Environmental Endeavors of Corporate Social Responsibility and Firms Performance in Nepalese Companies

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Abstract

Purpose: *This study explores how corporate social responsibility (CSR) environmental concerns influence firm performance after it became mandatory in Nepal.* **Methodology:** *This study employed descriptive and causal research design, utilizing empirical data through a comprehensive questionnaire survey. Of the 186 companies, only 127 contributed. Both descriptive and inferential statistical tools were used to conclude the results.* **Findings:** *The results showed that CSR environmental endeavours, such as keeping the environment greener (CSR-KEG) and promoting paperless service/product operations (CSR-PPS), positively and significantly influence firm performance. However, the results showed a negative relationship between producing/preferring eco-friendly products, using low-polluting technologies (CSR-PEF), and firm performance, although this was statistically insignificant.* **Practical Implications:** *Unlike prior research on corporate social responsibility, these outcomes encourage firm executives to be more concerned with their environmentally friendly products, processes, and management in the future.* **Originality:** *This study presents a model for firm executives by exploring how the environmental endeavours of corporate social responsibility enrich firm performance, mainly in the context of Nepal, where limited research has been conducted.* **Future Research Direction:** *It is recommended on cross-sections of listed and non-listed companies to ascertain whether analogous results would be reported.*

Keywords: **CSR, Environmental Endeavors, Firms Performance, Listed Companies, Nepal- JEL Classification Codes: F18, F64, M14, Q01, Q56**

Introduction

Corporate social responsibility (CSR) has grown in importance over time, not only from a philanthropic stance but also from a practical business perspective (Ramesh & Peswani, 2017). It has developed quickly and is logically turning into a worldwide standard of numerous associations for reasonable shot of events (Nasieku et al., 2014). CSR involves economic, legal, ethical, and discretionary concerns for employees, the community, the government, and other stakeholders (Mwangangi, 2018; Fu & Shen, 2015; Safwat, 2015; Fadun, 2014; Cherobon, 2014).

Customers prefer to carry their purchases in paper bags (Rashid & Rokade, 2019), and companies have arranged environmental awareness programs on World Environment Day (De Souza & Pai, 2013). These are positive signals for transforming environmental endeavours. Though, Saeed et al. (2023) demonstraded that the social dimension is more effective in increasing firm performance relative to the environmental dimension. However, past studied explored different avenues of CSR and firm performance. Makhdoom et al. (2023) showed that Environmental CSR activities and and firm performance has a positive relationship.

However, Fahad and Busru (2021) confirmed that CSR environmental disclosure score has a negative relationship with firm performance. Nevertheless, most companies are accentuating their activities limited to a show off only to make a good deal of profit in the short-run. So, their processes have deteriorated the environment day by day within and around it (Cherobon, 2014).

Despite the fact that CSR activities are common in businesses around the world, they have just recently entered the conversation stage in Nepal. CSR has evolved from the traditional single core issue to the contemporary triple bottom line (TBL) concern: economic, social, and environmental (Bremner, 2016).

There is scant empirical evidence connecting firm-level environmental CSR initiatives to quantifiable financial and non-financial performance results in Nepal. Although global research indicates a favorable correlation between environmental initiatives and corporate performance, Nepal is deficient in thorough, sector-specific, and company-level assessments that elucidate how particular environmental actions (such as waste management, energy efficiency, pollution control, or green innovation) result in enhanced profitability, productivity, or reputation. Current research predominantly emphasizes general CSR strategies instead of isolating the environmental aspect. Consequently, there is a necessity for comprehensive, empirical research that investigates the direct and indirect effects of environmental corporate social responsibility on organizational performance within Nepalese industries.

Despite the fact that many Nepalese businesses have started including environmental efforts into their Corporate Social Responsibility (CSR) programs, there isn't much scientific data to support the idea that doing so improves business performance. Studies available in Nepal mostly concentrate on generic CSR initiatives rather than specifically examining how environmental responsibility affects financial or non-financial consequences. Consequently, managers and legislators are unable to determine whether investments in environmental measures yield quantifiable benefits for businesses. To close this significant gap in the national context, this study investigates the connection between environmental CSR actions and the performance of Nepalese businesses.

Literature Review and Hypothsis Development

Regarding CSR, different theories have been developed. Related to the issue, this study is guiding based on (i) Elkington's triple bottom line (TBL) approach. This approach highlights the importance of focusing on financial, social, and environmental activities which concern profit, people, and the planet. The third "p" helps firms measure their performance through environmental activities (Elkington, 1994). It assesses the degree to which a company has been environmentally responsible in its operations.

Cortez and Cudia (2011) examined the favourable links between environmental costs and financial performance. Earnhart and Lizal (2010) looked at the impact of a changing economy on corporate environmental performance as measured by air toxin discharges on budgetary execution. The analysis unequivocally demonstrated that better environmental performance improved the firm's profitability by driving down costs more than incomes. Rajput et al. (2013) investigated the relationship between environmental performance and its impact on financial performance by using the panel regression method on net income, profitability, and green banking variables exhibiting environmental performance. The results of the investigation revealed that a considerable relationship between net income and profitability, but no link between green banking implementation and bank profitability. They found that green banking and environmental initiatives are in their infancy stage which need significant support. In the same line, Umoren et al. (2016) examined the link between corporate social responsibility and firm performance from Nigeria through twenty-disclosure checklist activities of social responsibility and environmental accounting practices. For that, forty-five quoted companies from the Nigerian stock exchange annual report were analyzed from 8 sectors using correlation and regression analysis over two years in 2013 and 2014. The determinants of disclosure were analyzed by three independent variables; company size, profitability, and auditor type. Results indicate that CSR activities were influenced by company size

and auditor type but not by profitability. Similarly, Chaudhary (2017) highlighted the corporate social responsibility activities of firms in Nepal based on Carroll's model. Questionnaires were administered, and focus group discussions were conducted with the participants. Out of 16 discussion statement findings showed that legal and ethical domains of CSR were poor in practice in Nepali business society. Similarly, Kandel (2018) study investigated the demand for corporate social responsibility in Nepali commercial banks regarding Bank of Kathmandu Ltd (BOKL). The study treated why the companies are engaging in CSR, how they apply it, and whether CSR affects their financial performance. The findings revealed that the bank's major CSR activities were education, health, and the environment, from the most elevated to the least elevated. Besides, Nepali organizations were not emphasized more in CSR activities rather than to earn only profit.

The issue of whether CSR natural exercises affect a company's performance remains unanswered. A complex number of studies have focused on the connection between CSR and monetary execution worldwide (Saeed et al., 2023; Makhdoom et al., 2023; Fahad & Busru, 2021; Nunn, 2015; Arsoy et al., 2012; Yang et al., 2010). With regards to Nepal, there are restricted investigations that broadly investigate CSR drives, status, and effect of CSR. There is an absence of research on CSR environmental activities and the firm performance, moreover executives' perception regarding their approaches, execution, and practicing after the legislation. This study sought to analyze CSR environmental activities and firm performance from the perspective of policy execution level. After CSR being mandatory legislation in many countries, the companies focused on study CSR and firm's performance in their nations (Garg & Gupta, 2020; Bhattacharyya & Rahman, 2019; Chen et al., 2018). This research focused on the relationshop and the impact of CSR environmental activities on firm performance of the selected companies in Nepal. Figure 1 depicts the research framework of this study.
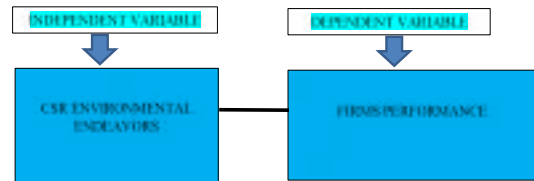

Figure 1 Conceptual Framework

Source: Developed by a researcher from various related studies, including (Chuang & Huang, 2018)

H_1: CSR environmental endeavors positively influences on leading to the performance of firm.

Research Methodology

There were 222 companies were listed on the Nepal Stock Exchange (NEPSE). Among them, only 186 companies were renewed for active trading. Out of the 186 active companies, 127 company executives participated in this questionnaire survey. The descriptive and causal research design was employed to identify the firms CSR environmental activities through questionnaire survey with some published internal documents, notification lists, and annual reports. Moreover, a questionnaire survey was conducted with the company's executives. Survey was done within the time frame of February 15 to May 15 2021. The questionnaire was conducted using two methods; personal visit and email. Total One hundred twenty-seven samples were collected and eligible for data analysis (94 via docs.google.com and 33 via paper-based approach). Five-point Likert-type scale questionnaires were issued to assess respondents' attitudes toward CSR environmental efforts, with 1 representing severely disagree, 2 representing disagree, 3 representing neutral, 4 representing agree, and 5 representing highly agree. Before data collection began, the respondents provided verbal consent. Then they were asked to fill out and rank the questionnaire's statements as needed at their leisure. All collected data was personally verified for completeness and consistency. After that, the obtained data was entered into Microsoft Excel. IBM SPSS 25 was utilized for statistical analysis. Descriptive statistics includes mean value; standard deviation; Frequency distribution; and the normality of data distribution by Shapiro-Wilk Test. Inferential analysis was employed to draw inferences about the population based on sample results in this study.

Variables used and Model Specification

There are three types of variables used in this study to examine CSR environmental endeavours and firm performance in Nepal. The independent variable is CSR environmental endeavors, that means the firms responsibility toward their environment which include; waste management, emission control and environmentally friendly atmosphere. Likewise, the dependent variable is firm performance, which means that firms can protect and promote environmentally friendly, green, and socio-cultural values. Finally, the control variables are firm size and firm age based on past literature (Chuang & Huang, 2018; Cherobon, 2014). Larger companies typically have more resources, more market power, and better visibility. Similarly, older organisations typically have greater experience, established procedures, and solid stakeholder connections, all of which contribute to better firm performance. Multicollinearity values were tested in this study. Furthermore, Durbin-Watson statistics test was used to detect autocorrelation in the residual from a statistical regression analysis. There are three types of variables used in this study for examining CSR environmental endeavors and firm performance in Nepal. The independent variable is CSR environmental endeavors, that means the firms responsibility toward their environment which include; waste management, emission control and environmentally friendly atmosphere. Likewise, the dependent variable is firms performance, that means firms can protect and promote environmentally friendly, greenery and perform socio-cultural values. Finally, control variables are firms size and firms age based on past literatures (Chuang & Huang, 2018; Cherobon, 2014). Larger companies typically have more resources, more market power, and better visibility, similarly, older organizations typically have greater experience, established procedures, and solid stakeholder connections, all of which contribute to firms better performance. Multi-collinearity values was tested in this study. Furthermore, Durbin-Watson statistics test was used to detect autocorrelation in the residual from a statistical regression analysis.

Following multiple regression model was explained thoroughly.

To test the hypothesis (H1) indicating the relationship between firm's CSR environmental endeavor and its Performance (FP):

Model 1.1: $FP_i = \alpha + \beta_1 D1_i + \beta_2 D2_i + \beta_3 AGE_i + e_i$

Model 1.2: $FP_i = \alpha + \beta_1 D1_i + \beta_2 D2_i + \beta_3 AGE_i + \beta_4$ CSR Environmental Endeavors (CSR-KEG, CSR-HWM, CSR-SEC, CSR-PEF, CSR-PPS) $+ e_i$

Where, α = Alpha i. e. Constant, Size = Total Assets of the company, Age = Operating in years of company, e = Error term , β_1 to β_4 = independent variables

CSR Environmental Endeavors (CSR-KEG = CSR activities support to keep the environment greenery, CSR-HWM = CSR activities help to waste management, CSR-SEC = Supports different types of charities to environmental initiatives projects, CSR-PEF = Produces/prefer eco-friendly products and use low-polluting technologies, CSR-PPS = Promote paperless service/product in operations).

Analysis and Results

In view of the greatest level of the example size, 15 leader's respondents were chosen haphazardly from the examined populace. On that cycle by genuinely, the Cronbach's alpha, which was additionally found as sufficient that shows in Table 1.

Table 1 Reliability Check of Pilot Test Questionnaire

Variables	No of Questionnaire	Cronbach's alpha value
Questionnaires to Respondents	15	0.908

Demographic Information of Respondents

Table 2 and table 3 describes the socio-demographic profile, the respondent group is generally male and consists primarily of people in their early to mid-career stages. The majority of participants are Brahmins who follow Hinduism, showing a rather homogeneous cultural background. The sample is well competent academically, with the vast majority holding postgraduate degrees, implying that respondents have solid academic and professional grounding. In terms of experience, the majority have been in their industry for some years, indicating a more mature and experienced workforce.

Table 2 Socio-demographic Information of Respondents of a Company (i)

Variables	Number	Percent
Sex		
Male	111	87.40
Female	16	12.60
Total	127	100
Age Group		
18-30	10	7.87
31-45	88	69.30
46-60	27	21.26
Above 61	02	1.57
Total	127	100
Caste		
Brahmin	81	63.78
Chhetri	17	13.38
Adivasi/Janjati	25	19.67
Dalit	01	0.80
Madhesi	02	1.57
Other	01	0.80
Total	127	100
Religion		
Hindu	121	95.27
Buddhist	06	4.73
Muslim	00	
Christian	00	
Other	00	
Total	127	100

Table 3 Socio-demographic Information of Respondents of a Company (ii)

Education Qualification		
Below Intermediate	00	
Graduation	27	21.26
Post-graduation	98	77.17
PhD	02	1.57
Total	127	100
Years of Service		
Less than one year	05	3.94
1-5 Years	46	36.22
More than five year	76	59.84
Total	127	100

Table 4 lists the job level of respondents that were participated in the questionnaire survey. The majority, 35.43% (45), were from HOD/Director/Member, followed by 11.02% (14) were from branch manager, 9.45% (12) were from CEO/GM, and Others. This result shows that most of the questionnaires were filled out by their concern department. At first, the researcher administrated all the questionnaires to their company's spokesperson. Generally, a spokesperson was nominated from the executive's level in their companies. Few spokespersons were handled such questionnaires by themselves, and most of them were transferred to the concerned authorities. Unfortunately, such authority also transfers that questionnaire to their assistant level to duly fill out due to their busyness or viewed that with the least priority.

Table 4 Job/Authority of Respondents in the Questionnaire Survey

Job position in a company		
CEO/GM	12	9.45
DCEO/DGM	07	5.51
ACEO/AGM	08	6.30
MD/ED	00	0.00
Company Secretary	11	8.66
HOD/Director/Member	45	35.43
Province Head	02	1.57

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Chief Manager	10	7.88
BM	14	11.02
Branch In-charge	00	0.00
CSR Manager	06	4.73
Others	12	9.45
Total	127	100

This study examined CSR environmental endeavors by including support to keep the environment greener, help to waste management, support different types of charities to environmental initiatives projects, produce/prefer eco-friendly products, use low-polluting technologies, and promote paperless service/product in operations. Table 5 lists the companies that extended CSR activities to the environment based on the mean ranked from highest to lowest. Promoting paperless services/products in operations (CSR-PPS), that is, 3.83, supports different types of charities to environmental initiatives projects (CSR-SEC) i.e. 3.77, help to waste management (CSR-HWM) i.e. 3.71, produces/prefer eco-friendly products and use low-polluting technologies (CSR-PEF) i.e. 3.68, and support to keep the environment greenery (CSR-KEG) i.e. 2.74.

The standard deviation of statements II, III, and V was below one, indicating that the responses were not widely dispersed with their environmental relations applied by their firms. However, the standard deviation of statements I and IV was above one, indicating that the responses were widely dispersed with respect to the environmental activities applied by their firms.

Table 5 Descriptive Statistics of CSR Environmental Endeavors and Firms Performance

	CSR Contents	VH	H	M	L	VL	Mean
Statement I	CSR activities support to keep the environment greenery	(SD)	26 (20.5)	36 (28.3)	35 (27.6)	21 (16.5)	2.74 (1.17)
Statement II	CSR activities help to waste management	28 (22)	49 (38.6)	38 (29.9)	9 (7.1)	3 (2.4)	3.71 (0.96)
Statement III	Supports different types of charities to environmental initiatives projects	30 (23.6)	49 (38.6)	37 (29.1)	11 (8.7)	-	3.77 (0.91)
Statement IV	Produces/prefer eco-friendly products and use low-polluting technologies	31 (24.4)	45 (35.4)	32 (25.2)	17 (13.4)	2 (1.6)	3.68 (1.03)
Statement V	Promote paperless service/ product in operations	32 (25.2)	49 (38.6)	39 (30.7)	7 (5.5)	-	3.83 (0.87)

Table 6 summarises the status of CSR environmental endeavours by respondents' demographic variables such as sex, age, caste, religion, and work experience. In conducting One-way ANOVA, Levene's test's assumption of homogeneity was valid (p-value>0.05). The results indicate that there were significant differences in the mean values among the working experience categories. By preferring CSR initiatives as per their working experience towards an environment based on mean ranked from highest to lowest, working with less than one year (4.40), followed by 1 to 5 years (3.72) and more than five years (3.36). This result shows that newly appointed employees are more concerned about protecting the environment than those who have worked for a long time. In addition, there is no variation in CSR environment activities by sex, age, caste, and religion.

Table 6 Means value comparison of CSR environment activities by respondent's sex, age, caste, religion, and working experience

Variables	Mean±SE	Levene's value (p-value)	F-value (p-value)
Sex			
Male	3.56±0.083	2.733(0.101)	1.050(0.308)
Female	3.31±0.270		
Age			
18-30	3.90±0.100	5.223(0.002)	2.448(0.185)**
31-45	3.51±0.096		
46-60	3.48±0.195		
>61	3.00±1.000		
Caste			
Brahmin	3.47±0.090	1.005(0.408)	0.995(0.413)
Chhetri	3.71±0.239		
Adivasi/Janjati	3.48±0.217		
Madhesi	4.50±0.500		
Other*	4.00±1.000		
Religion			
Hindu	3.54±0.082	0.226(0.635)	0.293(0.589)
Buddhist	3.33±0.333		
Working Experience			
<1 year	4.40±0.245	1.262(0.287)	5.095(0.007)
1-5 year	3.72±0.127		
>5 year	3.36±0.102		

*Merged Other with Dalit Caste category.

**p-value computed by Welch's Test.

Table 7 presents the status of CSR environmental endeavors by firm's category and size. In conducting One-way ANOVA, Levene's test's assumption of homogeneity was valid (p-value>0.05). The results demonstrated no significant differences in mean value in the firm's category and size.

Table 7 Means Value Comparison of CSR Environment Activities by Firm's Category and Size

Variables	Mean±SE	Levene's value (p-value)	F-value (p-value)
Firm's Category			
Commercial bank	3.52±0.154	2.032(0.066)	0.607(0.724)
Finance company	3.50±0.289		
Hotel	3.75±0.250		
Manufacturing & processing*	4.17±0.401		
Hydropower	3.47±0.244		
Development bank	3.40±0.163		
Microfinance	3.50±0.140		
Firm Size			

Small	3.61±0.244	0.691(0.503)	0.160(0.852)
Medium	3.57±0.184		
Large	3.49±0.093		

*Merged Manufacturing and processing with others firm's categories.

Correlation Analysis

Table 8 exhibits the Pearson correlation coefficient between the CSR environmental related activities and leading to the performance of firm. It clearly indicates that the overall firm's environment related activities are highly positively correlated to firm's performance. In details, Statement I is highly correlated with the Statement VI (r=0.373, p-value<0.01), followed by Statement V (r=0.222, p-value<0.05) and least by Statement IV (r=0.185, p-value<0.05). Similarly, Statement II is highly correlated with Statement III (r=0.473, p-value<0.01), Statement V (r=0.366, p-value<0.01) and Statement IV (r=0.340, p-value<0.01) and least correlated with Statement VI (r=0.278, p-value<0.05). Moreover, Statement III is highly correlated with Statement IV (r=0.661, p-value<0.01), followed by Statement V (r=0.493, p-value<0.01) and least correlated with Statement VI (r=0.207, p-value<0.05). Furthermore, Statement IV is highly correlated with Statement V (r=0.652, p-value<0.01), and least correlated with Statement VI (r=0.201, p-value<0.05). Finally, Statement V is highly correlated with Statement VI (r=0.356, p-value<0.01).

Table 8 Correlation between environment-related activities and firms performance

Variables	Statement I	Statement II	Statement III	Statement IV	Statement V	Statement VI
Statement I	1					
Statement II	0.143	1				
Statement III	0.115	0.473**	1			
Statement IV	0.185*	0.340**	0.661**	1		
Statement V	0.222*	0.366**	0.493**	0.652**	1	
Statement VI	0.373**	0.278**	0.207*	0.201*	0.356**	1

* Correlation is significant at the 0.05 level,

** Correlation is significant at the 0.01 level (2-tailed).

Multiple Regression Analysis

Multiple regression analysis is used to determine the independent variables (IVs): CSR-environmental endeavors and the dependent variables (DVs) that the firms performance which statistically observed by the researcher.

Table 9 Model Summaryc of Hierarchical Multiple Regression Analysis from Firms CSR Environmental Endeavors and Its Performance

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin Watson
4.1	0.061a	0.004	-0.021	0.907	2.213
4.2	0.512b	0.262	0.212	0.797	2.227

a Predictors: (Constant), Firm size on the base of TA (Lower medium, Large), Firm age (in years)
b Predictors: (Constant), Firm size on the base of TA (Lower medium, Large), Firm age, CSR-KEG, CSR-HWM, CSR-SEC, CSR-PEF, CSR-PPS
c Dependent Variable: Firms Performance

Table 9 detailed the summary list of two models; Model 1 refers only to the control variables (firm size, firm age), while Model 2 refers to environmental endeavors: support to keep the environment greenery (KEG), help to waste management (HWM), supports different types of charities to environmental initiatives projects (SEC), produces/prefer eco-friendly products and use low-polluting technologies

(PEF), and promote paperless service/product in operations (PPS) including the above said controlled variables. Model 1 explains only 0.4 % variance while Model 2 explains 26.2 %. It denotes that the firm's environment initiatives explain 26.2% of the variation in environmental performance. Moreover, the standard error of the estimated value in Model 2 is lower than Model 1, indicating the distance of the observed value is closer to the fitted line. Finally, the Durbin-Watson statistical test value indicates variables in the normal (1.5 to 2.5) range. It indicates that the sample has no autocorrelation.

Table 10 NOVA Tablea Indicating the Significance of the Relationship between Firms CSR Environmental Endeavors and Their Performance

Model		Sum of Squares	Df	Mean Square	F	p-value
1	Regression	0.376	3	0.125	0.152	0.928b
	Residual	101.277	123	0.823		
	Total	101.654	126			
2	Regression	26.677	8	3.335	5.248	0.000c
	Residual	74.976	118	0.635		
	Total	101.654	126			

a Dependent Variable: Firm Performance
b Predictors: (Constant), Firm size on the base of TA (Lower medium, Large), Firm age (in years)
c Predictors: (Constant), Firm size on the base of TA (Lower medium, Large), Firm age, CSR-KEG, CSR-HWM, CSR-SEC, CSR-PEF, CSR-PPS

Table 10 explained the Model 2 Significant, i.e., F statistics p-value is lower than 0.05, (p-value, 0.000<0.05). It denotes that possible in changes firm performance by the change in environmental endeavors when the size and age of the firm are statistically controlled. So, the study hypothesis CSR Environmental endeavors have a significant positive impact leading to the performance of firms is accepted.

Table 11 Coefficientsa Table Indicating the Contribution of Independent and Control Variables in Explaining the Variation in Firms Performance

Model		Unstandardized Coefficients		Standardized			Collinearity Statistics	
		Coefficients	Std. Error	Beta	T	p-value	Tolerance	VIF
1	(Constant)	3.619	0.217	-	16.664	0.000	-	-
	Firm Size							
	Lower medium	-0.021	0.272	-0.010	-0.079	0.937	0.474	2.110
	Large	-0.106	0.252	-0.058	-0.421	0.674	0.431	2.321
	Firm Age	-0.001	0.006	-0.20	-0.209	0.835	0.872	1.147
2	(Constant)	1.408	0.458	-	3.076	0.003	-	-
	Firm Size							
	Lower medium	0.154	0.254	0.074	0.604	0.547	0.419	2.385
	Large	-0.073	0.229	-0.040	-0.321	0.749	0.404	2.478
	Firm Age	-0.004	0.005	-0.072	-0.841	0.402	0.844	1.184
	CSR-KEG	0.236	0.063	0.307	3.724	0.000	0.920	1.087
	CSR-HWM	0.164	0.087	0.177	1.877	0.063	0.702	1.424

	CSR-SEC	0.032	0.112	0.032	0.283	0.777	0.482	2.076
	CSR-PEF	-0.101	0.107	-0.117	-0.941	0.349	0.407	2.456
	CSR-PPS	0.313	0.111	0.303	2.818	0.006	0.541	1.849

a Dependent Variable: Firm performance

Table 11 presents how each independent and control variable contribution to firms performance. By observing the p-value column of Model 2, two variables make a statistically significant contribution ($p-value < 0.05$) in firm performance. They are supported to keep the environment greener (CSR-KEG) and promote paperless service/product operations (CSR-PPS) whose beta values are 0.307 and 0.303, respectively. The remarkable result mentions that controlled variables (the age and the large size firm), produces/prefers eco-friendly products, and uses low-polluting technologies are negatively influence firms performance. However, statistically, they all are insignificant.

Discussion and Conclusion

This study concludes that there is a considerable favourable correlation between CSR environmental endeavours and firm success in Nepal. This finding is consistent with prior research in other nations, which found a favorable association (Tamang, 2024; Chuang and Huang, 2018; Kuo et al., 2011; Klassen and McLaughlin, 1996). In contrast, these findings suggest that environmental costs have a detrimental impact on business financial performance (Uyar et al., 2023; Najihah et al., 2021). Currently, companies face global and local government pressure to perform activities for environmental protection. Some companies are taking proactive initiations for emission reduction and similar activities which can make it environment friendly. Evidence suggests that proactive environmental management firms can enhance their market value (Klassen & Mc Laughlin, 1996), reputation, and financial performance (Horisch et al., 2015). Companies which are proficient in managing their environment can enhance their sustainability in the long run.

This outcome is supported by Elkington's triple bottom line (TBL) approach. Which third "p," i.e., planet, indicates that the company has a degree of responsibility towards the environment in its operations.

Implications

Companies in Nepal are increasingly adopting CSR initiatives aimed at environmental protection, such as using green technologies for waste, water, and pollution control, supporting ecological projects, promoting paperless operations, and developing eco-friendly spaces like parks. However, the overall level of environmental CSR in Nepal still remains below expectations. These findings suggest that firm executives should strengthen their commitment to environmental sustainability by enhancing green products, cleaner processes, and environmentally responsible management practices.

Limitations of the Study and Scope for Future Research

Only 127 listed company executives responses were employed to examine the performance of firms. In Nepal, even some private family-owned big corporate houses and few multinational companies are at the forefront of CSR activities (Prasain et al., 2016). It is advised that further research be conducted on cross-sections of listed and non-listed companies to determine whether similar results would be reported.

Conflict of Interest

There is no stated conflict of interest.

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