

Abstract

This research explores the relationship between corporate social responsibility (CSR) and the cost of capital, investigating whether CSR initiatives can influence a company's financing costs. Using a mixed-methods approach, the study examines how companies with strong CSR practices may experience lower capital costs due to improved investor confidence, reduced risk perceptions, and enhanced reputation. The aim is to assess whether CSR engagement can serve as a strategic tool for companies to reduce their cost of equity and debt, ultimately affecting their overall financial performance.

The research combines quantitative analysis of financial data, including cost of capital, stock returns, and CSR ratings, with qualitative insights gathered through interviews with corporate managers, financial analysts, and CSR experts. The quantitative component assesses the correlation between CSR scores and the cost of capital across various industries and regions, while also examining the potential moderating effects of market conditions. The qualitative aspect provides a deeper understanding of how companies perceive the impact of CSR on their financial costs and strategic decision-making.

Findings from this study highlight the potential benefits of CSR in reducing the cost of capital, especially in industries where stakeholder perception and reputation are key. The research offers valuable insights for companies looking to leverage CSR to enhance their financial standing, while also providing recommendations for investors and policymakers on the importance of considering CSR in risk and return assessments.