications of CSER support financial institutions?*	165	30	5

Total respondents 200 *(n=200)*

CSER , Global initiatives and Financial resilience

CSER can help in enhancing the resilience of financial systems. The survey asked the respondents whether initiatives, and collaboration among financial systems can reduce risk and promote CSER. 150 respondents agreed that such initiatives could be helpful, 30 remained neutral, while 20 disagreed.

Initiatives like global collaboration, standardized reporting in organizations and corporations , stress testing to check the resilience of the financial institutions can promote CSER and financial wellbeing of the system. On the other hand, government support, legislation, and efforts to promote CSER help in financial soundness of the system. Likewise, educational initiatives, like conferences and seminars are vital for promoting CSER and ensuring long-term financial stability.

Table 1.6 CSER , Global initiatives and Financial resilience

S No	Question	Agree	Neutral	Disagree
1	*Can global collaboration promote CSER in financial institutions?*	150	30	20

Conclusion

Findings suggest that CSER initiatives provide stability for financial systems. It helps in achieving financial stability. The data collected from the financial institutions also exhibits that corporate social and ecological responsibility helps in reducing financial losses, creating sustainable solutions by investing in sustainable products and services like green energy and green bonds. The data also shows that technological advancement like the incorporation of artificial intelligence and block chain can help in reducing financial losses. Furthermore, international collaboration, data driven stress tests and standardized reporting can help in improving CSER driven sustainable development. Also, the data reveals that educational initiatives and government support, and legislations promote CSER and sustainable financial development. From this study and literature, it is concluded that financial stability can be further enhanced if green energy and other sustainable development programs like green bonds can not only contribute towards the protection of environment but also addresses financial crises and build rapport for the firms, organizations, and corporations.

Limitations and Future directions

In this study, data was collected using a survey method, and from respondents working in financial institutions. Although survey method is an established data collection and analysis method, it does not address the qualitative aspects of the research problem that can answer emotions, fear, anxiety, and pressure during the times of financial crisis. In future studies, this problem could be addressed using qualitative research protocols. Similarly, in this study data was collected from a limited number of respondents. In future studies data can be collected from a range of organizations, intermediaries, and financial institutions to further elaborate on the importance of corporate social and ecological responsibility.

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