

**Hantos Elemér Doctoral School of Business, Management
and
Regional Sciences
University of Miskolc
Faculty of Economic**

Yahya Khan

**Corporate Social Responsibility and Firm's Financial
Performance: Evidence from The Banking Sector of
Pakistan**

PhD Thesis



Thesis Supervisor
Dr. Krisztina Szegedi
Associate Professor

Head of the doctoral School
Prof. Dr Károly Balaton

**Miskolc
2020**

Corporate Social Responsibility and Firm's Financial
Performance: Evidence from The Banking Sector of Pakistan

By

Yahya Khan

Thesis Supervisor
Dr. Krisztina Szegedi
Associate Professor

A thesis submitted for the degree of Doctor of Philosophy

Hantos Elemér Doctoral School of Business, Management and
Regional Sciences
University of Miskolc
Hungary
2020

Dr. Krisztina Szegedi
Department of International
Commerce and Logistics
Budapest Business School

Prof. Dr Károly Balaton
Head of Doctoral School
Hantos Elemér Doctoral School of Business,
Management and Regional Science

Table of Contents

List of Tables.....	vii
List of Figure.....	viii
List of Graphs.....	ix
List of Acronyms.....	X
1. Introduction.....	1
1.1. Introduction.....	1
1.2. Problem Statement	2
1.3. Research Objectives	3
1.4. Research Questions	3
1.5. Scope of the Study.....	4
1.6. Significant Contribution of the Research.....	4
1.7. Research Methodology.....	4
1.8. Research Results.....	5
1.9. Structure of the Thesis	5
1.10. Conclusion	6
2. Literature Review	7
2.1. Introduction.....	7
2.2. Introduction to Corporate Social Responsibility	7
2.3. Historical Background of CSR	8
2.4. Evolution of CSR Definition.....	10
2.4.1. Early Definitions of CSR	10
2.4.2. Pyramid of CSR	11
2.4.3. Recent Definitions of CSR	12
2.4.4. Development of different levels of CSR	13
2.5. Corporate Social Responsibility Disclosure Theories.....	14
2.5.1. Legitimacy Theory.....	15
2.5.2. Stakeholder Theory	16
2.5.3. Political Economy Theory	17
2.5.4. Shared Value Theory	17
2.6. Corporate social responsibility and firm’s commitment.....	18
2.7. Motivation/ Driving Forces of CSR and Types of Responsibilities	18
2.7.1. Employee Pressure	19
2.7.2. Consumer Pressure.....	19
2.7.3. Environment pressure	19
2.7.4. Community pressure	20
2.7.5. Government pressure.....	20
2.8. Approaches to CSR	20
2.8.1. Responsive Approach (Traditional/Operational approach)	20

2.8.2.	Strategic Approach	21
2.9.	CSR in Developed and Developing Countries	21
2.9.1.	CSR in Developed Countries	21
2.9.2.	CSR in Developing Countries	22
2.9.3.	CSR in Pakistan.....	24
2.10.	CSR and Financial Performance	25
2.10.1.	CSR and Banks Performance.....	31
2.10.2.	Impact of Banks on Economy, Society and Environment	34
2.11.	Conclusion	35
3.	Country Overview: Pakistan	37
3.1.	Introduction.....	37
3.2.	Socio-Economic Perspectives of Pakistan	37
3.3.	Environmental Perspective in Pakistan	39
3.4.	Banking Sector in Pakistan.....	40
3.5.	Corporate Social Responsibility: Laws and Regulations in Pakistan.....	42
3.6.	Corporate Social Responsibility: Best Practices in Pakistan	43
3.6.1.	Muslim Commercial Bank (MCB).....	43
3.6.2.	Pak Arab Refinery Limited (PARCO).....	44
3.6.3.	Engro Group.....	44
3.6.4.	Shakarganj Group	45
3.7.	Conclusion	45
4.	Research Methodology.....	47
4.1.	Introduction.....	47
4.2.	Research Methodology.....	47
4.3.	Research Framework.....	48
4.4.	Research Design	49
4.5.	Sample and Data Selection.....	50
4.6.	Independent Variable.....	51
4.6.1.	Approaches to Measuring CSR Disclosure Index	51
4.6.2.	Content Analysis.....	52
4.6.3.	Reliability test of CSR index	53
4.6.4.	Defining Dimensions of CSR Disclosure Index	53
4.6.4.1.	Shareholder	54
4.6.4.2.	Employee	54
4.6.4.3.	Competitor.....	55
4.6.4.4.	Customer	55
4.6.4.5.	Supplier	56
4.6.4.6.	Manager/Governance	56

4.6.4.7.	Community and Society.....	57
4.6.4.8.	Environment	58
4.6.4.9.	CSR Management	58
4.7.	Measurement of Financial Performance (Dependent Variables).....	59
4.7.1.	Return on Assets.....	59
4.7.2.	Return on Equity.....	60
4.7.3.	Earnings per Share.....	60
4.7.4.	Tobin's Q.....	60
4.8.	Control Variables	60
4.8.1.	Size of the Firm	60
4.8.2.	Age of the Firm	61
4.8.3.	Capital Ratio.....	61
4.8.4.	Overhead Expenses	61
4.9.	Hypothesis Development	61
4.10.	Model Specification	62
4.10.1.	Regression Model	63
4.10.2.	Financial Performance and CSR Disclosure Index (CSRI).....	63
4.10.3.	Financial Performance and Each Dimension of CSR.....	64
4.10.4.	Specification Tests	64
4.10.4.1.	Breusch-Pagan Lagrange Multiplier Test.....	64
4.10.4.2.	Hausman Specification Test.....	64
4.10.4.3.	Descriptive Statistics.....	64
4.10.4.4.	Test for Multi-collinearity	65
4.10.4.5.	Test for Heteroscedasticity.....	65
4.10.4.6.	Serial Correlation Lagram-Multiplier Test	65
4.11.	Conclusion	65
5.	Corporate Social Responsibility Disclosure of Listed Commercial Banks in Pakistan: A Comparative Analysis	67
5.1.	Introduction.....	67
5.2.	Categorization of Listed Commercial Banks in Pakistan on the Basis of Age	67
5.3.	Analysis of CSR Disclosure Practice of Listed Commercial Banks in Pakistan	68
5.3.1.	Findings for Dimension 1: Shareholder	68
5.3.2.	Findings for Dimension 2: Employee.....	68
5.3.3.	Findings for Dimension 3: Manager/Governance	69
5.3.4.	Findings for Dimension 4: Customer	69
5.3.5.	Findings for Dimension 5: Supplier.....	70
5.3.6.	Findings for Dimension 6: Competitor	70
5.3.7.	Findings for Dimension 7: Community and Society.....	71

5.3.8.	Findings for Dimension 8: Environment	71
5.3.9.	Findings for Dimension 9: CSR Management	72
5.4.	The Overall CSR disclosure Index of Listed Commercial Banks in Pakistan 2008-2018	72
5.5.	Conclusion	73
6.	Corporate Social Responsibility Disclosure and Financial Performance of Listed Commercial Banks in Pakistan: An Empirical Analysis	75
6.1.	Introduction.....	75
6.2.	Descriptive Statistics.....	75
6.3.	Empirical Results: The Relationship between Corporate Social Responsibility Disclosure and Financial Performance of Banks	77
6.3.1.	Tests for Multicollinearity.....	77
6.3.2.	Test for Heteroscedasticity and Serial Autocorrelation	78
6.3.3.	The Association between Return on Equity (ROE) and CSR Disclosure (CSRI)	78
6.3.3.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	79
6.3.3.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model	79
6.3.3.3.	Regression Results: Return on Equity as Dependent Variable	79
6.3.4.	The Association between Return on Assets (ROA) and CSR Disclosure (CSRI).....	79
6.3.4.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	80
6.3.4.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model	80
6.3.4.3.	Regression Results: Return on Assets as Dependent Variable	80
6.3.5.	The Association between Earning per Share (EPS) and CSR Disclosure (CSRI).....	80
6.3.5.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	81
6.3.5.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model	81
6.3.5.3.	Regression Results: Earning Per Share as Dependent Variable.....	81
6.3.6.	The Association between Tobin's Q (TOB) and CSR Disclosure (CSRI)	81
6.3.6.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	82
6.3.6.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model	82
6.3.6.3.	Regression Results: Tobin's Q as Dependent Variable	82
6.4.	Empirical Results: The Association between Each Dimension of Corporate Social Responsibility Disclosure and Financial Performance	83
6.4.1.	Tests for Multicollinearity.....	83
6.4.2.	Test for Heteroscedasticity and Serial Autocorrelation	84
6.4.3.	The Relationship between Return on Equity (ROE) and Each Dimension of CSR Disclosure	84
6.4.3.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	85

6.4.3.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model.....	85
6.4.3.3.	Regression Results: Return on Equity as Dependent Variable	85
6.4.4.	The Relationship between Return on Assets (ROA) and Each Dimension of CSR Disclosure	86
6.4.4.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random effects Model.....	86
6.4.4.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model.....	87
6.4.4.3.	Regression Results: Return on Assets as Dependent Variable	87
6.4.5.	The Relationship between Earning per Share (EPS) and Each Dimension of CSR Disclosure	87
6.4.5.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model.....	88
6.4.5.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model.....	88
6.4.5.3.	Regression Results: Earning per Share as Dependent Variable.....	88
6.4.6.	The Relationship between Tobin's Q (TBQ) and Each Dimension of CSR Disclosure	89
6.4.6.1.	The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random effects Model.....	89
6.4.6.2.	Hausman Specification Test: Random Effects Model vs Fixed Effects Model.....	90
6.4.6.3.	Regression Results: Tobin's Q as Dependent Variable	90
6.5.	Impact of Overall CSR and its Dimensions on Financial Performance of Commercial Banks in Pakistan	90
6.5.1.	CSR and Return on Equity.....	90
6.5.2.	CSR and Return on Assets.....	90
6.5.3.	CSR and Earning per Share	90
6.5.4.	CSR and Tobin's Q.....	90
6.5.5.	Shareholders.....	91
6.5.6.	Employees	91
6.5.7.	Manager/ Governance	91
6.5.8.	Suppliers	91
6.5.9.	Customer	91
6.5.10.	Competitor	92
6.5.11.	Community and Society.....	92
6.5.12.	Environment	92
6.5.13.	CSR Management	92
6.6.	GMM two-step regression.....	92
6.7.	Causal Relationship between Corporate Social Responsibility and Financial Performance .	93
6.1.	Conclusion	94
7.	Discussion and Conclusion	95
7.1.	Introduction.....	95

7.2. Findings of the Study – New scientific results	96
7.2.1. The Current Status of Corporate Social Responsibility Disclosure by Banks in Pakistan 96	
7.2.2. The Relationship between Corporate Social Responsibility Disclosure and Bank’s Financial Performance.....	97
7.2.3. Relationship between Each Dimension of Corporate Social Responsibility Disclosure and Bank’s Financial Performance	97
7.3. Contribution of the Research	98
7.4. Limitations and Future Directions of the Research	99
Summary of the Thesis	101
REFERENCES	103
List of Publications.....	126
Appendix I: CSR Phases of development and company CSR strategic integration	127
Appendix II: List of CSR Items	128
Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018	137
Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018	146
Appendix VI: Table 5.5 CSR Disclosure Index (Score) of Listed Commercial Banks 2008-2018(Year wise)	152
Appendix VII: Table 5.7 CSR Disclosure Index (%) of Listed Commercial Banks 2008-2018(Category wise)	154
Appendix VIII: Graphs of each Dimension of CSR based on Content Analysis	156
Appendix IX Descriptive Statistics	162
Appendix X: Spearman Correlation Matrixes	168
Appendix XI: Test for Heteroscedasticity and Serial Autocorrelation	170
Appendix XII: Spearman Correlation Matrixes	174
Appendix XIII: Test for Heteroscedasticity and Serial Autocorrelation.....	178
Appendix XIV: Unit root and Dumitrescu and Hulin (2012) Granger Causality test	182
Acknowledgement.....	183

List of Tables

Table 4.1 List of Banks Listed on Pakistan Stock Exchange.....	54
Table 4.2 Reliability of CSR Index and its nine dimension's indices.....	57
Table 5.1 Groups of Commercial Banks in Pakistan on the Basis of Firm's Age till 2018	71
Table 5.6 Ranking Based on Overall CSR Disclosure Score 2008-2018	78
Table 6.1 Descriptive Statistics of All Listed Commercial Banks from 2008-2018	80
Table 6.2 Descriptive Statistics of Each Dimension of CSR Disclosure of Listed Commercial Banks from 2008-2018	81
Table 6.3 Variance Inflation Factor (VIF)	83
Table 6.5 Regression Results Return on Equity as Dependent Variable	84
Table 6.6 Regression Results Return on Assets as Dependent Variable	85
Table 6.7 Regression Results Earning per Share as Dependent Variable	86
Table 6.8 Regression Results Tobin's Q as Dependent Variable	87
Table 6.11 Variance Inflation Factor (VIF)	89
Table 6.13 Regression Results Return on Equity as Dependent Variable	90
Table 6.14 Regression Results Return on Assets as Dependent Variable	92
Table 6.15 Regression Results Earning per Share as Dependent Variable	93
Table 6.16 Regression Results Tobin's Q as Dependent Variable	95
Table 6.17 Results using Two-Step GMM Model	99

List of Figures

Figure 1 Pyramid of CSR.....	11
Figure 2 Research Framework of the Study	48

List of Graphs

Graph I Pakistan Last Five year Performance.....	38
Graph II CO2 Emission per Capita In Pakistan	39
Graph III Distribution of Schedule Banks Current and Saving Deposits.....	41
Graph IV Assets and Liabilities of Scheduled Commercial Banks in Pakistan.....	41
Graph V Shareholder.....	156
Graph VI Employee	156
Graph VII Manager	157
Graph VIII Customer	157
Graph IX Supplier.....	158
Graph X Competitor	158
Graph XI Community and Society	159
Graph XII Environment	159
Graph XIII CSR Management.....	160
Graph XIV CSR Disclosure Index.....	160
Graph XV Average CSRI of All Listed Commercial Banks in Pakistan	161

List of Acronyms

ABL	Allied Bank Limited
ADB	Asian Development Bank
AICC	African Institute for Corporate Citizenship
BOK	Bank of Khyber
BOP	Bank of Punjab
CEC	Commission of European Communities
CEEC	Central Eastern European Countries
CERCLA	Compressive Environmental Response Compensation and Liabilities act
CFP	Corporate Social Finance
CRSP	Centre for Research in Security Crises
CSR	Corporate Social Responsibility
CSRI	Corporate Social Responsibility Index
EPFIs	Equator Principle Financial Institutions
EPI	Environmental Performance Indicators
EPS	Earning per Share
ESD	Environmental Supplier Development
ESG	Environmental Social Governance
EU	European Union
GNI	Gross National Income
GRI	Global Reporting Initiatives
HBL	Habib Bank Limited
JSB	JS Bank
KBL	Kinder Lydernberg and Domini
MCB	Muslim Commercial Bank
NBP	National Bank of Pakistan
NEPAD	New Partnership for African's Development
OECD	Organization for Economic Corporation and Development
PARCO	Pak Arab Refinery Limited
PSE	Pakistan Stock Exchange
R&D	Research and Development
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SBP	State Bank of Pakistan
SCB	Standard Chartered Bank
SECP	Security Exchange Commission of Pakistan
SME	Small and Medium Businesses
TBQ	Tobin's Q
TRI	Toxic Release Inventory
UBL	United Bank Limited
UN	United Nations
WBCSD	World Business Council on Development

Declaration

I declare that this thesis entitled “Corporate social responsibility and firm’s financial performance: Evidence from the banking sector of Pakistan” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name : Yahya Khan

Date :

Recommendations of the Supervisor

The relevance of the research topic

The topic of Corporate Social Responsibility (CSR) has extended literature but CSR regarding the financial sector has been the focus of the research only recently, following the recent financial crisis. The main aim of banks and other institutions in the financial sphere is to restore the trust in the sector. Banks have a particular responsibility to maintain–economic stability. Most of the studies on bank CSR have been conducted in developed countries, there is a research gap regarding bank CSR in developing countries.

The Candidate has formulated two research objectives:

1. To develop CSR disclosure index in order to assess the level of Corporate Social Responsibility disclosure of listed banks in Pakistan during the period of 2008-2018
2. To investigate the extent of the relationship between Corporate Social responsibility and Financial Performance of banks in Pakistan.

The goals are well-founded and relevant because the candidate’s research work has focused on Pakistan and has a significant contribution to the literature and methodology in the context of developing countries specifically in Pakistan. The findings can be put in to practice to make a noteworthy contribution to the development of responsible behaviour of Pakistani banks.

The topic of the PhD thesis is scientifically relevant and the basic statement of the problem is consistent with CSR research themes of the Doctoral School.

Literature review

The PhD dissertation contains a comprehensive literature review of **more than 250** articles and books. The first part is an introduction to Corporate Social Responsibility which deals with the historical background of CSR, Evolution of CSR definition and recent definitions of CSR.

Within Corporate social responsibility disclosure theories, the Candidate evaluates legitimacy theory, stakeholder’s theory, political economy theory and shared value theory. In the literature review, there is a special focus on CSR in developed and developing countries.

The last part of the literature review analyses the relationship between CSR and banks performance.

The literature review contains not only a description of the topic, but the Candidate critically evaluates the literature with proper in-text citation and references in a correct manner.

Research Methodology

The Candidate has formulated three research questions in accordance with the research goal.

- 1) What is the current status of CSR disclosure by listed banks in Pakistan?
- 2) Whether there is a relationship between CSR disclosure and banks financial performance?
- 3) To what extent each dimension of CSR disclosure predicts the bank’s financial performance, both market and accounting based?

The Candidate developed two sets of hypotheses. In the first set of hypotheses, CSR disclosure index is taken as an independent variable. He assumes that there is a positive and significant association between CSR disclosure and Returns on Assets (ROA), Return on Equity (ROE), Earning per Share (EPS) and Tobin's Q (TOBIN's Q).

In order to answer the first research question, the candidate carried out a content analysis of the listed commercial bank's annual reports. The findings of the study revealed that the current status of CSR disclosure by commercial banks in Pakistan is moderate, indicating that the notion of CSR in banks operating in Pakistan is not fully developed.

Similarly, to answer the second and third research questions, the candidate has empirically analysed the relationship between Corporate Social Responsibility disclosure and its dimensions by utilizing panel data econometric models.

The applied methodology is of high quality and can be practised in future research studies as well. Thorough understanding of the chosen topic and sharp understanding of the research skills enabled the candidate to carry out the study effectively.

New scientific results

The PhD thesis includes detailed research frameworks, hypothesis development, sample and data collection, variables description and measurement, empirical analysis, conclusion and significant contributions of the study.

The Candidate has formulated 5 new scientific results. The findings of the research suggest that the involvement of commercial banks in CSR activities and its proper disclosure helps to improve their accounting-based financial performance. However, CSR disclosure does not have any impact on the market based financial performance of listed commercial banks, which might have been affected by the unstable economic conditions of the country. Furthermore, the nature, flexibility and extent of involvement in CSR activities of each bank in the sample is different, which may affect the association of each dimension of CSR with the financial performance and its significant level.

The Candidate answered all the research questions. The formulated 5 new scientific results are relevant and contributes to the body of knowledge on CSR, its disclosure and dimension from a developing country context, like Pakistan.

Formatting requirements

The PhD thesis meets the general formatting requirements of the dissertation as regulated by the Doctoral Regulation of the University of Miskolc.

- The page number of the dissertation fulfils the requirements.
- The literary sources are always referred to correctly.
- The Title Page includes the PhD or Doctoral thesis designation, the author's name. The year and place of the thesis are included.
- The Internal Page of the dissertation includes the name of the author, supervisor, name and the name of the head of the Doctoral School, place and date of the dissertation. The DOI after the successful defence of the dissertation is missing.
- The thesis contains the table of content, the list of tables, figures and Graphs.
- A brief summary of the research work, references and list of publications are included.

Summary

I conclude that the submitted PhD thesis

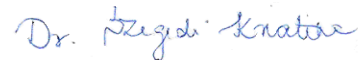
- contains credible data,
- is the candidate's own work,
- the research results are new, relevant and contribute to the body of knowledge on CSR,
- the thesis completely meets the formatting requirements of the Doctoral School.

I conclude that the submitted PhD thesis is of high level and the empirical research has yielded scientifically valuable results.

I highly recommend this PhD thesis to be considered for the final defence of the dissertation.

Date: Budapest, February 24th, 2020

Signature of the Supervisor:



Dr. Krisztina Szegedi

Chapter 1

1. Introduction

1.1. Introduction

The Corporate Social Responsibility (CSR) concept has greatly engrossed the attention of the business community and research scholars as well (Smith, 2012). The sole performance of a company is largely dependent on ethical business actions and practices associated with societal and environmental welfares (Lee et al. 2009). Such activities help organizations in improving their goodwill and reputation. In previous decades, corporate social responsibility has gained much popularity. A significant number of companies issue reports of their CSR disclosure nowadays (Gray et al. 1995b). The need for individuals who affect organizations (stake-holders) is constantly on the rise in business institutions to evaluate reports and enhance their environmental, social, and economic accomplishment. Corporate Social Responsibility means different things by different researchers.

McWilliams and Siegel (2000) have described Corporate Social Responsibility as a voluntary engagement of a firm in all those activities besides the primary goal of business for the welfare of the societies. Lea (2002, p.10) defines CSR as “*Corporate Social Responsibility is about all types of businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment*”. CSR is expressed as a continual commitment of businesses irrespective of their nature; behaves in an ethical way and contributes to the economic development of the society, and plays its role in improving the living standards of the general public (Mughal, 2014). The involvement of the firm in activities such as cause-marketing, charity and donations, the welfare of the society, disaster relief, pollution control and transparency benefits the organization and contributes to its long-term survival in the market. Many scholars term such activities as socially responsible activities and due to stakeholders’ pressure and CSR popularity, businesses are motivated to include them in their business strategies (McWilliams and Siegel, 2000, Fernando, 2007).

Pava and Krausz (1996) argue that a firm’s financial performance is a blend of financial state-of-affairs, along with a firm’s ability to meet its business requirements and commitment. Marshall (1920) asserts that the financial performance of a firm is the extent to which monetary objectives of the entity has been achieved. The linkage between corporate social responsibility and corporate financial performance (CFP) has been researched extensively, especially within developed countries (Margolis and Walsh, 2003, Scholtens, 2008, Nollet et al. 2016, Moore, 2001). Findings from studies related to the relationship between CSR and CFP can be classified as positive, negative and insignificant. Many studies in the literature have reported a positive association between CSR and financial performance (Karagiorgos, 2010). López et al. (2007) state that CSR negatively affects the firm’s financial performance. Fauzi (2009) has analyzed CSR and CFP in companies listed on the New York Stock Exchange and has found no relationship between them.

Cannon (1994) elaborates the significant and crucial role of financial institutions in addressing the social issues that arise within the organization and its external environments such as employee’s welfare, scarcity of resources, human rights, health and education, environmental issues due to the business operations and community investment. The research studies in CSR and its disclosure in relationship with financial performance in developing countries are scarce, more specifically in the financial sector (Sung Kim and Oh, 2019).

The present study explores the extent and level of CSR disclosure practices of the listed commercial banks in Pakistan. The determinants and several attributes of CSR disclosure in

concerned banks are examined in this study. The study investigates the extent of association between the level of CSR disclosure and the financial performance of the commercial banks in the context of Pakistan.

This chapter provides the problem statement, motivation, research questions and objectives of the study; scope and contributions of this study; research methodology; organization of the thesis and conclusion of the chapter.

1.2. Problem Statement

The attention of the general public, regulatory authorities, research scholars and media over the importance of a firm's CSR practices and its disclosure has increased over the last decade, especially after the global economic crisis of 2008-2010. The need and significance of CSR practices made the businesses more aware and concerned about their CSR activities for employees, customers, community, environment and other concerned stakeholders. A number of firms in Pakistan have realized the long-term benefits of CSR initiatives, its disclosure and have therefore adopted CSR policies in their business operations (Khan et al. 2018a, Ehsan et al. 2018). However, business in Pakistan confronts numerous challenges in the implementation and practice of CSR, due to lack of proper understanding of the CSR concept, its proper disclosure and motivation (Majeed et al. 2015). Some of the research studies have attempted to investigate the CSR and its disclosure practices in Pakistan (Ahmad, 2006, Mian, 2010, Awan et al. 2012, Majeed et al. 2015, Ehsan et al. 2018). The current study intends to examine the level of CSR practices and their disclosure among the listed commercial banks in Pakistan. The study also intends to investigate the impact of CSR disclosure practices of these commercial banks on their financial performance. In order to achieve the objectives of the study, CSR and financial data have been collected from the annual reports, financial websites of concerned banks, State Bank of Pakistan (SBP) and Pakistan Stock Exchange (PSE).

The current study has been justified due to numerous grounds. Most of the studies conducted on CSR disclosure issues have been carried out in the developed nations (Gray et al. 1995a, Brumm, 2005, Lux et al. 2005, Deegan, 2002, Campbell, 2000, Hartman et al. 2007, Guthrie and Farneti, 2008, Doh and Guay, 2006, Nasrullah and Rahim, 2014). On the other hand, the studies on CSR practices in developing countries are limited (Muthuri and Gilbert, 2011, Hopkins, 2012, Hossain et al. 2006, Bayoud et al. 2012, Jamali et al. 2017). The studies on the association between CSR disclosure and financial performance in the context of Pakistan are insufficient, more specifically in the financial sector. The variation in CSR understanding, laws and regulations, and culture in Pakistan could be different as compared to other developing and developed countries. These differences may affect the empirical findings of the study in relation to other developing countries.

Considering the context of Pakistan, research on issues related to CSR and its disclosure practices is limited, whereas the disclosure of CSR activities has not been prevailing practice (Khan and Nomani, 2002, Lund-Thomsen, 2004, Nishtar, 2006, Makki and Lodhi, 2008). The development and awareness of CSR enhanced after 2008 in Pakistan and the Security and Exchange Commission of Pakistan (SECP), for the first time, provided Companies General Order, 2009 in accordance with CSR and its disclosure practices of companies (Ehsan et al. 2018). Although, the CSR practices have increased in the last decade, but are still underdeveloped and have limitations due to the voluntary nature of its disclosure (Jariko et al. 2016, Khan et al. 2018a).

A small number of studies have been conducted on the relationship between CSR disclosure and companies' financial performance in Pakistan – most of them have focused the manufacturing sector (Murtaza et al. 2014, Kakakhel et al. 2015, Kiran et al. 2015, Khurshid

et al. 2016). However, less attention has been paid to the financial sector and measured CSR in terms of investments and donations in philanthropy, health, education and social welfare (Malik and Nadeem, 2014, Bagh et al. 2017), and less focus been there on the importance of other stakeholders determined by stakeholder's theory.

Due to above-mentioned research gaps in the CSR related literature in the context of Pakistan, the current study focuses on the development of CSR index, based on stakeholder's theory; to measure the CSR disclosure of listed commercial banks in Pakistan. The study will not only probe into the association of CSR disclosure but also its several dimensions with the financial performance of listed commercial banks during the time period of 2008-2018, to understand the relationship in a broader spectrum.

1.3. Research Objectives

My research intended to scrutinize the CSR practices and its disclosure of the listed commercial banks in Pakistan, by utilizing the index approach of content analysis of CSR information communicated by concerned banks in their annual reports and official websites. Moreover, the current study aims to examine the impact of CSR disclosure on the financial performance of commercial banks under study. In order to achieve the aims of this study, the following objectives are established.

- (1) To develop CSR disclosure index in order to assess the level of Corporate Social Responsibility disclosure of the listed banks in Pakistan during the period of 2008-2018

The study aims to achieve this objective, the level of CSR disclosure and linked practices of the banks through content analysis of the annual reports of the respective banks.

- (2) To investigate the extent of the relationship between Corporate Social Responsibility and Financial Performance of the banks in Pakistan.

For the purpose, this research examines the association between CSR disclosure index and financial performance indicators empirically by using econometric models.

1.4. Research Questions

To achieve the stated research objectives, the current study seeks to explore the following research questions.

- (1) What is the existing status of CSR disclosure by the listed banks in Pakistan?
- (2) Whether there is a relationship between CSR disclosure and banks' financial performance?
- (3) To what extent does each dimension of CSR disclosure predict the banks' financial performance, both market and accounting based?

The first research objective is related to the first research question. Under this research question the overall CSR disclosure, along with the disclosure of several dimensions of CSR in accordance with stakeholder's theory are explored in the first empirical part (chapter 5) of this dissertation. The results help to determine the level of CSR disclosure practices in commercial banks of Pakistan.

The second research objective is linked to the second and third research questions. The study aims to comprehend the extent of the relationship between CSR disclosures, disclosure of its dimensions and financial performance of the listed commercial banks in Pakistan. The results obtained after the analysis of the relationship are presented in the second empirical part (chapter 6) of this dissertation.

1.5. Scope of the Study

The current study is based on the listed commercial banks on the Pakistan Stock Exchange (PSE) in 2018. The main objectives of this study are achieved through two empirical examination methods. Firstly, the examination of CSR disclosure practices carried out through content analysis of annual reports and official websites of the banks in the sample. The analysis of the extent of CSR disclosure practices has been carried out based on CSR checklist developed in the light of previous studies on CSR disclosure, covering nine stakeholder's categories: shareholders, employees, manager/governance, customers, suppliers, competitors, community and society, environment and CSR management.

Secondly, an investigation carried out into the relationship between CSR disclosure, disclosure of its dimension and financial performance of the respective banks. Several regression models have been utilized in the investigation of this relationship, including pooled OLS, fixed effects model and random-effects model.

1.6. Significant Contribution of the Research

This study has an important contribution to the existing body of literature in a number of ways regarding CSR and its disclosure in several areas.

The current study contributes to the general understanding of CSR practices and its proper disclosure of businesses in developing countries, specifically in Pakistan, as most of the studies on this particular issue have been conducted in developed countries. A very few numbers of studies have focused on developing countries and the gap is much broader in the Pakistani context. This study focuses on the current practices CSR and its disclosure in the financial industry, specifically in commercial banks, which supports the core objective of the current study as well.

Banks have a particular responsibility to maintain the economic stability of the country. This study has provided an intensive examination of the association between CSR disclosure and financial performance of the listed commercial banks. The current study has provides an essential implication not only to the policymakers but also, to the management and governance bodies of the financial sector of Pakistan.

This study contributes to increasing the understanding of the management theories, explaining CSR disclosure practices of the firms such as stakeholder theory and legitimacy theory, in the context of Pakistan. Previous studies, conducted in the region in the financial sector, have had the least focus on the importance of other stakeholders of the firms in disclosing CSR information.

The current study has developed a CSR index in accordance with stakeholder theory. The findings of the study help the stakeholders and banks to comprehend the extent and degree of CSR and its disclosure in Pakistan. This study provides a unique measurement, CSR index, which has not been used previously, to analyze and interpret the nature of the relationship between CSR and financial performance of the banks in Pakistan. Thus it has a significant methodological contribution. The findings of the study will be valuable for students and other professionals interested in conducting empirical research in the subject area.

1.7. Research Methodology

The methodology adopted in this study has been developed on the basis of the existing CSR disclosure literature, and its impact on the financial performance of the firm. The important components of the research methodology utilized in this study are as follows:

To understand the CSR notion, its disclosure and measurement of CSR disclosure, the study reviews the existing body of literature and advances to building the CSR disclosure checklist.

The CSR management theories, including stakeholder theory, legitimacy theory, political economy theory and shared value theory are reviewed to understand the determinants and several dimensions of CSR and its disclosure.

With the objective to analyze the CSR disclosure practices of the **all (20) listed commercial banks** in Pakistan, the indexed approach of content analysis of annual reports and official websites of the respective banks is employed, and a comprehensive CSR index is developed.

To inspect the correlation of CSR disclosure and financial performance, and to test the hypothesis that CSR practices and its disclosure positively impact the firm's financial performance, various multiple regression models, namely, pooled OLS, fixed effects models and random effects model have been employed.

The empirical findings of the study are analyzed and interpreted and compared with the results of other research studies to address the stated aims and objectives of the current study.

1.8. Research Results

The results of the content analysis show that overall CSR disclosure by all banks in the sample increased by 14.58 per cent over the studied period. The average overall CSR disclosure by all banks in the sample during 2008-2018 is 64.56 per cent. Moreover, CSR reporting activity of Pakistani banks has intensified over the past decade, but the current status of CSR disclosure by commercial banks in Pakistan is moderate, indicating that the notion of CSR in banks operating in Pakistan is not fully developed. Commercial banks in Pakistan mainly focus on activities related to good governance, investors' relation, development and retention of employees and customers, and contributions to the community. However, these banks did not give priority to the supplier and environmental aspects of CSR.

Similarly, the involvement of commercial banks in CSR activities and its proper disclosure helps to improve their accounting-based financial performance. However, CSR disclosure does not have any impact on the market based financial performance of listed commercial banks, which might have been affected by the unstable economic conditions of the country. Commercial banks in Pakistan put more emphasis on the disclosure of information related to shareholders, employees, manager/ governance, customers, community and society and CSR management, positively influencing the financial performance of the banks. However, the interest of these banks in suppliers and environmental aspects of CSR is very low.

1.9. Structure of the Thesis

This study consists of seven chapters, organized as follows:

Chapter One as Introduction that gives a brief background introduction of the study. This chapter explains the problem statement of the study, motivation, objectives and research questions of the present study. Significant contributions and a summary of the employed methodology in the current study are discussed. Finally, this chapter presents the organization and structure of the thesis.

Chapter Two, Literature Review, provides a review of the literature available on CSR, its disclosure and firms' financial performance in developed and developing countries. The literature review includes the explanation of concepts and definitions of CSR, historical and theoretical background, and development of CSR in business communities. The chapter also presents the state of CSR practices in the context of Pakistan in both commercial and non-commercial sectors. Finally, the review of studies on the correlation between CSR disclosure and financial performance of the banks are presented.

Chapter Three, Country Overview: Pakistan. The chapter presents the socio-economic and environmental context of Pakistan. This chapter also focuses on the development of the

banking sector in Pakistan. Laws and regulations related to CSR and best practices of business organizations in Pakistan are discussed.

Chapter Four, Research Methodology, provides a detailed insight into—the methodology employed in the study. This chapter presents the research framework, research design, sample selection and data collection methods of the study. The definitions of dependent and independent variables of this study are given in this chapter. The chapter explains the approaches utilized to construct the CSR index and the process of content analysis. Development of hypothesis, model specification and different specification tests of the study are discussed in this chapter.

Chapter Five, Corporate Social Responsibility Disclosure of Listed Commercial Banks in Pakistan: A Comparative Analysis presents the empirical results of the content analysis of the annual reports and official websites of all the listed commercial banks regarding CSR disclosure practices. This chapter also elaborates the current status, level of CSR disclosure and ranking of all commercial banks in the sample based on the CSR disclosure practices.

Chapter Six, Corporate Social Responsibility Disclosure and Financial Performance of the Listed Commercial Banks in Pakistan: An Empirical Analysis presents the results of multiple regression analysis of the relationship between CSR disclosure and financial performance of concerned banks. This chapter not only focuses on the impact of CSR disclosure but also the impact of each dimension of CSR disclosure; shareholder, employee, manager/governance, customer, supplier, competitor, community and society, environment and CSR management on the financial performance of listed commercial banks in Pakistan.

Chapter Seven, Discussion and Conclusion, offers a brief sum-up of the empirical results of the current research study in chapter five and chapter six, related to the objectives and research questions developed in chapter one. This chapter also presents the contribution, limitations and future directions of this study.

1.10. Conclusion

This chapter presents the introduction of the study, an analysis of the CSR disclosure practices and its impact on the financial performance of the listed commercial banks in Pakistan during the 2008-2018 period. This chapter explains the research problem, objectives, research questions and scope of the study, contribution, methodological approach and structure of the present study.

This study seeks to highlight the research gaps in the present body of literature related to CSR disclosure, and firms' financial performance in developing countries, specifically in the context of Pakistan. Little research is available on CSR disclosure and financial performance of companies in Pakistan. Most of them have focused on the manufacturing sector, and have paid less attention to the financial sector. CSR disclosure in the financial sector has measured the CSR in terms of investments and donations in philanthropic activities, charity, health and education and social welfare, putting less emphasis on the importance of other stakeholders.

The current study focuses on the development of the CSR index based on stakeholder theory, in order to measure the CSR disclosure of the respective banks. This study not only investigates the relationship of CSR disclosure but also the disclosure of its dimensions with the financial performance listed commercial banks in Pakistan.

Chapter 2

2. Literature Review

2.1. Introduction

This chapter deals with the review of the literature of corporate social responsibility disclosure and financial performance of firms across the globe, which includes history, theoretical background and development of CSR in the business community. The literature also presents the current state of CSR practices in Pakistan, both in financial and non-financial sectors. The institutions and companies are promising to develop the framework concerning CSR. Nevertheless, general comprehension of CSR concepts, practices and its disclosure is limited in Pakistan's context and needs more attention especially in the banking sector.

2.2. Introduction to Corporate Social Responsibility

Corporate social responsibility (CSR) is an emerging academic and business research area; attracts the attention of corporations, government and non-government organizations worldwide – broadening its scope. According to Wood (2010), CSR exists in the literature of accounting and management for about 45 years but the notion of the CSR has gained more importance due to globalization of business operations in recent decades. The creation of wealth and profits is considered as a primary goal of many companies but nowadays the mission of a firm also includes policies for social development along with profit maximization (Cannon, 1994). Conventionally, organizations focus on certain business processes such as diversification, differentiation and globalization, though the need of expansion in firm activities towards society is supported by recent developments in the field of strategic management. The wider concept of corporate social responsibility shows us corporate engagement in activities beyond profit-making. Activities such as environmental protection, ethical trading and employee caring, being the top list. These organizations voluntarily participate in such initiatives that may make a significant contribution in solving social and environmental issues. CSR shows the commitment of the organization to work for the betterment of society through its business practices and organizational resources (Perrini, 2006). Some of the aspects to which CSR responds includes advocating human rights, social reporting, ethical trading, socially responsible investing and empowerment of individuals, community and employees (Commission of European Communities, 2001).

CSR has emerged as a corporate response to different societal forces. The civil society groups and unions became unsatisfied with the prevailing unethical corporate practices and the organizations being unaccountable. Jones (1995) has claimed that a company bears high costs which arise from its unethical behaviour; violating the trust and cooperation between the firm and its stakeholders. Sethi (1979) asserts that corporations are also an integral part of the society like other social institutions, their growth and existence depend on the respective societies. To these corporations, society has given freedom with a belief that they will contribute effectively toward the needs of society. CSR initiatives in organizations basically strive to develop and expand social and environmental practices in these firms without any broader governance implications. It concerns how companies incorporate these social and environmental affairs in their core business operations. Smith (2003) argues that whether to include CSR in business operations or not, is no longer a question of interest but how to incorporate it, is the main focus area. Lee et al. (2009) are of the view that organizations define their duties based on CSR motives which include economic, social and environmental responsibilities that are required to become a good corporate citizen. It should not be confined to cost or charity rather it must be viewed as a strategic move in

creating opportunities and innovations, giving a competitive edge to a business in the industry (Porter and Kramer, 2002).

Garriga and Dome`nec (2004) state that by investing in philanthropic activities and investment in social demands, a company might receive numerous benefits, helping the firm in achieving competitive advantage over its rivals. It is essential for a company to deal with and manage its business in such a way that it has positive impacts on society. Consumers have priorities for organizations that are socially and environmentally accountable. Involvement of business in social and environmental activities improves the reputation of the organization. This good reputation of an organization serves as a competitive advantage for the firm; gains access to capital market and increases its credit ratings (Fombrun, 1996). Improved brand image, organization reputation and innovation are some of the intangible benefits along with employees and customers satisfaction that a company can avail through CSR practices (Schwaiger, 2004). CSR could be a discerning factor for a business to compete in the product market of same industry. Bulmer et al. (2001) have said that consumers link the quality of the product with corporate citizenship and social behaviour of the firm. Ruf et al. (2001) have mentioned that improvement in CSR results in high firms' performance, whether it reduces the cost or increases the revenues.

Crowther and Aras (2012) have described that CSR is an ongoing process which develops with time, depends on the maturity of firm – both in attitude toward its stakeholders and their approach to social responsibilities. It increases the ethical concern to both firm's management and the general public. According to Hsu et al. (2019), CSR practices serve the company to signal the ethics and integrity of the management, which influence the judgment of stakeholders about the performance of a company. Bhardwaj et al. (2018) have advised the firms to implement the CSR strategies effectively as a tool to beat their rival in the market place. Consumers tend to consider the firm's CSR activities while making their purchase decisions. Involvement of the firm in CSR either increase customer's spending intentions or makes them pay higher prices for the product and services provided.

2.3. Historical Background of CSR

The notion that business corporations have certain obligations towards society beside revenue generation exists for centuries. Crowther and Aras (2012) have argued that the examples of awareness regarding the social responsibilities of firms can be traced back to the era of the industrial revolution in Britain in the 18th century. Dodd (1932) has mentioned in his article that the businesses should involve themselves in the provision of social services even at the expenses of the profits in the best interest of employees, customers and other community stakeholders. But the roots of current social responsibilities have been found to be witnessed in/by the period of 1945-1960 (Spector, 2008).

In 1951 Frank Abrams, a former executive of Standard Oil Company New Jersey, emphasized that the company should not only think about the profits but may also take their employees, customers and the general public in consideration (Abrams, 1951). Bowen (1953) elaborated the social responsibilities of the firm in his famous book "Social Responsibilities of a Businessman": businessmen are obliged to follow the policies and decisions which are in accordance with the values of a society. In the 1950s most of the studies were conducted to find a linkage between CSR and its benefits to the businesses themselves. Frederick (2006) argued that in the 1950s, as a result of studies conducted, three core ideas emerged: a manager's role as a public trustee, the balancing competing for claims of firm resources and commitment to corporate philanthropy. Levitt (1958) cautioned the corporations about the uncertainties and the dangers of CSR.

Growth and popularity of CSR have been noticed in the 1960s without considering the Levitt's warnings. In the 1960s, the literature of CSR expanded and philanthropy continued as a main focus of CSR. Davis (1960, p.70) has affirmed that the corporate social responsibility referred to "*Businessmen's decisions and actions taken for a reason at least partially beyond the firm's direct economic and technical interest*". In the same time period, Frederick (1960) stated that corporate resources should also be utilized in order to achieve organizational social goals. Friedman (1962) claimed that if a company denied the profit-maximizing principle, CSR sabotages its own order. This view was opposed by McGuire (1963), who presented that the social responsibility drives organizations to assume certain obligation beyond their legal and economic responsibilities for the welfare of society. The era of 1960s was considered the era of social movements in the United States (US), included customer's rights, civil rights, women rights and environmental movements. These movements were the reasons behind the characterization of social changes which triggered the responsibilities of a firm to communicate and address its perceived business expectations (Carroll and Shabana, 2010) and this led to a proper foundation of CSR. Focus on the linkage of CSR with the financial performance of a firm were absent in the 1960s (Lee, 2008). According to Heald (1970), at the end of 1960s all issues dealing with costumers and stakeholders relations, employee improvements and philanthropy related to a business were counted as a social responsibility.

Milton Friedman (1970) augmented his work in 1962 and accepted the assimilation of some social activities demanded by a society, if profitable in a long run for a company. Davis (1973) also argued that those firms which do not utilize their social power tend to lose their position in the society because other rival groups in the market will step in to accept those responsibilities. The concept of "Quality of life management" was given in 1974 which emphasized on both profit maximization and trusteeship management (Hay and Gray, 1974). Many researchers focused on the CSR content and practices that did not conflict with the core interest of the firm's business operations. The organizations should focus on the internal structure and determine the social issues, how to respond and manage them within the organization (Ackerman, 1973, Sethi, 1975, Fitch, 1976).

In the theoretical development of CSR, progress has been noticed after the work of Wallich and McGowan (1970), who anticipated the linkage between CSR and stakeholder interests. They proposed that without omitting or excluding the shareholder's economic interest the organizations can be able to achieve its social aims. These social initiatives served as a secondary purpose and appeared as an important source of profitability while profits still remained the primary goal of a company. In the 1970s the corporate social responsiveness, performance and responsibility became important topics of discussion. It was also advised to companies: it is important to show response to the social environment rather than assuming the responsibilities (Ackerman, 1973, Murray Jr, 1976). Frederick (1994) differentiated corporate social responsibility (CSR₁) and corporate social responsiveness (CSR₂). CSR₁ gave more stress on socially responsible behavior of a company while CSR₂ gave more emphasis on responsive behavior of a company towards society. Corporate social performance explained the importance of CSR₁ and CSR₂; along with this, it also emphasized the consequences of socially responsible activities (Carroll, 1979).

In the 1980s, construction of new definitions of CSR was a more concerning area. Research in this area was based on concepts and themes such as corporate social performance, corporate citizenship and responsiveness, public policy and business ethics (Waddock, 2004). One of the most significant input to the CSR literature in the 1980s was Thomas M. Jones article. Jones (1980) argued that the organizations may emphasize more on decision-making procedures and implementation of CSR activities rather than targeting outcomes and

the process of conceptualization. Wartick and Cochran (1985) presented a model called “corporate social policy process”; revealed CSR as social responsibility, responsiveness and business ethics. Frederick (2008) has described the 1980s as the outset of corporate ethics, later on, which resulted in ethical corporate culture. According to Lee (2008), introduction to the linkage between corporate financial performance and CSR was developed in this era and became the order of the day. The academic research in the field of CSR began during this decade (Carroll and Shabana, 2010).

A limited contribution has been observed regarding the definition of CSR in the 1990s but the concept of CSR was embraced and served as baseline for other related things. The concepts of corporate social performance (CSP), corporate citizenship and business ethics theory were under consideration during the 1990s (Carroll, 1999). Moura-Leite and Padgett (2011) state that improvements in communication capabilities were due to the developments in the field of internet and other technologies in mid-1990s that put more pressure on corporations to embrace CSR policies and initiatives. One of the major contributions to CSR in this decade was the work of Donna J. Wood (1991). She reconsidered the CSP three-dimension model. Wood’s model is more detailed and comprehensive than the earlier versions presented by Carroll (1979) and Wartick and Cochran (1985). In her model, outcomes or performance were more explicit than as these were implicit in earlier models (Carroll, 1999). According to Carroll (1999), it is quite noticeable in this decade that none of the writer/researchers rejected the concept of CSR but there was also no new contribution to the literature concerning CSR definition. The bottom line of CSR in the 2000s is “doing good to do well”, this is true when there is meaningful support of institutes and the markets are significantly large otherwise these activities are not always favorable (Carroll and Shabana, 2010). Vogel (2005) noted that the linkage between CSR and financial performance of the organization in recent years was a topic of interest. The focus of studies on CSR has been diverted from an ethic orientation to performance orientation and has emphasized more on organizational level rather than macro-social level (Moura-Leite and Padgett, 2011).

2.4. Evolution of CSR Definition

Corporate social responsibility is a notion faced by the corporate world and became a modern corporate mantra. Corporations are emboldened to respond to a wide range of issues in a socially responsible way (Welford and Frost, 2006) but still there is a lack of persistency in the theoretical definition of CSR (Reinhardt et al. 2008). According to Gatti et al. (2019), the meaning and performance of CSR have been debated not only by economist and management scholars but also by Business Ethicists in recent decades. There is uncertainty regarding the definition of CSR; biased towards the specific issue and interest (Van Marrewijk, 2003). However, the claimed biases are not backed by empirical shreds of evidence (Dahlsrud, 2008). Many attempts have been made to develop a better understanding of the concept of CSR and to establish an unbiased and more robust definition.

2.4.1. Early Definitions of CSR

It can be said that a proper debate on the topic of CSR started in the 1950s. The work of Browns “Social Responsibilities of Businessman” in 1953, is considered by many researchers as a first definitive book (Valor, 2005). Bowen (1953) stated that “Social responsibility refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society”. Howard Bowen is credited as “father of CSR” by Carroll (1999) and Windsor (2001), because of his first seminal work on CSR.

Davis (1960, p.60), described CSR as “*businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest*”. In 1971 Harold L Johnson in his book *Business in Contemporary Society: Framework and Issues*, came up with four definitions of CSR. The first view indicated that “*Social responsibility in a business is the pursuit of socioeconomic goals through the elaboration of social norms in prescribed business roles; or to put it more simply, business takes place within a socio-cultural system that outlines through norms and business roles, particular ways of responding to particular situations and set out in some detail, the prescribed ways of conduction of business affairs*”. The second described that “*business carry out social programs to add profits to their organization*”. The third view stated the notion of “*Utility Maximization*”, the corporations accomplish multiple goals instead of maximizing the profits only. The fourth view of Johnson was “*Lexicographic view of social responsibility*” in which he stated that the goals of a firm are ranked in accordance with the importance (Johnson, 1971, p.51, 71, 76).

In early definitions, the main focus of the CSR scholars is on the social dimensions of CSR, beyond the firm’s economic and legal obligations. I partially disagree with these definitions because of the limited focus on sustainability and the environmental aspects of CSR.

2.4.2. Pyramid of CSR

In 1979 Archie B. Carroll presented some arguments that CSR includes activities that go beyond the law and presented the definition of social responsibility named as “four-part dimensional framework of CSR”. According to Carroll (1979, p.500), the definition of CSR is as follows: “*Corporate social responsibility encompasses the economic, legal, ethical and discretionary (Philanthropic) expectations that society has of organizations at a given point in time*”.

Later on, Carroll (1991) suggested that these categorized responsibilities might be portrayed as a pyramid. A firm is socially responsible if its activities are profitable, law-abiding, engaged in ethical practices and contribute to society through philanthropy (Carroll, 1998). Windsor further elaborated the four dimensions of Carroll’s CSR definition as that the economic and legal obligations of CSR are social requirements, ethical obligations are social expectations and philanthropy is a social desire of the society.



Figure 1 Pyramid of CSR

Source: Carroll (1991) (2016) and Windsor (2001)

These four responsibilities in the pyramid provided the foundation to a business to recognize and observe their duties and obligations towards the society. The economic responsibilities

are placed at the base of the pyramid because society requires the business firm to continue and sustain its operations. The economic responsibility provides the foundation for a business to operate effectively and this is possible by being profitable (Carroll, 2016). Without the accomplishment of effective economic performance, the firm might not be capable to achieve the other responsibilities (Windsor, 2001). The society also requires that the business may operate according to the rules, including laws and regulations established by lawmakers at state and local level which reflects the society's view of "codified ethics" and confirms the fair business practices (Carroll, 1991, 2016). The third one up in the pyramid depicts ethical responsibilities which mean that organization should involve itself in practices that are expected and also accepted by the society even though the law does not provide any guidance in this regard or not codified into law. The last responsibility in the pyramid is philanthropic responsibility and includes all forms of business giving's (Carroll, 2016) and a firm embraces voluntary social involvement in such kind of activities. Firms are guided by business and society which desires to participate in social activities such as product and services donation, volunteerism and community development to fulfil the philanthropic responsibilities.

Hopkin (2004, p.1) defined CSR in 1998 that "*it is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation*". This definition of CSR also contained the contents like a stakeholder, social development and voluntariness (Dahlsrud, 2008).

2.4.3. Recent Definitions of CSR

The recent definitions of CSR mainly focus on the organizations' responsibilities towards its different and diverse stakeholders, not only concerned with society. In 2001, Commission of the European Communities (CEC) presented a brief definition of CSR which stated that CSR is a "*concept whereby companies integrated social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*" (Commission of European Communities, 2001, p.4). The fulfilment of the legal expectation does not mean that the organization is socially responsible but is also going beyond by investing in human capital; contribute to a cleaner environment and better relationship with their stakeholders. According to Dahlsrud (2008, p.7), International Business Leaders Forum in 2003 proposed that "*open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success*". In the same year 2003 CSR-wire, a news distribution services specialized in CSR elaborated the definition of CSR as "*The integration of business operations and values, whereby the interest of all stakeholders including investors, customers, employees and environment are reflected in the company's policies and actions*" (Dahlsrud, 2008, p.8). Some of the recent definitions showed the linkage between CSR and the financial benefit. Vaaland et al. (2008, p.931) affirmed the definition of CSR as "*Management of stakeholder concern for responsibility and irresponsibility act related to environmental, ethical and social phenomena in a way that creates corporate benefits*". Smith (2012) asserted that the concept of CSR has arisen to address the impacts of activities on society and the environment. All the stakeholders, such as employees, investor, customers, governmental institutions, creditors and general public demand socially responsible manner in business operations and are highly concerned about how it will affect the environment and social welfare (Sprinkle and Maines, 2010).

In 2011 EU commission defined CSR as "*the responsibility of the enterprises for their impacts on the society*" while respecting the legislation and the contract between social

partners by integrating environmental, ethical, consumer and human rights aspects in their business operation and strategy in close collaboration with all stakeholders (EU Commission, 2011, p.6). Bayoud et al. (2012) suggested that the inclusion of CSR information in company reports tends to attract foreign investors which improves the firm's reputation, boosts the financial performance and increases employee's commitment. CSR in a view of some corporate law scholars who follow economic standards is the utilization of corporate asset for the best interest of non-shareholders (Sheehy and Feaver, 2014). Sheehy (2015, p.693) defined the notion of CSR as *"a socio-political movement which generates private self-regulatory initiative, incorporating public and private international law seeking to ameliorate and mitigate the social harms of and to promote the public good by industrial organizations"*. CSR should be treated as a form of law, not just an effort to prevent companies to harm societies as a managerial tool (Sheehy, 2015, Gatti et al. 2019). The above discussion regarding the evaluation of CSR and its definitions clarifies that the dimensions that were taken into consideration by various scholars are mostly economic, social, sustainability-driven, ethics, stakeholders and volunteerism. Based on these six dimensions of CSR, Sarkar and Cory (2016, p.143) developed a new definition of CSR as *"it implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical in all of their activities and that they take into account the impact of their actions on stakeholders in society, while simultaneously contributing to global sustainability"*. Almost most of the recent definitions of CSR have integrated the environmental dimension of CSR along with socio-economic dimensions. However, I agree with the definition provided by Sarkar and Cory (2016, p.143) because of its comprehensibility, conciseness and the inclusion of ethical component and sustainability as an important dimension of CSR. Their definition also covers the basic theme of stakeholder theory in a broader sense and I used it as basis of my current research study.

The literature shows us that different scholars and institutions define CSR in their own point of view, but still, not remarkably different in the meaning. Most of them are focused on the development and improvement of economic, social, environmental and organizational affairs, including the demand for CSR activities from both external and internal stakeholders which may vary in nature.

2.4.4. Development of different levels of CSR

The evolution and development of CSR show that the meaning, approaches and level of CSR have been developed with time. Post World War II period until the 1960's is considered the era where the organization began to adopt CSR (Agudelo et al. 2019). However, CSR initiatives were limited to philanthropic activities (Carroll, 2008). The social movements, new environment and safety laws influenced the meaning and understanding of CSR in the 1970s and motivated corporate management to look into environmental and social issues, and how to comply with new responsibilities inclining with new legislations (Carroll, 2008). The limited role of government in regulating the firms' behavior and the expectations of stakeholders led to the concept of business ethics, responsiveness and operationalization of CSR (Wankel, 2008). Moreover, in 1990's decade, due to the extension of corporate operations across the globe tend to increase the competition and reputational risks for the organizations; therefore with globalization, the concept of CSR gained international appeal (Agudelo et al. 2019). In the 2000's decade, the corporations had altered their corporate policies in response to stakeholders' interest and a positive social impact has been observed, these changes in firms' policies introduced a strategic approach to CSR. Smith (2001) pointed out that in order to fulfil the long-term social responsibilities towards the society, companies needed to incorporate CSR in their corporate strategies. Similarly, Porter and Kramer (2006) introduced the concept highlighting that by integrating strategic CSR companies can create shared value

by providing benefits to the society while achieving competitive advantages. The main milestones of the CSR evolution are in Appendix I.

Marque-Mendes and Santos (2016) proposed a model (Appendix I) to analyze and evaluate the developmental phases of CSR and firm's strategic integration. This model consists of six stages such as negation stage, observance stage, efficiency stage, strategic innovation stage, strategic integration stage and transformational stage. The first one is negation stage; the management of the company in this stage does not show any interest in CSR issues but in observance stage, the company performs a low level of CSR mostly because of external forces. Likewise, the efficiency stage, the firm is still externally motivated, reacts to certain social and environmental issues to reduce the risk and increase organizational efficiency. The next CSR developmental phase in this model is strategic innovation; in this stage the company considers the importance of all stakeholders and senior management appreciates CSR practices as a source of innovation and value creation. The fifth stage in the model is strategic integration; at this stage, the company considers all stakeholders as key partners in the business in the business development, self-motivated towards CSR and the culture is based on trust values. The involvement of the leadership ensures adequate policies and structure of CSR, and belief in the creation of shared values. The last stage in Marque-Mendes and Santos (2016) model of CSR development and CSR strategic integration is the transformational stage. In this stage, the company considers CSR as a core business activity. Corporate and CSR structure are fully aligned and their perceptions of social development endorse internal transformations.

2.5. Corporate Social Responsibility Disclosure Theories

Numerous theories exist to describe the causes of why organizations participate in activities that are aligned to corporate social responsibility. Some of the important and well-known theories in CSR include legitimacy theory, stakeholder theory, political economy theory, agency theory and shared value theory. However, there is no single theory which can be used to give a complete explanation to the engagement of a firm in CSR activities. There is an opinion that a given single theory might have some limitations in explaining CSR practices in a certain organization. Thus, under this topic, we will analyze and elaborate the above-stated theories connected to CSR to know about the general philosophies and their significance to the CSR issue.

Firstly, we examine the legitimacy theory. The roots of legitimacy theory are linked to the idea of a social contract between society and organizations. Guthrie and Parker (1989) have asserted that legitimacy theory grounds in the notion that businesses are carried on in societies from a social contract perspective where organization's management agrees to fulfill various social necessities required to society, in exchange for the fulfilment of its objectives. Such scholars believe that legitimacy theory is much associated with the power of the social order and highlights the dealings between businesses and social contracts. The theory emphasizes that the firm should follow the laws to be legitimate.

Stakeholder theory is one of the important theories which delivers theoretical drives for CSR disclosure and it also has a focus on the connection between the company and the surroundings where they carry out their business activities (Neu et al. 1998). This theory leads the firm to construct values aligned with its goals and satisfy the requirements of all stakeholders instead of few groups within the organization. The theory under concern on the third place is political-economic theory. This theory explains the social, political and economic activities of individuals in the society (Gray et al. 1996), their interaction and impact on the responsibilities of a business to the society (Garriga and Melé, 2004).

According to Jackson (1982), political-economic theory mainly focuses on the exchanges that might occur in any socio-business environment and observe the relationship between social institutions, reinforced with power and the economy. Berle and Means (1932), and Jensen and Meckling (1979) have defined agency theory as the relation of principals (Owners) and agents (Managers). The theory stands that the role of managers in business is to maximize the profits of the shareholders or the profits of the firm's owners, but goals and visions of both owners and shareholders regarding CSR are different from each other. These differences of goals result in agency problems and could be the reason to affect the policies and managerial decisions of the firm about CSR.

2.5.1. Legitimacy Theory

Legitimacy theory is based on the concept that a firm enters and activates a social contract, where it agrees to involve itself in various socially desired activities, beneficial to the society and in return for approval of the company's goals, necessary for its survival. Legitimacy theory is one of the key theories to define environmental and social disclosures (Deegan and Gordon, 1996, O'Donovan, 2000, Deegan, 2002). According to this theory, corporate disclosures of an organization react to environmental factors such as the economic, social and political environment of a company and society, as well as, to the legitimized actions of the firm (Preston and Post, 1975, Hogner, 1982). Corporate social disclosures may be considered as responding elements to the environment where they are employed to legitimize corporate actions. Legitimacy theory has been broadly applied in accounting and social literature to describe why organizations release their environmental and social information.

Suchman (1995, p.574) defines legitimacy theory as: *“a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.”* The legitimacy theory shows the rights and responsibilities of an organization, coming from society, and emphasizes that the operations of the business are supposed to be within the boundaries of a social system which meets the expectations of the society without any negative impacts (Deegan, 2002), including the delivery of better goods and services to the society. This approach could lead the firm to achieve its organizational objectives and sustain its incomes. Suchman (1995) has acknowledged three categories of legitimacy, i.e., pragmatic, this legitimacy can be perceived as a simple calculated exchange between the entity and constituents (grounded in audience self-interests); moral, legitimacy rests on the inspector's normative and socially developed judgment of whether the company is doing 'the right things' or not (based on normative approval); and cognitive, this legitimacy imitates the cognitive process of the audience and this is the definitive aim of any legitimacy. The cognitive legitimacy shows that how much the practice is comprehensible and necessary (based on comprehensibility and taken-for-granted) (Duff, 2017).

According to Lindblom (1994) and Gray et al. (1995b), there are four lines through which organizations can achieve the desired legitimacy. The first one is that the organization may disseminate the information about the changes in the firm performance and actions to its relevant public. This approach will help the organization to find the legitimacy-gap between activity and real performance shortcoming of the firm. The second one is to alter the individuals' perception in the community without altering the actual organizational behavior. This approach can be applied when the legitimacy-gap increases between firm businesses and community. The third way is that when organizations try to deviate the people's attention away from an existing issue to another linked issue. The approach could be used to distract society's expectations from a particular present condition. The fourth

approach is when a society has incorrect expectations; the organization may need to change the public expectations according to its performance.

Legitimacy theory is usually employed in academic literature to describe the linkage of the organization's performance and its CSR disclosures. Numerous research studies have implemented this theory to describe why firms are engaged in CSR actions and how organizations expand and uphold their legitimacy. The legitimacy theory can be employed as a drive for firms to disclose their socio-environment actions, demanded by the society. Jitaree (2015) has asserted that according to legitimacy theory the firm size disclosure policy, leverage, society expectation and environmental news could be used as variables to analyze the CSR activities.

2.5.2. Stakeholder Theory

The Stakeholder Theory is also an important theory, which explains the motivations of an organization to report its CSR activities. The term "stakeholder theory" was introduced by R. Edward Freeman in 1984 while describing the objectives of the company, and asserted that the core objective of the company is to keep the equilibrium amongst different interest groups of stakeholders (Roberts, 1992). The stakeholder method centers upon several groups inside the society and influences the business activities and elaborates how the firm should operate in society. All those who are affected by the activities and behavior of the organization are considered as stakeholder which include employees, customers, suppliers, distributors, social activists, NGO's, competitors, media, legislators, academic scholars, inhabitants of the area where the company operates, labour unions and government organizations. Stakeholder theory primarily focuses on two main issues. Firstly it deals with the company core values shared by stakeholders and brings the main stakeholders together. Secondly, it deals with the issues related to the duties of the managers concerning their own stake-holders (Freeman, 1994).

Donaldson and Preston (1995) have identified three aspects of stakeholders' theory which include normative validity, descriptive accuracy, and instrumental power. Descriptive accuracy theory explains the characteristics and behaviors of the firm that how they manage and communicate with their stakeholders in order to accomplish the organizational targets; for the identification of connections between the stakeholder management and firm performance such as profitability and growth. The normative validity theory deals with the moral and ethical duties connected with operations and companies' management to confirm the firm's focus on stakeholders' benefits instead of a sole focus on shareholders' interests. For good performance managers need to concentrate more on a wide range of stakeholders' interest, which extends beyond the shareholders interest (Jones et al. 2017). Deegan et al. (2000) divide the stakeholder theory into two branches: the ethical and the managerial branch. The first one states that it is the right of all stakeholders to be dealt justly and the managers have a duty to manage the activities in such a way that it benefits the stakeholders. This means that all the relevant information regarding business operation must be provided to the stakeholders fairly. The second one, managerial or positive branch stated that the firm will respond to society by means of stakeholder power to have its impacts on the company management. The organization have the tendency to rank and prioritize the interests of various groups on the basis of their role and importance in business operation. These stakeholder groups have a strong impact on the firm as compared to other groups (Friedman and Miles, 2002).

Based on the above perspectives the organizations should produce and deliver the relevant information related to the organization in the best interest of the stakeholders. These information disclosures would be used to maintain and continue the support of powerful stakeholders (Islam and Deegan, 2008). Previous studies have shown an influencing role of

stakeholder theory in decision making related to social responsibility (McGuire et al. 1988). According to Roberts (1992), Stakeholder theory can be used for the measurement of the amount of CSR disclosure made by an entity due to strategic planning and its financial performance. Some of the studies suggest that the needs of the shareholder of a firm cannot be satisfied without considering the needs of the other stakeholders (Foster and Jonker, 2005, Hawkins, 2006). Some of the scholars have debated that the involvement of the other stakeholder interests makes a commercial sense and results in maximizing the shareholders wealth, while also expanding the total value added (Hawkins, 2006, Phillips et al. 2003). According to Jitreee (2015), five areas of CSR disclosures are identified which include products, environment, energy, employee and community. Efficient management of these areas may result in the satisfaction of various stakeholders (Hossain et al. 2006, Aras et al. 2010, Islam and Deegan, 2010).

2.5.3. Political Economy Theory

Political economy theory concerns that “social, political and economic framework within human life take place” (Gray et al. 1996) and emphasizes on the interaction between firm’s operations and society while explaining firms’ inherent responsibilities (Garriga and Melé, 2004). To deal with and analyze the political matters with reference to CSR, different political economy approaches exist. Literature gives evidence of three key political theories: integrative social contract theory, corporate constitutionalism and corporate citizenship. Integrative social contract theory was proposed by Donaldson and Dunfee in 1995 and assumed a combination of social contracts at a macro and micro level. The main focus of this theory is on the culturally-specific background of societies and the existence of universal norms, which are considered more superior than local norms (Donaldson and Dunfee, 1995). This theory has two levels: first, macro social level norms which are applied to all companies; while the second level consists of specified norms which are the outcomes of the micro-social contracts and are accepted as legitimate norms.

Corporate Constitutionalism is an important theory related to political economy theories which describe the powers and responsibilities of the organizations and its influences on the society as a whole (Davis, 1960). Corporate citizenship theory is also associated with political economy theory and mainly describes the relationship between businesses and societies. It emphasizes the responsibilities of the business and the impact of its operations not only on the economy but also on the society and environment. The term corporate citizenship came as a result of changes in the demands and desires of the society and an irrefutable constrains (Harribey, 2011). According to Deegan (2002), the political economy theory provides a better platform to recognize a broader societal matter which affects the business processes and also assists the researchers to analyze and interpret the social disclosures in a broad socio-political and economic context.

2.5.4. Shared Value Theory

Shared value pays more attention to the relationship between societal and economic improvements, which will lead the organizations to new approaches and will result not only in more innovations and growth for the firms but also in the provision of greater benefits for the society.

According to Porter and Kramer (2011, p.13) shared value can be defined as “*policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress*”, where the value benefits relative to cost. Business can create its economic value by creating societal value, which they can do in three different ways such as reconceiving product and markets, establishing supportive industry clusters, and redefining

productivity in the value chain. Improvement in one area will increase the opportunities in another area as they are part of the same shared value – “virtuous cycle”. Waste energy or raw material, costly accidents and inadequacies in education are reasons to create internal harm but with shared value, organizations can minimize these adversities through the introduction of new technologies, operating methods and management approaches. According to the shared value concept, a “business needs a successful community, not only creates demand for its products but also provides critical public assets and supportive environment. A community needs successful business to provide jobs and wealth creation opportunities for its citizens” (Porter and Kramer, 2011).

The basis of my research was stakeholder theory because this theory is more concerned about the association of organization with its possible stakeholders such as shareholders, employees, community, environment and suppliers. On the other hand, legitimacy theory; more focused on the “social contract” of the firm and society. Similarly, political-economic theory and shared value theory give more emphasis on socio-economic perspectives and has less concern about other stakeholders.

2.6. Corporate social responsibility and firm’s commitment

The commitment of the organization towards the stakeholder is one of the important elements of CSR. It is an unwritten social contract among various stakeholders’ and company based on moral obligations. Since employees and customers are the key stakeholder’s of an organization, their motivation, willingness, satisfaction and retention has a meaningful impact on the firms’ financial performance (Shaw et al. 2005, Wright and Bonett, 2007, Menon and O’Connor, 2007). Meyer and Herscovitch(2001, p.301) defined organizational commitment as “ *a force that binds an individual to a course of action of relevance to one and more targets*”, and often linked with the expectations of stakeholders. Holme and Watts (2000) define CSR as the firms commitment to act ethically, improving the quality of their labor force and the living standards of their families and contributes to the welfare of the community along with the economic development. Wilson (2010) stated that a strong commitment of the firm towards CSR may tend to reduce the price of its relationship with customers and another potential stakeholder. Moreover, it improves the relations between employees and the company (Dhanesh, 2014). Along with employees and customers, organizations are also bound to show commitment towards society, natural environment and are responsible to comply with governmental laws and regulations (Turker, 2009). Khojastehpour and John (2014) observed a positive association among environmental CSR, firm reputation and its profitability. Similarly, Khanna and Damon (1999) and Darnall et al. (2008) found a positive and significant relationship between a firm’s environmental commitment and financial performance.

2.7. Motivation/ Driving Forces of CSR and Types of Responsibilities

Motivation theory suggests that two kinds of motivation, the extrinsic; to achieve the external rewards and intrinsic; to gain internal rewards, may affect the firm behaviour (Sansone and Harackiewicz, 2000). The notion of CSR continuously evolving in response to the interaction between firms’ value; resources, culture and structure, and external influences; customers, society, environmental groups and government (Silberhorn and Warren, 2007, Wheelen et al. 2010). Organizations are frequently exposed to pressures from both internal and external stakeholders that compel managers to allocate resources to CSR activities. McWilliams and Siegel (2000) mentioned that these driving forces are induced by stakeholders such as employees, customers, environmental groups, community and government authorities. Hence organizations have different types of responsibilities towards different interest groups, which are directly or indirectly affected by the business operations.

2.7.1. Employee Pressure

The pressure from employee includes the realization of employee rights, healthy work environment and fair process of hiring, promotions and firing. Crane et al. (2008) elaborated that the incorporation of CSR has addressed the issues linked to fair wages, healthcare and security, working hours and inequitable dismissals. Gardberg and Fombrun(2006) stated that the integration of CSR in business operations positively affects the performance and commitment of employees towards the organization. Turban and Greening (1997) analyzed that companies which show a strong commitment to CSR have successfully retained their employees and reduced turnover, training and recruitment costs. The behaviour of the employees towards the firm and its management rely on the firm's ethics and the provision of services to the community (Balmer and Greyser, 2002).

- Responsibilities towards employee are; provision of timely payment of the wages, healthy working environment, job security, pension, insurance, provident fund and retirement benefits, training and development, family benefits and fair promotion policy.

2.7.2. Consumer Pressure

Consumer pressure comprises the expectations of the customers from the company to disclose information about product safety, providing after-sale and customer protection services (Musah, 2008). Consumers are key stakeholders for any firm; the attraction and loyalty of these stakeholders are fundamental to any business. Maignan et al. (2005) explored that customers expect value-added services such as extended warranties and the ability to return the products that do not meet their demands. Customers pay higher prices for products which are made ethically and are environment friendly (Auger et al. 2003). Customers having high expectations regarding CSR may affect the firms' market risk, if the company fails to fulfil their customers' need might lose its market shares (Pérez and del Bosque, 2014). Mohr and Webb (2005) further recommended that the firm's involvement in CSR may add value to a product and results in a customer's attraction towards the product and also to the firm. Karaosmaoglu et al. (2016) studied the linkage between CSR motives and the behaviour of the customers in emerging markets. Under different contexts, they found a positive effect of corporate ethical identity and customer's responses.

- Responsibilities towards Consumers are; provision of quality product and services, product safety, after-sale services, disclosure of product information, affordable and reasonable prices, customers feedback system.

2.7.3. Environment pressure

Operating companies usually cause environmental contamination such as carbon emission. Industrial wastage, extensive usage of natural resources, ozone depletion, damage to biodiversity and global warming (Pryde,1991,Shrivastava,1995). Babiak and Trendafilova(2011) stated that preserving a clean environment is one of the major responsibilities of the organization. Tang and Tang (2012) found that government institutions, media groups and competitors considerably affect the environmental performance of the organization. Ramanathan et al. (2014) asserted that the pressure of internal shareholders and fear of penalties has a positive and significant impact on the firms' environmental performance. Similarly, Grimmer and Bingham (2013) observed a strong positive association between environmental performance and purchase intentions of the consumers.

- Responsibilities towards the environment are; pollution control, less carbon emission, paperless environment, recycling of wastage, respect the environmental protocols, plantation, investment in green projects and participate in agriculture support programs.

2.7.4. Community pressure

The community in which a business operates expects more in addition to products and services such as good lifestyle, infrastructure development, environmental protection and employment (Agarwal, 2008). These expectations may vary from society to society according to their needs. Companies' CSR initiatives mostly focus on poverty eradication, human rights and environment (Idemudia and Ite, 2006). Activities regarding social and environmental concerns need to be implemented to benefit both present and future generations (Agarwal, 2008). Similarly, a firm expects high profits, which is quite different from the expectations of customers as they expect high-quality products and services at low price. This puts pressure on organizations to behave in a socially responsible manner (Tian et al. 2015).

- Responsibilities towards community are; provision of employment opportunities, investment in education and healthcare, promotion of social and cultural values, promotion of sports and other physical activities, eradication of poverty and encouraging community support programs.

2.7.5. Government pressure

The role of the government as an external influencer is very much crucial and can affect the business operations even before the production and sales (Amran and Devi, 2008). The government certainly involves in shaping the rules, regulations and policies related to employment, investors and consumers protection, pollution and corruption control, and preservation of the biodiversity (Zheng et al. 2014). Moreover, the active involvement of the state in leading the economic development provides a reasonable explanation for the development and promotion of CSR in the region.

- Responsibilities towards government are; setting up business operations in compliance with government regulations, respect the norms set by the government to combat pollution problems, timely payment of all taxes, duties and other regulatory fees, discouraging corruption through bribing and unlawful activities.

Similarly, intensive competition and relationship between buyer and supplier in the global market also exert pressure on the organization to follow the international labour, environmental, consumer and safety standards. These global market pressures may improve the CSR awareness and give rise to the eco-friendly production process, local environmental regulations, consistent employee and customer relations and sustainable industrial growth.

- Responsibilities toward competitor and supplier are; fair competition, ethical advertising, provision of information to suppliers, timely payments to suppliers, protection and long-term relationship with suppliers, disclosure of fair terms and conditions.

2.8. Approaches to CSR

Globalization and extensive competition in the market have increased the importance of corporate social responsibility, which may offer a competitive advantage to a company on its rivals since the public gets informed and become more sensitive to the issues related to social justice, human rights and environmental protection (Bertezene et al. 2014). In order to achieve the objective, organizations are more likely to adopt two types of approaches to CSR namely responsive (operational) and strategic approach (Porter and Kramer, 2006).

2.8.1. Responsive Approach (Traditional/Operational approach)

The traditional or operational CSR activities mainly include community development and philanthropy which is distinct from the core business operation. This approach of CSR consists of two main elements, acting as a good corporate citizen by accommodating the increasing social concerns of all stakeholders and lessening the adverse effects from the

business operations. Porter and Kramer (2006, p.10) defined responsive CSR as “*mitigating the harm arising from a firm’s value chain activities—is essentially an operational challenge*”. In this approach, the company mainly focuses on the broad social impact such as environmental concerns; waste reduction, carbon emission and energy-saving and educational initiatives; scholarships, training and funding to educational institutions, which are not directly related to the core business of the firm, to avoid the future external pressures caused by irresponsible activities.

2.8.2. Strategic Approach

In a strategic approach to CSR, the organization may decide to devote their resources to activities which are socially responsible as well as reinforce their competitive advantage. Such companies incorporate CSR as value creation; refer to innovating and creating sustainable business models. Smith (2001, 146) stated that “*corporate social responsibility refers to the obligations of the firm to its stakeholder – people affected by corporate policies and practices*”, the scope of CSR includes a broader set of stakeholders. According to Porter and Kramer (2006), strategic CSR “*unlocks shared values by investing in social aspects of context that strengthen company competitiveness*”, consistent with firms strategies and benefits the society concurrently. In this approach, a company directs the organizational resources and attention to initiate CSR activities, which provides competitive advantages while considering social and environmental issues. The company takes the opportunity of the social dimension in a competitive context, construct specific strategies to gain consumer preference and cost-efficiency. Werther and Chandler (2005) argued that by considering CSR in firm’s strategies will make the firm and its brands successful even in the time of crisis and thus strategic CSR will behave as a global brand ambassador. The CSR initiatives like reducing the carbon emissions and monetary donations are considered worthiness for firms according to those managers, dealing with intense competition in the industry (Kemper et al. 2013).

2.9. CSR in Developed and Developing Countries

The research studies on CSR in developed countries, mostly in western nations, have delivered more advanced and broad standards, whereas, in developing countries, the CSR studies focus on the notion whether to disclose the CSR information or not. The firms of industrialized and developed economies are more advanced and ahead of the developing countries. One of the reasons for advancement is that CSR as a concept was introduced in northern and western developed countries and gained support not only at governments, trade unions, civil societies and community organizations but also in multinational companies. The presence of well-developed public institutions and effective governance in these developed countries have also pushed and structured CSR practices in a better way. The supportive character of stakeholders and self-motivated behavior of the organizations in these countries has contributed to rise of the trend (Nasrullah and Rahim, 2014).

2.9.1. CSR in Developed Countries

In March 2000 EU Lisbon Summit took place and was breaking initiative in EU-CSR progress, where CSR was positioned on the top of EU political agenda (Lux et al. 2005). In this summit meeting the EU leaders agreed to integrate the CSR practices in the EU strategic goals, the status of “*the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with better jobs and greater social cohesion*” (Council of Bars and Law Societies of Europe, 2005, p.16). One of the most remarkable contributions of European Council is the Green paper published in 2000 which mainly focuses on the EU framework and regulations of CSR and its applicability across the EU member countries (Nasrullah and Rahim, 2014).

According to Lux et al. (2005), this green paper mostly focused on encouraging the firms to follow the international standards such as OECD, ILO Tripartite Declaration for multinational companies, to make companies follow similar standards. In 2007, the EU Parliament took a step to make the European Alliance for CSR and considered several business networks in partnership (EU Parliament Resolution, 2007). According to Gray et al. (1995a) who surveyed the CSR literature in the UK from 1979 to 1991, argued that the pattern of social and environmental disclosure regarding CSR has been substantially changed. Campbell (2000) investigated the data from 1969 to 1997 of Marks and Spencer's, a UK based company and found that CSR disclosure tendency raised during the time. Campbell (2004) analyzed the disclosure of voluntary environmental activities of ten UK corporations selected from five different segments from 1974 to 2000. He concluded that in the early 1980s the volume of the environmental disclosure was small but rapidly increased in the late '80s and the early '90s.

Hartman et al. (2007) examined the CSR accomplishments of US and European Union (EU) firms. They selected 16 multinational firms operating in both regions. In their study, they analyzed the expression of CSR disclosure emphasizing on language, moral commitment, citizenship and corporate accountability. They argued that the US-based firms were more focused on economic terms, while EU-based firms were more determined towards both economic and sustainability terms. US is commonly known as the birthplace of the concept of CSR and the private sector particularly transnational companies, played a prominent role in providing driving forces for CSR activities as a part of business operations. Plenty of variations are found in public sector activities to promote the CSR between the states but there are some federal government initiatives in this regard such as "Department of State's Award for Corporate Excellence" through which the government advocates the CSR in firm's operations. The federal government also provides training on corporate stewardship, facilitated by the "Department of Commerce programme" (GAO, 2005).

Nasrullah and Rahim (2014) have also argued that after extensive consultations with business leaders, labor unions and non-governmental organizations; the Clinton administration came up with US Model Business Principles, which were built on the ILO Tripartite Declaration of Principles, Social Policy, and the OECD Guidelines for Multinational companies and they served as voluntary guidelines for companies. At the regional level, the EU is providing strong guidance and encourages the development of the institutions to enhance the implementation of CSR. On the other hand, the institutional framework as a guideline for businesses, CSR integration is seen deprived in the US. Following the US and Europe, Japan appears to be more aware of the CSR and its importance. The Japan Association of Corporate Executives issued a report in March 2003 on CSR that showed almost the same level of awareness about CSR practices among Japanese corporations as that presented by World Economic Forum in their worldwide survey report (Tanimoto and Suzuki, 2005). However, the practice of CSR activities is traced back to the beginning of the twentieth century when a famous company Mitsubishi launched its business (Nasrullah and Rahim, 2014). Most of the leading Japan-based companies such as Sony, IBM Japan, NEC, Fuji Xerox and Panasonic are involved in the adoption of CSR principles and also these firms maintain a separate CSR department. These companies have already developed a code of conduct in accordance with internationally recognized CSR standards (Brumm, 2005).

2.9.2. CSR in Developing Countries

In contrast to developed countries, relatively little research has mentioned CSR efforts in developing countries (Muthuri and Gilbert, 2011) and most of the existing papers primarily focus on how and to what extent transnational companies implement CSR in their

businesses (Jamali, 2010) while ignoring the engagement of domestic companies in CSR activities. Similarly, the government and MNC's role in the improvement of CSR in local firms is also not properly explored (Valente and Crane, 2010).

Hopkins (2007) gave two reasons for the slower development of CSR in developing countries. Firstly, CSR in these countries is yet to be recognized as means of attracting more foreign direct investment, more employment and upgraded levels of basic needs, poverty reduction, enhancing better governance and transparency, alleviating terrorism and above all, increasing economic growth. Secondly, in his opinion, the business organizations of developing countries are still focused on philanthropy. He also argues that certain factors such as controlled press, inadequate democracy and weak institutional mechanism in developing countries force companies to adopt CSR. Regardless of all these shortcomings, the reality is that due to the influence of globalization, increased pressure from suppliers, consumers, foreign investors and market competitiveness, local companies show more interest in CSR activities. In order to promote CSR at regional level in African countries, some organizations have recently developed to meet the growing challenges. Well-known amongst them are African Institute for Corporate Citizenship (AICC) and New Partnership for Africa's Development (NEPAD). AICC has Africa Corporate Responsibility Forum and Center for Sustainability Investment programs. NEPAD is committed to improving democracy, political governance and corporate governance by addressing CSR issues (Lock, 2005). Several social and economic development issues such as human rights, political rights, labor and employees' rights, health and safety, and women rights are the main focal areas of CSR in Asian countries except for Japan (considered as a developed country) both at the company and national level (Hopkins, 2007).

Chapple and Moon (2005) conducted a web-based study of CSR practices of 50 companies in seven Asian countries including India, Indonesia, Malaysia, Singapore, South Korea and the Philippines. They analyzed the trends of CSR from five different aspects i.e., CSR reflected in company's profiles, CSR issues underpinning, penetration of CSR among companies, the extent of CSR reporting and mode of CSR developed. They argued that the overall result of CSR reporting is low in these countries. However, South Korean and Indian companies showed rather better results. They further elaborated that multinational companies operating in these countries mostly adopted CSR compared to local ventures. Belal (2000) examined the environmental reporting practices of Bangladeshi companies. For the purpose, he selected thirty annual reports of different firms for the year 1996. His analysis shows that 90% of firms included information related to their environmental practices but this percentage reduced where energy-linked information was excluded from environmental disclosure matters.

Hossain et al. (2006) have asserted that environmental and social information including environmental data, energy and product information, community and employee's information, was disclosed by approximately 10% of the Bangladeshi firms. Menassa (2010) found that Lebanese banks largely reported human resources and customer-related as CSR disclosures in their annual reports while the inclusion of information associated to quality and environmental activities were low. The author also suggested that no significant difference was noticed in the CSR disclosure pattern of listed, non-listed banks and banks having foreign operations. Virakul et al. (2009) investigated four firms in Thailand which had received the best performance award in CSR. He affirmed that the driving factors behind outstanding results in CSR activities were stakeholder's expectations, top management and firm performance.

Bayond and Kavanagh (2012) studied the CSR practices in Libya by conducting interviews from managers of the firms. They argued that the disclosure of CSR information in annual

reports are effective for firm's performance and helps in achievement of organizational goals in relation to satisfaction of both internal and external stakeholders such as protection of employee's interest, assistance to investors and contribution of the firm towards society. Rouf (2011) examined the annual reports of the listed companies in Bangladesh in the year 2007 in order to investigate the nature and extent of CSR disclosure. This study showed that independent-directors and CSR disclosure are positively related. There is also a positive relationship between CSR disclosure and controlled variables i.e., per centage return on equity, board of leadership structure and board of audit except for the size of the firm, which is negatively associated with CSR disclosure. Tang and Tang (2012) investigated 144 Chinese small and medium enterprises and found that government intervention, competitor's behavior and media firms significantly affect the environmental performance of these companies. The government of China initially encouraged state-owned firms to implement CSR in their operations but still no clear definitions exist. State-owned firms in China are busy in four types of CSR activities generally related to consumer issues, labor issues, employee rights and fair operations (Zhu and Zhang, 2015).

Awareness of CSR activities positively influenced the purchase behavior of customers in Indian retail banking sector (Fatma and Rahman, 2016). The CSR oriented culture of the organization along with stakeholder pressure encouraged the organizations to adopt the CSR practices (Yu and Choi, 2016). Jamali et al. (2017) worked on CSR logic in developing countries including China, India, Nigeria and Lebanon by analyzing assumptive logic relevant to mainstream CSR and context-specific relevant application of CSR. Their study suggests that adoption and implication of CSR practices of firms in developing countries are in relation to supranational, institutional sanity and culturally embedded. Badulescu et al. (2018) evaluated the relation between CSR practices, age and size of the firm. They analyzed 84 different SMEs operating in Romania and concluded that newly established firms are less involved in CSR activities as compared to firms having long history. However, there is no noteworthy connection amongst the firm's age and CSR activities, while considering size of the firm and attitude of managers as other factors affecting CSR.

2.9.3. CSR in Pakistan

Like other developing countries, Pakistan is also confronting numerous environmental and socioeconomic issues because of abrupt growth in population and unequal distribution of resources; which results in increased poverty (ADB, 2008). The notion of CSR in Pakistan is underdeveloped, only multinational and few domestic ventures have well-defined CSR policies. The involvement of SMEs in CSR practices depends on the policies of their cross-border buyers (Sajjad and Eweje, 2014). Ahmad (2006) has argued that the concept of CSR in Pakistan is in a developing stage. The level of CSR issues in Pakistan is at the same level as in other developing countries. Most of the Pakistani companies are involved in philanthropic activities (Asfar, 2009) which includes donations to employees, donation of extra office equipment and free usage of firm's facilities. In addition to these philanthropic activities, some of the companies also focus on CSR activities related to environmental protection, health and safety, ethical marketing and welfare of employees (Ahmad, 2006).

Mian (2010) analyzed three fertilizer firms operating in Pakistan and found that most of their CSR activities are dominated by the development of employees and community and the main aim of these activities is to create goodwill. Naeem and Welford (2009) analyzed the written policies of human rights, environmental practices, anti-corruption practices and labour standards of Pakistani and Bangladeshi local and transnational firms. They argued that there is a significant difference between local and multinational firm's CSR practices. However, all the companies under study fail to be committed with many CSR aspects such as anti-corruption, child labor and gender equality. In January 2009 State Bank of Pakistan

introduced prudential regulations. Under these regulations, regulation 3 aimed to monitor the CSR activities of Banks to avoid corruption and provide security to donors (Ali, 2014). The study of Nazir et al. (2010) elaborated that Pakistani firms are incorporating the environmental issues as CSR determinant in their business strategy but are not yet established.

Ahmad and Iftikhar (2011) claimed that only a few companies in Pakistan fulfill the ten guiding principles of UN global compact of conducting business in a responsible manner and becoming a socially responsible corporate citizen. They also affirmed that in exception to transnational companies, executives in most of the companies are not aware of CSR's meaning and scope; understand CSR as lawful binding instead of shared social responsibility. Awan et al. (2012) investigated the level of CSR in Pakistani companies. They analyzed a sample of 120 companies and found that the level of CSR practices in these companies is moderate. Social accountability and social investment were recognized as the main CSR drivers. They also argued that companies operating in Pakistan, extend the scope of their CSR engagement to ecological accountabilities, human rights and moral management. Memon et al. (2014) investigated the course contents of business and management institutes across Pakistan in order to know the extent of using CSR as an academic discipline in their curriculum. This survey revealed that the level of including CSR as an academic discipline in Pakistan is limited and not satisfactory. Haq et al. (2017) studied the relationship of CSR, employees' commitment and job satisfaction. They surveyed 245 employees from eight universities and found a significant relation of CSR perception with employee's commitment to their organization and job satisfaction. The authors suggested that universities in Pakistan should engage corporations, society and government to achieve sustainability through CSR initiatives.

Batool et al. (2016) surveyed 120 individuals from different institutes in both the public and private sector. They concluded: CSR practices not only result in increasing the firm's goodwill and its brand name but also contribute to the social welfare of the community. Mahmood et al. (2018) examined the data of the top 100 listed companies on the Pakistan Stock Exchange regarding corporate governance and sustainability from 2012 to 2015. They asserted that large board size of CSR committees and inclusion of female directors improve the management decisions regarding economic, social and environmental issues. Yunis et al. (2017) critically assessed CSR literature in Pakistan and indicated that firm's CSR practices are mostly based on philanthropic activities and can be considered as short term reactive tool. They suggested that research on CSR in Pakistan might be extended by considering stakeholders, social and environmental disclosures.

2.10. CSR and Financial Performance

Over the last few decades, a number of empirical and theoretical studies have been conducted in order to analyze and understand the relationship between Corporate Social Responsibility and corporate Financial Performance (FP) of firms. The research work of Philip L. Cochran and Robert A. Wood on the relationship of corporate social responsibility and financial performance of the firm in 1984 is considered as one of the primary studies in this regard. Cochran and Wood (1984) investigated 39 firms during the period of 1970-1974 and 36 firms in the period of 1975-1979. The reason for selecting two time periods was to increase the sample size. CSR disclosure was measured through content analysis and reputation index created by Moskowitz in 1972 and for FP, operating earnings to sale ratio, excess market valuation and operating earnings to asset ratio were used. For analysis of the relationship, they incorporated regression model and discovered that operating earnings to sale ratio has a substantial and positive relation to CSR disclosure while the association of operating earnings to assets with CSR is slightly weak.

Ullmann (1985) inspected previous studies focusing on the relationship between CSR and FP, and argued that the results of these studies are unclear and conflicting. The author has also mentioned that the reasons behind these inconsistencies are lack of adequate theory, inappropriate definitions of key terms and deficiencies in empirical databases. Aupperle et al. (1985) studied the linkage between CSR and firm's profitability. An instrument, consisting of 20 items to assess the CSR based on Carroll (1979) construct was dissimilated among 818 CEO listed in Forbes 1981 Annual Directory. Both short-term and long-term ROA ration was employed for the firm's profitability assessment. The study showed no substantial relation between CSR and FP. Pava and Krausz (1996) reviewed twenty-one empirical studies during the period of 1972-1991 on the topic of CSR and FP linkage. They found that out of 21 studies 12 showed positive linkage, one represented negative relation and eight resulted in no statistical association between CSR and FP.

Waddock and Graves(1997) investigated the causal relation of corporate social performance and FP of listed companies on S&P 500. The data of the firms regarding Corporate Social Performance was collected from KDL index based on environment, employee relations, product characteristics, community engagement, military contracts, treatment with female and minorities, participation in nuclear power and operations in South Africa. Return on Assets (ROA), Return on Equity (ROE) and Return on Sales were used as indicators for FP. Risk (debt level), Size of the firm (total assets) and Industry were used as control variables. The regression analysis of the variables showed that there is a positive association between CSR and ROA, ROE and returns of sales. Griffin and Mahon (1997) assessed eight firms from US chemical industry in order to explore the linkage between CSR and FP. The data of firms regarding CSR was obtained from four different indexes i.e., on perceptual bases KDL and Fortune Reputation index while on performance bases, Toxic Release Inventory (TRI) and Corporate Philanthropy were selected. A set of five indicators which include ROA, ROE, return on sales, total assets and age of assets were utilized for FP. The results of the study indicated that firms listed on KDL and Fortune Reputation Index have a positive association between CSR and FP indicators but on the other hand, in firms listed on TRI and Corporate Philanthropy, no significant relation between CSR and FP was noticed.

McWilliams and Siegel (2000) studied the link of CSR and FP in the presence of R&D. The investment in CSR was treated as an indicator for CSR measurement. The sample of the study consisted of 524 firms operating in the US during the period of 1991-1996, selected from KDL and COMPUSTAT. The authors confirmed that the linkage between ROA and CSR in absence of R&D expenses was significant and positive. However, with the inclusion of R&D in the regression model the relationship between CSR and FP became neutral. Orlitzky (2001) examined the association between companies CSR activities and FP by analyzing previous research studies on the issue. Three categories; corporate social performance and FP, Firms size and corporate social performance and firm size and FP were analyzed through one path-analytic model. The study concluded that even by controlling the firm size the link between firm's CSR and FP remained significant and constructive. Moore (2001) investigated FP of UK supermarket industry in relation with their CSR practices. Size and age of the firms were also considered during analysis. The sample consisted of eight firms and were analyzed for two different time periods 1997-1999 and 1994-1996. The study showed that CSR is negatively associated to FP in the same time period. However, positive relationship was noticed between prior-period FP and subsequent CSR practices of the company. He also argued that age and size of the firms have positive impacts on the CSR initiatives of the firms.

Morgolis and Walsh (2003) studied the issue of CSR and FP relationship by analyzing 127 previously published types of research during 1972-2002. 109 out of 127 studies treated a

corporate social performance as independent variable and the rest 22 studies employed FP as an independent variable. 54 out of 127 studies showed a positive relation of CSR and financial performance of firms, seven were found having a negative association, twenty-eight studies presented neutrally while 20 reported mixed results. Tsoutsoura (2004) investigated S&P 500 firms from 1996 to 2000 in connection to analyze the link between CSR and FP. The results of the research study indicated that the relation between the two variables is positive and statistically significant.

Allouche and Laruche (2005) examined 82 already published works on the relationship between CSR and FP. Meta-regression i.e., multivariate framework and regression analysis, was employed for the analysis of 373 observations from 82 studies. They argued that in-depth review of the previous work shows: for the measurement of CSR different indexes were used such as Fortune survey, KDL rating system, quality of firm's environmental management records and magnitude of charitable contributions by firms were utilized. ROA, return on Investment, ROE, Tobin Q, profit to sale ratio, return on capital and excess market value were mostly used as indicators for FP. They further indicated that the results of meta-regression show a positive correlation between corporate social performance and FP, especially in the UK context. Fiori et al. (2007) worked on twenty-five listed companies for the period of 2004-2006 in Italy, to inspect the effect of CSR disclosure on stock prices. The neutral relationship was witnessed between CSR and stock prices.

Lyon (2007) investigated the impact of CSR disclosure (measured through content analysis) on financial performance indicators; ROA and ROE during years 2004-2005. 125 firms listed on the New Zealand Stock Exchange from both production and service sectors were included in the sample. The study shows no consequence of CSR disclosure on the FP of firms from the service sector while the positive association was found between CSR disclosure and ROE of production companies. Scholten (2008) indicated a positive association between social responsibility and financial performance of a firm. He investigated 289 US firms, data gathered from KDL and CSR measurable includes disclosure related to employee relationship, diversity, environment, product characteristics and community involvement. Both risk and stock returns served as proxies for FP. He also asserted that each CSR disclosure had a different impact on stock returns and risk. Van Beurden and Gössling (2008) asserted that several factors such as the size of the company, industry, R&D and Risk may also influence the relationship of corporate social performance and FP. They also identified that inconsistency in the results of prior studies on the issue is due to the absence of standard definition and measurable CSR.

Lin et al. (2009) examined the impacts of CSR on the FP of Taiwanese firms listed on the Taiwan Stock Exchange for more than three years. The sample size consisted of 31 firms, selected on the basis of their sale revenues, R&D expenditures for sustainable development and donations (equal or more than NT\$ 2.5 million) in 2003. Donation ratio was used as a proxy of CSR and ROA for short term FP. Regression analysis was used for empirical analysis of the data for the period 2002-2004. They argued that CSR does not have a positive impact on the financial performance of the firm in the short-term.

Moneva and Ortas (2010) worked on a sample of 230 firms from 18 European countries by running partial least square model in order to scrutinize the strength of the connection between their environmental performance and FP. Profit margin, operating profits, ROE and ROA ratios were employed to measure the economic performance for years 2005-2007. Their study resulted in a significant and positive correlation among corporate social performance, environmental performance and economic performance. Aras et al. (2010) investigated forty firms listed on Istanbul Stock Exchange during 2005-2007, in order to analyze the linkage between CSR and FP. Content analysis was done to collect data

regarding CSR through yearly reports while ROA, ROE and return on sales were utilized as measurable of firms' financial performance. No significance was noticed between CSR and profitability measures. Choi et al. (2010) analyzed the empirical relationship between CSR and FP of companies operating in Korea. The sample of the study consisted of 1222 firms for time period 2002-2008. Two different indexes were used to measure CSR i.e., equal-weighted index and shareholder-weighted index. ROE, ROA and Tobin's Q ratios were utilized as proxies for FP. The findings of the study reveal that FP has a positive and significant relationship with a shareholders-weighted index of CSR while the relation is neutral in case of equal-weighted CSR index.

Crisóstomo et al. (2011) investigated the relationship among CSR, firm value and FP in Brazilian firms. A sample of 78 non-financial firms for the years 2001 to 2006 were analyzed by applying a regression model. Content analysis was conducted to retrieve the data from two different data sources. For CSRI Base, "Brazilian Institute of social and economic analysis" was used and for financial data, Economática was utilized. The study identified a negative impact of CSR on the firm's value, which appeared to affect the social activities of firms related to employees and environmental issues. They also asserted that there is no significant effect of CSR on FP in the context of Brazilian firms. Oeyono et al. (2011) examined Indonesian firms for the year 2003 to 2007, to evaluate the association of CSR and FP. For the purpose, CSR activities of 50 firms were inspected, based on Global Reporting Initiatives (GRI) guidelines. Earnings before interest, tax, depreciation and amortization (EBITDA) and earning per share (EPS) were used as proxies for profitability. The analysis of the study conceded that CSR practices boost firm's profitability. They also affirmed that CSR practices are advantageous for organizations in emerging economies.

Bnoui (2011) studied eighty different profitable small and medium business enterprises in France, in relation to analyzing their CSR disclosure and financial performance. Questionnaires were distributed among these firms. Social, environmental and societal dimensions of CSR were covered in these questionnaires. Profit ratio served as a proxy for measurement of FP. Size, age and internationalization of the firms were used as control variables. The findings of this study elaborated that the environmental and social dimensions of CSR have positive impacts on FP. Inoue and Lee (2011) investigated five different dimensions of CSR including product quality, community relation, employee relations, diversity and environmental issues in the relationship with financial performance. The data of CSR retrieved from KDL database, ROA and Tobin's Q were financial performance indicators in the study. Size of the firm, leverage and years dummies were used to control the effects of dependent variables. The sample of the study consisted of firms from tourism industry; 74 airline companies, 59 firms from casino industry, 183 restaurants and 51 hotels data were analyzed for the period of 1991-2007 by utilizing regression model. The results of the study revealed that each dimension of CSR has an effect on the firm's profitability. They also suggested that tourism managers should consider different dimensions of CSR in their business which might improve their firm's FP.

Tang et al. (2012) probed CSR-financial performance relationship of 130 firms for the time period 1995-2007. The data of environmental, social and governance factors were collected from Morgan Stanley Capital International (MSCI) database. ROA was used as an indicator for FP while R&D expenses and industry were used as control variables. Fixed effect regression model and ANOVA were incorporated for empirical analysis. The findings of the study showed that the firm's engagement in CSR activities, especially activities related to the internal affairs of the firm benefited the firm's FP. Lioui and Sharma (2012) worked on environmental social responsibility and its effects on the company's FP. The sample consisted of 3100 firms from KDL database for years 1991-2007. The financial data

regarding ROA and Tobin's Q were obtained from COMPUSTAT. The fixed effect regression model was incorporated for analysis of data. The results of the study showed that ROA and Tobin's Q are negatively and significantly associated with environmental social responsibilities of the organization. Iqbal et al. (2012) examined 156 firms listed on Karachi Stock Exchange for the 2010-2011 period in order to study the CSR and firm's economic performance linkage. The score of corporate governance, social compliance, product integrity, environmental and social reports, business compliance, shareholder dialogue, environmental compliance and community investment of the company were used as measurable of CSR. ROA and ROE indicators were used for measuring FP of the firms. The results of the study show that CSR practices of these firms has no effect on their FP.

Zhang (2013) investigated the CSR disclosure and its impact on the economic performance of 193 companies listed on the Shenzhen Stock Exchange. These companies were selected from three different sectors i.e., mining, electricity and chemical industries. Content analysis, based on Global Reporting Initiative third edition (G3) guidelines, was used to collect the data related to CSR practices. Profitability, leverage, size of the firm, industry and management control were other variables used in the study. Regression model was employed for empirical analysis. The findings of the study disclosed that the extent of environment-related disclosure was low in all three industries. The author also affirmed that profitability and environmental disclosure are significantly associated.

Ahamed et al. (2014) examined the relationship between CSR and corporate financial performance of firms listed in Bursa Malaysia for years 2007-2011. Data of CSR dimensions related to community, environment, market and workplace were gathered by using content analysis. ROA and ROE were used as independent variables. The analysis of the data was done by utilizing the regression model. The authors observed a positive linkage between CSR dimensions and the company's financial performance. The study also explains that firm's size and firm's revenues were adopted as control variables and were positively correlated with CSR practices of the businesses. Lu et al. (2014) critically reviewed the previous empirical research work on the issue of interconnectivity between CSR and organization financial performance published during the time period of 2002-2011. Mixed-method of statistical and content analysis were used to analyze 84 empirical studies published in these 10 years. The finding of the study shows that the relationship between the two variables is dynamic and change with time. They also argued that social responsible practices take time to have an effect on the FP of a firm. Moreover, they suggested that managers and business executive should integrate the CSR strategies in their business due to its long-term effectiveness.

Saeidi et al. (2015) conducted a research work on the mediating role of customer satisfaction, firm's reputation and competitive advantage in the relationship of CSR and corporate financial performance. For the collection of firm's CSR data, they constructed an instrument consisted of 29 items related to four dimensions of CSR: legal, ethical, discretionary and economic. Along with CSR corporate reputation, competitive advantage and customer satisfaction were also used as independent variables. ROA, ROE, returns on sale, returns on investment and net profit margin were considered as dependent variables. Firm's size, age and revenues were utilized to control the effect of dependent variables. The data of 205 Iranian manufacturing and consumer product companies were analyzed by applying Structure Equation Modeling (SEM). The findings of the research study explain that the impact of CSR activities on FP is constructive and the reason behind it is the mediating role of firm's reputation and competitive advantage, which increased the customer satisfaction.

Wang et al. (2015) examined the linkage of CSR and FP while considering brand equity as a mediating variable. The sample consisted of Taiwanese high-tech companies, listed on the Taiwan Stock Exchange, for the year 2010 to 2013. Regression analysis and SEM were utilized for empirical analysis of the data. The findings of the SEM revealed that CSR and brand equity positively affect the company's FP. Lin et al. (2015) asserted that intellectual capital and industry paly mediating and moderating roles respectively while analyzing the CSR-FP relationship. They investigated 500 biggest companies listed on the American Stock Exchange through an integrated regression model. The related data regarding CSR and FP were collected from KDL and COMPUSTAT databases for years 1998-2008. They also argued that in environmentally sensitive businesses, CSR initiatives positively affects the FP, however, in environmentally non-sensitive businesses the relationship is opposite.

Ağan et al. (2016) studied the relation between CSR and Environmental Supplier Development (ESD) and their effects on the FP of the company. In the Turkish manufacturing industry, more than 250 employees were surveyed. Partial least square structural equation model was used to test the hypothesis. The findings indicate that CSR is positively associated with ESD and that ESD also positively and significantly influenced the FP and competitive advantage of the firms in the sample. Nollet et al. (2016) investigated the relationship of CSR and FP of S&P 500 companies for the 2007-2011 period. Both accounting-based and market-based indicators were used as indicators for FP i.e., ROA, return on capital (ROC) and excess of stock return respectively. Bloomberg's Environmental, Social and Governance (ESG) disclosure scores of the companies (S&P 500) were used for CSR activities measurement. Both linear and non-linear models were applied for empirical analysis. The results of the study indicate different outcomes for linear and non-linear approaches. According to the linear model, the relationship of the corporate social performance and ROC is significant but negative. However, the non-linear model provided U-shape relationship among ROA and ROC and corporate social performance, which means that after a certain level of investment in CSR (threshold level) the effects on FP will be positive.

Han et al. (2016) investigated the CSR-FP of 94 listed firms in Korea Stock Market for years 2008-2014 by running panel regression model. Bloomberg's ESG disclosure score was utilized as a proxy for CSR measurement and for FP Market-to-Book ratio (MBR), stock return and ROE were used as indicators. Risk (leverage ratio) and firm's size (total assets) were employed as control variables. The findings of the study suggest that environmental performance disclosure has negative correlation with FP while governance performance disclosure is positively correlated with firm's FP. The association between social performance disclosure and FP of the firm is statistically insignificant. Wang et al. (2016) conducted a meta-analysis of 42 studies related to CSR-FP. The integration correlation supported a positive and significant linkage between CSR and FP. They also identified a mediating role of the environmental framework of companies in CSRFP relationship.

Lins et al. (2017) analyzed the relation of CSR activities and the performance of 1673 non-financial companies during the recent financial crisis of 2008-2009. The data related to CSR regarding participant firms were obtained from MSCIEG state database and financial data was retrieved from COMPUSTAT. Panel regression model was used for the analysis of the relationship. The regression estimates indicate that during financial crisis firms having high CSR performance not only experienced improvement in individual employee progress but also increased in profitability as compared to companies with low CSR activities. Cho and Lee (2017) studied the moderating role of managerial efficiency in CSR and economic performance of the organization. They investigated common firms in COMPUSTAT, Center for Research in Securities Prices (CSRP) and KDL (Excluding financial institutions) from

2003-2011. KDL-CSR scores of firms were used for the measurement of CSR. Regression model was employed to analyze the relationship. The findings of the study imply that the association of corporate social performance and management efficiency is significant but weak in nature. The study also demonstrates that the strong association of CSR and the organization's FP is due to the essential moderating role of management efficiency. Blasi et al. (2018) analyzed 988 US firms from nine different industries to diagnose the causal linkage between CSR and the corporation's economic achievement. Seven major categories of CSR – human rights, product, environment, employee relation, governance, diversity and community – were considered in the study. Total stock returns, ROA, ROE, return on investment, net income/total assets, net income/investment, ROS and total revenue/sale were used as economic performance measures. Volatility of return was used as a proxy for market financial risk. The results of regression model mentioned that companies' engagement in CSR activities mostly uplift the stock prices and minimized the market financial uncertainties.

2.10.1. CSR and Banks Performance

Banking sector plays an important role in the growth and stability of the national economy and is highly visible to the general public to evaluate its performance. A wide range of stakeholders is attached to this sector including owners, managers, depositors, borrowers and regulating authorities (Yamak and Süer, 2005). Banking sector responded relatively late to CSR challenges in the corporate world. Firstly, encountered environmental issues and then social issues (Viganò and Nicolai, 2009). According to Lentner et al. (2015), central banks became accountable to sustain financial stability after the financial crisis of 2008 and engaged themselves in the development of their own CSR strategies. Levine (2005) argued that the banking sector of any country plays a key role in economic development, its soundness and safety generate a lot of external benefits for the community. In the last few decades, the notion of CSR is increasing rapidly in all sectors including banking across the world (Omur et al. 2012). Along with profit-maximizing benefits of stakeholder, the investors also focus on the importance of banks transparency and their approach to environmental and social risk.

Polychronidou et al. (2014) asserted that with the recognition of CSR importance of businesses, banks also give emphasis on CSR initiatives and endorse educational, athletic, cultural and environmental programs. They also provide sponsorships to charitable organizations. Environmental Performance Indicators (EPI) were launched by eleven financial institutions belonging to Switzerland and Germany, based on environmental evaluation standard ISO-14031, known as EPI-Finance 2000. These indicators cover four categories related to financial services and commercial banking – Project financing, Investment banking, Asset management and integration of environmental issues in their main business operations (Schmid-Schönbein and Braunschweig, 2000). In 2003 Equator Principle Financial Institutions (EPFIs) launched Equator Principles (Eps) *“the aim of the Principles is to introduce good practice for financial institutions in the management of environmental and social risks when providing applicable financial products as defined in the Principles and as may be modified from time to time”* (Equator Principles, 2017, p.4). World Business Council on Sustainable Development (WBCSD) issued a position paper in 2006 on the impact of sustainable development in the financial sector. It emphasized the transparency in financial reporting, responsibilities of financial institutions and integration of sustainable development strategies in their practices (WBCSD, 2006).

According to Ullah (2013), in some of the developed nations, provided environmental guidelines are strictly followed by banks. The violation of these guidelines and socio-economic principles by banks might result in heavy penalties and fines. In the 1980's as a

result of US comprehensive Environmental Responses Compensation and Liabilities Act (CERCLA), banks faced huge losses in shape of payments in an account of remediation cost for environmental pollution of their clients. Rugimbana et al. (2008) investigated the consumer perception and CSR in the retail banking sector in Australia. The authors identified two categories of costumers on the basis of their perceptions: one type purely interested in institutions having strategies purely based on customer's financial benefits while the other category prefers those institutions that are effective in their CSR obligation. Karagiorgos (2010) observed that the researches on the relation between CSR and firm performance are divided into three categories: positive relation, negative and neutral association between the two. He also asserted that most of the studies showed a positive relationship between the engagement of a firm in social activities and its performance. CSR activities of a firm have a significant and positive impact on its profitability and reputation. The banking industry showed a commitment to comply with CSR guidelines and advanced towards good corporate citizenship (Decker, 2004).

According to Simpson and Koher (2002), banks having higher CSR performance rates get improved returns on assets (ROA) than those having less social performance rates. Their study also shows that social responsible banks have less risk of loan losses than other banks having less social performance. Deckop et al. (2006) determined in his research on CSR and FP (FP), CSR in banks is one of the reasons which tend to reduce the risk associated with financial organization and improved the FP. Bihari and Pradhan (2011) investigated the impacts of CSR in Indian banks and provided the evidence that reporting of CSR activities are used to improve the goodwill and corporate image, which induces positive impact on their overall performance. Bolton (2013) analyzed the KDL Research and Analytics (KDL) database from year 1998 to 2010 and found that banks having developed CSR policies are highly valued and have a better FP. The author also claimed that banks with strong CSR initiatives have minimum chances to go through financial distress. Mallin et al. (2014) examined the CSR practices in association with FP of Islamic banks. Ninety banks from thirteen countries were investigated. The research study shows that Islamic banks are more committed to mandatory CSR disclosures recommended by Accounting and Auditing Organization for Islamic financial institutions, less attention to environmental disclosure along with other voluntary CSR disclosure has been noticed. The study also confirmed a positive linkage between FP and CSR disclosure of Islamic Banks.

Djalilov et al. (2015) Investigated CSR and financial performance (ROA and ROE) in 254 banks of 16 countries through structural equation model. The empirical results of the model illustrate that there is a positive and significant impact of CSR initiatives of banks and their financial performance. Fayad et al. (2017) revealed a significant and positive relation between CSR and ROA of Lebanese banks.

Islam et al. (2012) investigated the linkages of corporate performance and CSR performance in the banking sector of Bangladesh. They asserted that CSR has a positive impact on ROA while the relationship is insignificant with earning per share (EPS). Tyagi and Sharma (2013) measured the impact of CSR on the financial performance of Indian firms. The empirical findings of their study show a negative and significant impact of CSR on ROA. However, they found an insignificant and negative relation between CSR and EPS. Batra and Bahri (2018) examined Indian banks' financial performance and CSR activities. In their finding, they pointed out the insignificant relationship between both variables of the study. Similarly, Santhirasegar et al. (2018) stated that CSR involvement of Malaysian commercial banks induced a positive impact on ROE and ROA, whereas, the relation is insignificant with EPS.

Chen (2016) found that in the banking sector the implementation of CSR practices tends to decrease the financial performance of banks and so as the firms' value. Sukcharoensin (2012)

and Arshad et al. (2015) examined the association of CSR practices and firms' value (Tobin's Q) in Thai and Pakistani firms respectively. They argued that there is no linkage or association between CSR and firms' value or its financial performance.

Fayad et al. (2017) analyzed seven Lebanese banks in order to measure the causal relation between CSR and FP. They asserted that Lebanese banks have adopted the social responsibility activities voluntarily to increase their FP, achieve customer's loyalty, attract and retain the employees. Shabbir et al. (2018) studied the mediating role of brand image in the relationship of CSR and customer's loyalty in Islamic banks of Pakistan. They found that CSR initiatives have significantly positive impacts on customer's loyalty. The study suggests that Islamic banks should include CSR in their business policies as it uplifts the brand image and increase the customers' retention. According to Fatma and Rahman (2015), Indian banks are very competitive in the adoption of CSR practices in order to differentiate themselves from the rivals. Mocan et al. (2015) analyzed the relation of CSR and firm's value in Romanian banking industry. They reckoned that investment in CSR is considered as an instrument to increase the organizational commitment, effectiveness in communication between banks and society and also improve the reputation of banks in Romania.

Ross (2010) asserted that banks having clear CSR policies and practices attract worthy borrowers, resulting in high profits and also improves the reputation of the institution. High reputation and high profitability of banks are associated to each other (Bushman and Wittenberg-Moerman, 2012). Wu and Shen (2013) studied CSR initiatives and performance of 162 banks in 22 countries for years 2003-2009. They found that disclosure of CSR is positively related to net interest income, ROA and return on equity (ROE) but negative relation was noted with non-performing loans. Scholten and Dam (2007) made a comparison between banks that embraces the Equator Principle (Eps) and those that do not. They observed that high CSR policies lower ROA noticed in those banks that adopt Equator Principles. Cornett et al. (2014) investigated 1712 banks through OLS regression method for the 2003-2011 period in order to analyze the contribution of CSR activities in FP of banks in the context of the financial crisis. They found that bank size, ROA and ROE are significantly and positively associated with CSR practices of the firm. Due to this very reason the largest banks seem more rewarded for their social responsible doings.

Sharif and Rashid (2014) investigated the impacts of corporate governance on CSR-reporting in commercial banks in Pakistan. Non-executive and executive directors were considered elements of corporate governance in this study. Content analysis of annual reports of these banks from 2005-2010 was carried out to measure the level of CSR activities in the banking sector. Multiple regression model was applied for empirical analysis. The conclusions of the study indicate that non-executive director has a significant and positive impact on CSR reporting. They also asserted that the performance of Pakistani banks in connection with CSR initiative is high and impressive. Malik and Nadeem (2014) measured the impact of CSR on the FP of the services industry in Pakistan. The data of eight banks from 2008-2011 was analyzed through a regression model. The study elaborates that banks in Pakistan lack in CSR practices. A positive but insignificant relation among profitability indicators i.e., Earnings per Share (EPS), ROE, ROA and Net profit has been observed.

Bagh et al. (2017) inspected the causal relationship of CSR and FP of the banking sector in Pakistan. The sample of their study consisted of 30 listed commercial banks sorted on the basis of their market capitalization. Pooled regression model was used for analysis. They argued that ROA, ROE and EPS are positively associated with CSR. Their observation shows that CSR is an important element for growth and performance enhancement tool in the Pakistani banking industry. Banks in Pakistan are motivated to incorporate CSR in their

strategies, mission statement and objectives. Their involvement in sports sponsorships, talent grooming, health and education issues and contribution toward environmental safety shows their commitment to CSR (HBL, 2016). Sayed et al. (2017) reckoned the impact of CSR indicators i.e., workers welfare fund and donations on financial performance variables (ROA, EPS, Tobin's Q and Price to Earnings Ratio) in the financial sector of Pakistan. They found that there is no association between CSR and financial variables except ROE and Tobin's Q, which are negatively associated with CSR. Senyigit and Shuaibu (2017) surveyed CSR disclosure and FP of 12 banks in Turkey and 18 banks in Nigeria; listed on Borsa Istanbul and Nigerian Stock Exchange respectively. Content Analysis of annual reports and CSR related reports of the concerned banks was conducted in order to measure the FP and CSR disclosure. They performed the panel data multiple regression and found that CSR and FP are positively linked in Nigerian context while in Turkish banks the relationship is statistically insignificant. Maqbool and Zameer (2018) attempted to explore the connection between CSR and FP of 28 listed commercial banks on the Bombay Stock Exchange for the 2007-2016 period. The research study provided empirical evidence that CSR has not only positively impacted firm's profitability but has also increased the stock returns. They suggested that it is beneficial for the firm to integrate CSR into their long-term business strategy.

Ullah (2013) assessed the linkage of CSR with some performance indicators of forty-seven Bangladeshi banks. He argued that forty-six banks out of forty-seven are involved in CSR activities in 2010, in terms of expenditure in CSR, financial inclusion, CSR governance and activities related to environmental safety. The engagement of the banks in the above-stated activities increased during years 2007-2010. The study summed up finding no significant connection between CSR expenditures and net income, total revenue and bank deposits. Sigurthorsson (2012) argued that seven of the biggest banks in Iceland also collapsed in 2008 during the financial crisis, had CSR activities but these activities were not aligned with core business activities. Chih et al. (2010) investigated CSR practices and FP of 520 financial organizations in 34 countries during 2003-2005. They affirmed that CSR has no impact on the FP of the firms.

Ye and Zhang (2011) analyzed the effects of corporate social performance and debt financing on a firm. They affirmed that extremely low or extremely high investment in CSR activities causes an increase in firm debt financing. Wong and Wong (2015) analyzed CSR practices of the top three banks in Hong Kong during 2013. They asserted that financial institutions having large profits and assets might not be engaged with all kinds of stakeholders. CSR depends on the interest of the banks. They usually prefer small CSR initiatives that are easy to achieve. The study also suggests that the Government should supervise the CSR proceeding of companies and motivate them regarding being socially responsible. Bae et al. (2018) studied the effects of CSR engagements and its effects on private bank loans in the US banking industry. A sample of 5000 bank loans was analyzed for the period of 1991 to 2008. They found that borrower's investment in CSR related activities beyond an optimal level is uneconomical. Fijałkowska et al. (2018) investigated the interrelationship between FP and CSR engagement of banks in Central Eastern European Countries (CEEC). They analyzed socio-environmental performance and financial data of the largest public banks for period 2012-2016. After running a panel regression model, the results revealed that the reports related to CSR disclosure do not have impact on the FP of banks in CEEC region.

2.10.2. Impact of Banks on Economy, Society and Environment

The banking sector is an important pillar of the financial sector of any economy, providing financial services to the community and make profits. Bank provides loans to facilitate

business activities such as manufacturers borrow money from banks to run their production processes smoothly. The bank plays a vital role in the creation of capital in a country as banks are safe to save money, this accelerates the growth process (Levine, 1996). The banking system of the country also facilitates both internal and external trade by providing references and guarantees on behalf of its customers (Bougheas et al. 2009).

The financial Crises 2008 affected the banking sector as they have faced a severe decline in their credit and growth. Because of these financial distress banks' had lost their confidence in the financial and capital market (Deutsch and Pintér, 2018). In order to gain confidence and retain the customer's trust, banks have increased their CSR activities both at the customer and social level (Deutsch and Pintér, 2018). Although banks are not charitable organizations they may fulfil the need of corporate stewardship and accountability to increase the goodwill and reputation (Dorasamy, 2013). Banks also extend their support to the government by providing loan-term loans for a developmental project, investing in government securities and treasury bills (Rodrigues, 1993).

The operations and decisions of banks have a visible impact not only on the economy but on the society and environment as well. Although, banks have an indirect impact on the community and environment as compare to other sectors because they somehow facilitate firms with finances that produce unsafe products, do not care about carbon emission and industrial wastage, violate human and labour rights or involve in child labour. Banks need to be a good corporate citizen, contributing to the economy and community (Nwankwo, 1991). Banks tend to provide small business and agriculture loans to the local community on a lower interest rate (Avery and Samolyk, 2004). Banks are able to show their commitment to sustainable development through their CSR strategies and initiatives in a number of ways. Firstly, before sanctioning loans to the firm they may make sure that their financing activities do not facilitate business operations that are harmful to the society and the environment (Castelo, 2013). Secondly, by adopting the CSR practices by developing policies regarding the efficient use of energy, conservation of the natural environment, encouraging paperless environment and promotion of recycling activities (Khan and Szegedi, 2019). In connection to CSR, socially responsible banks issue loans to agriculture clients for farming techniques based on lesser use of chemical fertilizers, efficient water usage, drought-resistant and water-resistant crops. These banks motivate their consumers towards the installation of energy and water-efficient equipment in households. Moreover, support small and medium business in the adoption of modern resource-efficient technologies as alternatives to traditional technologies. Along with the provision of funds, banks also motivate industrial clients to develop and produce equipment for resource efficiency and waste dumping (Khan and Szegedi, 2019).

2.11. Conclusion

The concept of Corporate Social Responsibility has been the area of interest for many scholars in the last two decades. The implementation of CSR practices not only helps companies in establishing public image and reputation but also contributes to the social welfare of the community. These practices concern that how companies incorporate these environmental and social affairs in their core commercial tasks. A number of research studies have emphasized different CSR theories: stakeholder's theory, institutional theory, legitimacy theory, political theory, agency theory and shared value theory. Nevertheless, most theories regarding CSR disclosure focus on a single analytical perspective, which may have limitation in the explanation of CSR issues. The present is based on stakeholder theory (Roberts, 1992, Friedman and Miles, 2002, Islam and Deegan, 2008, Aras et al. 2010); as CSR in Pakistan is voluntary and also in developing stage. The level of CSR issues in Pakistan are at the same level as in other developing countries. Most of the companies in

Pakistan are involved in philanthropic activities focusing on donations to employees, donation of extra office equipment and free usage of firm's facilities, while few companies concentrate on other aspects of CSR as environmental protection, health and safety, ethical marketing and welfare of the employee. However, majority of the companies have paid less attention to other important aspects of CSR such as anti-corruption, child labor and gender equality. Previous studies have reported that only a few companies in Pakistan follow the guiding principles of the UN Global Compact in conducting business activities in a responsible manner to become socially responsible corporate citizens.

Banking sector plays an important role in the growth and stability of the national economy and is highly visible to the general public to evaluate its performance. A wide range of stakeholders is attached to this sector including owners, managers, depositors, borrowers and regulating authorities. Banking sector of any country plays a key role in economic development, its soundness and safety generate a lot of external benefits for the community. In the last few decades, the notion of CSR is increasing rapidly in all sectors including banking across the world. Along with profit-maximizing benefits of stakeholder, the investors also focus on the importance of banks transparency and their approach to social and environmental risks. Previous studies have reported that banks focusing on CSR are better able to take CSR initiatives and endorse educational, athletic, cultural and environmental programs. They also provide sponsorships to charitable organizations. Some prior studies report the relationship of CSR and FP indicators including ROA, return on Investment, ROE, Tobin Q, profit to sale ratio, return on capital and excess market; while other studies report total stock returns, ROA, ROE, return on investment, net income/total assets, net income/investment, ROS and total revenue/sale as economic performance measures. Most of the researchers have also pointed out the importance of the control variable while analyzing CSR-FP relation. Size of the firm, Industry, Leverage, firm age and lag year performance are frequently used as control variables in the literature. The volatility of return was used as a proxy for market financial risk. Majority of these studies indicate the positive relationship of CSR with FP while few report a negative relationship between the CSR and FP. Researchers have highlighted that inconsistencies among these studies might be due to lack of adequate theory, inappropriate definitions of key terms and deficiencies in empirical databases. The present study is an endeavour to attempt at the impact of CSR on FP in the banking sector of Pakistan.

Chapter 3

3. Country Overview: Pakistan

3.1. Introduction

This chapter describes the socio-economic and environmental contexts, laws and regulations related to corporate social responsibility and best practices of business firms in Pakistan. This chapter is organized as follows: section 3.1 elaborates the socio-economic perspectives in Pakistan. Section 3.2 discusses the environmental perspectives and section 3.3 focuses on the banking sector of Pakistan. Section 3.4 discusses the laws and regulations provided by the government of Pakistan regarding CSR and section 3.5 describes CSR best practices of Pakistani companies. Section 3.6 concludes the chapter.

3.2. Socio-Economic Perspectives of Pakistan

Pakistan is a developing country, located in South Asia and was a part of Sub-continent (India) ruled by Britain from 1857 to 1947 when it got its independence on 14th august 1947. Initially, Pakistan consisted of two administrative territories, East Pakistan and West Pakistan. The Eastern territory of Pakistan became Bangladesh in 1971. Pakistan is a Muslim majority country with a total population of 212 Million (WorldBank, 2019). The total area of Pakistan is 796,096 sq. km. On the Eastern side, Pakistan shares its borders with India, in West with Iran, with China in the North, in the North-West with Afghanistan and the Arabian Sea is located at its South. Pakistan has four provinces: Punjab, Sindh, Khyber Pakhtunkhwa and Baluchistan and has six major ethnic groups; Punjabi (44.7%), Pashtun (15.1%), Sindhi (14.1%), Saraiki (8.4%), Muhajir (7.6%) and Baloch (3.6%). The national language of Pakistan is Urdu and other most commonly spoken languages are Punjabi (48%), Sindhi (12%), Saraiki (10%), Pashto (8%), Balochi (3%) and Hindko (2%) (World Fact Book, 2018).

Pakistan is a weak structured economy. The political instability, governance dysfunctionality and the martial law regimes have caused severe harm to the democratic process, human development and also to its economy (World Bank Policy Note, 2019). The Human Development Index score of Pakistan is 0.56, while India and Bangladesh scored 0.64 and 0.60 respectively. The life expectancy in Pakistan is 66.6 years which is lower than Bangladesh, 72.8 years and Nepal which is 70.6 years. The Gross National Income (GNI) per capita of Pakistan is \$5311, whereas, the GNI of India is \$6353 (UNDP, 2018). The real GDP growth of Pakistan in 2018 was 5.5 per cent, dropped by 2.2 per cent to 3.3 per cent in 2019. The GDP growth of Bangladesh, India and Nepal in 2018 was 7.9 per cent, 6.8 per cent and 6.7 per cent respectively (WorldBank, 2019). This shows the socio-economic performance of Pakistan is weak as compared to other South Asian countries except for Afghanistan. According to the (SPDCK, 2015), the primary enrollments in government Schools, decreased from 75 to 60 per cent during the time period 2001 to 2014. They also asserted that residents of urban areas of Pakistan are facing severe problems in access to clean drinking water due to poor water supply management and diminution of underground water resources.

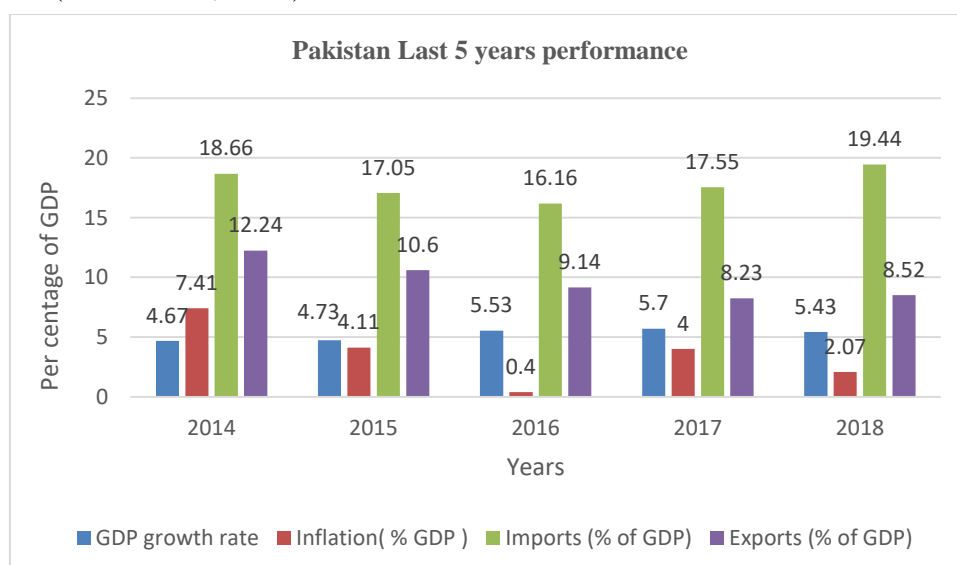
Khalid and Ahmad (2018) evaluated the performance of the health sector in Pakistan and noticed a decline in health infrastructure, in contrast, the population growth rate is increasing. Since the last decade, the spending on the provision of health facilities in Pakistan has been less than 1 per cent of GDP. The health expenditures for the fiscal year 2018-19 increased by 19.84 per cent. However, the developmental expenditures in the health sector decreased by 49.19 per cent, from \$0.31 billion in 2017 to \$0.16 billion in 2018 (Ministry of Finance, 2018). Ashraf (2017) elaborates that the government of Pakistan, with the assistance of international organizations made effective progress in reduction of poverty-related issues in the last three decades. According to World Bank (2018), diagnostic report on water supply, sanitation and poverty, Pakistan has made a considerable improvement in the alleviation of

poverty in last decade and the level of poverty decreased from 64 per cent in 2001 to 30 per cent in 2014. However, the headcount rate of poverty in Baluchistan province in 2014 was 57 per cent.

The issue of corruption is one of the most prominent problems, and currently, the Pakistani economy is suffering. Tax aversions, misuse of power, violation of merit, embezzlements in developmental funds and favouritism are main factors, increasing corruption in various departments of governmental machinery in Pakistan (Transparency International, 2017, Khan et al. 2018b). According to the survey of Transparency International (2019), Pakistan is ranked 117th with a score of 33 among 180 countries in corruption. This shows that the level of corruption is still high, however, the country has successfully undertaken certain policies against corruption in last six years, as compared to 2012 where Pakistan stood 139th with score of 27 out of 100.

The main Economic pillars of Pakistan economy are agriculture, industrial and services sectors. The contribution of these sectors to GDP in the fiscal year 2018-19 was: agriculture 18.5 per cent with 38.5 per cent contribution to the national labour force, Industrial sector contributes 20.27 per cent towards GDP and the contribution of the service sector is 61.21 per cent during the fiscal year 2018-19 (Pakistan Bureau of Statistics, 2019). According to Pakistan Finance Division (2019), the economic survey of the fiscal year 2018-19 shows that the sectorial growth was 0.85 per cent in agriculture, 1.4 per cent in the industrial sector and 4.7 per cent in the services sector, which is lower than the expected growth – 3.8 per cent, 7.6 per cent and 6.5 per cent respectively.

The external debts of Pakistan in 2016 were \$39.04 billion, which increased to \$42.32 billion by 2017 and \$55.07 billion in 2018. The trade deficit in the fiscal year 2016 was 7.01 per cent of GDP, which increased by 2.8 per cent in 2018 and reached to 10.1 per cent of GDP. The GDP growth rate decreased by 0.3 per cent in 2018, which was 5.7 per cent in 2017. The inflation (percentage of GDP) in 2018 was 2.07 per cent, decreased from 7.41 per cent in 2014. The imports in 2018 increased from 17.55 per cent in 2017 to 19.44 per cent of GDP and exports increased at a very low pace from 8.23 per cent in 2017 to 8.52 per cent of GDP in 2018 and caused a high trade deficit. Graph I shows that the imports jumped from 16.16 per cent to 19.44 per cent while the growth in exports decreased from 12.24 per cent to 8.52 per cent of GDP (WorldBank, 2019).

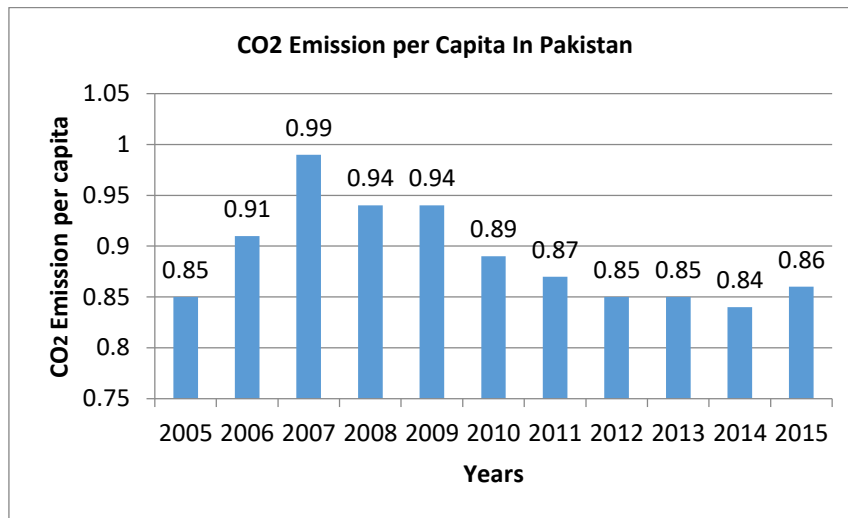


Graph I Pakistan Last Five year Performance

Source: Created by Author based on World Bank Data Bank, 2019

3.3. Environmental Perspective in Pakistan

One of the rapidly increasing concerns in Pakistan is air pollution. The main reasons for growing air pollution in the region are improper waste management, increasing number of vehicles and lack of awareness in industries concerning the treatment of waste gases they expel to the environment. Khwaja and Khan (2005) asserted that in last two decades the emission of gases due to transportation and industrial processing increased, such as Sulfur dioxide, Nitrogen and Carbon dioxide up to 23 folds, 25 folds and 4 folds respectively. As shown in Graph II, in 2005 the emission of carbon dioxide in Pakistan was 0.85 metric tons, and slightly increased to 0.86 metric ton in 2015 as compared to 2005, but in 2007 the emission of carbon dioxide was 0.99 metric tons, which is the highest level of carbon dioxide emission during the time span of these ten years (World Data Atlas, 2018).



Graph II CO2 Emission per Capita In Pakistan

Source: Created by Author based on Data of World Data Atlas, 2018

Baig and Baig (2017) analyzed the association between carbon dioxide emission per capita, population growth, energy consumption and GDP per capita. The results of their study determined that if the population, GDP per capita and energy consumption increased by 1 per cent, carbon dioxide emission will be raised by 9.70 per cent, 0.46 per cent and 0.005 per cent respectively. Industrial and agriculture pollution is the key cause of water contamination, a severe threat to the health of common people, and gives rise to water-borne diseases among poor (GOP, 2012). According to the Government of Pakistan (2015), the deforestation rate in Pakistan is 4-6 per cent, while the increase in carbon dioxide emission is 8-10 per cent annually, which is an alarming environmental issue. Every day 250 million gallons of contaminated water produced by household activities and industries in Karachi region is excreted to Arabian Sea, a serious threat to ecosystem. In the provision of clean drinking water Pakistan is ranked 80th among 122 nations, the presence of coliforms and various pesticides in drinking water, show the poor monitoring and management of the concerned authorities (Azizullah et al. 2011).

Global Health Observatory investigated that in Pakistan, the death ratio due to environmental pollution is 200 per 100,000 populations (WHO, 2018). Pakistan has been ranked 169th out of 180 countries by Yale's environmental index 2018, on the basis of certain factors; increasing population, environmental deprivation, pollution control and urbanization. In Pakistan, 340,000 deaths are annually caused by pollution and more than 70 per cent of these are due to air pollution (World Bank, 2019).

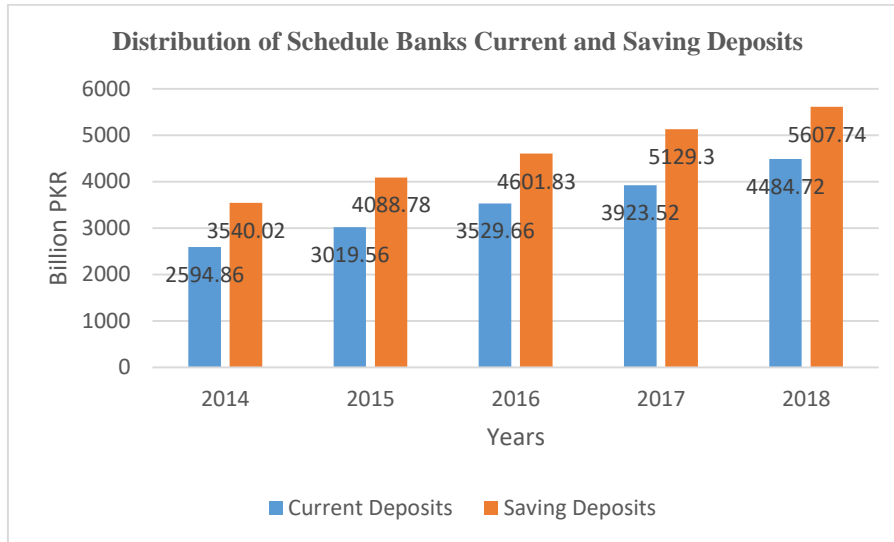
3.4. Banking Sector in Pakistan

Banking is an integral part of the economy and plays a vital role in the economic prosperity of a state, which contributes to the provision of financial assistance to the government and private sectors. Mckinnon (1973) extended that the growth in the economy is constructively correlated with an increase in banking and financial services. King and Levine (1993) analyzed the linkage between the development of the financial sector and economic growth of a country and found that the financial markets, most commonly the improvements in banking sector trigger the economic activity in the region by providing funds to the industrial sector and to entrepreneurs. Prochniak and Wasiak (2017) investigated an association between banking indicators: market capitalization, capital to asset ratio, domestic credits, non-performing loans and economic growth; GDP of 24 EU and 34 OCED countries from 1993 to 2013. They confirmed a positive relationship between banks and the economic growth of these countries. Liang and Reichert (2006) have asserted that the increase in the efficiency of the financial sector triggers economic growth, as a result of effective utilization of national resources. Aurangzeb (2012) investigated the data of 10 Pakistani banks from 1981 to 2010, to analyze the causal relationship of banking performance and growth of the Pakistani economy. The regression results of his study confirmed that interest earnings, profitability, investments and deposits are positively correlated with the economic growth of the country. Furthermore, the study contributed that the performance of commercial banks in Pakistan has more influence on the economic growth indicators of the country.

The State Bank of Pakistan (SBP), established in 1948, is a regulating authority responsible for a stable monetary and credit system, issuance of monetary bills, supervises and monitors the whole financial system of the country (Farooq, 2004). After the partition of Pakistan and India in 1947, the reserve bank of India limited its operations by closing down most of its offices and refused the newly established government to help in fulfilling its obligation regarding salaries. On July 1st 1948, SBP was established to improve and control the financial sector. SBP continuously encouraged and facilitated the private sector to establish new banks in the country. As a result, in the 1950's and 1960's the banking sector suffered from the issues of malpractices due to corruption, nepotism and briberies (Burki and Niazi, 2003). In the early 1970s due to separation of Bangladesh, bad economic conditions and unequal distribution of wealth, the government of Pakistan announced the nationalization program across the country in 1974 (Ahmad and Saif, 2010). Under the Bank Nationalization Act in 1974, six public banks were established by merging thirteen already established private commercial banks (Rammal, 2008). The government financial liberalization schemes and banking sector privatization in Pakistan during 1990 are not only attracted the local investors but also the foreign conventional banks to initiate their operations and provide their services to local customers (La Porta et al. 2002). At the beginning of the 21st century, SBP started its efforts to introduce the concept of Islamic banking in Pakistan in accordance with Sharia Law. However, the council of Islamic Ideology in 1980 suggested the initiation of banking practices according to Sharia Law, that is Profit and Loss sharing and also provided a framework based on finance trust-ship and equity partnership, known as Mudaraba and Musharaka respectively (Council of Islamic Ideology, 1980). On January 2002 the first ever Islamic commercial banking license was issued in Pakistan (Rammal and Parker, 2013).

The financial sector of Pakistan regulated by SBP consists of three major categories of financial institutions: regular banks, micro-finance banks and non-banking financial companies (leasing companies, investment banks, Modaraba companies and national investment trust) (State Bank of Pakistan, 2018b). Two types of regular banks are defined by SBP: schedule banks and non-scheduled banks. According to section 13 of Company's Ordinance 1962, banks which fulfil the minimum requirement of capital and reserve balance,

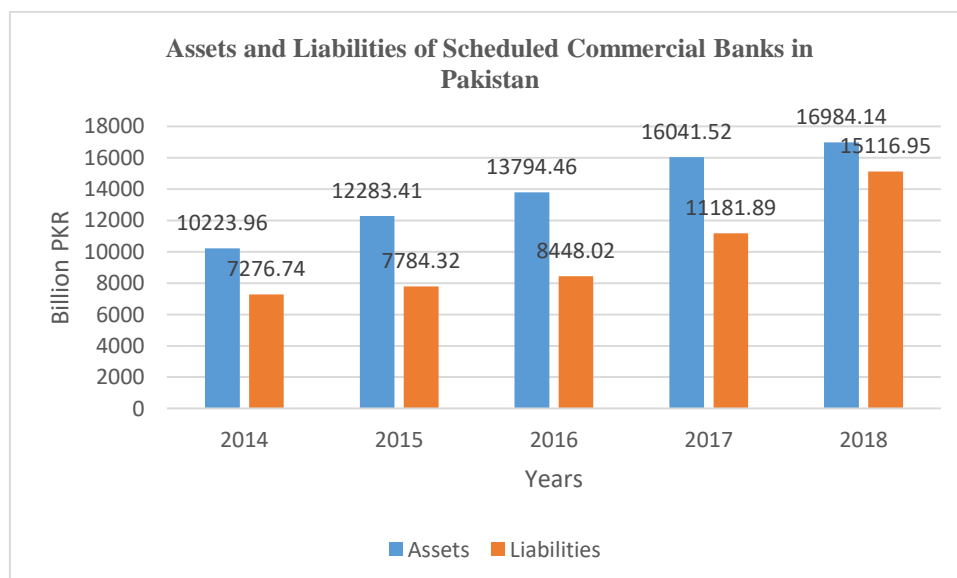
which is 10 billion Pakistani rupees (PKR) by 31 December, are categorized as schedule banks and perform according to the policies and regulations of SBP. According to SBP, by June 2018, 33 schedule banks were operating all over the country which consists of 29 Pakistani Banks; 13683 branches and 4 foreign banks; 9 branches (State Bank of Pakistan, 2018c). Among these 29 Pakistani commercial banks, 20 banks were listed on Pakistan Stock Exchange including 3 public sector banks, 15 private banks and 2 Islamic banks.



Graph III Distribution of Schedule Banks Current and Saving Deposits

Source: Created by the author based on data of State Bank of Pakistan, 2018

According to the State Bank of Pakistan (2018a), Graph III shows that the current deposits of scheduled banks operating in Pakistan increased from Rs. 2594.84 billion (PKR) in 2014 to Rs. 4484.72 billion (PKR) in 2018. Similarly, the saving deposits also grew in these five years, in 2014 saving deposits were Rs. 3540.02 billion, which increased to Rs. 5607.74 billion (PKR) in 2018.



Graph IV Assets and Liabilities of Scheduled Commercial Banks in Pakistan

Source: Created by the author based on the data of State Bank of Pakistan, 2018

Graph IV illustrates the growth in the total assets of commercial banks in Pakistan. The total assets in 2014 were Rs. 10223.96 billion (PKR) recorded while in 2018 it increased to Rs.

16984.4 billion (PKR). The liabilities of these banks also expanded from Rs. 7276.74 billion (PKR) to Rs. 15116.95 billion (PKR) during the 2014-2018 period. This shows good performance and growth in the banking sector in Pakistan over the years.

3.5. Corporate Social Responsibility: Laws and Regulations in Pakistan

Today, the world is encountering challenges of the growing population, climate change, endangered biodiversity and ecosystem and scarcity of resources. State and multinational companies are main stakeholders, equally responsible to combat these concerns by implementing decent policies in accordance with environmental and social measures (Lambooy, 2014).

Corporate social responsibility (CSR) practices are voluntary in nature and there exists no such legal structure but certain institutions have provided guidelines, to facilitate businesses in achieving their sustainability goals and to benefit the society in general (Bantekas, 2004). The guidelines of the Organization for Economic Cooperation and Development (OECD) is a set of recommendations adopted in 1976 for the first time, for ethical business conducts that addresses social, economic and environmental concerns of multinational companies (OECD, 2011). United Nations Global Compact (UN-Global Compact), established in 2000, is world's largest organization which supports and encourages private sectors towards sustainability initiatives. The UN-Global compact has issued ten principles, addressing the issues connected to human rights, labour standards, environment and corruption (Danida, 2018). International Standard Organization (ISO) launched social responsibility guidelines in 2010, commonly known as ISO 26000, which cover six core social responsibility dimensions of an organization: human rights, labour, environment, fair practices, consumer and community development (ISO, 2010).

The concept of CSR is not fully developed in Pakistan and most of the organizations are involved in philanthropic and community welfare initiatives such as health, donations, education, vocational training and infrastructure developments, to increase the participation and living standards of the community (Jariko et al. 2016). Most of the business managers and local organizations, except few companies, misunderstood the definition of CSR and considered philanthropy as CSR (Sajjad and Eweje, 2014). There are no specific laws and regulations defined by the government of Pakistan to regulate the CSR practices of organizations. However, certain laws; labour laws, environmental laws, laws for consumers' and employees' protection, and some constitutional provisions in some ways, are linked to CSR practices (Yu et al. 2019).

Labour laws in Pakistan, which ensure the protection of labour rights, are regulated by the Ministry of Labour and Manpower. The Factories Act 1934 provided that no adult worker can be required to work more than 48 hours a week, the company should maintain employee's welfare fund and clean working environment (The Factories Act, 1934). The Provincial Employees Social Security Ordinance 1965 presented that the company is liable to their employees, in the provision of health benefits, death grants, sick leaves, maternity leaves, disability pension and gratuity (The Provincial Employees Social Security Ordinance, 1965). Punjab Industrial Relation Act 2010 defines the powers of labour courts, conditions for the formation of trade unions, control of unfair labour practices, and addresses the agency problems in industries (The Punjab Industrial Relations Act, 2010).

The constitution of the Islamic Republic of Pakistan, known as The 1973 Constitution, is a legal and institutional framework of Pakistan, those cover areas concerning the dilemmas of social and environmental aspects of the company's responsibilities. The Article (9a) of the constitution provides the protection of consumer rights and the environment. As per Article (11); any kind of slavery and child labour is prohibited. Article (17) discourages sexual

discrimination. Article (25) of the constitution binds the organizations to the provision of safe work condition and Article (37e) confirms the social security and welfare of the employees (The Constitution of Pakistan, 1973).

Prevention of Profiteering and Hoarding Act or Price Control Act 1977 and Consumer Protection Act 1995, regulated by Federal and Provincial Consumer's Councils, tend to protect the welfare and rights of consumers regarding product information, safety, pricing and quality (Khan et al. 2014). In 1997 the National Assembly and Senate of Pakistan passed the Environmental Protection Act 1997. Under this Act certain standards and regulations have been developed to assure the protection of the environment, controlling pollution, preventing deforestation and improvement of biodiversity (Alam, 2018).

The Security Exchange Commission of Pakistan (SECP) released voluntary CSR guidelines in 2013, by exercising the powers under Section 50B of The Companies' Ordinance 1965. The core objectives of these guidelines are to promote the awareness of CSR among companies, motivate them to design CSR policies and to adopt socially responsible practices; CSR reporting and disclosure, corporate accountability, environmental protection and community support (SECP, 2013). In 2017, the SBP issued green banking guidelines. The objective of these guidelines is to encourage banks towards green/environmental-friendly practices, such as the incorporation of environmental risk management, green marketing, reducing carbon footprint, less usage of paper, efficient energy consumption and plantation (State Bank of Pakistan, 2017, Khan and Szegedi, 2019).

3.6. Corporate Social Responsibility: Best Practices in Pakistan

In Pakistan, the local companies are not fully aware and lag behind in meeting their social responsibilities. However, there are some local organizations undertaking CSR initiatives on a voluntary basis and striving for the welfare of the employees and the society. CSR is also one of the means to promote the business activities, improve the reputation of the firm and attract the maximum number of customers (Tetrault Sirsly and Lvina, 2019, Afridi et al. 2018). Some of the best CSR practices of Pakistani companies are listed below:

3.6.1. Muslim Commercial Bank (MCB)

MCB is one of the leading commercial banks in Pakistan, established in 1947. The bank contributed and represented the country in international trade markets. MCB actively participates in various CSR activities and is continuously struggling for the betterment of the society at large. As a good corporate citizen, it has well-developed code of conduct and set of principles regarding creating a better workplace for employees, assuring transparency, good governance, customer care and a clean environment. In 2018, the bank has made a significant contribution towards sustainable economic growth and paid Rs 3.299 billion (PKR) on account of income tax to the government, around Rs18.961 billion (PKR) and Rs 14.053 billion (PKR) to shareholders and employees. MCB successfully implemented business ethics and anti-corruption measures to prevent malpractices such as money laundering, employees and customers' harassment and discrimination. Health and safety, inside and outside the organization, is the top priority by incorporating employees' health insurance, installation of fire alarms and CCTV cameras for security purposes. MCB arranges health and safety seminars, on-site health checkups and safety drills for the employees on regular basis to deal with uncertain events. The bank has a 24/7 call center facility for its customers. The complaint management system of MCB is well established and in 2018, a total of 116,136 complaints was registered and out of the 115,673 were resolved, the resolution rate was above 90 per cent. The Services Quality Division of MCB conducts staff training, circles and seminars to ensure the provision of quality customers' services. During 2018, MCB carried out various initiatives in health and education, plantation, sports, empowerment of women and youth

training programs, developing social, economic and environmental aspects of the society. Bank has extended its support to Shaukat Khanam Memorial Cancer Hospital, Edhi Foundation and has arranged blood donation camps in its head office. Corporate Silver League and All Pakistan Open Golf Championship were sponsored by MCB in 2018. The employees voluntarily participated in 11-weeks teaching program of 'The Citizen Foundation' for underprivileged children. MCB has allocated a considerable amount of resources to carry out environmental protection measures including maintenance of landscaping, environmental protection awareness campaign, beautification of Airport Road Lahore. MCB has also adopted green banking practices in accordance with SBP 'Green Banking Guidelines' (MCB, 2018).

3.6.2. Pak Arab Refinery Limited (PARCO)

PARCO, one of the largest public limited companies in the corporate sector of Pakistan in the petroleum industry, is a joint venture of the government of Pakistan and Emirate of Abu Dhabi incorporated in 1974. The company received an Environmental Excellence Award in 2018. PARCO is involved in providing CSR services to its employees and community, mainly focusing on health and education, road safety, environmental protection, sports, local culture and heritage promotion, and community development. As a company is in the petroleum business, they have a well-developed mechanism to process and handle the hydrocarbons to avoid its health hazards. PARCO is running its 'School and Clinic Support Program' to improve the education and health of the people living in poverty across the country. The company has also initiated 'Teachers Training Program' and conducts teachers' skills development sessions. The basic purpose of this initiative is to make a classroom a better place to learn. Since 2012 more than 600 teachers working in government schools were trained. PARCO has diversified technical expertise in treating and managing the emission of gases during the oil refining process and to reduce its impact on the environment. The wastewater from the refinery is then treated and neutralized in PARCO's Effluent Treatment plants before discharged into the drainage. PARCO also collaborates with National Highway Police in their road safety campaign and has printed 30,000 road safety booklets. The firm also supports various specialized NGO's working for the welfare, health, education and skills development of special children. In 2018, PARCO managed to arrange various sport events for employees and the general public like cricket, badminton, volleyball and hockey (PARCO, 2019).

3.6.3. Engro Group

Engro Group is one of the leading organizations in Pakistan, incorporated in 1957. The main businesses of the corporation are the production and distribution of fertilizers, food products, chemicals and pharmaceuticals around the world. Engro also provides voluntary CSR services in health, education and environment for the sustainable development of the community and other stakeholders. The company received UN-Global Compact Sustainability Award in 2018. Engro Group has spent Rs 489.1 million (PKR) on account of 'Social Investment Program', in the supervision of Engro Foundation. Social investment programs focus on human capital development, skill enhancement, education, forestation and improvement of the coastal ecosystem. All businesses of Engro Group are certified in Environmental Management System, EMS 14001. Health, safety and environment are among the core values of the corporation. Employee's health and safety remain the top priority of the company to minimize the safety risks in business operations. Engro Foundation in 2018, allocated more than Rs 116 million (PKR) for livelihood and skill enhancement programs such as 'Sustainable Fisheries and Livelihood Program'. The Foundation supported the education of more than 5500 students, infrastructure development of primary, middle and secondary schools and trained more than 1500 individuals in their technical training centres, in order to improve their life and job skills. Engro Foundation established mobile health care centers, snakebite centers and

also launched hepatitis prevention programs in underdeveloped rural areas of Pakistan (Engro Corp, 2018).

3.6.4. Shakarganj Group

Shakarganj Group is a listed company in Pakistan, incorporated in 1967. The core businesses of the group are the production of sugar, biofuel, textile products and building materials from renewable crops like sugarcane and cotton. In 2018, they have spent around Rs 5.3 million (PKR) on various CSR activities and have contributed Rs 747 million (PKR) in lieu of taxes to Federal and Provincial Government. Shakarganj Group undertakes ‘Social Action Programs’ in the supervision of Shakarganj Foundation. Through these programs, the Foundation extends its contribution in CSR activities in the community, focuses on education, healthcare, nutritional programs, disaster response activities, sports, animal vaccination, plant protection and waste reduction. Environmental Health and Safety Policy of Shakarganj limited ensure the environmentally friendly business operations, plant protection from industrial waste, conservation of natural resources and the provision of safe work environment for employees. Shakarganj Mills Limited is SA-8000 certified and discourages child labour, forced labour and discrimination. In 2018, the Foundation adopted 35 local girls and boys under its ‘School Adoption Program’ and provided uniforms, nutrition supplements, clean drinking water and other necessary educational supplements to the students. The corporation has arranged several free medical camps and established mobile dispensaries, where more than 18000 patients were treated in 2018. The corporation also supports and funds the environmental protection initiatives across the nation, consisting of training on water management and organic farming techniques, plantation programs and promotion of biological pest control. Shakarganj Limited has a well-designed Occupational Health Management System, to maintain the physical and mental health of the employees. The company established Safety Management System and regularly arranges comprehensive safety drills for employees to handle incidents and emergency situations at the workplace (Shakarganj, 2018).

3.7. Conclusion

Pakistan is a multi-cultural, multi-faith, multi-lingual and weak economy, located in South Asia. The political instability and martial law regimes have caused severe deterioration to the democratic process and human development in the country. The socio-economic performance of Pakistan, human development index, life expectancy, primary school enrollments, developmental expenditures in the health sector, GNI and GDP is lower than other South Asian countries except for Afghanistan. The level of corruption in Pakistan is high. However, in the last six years, policies against corruption are successfully implemented and the ranking of Pakistan improved from 139th in 2012 to 117th in 2019. The country is also encountering the problems of air pollution, contaminated water, scarcity of pure drinking water and deforestation. Agricultural, industrial and services sectors are the main pillars of Pakistan economy. The contribution of agricultural, industrial and services sector was 18.5 per cent, 38.5 per cent and 61.21 per cent respectively towards GDP during the fiscal year 2018-19. The total assets of the banking sector increased from Rs 10223.96 billion (PKR) to Rs 16984.4 billion (PKR) in the 2014-2018 period.

The understanding of the CSR concept in Pakistan is not fully developed and most of the business managers consider philanthropy only as a social responsibility of the firm. The government of Pakistan has provided certain laws and regulations like labour laws, environmental laws, consumers protection laws and constitutional provisions related to consumer rights, labour rights, environmental protection, sexual discrimination and employees’ welfare to ensure the better social and environmental performance of companies.

Some of the Pakistan based business organizations are voluntarily undertaking CSR activities and are striving for the welfare of employees, consumers and improvement of the living standards of individuals in the society.

Chapter 4

4. Research Methodology

4.1. Introduction

The study determines the reaction of the financial performance of the banking sector to corporate social responsibility in Pakistan. Based on this basic notion of the study, a historical literature review was carried out. The literature also includes empirical studies in developed and developing countries, including Pakistan on CSR and financial performance connection of both financial and non-financial firms.

The basic aim of this study is to analyze the level of CSR disclosure and the impact of CSR on the financial performance of listed commercial banks in Pakistan during 2008-2018, within the frame of stakeholder theory. In accordance with the objectives of the study, the annual reports, code of conduct and the official web pages of the selected sample are analyzed through content analysis. The CSR disclosure and financial performance relation is also analyzed through regression analysis by utilizing three groups of panel data models.

This chapter mainly focuses on the methodology and data collection for this study. In section 4.1 research methodology of the study is explained. Section 4.2 presents the research framework and the research design of this study is presented in section 4.3. Section 4.4 tells about sample selection and data collection. Independent variable approaches to measure CSR disclosure index, the process of content analysis and definitions of all CSR dimensions are explained in section 4.5. In section 4.6, the measurement of financial performance and definitions of financial performance variables are given. Section 4.7 tells about control variables. The development of the hypothesis is presented in section 4.8. Section 4.9 provides information related to model specification, regression model and different specification tests utilized in this study. The final section, 4.10 presents the conclusion of this chapter.

4.2. Research Methodology

The methodology is a theoretical and systematic analysis of the method which comprises concepts such as theoretical model, paradigm, phases and qualitative and quantitative techniques. Leedy and Ormrod (2001, p.14) define research methodology as “the general approach the researcher takes in carrying out the research project”. According to Lincoln (2005), the methods used to acquire knowledge about the social world are termed as methodology. Therefore, for selecting an appropriate and clear research framework, research design and research methods in accordance with theory and the objective of the study is essential.

There are three broad methodological approaches: qualitative, quantitative and mixed-method. Qualitative research method – ideographic assessment involves the investigation of social phenomena in which the researcher gathers firsthand non-numeric data from the participants in an actual environment in a natural setting (Creswell, 1994). Qualitative research is inductive in nature and the researcher attempts to explain the phenomenon by observing the behaviors and attitudes of the participants. Ghauri and Grønhang (2010) assert that qualitative research is more explorative and unstructured. Case studies, phenomenological studies, ethnographic studies, studies based on grounded theory and content-analysis are five main categories of qualitative research (Williams, 2007).

Quantitative research methods: nomothetic assessment involves the collection and quantification of numerical data and statistical analysis to interpret the data in support or against the existing body of knowledge in the subject area (Creswell, 2002). According to Leedy and Ormrod (2001), qualitative research can be classified into three methods –

descriptive, experimental and causal research methods. Quantitative research is deductive in nature and the researcher attempts to develop and test the hypothesis with various econometric models in order to examine the cause and effect of the relationship under study (Williams, 2007).

Mixed methods include the utilization of both qualitative and quantitative research methods to collect and analyze the data in a single research study (Tashakkori and Teddlie, 2010). The key purpose of the utilization of a mixed-method approach by researchers is to strengthen and curtail the vulnerabilities of qualitative and quantitative methods (Johnson and Onwuegbuzie, 2004). The first aim of the research study is to measure and assess the level of CSR information disclosure by listed commercial banks in Pakistan from 2008 to 2018, by analyzing the annual reports and official websites of the banks under study through content analysis. In this part of the research study, qualitative research methodology was employed in order to construct the CSR disclosure index. CSR disclosure information of banks was collected from annual reports and official websites of banks, transformed into quantitative means for the purpose of measurement and interpretation. The second objective of the study is to examine the impact of CSR disclosure on the financial performance of listed commercial banks in Pakistan. To analyze the relationship between the two variables, the research study has utilized quantitative research methods such as correlation, descriptive and regression analysis. The research study adopted a mixed-method approach to achieve the research objectives.

4.3. Research Framework

On basis of a literature review concerning the relation of CSR disclosure and financial performance, the study considered different dimensions of CSR disclosure in accordance with Stakeholders theory (Roberts, 1992, Foster and Jonker, 2005, Hawkins, 2006, Jitree, 2015) i.e., Shareholder, Employees, Manager, Customer, Supplier, Competitor, Community and Society, Environment and CSR-management. In this study banks' financial performance was evaluated through four different indicators: Return on Assets (ROA), Return on Equity (ROE), Earning per Share (EPS) and Tobin's Q. Some control variables i.e., Size of the firm, Age of the firm, Capital ratio and Over-Head Expenses of the desired banks are considered. Figure 2 shows the research framework of this study to measure the association of CSR disclosure and financial performance of banks under consideration.

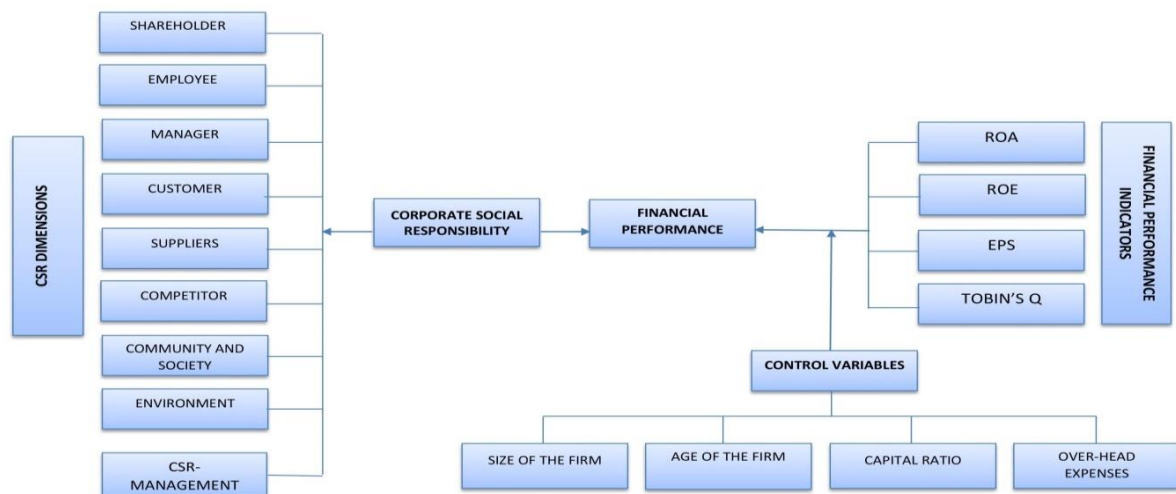


Figure 2 Research Framework of the Study
Source: Created by Author based on literature studied

4.4. Research Design

Research design defines a strategic framework that integrates various components of the research study in such a logical way that it identifies and addresses the research questions in an effective manner. Lincoln (2005, p.25) has described research design as “*a flexible set of guidelines that connect theoretical paradigms first to strategies of enquiring and second to methods for collecting empirical materials*”. Neglecting the research design problem often leads researchers to weak outcomes, which makes them unable to address the research questions in a precise way. Thus, the role of research design as a “Master Technique” is very crucial in the whole research process (Ghauri and Grønhaug, 2010, p.55). While constructing the research design the consideration of research questions and research paradigm is essential, which determines the form of research design to be employed (Myers and Avison, 2002). Four main paradigms are widely used in research studies: positivism, interpretive, advocacy and pragmatism paradigms (Willcocks and Mingers, 2004). Positivism – also called an explanatory or quantitative paradigm, Interpretive – exploratory or qualitative research, Advocacy paradigm – includes studies for reforms that discourses the issues of suppression, domination, and inequalities (Rahi, 2017), and Pragmatism – mixed-method approach, researchers consider that this paradigm might overcome the shortcomings of explanatory and exploratory research paradigms and produces better outcomes (Johnson and Onwuegbuzie, 2004).

Van Wyk (2012) has asserted that research design describes the purpose of the inquiry, which can be exploratory, descriptive or explanatory in nature depending on the nature of the research objectives and questions. The main purpose of the exploratory research is to “*identify the boundaries of the environment in which the problem, opportunities or situation of interest are likely to reside, and to identify the salient factors or variables that might be found there and be of relevance to the research*” (Van Wyk, 2012. P.8). When the research problem is not clearly identified or the existing studies and knowledge is limited, explanatory research is useful in this situation (Ghauri and Grønhaug, 2010).

Descriptive research is useful when the research problem is more structured, precise and clear. According to Van Wyk (2012, p.9), “*the main aim of descriptive research is to provide an accurate and valid representation of the factors or variables that are relevant to the research question. It is also more structured than exploratory research*”. Robson (2002, p.59) reckons that the purpose of a descriptive study is “*to portray an accurate profile of persons, events or situations*”.

The explanatory research study focuses on the analysis of the research problem to give a broad picture of the relationship between variables. The main objective of this type of study is “*to identify any causal links between the factors or variables that pertain to the research problem*” (Van Wyk, 2012, p.10).

In response to the objectives of the study, this research study has employed both exploratory and explanatory research designs. As one of the objectives of the study is to identify and explore the categories of CSR and to assess the level of CSR disclosure of listed commercial banks in Pakistan. In order to achieve the above-stated objective, this study is designed as exploratory research. The second objective of the study is to analyze the relationship of CSR disclosure and financial performance of listed commercial banks operating in Pakistan, this section of the research study follows explanatory research design. Thus, this study has employed mixed-design research, in which each design counts for a specific objective of the study.

4.5. Sample and Data Selection

There are 26 scheduled banks in Pakistan but our sample is restricted to 20 banks, which are listed on Pakistan Stock Exchange in 2018. The sample includes state-owned banks, conventional and Islamic banks. For the collection of data, the study has utilized the annual reports of the respective banks for the year 2008 to 2018 (Sharif and Rashid, 2014, Bagh et al. 2017). These reports are readily available sources of the required data.

The particular period was chosen because 2008 was a year where the Pakistani economy faced various challenges especially in the context of global financial crisis and terrorism and is considered as a most difficult year in last few decades. The deterioration in the domestic and external imbalances started in the first quarter of the year 2008. The inflation raised to 25 per cent which was 7 per cent in 2007 and aggregate market capitalization shrunk to less than 20 per cent of the GDP in 2008 (Haque, 2010). The banking sector of Pakistan was the only sector that survived the global crisis of 2007-2012. However, 10 per cent decrease in the average assets of banking sector of Pakistan was noticed in 2008, which were 18.8 per cent in 2007 and in 2008 decreased to 8.8 per cent but in 2012 an increase of 7.8 per cent in average assets was observed, which indicates a better performance of Pakistani banks during these years of crisis (Zafar and Aziz, 2013). Commercial banks play a leading role in providing financial services to the general public and businesses. Thus, these types of banks are actively involved in facilitating and promoting sustainable development and social stability in the region (Kalpana and Rao, 2017). Da Silva Monteiro and Aibar-Guzmán (2010) mentioned that in the frame of CSR studies researchers often excluded the banking sector. The widespread interaction of commercial banks with the general public and its huge importance in the economy is the basic motivation in the selection of said sector as the subject of the study.

Table 4.1 List of Banks Listed on Pakistan Stock Exchange

Public Sector	
S.No	Name of the Bank
1	National Bank of Pakistan
2	The Bank of Punjab
3	Bank of Khyber
Conventional Commercial Banks	
4	Askari Bank
5	Allied Bank Limited
6	MCB Bank Limited
7	Bank Alfalah
8	Bank Al Habib
9	Faysal Bank
10	HLB Pakistan
11	JS Bank
12	Samba Bank Limited
13	Silk bank Limited
14	Standard Chartered Pakistan
15	Soneri Bank
16	Summit Bank
17	United Bank Limited
18	Habib Metropolitan Bank
Islamic Banks	
19	Meezan Bank Limited
20	Bank Islami Pakistan Limited

Source: Pakistan Stock Exchange, 2018

The annual reports (obtained from Pakistan Stock Exchange and concerned banks' websites and official webpages of all commercial banks in a sample are carefully analyzed in order to record the incidences of the CSR disclosures of these banks. The data is collected and compiled manually. The data regarding financial performance indicators are collected from the financial statements of financial sector issued by State Bank of Pakistan, Pakistan Stock Exchange and from the financial statements of listed commercial banks of Pakistan.

4.6. Independent Variable

In this study, corporate social responsibility disclosure is an independent variable. Sarkar and Searcy (2016, p.143) defines CSR as *“it implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical in all of their activities and that they take into account the impact of their actions on stakeholders in society while simultaneously contributing to global sustainability”*. This study employed the above definition of CSR because it is brief and in accordance with Stakeholder theory.

4.6.1. Approaches to Measuring CSR Disclosure Index

There are several approaches to measure the CSR disclosure of a firm. The most common methods utilized by researchers are Reputational indices and Rating/scaling approach, CSR survey and Content analysis (Stanwick and Stanwick, 1998, Scholtens, 2008, Tilakasiri, 2013).

Reputational indices and social rating is the most used method in CSR disclosure studies. Certain organizations and agencies evaluate the CSR initiative of firms and rate them accordingly to their performance in social, environmental and economic aspects of CSR. Some of the well-known reputational indices are Fortune Reputation Index, Council of Economic Priorities (CFP) reputation Index and Moskowitz Reputation Index (Griffin and Mahon, 1997, Karake, 1998). Kinder, Lydenberg and Domini Index (KLD) (Scholtens, 2008, Gao and Zhang, 2015), Dow Jones Sustainability Index (López et al. 2007, Zago et al. 2018) and Global Reporting Initiative Index (GRI) (Chen et al. 2015, Fuente et al. 2017) are widely used rating indexes. The rating of these methods are subjective and the outcomes might be relying on the observers, which may lead the researcher to have inconsistency in the results (Cochran and Wood, 1984). Griffin and Mahon (1997) asserted that the limitation of the weighting scheme due to which KLD fails to treat all dimensions of CSR equally is a major weakness of this method.

CSR surveys and questionnaires are another approaches adopted by several scholars to measure CSR of various companies (Carroll, 1979, Aupperle et al. 1985, Ahmed and Ahmad, 2011, Fatma et al. 2014). In this method, the researcher collects data from respondents, including customers, shareholders, management, employees and the general public related to firm's CSR practices through questionnaires or interviews. The main drawback of this approach is that it is not time and cost-efficient.

Content analysis is also a broadly used method for measuring CSR disclosure (Khan, 2010, Paulík et al. 2015, Romero, 2016, Syed and Butt, 2017). In the content analysis, the researchers analyze the secondary data sources that may include annual reports, other CSR publications and official websites of the firms regarding CSR activities. The information gathered through this method is then converted to quantitative form, to develop CSR disclosure index and measure the extent of CSR disclosure of the firm. This method mainly focuses on the quantity of the CSR disclosure rather than the quality which is the main disadvantage of this method (Guthrie and Abeysekera, 2006).

4.6.2. Content Analysis

According to Abbot and Monsen (1979, p.504), “*Content analysis is a technique for gathering data that consist of codifying qualitative information in anecdotal and literary form into categories in order to drive the quantitative scale of varying level of complexity*”. The content analysis technique is commonly used in CSR literature not only for the collection of data but also gives information about the firm’s disclosure pattern (Guthrie and Farneti, 2008). Tewari (2011) argued that content analysis is the most useful technique extensively used to measure CSR in previous studies. Ruf et al. (1998, p.121) provided that content analysis has an “*objective rating of companies since once the social attributes are selected, the process of rating is standardized*”. However, the CSR information presented by companies on their websites and in their annual reports may deviate from their actual and practical engagements (McGuire et al. 1988). Two approaches of content analysis, ‘index’ and ‘volumetric’ approaches are commonly found in previous literature regarding CSR (Vourvachis, 2007). In the index approach method, the aggregated score of all items is calculated by binary coding method in which 1 is assigned when an item is present otherwise 0 is assigned. Volumetric method researchers analyze the volume of information about the selected items. This information may include the number of words, sentences, paragraphs, pictures, and graphs related to CSR activities (Vourvachis and Woodward, 2015).

The construction of the CSR index through content analysis in this research study has taken place in several stages. In the first stage, the CSR dimension and its important items were identified and also clearly defined. Nine categories and number of items in each category (AppendixII) is as follows: Shareholder; 6 items, Employee; 12 items, Manager/Governance; 5 items, Customer; 8 items, Supplier; 6 items, Competitor; 3 items, Community and Society; 12 items; Environment; 13 items and CSR-management; 6 items. Categories and items related to CSR activities are chosen after a thorough analysis of previous studies on CSR disclosure (Scholtens, 2008, Day and Woodward, 2009, Gao, 2011, Ahmed and Ahmad, 2011, Awan et al. 2012, Birindelli et al. 2015, Sharif and Rashid, 2014, Khalid and Nasir, 2015, Fatima, 2017, Ehsan et al. 2018, Deutsch and Pintér, 2018, Maqbool and Zameer, 2018). The second stage of this research process was to assess the data sources and collection of various documents issued by the State Bank of Pakistan, Commercial Banks, and Pakistan Stock Exchange. Annual reports are one of the main tools, especially used by financial institutions to disclose their socially responsible practices (Hassan et al. 2010). According to Jenkins and Yakovleva (2006), for the disclosure of CSR information, companies use different types of mediums i.e., radio and television advertisements, brochures, community reports, press releases, videotapes, and websites. But for a researcher, it is quite impossible to analyze all the mediums of CSR communication regarding social and environmental disclosure (Gray et al. 1995b).

Annual reports, Code of ethics and conducts and other financial documents were gathered, to analyze the disclosure of selected CSR items by all banks under study. In the third stage, the reliability of the content analysis was considered, as it is an important issue that needs to be addressed (Unerman, 2000). For this purpose, twenty annual reports of different banks from the sample were randomly selected and the content analysis of these reports was conducted. The same set of annual reports were provided to three different independent people ‘coders’ and after explaining the process, CSR categories and items of the study, they were asked to analyze the reports and assign code to each item accordingly. On the completion of the reliability test, some small changes were accepted, to increase the reliability of analysis. In fourth stage of this process, index approach of content analysis was adopted to codify the data and measure the CSR scores in order to construct CSR disclosure index. Dichotomous and un-weighted disclosure index method is used (Saleh et al. 2010, Rouf, 2011, Tilakasiri, 2013).

According to this technique, if a bank discloses the information related to CSR items in its annual report or on their website is assigned a score of “1” and if the related information is found missing then the score is “0” (Gujarati, 2009, Sharif and Rashid, 2014).

To sum the final CSR index (CSRI), the un-weighted indexes are calculated as follows:

$$CSRI_j = \frac{\sum_i^n x_{ij}}{n_j} \quad (4.1)$$

Whereas

$CSRI_j$ = Corporate social responsibility index of j^{th} bank

n_j =total number of CSR items for j^{th} bank, $n = 71$

$x_{ij} = 1$ if “ i^{th} ” item is disclosed by “ j^{th} ” bank annual reports and 0 if the item is not disclosed in annual reports/website

4.6.3. Reliability test of CSR index

In this study, the researcher has utilized the Cronbach’s coefficient alpha (Cronbach, 1951) to assess the reliability of the constructed CSR disclosure index along with its nine categories’ indices. Studies such as (Botosan, 1997, Muttakin and Khan, 2014) also used the said test to predict the reliability of the CSR disclosure indices. Reliability test estimates the internal consistency of the construct and predicts the degree to which the items of each category of CSR used in developing the CSR index are consistent to the measurement of the same index (Hair et al. 2007).

Table 4.2: Reliability of CSR Index and its nine dimension’s indices

S.No	Banking Sector	Number of Items	Cronbach’s Alpha
1.	CSR Index	72	0.8393
2.	Shareholder	6	0.8657
3.	Employee	12	0.8617
4.	Manager/Governance	5	0.8792
5.	Supplier	6	0.8792
6.	Customer	8	0.8584
7.	Competitor	3	0.8925
8.	Community and Society	12	0.8645
9.	Environment	13	0.8708
10.	CSR management	6	0.8664
	Number of Observations Test Scale	220	0.8794

Table 4.2 shows the reliability of the overall CSR index and its nine categories been used in the current study. The value of Cronbach’s alpha for the CSR index consists of 72 items is 0.8393. This means that CSR index utilized in the research study is a reliable indicator, all the items in the index measure the same construct and there are little chances that random errors reduce the power of the empirical results. Likewise, the Cronbach’s alpha for shareholder, employees, managers/governance, suppliers, customers, competitor, community and society, environment and CSR management is greater than 0.84, which meets the criteria for internal consistency.

4.6.4. Defining Dimensions of CSR Disclosure Index

The selection of dimensions/categories of CSR disclosure index on the basis of previous CSR studies is considered an essential element of content analysis (Gray et al. 1995b). Shareholder, employee, manager/governance, customers, supplier, competitor, community and society, environment and CSR-management are the main CSR dimensions of this study.

4.6.4.1. Shareholder

Shareholders are the firm owners, though the firm is accountable to make their investment secure and make sure the maximum returns on their investment. The provision of security and return on their investment boosts the value and goodwill of the firm in the market (Mujahid and Abdullah, 2014). The awareness in shareholders, labor unions, employees, media and community organizations increases and demands businesses, organizations, and enterprises to be liable for an ever-changing set of CSR issues (Tsoutsoura, 2004). So being socially responsible benefits the organization to be a sustainable entity.

Kercher (2007) asserted that it is not enough only to focus on the maximization of the shareholders' value but also should take all stakeholders of the firm like customers, employees, and environment into consideration while discussing CSR. CNUCED (2006) held a conference on guidance on good practices in corporate governance disclosure, that focuses on the disclosure of financial and non-financial information such as the firm's objectives, policies, ownership and shareholder's rights to make shareholders informed. According to Gao (2011), the disclosure of information about bonuses, interest and long-term development for shareholders is a part of CSR. Thus corporations are now compelled to disclose timely and precise information regarding financial performance, liabilities, and ownership to their shareholders (Fung, 2014, Amran et al. 2017).

Hu et al. (2019) investigated corporate social responsibility disclosure and corporate fraud in the Chinese capital market. They elaborated that CSR-disclosure should consist of organization's non-commercial assistance to shareholders; protection of shareholders' rights and interests, employees; career development, environment; R&D investments in environment and society; issuance of development funds.

Lenssen et al. (2005) and Hope and Thomas (2008) pointed out that investors willingly invest in companies, disclose information for shareholders, having good relationship management and supports their shareholders, which contributes in the financial growth of the company. Whereas, Rahman and Reja (2015) observed no significant association between shareholders ownership (Family, foreign and institutional ownership) with the financial performance of banks.

4.6.4.2. Employee

In today's scenario organizations are facing challenges in training, managing, and retention of skilled employees. Employees are considered as one of the key assets and backbone of the company because of their important role in its success. According to Roger Marten (2005), "Employees are the backbone of any organization, and as you might expect, studies show that happy employees are more motivated, productive and committed. While considerable research has explored the link between an organization's long-term financial success and motivated employees". Many of the academic scholars have pointed out that dealing with employees in a righteous way may increase the performance of the firm (Schneider et al. 2003, Chandrasekar, 2011, Mafini and Poe, 2013).

Pecci et al. (2005) worked on information disclosure and its association with organizational performance. The results of their research anticipated the information disclosure of the organization to its employees, the relation between them is more complex but the positive significant impact is noticed. Sutantoputra (2009) investigated the social disclosure rating system to analyze CSR reports of different firms and reckoned that the practices of the business should be responsible and ethical while considering their behavior to employees. The disclosure of the information about employees must be included in the company's CSR reports. Gender diversity, employee education, training and other benefits such as compensation, salary, retirement plans, employee welfare and health, rights protection and

feedback system are the most considerable items of CSR in employee dimension (Gao, 2011, Awan et al. 2012, Khan et al. 2018a, Ehsan et al. 2018).

Investment in human capital; training and development, employees' health, safety and welfare have a direct and indirect impact on the financial performance of banks (Kamal et al. 2012, Mention and Bontis, 2013). Hay et al. (2019) pin pointed out that employees' disclosure of banks is negatively and significantly associated with banks financial performance. However, Pan et al. (2014) investigated the employees' responsibility and financial growth of the firm. The results of their study portray an insignificant relationship between the two variables.

4.6.4.3. Competitor

Competitors are one of the main external stakeholders of a company, offering the same product and services operating in the same industry. According to Miller and Lewis (1991), marketing stakeholders can be divided into two categories: internal stakeholders comprising functional departments, employees and management, whereas external stakeholders consist of competitors, advertising agencies and state regulatory bodies. Disclosing information such as relationships, collaboration with competitors and fair selling practices are considered main items in competitors' disclosure (Ahmed and Ahmad, 2011, Awan et al. 2012, Syed and Butt, 2017).

Peng et al. (2012) extended that the cooperation between competitors has a positive and significant impact on the firm's overall performance but on temporary bases. Collaboration among rivals not only improves the technical capabilities of the organization but also provides them with a platform for joint problem-solving engagements (Uzzi, 1996). Sanclemente (2012) proposed that marketing ethics; no negative advertisement and fair selling practices, social marketing, and fair trade are specific dimensions of CSR.

Sanclemente (2017) analyzed different research studies on social responsibility in marketing practices and concluded that the incorporation of CSR in marketing strategy can significantly improve the reputation and financial performance of the firm. According to Zulfikar et al. (2017), the disclosure of information concerning competitor in the banking industry is positively correlated with banks' financial performance. Uddin and Suzuki (2014) analyzed the relationship between competition and financial performance of banks in Bangladesh. The empirical results of their study indicated that competition in the banking industry decreased the financial performance of the firm. Similarly, Tan and Floros (2014) identified a negative and significant relationship between competition and financial performance while investigating the Chinese banking industry.

4.6.4.4. Customer

Customers are the main asset of an organization to produce maximum profit and lead the firm towards success, therefore, organizations thrive to build strategies and policies to increase their customer's satisfaction which helps them obtain customers' loyalty. Albuquerque et al. (2019) expressed that CSR practices can be utilized to minimize the systematic risk and maximize the customer's loyalty. Servaes and Tamayo (2013) observed that customer's awareness regarding CSR is an important indicator that positively contributes to firms' value in terms of profitability. CSR has a positive association with customer responsiveness and has an important role in the maximization of shareholder's wealth.

Disclosure of information concerning customer service, meeting customer needs, customer satisfaction, customer's relation, socially responsible investment and saving, funding to non-profit organizations, products and services, micro credits and financing are main themes of customer's CSR (Gao, 2011, Scholtens, 2009, Fatima, 2017, Deutsch and Pintér, 2018). Lii et al. (2013) found a stronger impact of CSR initiatives on consumers' attitude especially when

customers are perceiving focal brands with minimum social distance. Mandhachitara and Poolthong (2011) reckoned that CSR drives a company to play an important role in building customer loyalty also improves the quality of customers' services provided by companies. Nan and Hoe (2007) asserted that Cause Related Marketing (CRM) motivates a company to donate a portion of its earnings from its products and services to non-profit organizations. Smith and Alcon (1991) observed that 56 per cent of consumers give importance to those company products and services which shows its dedication to a social and charitable cause.

High ratio of CSR activities related to customers; transparent and ethical practices of the firm may improve the financial health of the company as compared to other firms having limited or low CSR concerns (Lenssen et al. 2005, Menassa, 2010). However, El Moslemany and Etab (2017) studied the impact of CSR practices including environment, community, employees and customers on financial performance. The results of the study show that there is no impact on CSR disclosure on banks' financial performance.

4.6.4.5. Supplier

In the current scenario, organizations are fully aware of the need for sustainability of their suppliers and their role in organizational success, without a right and timely delivery of suppliers the efficiency in production is a big question (Soh et al. 2016). Wong et al. (2012) investigated the relationship between environmental management capabilities of suppliers and firm performance of 122 manufacturing companies and suggested that firms should focus to maintain suppliers, having a good understanding of environmental management capabilities. Companies having advanced audit and data collecting capabilities along with collaborative efforts across their supply chain have more potential to develop a strong and high-quality transparency system (Marshall et al. 2016). Silvestro and Lustrato (2014) extended that by adopting a correct concept of supply chain integration; coordination, information transparency and information sharing banks can support their suppliers. Long term relationships with suppliers, equal opportunity and financial support are essential indicators of CSR in respect of suppliers' dimensions (Gao, 2011, Fatima, 2017, Day and Woodward, 2009).

Amaeshi et al. (2008) suggested that companies are obliged to include terms and conditions concerning procurement and firms' expectations from suppliers and mapped out precisely at the point of agreement between the company and their progressive suppliers. An effective supplier relationship management and supply chain management strategies increase the opportunities to improve organizational performance by securing competitive advantage in the market (Kosgei and Gitau, 2016). Companies having a better understanding of supplier integration management and socially responsible attitude towards their suppliers have shown notable financial growth and outperformed those firms having low engagement in suppliers related CSR (Lenssen et al. 2005).

4.6.4.6. Manager/Governance

The pressure, from different global institutes working on CSR issues and civil societies, on firms to act socially responsible and continuously demonstrate their activities, affect different stakeholders including societies and the environment. This outspreads the responsibilities of managers to integrate and manage the social and environmental dimensions in their business operations, accounting measurements and disclosures (Habbash, 2016). According to Donnelly and Mark (2008, p.416), "*Corporate governance is a set of control mechanisms that are specially designed to monitor and ratify managerial decisions, and to ensure the efficient operation of a corporation on behalf of its stakeholders*". Majeed et al. (2015) suggested that being a good corporate citizen, focus of the firm on the audit of corporate governance activities related to CSR is essential.

Miras-Rodríguez et al. (2019) investigated the corporate governance and CSR practices of firms operating in BRICS countries. The empirical analysis of the study shows that the presence of independent directors and the size of the board can dominate the CSR disclosure policies of the company. The incorporation of governance mechanism along with the integration of CSR factors reduce conflicts between managers and other non-investing stakeholders (Harjoto and Jo, 2011). Donnelly and Mulcahy (2008) extended that the presence of independent directors in high proportion inboard has a considerable positive significant association with voluntary disclosure. The disclosure of information related to board of directors name, position, and qualification, presence of independent directors, the effectiveness of board and management are considerable items of CSR reporting (Khalid and Nasir, 2015, Birindelli et al. 2015, Ahmed and Ahmad, 2011). Ben-Amar and McIlkenny (2015) argued that the effectiveness of the board of directors is closely linked to voluntary CSR initiative and can affect its disclosure decisions, mostly related to climate change.

Mangantar (2019) investigated the CSR practices of Indonesian banks and stated that good and socially responsible corporate governance may improve the financial performance of banks. Although, Soana (2011) found a negative and significant linkage between governance and financial performance in banks. Dewany (2015) and Hu et al. (2015) also analyzed the relation of governance and financial performance in banks and found it insignificant.

4.6.4.7. Community and Society

Community involvement is one of the basic pillars of corporate social responsibility, alongside the concern with shareholders, employees, and the internal and external environment of the organization. Community engagements may include supporting a local charity, Philanthropy, financial contributions, sponsor a local sports and art events, organize awareness secessions on health and education, human rights and discourage child labour, and create employment opportunities (Khan, 2010, Sharif and Rashid, 2014, Paulík et al. 2015, Deutsch and Pintér, 2018). McLennan and Banks (2019) argued that communities see and assess CSR in terms of the broader intrinsic effects of the corporate business actions rather than simply the intentional social responsibility programs and give it more value over material outcomes.

Scholtens (2009) asserted that social engagements of the banks can be divided into two sets of internal social commitments: the way they treat their workforce and external social commitments; volunteering activities, sponsoring events and community engagements. Khan (2010) accentuated that the general public expects the financial institutions, especially commercial banks to disclose information which portrays the constructive actions of the banks to alleviate poverty, contribute to education and health sector, eradicate illiteracy and their efforts to reduce unemployment. Ethics, transparency of reporting, employees and consumer satisfaction and community engagements became significantly important other than financial engagements of the firms. The insertion of all these aspects of CSR in banks' strategies can significantly affect the financial performance and reputation of the firms (Krasodomska, 2015).

Merino and Valor (2011) highlighted the need to understand the usefulness of CSR as a tool for combating poverty. Khan and Szegedi (2018) argued that effective CSR strategies can play an effective part in poverty-related challenges. Ting and Yin (2018) observed a positive association between firms' community involvement and its financial performance while exploring as a relationship between an organization's social responsibility and its financial performance of Borsa Istanbul-100 index companies.

Most of the studies have stated that financial performance of the firms in the financial industry has a positive and significant relationship to CSR activities disclosure concerning the welfare

of community and society (Khemir and Baccouche, 2010, Bihari and Pradhan, 2011, Tilakasiri, 2012). However, Malik and Nadeem (2014) found a positive and insignificant relationship between CSR activities, investment of banks in education, health, social welfare of the community and donations with the financial performance of banks.

4.6.4.8. Environment

Environment CSR refers to efforts to minimize the divesting and harmful effects of business processes on the environment. The activities may focus on controlling CO₂ and other health hazard gases, reuse of materials, reduction of paper wastage, eco-friendly offices, plantation, and waste management. According to Peloza (2009), environmental and social engagements of the firm are the two most common drives of sustainability. Flammer (2013) perceived a sensitive behaviour of shareholders towards environmental CSR, as eco-friendly companies achieved higher stock prices, whereas irresponsible firms experienced a significant decrease in their stock prices in different research studies environmental policy, reuse of waste materials, ISO 14000 certification, plantation, world bank and OECD environmental guidelines, agriculture support programs and environmental risk were utilized as environmental-CSR indicators (Scholtens, 2009, Gao, 2011, Fatima, 2017, Ehsan et al. 2018, Maqbool and Zameer, 2018, Deutsch and Pintér, 2018).

Richardson et al. (1999) alleged that companies having social and environmental aspects in their business activities are more lucrative than others because these firms may reduce the adverse effect of regulatory costs in future and also attract environmentally concerned customers to buy their products, to support the company's environmental cause. Kouloukoui et al. (2019) mentioned that awareness of investors and other stakeholders increased the necessity of environmental information disclosure. Furthermore, they also confirmed a positive association between climate risk disclosure, financial performance and size of the firm. Albrizio et al. (2017) analyzed the changes in environmental policy and productivity growth at the industry level in OECD countries. They argued that variations in environmental policy depend on pollution intensity and were associated with productivity growth in technologically rich countries but in short-run.

Manrique et al. (2017) analyzed the relationship between corporate environmental performance and financial performance in both developed and developing countries. They argued that environmental practices of a company positively contribute to firm's financial performance but the association is strong in developing countries. Similarly, Zhongfu et al. (2011) and Zhang (2013) stated that firms having environmental policies, practices and its disclosure have a high economic performance as compared to other rival companies with low environmental disclosure performance. On the other hand, Smith et al. (2007) reported a negative and significant association between environmental disclosure and financial performance of Malaysian companies. Sarumpaet (2005) and Nor et al. (2016) found no association between environmental disclosure and determinants of financial performance.

4.6.4.9. CSR Management

In a competitive business environment, the increasing need for having well defined economic, social and environmental objectives motivates organizations to incorporate CSR strategies to achieve sustainability goals. These goals are equally important for both organizations and stakeholders and should be aligned with stakeholders' requirements (Cismaş and Stan, 2010).

The historical development of CSR determines that due to intense public scrutiny the role of CSR strategies, disclosure and code of conduct of an organization become an immense priority (Rowe, 2005). Ganescu (2012) highlighted the importance of CSR strategies in attaining sustainable business both at stakeholder and organizational level, argued that there is a significant impact of selecting and incorporating suitable strategies on sustainable business

development. Transparency international (2010) suggested the integration of anti-corruption practices with corporate responsibility, to increase the credibility and raise the stakeholder's confidence to encounter malpractices at any organizational level. The disclosure of CSR strategy, award, code of ethics, anti-corruption mechanism, appropriate governance policy and transparency in the internal and external audit is imperative items of CSR in content analysis of annual reports and websites of firms (Scholtens, 2009, Romero, 2016, Khalid and Nasir, 2015, Deutsch and Pintér, 2018).

Naceur and Omran (2008) stated that the implementation of anti-corruption, transparency and good governance policies in banks operations has a positive and significant impact on its overall financial performance. Augustine (2012) assessed good governance and transparency in relation to financial performance in the microfinance industry. The empirical results illustrate that good governance and organizational transparency have influenced the financial growth of firms in a positive way. Whereas, Arshaad et al. (2014) found insignificant relation between governance policies and accounting based financial performance in banking industry. Klein et al. (2005) analyzed the linkages between governance policies and financial performance of Canadian firms. The empirical evidences of the study show no significant relationship between governance policies and market based financial performance of the selected entities.

4.7. Measurement of Financial Performance (Dependent Variables)

In this study we have utilized Financial Performance of selected banks of Pakistan as dependent variable. The literature of CSR and financial performance relationship shows that both accounting-based measures such as ROA, ROE, ROS and Net profit margin (Waddock and Graves, 1997, Lyon, 2007, Moneva and Ortas, 2010, Ahamed et al. 2014, Saeidi et al. 2015, Bagh et al. 2017) and market-based measure such as Tobin's Q and Stock returns (Scholtens, 2008, Karagiorgos, 2010) were used as indicators for financial performance. Some of the authors considered that accounting-based indicators are more effective indicators for CSR-FP association (McGuire et al. 1988). However, some of the researchers also claim that market-based indicators showed positive results with CSR (Karagiorgos, 2010). The literature also shows that most of the studies utilized both of the performance indicators for the evaluation of firm's FP (Allouche and Laroche, 2005, Nollet et al. 2016, Inoue and Lee, 2011, Maqbool and Zameer, 2018). Hoskisson et al. (1993) suggested that the combination of both market-based and accounting-based indicators should be employed in future researches regarding CSR-FP relationship.

In light of the finding of the previous studies, it can be stated that these four profitability ratios are the most practical measures, to analyze the association between CSR disclosure and financial performance of firms. In this study, both accounting-based and Market-based indicators are used to measure the financial performance of the selected banks. For accounting-based performance, ROA, ROE, and EPS; and for market-based Tobin's Q ratios are employed. These ratios are measured from the State Bank of Pakistan financial reports and annual reports of the selected banks.

4.7.1. Return on Assets

Return on Asset (ROA) is a profitability ratio that is calculated by dividing net income produced by total assets during a specific period of time or to assess the company's ability to generate profits in relation to firm's total assets. Most of the researchers have used ROA as an accounting-based measure to analyze the linkage in CSR-PF association. Positive (Waddock and Graves, 1997, Moneva and Ortas, 2010, Bagh et al. 2017, Maqbool and Zameer, 2018), negative (Lioui and Sharma, 2012) and neutral (McWilliams and Siegel, 2000, Aras et al. 2010) associations of ROA have been noticed in the previous studies.

4.7.2. Return on Equity

Return on Equity (ROE) is also a profitability ratio and tell us about the returns on shareholder's investment in a specific period of time or measure company profitability by dividing net income by shareholders' equity. Similar to ROA, a lot of studies have used ROE as an indicator of the financial performance of the firm. Positive (Griffin and Mahon, 1997, Sharif and Rashid, 2014, Bagh et al. 2017, Maqbool and Zameer, 2018) and neutral (Aras et al. 2010, Iqbal et al. 2012) association to CSR was found in the literature. Han et al. (2016) reported a negative relationship between ROE and environmental responsibility performance in his study on CSR-FP association.

4.7.3. Earnings per Share

Earnings per share is a financial ratio which indicates the firm's ability to generate net profits for common stockholders. It can be calculated by dividing net earnings of common shareholder by total outstanding stocks over a specific period of time. The CSR literature of previous research shows the usage of EPS as an accounting-based indicator for the financial performance of firms while analyzing the impacts of CSR on FP. The positive linkage of EPS was found by various studies including (Pava and Krausz, 1996, Oeyono et al. 2011, Malik and Nadeem, 2014, Bagh et al. 2017) while Kwanbo (2011) analyzed an insignificant relationship between CSR and EPS.

4.7.4. Tobin's Q

Tobin's Q is a market-based indicator of firm's financial performance. It is the ratio between the total value of the firm and the total assets of the firm. Some of the studies were found, which employed Tobin's Q and like other indicators, mentioned above, it also showed a verity of results with CSR. The study of Choi et al. (2010) and Inoue and Lee (2011) showed positive linkage of Tobin's Q and CSR. Whereas, Garcia-Castro et al. (2010) and Lioui and Sharma (2012) confirmed a Tobin's Q negative relationship with CSR. Omer et al. (2016) also asserted that there is a negative association of Environment, product and community-related activities of CSR while the relationship of human resource activities and CSR is insignificant.

4.8. Control Variables

Based on the literature of the previous empirical and theoretical studies of CSR and FP of firms, it is emphasized that the relationship of these two variables are under the control of certain variables (Waddock and Graves, 1997). Most of the studies on social performance and economic performance were noticed to have used size of the firm, risk and age of the firm as control variables in order to control the impact of the dependent variables (Waddock and Graves, 1997, Rouf, 2011, Moore, 2001, Zhang, 2013, Han et al. 2016). Bnoui (2011) identified that internationalization of firm can also alter the relationship of CSR-FP along with age and size of the company. Tang et al. (2012) adopted R&D and Industry as control variables while analyzing the impact of CSR on firm's performance. In this study, we introduced firm size, firm age, capital ratio and over-head expenses of the firm as a control variable in the analysis of the dependent and independent variables i.e., financial performance and corporate social responsibility of selected banks operating in Pakistan.

4.8.1. Size of the Firm

Firm's size has been constantly recognized by most of the researchers as an important control variable in the assessment of the relationship of corporate social responsibility and corporate economic performance. A total asset may be used as a proxy of firm size (Dang et al. 2018). According to Godfrey et al. (2009), negative events can affect large companies more as compared to small companies and due to this reason, large-sized firms are more involved in CSR practices, to improve their image and minimize the risk. The positive linkage between

CSR and FP has been noticed in the literature (bin Abd. Rahman et al. 2009, Moore, 2001, Ahamed et al. 2014, Sayed et al. 2017). Dietrich and Wanzenried (2011) argue that there is a positive relationship between size and profitability in rapid growing banks. However, Lenssen et al. (2011) found no impact of firm's size on the relationship between CSR and FP.

4.8.2. Age of the Firm

Firm's age is one of the important elements which may affect the level of firm's CSR activities and its disclosure. The literature of previous empirical studies, conducted on the topic of CSR-FP linkage shows that the age factor may influence the relation of the two variables (Moore, 2001). During the analysis of the relationship between CSR and FP along with firm's size, the age of the company was also considered as a control variable (Bnoui, 2011, Saeidi et al. 2015, Sayed et al. 2017). Jiraporn and Withisuphakorn (2015) argued that firm's age has a positive correlation with diversity and environmental responsibility of the organization but the effect is not stronger in case of product safety and human rights. Badulescu et al. (2018) found that new firms are less involved in CSR activities as compared to mature organizations. Whereas, Ehsan and Kaleem (2012) claimed that there are no connections between age and CSR activities of the firms.

4.8.3. Capital Ratio

The capital ratio is an important determinant of banks' financial performance and is calculated by dividing equity to average assets. According to Zopounidis and Kosmidou (2008, p.151), "*banks with high capital ratio require less funding and indicate higher profitability*". A positive relation between capital ratio and financial performance, high capital ratio is likely to increase the profitability of the firm (Berger and Bouwman, 2013, Olalekan and Adeyinka, 2013, Datta and Al Mahmud, 2018), while Osborne et al. (2012) indicate that the relationship is heterogeneous in nature but for most of the banks it is negative.

4.8.4. Overhead Expenses

The overhead expenses of an organization are one of the important factors that can influence the profitability of the firm. All the expenses except direct labour, direct material and other direct expenses on the income statement are overhead expenses and can be calculated by dividing non-interest expenses to average total assets (Simpson and Kohers, 2002). Sufian (2009) mentioned that overhead expenses can affect the profitability of commercial banks adversely. Tan and Floros (2012) asserted that banks having low overhead expenses and higher developed stock market have higher profitability. However, on another hand, Molyneux and Thornton (1992) determined a positive association between profitability and expenses related to staff. The studies of Apergis and Sorros (2014) and Shen et al. (2017) indicate a strong positive relationships among profitability of the firm and expenses in the account of research and development.

4.9. Hypothesis Development

After the literature survey, the relationship of CSR and financial performance can be divided into three categories on the basis of the nature of the relationship: positive, negative and neutral/no relation between CSR and financial performance. Several studies directed a positive association between CSR activities and financial performance of the firm. They support the notion that CSR may be perceived as a mean to generate a positive image, profits and improve the overall performance of the organization. The stakeholder theory also forecasts: higher the CSR practices, the better organization financial performance (Waddock and Graves, 1997, Orlitzky, 2001, Tsoutsoura, 2004, Allouche and Laroche, 2005, Lyon, 2007, Scholtens, 2008, Oeyono et al. 2011, Zhang, 2013, Ahamed et al. 2014, Saeidi et al. 2015, Lins et al. 2017, Blasi et al. 2018). Some of the research studies during the literature

survey support the negative relationship between CSR and financial performance. Most of these scholars point out that the involvement of the firm in CSR activities tends to increase the administrative costs and becomes financial burdens on the organizations (Margolis and Walsh, 2003, Crisóstomo et al. 2011, Lioui and Sharma, 2012, Wu and Shen, 2013, Nollet et al. 2016, Han et al. 2016, Sayed et al. 2017). Some of the research scholars also argue that investment in CSR projects does not have any impact on the financial performance of the firm and indicates a neutral association between the two variables (McWilliams and Siegel, 2000, Fiori et al. 2007, Fauzi, 2009, Aras et al. 2010, Choi et al. 2010, Iqbal et al. 2012, Sayed et al. 2017).

In previous studies, the arguments on the association of corporate social responsibility and financial performance and Stakeholder theory indicate a positive relationship between the two stated variables. On the basis of these studies and research questions of the study, this study also expected that CSR has a positive impact on organization financial performance. Two sets of hypothesis have been developed to explain CSR and financial performance in listed commercial banks in Pakistan.

In the first set of hypotheses CSR disclosure index is taken as an independent variable, as under:

- H_1^A There is a positive and significant association between CSR disclosure and Return on Equity (ROE)
- H_2^A There is a positive and significant association between CSR disclosure and Return on Assets (ROA)
- H_3^A There is a positive and significant association between CSR disclosure and Earning per Share (EPS)
- H_4^A There is a positive and significant association between CSR disclosure and Tobin's Q (TOBIN's Q)

Second set of hypotheses is based on the relationship of each dimension of CSR disclosure with the indicators of financial performance, as under:

- H_1^B There is a positive and significant association between each dimension of CSR disclosure and Return on Equity (ROE)
- H_2^B There is a positive and significant association between each dimension of CSR disclosure and Return on Asset (ROA)
- H_3^B There is a positive and significant association between each dimension of CSR disclosure and Earning per Share (EPS)
- H_4^B There is a positive and significant association between each dimension of CSR disclosure and Tobin's Q (TOBIN's Q).

4.10. Model Specification

In order to examine the association between CSR and financial performance of the selected sample of banks and to test the developed hypothesis empirically, this study has used three groups of panel data models. These models consist of Constant Coefficient Model (Pooled OLS), Random Effect model (GLS) and Fixed Effect Model (LSDV).

The panel data model is data set in which the behavior of variables is observed over a period of time. Baum and Christopher (2006) and Gujarati (2009) argued that the panel data model is more effective in detecting and measuring those effects that cannot be observed through cross-

sectional OLS. They also asserted that variability, a high degree of freedom and less collinearity are the advantages of panel data over cross-sectional data.

Pooled OLS or Constant Coefficient Model undertakes a constant intercept of the cross-sectional data (Ward and Leigh, 1993). This model ignores individual effects across the data and assumes that variables are not correlated with the residuals. In pooled OLS the slope and intercept are equal for all the data. The fixed effect model or least square dummy variable model is a model in which the parameters are non-random and fixed quantities, used to control the effects of omitted variables that are constant over time (Nelling and Webb, 2009). This model assumes that unobservable regress effects are correlated with observed variables. Allison (2006, p.2) explains that in the application of fixed effect model “*the unobserved variables are allowed to have any correlations whatever with observed variables (which turned out to be equivalent to treating the unobserved variables as fixed parameters)*”. Random effect or generalized least square model, in which the parameters are random quantities. This model assumes that unobservable effects are random variables, uncorrelated with all observed variables (Allison, 2006)(Allison, 2006). This model also investigates the difference in variances of the error term and controls the loss of a degree of freedom as compared to fixed-effect model.

4.10.1. Regression Model

The basic multiple regression model is employed in this study, in order to analyze the relationship of CSR disclosure and financial performance as follows:

$$Y(FP_{jt}) = \beta_0 + \beta_1 X(CSRI_{jt}) + \beta_2 X(Con. var_{jt}) + \varepsilon_{jt} \quad (4.2)$$

Whereas

FP_{jt} =Financial performance of bank j in time period t i.e., $ROA_{jt}, ROE_{jt}, EPS_{jt}$ and $TOBIN's Q_{jt}$

β_0 =Model intercept

β =Slop

$CSRI_{jt}$ =Corporate social responsibility disclosure index of bank j in time period t

$Con. var_{jt}$ =Control variables for bank j in time period t

ε_{jt} =Statistical error term

For the purpose of regression analysis, STATA 14 has been utilized.

4.10.2. Financial Performance and CSR Disclosure Index (CSRI)

In order to test the first set hypotheses of the study, model (ii) is be modified as below:

CSR disclosure index and Return on Equity (ROE) i.e. H_1^A

$$ROE_{jt} = \beta_0 + \beta_1 CSRI_{jt} + \beta_2 SIZE_{jt} + \beta_3 AGE_{jt} + \beta_4 CAPRATIO_{jt} + \beta_5 OH.EXPENSES_{jt} + \varepsilon_{jt}$$

CSR disclosure index and Return on Asset (ROA) i.e. H_2^A

$$ROA_{jt} = \beta_0 + \beta_1 CSRI_{jt} + \beta_2 SIZE_{jt} + \beta_3 AGE_{jt} + \beta_4 CAPRATIO_{jt} + \beta_5 OH.EXPENSES_{jt} + \varepsilon_{jt}$$

CSR disclosure index and Earning per Share (EPS) i.e. H_3^A

$$EPS_{jt} = \beta_0 + \beta_1 CSRI_{jt} + \beta_2 SIZE_{jt} + \beta_3 AGE_{jt} + \beta_4 CAPRATIO_{jt} + \beta_5 OH.EXPENSES_{jt} + \varepsilon_{jt}$$

CSR disclosure index and Tobin's Q (TOBIN'sQ) i.e. H_4^A

$$TOBIN's Q_{jt} = \beta_0 + \beta_1 CSRI_{jt} + \beta_2 SIZE_{jt} + \beta_3 AGE_{jt} + \beta_4 CAPITAL RATIO_{jt} + \beta_5 OH.EXPENSES_{jt} + \varepsilon_{jt}$$

4.10.3. Financial Performance and Each Dimension of CSR

For analysis of the second set of hypotheses which indicates the relationship between each dimension of CSR in the study i.e., Shareholder ($SIndex_{jt}$), Employee ($EIndex_{jt}$), Manager ($MIndex_{jt}$), Customer ($CIndex_{jt}$), Supplier ($SuppIndex_{jt}$), Competitor ($COIndex_{jt}$), Community and Society ($CSIndex_{jt}$), Environment ($ENVIndex_{jt}$) and CSR-management (CSR_{jt}) with financial performance indicators i.e., ROA_{jt} , ROE_{jt} , EPS_{jt} and TOBIN'S Q_{jt} . In order to test the second set of hypotheses, the regression estimation model (ii) is expressed as below:

Each dimension of CSR disclosures and ROE i.e. H_1^p

$$ROE_{jt} = \beta_0 + \beta_1 SIndex_{jt} + \beta_2 EIndex_{jt} + \beta_3 MIndex_{jt} + \beta_4 CIndex_{jt} + \beta_5 SuppIndex_{jt} + \beta_6 COIndex_{jt} + \beta_7 CSIndex_{jt} + \beta_8 EnvIndex_{jt} + \beta_9 CSR_{jt} + \beta_{10} SIZE_j + \beta_{11} AGE_{jt} + \beta_{12} CAPRATIO_{jt} + \beta_{13} OH.EXPENSES_{jt} + \varepsilon_{jt}$$

Each dimension of CSR disclosures and ROA i.e. H_2^p

$$ROA_{jt} = \beta_0 + \beta_1 SIndex_{jt} + \beta_2 EIndex_{jt} + \beta_3 MIndex_{jt} + \beta_4 CIndex_{jt} + \beta_5 SuppIndex_{jt} + \beta_6 COIndex_{jt} + \beta_7 CSIndex_{jt} + \beta_8 EnvIndex_{jt} + \beta_9 CSR_{jt} + \beta_{10} SIZE_j + \beta_{11} AGE_{jt} + \beta_{12} CAPRATIO_{jt} + \beta_{13} OH.EXPENSES_{jt} + \varepsilon_{jt}$$

Each dimension of CSR disclosures and EPS i.e. H_3^p

$$EPS_{jt} = \beta_0 + \beta_1 SIndex_{jt} + \beta_2 EIndex_{jt} + \beta_3 MIndex_{jt} + \beta_4 CIndex_{jt} + \beta_5 SuppIndex_{jt} + \beta_6 COIndex_{jt} + \beta_7 CSIndex_{jt} + \beta_8 EnvIndex_{jt} + \beta_9 CSR_{jt} + \beta_{10} SIZE_j + \beta_{11} AGE_{jt} + \beta_{12} CAPRATIO_{jt} + \beta_{13} OH.EXPENSES_{jt} + \varepsilon_{jt}$$

Each dimension of CSR disclosures and TOBIN'S Q i.e. H_4^p

$$TOBIN'SQ_{jt} = \beta_0 + \beta_1 SIndex_{jt} + \beta_2 EIndex_{jt} + \beta_3 MIndex_{jt} + \beta_4 CIndex_{jt} + \beta_5 SuppIndex_{jt} + \beta_6 COIndex_{jt} + \beta_7 CSIndex_{jt} + \beta_8 EnvIndex_{jt} + \beta_9 CSR_{jt} + \beta_{10} SIZE_j + \beta_{11} AGE_{jt} + \beta_{12} CAPRATIO_{jt} + \beta_{13} OH.EXPENSES_{jt} + \varepsilon_{jt}$$

4.10.4. Specification Tests

The following tests have been adopted to specify an appropriate model among pooled OLS, fixed and random effect models.

4.10.4.1. Breusch-Pagan Lagrange Multiplier Test

Breusch-Pagan LM test is used to determine the selection between pooled OLS and random effect model. The null hypothesis tells us that there are no random effects in the model (Park, 2005) and pool OLS is more appropriate than the random effect model. If the null hypothesis is rejected, the high chi-square value suggests that the random effects model is more suitable for regression analysis.

4.10.4.2. Hausman Specification Test

The study adopted Hausman (1978) specification test for panel data estimation model. It determines whether the fixed effect or random effect model is appropriate for the analysis of CSR-FP relationship. The null hypothesis for this test is that there is no correlation between the individual effect and other regressors in the model. If the p-value is insignificant, the null hypothesis is accepted which means random effect model will yield better results. However, if the p-value is significant then the null hypothesis is rejected and the fixed effect model will be considered for the analysis of CSR-FP association.

4.10.4.3. Descriptive Statistics

Descriptive statistics simply explains the summaries for each dependent, independent variable and control variables such as central tendency, dispersion and distribution of all indicators of financial performance, corporate social responsibility and control variables of the model. The

descriptive statistics of this study represent the mean, standard deviation, minimum and maximum values of these variables.

4.10.4.4. Test for Multi-collinearity

Multi-collinearity occurs when two or more explanatory variables are correlated to one another in multiple regression and result in skewing the regression findings. In order to check the problem of multicollinearity, this study employs the Variance Inflation Factor (VIF) test. Gujarati (2009) suggest that if VIF values of the explanatory variables exceed maximum VIF value (10) then multi-collinearity is considered as a serious problem. However, Rogerson (2001) recommends that if the value of VIF is higher than 5, the problem of multicollinearity should be addressed.

4.10.4.5. Test for Heteroscedasticity

When the variances of the error terms across the observations are constant, this means that data is homoscedastic but the difference between the variances of residuals indicates the presence of heteroscedasticity. This may decrease the reliability of the results, may lead to invalid regression outcomes. This study utilizes Breush-Pagan/Cook Weisberg test in order to detect the problem of heteroscedasticity. This test was developed by Breush and Pagan (1979) and was independently developed by Cook and Weisberg (1983) with some extensions. The null hypothesis is that all the variances are constant. If the p-value is insignificant, the null hypothesis is accepted. On other hand, significant p-value shows the presence of heteroscedasticity.

4.10.4.6. Serial Correlation Lagram-Multiplier Test

In order to check auto-correlation between the residual terms of variables in the model, the serial correlation Lagram-Multiplier test is utilized. The null hypothesis is that there is no serial correlation. If the null hypothesis is rejected it means that the problem of auto-correlation exists in the model (Gujarati, 2009). According to Torres-Reyna (2007), the issue of serial correlation is a problem in macro-panels with a series of more than 20-30 years while in micro-panels it is not a serious issue.

4.11. Conclusion

This chapter presents a research framework, which considers nine different dimensions of CSR, consisting of Shareholder, Employee, Manager, Customers, Suppliers, Competitors, Community and Society, Environment and CSR-management. Four different indicators; ROE, ROA, EPS (Accounting-based variable) and Tobin'sQ (Market-based variable) are employed to evaluate the financial performance of the firm. Control variables – the size of the bank, age of the bank, capital ratio and over-head expenses – are used to control the impact of dependent variables. Both exploratory and explanatory research designs are utilized. Thus, this study has employed mixed-designed research. Among 26 scheduled commercial banks in Pakistan, the sample is restricted to 20 banks, which are listed on Pakistan Stock Exchange in 2018. The data of the banks from 2008 to 2018 is used and collected from the annual reports and official websites of the selected sample. The construction of CSR index through content analysis has taken place in several stages, identification of CSR dimensions and construction of CSR index, identification of data sources and collection of annual reports and other documents related to banks CSR practices, reliability of content analysis was considered and content analysis was adopted to codify the data and measure the CSR score of all selected banks. The data of financial measurement indicators and control variables are collected from the State Bank of Pakistan financial reports regarding the financial sector of Pakistan, banks' annual reports and Pakistan Stock Exchange. Two sets of hypothesis based on the literature studied on the relationship of CSR and financial performance, are developed, to analyze the impact of

CSR and all dimensions of CSR on the financial performance of listed commercial banks. In order to test the set of hypothesis three groups of the panel data model are utilized consisting of Pooled OLS, Fixed Effects Model and Random Effects Model.

Chapter 5

5. Corporate Social Responsibility Disclosure of Listed Commercial Banks in Pakistan: A Comparative Analysis

5.1. Introduction

This chapter demonstrates the results of content analysis of annual reports and official websites of all listed commercial banks in Pakistan regarding the disclosure of CSR. The chapter also concludes the level of CSR in these commercial banks and their ranking in accordance with different dimensions of CSR, described in chapter four (Methodology). This chapter is organized as follows: Section 5.1 explains the categorization of banks under studies into groups on the basis of their age. Section 5.2 elaborates the empirical findings through a content analysis of each dimension of CSR disclosure. Section 5.3 discusses the overall CSR disclosure index of all banks in the sample and Section 5.4 concludes the chapter.

5.2. Categorization of Listed Commercial Banks in Pakistan on the Basis of Age

For the purpose of justifiable analysis and proper illustration, all the banks in the sample are categorized into three groups, on the basis of their age until 2018. Table 5.1 reflects that Group I consists of banks having age in the range of 1 to 25 years. This group has six banks (Bank Alfalah, Bank Islami, Faisal Bank, JS Bank, Meezan Bank and Summit Bank). Group II comprises of banks with age in the range of 26 to 50 years, includes eight banks (Bank Alhabib, Askari Bank, Bank of Khyber, Bank of Punjab, Habib Metropolitan Bank, Samba Bank, Silk Bank and Soneri Bank). Group III consists of banks having age equal or above 51 years, including six banks (Allied Bank Limited, Habib Bank Limited, Muslim Commercial Bank, National Bank of Pakistan, Standard Chartered Bank and United Bank Limited).

Table 5.1 Groups of Commercial Banks in Pakistan on the Basis of Firm's Age till 2018

Groups	Age Range	Banks	Content analysis Results Illustrated	Appendix
Group I	1-25	Bank Alfalah Bank Islami Faisal Bank JS Bank (JSB) Meezan Bank Summit Bank	Table 5.2	II
Group II	26-50	Bank Alhabib Askari Bank Bank of Khyber (BOK) Bank of Punjab (BOP) Habib Metro Bank Samba Bank Silk Bank Soneri Bank	Table 5.3	III
Group III	51 and above	Allied Bank (ABL) Habib Bank (HBL) Muslim Commercial Bank (MCB) National Bank of Pakistan (NBP) Standard Chartered Bank (SCB) United Bank Limited (UBL)	Table 5.4	IV

Source: Created by author based on the data of Pakistan Stock Exchange

5.3. Analysis of CSR Disclosure Practice of Listed Commercial Banks in Pakistan

After the identification and classification of different dimensions and its items, concerning CSR disclosure practices as discussed in the previous chapter of Methodology, this chapter presents the results of content analysis of selected banks' annual reports from 2008 to 2018.

The final CSR disclosure index *CSRI* is measured (equation 4.1) as follows:

$$CSRI_j = \frac{\sum_i^n x_{ij}}{n_j}$$

Whereas

$CSRI_j$ = Corporate social responsibility index of j^{th} bank

n_j = total number of CSR items for j^{th} bank, $n = 71$

$x_{ij} = 1$ if " i^{th} " item is disclosed by " j^{th} " bank annual reports and 0 if the item is not disclosed in annual reports/website

5.3.1. Findings for Dimension 1: Shareholder

The results of content analysis for the first dimension of CSR disclosure in the study can be found in Table 5.2, 5.3 and 5.4 of the appendixes. However, Table 5.7 (Appendix VI) depicts that all sample banks disclosure 82.88 per cent of shareholder's information. The rank of this dimension is second among other dimensions. Six items were investigated under this dimension (Appendix II). The disclosure of item 'flexible policies for shareholder' was low as compared to other items. Table 5.4 (Appendix V), shows that Standard Chartered Bank (SCB) scored maximum, under Shareholders' disclosure, followed by Meezan Bank, Table 5.3 and United Bank Limited (UBL) respectively. Bank Alhabib, Askari Bank and Bank of Punjab (BOP) scored the minimum, in this dimension of CSR disclosure.

Table 5.2, 5.3 and 5.4 (Appendix III-V), illustrate that the disclosure performance of all banks over the sample period 2008-2018, in Shareholders' disclosure is improved. However, the improvement in Bank Islami and Bank of Khyber is notable. The disclosure score of both banks increased from 0.6667 in 2008 to 1 in 2018.

Table 5.2 and 5.3 illustrate that the average score of SCB over the time period 2008-2018 was 1 and ranked first amongst other commercial banks understudy in disclosure of shareholders' information in their annual reports, followed by Meezan Bank and UBL with an average score of 0.939 and 0.9091, ranked second and third in this category respectively. The fourth place is secured by Muslim Commercial Bank (MCB), Allied Bank Limited and National Bank of Pakistan (NBP), scoring 0.8788 on average. Table 5.3 shows the average disclosure scores of Bank Alhabib and Askari Bank is 0.7424 and ranked twelfth, which is the lowest rank in Shareholder disclosure, while BOP and JS bank (JSB) are ranked eleventh and tenth by scoring 0.7576 and 0.7727 respectively.

Graph V (Appendix VIII) shows the scores of each bank in respect of Shareholder Disclosure for time period 2008-18.

5.3.2. Findings for Dimension 2: Employee

The results in Table 5.7 (Appendix VII), portray that the overall average score of all banks in Employees' disclosure dimension of CSR disclosure of selected sample is 0.7045. This determines that listed commercial banks disclosed 70.46 per cent of employee's information in their annual reports from 2008 to 2018. Employee dimension of CSR in this study ranked fourth among other dimensions. Twelve items (Appendix II) were taken into account for the Employee dimension of CSR. The information disclosure of items such as 'gender',

‘minorities’ and ‘facilities to the families’ were unsatisfactory for most of the banks in the sample.

Table 5.2, 5.3 and 5.4 (Appendix III-V), depict that MCB scored 0.8788 ranked first under this dimension, followed by SCB and ABL, scoring 0.8636 and 0.7955, ranked second and third respectively. The performance of ABL was extraordinary over the period 2008-2018, the score of the respected bank increased from 0.666 in 2008 to 1 in 2018. Habib Bank Limited (HBL) average score was 0.7727 in Employee’s disclosure and is ranked fourth in this regard. The Employees’ disclosure score of NBP (0.697), is not satisfactory and thus ranked eighth. However, the disclosure score of Habib Metropolitan Bank and Faysal Bank remained constant with scores of 0.75 and 0.6667 respectively over the time period 2008-2018.

Table 5.3 and 5.4 show that Samba Bank scored the minimum score (0.5379) ranked fifteenth, while the scores of Silk Bank and Summit Bank in Employees’ disclosure dimension were 0.6288 and 0.5909, ranked thirteenth and fourteenth respectively.

Graph VI (Appendix VIII) illustrates the scores of each bank in terms of Employee Disclosure for the time period 2008-2018

5.3.3. Findings for Dimension 3: Manager/Governance

The results of content analysis of annual reports of listed commercial banks in Pakistan, shown in Table 5.7 (Appendix VII), elaborates that all banks in the sample disclosed 92.82 per cent of the information in their annual reports with respect to Managers’ dimension of CSR disclosure and are ranked first amongst other dimensions under study. Under this dimension, five items (Appendix II) were analyzed and all the banks in the sample disclose maximum information regarding the corporate governance of the firm.

Table 5.2, 5.3 and 5.4 (Appendix III-V), illustrate that each bank in the sample disclosed more than 85 per cent information regarding their corporate governance. The average Manager disclosure score of SCB, NBP, Habib Metropolitan Bank and Bank Alhabib is 1, ranked first altogether. UBL and Summit Bank scored 0.9636 and 0.9455, ranked second and third respectively under the disclosure of this dimension, followed by MCB and Faisal Bank scoring 0.9273 and ranked fourth.

Table 5.4 shows that the average score of ABL was minimum (0.8545) but the performance of the said bank, over the time period 2008-2018 was better than other banks and the score increased from 0.6 in 2008 to 1 in 2018. Bank Alfalah, Askari Bank and BOK also disclosed a similar amount of governance information and scored 0.9091, ranked fifth in Managers disclosure dimension of CSR. The average disclosure score of Silk Bank, Meezan Bank and BOP from 2008 to 2009 was 0.8727, ranked seventh altogether.

Graph VII (Appendix VIII) depicts scores of each bank with relevance to Manager Disclosure for the time period 2008-2018.

5.3.4. Findings for Dimension 4: Customer

Table 5.7 (Appendix VII), the results of customer disclosure dimension of CSR disclosure determines that the banks in the sample collectively disclosed 65.62 per cent of information with respect to customers during 2008 to 2018, ranked seventh in other CSR disclosure dimensions. In the customer dimension of CSR, eight items (Appendix II) were investigated and the disclosure of ‘social responsible Investment’ and ‘social responsible saving’ was zero for all listed banks in Pakistan.

Table 5.2, 5.3 and 5.4 (Appendix III-V), show that ABL, HBL, MCB and UBL disclosed the maximum amount of information for their customers and the average score was 0.75, ranked first in disclosure of this dimension. Meezan Bank scored 0.7159 on average, ranked second,

followed by SCB, NBP and Habib Metropolitan, ranked third with an average score of 0.7045.

Table 5.2 and 5.3 depict that the performance of Samba Bank was low by scoring 0.4659 on average, minimum in disclosure of customer's information over the time period 2008-2018 and is ranked twelfth. In Customer disclosure performance Samba Bank was followed by Summit Bank and BOK with scores of 0.5 and 0.54, placed eleventh and tenth respectively.

Table 5.3 also shows that the Customer disclosure score of Soneri Bank increased from 0.375 in 2008 to 0.75 in 2018. Similarly the average scores of Summit Bank, BOP and Samba Bank were not satisfactory but their scores over the years improved from 0.375 to 0.625, during 2008-2018.

Graph VIII (Appendix VIII) determines the average scores of listed commercial banks operating in Pakistan with respect to Customer Disclosure from 2008-2018.

5.3.5. Findings for Dimension 5: Supplier

In Table 5.7 (Appendix VII), the analysis results illustrate that on average altogether 40.53 per cent of information regarding suppliers were disclosed by all banks in the sample in their annual reports from 2008 to 2018. The supplier disclosure dimension is placed eighth among all nine dimensions. Six items (Appendix II) were taken into account, undersupplies dimension. Information regarding 'equal opportunity to suppliers', 'fair negotiation' and 'provision of information to suppliers' was absent in all the reports of banks in the sample.

Table 5.2, 5.3 and 5.4 (Appendix III-V), demonstrate that the score of NBP was maximum under supplier disclosure and remained constant throughout the period 2008-2018. The average score of NBP was 0.5, ranked first, followed by MCB and HBL, the average score of 0.4697 and 0.4545 and placed second and third respectively.

The performance of Habib Metropolitan Bank and Samba Bank in disclosing customer information was better than other large banks such ABL and SCB, ranked fourth and fifth in a row, scoring 0.4391 and 0.4242 on average respectively. The Customer disclosure performance of bank Alhabib Bank over the period 2008-2018 was good as compared to other Banks in the sample, the score in 2008 was 0.1667 and improved to 0.5 in 2018. Table 5.2 and 5.3 indicate that the average score of Meezan Bank, Summit Bank, Silk Bank and Soneri Bank was low (0.3333), ranked tenth, the lowest in all other banks.

The Graph IX (Appendix VIII) represents the average scores with respect to Supplier Disclosure from 2008-2018.

5.3.6. Findings for Dimension 6: Competitor

As the findings in Table 5.7 (Appendix VII), indicate the score of CSR disclosure for dimension 'Competitor disclosure' for all listed commercial banks in Pakistan. The results of the respective dimension show that all the banks under investigation collectively disclosed 68.64 per cent of the information in their annual reports – ranked fifth. Three main items under this dimension were analyzed, shown in (Appendix II). All the banks except NBP and SCB did not disclose information regarding 'Collaborations with Competitor'.

Table 5.2, 5.3 and 5.4 (Appendix III-V), determine that NBP scored the maximum average score (0.9394) while representing information with respect to its competitors and placed first among all other banks in the sample. SCB is ranked second, scoring average of 0.7879, the disclosure level of the said bank in this specific dimension improved from 0.6667 to 1 during 2008-2018.

The average disclosure score of all other banks except NBP and SCB was 0.6667 and remained the same throughout the years. The reason was the absence of information concerning item ‘Collaboration with Competitors’ in their annual reports.

Graph X (Appendix VIII) determines the scores of all listed commercial banks in the sample in terms of Competitor Disclosure, during 2008-2018.

5.3.7. Findings for Dimension 7: Community and Society

The research findings in Table 5.7 (Appendix VII) depict that during 2008-18, 65.21 per cent of information concerning Community and Society disclosure, were presented in the annual reports of all bank in the research study. Twelve different items, given in (Appendix II), of community and society, were analyzed. Maximum information disclosed under this dimension was related to charitable initiatives, health and education and community support programs, while disclosure of information with respect to sustainable financing and aid to terror affected people was low. Community and Society disclosure secured the sixth position among other CSR disclosure dimensions.

Table 5.2, 5.3 and 5.4 (Appendix III-V), explain that Community and Society disclosure average score of NBP and ABL was maximum (0.803), ranked first, followed by Alhabib Bank, scored 0.7727 on average, placed second. UBL and HBL scored 0.7552 on average during 2008-18, ranked third altogether. The average score of MCB in disclosing community initiatives was 0.75, placed in the fourth position under this dimension. The disclosure improvement of MCB was good, the score of this bank increased from 0.333 to 0.75 over time. Similarly, Bank Islami also showed a satisfactory disclosure performance as its score improved from 0.4167 in 2008 to 0.75 in 2018.

Table 5.2 and 5.3 also show that Samba Bank is ranked fourteenth with an average score of 0.4015, the lowest of all in disclosing the progress in Community and Society in its annual reports, followed by Silk Bank and Summit Bank, scoring 0.4165 and 0.5682 on average and placed twelfth and thirteenth respectively.

Graph XI (Appendix VIII) indicates the average scores of Community and Society disclosure of all banks in the sample from 2008 to 2018.

5.3.8. Findings for Dimension 8: Environment

Table 5.2, 5.3 and 5.4, also indicate that MCB and ABL score maximum average score (0.4825), ranked first. Alhabib Bank and Meezan Bank scored 0.4545 and 0.4476 on average during 2008-2018, ranked second and third respectively. The environmental disclosure score (0.3846) of SCB remained constant throughout the period under investigation.

Samba Bank showed a very poor disclosure performance with an average score of 0.2657, placed fourteenth, followed by UBL and Habib Metropolitan Bank, scored 0.3497 and 0.3217 on average and placed twelfth and thirteenth respectively.

Graph XII (Appendix VIII) shows the average environmental disclosure scores of listed commercial banks in Pakistan during 2008-2018. The environment is another dimension of CSR disclosure, analyzed through content analysis of annual reports of listed commercial banks in Pakistan. Table 5.7 (Appendix VII), shows that environmental disclosure of these banks is very low, placed ninth among other dimensions of CSR. Listed banks disclosed 40.04 per cent of information about involvement in environmental activities. However, Table 5.2, 5.3 and 5.4 (Appendix III-V) indicate a notable improvement in the score related to environmental disclosure of BOK, Bank Islami, Faisal Bank, HBL and MCB during 2008-2018, wherein 2008 the score of these banks was 0.3077, while in 2018 the recorded score was 0.6154. Thirteen items of Environment dimension were analyzed. Information regarding

‘ISO 14000/14001’, ‘World Bank guidelines’ and ‘OECD guidelines’ were absent in the annual reports of all banks under study.

5.3.9. Findings for Dimension 9: CSR Management

CSR management is the last dimension of CSR disclosure of the study. The results in Table 5.7 (Appendix VII) show that all banks in the sample conjointly disclosed 79.32 per cent information in their annual reports, connected to CSR management during 2008-18. Six major items (Appendix II) were analyzed with respect to this dimension. There was no information disclosed by banks, under item ‘sustainability reports’ except SCB, NBP and MCB. CSR management dimension is ranked third among other CSR disclosure dimensions.

Table 5.2, 5.3 and 5.4 (Appendix III-V) show that SCB disclosed maximum information under CSR management dimension and the average score of the bank was 0.9545, placed first. The average score of NBP was 0.8636, ranked second, while Habib Metropolitan Bank, Askari Bank and ABL were ranked third with an average score of 0.8333. Askari Bank showed consistency in disclosing their CSR management initiatives and the score of the bank remained constant from 2008 to 2018.

Table 5.2 and 5.3 illustrate that because of poor CSR management disclosure, Bank Islami is ranked eleventh with an average score of 0.6667, followed by Samba Bank and Faisal Bank with an average score of 0.697 and 0.7273, ranked ninth and tenth respectively.

Graph XIII (Appendix VIII) depicts the average CSR management disclosure scores of all banks in the sample, during 2008-2018.

5.4. The Overall CSR disclosure Index of Listed Commercial Banks in Pakistan 2008-2018

The findings of Table 5.7 (Appendix VII) illustrate that overall CSR disclosure score of all banks in the sample during 2008 to 2018 was 0.6456, which determines that the listed commercial banks under investigation altogether disclosed 64.56 per cent of information concerning their CSR activities.

Table 5.5 (Appendix VI) determines the CSR indices and overall ranking of the banks in the sample, on the basis of their CSR performance. According to the findings in Table 5.5, MCB is ranked first due to its maximum disclosure of CSR activities. The average overall disclosure score of MCB is 0.726. The minimum CSR disclosure score (0.5915) of the respected bank was in 2008 while the maximum score (0.7465) was in 2017, which decreased to 0.7324 in 2018. From 2008 to 2014 the bank did not disclose information related to ‘flexible policies for shareholder’ and ‘facilities to employees’ families’. The disclosure score of information with respect to ‘socially responsible investment’, ‘social responsible savings’, ‘sustainable financing’, ‘ISO 14000/14001 certificate’, ‘consideration of World bank and OECD environmental guidelines’ is zero like all other banks in the sample. The maximum average score of MCB was in disclosure of Manager/Governance information and minimum score was in Suppliers’ related disclosure. The average CSR disclosure score of SCB was 0.7145 in the selected time period, ranked second among all other banks. The bank disclosed the minimum amount of information (0.662) during 2008 and a maximum score (0.7887) in 2017. During 2008-2018, SCB’s better disclosure performance was in CSR management disclosure and managed to disclose on average 95.45 per cent of the information in this regard. However, the performance of the bank was not satisfactory in the Environmental aspect of CSR. The average score of ABL is 0.7106, placed third in the overall CSR disclosure index. The

minimum CSR disclosure score (0.6338) of ABL was in 2010 and 2011, the main reason was poor disclosure of activities related to suppliers and the environment during these years. During 2008-2018, the maximum amount of information disclosure for ABL was recorded in Shareholder dimension of CSR, which was 87.87 per cent while the bank was found struggling with disclosure related to Supplier dimension of CSR.

Table 5.5 determines that the CSR disclosure level of Samba Bank was very poor and scored the lowest as compared to all other banks in the sample. The basic reason was that the bank failed to disclose maximum information regarding their initiatives for the welfare of employees, community and environment. The overall average CSR disclosure score of Samba Bank was 0.5122 and the ranking on the basis of this disclosure placed twentieth. The minimum CSR disclosure score (0.4507) of the bank was in 2009 and the maximum (0.662) in 2018. The average score of the said bank concerning the environment, community and employee disclosure was 0.2657, 0.4015 and 0.5379 respectively during 2008-18. Summit Bank and Soneri Bank are placed in nineteenth and eighteenth position with CSR disclosure average score of 0.5493 and 0.6018 respectively. The score (0.478) of both banks was minimum in the year 2008. However, the improvements have been recorded in 2017, where Summit Bank and Soneri Bank scored 0.6338 and 0.7183 respectively.

According to analysis results in Table 5.5, the highest improvement in overall CSR disclosure, over the selected period of time is noticed in MCB, which is 22.53 per cent, followed by Samba Bank, Bank of Khyber and Bank Islami by 19.72 per cent, 19.72 per cent and 18.31 per cent respectively.

Graph XIV (Appendix VIII) elaborates the average overall CSR disclosure scores of all banks in the sample, during 2008-2018.

5.5. Conclusion

The aim of this chapter is to measure the CSR disclosure of all listed commercial banks operating in Pakistan, using content analysis of their annual reports and official webpages for the period 2008-2018. Nine different CSR disclosure dimensions, 'Shareholder, Employee, Manager, Customer, Supplier, Competitor, Community and Society, Environment and CSR management' were developed for the purpose of analysis. Through content analysis of annual reports and information on websites, an index was developed termed as 'CSR Disclosure Index', which presents the results in the form of indices for all banks individually and collectively for each year from 2008 to 2018, shown in Table 5.7 (Appendix VII). The values of the index show the performance of the banks in the sample, high score indicates the high performance of the bank while the low score determines less involvement of the bank in respective CSR activities.

Graph XV (Appendix VIII), illustrates that the disclosure of CSR activities increased in the last decade. In 2008 the average CSR score of all banks was 0.5648 while in 2018 it increased to 0.7106. This shows that the level of CSR activities disclosure increased by 14.58 per cent in the last decade, this represents the dedication of commercial banks towards CSR initiative inside and outside the organization for their employees and society in large.

The results in Table 5.7 (Appendix VII), determine that MCB scored (0.726) the maximum average CSR disclosure Index, ranked first, while Samba Bank scored (0.5122), the minimum overall disclosure Index, ranked last among all banks in the sample.

The maximum amount of required CSR information by all listed commercial banks in Pakistan was under Manager dimension of CSR, which was 92.82 per cent and placed first but the CSR disclosure performance of all banks with respect to environmental activities was very poor during 2008-2018. The disclosure percentage of environmental dimension was 40.04, ranked last among all dimensions of CSR disclosure. The disclosure score of all banks in the study, with respect to items, ‘socially responsible investment’, ‘social responsible savings’, ‘sustainable financing’, ‘ISO 14000/14001 certificate’, ‘consideration of World Bank and OECD environmental guidelines’ is zero, over the whole period from 2008-18.

Table 5.6 shows the ranking of all listed commercial banks based on the overall CSR disclosure score during 2008-2018.

Table 5.6 Ranking Based on overall CSR disclosure Score 2008-2018

Banks	CSR Indices (%)	Ranking
Muslim Commercial Bank	72.6	1
Standard Chartered Bank	71.45	2
Allied Bank Limited	71.06	3
National Bank of Pakistan	70.55	4
Habib Bank Limited	68.25	5
United Bank Limited	67.86	6
Bank Alhabib	67.22	7
Meezan Bank	66.84	8
Bank Alfalah	65.56	9
Habib Metropolitan Bank	65.43	10
Bank Islami	64.28	11
JS Bank	64.02	12
Askari Bank	63.89	13
Faysal Bank	63.12	14
Bank of khyber	61.33	15
Bank of Punjab	61.08	16
Silk Bank	60.31	17
Soneri Bank	60.18	18
Summit Bank	54.93	19
Samba Bank	51.22	20

Source: Created by the author based on the data of annual reports of examined banks during 2008-2018

Chapter 6

6. Corporate Social Responsibility Disclosure and Financial Performance of Listed Commercial Banks in Pakistan: An Empirical Analysis

6.1. Introduction

This chapter offers the empirical findings of the relation between CSR disclosure and financial performance indicators (ROE, ROA, EPS and Tobin's Q) by adopting panel regression models. The main focus of this chapter is on the impact of overall CSR disclosure (CSRI) on the financial performance, the impact of each dimension of CSR; shareholder, employee, manager/ governance, supplier, customer, competitor, community and society, environment and CSR management on the financial performance of commercial banks in Pakistan from 2008 to 2018.

This chapter is organized as follows: Section 6.1 presents descriptive statistics of the dependent variable (financial performance) and independent variable (CSRI and CSR dimensions). Section 6.2 gives the empirical results of the relationship between CSRI and financial performance of banks, Section 6.3 provides empirical findings of the association of each dimension of CSR with the financial performance of banks. Section 6.4 explains the impact of CSR and its dimensions on the financial performance of commercial banks in Pakistan and Section 6.5 concludes the chapter.

6.2. Descriptive Statistics

The descriptive statistics of the study are given here to determine the central tendency, dispersion and distribution of all indicators of financial performance, corporate social responsibility and control variables of the model. These analyses are carried out to compare, not only CSR disclosure index but its different dimensions too, like a shareholder, employee, manager/ governance, customer, supplier, competitor, community and society, environment and CSR-management and four indicators of financial performance: Return on Equity (ROE), Return on Assets (ROA), Earning per Share (EPS) and Tobin's Q (TQB). The descriptive statistics of this study represent the mean, standard deviation, minimum and maximum values of these variables across 220 observations for years 2008 to 2018.

Table 6.1 Descriptive Statistics of All Listed Commercial Banks from 2008 to 2018

	Financial Performance Variables				CSR Control Variables				
	ROE (%)	ROA (%)	EPS (PKR)	TBQ	CSRI	Size	Age (Years)	Capital Ratio (%)	Over Head Expenses (%)
Total									
Mean	7.89	0.6	5.01	0.71	0.65	19.56	37.69	8.17	2.67
S.D	26.95	1.33	6.87	0.46	0.78	1.14	33.82	5.1	1.18
Min	-172.7	-5.41	-7.65	0.03	0.46	16.89	3	0.23	1.1
Max	37.27	2.96	23.32	2.38	0.79	21.79	154	26.75	9.16
Observations	220	220	220	220	220	220	220	220	220

Table 6.1 and 6.1 (a) in (Appendix IX) depicts the descriptive statistics of Financial Variables (ROE, ROA, EPS and TBQ), Corporate Social Responsibility Index (CSRI) and Control Variables (Size, Age, Capital Ratio and Overhead Expenses) from 2008 to 2018. The deviation between maximum and minimum values of ROE and EPS was higher than other

variables. In the year 2013, a maximum average spread was noticed in ROE, from -172.7 per cent to 37.27 per cent, followed by EPS in 2008 ranging from Rs. -7 (PKR) to Rs. 23.32 (PKR). The table presents that variables such as ROE, ROA and EPS that have some negative values over the time period. The average mean of ROA and TBQ were 0.67 and 0.71 respectively and was lower than the average mean of ROE and EPS. The highest value of standard deviation among financial performance variables was ROE (26.95 per cent), representing that the difference among commercial banks of Pakistan was higher and noticeable in this indicator. The average mean value of EPS was Rs. 5.01 (PKR) with standard deviation of Rs. 6.87 (PKR). The maximum and minimum values of EPS were Rs. -7.65 (PKR) and Rs. 23.32 (PKR) respectively in 2008.

The average mean value of CSRI was 0.65, which indicates that the listed commercial banks in Pakistan have disclosed 65 per cent of their CSR-related information on average during 2008 to 2018. This suggests that the CSR disclosure in these commercial banks is moderate. The maximum value (0.79) of CSRI was noticed in 2018, while minimum value (0.46) was recorded in 2008, indicating that CSRI of these commercial banks has been increased as compared to their CSR disclosure in 2008. The values of Size as a controlled variable ranged between 16.89 and 21.79, having mean value of 19.56. Similarly, the values of banks' Age fluctuates between 3 and 154 years with an average mean value of 37.69 years. The standard deviation of age for these banks was 33.82. These results indicate that banks may engage in CSR activities within 37 years of their business incorporation. Besides, the average mean value of Capital Ratio and Overhead Expenses were 8.17 per cent and 2.67 per cent with a standard deviation of 5.10 and 1.18 respectively, suggesting that banks having exceeding Capital Ratio than Overhead Expenses disclosed more information regarding their CSR initiatives.

Table 6.2 (a) Descriptive Statistics of each Dimension of CSR Disclosure of Listed Commercial Banks from 2008 to 2018

	Share holders	Employee	Manager /Governance	Customer	Supplier	Competitor	Community and Society	Environment	CSR magt
Total									
Mean	0.83	0.71	0.93	0.66	0.4	0.69	0.67	0.4	0.79
S.D	0.1	0.1	0.1	0.12	0.08	0.08	0.16	0.1	0.09
Min	0.67	0.5	0.6	0.38	0.33	0.66	0.33	0.23	0.66
Max	1	1	1	0.75	0.5	1	0.92	0.62	1
Observations	220	220	220	220	220	220	220	220	220

Table 6.2 and 6.2 (a) in (Appendix IX) presents the descriptive statistics of each dimension of corporate social responsibility. The maximum average mean (0.93) was recorded in the Manager/ Governance dimension and the minimum average mean value was noticed in Suppliers and Environmental aspects of CSR, which was 0.40 for each dimension. For instance, the maximum spread was noticed in Community and Society dimension ranging from 0.33 to 0.92 followed by Employee and Manager/ Governance dimension of CSR spreading between 0.51 to 1 and 0.6 to 1 respectively. The minimum spread was found in suppliers dimension ranging from 0.33 to 0.50. These results represent that these commercial banks were more likely to disclose its CSR activities in accordance with Community, Employees and Governance. The highest value of standard deviation was noticed in Customers' dimension of CSR, suggesting that the difference between the banks was higher in this dimension of CSR. The average mean of Shareholder, Competition and CSR-management were 0.83, 0.69 and 0.79 with an average standard deviation of 0.10, 0.08 and 0.09

respectively. The minimum and maximum values of this dimension ranged between 0.67 to 1, 0.66 to 1 and 0.66 to 1 respectively.

6.3. Empirical Results: The Relationship between Corporate Social Responsibility Disclosure and Financial Performance of Banks

This section explains the empirical results for the association between CSRI and financial performance, in the presence of control variables, in listed commercial banks in Pakistan, from 2008 to 2018. The relationship was analyzed through panel data regression methods, discussed in chapter 4. In this study financial performance serves as the dependent variable, while CSRI is taken as an independent variable and is measured by utilizing content analysis of annual reports/ websites of 20 listed commercial banks in Pakistan for 2008-2018 period.

Before running regression analysis, certain sensitivity tests were conducted in order to check multicollinearity, heteroscedasticity and autocorrelation. Variance Inflation Factor (VIF) and Spearman Correlation were adopted to analyze the multicollinearity problem among dependent variables of the model. Breusch Pagen/Cook-Wesberg test was utilized to detect the heteroscedasticity issues in the model and serial correlation in the variables of the model was investigated by conducting Wooldridge test for autocorrelation in the panel data.

6.3.1. Tests for Multicollinearity

In this study, the multicollinearity in the variables of the regression model was tested through the Spearman Correlation Matrix and VIF, to identify whether the issue of serious correlation among the independent variables is present or not. Gujarati (2009) asserted that if values of correlation coefficient exceed 0.8, they indicate the seriousness of the multicollinearity problem in the model.

Table 6.3.1, 6.3.2, 6.3.3 and 6.3.4 in Appendix (XA-XD) illustrate results of the Spearman Correlation Matrix, showing correlation coefficients and significant levels (0.01) of both dependent and independent variables of Model 1.1, 1.2, 1.3 and 1.4 in Appendix VII. These tables depict the correlation coefficients of ROE, ROA, EPS and TQB with independent variables. The values of Spearman Correlation Matrixes show that the highest correlation is found between EPS and Size of the bank which is 0.7979, followed by CSRI and Size (0.75), less than 0.8. Table 6.3.1 presents the correlation between ROE and Size is highest at 0.6491. Table 6.3.2 shows that the highest coefficient value (0.6006) is between ROA and Size. Similarly, table 6.3.4 explains the correlation between TBQ and other independent variables and illustrates that the correlation between TBQ and Capital Ratio is highest at 0.4296. The results of the Spearman Correlation Matrix indicate that no value of the correlation coefficients of the variables utilized in this study exceeds the value 0.8, which suggests the absence of multicollinearity problem. Although some of the variables are significantly correlated with each other the correlation is weak, which will affect the results of the study.

Table 6.3 Variance Inflation Factor (VIF)

Variables	VIF	1/VIF
Size	3.764	0.266
CSRI	2.436	0.411
Capital Ratio	1.879	0.532
Age	1.874	0.534
Over Head Expenses	1.41	0.709
Mean VIF	2.272	.

This study also conducted VIF for all independent variables. According to Gujarati (2009), if the value of VIF for each independent variable is higher than 10, the problem of multicollinearity should be considered as a serious problem. Table 6.4 indicates that VIF values of each variable are within the range 1 and 4, the mean VIF value for all variables is 2.272 which is less than 10. This suggests that the problem of multicollinearity in independent variables is not a concern.

6.3.2. Test for Heteroscedasticity and Serial Autocorrelation

In this study test for heteroscedasticity – a circumstance in which the variances of residuals of dependent variables are different from the values of independent variables and the problem of serial autocorrelation – the intensity of correlation between the values of same variables at different points in time across the data set were considered. In order to detect the issue of heteroscedasticity and autocorrelation, Breusch-Pagan/Cook-Wesberg test and Wooldridge test were conducted respectively.

Table 6.4.1, 6.4.5, 6.4.9 and 6.4.13 (Appendix XIA-XID) show the results of Breusch-Pagan/Cook-Wesberg test for heteroscedasticity. These tables suggest the presence of some heteroscedasticity, standard error might be biased. By employing Robust Standard Errors, the coefficients of the estimation are not subject to change. Similarly, table 6.4.2, 6.4.6, 6.4.10 and 6.4.14 in Appendix (XIA-XID) present the results of Wooldridge test for autocorrelation, indicating that autocorrelation may also be a problem. Torres-Reyna (2007) pointed out that autocorrelation is not a serious problem in micro-panels with series less than 20-30 years. However, to control the problem of heteroscedasticity and autocorrelation, to fulfill the regression assumption, Robust Standard Errors were employed in all models (Hoechle, 2007, Cameron and Miller, 2015), as Robust Standard Errors are suitable under the stated issue.

6.3.3. The Association between Return on Equity (ROE) and CSR Disclosure (CSRI)

Table 6.5 presents the results of different panel regressions, fixed effects, random effects model and pooled OLS, to explain the relation between ROE (dependent variable) and CSR disclosure (independent variable) for 2008-2018 period. The results of the regression analysis are below:

Independent Variables	Dependent Variable Return on Equity		
	Random Effect	Pooled OLS	Fixed Effect
CSRI	1.727** (0.038)	1.760*** (0.000)	1.581 (0.183)
Size	0.029 (0.279)	0.035 (0.203)	-0.016 (0.728)
Age	-0.001* (0.062)	-0.002** (0.016)	-0.001 (0.984)
Capital Ratio	0.015** (0.029)	0.017*** (0.000)	0.094 (0.175)
Over Head Expenses	0.204 (0.295)	0.021 (0.195)	-0.014 (0.537)
Constant	3.508*** (0.000)	3.364*** (0.000)	4.479*** (0.003)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes

R-square	0.238	0.183	0.219
P Value (F)	(0.0000)	(0.0000)	(0.743)
Hausman			
Chi (x^2)			2.62
Prob			(0.9998)
Breusch-P LM			
Chi (x^2)		5.63	
Prob		(0.0088)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.3.3.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

Table 6.5 elaborates the Breusch-Pagan LM test. The value of $chi(x^2)$ is 5.63 and p-value is 0.008, which indicates that the variances across variables were not zero and significant. So null-hypothesis was rejected, indicating that the random effect model is an appropriate model as compared to pooled OLS.

6.3.3.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

Hausman Test has been employed to select the fittest model between fixed effects and random-effects models. The findings in table 6.5 show that there was no correlation between regressors and individual effects in the model ($chi(x^2) = 2.62$, p-value= 0.9998), which is insignificant. The null hypothesis was accepted, the random-effects model is better than the fixed effects model.

6.3.3.3. Regression Results: Return on Equity as Dependent Variable

From the findings in table 6.5, we can summarize the random-effects model as the most acceptable model. However, the p-value (F) for both random-effects model and pooled OLS is statistically significant. The table shows that CSRI is positively and significantly associated with ROE at 5 per cent and 1 per cent level in both random effects and pooled OLS models respectively. Similarly, the findings of random effects model illustrate that Capital Ratio has a significant positive relationship with ROE at 5 per cent level, while the coefficients of Age are negative and significantly related with ROE at 10 per cent level.

The pooled OLS results determine that ROE is positively and significantly associated with Size of the bank and Capital Ratio at 1 per cent level, while the relationship between ROE and Age is negative and significant at 5 per cent level.

6.3.4. The Association between Return on Assets (ROA) and CSR Disclosure (CSRI)

Table 6.6 shows the findings of regression analysis of the relationship between ROA as the dependent variable and CSRI as an independent variable, during the 2008-2018 period. The analysis results are as below:

Table 6.6 Regression Results: Return on Assets as Dependent Variable

Independent Variables	Dependent Variable Return on Assets		
	Fixed Effect	Pooled OLS	Random Effect
CSRI	7.323** (0.045)	10.704*** (0.000)	10.307*** (0.001)
Size	-0.811** (0.052)	0.214** (0.029)	0.124 (0.384)

Age	0.162 (0.357)	0.001 (0.670)	0.003 (0.317)
Capital Ratio	-0.010 (0.760)	0.071** (0.003)	0.050** (0.030)
Over Head Expenses	-0.288* (0.107)	-0.215* (0.083)	-0.203 (0.248)
Constant	6.789 (0.362)	-10.110*** (0.000)	-8.081*** (0.009)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.19	0.53	0.53
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman			
Chi (x^2)			46.99
Prob			(0.0000)
Breusch-Pagan LM			
Chi (x^2)		7.20	
Prob		(0.0036)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.3.4.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

Table 6.6 illustrates the outcomes of Breusch-Pagan LM test, where the $chi(x^2) = 7.20$ and p -value=0.0036, indicating that null-hypothesis was rejected. This suggested that the random effects model is more appropriate than pooled OLS.

6.3.4.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The findings of Table 6.6 indicate that the correlation between individual effects and other regressors in the model was significant ($chi(x^2) = 46.99$ and p -value=0.000), suggests rejecting the null hypothesis. The fixed-effects model is more suitable than that of a random effects model.

6.3.4.3. Regression Results: Return on Assets as Dependent Variable

The regression results in Table 6.6 present that the association between ROA and CSRI disclosure. The p -value (F) of all the models are significant (p -value (F)=0.000). Whereas, the results of the Hausman test indicate that the fixed effects model is the most desirable model. The results of the fixed effects model determine that the relationship between CSRI and ROA is positive and statistically significant at 5 per cent level. The association of ROA with Size and Overhead expense of the bank is negative and significant at 5 per cent and 10 per cent level respectively.

The results of pooled OLS and random effects model also present a positive and significant relationship between CSRI and ROA at 1 per cent level. The coefficients of Capital Ratio are positive and significantly linked with ROA in both pooled OLS and random-effects model.

6.3.5. The Association between Earning per Share (EPS) and CSR Disclosure (CSRI)

The findings of Table 6.7 present the outcomes of the relationship between EPS (dependent variable) and CSRI (independent variable) of listed commercial banks for the time period 2008-2018. The multiple regressions results are as follows:

Table 6.7 Regression Results: Earning per Share as Dependent Variable

Independent Variables	Dependent Variable Earnings per Share		
	Fixed Effect	Pooled OLS	Random Effect
CSRI	7.741 (0.303)	22.752*** (0.005)	14.104* (0.068)
Size	-0.967 (0.346)	5.275*** (0.000)	1.394 (0.147)
Age	-0.455 (0.314)	-0.029** (0.056)	0.048 (0.466)
Capital Ratio	0.061 (0.351)	0.555*** (0.000)	0.134* (0.097)
Over Head Expenses	0.208 (0.541)	0.239 (0.647)	0.460 (0.343)
Constant	30.911 (0.129)	-113.634*** (0.000)	-34.784** (0.018)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.19	0.60	0.43
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman chi(x^2)			39.93
Prob			(0.0005)
Breusch-Pagan LM chi(x^2)		259.44	
Prob		(0.0000)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.3.5.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

Table 6.7 presents the outcomes of Breusch-Pagan LM test ($chi(x^2) = 259.9$ and p -value = 0.0000), suggesting a rejection of null-hypothesis as random effects model is a more suitable model for regression analysis.

6.3.5.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The results of Table 6.7, $chi(x^2) = 39.93$ and p -value = 0.0005 determine that the individual effects were significantly correlated to other regressors in the model. This indicates accepting the alternate hypothesis and suggests that the fixed effects model yields better results against the random-effects model.

6.3.5.3. Regression Results: Earning Per Share as Dependent Variable

Table 6.7 elaborates the findings of the regression analysis of the relation between EPS and CSRI. The results show that all the models are statistically significant (p -value (F) = 0.000) at 1 per cent level. Hausman test confirmed that the fixed effects model is an appropriate model, presenting a positive and insignificant relationship between EPS and CSRI. This shows that there is no impact on CSR disclosure practices on earning per share of the selected banks. However, the results of pooled OLS and random effects model indicate a positive significant linkage between EPS and CSRI at 1 per cent and 10 per cent respectively.

6.3.6. The Association between Tobin's Q (TOB) and CSR Disclosure (CSRI)

Table 6.8 presents the multiple regression outcomes of the relationship between TBQ and CSR disclosure for the 2008-2018 period. In these regression models, TBQ and CSRI were

taken as dependent and independent variables respectively. The results of the analysis are conferred as:

Table 6.8 Regression Results: Tobin's Q as Dependent Variable

Independent Variables	Dependent Variable Tobin'sQ		
	Random Effect	Pooled OLS	Fixed Effect
CSRI	-0.887 (0.407)	-0.546 (0.359)	-1.038 (0.370)
Size	0.067 (0.477)	0.092** (0.055)	-0.004 (0.982)
Age	0.004 (0.173)	0.003** (0.040)	0.304*** (0.000)
Capital Ratio	0.040*** (0.000)	0.041*** (0.000)	0.037** (0.003)
Over Head Expenses	0.026 (0.556)	0.036 (0.216)	0.011 (0.859)
Constant	-0.510 (0.791)	-1.178 (0.162)	-8.827*** (0.001)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.38	0.3795	0.16
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman chi(x^2)			5.35
Prob			(0.9804)
Breusch-Pagan LM chi(x^2)		146.39	
Prob		(0.0000)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.3.6.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

Table 6.8 illustrates that the random-effects model is suitable for the analysis than pooled OLS. The results of Breusch-Pagan LM test are: $chi(x^2) = 146.39$ and p-value=0.000. These outcomes preferred the acceptance of the alternative hypothesis over null-hypothesis.

6.3.6.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The Hausman test results; $chi(x^2) = 5.35$ and p-value=0.9804, determines that the individual effects were not significantly correlated to other regressors in the model. These findings lead to the acceptance of null-hypothesis and suggest that the random-effects model yields better results against the fixed-effects model.

6.3.6.3. Regression Results: Tobin's Q as Dependent Variable

Table 6.8 presents that all the models are statistically significant as the p-value (F) for them is 0.000. The findings of Breusch-Pagan LM and Hausman test preferred random-effects model over pooled OLS and fixed effects model respectively. The findings of regression show that there is negative and insignificant relationship between TBQ and CSRI. This indicates that the CSR disclosure of the selected banks does not have any effect on the TBQ of these banks. However, TBQ and Capital Ratio of the banks are positively and significantly associated with one another.

6.4. Empirical Results: The Association between Each Dimension of Corporate Social Responsibility Disclosure and Financial Performance

The empirical results in this section elaborate on the extent of the relationship between each dimension of CSR as an independent variable with financial performance indicators as dependent variables along with control variables. Panel data regression methods were employed in order to investigate the relation as mentioned in the previous section of this chapter.

Similarly, Spearman Correlation Matrix, VIF test, Breusch-Pagen/Cook-Wesberg test and Wooldridge test were adopted to analyze the multicollinearity, heteroscedasticity and autocorrelation respectively for each model of the study.

6.4.1. Tests for Multicollinearity

Spearman Correlation Matrix and VIF tests were conducted to detect the multicollinearity, whether the independent variables are strongly correlated to each other or the intensity of correlation among independent variables is weak. The correlation coefficients and significant levels (0.01) among each dimension of CSR; Shareholder, Employee, Manager/Governance, Customer, Supplier, Competitor, Community and Society, Environment, CSR-management and control variables are given in Appendix (XIIA-XIID).

Table 6.10.1, 6.10.2, 6.10.3 and 6.10.4 (Appendix XIIA-XIID), present the results of Spearman Correlation Matrix between each dimension of CSR, control variables and financial performance indicators. These tables show that the highest coefficient value of correlation is 0.7979 significant at 0.01, between the size of the bank and EPS. No value in Spearman correlation matrix exceeds 0.8 and ensures the absence of multicollinearity among each variable in the model.

The correlation between environment and CSR-management is 0.5063, CSR-management and employee is 0.4853, community and customer is 0.5595, community and environment is 0.4684, size and employee is 0.6914, age and customer is 0.4618, customer and shareholder is 0.6015, customer and environment is 0.4678 and employee and supplier is 0.4505. Table 6.10.1 depicts that the highest correlation is between ROE and size (0.6491), followed by ROE and community dimension which is 0.5994. Table 6.10.2 shows that the correlation of age and ROA is highest at 0.6006, followed by size and ROA (0.5787), while the correlation between ROA and employee dimension of CSR is 0.5565, which is the highest among other dimensions of CSR disclosure. The correlation between ROA and community is 0.5452. Table 6.10.3 presents the highest correlation between EPS and size of the firm (0.7979). The correlation between EPS and customer is 0.6335. Table 6.10.4 shows that correlation between TBQ and Capital Ratio is 0.4296, which is the highest coefficient among other variables, followed by age of the firm and TBQ (0.2263) and TBQ and shareholder (0.1942), while the correlation coefficient between TBQ and environment is -0.1940.

Table 6.11 Variance Inflation Factor (VIF)

Variables	VIF	1/VIF
Size	4.377	0.228
Customer	3.158	0.317
Age	3.139	0.319
Employee	2.756	0.363
Community and Society	2.309	0.433
Capital Ratio	2.171	0.461
Shareholder	2.086	0.479
CSR-management	1.948	0.513

Environment	1.797	0.557
Supplier	1.693	0.591
Over Head Expenses	1.538	0.65
Manager	1.371	0.729
Competitor	1.364	0.733
Mean VIF	2.285	.

Table 6.11 illustrates the outcomes of VIF test of the model. The results show that the VIF of each independent variable in the model is less than 5 and the mean of VIF for all independent variable of the model is 2.285. This indicates that the problem of multicollinearity does not exist (Gujarati, 2009).

6.4.2. Test for Heteroscedasticity and Serial Autocorrelation

Likewise, in the previous Section 6.2.2 of this chapter, Breusch-Pagan/Cook-Weisberg test and Wooldridge test were utilized for heteroscedasticity and autocorrelation in panel data respectively. The outcomes of Breusch-Pagan/Cook-weisberg in tables 6.12.1, 6.12.5, 6.12.9 and 6.12.13 in Appendix (XIIIA-XIIID) show the existence of heteroscedasticity, indicating that it might be a problem. Equally, tables 6.12.2, 6.12.6, 6.12.10 and 6.12.14 (Appendix XIIIA-XIIID) illustrate the results of Wooldridge test for autocorrelation and suggest the presence of the problem. As this study is based on micro-panels, autocorrelation would not be a serious issue in this case (Torres-Reyna, 2007). As discussed in Section 6.2.2, this study employed Robust Standard Errors in all models of the study, in order to control both of the stated problems (Hoechle, 2007; Cameron and Miller, 2015).

6.4.3. The Relationship between Return on Equity (ROE) and Each Dimension of CSR Disclosure

Table 6.13 presents the results of multiple regressions; random-effects model, fixed-effects model and pooled OLS, to elaborate on the association between ROE and each dimension of corporate social responsibility disclosure. The findings of the analysis are as follows:

Table 6.13 Regression Results: Return on Equity as Dependent Variable

Independent Variables	Dependent Variable Return on Equity		
	Random Effect	Pooled OLS	Fixed Effect
Shareholder	2.576 (0.893)	-0.221 (0.991)	20.785 (0.392)
Employee	-20.828 (0.553)	-23.266 (0.253)	-49.032 (0.151)
Manager	-5.760 (0.759)	-3.053 (0.857)	-6.287 (0.701)
Customer	74.680* (0.078)	71.946** (0.015)	69.521 (0.225)
Supplier	0.673 (0.966)	-0.999 (0.947)	-5.559 (0.769)
Competitor	-17.721** (0.046)	-21.903*** (0.005)	-0.883 (0.970)
Community and Society	46.845* (0.092)	53.899*** (0.002)	30.888 (0.397)
Environment	-9.600 (0.399)	-7.705 (0.581)	-9.663 (0.360)
CSRmanagement	53.465* (0.080)	54.738*** (0.008)	56.790 (0.306)
Size	3.552 (0.186)	3.895** (0.042)	-1.908 (0.664)
Age	-0.091	-0.097	-5.184

	(0.281)	(0.101)	(0.364)
Capital Ratio	1.737**	1.929***	1.237*
	(0.012)	(0.004)	(0.083)
Over Head Expenses	-0.231	-0.517	0.176
	(0.889)	(0.722)	(0.950)
Constant	143.955	185.092	-118.000
	(0.937)	(0.882)	(0.273)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.38	0.38	0.028
P Value (F)	(0.0000)	(0.0000)	(0.098)
Hausman			
chi(x^2)			
Prob			17.53 (0.2289)
Breusch-Pagan LM			
chi(x^2)			
Prob		1.57 (0.1055)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.4.3.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

The outcomes of the Breusch-Pagan LM test in Table 6.13, $chi(x^2) = 1.57$ and p-value=0.1055, are significant at 10 per cent level. Results indicate that the variances of the variables across the sample were not zero—null-hypothesis rejected. This suggests that the random-effects model is more effective in contrast to pooled OLS.

6.4.3.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

Table 6.13 shows that the values of $chi(x^2) = 17.53$ and p-value=0.2289 are insignificant that show individual effects are not correlated to regressors in the model. It rejects the alternative hypothesis and prefers the random-effects model over a fixed-effects model.

6.4.3.3. Regression Results: Return on Equity as Dependent Variable

The findings in Table 6.13 present the relationship of ROE with all dimensions of CSR disclosure of the study. The p-value (F) for both random-effects model and pooled OLS is significant at 1 per cent level. The results of the Hausman test and Breusch-Pagan LM test prefer random-effects model for regression analysis. The regression results indicate a positive and significant association of Customer, Community and Society, and CSR-management with ROE at 10 per cent level. Capital Ratio and ROE are also positively and significantly associated at 5 per cent level. Whereas, Competition dimension of CSR is negatively and significantly related to ROE at 5 per cent level.

The regression findings from pooled OLS also show the same relation of ROE and CSR disclosure dimensions but at different significant levels, like Customer dimension has a positive impact on ROE at 5 per cent level. Community and Society, and CSR-management are associated with ROE, significantly and positively at 1 per cent level while the relationship is negative and significant between ROE and Competitors at 1 per cent level. In addition, the relation of Supplier, Shareholder and ROE is positive but insignificant. However, Employee, Manager/ Governance and Environment dimensions of CSR disclosure are negatively and insignificantly related to ROE. This suggests that the disclosure of these dimensions has no impact on return on equity.

6.4.4. The Relationship between Return on Assets (ROA) and Each Dimension of CSR Disclosure

Table 6.14 defines the relation of each dimension of CSR (independent variable) and ROA (dependent variable) in listed commercial banks in Pakistan from 2008 to 2018. Regression results are as follows:

Table 6.14 Regression Results: Return on Assets as Dependent Variable

Independent Variables	Dependent Variable Return on Assets		
	Fixed Effect	Pooled OLS	Random Effect
Shareholder	-0.228 (0.888)	0.126 (0.894)	-0.073 (0.954)
Employee	-1.956 (0.292)	0.060 (0.943)	-0.037 (0.977)
Manager	0.321 (0.683)	0.812 (0.250)	0.758 (0.381)
Customer	3.170 (0.158)	3.372*** (0.008)	3.577* (0.062)
Supplier	-1.349 (0.352)	-0.267 (0.776)	-0.265 (0.850)
Competitor	-4.073* (0.097)	-1.574*** (0.004)	-1.792*** (0.002)
Community and Society	2.656*** (0.009)	3.192*** (0.000)	3.068*** (0.000)
Environment	-2.224** (0.041)	-1.614** (0.013)	-1.810** (0.022)
CSRmanagement	0.690 (0.694)	1.526* (0.085)	1.368 (0.222)
Size	-0.504 (0.218)	0.133 (0.216)	0.093 (0.467)
Age	-0.287 (0.323)	0.004 (0.118)	0.006** (0.053)
Capital Ratio	0.030 (0.446)	0.078*** (0.004)	0.067** (0.013)
Over Head Expenses	-0.354* (0.074)	-0.259** (0.027)	-0.255 (0.127)
Constant	-822.319 (0.139)	66.959 (0.391)	48.839 (0.675)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.14	0.56	0.56
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman chi (x^2)			101.74
Prob			(0.0000)
Breusch-Pagan LM chi (x^2)		7.33	
Prob		(0.0034)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.4.4.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random effects Model

The results of Breusch-Pagan LM test ($chi(x^2) = 7.33$ and $p\text{-value}=0.0034$), indicate the variances across the variables were not zero. This leads to reject the null-hypothesis and suggests that random effects model is better model than pooled OLS in this case.

6.4.4.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The findings of the Hausman test for the random and fixed effects model are presented in Table 6.14. These results ($chi(x^2) = 101.74$ and $p\text{-value}=0.0000$) are pointing out that the fixed effects model is a more suitable model as compared to the random effects model because individual effects were significantly correlated to other regressors in the model.

6.4.4.3. Regression Results: Return on Assets as Dependent Variable

The association of ROA and each dimension of CSR is depicted in Table 6.14. The results show that the fixed effects model is the most desirable model for analysis while p-value (F) of all models is statistically significant at 1 per cent level. The regression results from the fixed effects model specify that the impact of Community and Society on ROA as positive and significant at 1 per cent level. The relation of Competitor and Environment dimensions of CSR disclosure to ROA is negative and significant at the 10 per cent level. The findings also present a negative and significant association of ROA and Overhead Expenses at 10 per cent level.

The results from pooled OLS show a positive and significant linkage of Customer and Community with ROA at 1 per cent level. Similarly, CSR-management effects the ROA positively and significantly at the 10 per cent level. The relationship of Competitor and Environment with ROA is negative and significant at 1 per cent level. The relation of Manager/Governance and return on assets is positive but insignificant.

6.4.5. The Relationship between Earning per Share (EPS) and Each Dimension of CSR Disclosure

The association between EPS and each dimension of CSR disclosure is shown in Table 6.15. EPS in the model is the dependent variable and CSR dimensions of the study are independent variables. The multiple regression results are below:

Table 6.15 Regression Results: Earning per Share as Dependent Variable

Independent Variables	Dependent Variable		
	Earnings per Share		
	Fixed Effect	Pooled OLS	Random Effect
Shareholder	2.320 (0.491)	1.828 (0.615)	-0.001 (1.000)
Employee	1.620 (0.784)	12.594*** (0.002)	8.086* (0.109)
Manager	1.656 (0.425)	-1.912 (0.553)	1.075 (0.579)
customer	3.911 (0.412)	8.828** (0.043)	6.864 (0.177)
Supplier	4.473* (0.085)	8.633* (0.083)	6.870** (0.039)
Competitor	-14.194 (0.171)	-15.514*** (0.000)	-13.286 (0.134)
Community and Society	2.768 (0.196)	2.379 (0.424)	3.278 (0.114)

Environment	-8.631** (0.046)	-3.032 (0.494)	-8.874** (0.026)
CSR management	3.327 (0.292)	-9.084** (0.079)	2.023 (0.553)
Size	-0.566 (0.478)	4.980*** (0.000)	1.488** (0.033)
Age	-1.353 (0.322)	-0.014 (0.418)	0.042 (0.517)
Capital Ratio	0.107** (0.029)	0.493*** (0.000)	0.163*** (0.004)
Over Head Expenses	-0.033 (0.864)	0.428 (0.354)	0.211 (0.492)
Constant	-322.054 (0.211)	958.360 (0.011)**	256.446 (0.457)
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.17	0.66	0.54
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman Chi(x²) Prob			26.23 (0.0242)
Breusch-Pagan LM Chi(x²) Prob		220.65 (0.0000)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.4.5.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random Effects Model

Breusch-Pagan test results in Table 6.15 interpret the variances of the variables in the model not equal to zero as $chi(x^2) = 220.65$ and p -value=0.000. The results suggest rejection of null-hypothesis and indicate that the random-effects model is a more appropriate model.

6.4.5.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The findings of Hausman test in Table 6.15, $chi(x^2) = 26.23$ and p -value=0.0242 elaborate that regressors in the model were correlated with individual effects. These results interpret that fixed effects model is more effective than random-effects model for further analysis.

6.4.5.3. Regression Results: Earning per Share as Dependent Variable

Table 6.15 illustrates that all the models are statistically significant at 1 per cent level as the p -value (F) = 0.000. The outcomes of Hausman test prefer fixed effects model over the random effects model and pooled OLS. The results from fixed-effects model reveal that Supplier dimension of CSR has a positive and significant impact on EPS at 10 per cent level while the relationship between environmental aspects of CSR is negative and significant at 5 per cent level. Additionally, the association of EOS with Shareholder, Employee, Manager/ Governance, Customer and Community is positive but insignificant. Table 6.5 also interprets the regression results for pooled OLS and random-effects model. The findings indicate a positive and significant relationship between Employee and EPS at 1 per cent level and 10 per cent level respectively. Pooled OLS also delineates that the impact of Customer related CSR activities on EPS is positive and significant at the 5 per cent level.

6.4.6. The Relationship between Tobin's Q (TBQ) and Each Dimension of CSR Disclosure

The association of each dimension of CSR (independent variables) with Tobin's Q (Dependent variable) is given in Table 6.16. The results from these regression analyses are presented below:

Table 6.16 Regression Results: Tobin's Q as Dependent Variable

Independent Variables	Dependent Variable Tobin'sQ		
	Random Effect	Pooled OLS	Fixed Effect
Shareholder	0.988** (0.027)	0.979*** (0.009)	0.978* (0.064)
Employee	-0.082 (0.908)	-0.209 (0.714)	-0.141 (0.864)
Manager	0.457 (0.122)	0.710** (0.033)	0.413 (0.238)
Customer	0.443 (0.293)	0.539 (0.159)	0.352 (0.472)
Supplier	-0.266 (0.625)	-0.243 (0.552)	-0.090 (0.891)
Competitor	0.610 (0.181)	-0.079 (0.868)	1.508** (0.041)
Community and Society	-0.439 (0.255)	-0.314 (0.216)	-0.430 (0.307)
Environment	-0.492 (0.299)	-0.881** (0.025)	-0.414 (0.388)
CSR management	0.444 (0.292)	0.574 (0.167)	0.320 (0.433)
Size	0.005 (0.965)	0.066 (0.219)	-0.112 (0.549)
Age	0.002 (0.566)	0.001 (0.554)	0.451*** (0.006)
Capital Ratio	0.037*** (0.004)	0.040*** (0.000)	0.030** (0.050)
Over Head Expenses	0.028 (0.616)	0.022 (0.527)	0.029 (0.704)
Constant	29.537 (0.413)	44.786 (0.126)	883.784 (0.002)***
Observations	220	220	220
Year Dummy	Yes	Yes	Yes
R-square	0.35	0.37	0.16
P Value (F)	(0.0000)	(0.0000)	(0.0000)
Hausman			
Chi(x^2)			13.54
Prob			(0.4842)
Breusch-Pagan LM			
Chi(x^2)		66.65	
Prob		(0.0000)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, P-values are reported in Parenthesis

6.4.6.1. The Lagrange Multiplier Test (Breusch-Pagan LM Test): Pooled OLS vs Random effects Model

The results from Breusch-Pagan LM show that the variances across the variables were not equal to zero ($chi(x^2) = 66.65$ and $p\text{-value} = 0.0000$), leading to rejection of the null-hypothesis. This offers that the random effects model is better than pooled OLS in this case.

6.4.6.2. Hausman Specification Test: Random Effects Model vs Fixed Effects Model

The outcomes of the Hausman test in Table 6.16 show that individual effects were not significantly correlated with other regressors ($chi(x^2) = 13.54$ and $p\text{-value}=0.4842$). This indicates that the random effects model is more effective as compared to the fixed-effects model.

6.4.6.3. Regression Results: Tobin's Q as Dependent Variable

The summary of the results from the Breusch-Pagan LM test and the Hausman test suggests that random effects model is an appropriate model for regression. Whereas, all the models are statistically significant at 1 per cent level. Table 6.16 illustrates the relationship of all CSR dimensions of the study with TBQ. The findings of the random effects model delineate a positive and significant impact of Shareholder disclosure on TBQ at 5 per cent level. The relation between Capital Ration and TBQ is positive and significant at the 1 per cent level. The linkage between Manager/ Governance, Customer, Supplier, Competitor, Community, Environment and CSR-management with TBQ is insignificant, suggesting that these dimensions of CSR disclosure have no impact on TBQ of the banks in the sample.

The regression results of pooled OLS and fixed effects model also present a significant positive relation of Shareholder and TBQ at 1 per cent level. In the findings of pooled OLS regression model, the association of Manager/ Governance dimension with TBQ is positive and significant at 5 per cent level while the environment is negatively and significantly associated with the dependent variable at 5 per cent level.

6.5. Impact of Overall CSR and its Dimensions on Financial Performance of Commercial Banks in Pakistan

6.5.1. CSR and Return on Equity

The regression results illustrate that CSR disclosure and return on equity of a firm are positively and significantly associated with each other. These results confirm the acceptance of H_1^A and explain that CSR practices of a bank increase its financial performance. The findings of the study support the results of Santhirasgar et al. (2018) and Maqbool and Zameer (2018).

6.5.2. CSR and Return on Assets

The empirical findings of the study show that CSR disclosure and return on assets is positive and statistically significant. The regression results lead to the acceptance of H_2^A and determine that higher the CSR practices of the bank higher will be the profitability. These findings are in consistence with the studies of Djalilov et al. (2015) and Fayad et al. (2017).

6.5.3. CSR and Earning per Share

This study presents the findings of regression analysis concerning the linkages of CSR disclosure and financial growth of the banks. The empirical results state that the association between EPS and CSR practices of the banks in the sample is insignificant and lead the study to reject H_3^A . The results are in line with the study of Batra and Bahri (2018) and Islam et al. (2012), asserting that there is no association between CSR practices and EPS.

6.5.4. CSR and Tobin's Q

The results indicate an insignificant relation of CSR disclosure to market-based financial performance (Tobin's Q) of commercial banks in Pakistan and hypothesis H_4^A is rejected. These findings explain that CSR practices of banks do not have any impact on Tobin's Q of the firm and support the research outcomes of Sukcharoesin (2012) and Arshad et al. (2015).

6.5.5. Shareholders

The regression results of this study indicate a positive and significant relationship of firm value (Tobin's Q) and Shareholder, consistent with the study of Hopes and Thomas (2008) and based on these results, the study accepts H_3^B for Shareholder. However, Shareholder does not have impact on accounting based financial performance (ROE, ROA and EPS) of the selected sample. This leads the study to reject H_1^B , H_2^B and H_4^B for Shareholder dimension. This insignificant relationship might be because of the shareholders ownership (Family, Foreign and Institutional ownership) which has no significant impact on the financial performance of the banks (Rahman and Reja, 2015).

6.5.6. Employees

Human capital disclosure has a significant impact on the overall performance of banks and serves as an important dimension of CSR. A number of studies have mentioned the importance of employee CR activities such as training and development, employee's safety, health and welfare on the financial performance of a company (Kamal et al. 2012, Mention and Bontis, 2013). The empirical results of this study show an insignificant relation of employee disclosure and financial performance and confirm the rejection of the hypothesis H_1^B , H_2^B , H_3^B and H_4^B for employees dimension respectively. The findings show contradiction with above studies and the reason might be asymmetrical flow of information and agency problems in firms. Hay et al. (2019) stated that in the banking industry employee disclosure has a negative impact on the financial performance of banks. Whereas, the study of Pan et al. (2014) partially shows an insignificant relationship between employees responsibility and financial performance of firms.

6.5.7. Manager/ Governance

The role of manager and good governance is crucial for any organization. The study of Mangantar (2019) determines a positive and significant association between governance and financial performance of banks. The current study presents an insignificant relation of these two variables and rejects H_1^B , H_2^B , H_3^B and H_4^B for manager/ governance dimension of CSR. The reasons for this insignificant relationship might be agency problems in the organizations. These findings support the studies of Dewany (2015) and Hu et al. (2015).

6.5.8. Suppliers

The empirical results of the study give that supplier disclosure has a positive and significant relationship of EPS of the selected sample and leads the study to accept H_3^B for supplier dimension. The results are in relevance with the studies of Lenssen et al. (2005) and Kosgei and Gitau (2016), who stated that supplier's integration management and social attitude of the firm towards their suppliers increase the financial growth of the firm. However, the regression outcomes also show an insignificant but positive association of supplier with ROE, ROA and Tobin's Q, and reject H_1^B , H_2^B and H_4^B for supplier dimension of CSR. The reason behind this insignificant relation may be poor disclosure of supplier-related information by commercial banks in Pakistan from 2008-2018.

6.5.9. Customer

The findings of regression analysis describe that customer dimension of CSR disclosure has a positive and significant impact on financial performance, defined by ROE of commercial banks in Pakistan, and accept H_1^B for customer dimension. The results are consistent with Menassa (2010) and Lenssen et al. (2005). The relation of customers disclosure and other financial indicators excepts ROE as insignificant, rejecting H_2^B , H_3^B and H_4^B , and shows consistency with the study of El Moslemany and Etab (2017), who found no linkage between customers related CSR and financial performance.

6.5.10. Competitor

The current study provides that competitor disclosure has a negative and significant impact on accounting-based financial performance of banks such as ROE and ROA. These results confirm the rejection of H_1^B and H_2^B . The findings are in the support of Tan and Floros (2014) and Uddin and Suzuki (2014), who stated that in a low competitive environment the profitability of banks increases. The relationship between competitors is insignificant with EPS and Tobin's Q. Most of the banks in the sample have poor disclosure of their competitor's information, especially zero disclosure concerning collaboration with competitors.

6.5.11. Community and Society

CSR initiatives regarding community and society have a vital impact on the overall performance of an organization. Most of the studies (Krasodomska, 2015, Bihari and Pradhan, 2011, Tilakasiri, 2012, Ting and Yin, 2018) show a positive impact of CSR's community dimension and financial performance. The empirical findings of the study are consistent with these studies. The current study illustrates a positive and significant relationship of community disclosure to ROE and ROA, accepting H_1^B and H_2^B . However, EPS and Tobin's Q show positive but insignificant association to community and society disclosure of CSR, supporting similar findings of Malik and Nadeem (2014).

6.5.12. Environment

The association between the environmental aspect of CSR and financial performance has mixed results. Some of the studies (Manrique and Martí-Ballester, 2017, Zhang, 2013, Zhongfu et al. 2011) indicated a positive association between environment and financial performance of the firm. Smith et al. (2007) found negative and significant relation while Sarumpaet (2005) and Nor et al. (2016) reported no association between the environmental aspect of CSR and financial performance. The results of the current study illustrate a negative and significant relationship with ROA and EPS, rejecting H_1^B and H_2^B for environment dimension. The results support the findings of Smith et al. (2007). However, the association between environment and financial performance (ROE and Tobin's Q) is insignificant, consistent with the findings of Sarumpaet (2005) and Nor et al. (2016). The main reason may be poor and below average environmental disclosure of commercial banks in Pakistan. These results also show a lack of interest of banks for environmental activities and its disclosure.

6.5.13. CSR Management

Policies regarding anti-corruption, good governance, transparency and audit improve the financial position of the company. Naceur and Omran (2008) and Augustine (2012) asserted that good governance, transparency and implementation of anti-corruption policies have a positive impact on the financial performance of the firm. Whereas, Arshaad et al. (2014) and Klein et al. (2005) found no linkage between the two variables. The empirical results of the study show positive and significant association between CSR management and ROE, accepting H_1^B and in agreement to studies of Naceur and Omran (2008) and Augustine (2012). The relation of CSR management to ROA, EPS and Tobin's Q is insignificant and shows relevance with the results of Arshaad et al. (2014) and Klein et al. (2005).

6.6. GMM two-step regression

The Dynamic Panel Data (DPD) approach was employed in this study. Specifically, the robust two-steps system-GMM technique was used to control for the endogeneity. This model has been initially proposed by Arellano and Bover (1995); further developed by Blundell and Bond (1998); and introduced in Stata by Roodman (2006).

Table 6.17: Results using Two-step system GMM model

Variables	(1) ROE	(2) ROA	(3) EPS	(4) TOBIN Q
ROE (1 lag)	0.00238 (0.755)			
ROA (1 lag)		0.402*** (0.0000)		
EPS (1 lag)			0.507*** (0.0000)	
TOBIN Q (1 lag)				0.119*** (0.0000)
CSRI	0.361*** (0.0000)	8.399*** (0.0000)	11.01*** (0.0000)	0.859*** (0.006)
Size	0.123*** (0.0000)	3.764*** (0.000)	0.963* (0.082)	-0.695*** (0.0000)
Age	0.286 (0.273)	4.234*** (0.010)	19.98 (0.532)	1.299*** (0.0000)
Capital ratio	0.0162*** (0.0000)	0.116*** (0.0000)	-0.0218 (0.694)	-0.000437 (0.945)
Over Head Expenses	0.0953*** (0.0000)	0.839*** (0.0000)	0.256* (0.072)	-0.163*** (0.0357)
Observations	180	180	180	180
Diagnostic tests				
AR(1)	-0.79	-0.20	0.05	-2.63***
AR(2)	-1.06	-0.34	-1.67	-0.54
Hansen-j test (<i>p</i> -value)	18.66(0.67)	12.79(0.543)	13.87(0.87)	16.89(0.96)

P-values in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Several tests were applied to check the robustness of the results. The AR (1) and AR (2) are first order and second-order serial correlation; we accept (reject) the presence of first-order (second-order) serial correlation in the residuals, by applying the Arellano and Bond (1991) test under the null hypothesis of, residuals are not serially correlated. The J-statistic is the Hansen test of over-identifying restrictions, which shows that instruments used in estimations are valid. Hansen-j test confirms that instruments are valid, and our results are correctly estimated.

The results in Table 6.17, present that the association between ROE and CSRI is positive and significant at 1 per cent level in Model 1. In model 2 the coefficients of ROA and CSRI are positive and significant at 1 per cent level. The table also determines a positive and significant relationship between EPS and CSRI at 1 per cent level, consistent with the study of (Samy et al. 2010, Islam et al. 2012). Similarly, the impact of CSRI on Tobin's Q is also positive and significant at 1 per cent level, supports the findings of Belu and Manescu (2013).

6.7. Causal Relationship between Corporate Social Responsibility and Financial Performance

Unit root and Dumitrescu and Hulin (2012) Granger Causality test has been utilized to investigate the causal relationship between CSRI and financial performance indicators of commercial banks in the sample. Table 6.18 (Appendix XIV), present the results of Levin-lin-chu (2002) unit root test and Dumitrescu and Hulin (2012) Granger causality test for variables in panel data. The null hypothesis (H_0) for Levin-lin-chu unit root test indicates the presence of unit roots in the data, we reject the H_0 as all of the variables are significant at the 1 per cent level, this means that the data for each variable is stationary. Similarly, the null hypothesis H_0 for Granger causality test determines the absences of a causal relationship. The results reveal that CSRI positively causes ROE, ROA, EPS and Tobin's Q at 1 per cent significance level. Moreover, the results also describe that ROE and ROA do not cause CSRI, however, EPS and

Tobin's Q positively and significantly cause CSRI. This means that there is a positive and significant causal relationship between all financial performance indicators and corporate social responsibility.

6.1. Conclusion

This chapter presents the association between CSR practices as a composite construct, of commercial banks in Pakistan and their financial performance; ROE, ROA, EPS and Tobin's Q from 2008 to 2018. The empirical results of regressions also show the relation of each dimension of CSR: shareholder, employee, Manager/ Governance, Supplier, Competitor, Community and Society, Environment and CSR Management with the financial performance of commercial banks in the sample. The empirical results of the study indicate that CSR disclosure is positively and significantly associated with accounting-based financial performance (ROE and ROA). However, the relationship with EPS is positive but insignificant. Similarly, CSR disclosure is negatively and insignificantly associated with Tobin's Q of the firm. The possible reasons for this might be that during 2008-2010 Pakistani markets suffered not only from the global financial crisis but also from the war against terrorism, reducing the GDP from 4.8 in 2007 to 1.67 in 2010 (WorldBank, 2019), resulting in a decrease in financial performance and would have an impact on firm's value, defined by Tobin's Q. These findings confirm that involvement of banks in CSR practices may have a positive impact on the overall financial performance of commercial banks in Pakistan.

Moreover, the results also show a positive and significant relationship between customer, community and society and CSR management dimensions of CSR disclosure with ROE. Similarly, community and society have a positive impact on ROA. Supplier and shareholder dimensions are positively and significantly related to EPS and Tobin's Q respectively. This implies that CSR activities of commercial banks in Pakistan; related to community, customers, suppliers and CSR management (good governance, transparency and anti-corruption policies) and its disclosure may improve their financial performance.

On the other hand, competitor dimension of CSR has a significant negative impact on ROE and ROA. The reason might be an intensely competitive environment in the financial market. Furthermore, the environmental dimension is negatively and significantly related to ROA and EPS. These results suggest that competitor and environment dimensions of CSR may reduce the investor's returns. However, the overall regression findings suggest a positive impact of CSR initiatives on the financial performance of commercial banks.

Chapter 7

7. Discussion and Conclusion

7.1. Introduction

This study assesses the nature and level of Corporate Social Responsibility Disclosure in the listed commercial banks in Pakistan and its impacts on the financial performance of banks in the sample. This chapter presents the main findings of this research study that have been given in previous chapters. This chapter also presents the contributions, limitations and future directions of the current study.

The first part of empirical results of this dissertation (Chapter 5) determines the nature and extent of CSR disclosure practices of all listed commercial banks in Pakistan analyzed through content analysis of their annual reports and official websites. Similarly, the second part of empirical results in this dissertation, given in Chapter 6 addresses the findings of the association between CSR disclosure and its dimensions with the financial performance of the listed commercial banks in Pakistan. The results of this dissertation are in accordance with the objectives and research questions of the study. The contributions, limitations and future directions of the study are presented in the last section of this chapter.

Chapter 2 of this dissertation focuses on previous research studies conducted on the historical development of CSR across business communities. In light of reviewing the literature, this chapter addresses the theoretical background of CSR and its relation to the financial performance of both financial and non-financial firms. The literature in this chapter emphasizes on different CSR disclosure theories including legitimacy theory, stakeholder theory, political economy theory, agency theory and shared value theory. This study has adopted stakeholder's theory which mainly focuses on the importance of stakeholders' powers and their role in the development of the business. The role of CSR practices and its disclosure in both developing and developed countries including Pakistan, especially in the banking sector are discussed in this chapter.

Chapter 3 of this study presents the socio-economic, environmental contexts and important laws and regulations in Pakistan regarding corporate social responsibility. This chapter also presents an overview of the banking sector in Pakistan and the best practices of business firms in the region.

Chapter 4 explains the methodology – data, methods of content analysis and empirical models for regression analysis utilized in the study. Secondary data from Pakistan Stock Exchange, State Bank of Pakistan and annual reports /websites of the concerned banks from 2008 to 2018 has been utilized. Dichotomous and un-weighted disclosure index method of the content analysis has been employed to analyze the level of CSR disclosure in commercial banks in Pakistan. The empirical regression model: pooled OLS, fixed effects model and random-effects models were adopted in the study while focus on the relation of CSR disclosure practices to the financial performance of the listed commercial banks in Pakistan was observed.

Chapter 5 and 6 of this dissertation presents the main findings of this research study about the research questions of the study, which are (1) what is the current status of CSR disclosure by listed commercial banks in Pakistan? (2) whether there is a relationship between CSR disclosure and bank's financial performance? And (3) to what extent each dimension of CSR disclosure predicts the bank's financial performance, both market and accounting based?

7.2. Findings of the Study – New scientific results

This research study has assessed the extent and level of CSR disclosure and its relation to the financial performance of listed commercial banks in Pakistan during the 2008-2018 period. In 2018 there were 29 scheduled banks operating in Pakistan, out of which 20 banks were listed on Pakistan Stock Exchange. CSR disclosure variables of this study consist of nine dimensions in accordance with stakeholder theory including shareholders, employees, managers/ governance, customers, suppliers, competitors, community and society, environment and CSR management. The financial performance indicators consist of ROE, ROA, EPS (accounting-based) and TBQ (Market based). Size, Age, Capital Ratio and Over Head Expenses are employed as control variables. The main findings of the study are summarized as follows:

7.2.1. The Current Status of Corporate Social Responsibility Disclosure by Banks in Pakistan

The findings of the study, presented in Chapter 5, elaborate the nature and extent of CSR disclosure of commercial banks in Pakistan by analyzing the annual reports and official websites of concerned banks from 2008 to 2018. The results show that overall CSR disclosure by all banks in the sample increased by 14.58 per cent over the studied period, from 56.48 per cent in 2008 to 71.06 per cent in 2018. The average overall CSR disclosure by all banks in the sample during 2008-2018 is 64.56 per cent.

T1 - CSR reporting activity of Pakistani banks has intensified over the past decade, but the current status of CSR disclosure by commercial banks in Pakistan is moderate, indicating that the notion of CSR in banks operating in Pakistan is not fully developed.

Muslim Commercial Bank disclosed maximum CSR related information (72.6 per cent) followed by Standard Chartered Bank (71.45 per cent) and Allied Bank Limited (71.06 per cent) during the 2008-2018 period. Similarly, the lowest amount of CSR information was disclosed by Samba Bank (51.22 per cent) followed by Summit Bank (54.93 per cent) and Soneri Bank (60.18 per cent) during the studied period.

The findings of Chapter 5 also show that the most disclosed CSR dimension during the years 2008-2018 by commercial banks in Pakistan was manager/ governance (92.82 per cent), followed by shareholder dimension (82.88 per cent) and CSR management (79.32 per cent). The disclosure of CSR practices related to employees and customers and community was 70.45 per cent, 65.62 per cent and 65.21 per cent respectively. However, the environment (40.04 per cent) and supplier (40.53 per cent) were the least disclosed CSR dimensions. Moreover, the disclosure of ‘fixable policies for shareholders’ as compared to other items of shareholder dimension was very low for all banks in the sample. The disclosure of information related to items such as ‘gender, minorities, and facilities to the families’ of employee dimension was not satisfactory. In the customer dimension, the disclosure of items ‘socially responsible investment and social responsible savings’ was zero in the annual reports of all concerned banks. Similarly, information regarding ‘equal opportunity to suppliers, fair negotiation and provision of information to suppliers were absent in the annual reports of the respective commercial banks. All banks except National Bank of Pakistan and Standard Chartered Bank did not disclose information related to ‘collaborations with competitors’.

Furthermore, in annual reports of all commercial banks under study, the information related to ISO 14000/14001, environmental guidelines provided by the World Bank and OECD were absent.

T2 - Commercial banks in Pakistan mainly focus on activities related to good governance, investors' relation, development and retention of employees and customers, and contributions to the community. However, these banks did not give priority to the supplier and environmental aspects of CSR.

The possible reason may be that banks and other stakeholders are not fully aware of the concept and meaning of CSR in Pakistan (Malik and Nadeem, 2014). This study supports and is consistent with the study of Deegan (2002), who emphasized the importance of stakeholder's expectations and awareness to influence the level of CSR activities and its disclosure.

Similarly, the findings of the content analysis also show that most of the commercial banks in Pakistan are operating at efficiency and strategic innovation stages such as Samba bank, Summit bank, Silk bank, Soneri bank and bank of Punjab are at efficiency stage. Bank Alhabib, Meezan bank, Bank Alfalah, United Bank, Habib bank Faisal bank, Askari bank and Bank Islami are at strategic innovation stage. However, few banks are operating at an initial stage of strategic integration stages such as Muslim commercial bank, Standard chartered bank, and National bank of Pakistan.

7.2.2. The Relationship between Corporate Social Responsibility Disclosure and Bank's Financial Performance

The findings of this study given in Chapter 6 of the dissertation explain the extent of the relationship between CSR disclosure and financial performance of commercial banks in Pakistan during the 2008-2018 period. The results of the regression analysis indicate a positive and significant association of CSR disclosure to financial performance measured with ROE and ROA. These findings indicate that increase in bank's CSR activities and its disclosure tends to increase the financial performance of banks and is consistent with the studies of Santhirasgar et al. (2018), Maqbool and Zameer (2018), Djalilov et al. (2015) and Fayad et al. (2017). However, the relationship between CSR with EPS is positive but insignificant. These findings support the studies of Batra and Bahari (2018) and Islam et al. (2012). Similarly, the association between CSR and TBQ is negative and insignificant, consistent with Sukcharoesin (2012) and Arshad et al. (2015). The possible reasons for this insignificant relationship of CSR disclosure and financial performance indicators (EPS and TBQ) might be lack of awareness, understanding of the meaning of CSR and the extent of CSR disclosure by concerned banks. Another possible reason may be the global recession and war against terrorism in Pakistan during 2008-2010, resulting in a drastic decrease in the GDP from 4.8 in 2007 to 1.6 in 2010 (WorldBank, 2019).

T3 - The involvement of commercial banks in CSR activities and its proper disclosure helps to improve their accounting-based financial performance. However, CSR disclosure does not have any impact on the market based financial performance of listed commercial banks, which might have been affected by the unstable economic conditions of the country.

7.2.3. Relationship between Each Dimension of Corporate Social Responsibility Disclosure and Bank's Financial Performance

The findings of Chapter 6 of the dissertation present the extent of association between each dimension of CSR disclosure and financial indicators of listed commercial banks in Pakistan. The results indicate that shareholder dimension of CSR disclosure has a positive significant impact on TBQ and support the study of Hopes and Thomas (2008). However, the relationship is insignificant with accounting-based financial performance. This shows that an

increase in shareholder's related CSR disclosure may influence the firm's value positively. Employees and manager/ governance dimensions of CSR disclosure has no impact on the financial growth of banks under study. These findings show a contradiction with the studies of Kamal et al. (2012), Mention and Bantis (2013) and Mangantar (2019) but are inclined to the findings of Pan et al. (2014), Dewany (2015) and Hu et al. (2015).

Similarly, this study presents that the disclosure of supplier-related information has a positive impact on EPS of commercial banks in Pakistan and show consistency with the study of Lenssen et al. (2005) and Kosgei and Gitau (2016). However, the findings of the study show that disclosure of supplier's information by selected banks was very low during the studied time period. Moreover, the findings suggest that disclosure of customer dimension of CSR disclosure improves the financial performance of commercial banks measured by ROE and supports the results of Menassa (2010) and Lenssen et al. (2005). The analysis of competitor disclosure on various financial indicators shows that competitor disclosure has a negative significant association to ROE and ROA of banks in the sample. These findings elaborate that intense competitive environment the profitability of the firm decreases (Tan and Floros, 2014, Uddin and Suzuki, 2014). The impact of community and society disclosure on financial performance is positive and significant, measured in terms of ROE and ROA, and support the findings of Malik and Nadeem (2014).

The regression analysis of environmental dimension of CSR disclosure with financial performance indicates a negative and significant relationship to ROA and EPS of banks under study and these findings are inconsistent with the results of Smith et al. (2007). The plausible reason for this negative association might be little emphasis and lack of interest of banks in Pakistan on environmental aspects of CSR during years 2008-2018. Similarly, the findings of the current study show positive relation of CSR management – good governance, anti-corruption mechanism, audit and transparency with ROE of commercial banks in the study as a financial indicator. These results show relevance with the findings of Naceur and Omran (2008) and Augustine (2012).

T4 - Commercial banks in Pakistan put more emphasis on the disclosure of information related to shareholders, employees, manager/ governance, customers, community and society and CSR management, positively influencing the financial performance of the banks. However, the interest of these banks in suppliers and environmental aspects of CSR is very low. Furthermore, the nature, flexibility and extent of involvement in CSR activities of each bank is different, which may affect the association of each dimension of CSR with the financial performance and its significance level.

7.3. Contribution of the Research

The current research contributes to the body of knowledge on CSR, its disclosure and dimension from a developing country context, like Pakistan in a number of ways as follows:

Firstly, the current study examines the impact of CSR practices and its disclosure on financial performance indicators of commercial banks in Pakistan in a relation to stakeholders theory, thus contributes to the literature on CSR disclosure and financial performance. Moreover, the prior studies examining the relationship between CSR disclosure and financial performance of firms are scant and report mixed findings, thus the present study is an endeavour to fill the gap in the literature.

Secondly, the current study has investigated the impact of CSR disclosure and financial performance by taking stakeholders theory as the underpinning theory of the study. Review of the existing literature has revealed that less attention has been paid to consider stakeholder's theory in the context of Pakistan. The results of the study provide that the level of CSR

disclosure for commercial banks has been increased by 14.6 per cent over the studied period. Commercial banks in Pakistan disclose the CSR information by focusing on nine dimensions namely shareholders, employees, manager/ governance, customers, suppliers, competitors, community and society, environment and CSR management. The most disclosed dimension of CSR by these commercial banks are shareholders, manager/governance employees, customers, CSR management and community and society. However, less interest has been paid to CSR activities related to suppliers and the environment. The findings of the study reveal that CSR disclosure practices of commercial banks in Pakistan taken into account the interest of almost all stakeholders. The findings of the study further reveal that stakeholder could get maximum benefits when the expectations of all stakeholders are met. The results of this study support the stakeholder's theory: the expectations and pressure of stakeholders may affect the CSR disclosure of companies (banks).

Thirdly, this study provides insights into the CSR disclosure practices in the context of Pakistan. The existing literature on the CSR disclosure reveals that the majority of the previous studies have been conducted in developed countries, while attention has not been paid to developing countries and Pakistan in particular. The results show that CSR disclosure has gradually increased in the commercial banks from the year 2008-18. These commercial banks are less attuned to disclose information on supplies and environmental aspects of CSR. This suggests that the government of Pakistan should revisit its CSR guidelines and offer incentives to commercial banks in Pakistan, so that they may consider and enhance CSR activities and its disclosure. The study also reveals that there are no established rules and regulations for companies in Pakistan to regulate CSR activities. Mostly, the firms engage in CSR activities and its disclosure on a voluntary basis.

This study will help the concerned regulating bodies to develop and ensure the implementation of the standard framework on CSR practices and its disclosure, in order to promote corporate transparency in such CSR activities.

T5 - The research has developed a CSR index to determine the level of CSR disclosure in commercial banks, thus contributing to a methodology. CSR index has been used to collect the CSR data of the concerned banks from their annual reports and their official websites through content analysis.

The findings of the study help the stakeholders and banks to understand the extent of CSR and its disclosure in Pakistan. This study provides a unique measurement, CSR index that has not been used previously, to analyze and interpret the nature of the relationship between CSR and financial performance of banks in Pakistan.

Review of the existing literature shows that majority of the prior studies have been conducted in the manufacturing sector while less focus has been devoted to the financial sector. Finally, the current study contributes to the model of the study, indicating the relationship of CSR disclosure and its dimensions with financial performance in the financial sector of Pakistan.

7.4. Limitations and Future Directions of the Research

This study, like other studies, has certain limitations. Future directions are given below to overcome these limitations.

Firstly, the current study has investigated the relationship between CSR disclosure and financial performance of twenty listed commercial banks in Pakistan operating from the year 2008-2018. Future studies are directed to consider taking other financial institutions such as investment banks and insurance companies as the study sample to understand the CSR practices and its disclosure in a broad manner. The comparison of CSR disclosure and its impact on financial performance among these sectors provide valuable results.

Secondly, the current study emphasizes on commercial banks in Pakistan. It is recommended that future research could compare the impact of CSR disclosure practices on the financial performance of listed commercial banks in SAARC countries namely Pakistan, India, Bangladesh, Nepal, Bhutan, Maldives, Afghanistan and Sri Lanka.

Thirdly, this study has used the indexed approach of content analysis by utilizing the information from annual reports and official websites of commercial banks. In order to gauge the true nature of the relationship between CSR disclosure and financial performance, it is advised that future research may utilize the information from other reports published by banks such as interim reports, advertisement of bad promotional brochures, newsletters and sustainability reports.

Fourthly, to measure the level of CSR practices and its disclosure, the current study has utilized the CSR checklist. The checklist comprises nine dimensions with 71 CSR items. Future studies could apply a volumetric approach of content analysis – counting number words, sentences, images and paragraphs, with more CSR disclosure items to gather CSR information of commercial banks in Pakistan.

Fifthly, applying a dichotomous un-weighted approach to score the dimensions and sub-dimensions of CSR to estimate the CSR disclosure index may be subjected to doubt of obtaining unbiased results, such as if 0 indicates the absence and 1 denotes the existence of a CSR report, may not clearly differentiate between the detailed and well-performed and poorly-elaborated CSR reports. Therefore, the results are limited similar to the results of other research e.g. research with the detailed framework of Scholtens (2008). However, considering that each and every dimension of banks' CSR is equally important to all stakeholders might be an appropriate justification to follow such a method. The development of CSR in Pakistani banks may justify the use of other methods in the future, which also takes into account the quality of CSR-related reports.

Finally, this study has measured the financial performance of the commercial banks by ROE, ROA, EPS and TBQ. It is advised that future researches may include other indicators of financial performance such as Net Profit Margin, Return on Stocks, Returns on Sales and Price Earnings Ratio to analyze the association between CSR disclosure and such indicators of financial performance.

Summary of the Thesis

The attention of the general public, regulatory authorities, research scholars and media over the importance of a firm's CSR practices and its disclosure has increased over the last decade, especially after the global economic crisis of 2008-2010. The need and significance of CSR practices made the businesses more aware and concerned about their CSR activities for employees, customers, community, environment and other concerned stakeholders. A number of firms in Pakistan have realized the long-term benefits of CSR initiatives, its disclosure and have therefore adopted CSR policies in their business operations. However, business in Pakistan confronts numerous challenges in the implementation and practice of CSR, due to lack of proper understanding of the CSR concept, its proper disclosure and motivation.

Review of the extant literature reveals that, though there is a handful of studies investigating CSR and its disclosure practices in the financial sector of Pakistan by taking into consideration investments and donations in philanthropy, health, education and social welfare dimensions of CSR. However, research studies considering the firms' stakeholders through the lens of stakeholder's theory, are scant. Thus, this study attempts to fill the gaps in the existing literature and investigate the impact of CSR disclosure practices of the commercial banks on financial performance by taking the main stakeholders such as shareholders, employees, managers/ governance, customers, suppliers, competitors, community and society, environment and CSR management as key indicators of CSR.

The conceptual framework of the study was designed by taking nine dimensions of CSR, consisting of Shareholder, Employee, Manager, Customers, Suppliers, Competitors, Community and Society, Environment and CSR management. Four indicators include ROE, ROA, EPS (Accounting-based variable) and Tobin's Q (Market-based variable) was employed to evaluate the financial performance of the firm. Control variables – the size of the bank, age of the bank, capital ratio and over-head expenses were used to control the impact of dependent variables. Both exploratory and explanatory research designs were utilized. Mixed-designed research was employed. Among 26 scheduled commercial banks in Pakistan, the sample is restricted to 20 banks, which are listed on Pakistan Stock Exchange in 2018. The data of the banks from 2008 to 2018 was used and collected from the annual reports and official websites of the selected sample. The construction of CSR index through content analysis has taken place in several stages, identification of CSR dimensions and construction of CSR index, identification of data sources and collection of annual reports and other documents related to banks CSR practices, reliability of content analysis was considered and content analysis was adopted to codify the data and measure the CSR score of all selected banks. The data of financial measurement indicators and control variables were collected from State Bank of Pakistan financial reports regarding the financial sector of Pakistan, banks' annual reports and Pakistan Stock Exchange. Two sets of hypothesis based on the literature studied on the relationship of CSR and financial performance were developed, to analyze the impact of CSR and all dimensions of CSR on the financial performance of listed commercial banks. In order to test the set of hypothesis three groups of panel data model was utilized consisting of Pooled OLS, Fixed Effects Model and Random Effects Model.

Content analysis of annual reports and official webpages for the period 2008-2018, was used to measure the CSR disclosure of all listed commercial banks operating in Pakistan. Moreover, the index was developed termed as 'CSR Disclosure Index', which presents the results in the form of indices for all banks individually and collectively for each year from 2008 to 2018. The values of the index showed the performance of the banks in the sample, high score indicates the high performance of the bank while a low score determines less involvement of the bank in respective CSR activities. The results of the current study indicated that in the year 2008 the average CSR score of all banks is 0.5648 while in 2018 it

increased to 0.7106. This shows that the level of CSR activities disclosure increased by 14.58 per cent in the last decade, this represents the dedication of commercial banks towards CSR initiative inside and outside the organization for their employees and society in large.

The association between CSR practices as a composite construct, of commercial banks in Pakistan and financial performance; ROE, ROA, EPS and Tobin's Q, was checked, through regression analysis. The relation of each dimension of CSR: shareholder, employee, Manager/Governance, Supplier, Competitor, Community and Society, Environment and CSR Management with the financial performance of commercial banks in the sample was also checked, for the data ranging from 2008 to 2018. The results of the study indicated that CSR disclosure is significantly and positively associated with accounting-based financial performance (ROE and ROA). However, the relationship with EPS was positive but insignificant. Similarly, CSR disclosure was found to be negatively and insignificantly associated with Tobin's Q of the firm. The possible reasons for this might be that during 2008-2010 Pakistani markets suffered not only from the global financial crisis but also from the war against terrorism, reducing the GDP from 4.8 in 2007 to 1.67 in 2010, resulting in a decrease in financial performance and would have an impact on firm's value, defined by Tobin's Q. The findings of the study confirm that the involvement of banks in CSR practices may have a positive impact on the overall financial performance of commercial banks in Pakistan. Moreover, the results also showed a positive and significant relationship between customer, community and society and CSR management dimensions of CSR disclosure with ROE. Similarly, the community and society had a positive impact on ROA. Supplier and shareholder dimensions are positively and significantly related to EPS and Tobin's Q respectively. This implies that CSR activities of commercial banks in Pakistan; related to community, customers, suppliers and CSR management (good governance, transparency and anti-corruption policies) and its disclosure may improve their financial performance. On the other hand, competitor dimension of CSR has a significant negative impact on ROE and ROA. The reason might be an intensely competitive environment in the financial market. Furthermore, environment dimension is negatively and significantly related to ROA and EPS. The results suggested that competitor and environment dimensions of CSR may reduce the investor's returns. However, the overall regression findings suggest a positive impact of CSR initiatives on the financial performance of commercial banks.

The finding of the study suggested that commercial banks in Pakistan put more emphasis on the disclosure of information related to shareholders, employees, manager/governance, customers, community and society and CSR management. However, the interest of these banks in suppliers and environmental aspects of CSR is very low. Furthermore, the nature, flexibility and extent of involvement in CSR activities of each bank in the sample is different, which may affect the association of each dimension of CSR with the financial performance and its significant level.

This study contributes to the general understanding of CSR practices and its proper disclosure of businesses in developing countries, specifically in Pakistan by providing an intensive examination of the association between CSR disclosure and financial performance of the listed commercial banks. Implications to the policymakers and management and governance bodies of the financial sector of Pakistan are also provided.

REFERENCES

- ABBOTT, W. F. & MONSEN, R. J. 1979. On the measurement of corporate social responsibility: Self-reported disclosures as a method of measuring corporate social involvement. *Academy of management journal*, 22, 501-515.
- ABRAMS, F. W. 1951. Management's responsibilities in a complex world. *Harvard Business Review*, 29, 29-34.
- ACKERMAN, R. W. 1973. How Companies Respond to Social Demands. *Harvard Business Review*, 51, 88-98.
- ADB 2008. The World Bank's New Poverty Data: Implications for the Asian Development Bank. Manila, Philippines: Asian Development Bank.
- AFRIDI, S. A., GUL, S., HAIDER, M. & BATOOL, S. 2018. Mediating effect of customers' trust between the association of corporate social responsibility and customers' loyalty. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 12, 214-228.
- AĞAN, Y., KUZZEY, C., ACAR, M. F. & AÇIKGÖZ, A. 2016. The relationships between corporate social responsibility, environmental supplier development, and firm performance. *Journal of Cleaner Production*, 112, 1872-1881.
- AGARWAL, S. K. 2008. *Corporate social responsibility in India*, New Delhi, India, SAGE Publications India.
- AGUDELO, M. A. L., JÓHANNSDÓTTIR, L. & DAVÍDSDÓTTIR, B. 2019. A literature review of the history and evolution of corporate social responsibility. *International Journal of Corporate Social Responsibility*, 4, 1-23.
- AHAMED, W. S. W., ALMSAFIR, M. K. & AL-SMADI, A. W. 2014. Does corporate social responsibility lead to improve in firm financial performance? Evidence from Malaysia. *International Journal of Economics and Finance*, 6, 126-138.
- AHMAD, A. & SAIF, M. I. 2010. Islamic banking experience of Pakistan: comparison between Islamic and conventional banks. *International Journal of Business and management*, 5, 137.
- AHMAD, S. J. 2006. From principles to practice. *Journal of Corporate Citizenship*, 24, 115-129.
- AHMED, A. & AHMAD, I. 2011. *Corporate Conscience: CSR in Pakistan-a Study*, Bangalore, Sustainable Development Policy Institute (SDP).
- ALAM, A. R. 2018. Situational Analysis of National Environmental Laws and Policies, Non-Compliance of these Laws, Resource, Efficiency Issues and Gaps in Implementation and Enforcement. WWF-Pakistan.
- ALBRIZIO, S., KOZLUK, T. & ZIPPERER, V. 2017. Environmental policies and productivity growth: Evidence across industries and firms. *Journal of Environmental Economics and Management*, 81, 209-226.
- ALBUQUERQUE, R., KOSKINEN, Y. & ZHANG, C. 2019. Corporate social responsibility and firm risk: Theory and empirical evidence. *Management Science*, 65, 4451-4469.
- ALI, W. 2014. *Corporate Social Responsibility Disclosure (CSR): A Case Study of Pakistan*. Ph. D. Thesis, Middlesex University.
- ALLISON, P. D. 2006. Fixed effects regression methods in SAS. *31st Annual SAS Users Group International Conference*. San Francisco, California: SUGI 31.
- ALLOUCHE, J. & LAROCHE, P. 2005. A meta-analytical investigation of the relationship between corporate social and financial performance. *Revue de Gestion des Ressources Humaines*, 1, 8-41.
- AMAESHI, K. M., OSUJI, O. K. & NNODIM, P. 2008. Corporate social responsibility in supply chains of global brands: A boundaryless responsibility? Clarifications, exceptions and implications. *Journal of Business ethics*, 81, 223-234.
- AMRAN, A. & DEVI, S. S. 2008. The impact of government and foreign affiliate influence on corporate social reporting: The case of Malaysia. *Managerial Auditing Journal*, 23, 386-404.

- AMRAN, A., FAUZI, H., PURWANTO, Y., DARUS, F., YUSOFF, H., ZAIN, M. M., NAIM, D. M. A. & NEJATI, M. 2017. Social responsibility disclosure in Islamic banks: a comparative study of Indonesia and Malaysia. *Journal of Financial Reporting and Accounting*, 15, 99-115.
- APERGIS, N. & SORROS, J. 2014. The role of R&D expenses for profitability: Evidence from US fossil and renewable energy firms. *International Journal of Economics and Finance*, 6, 8-15.
- ARAS, G., AYBARS, A. & KUTLU, O. 2010. Managing corporate performance. *International Journal of productivity and Performance management*, 59, 229-254.
- ARELLANO, M. & BOVER, O. 1995. Another look at the instrumental variable estimation of error-components models. *Journal of econometrics*, 68, 29-51.
- ARSHAAD, A. R., YOUSAF, S., SHAHZADI, K. & MUSTANSAR, E. 2014. Corporate Governance practices and firms performance: A case of banking sector of Pakistan. *International Journal of Multidisciplinary Sciences and Engineering*, 5, 7-12.
- ARSHAD, M. G., ANEES, F. & ULLAH, M. R. 2015. the impact of corporate social responsibility on firm's financial performance. *The International Journal of Applied Research*, 4, 9-28.
- ASFAR, S. 2009. *Lack Of Corporate Social Responsibility In Pakistan?* [Online]. Pakistan: Pakistani Bloggers. Available: <https://www.pakpositive.com/pakistanibloggers/lack-of-corporate-social-responsibility-in-pakistan-t731.html> [Accessed 18 March 2018].
- ASHRAF, M. A. 2017. Poverty and its Alleviation: the Case of Pakistan [J]. In: STAICU, G. I. (ed.) *Poverty, Inequality and Policy*. London, UK: IntechOpen.
- ASRAR-UL-HAQ, M., KUCHINKE, K. P. & IQBAL, A. 2017. The relationship between corporate social responsibility, job satisfaction, and organizational commitment: Case of Pakistani higher education. *Journal of Cleaner Production*, 142, 2352-2363.
- AUGER, P., BURKE, P., DEVINNEY, T. M. & LOUVIERE, J. J. 2003. What will consumers pay for social product features? *Journal of business ethics*, 42, 281-304.
- AUGUSTINE, D. 2012. Good practice in corporate governance: Transparency, trust, and performance in the microfinance industry. *Business & Society*, 51, 659-676.
- AUPPERLE, K. E., CARROLL, A. B. & HATFIELD, J. D. 1985. An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of management Journal*, 28, 446-463.
- AURANGZEB, D. 2012. Contributions of banking sector in economic growth: A case of Pakistan. *Economics and Finance Review*, 2, 45-54.
- AVERY, R. B. & SAMOLYK, K. A. 2004. Bank consolidation and small business lending: the role of community banks. *Journal of financial services research*, 25, 291-325.
- AWAN, A. W., KAMAL, Y., RAFIQUE, M. & KHAN, S. 2012. Corporate social responsibility in Pakistan economy. *Business & Economic Review*, 2, 1-31.
- AZIZULLAH, A., KHATTAK, M. N. K., RICHTER, P. & HÄDER, D.-P. 2011. Water pollution in Pakistan and its impact on public health—a review. *Environment international*, 37, 479-497.
- BABIAK, K. & TRENDAFILOVA, S. 2011. CSR and environmental responsibility: motives and pressures to adopt green management practices. *Corporate social responsibility and environmental management*, 18, 11-24.
- BADULESCU, A., BADULESCU, D., SAVEANU, T. & HATOS, R. 2018. The relationship between firm size and age, and its social responsibility actions—Focus on a developing country (Romania). *Sustainability*, 10, 1-21.
- BAE, S. C., CHANG, K. & YI, H.-C. 2018. Are more corporate social investments better? Evidence of non-linearity effect on costs of US Bank loans. *Global Finance Journal*, 38, 82-96.
- BAGH, T., KHAN, M. A., AZAD, T., SADDIQUE, S. & KHAN, M. A. 2017. The Corporate Social Responsibility and Firms' Financial Performance: Evidence from Financial Sector of Pakistan. *International Journal of Economics and Financial Issues*, 7, 301-308.
- BAIG, M. A. & BAIG, M. A. 2017. Impact of CO2 emissions: Evidence from Pakistan. *Institute of Business Management*, 1-13.
- BALMER, J. M. & GREYSER, S. A. 2002. Managing the multiple identities of the corporation. *California management review*, 44, 72-86.

- BALMER, J. M., MAIGNAN, I. & FERRELL, O. 2001. Corporate citizenship as a marketing instrument- Concepts, evidence and research directions. *European journal of marketing*, 35, 457-484.
- BANTEKAS, I. 2004. Corporate social responsibility in international law. *BU Int'l LJ*, 22, 309-345.
- BATOOL, S., BUTT, A. & NIAZI, B. 2016. Types of corporate social responsibility practices across the industry in Pakistan and their effectiveness. *Corporate Responsibility and Stakeholding*, 10, 225-246.
- BATRA, R. & BAHRI, A. 2018. Financial Performance and Corporate Social Responsibility (CSR): Empirical Evidence From banks in India. *International Journal of Business Ethics in Developing Economies*, 7, 37-42.
- BAUM, C. F. & CHRISTOPHER, F. 2006. *An introduction to modern econometrics using Stata*, Boston, Stata press.
- BAYOUD, N. S. & KAVANAGH, M. 2012. Corporate Social responsibility disclosure: evidence from Libyan managers. *Global Journal of Business Research*, 6, 73-83.
- BAYOUD, N. S., KAVANAGH, M. & SLAUGHTER, G. 2012. Factors influencing levels of corporate social responsibility disclosure Libyan firms: A mixed study. *International Journal of Economics and Finance*, 4, 13-29.
- BELAL, A. R. 2000. Environmental reporting in developing countries: empirical evidence from Bangladesh. *Eco-Management and Auditing: The Journal of Corporate Environmental Management*, 7, 114-121.
- BELU, C. & MANESCU, C. 2013. Strategic corporate social responsibility and economic performance. *Applied Economics*, 45, 2751-2764.
- BEN-AMAR, W. & MCILKENNY, P. 2015. Board effectiveness and the voluntary disclosure of climate change information. *Business Strategy and the Environment*, 24, 704-719.
- BERGER, A. N. & BOUWMAN, C. H. 2013. How does capital affect bank performance during financial crises? *Journal of Financial Economics*, 109, 146-176.
- BERLE, A. A. A. M., G.C 1932. *The modern corporation and private property*, New York, NY, The Macmillan Company. .
- BERTEZENE, S., VALLAT, D. & MARTIN, J. An overview of the main strategies and approaches to CSR. 17th Toulon-Verona International Conference August 28-29 2014 Liverpool, England. Liverpool John Moores University, 17-25.
- BHARDWAJ, P., CHATTERJEE, P., DEMIR, K. D. & TURUT, O. 2018. When and how is corporate social responsibility profitable? *Journal of Business Research*, 84, 206-219.
- BIHARI, S. C. & PRADHAN, S. 2011. CSR and Performance: The story of banks in India. *Journal of Transnational Management*, 16, 20-35.
- BIN ABD. RAHMAN, S. A., BINTI YUSOFF, R. & BINTI WAN MOHAMED, W. N. 2009. Environmental disclosure and financial performance: An empirical study of Malaysia, Thailand and Singapore. *Social and Environmental Accountability Journal*, 29, 46-58.
- BIRINDELLI, G., FERRETTI, P., INTONTI, M. & IANNUZZI, A. P. 2015. On the drivers of corporate social responsibility in banks: evidence from an ethical rating model. *Journal of Management & Governance*, 19, 303-340.
- BLASI, S., CAPORIN, M. & FONTINI, F. 2018. A multidimensional analysis of the relationship between corporate social responsibility and firms' economic performance. *Ecological Economics*, 147, 218-229.
- BLUNDELL, R. & BOND, S. 1998. Initial conditions and moment restrictions in dynamic panel data models. *Journal of econometrics*, 87, 115-143.
- BNOUNI, I. Corporate social responsibility (CSR) and financial performance (FP): case of french SMEs1. ICSB World Conference Proceedings, 2011. International Council for Small Business (ICSB), 1-23.
- BOLTON, B. J. 2013. Corporate social responsibility and bank performance. *Portland State University - School of Business Administration*, SSRN Electronic Journal, 1-48.
- BOTOSAN, C. A. 1997. Disclosure level and the cost of equity capital. *Accounting review*, 72, 323-349.

- BOUGHEAS, S., MATEUT, S. & MIZEN, P. 2009. Corporate trade credit and inventories: New evidence of a trade-off from accounts payable and receivable. *Journal of Banking & Finance*, 33, 300-307.
- BOWEN, H. R. 1953. *Social Responsibilities of the Businessman*, NewYork, Harper & Brothers.
- BREUSCH, T. S. & PAGAN, A. R. 1979. A simple test for heteroscedasticity and random coefficient variation. *Econometrica: Journal of the Econometric Society*, 47, 1287-1294.
- BRUMM, J. 2005. The Japanese perspective. In: MULLERAT, I. R. (ed.) *Corporate Social Responsibility: The Corporate Governance of the 21* Netherland: Kluwer Law, The Hague.
- BURKI, A. A. & NIAZI, G. S. K. 2003. The Effects of Privatization, Competition and Regulation on Banking Efficiency in Pakistan, 1991– 2000. *CRC Conference on: Regulatory Impact Assessment: Strengthening Regulation and Practice*. Manchester, U.K: University of Manchester.
- BUSHMAN, R. M. & WITTENBERG-MOERMAN, R. 2012. The role of bank reputation in “certifying” future performance implications of borrowers’ accounting numbers. *Journal of Accounting Research*, 50, 883-930.
- CAMERON, A. C. & MILLER, D. L. 2015. A practitioner’s guide to cluster-robust inference. *Journal of human resources*, 50, 317-372.
- CAMPBELL, D. 2004. A longitudinal and cross-sectional analysis of environmental disclosure in UK companies—a research note. *The British Accounting Review*, 36, 107-117.
- CAMPBELL, D. J. 2000. Legitimacy theory or managerial reality construction? Corporate social disclosure in Marks and Spencer Plc corporate reports, 1969–1997. *Accounting Forum*, 24, 80-100.
- CANNON, T. 1994. *Corporate Responsibility: A Textbook on Business Ethics, Governance, Environment, Roles and Responsibilities*, Pitman, London.
- CARROLL, A. B. 1979. A three-dimensional conceptual model of corporate performance. *Academy of management review*, 4, 497-505.
- CARROLL, A. B. 1991. The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons*, 34, 39-48.
- CARROLL, A. B. 1998. The four faces of corporate citizenship. *Business and society review*, 100, 1-7.
- CARROLL, A. B. 1999. Corporate social responsibility: Evolution of a definitional construct. *Business & society*, 38, 268-295.
- CARROLL, A. B. 2008. *A history of corporate social responsibility: Concepts and practices*, New York: USA, Oxford University Press.
- CARROLL, A. B. 2016. Carroll’s pyramid of CSR: taking another look. *International journal of corporate social responsibility*, 3, 1-8.
- CARROLL, A. B. & SHABANA, K. M. 2010. The business case for corporate social responsibility: A review of concepts, research and practice. *International journal of management reviews*, 12, 85-105.
- CASTELO, B. M. 2013. Banks and CSR. In: S.O. IDOWU ET AL. (ed.) *Encyclopedia of Corporate Social Responsibility*. Berlin Heidelberg: Springer-Verlag.
- CHANDRASEKAR, K. 2011. Workplace environment and its impact on organisational performance in public sector organisations. *International journal of enterprise computing and business systems*, 1, 1-19.
- CHAPPLE, W. & MOON, J. 2005. Corporate social responsibility (CSR) in Asia: A seven-country study of CSR web site reporting. *Business & society*, 44, 415-441.
- CHEN, H.-J. 2016. Managerial Overconfidence, Corporate Social Responsibility and Bank Performance: A Cross-Country Analysis. *EFMA2016, Southern Taiwan University of Science and Technoligy*, 1-35.
- CHEN, L., FELDMANN, A. & TANG, O. 2015. The relationship between disclosures of corporate social performance and financial performance: Evidences from GRI reports in manufacturing industry. *International Journal of Production Economics*, 170, 445-456.

- CHIH, H.-L., CHIH, H.-H. & CHEN, T.-Y. 2010. On the determinants of corporate social responsibility: International evidence on the financial industry. *Journal of Business Ethics*, 93, 115-135.
- CHO, S. Y. & LEE, C. 2017. Managerial efficiency, corporate social performance, and corporate financial performance. *Journal of Business Ethics*, 1-20.
- CHOI, J.-S., KWAK, Y.-M. & CHOE, C. 2010. Corporate social responsibility and corporate financial performance: Evidence from Korea. *Australian journal of management*, 35, 291-311.
- CISMAȘ, L. & STAN, L.-M. 2010. Avantaj competitiv și performanță în contextul responsabilizării sociale a companiilor. *Romanian Economic Journal*, 13, 149-173.
- CNUCED. 2006. Guidance on good practices in corporate governance disclosure. *United Nations Conference On Trade and Development*. Geneva, Switzerland: United Nations Publications.
- COCHRAN, P. L. & WOOD, R. A. 1984. Corporate social responsibility and financial performance. *Academy of management Journal*, 27, 42-56.
- COMMISSION OF EUROPEAN COMMUNITIES 2001. Promoting a European framework for Corporate Social Responsibility. Brussels.
- COOK, R. D. & WEISBERG, S. 1983. Diagnostics for heteroscedasticity in regression. *Biometrika*, 70, 1-10.
- CORNETT, M. M., ERHEMAMTS, O. & TEHRANIAN, H. 2014. Corporate social responsibility and its impact on financial performance: Investigation of US commercial banks. *Working Paper*. Boston College.
- COUNCIL OF BARS AND LAW SOCIETIES OF EUROPE 2005. Corporate Social Responsibility and the Role of Legal Profession: A guide for European Lawyers advising on Corporate Social Responsibility Issues *In: CCBE (ed.)*. Bruxelles: Association internationale sans.
- COUNCIL OF ISLAMIC IDEOLOGY 1980. Report on the Elimination of Interest from the Economy 1980. Islamabad: Council of Islamic Ideology.
- CRANE, A., MATTEN, D. & MOON, J. 2008. Ecological citizenship and the corporation: Politicizing the new corporate environmentalism. *Organization & Environment*, 21, 371-389.
- CRESWELL, J. W. 1994. *Research design: Qualitative and quantitative approach*, London, UK, Sage Publications.
- CRESWELL, J. W. 2002. *Educational research: Planning, conducting, and evaluating quantitative*, NJ, USA, Prentice Hall
- CRISÓSTOMO, V. L., DE SOUZA FREIRE, F. & DE VASCONCELLOS, F. C. 2011. Corporate social responsibility, firm value and financial performance in Brazil. *Social Responsibility Journal*, 7, 295-309.
- CRONBACH, L. J. 1951. Coefficient alpha and the internal structure of tests. *psychometrika*, 16, 297-334.
- CROWTHER, D. & ARAS, G. 2012. *Global perspectives on corporate governance and CSR*, Aldershot, UK, Gower Publishing, Ltd.
- DA SILVA MONTEIRO, S. M. & AIBAR-GUZMÁN, B. 2010. Determinants of environmental disclosure in the annual reports of large companies operating in Portugal. *Corporate Social Responsibility and Environmental Management*, 17, 185-204.
- DAHLSTRUD, A. 2008. How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate social responsibility and environmental management*, 15, 1-13.
- DANG, C., LI, Z. F. & YANG, C. 2018. Measuring firm size in empirical corporate finance. *Journal of Banking & Finance*, 86, 159-176.
- DANIDA 2018. Support to United Nations Global Compact, 2018 - 2020. Denmark: Ministry of Foreign Affairs of Denmark.
- DARNALL, N., HENRIQUES, I. & SADORSKY, P. 2008. Do environmental management systems improve business performance in an international setting? *Journal of International Management*, 14, 364-376.

- DATTA, C. K. & AL MAHMUD, A. 2018. Impact of Capital Adequacy on Profitability Under Basel II Accord: Evidence from Commercial Banks of Bangladesh. *European Journal of Business and Management*, 10, 48-58.
- DAVIS, K. 1960. Can business afford to ignore social responsibilities? *California management review*, 2, 70-76.
- DAY, R. & WOODWARD, T. 2009. CSR reporting and the UK financial services sector. *Journal of Applied Accounting Research*, 10, 159-175.
- DECKER, O. S. 2004. Corporate social responsibility and structural change in financial services. *Managerial Auditing Journal*, 19, 712-728.
- DECKOP, J. R., MERRIMAN, K. K. & GUPTA, S. 2006. The effects of CEO pay structure on corporate social performance. *Journal of Management*, 32, 329-342.
- DEEGAN, C. 2002. The legitimising effect of social and environmental disclosures—a theoretical foundation. *Accounting, Auditing & Accountability Journal*, 15, 282-311.
- DEEGAN, C. & GORDON, B. 1996. A study of the environmental disclosure practices of Australian corporations. *Accounting and business research*, 26, 187-199.
- DEEGAN, C., RANKIN, M. & VOGHT, P. Firms' disclosure reactions to major social incidents: Australian evidence. *Accounting forum*, 2000. Elsevier Science Publishing Company, Inc., 101-130.
- DEUTSCH, N. & PINTÉR, É. 2018. The Link between Corporate Social Responsibility and Financial Performance in the Hungarian Banking Sector in the Years Following the Global Crisis. *Financial and Economic Review*, 17, 124-145.
- DEWANY, F. W. 2015. Analysis of the effect of GCG quality on the financial performance of Islamic banks. *The Indonesian Accounting Review*, 5, 119-128.
- DHANESH, G. S. 2014. CSR as organization–employee relationship management strategy: A case study of socially responsible information technology companies in India. *Management Communication Quarterly*, 28, 130-149.
- DIETRICH, A. & WANZENRIED, G. 2011. Determinants of bank profitability before and during the crisis: Evidence from Switzerland. *Journal of International Financial Markets, Institutions and Money*, 21, 307-327.
- DJALILOV, K., VASYLIEVA, T., LYEONOV, S. & LASUKOVA, A. 2015. Corporate social responsibility and bank performance in transition countries. *Corporate Ownership and Control*, 13, 879-888.
- DODD, E. M. 1932. For Whom Are Corporate Managers Trustees? *Harvard Law Review*, 45, 1145-1163.
- DOH, J. P. & GUAY, T. R. 2006. Corporate social responsibility, public policy, and NGO activism in Europe and the United States: An institutional-stakeholder perspective. *Journal of Management studies*, 43, 47-73.
- DONALDSON, T. & DUNFEE, T. W. 1995. Integrative social contracts theory: A communitarian conception of economic ethics. *Economics & Philosophy*, 11, 85-112.
- DONALDSON, T. & PRESTON, L. E. 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of management Review*, 20, 65-91.
- DONNELLY, R. & MULCAHY, M. 2008. Board structure, ownership, and voluntary disclosure in Ireland. *Corporate Governance: An International Review*, 16, 416-429.
- DORASAMY, N. 2013. Corporate social responsibility and ethical banking for developing economies. *Journal of economics and behavioral studies*, 5, 777-785.
- DUFF, A. 2017. Corporate social responsibility as a legitimacy maintenance strategy in the professional accountancy firm. *The British Accounting Review*, 49, 513-531.
- DUMITRESCU, E.-I. & HURLIN, C. 2012. Testing for Granger non-causality in heterogeneous panels. *Economic modelling*, 29, 1450-1460.
- EHSAN, S. & KALEEM, A. 2012. An empirical investigation of the relationship between corporate social responsibility and financial performance (Evidence from manufacturing sector of Pakistan). *Journal of Basic and Applied Scientific Research*, 2, 2909-2922.

- EHSAN, S., NAZIR, M. S., NURUNNABI, M., RAZA KHAN, Q., TAHIR, S. & AHMED, I. 2018. A multimethod approach to assess and measure corporate social responsibility disclosure and practices in a developing economy. *Sustainability*, 10, 1-18.
- EL MOSLEMANY, R. & ETAB, M. 2017. The effect of corporate social responsibility disclosures on financial performance in the banking industry: empirical study on Egyptian banking sector. *International Journal of Business and Economic Development (IJBED)*, 5, 20-34.
- ENGRO CORP 2018. Annual Report. Engro Corporation.
- EQUATOR PRINCIPLES 2017. The Equator Principles Association and Governance rules. Washington DC, USA: Equator Principles Association
- EU PARLIAMENT RESOLUTION 2007. Corporate social responsibility: a new partnership. European Parliament.
- EU COMMISSION 2011. Communication From The Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions Brussels: European Commission.
- FAROOQ, A. 2004. State Bank of Pakistan: Evolution, Functions and Organization. Karachi: State Bank of Pakistan.
- FATIMA, M. 2017. A comparative study of CSR in Pakistan! *Asian Journal of Business Ethics*, 6, 81-129.
- FATMA, M. & RAHMAN, Z. 2015. Consumer perspective on CSR literature review and future research agenda. *Management Research Review*, 38, 195-216.
- FATMA, M. & RAHMAN, Z. 2016. The CSR's influence on customer responses in Indian banking sector. *Journal of Retailing and Consumer Services*, 29, 49-57.
- FATMA, M., RAHMAN, Z. & KHAN, I. 2014. Multi-item stakeholder based scale to measure CSR in the banking industry. *International Strategic Management Review*, 2, 9-20.
- FAUZI, H. 2009. Corporate social and financial performance: Empirical evidence from American companies. *Globsyn Management Journal, Forthcoming*, j.3, 25-34.
- FAYAD, A. A., AYOUB, R. & AYOUB, M. 2017. Causal relationship between CSR and FB in banks. *Arab Economic and Business Journal*, 12, 93-98.
- FERNANDO, M. 2007. Corporate social responsibility in the wake of the asian tsunami: A comparative case study of two sri lankan companies. *European Management Journal*, 25, 1-10.
- FIJAŁKOWSKA, J., ZYZNARSKA-DWORCZAK, B. & GARSZTKA, P. 2018. Corporate social-environmental performance versus financial performance of banks in Central and Eastern European countries. *Sustainability*, 10, 772.
- FIORI, G., DI DONATO, F. & IZZO, M. F. 2007. Corporate social responsibility and firms performance- an analysis on Italian listed companies. *Available at SSRN 1032851*, 1-14.
- FITCH, H. G. 1976. Achieving corporate social responsibility. *Academy of management review*, 1, 38-46.
- FLAMMER, C. 2013. Corporate social responsibility and shareholder reaction: The environmental awareness of investors. *Academy of Management Journal*, 56, 758-781.
- FOMBRUN, J. C. 1996. *Reputation: Realizing Value from the Corporate Image*, Boston, Harvard Business School Press.
- FOSTER, D. & JONKER, J. 2005. Stakeholder relationships: the dialogue of engagement. *Corporate Governance: The international journal of business in society*, 5, 51-57.
- FREDERICK, W. C. 1960. The growing concern over business responsibility. *California management review*, 2, 54-61.
- FREDERICK, W. C. 1994. From CSR1 to CSR2: The maturing of business-and-society thought. *Business & Society*, 33, 150-164.
- FREDERICK, W. C. 2006. *Corporation, be good!: the story of corporate social responsibility*, Indianapolis, USA, Dog Ear Publishing.
- FREEMAN, R. E. 1994. The politics of stakeholder theory: Some future directions. *Business ethics quarterly*, 4, 409-421.

- FRIEDMAN, A. L. & MILES, S. 2002. Developing stakeholder theory. *Journal of management studies*, 39, 1-21.
- FRIEDMAN, M. 1962. *Capitalism and freedom*, Chicago, The University of Chicago Press.
- FRIEDMAN, M. 1970. The social responsibility of a business is to increase its profits. *New York Times Magazine*. NewYork.
- FUENTE, J. A., GARCÍA-SANCHEZ, I. M. & LOZANO, M. B. 2017. The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information. *Journal of Cleaner Production*, 141, 737-750.
- FUNG, B. 2014. The demand and need for transparency and disclosure in corporate governance. *Universal Journal of Management*, 2, 72-80.
- GANESCU, M. C. 2012. Corporate social responsibility, a strategy to create and consolidate sustainable businesses. *Theoretical & Applied Economics*, 19, 91-106.
- GAO 2005. GLOBALIZATION: Numerous Federal Activities Complement U.S. Business's Global Corporate Social Responsibility Efforts.
- GAO, L. & ZHANG, J. H. 2015. Firms' earnings smoothing, corporate social responsibility, and valuation. *Journal of Corporate Finance*, 32, 108-127.
- GAO, Y. 2011. CSR in an emerging country: a content analysis of CSR reports of listed companies. *Baltic Journal of Management*, 6, 263 - 291.
- GARCIA-CASTRO, R., ARIÑO, M. A. & CANELA, M. A. 2010. Does social performance really lead to financial performance? Accounting for endogeneity. *Journal of Business Ethics*, 92, 107-126.
- GARDBERG, N. A. & FOMBRUN, C. J. 2006. Corporate citizenship: Creating intangible assets across institutional environments. *Academy of management Review*, 31, 329-346.
- GARRIGA, E. & MELÉ, D. 2004. Corporate social responsibility theories: Mapping the territory. *Journal of business ethics*, 53, 51-71.
- GATTI, L., VISHWANATH, B., SEELE, P. & COTTIER, B. 2019. Are we moving beyond voluntary CSR? Exploring theoretical and managerial implications of mandatory CSR resulting from the new Indian companies act. *Journal of Business Ethics*, 160, 961-972.
- GHAURI, P. & GRØNHAUG, K. 2010. *Research methods in business studies (4. utg.)*, Prentice Hall, NJ, USA, Pearson.
- GODFREY, P. C., MERRILL, C. B. & HANSEN, J. M. 2009. The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. *Strategic management journal*, 30, 425-445.
- GOP 2012. Economic Survey of Pakistan (2011e12). Islamabad: Finance Division.
- GOP 2015. Achievements of the Ministry of Climate Change. Islamabad: Government of Pakistan.
- GRAY, R., KOUHY, R. & LAVERS, S. 1995a. Corporate social and environmental reporting. *Accounting, Auditing & Accountability Journal*, 8, 47-77.
- GRAY, R., KOUHY, R. & LAVERS, S. 1995b. Methodological themes: constructing a research database of social and environmental reporting by UK companies. *Accounting, Auditing & Accountability Journal*, 8, 78.
- GRAY, R., OWEN, D. & ADAMS, C. 1996. *Accounting & accountability: changes and challenges in corporate social and environmental reporting*, Glasgow, Scotland, Prentice Hall.
- GRIFFIN, J. J. & MAHON, J. F. 1997. The corporate social performance and corporate financial performance debate: Twenty-five years of incomparable research. *Business & society*, 36, 5-31.
- GRIMMER, M. & BINGHAM, T. 2013. Company environmental performance and consumer purchase intentions. *Journal of business research*, 66, 1945-1953.
- GUJARATI, D. N. 2009. *Basic econometrics*, Boston, Tata McGraw-Hill Education.
- GUTHRIE, J. & ABEYSEKERA, I. 2006. Content analysis of social, environmental reporting: what is new? *Journal of Human Resource Costing & Accounting*, 10, 114-126.
- GUTHRIE, J. & FARNETI, F. 2008. GRI sustainability reporting by Australian public sector organizations. *Public Money and management*, 28, 361-366.

- GUTHRIE, J. & PARKER, L. D. 1989. Corporate social reporting: a rebuttal of legitimacy theory. *Accounting and business research*, 19, 343-352.
- HABBASH, M. 2016. Corporate governance and corporate social responsibility disclosure: evidence from Saudi Arabia. *Journal of Economic and Social Development*, 3, 87.
- HAIR, J., BLACK, W., BABIN, B., ANDERSON, R. & TATHAM, R. 2007. *Multivariate Data Analysis*, New Jersey, USA, Pearson Education, Inc.
- HAN, J.-J., KIM, H. J. & YU, J. 2016. Empirical study on relationship between corporate social responsibility and financial performance in Korea. *Asian Journal of Sustainability and Social Responsibility*, 1, 61-76.
- HAQUE, I. 2010. Pakistan: Causes and management of the 2008 economic crisis. *TWN Global Economy Series*, 22, 1-36.
- HARJOTO, M. A. & JO, H. 2011. Corporate governance and CSR nexus. *Journal of business ethics*, 100, 45-67.
- HARRIBEY, L. E. 2011. Strategic value of corporate citizenship. In: LOUCHE, S. O. I. (ed.) *Theory and practice of corporate social responsibility*. London, UK: Springer.
- HARTMAN, L. P., RUBIN, R. S. & DHANDA, K. K. 2007. The communication of corporate social responsibility: United States and European Union multinational corporations. *Journal of Business Ethics*, 74, 373-389.
- HASSAN, K. M., RASHID, M., IMRAN, M. & SHAHID, A. 2010. Ethical gaps and market value in the Islamic banks of Bangladesh. *Review of Islamic Economics*, 14, 49-75.
- HAUSMAN, J. A. 1978. Specification tests in econometrics. *Econometrica: Journal of the econometric society*, 46, 1251-1271.
- HAWKINS, D. 2006. *Corporate social responsibility: balancing tomorrow's sustainability and today's profitability*, Palgrave Macmillan, UK Springer.
- HAY, D. A., RAGAB, N. S. & HEGAZY, W. 2019. The Effect of Human Capital Disclosures on the Financial Performance in the Lebanese Commercial Banks. *Academy of Accounting and Financial Studies Journal*, 23, 1-18.
- HAY, R. & GRAY, E. 1974. Social responsibilities of business managers. *Academy of management journal*, 17, 135-143.
- HBL 2016. Annual Report. Karachi: Habib Bank Limited.
- HEALD, M. 1970. *The Social Responsibilities Of Business: Company And Community 1900-1960*, New Jersey, United States, Transaction Publishers.
- HOECHLE, D. 2007. Robust standard errors for panel regressions with cross-sectional dependence. *The stata journal*, 7, 281-312.
- HOGNER, R. H. 1982. Corporate social reporting: eight decades of development at US Steel. *Research in corporate performance and policy*, 4, 243-250.
- HOLME, R. & WATTS, P. 2000. *Corporate social responsibility: Making good business sense*, Conches-Geneva, Switzerland, World Business Council for Sustainable Development.
- HOPE, O. K. & THOMAS, W. B. 2008. Managerial empire building and firm disclosure. *Journal of Accounting Research*, 46, 591-626.
- HOPKINS, M. 2004. Hopkins, Michael (2004) "Corporate social responsibility: an issues paper. Working Paper No. 27 World Commission on the Social Dimension of Globalization International Labor Office. Geneva: International Labour Organization.
- HOPKINS, M. 2007. *Corporate social responsibility and international development: Is business the solution?* Earthscan, New York, USA, Earthscan
- HOPKINS, M. 2012. *The planetary bargain: Corporate social responsibility matters*, London, Earthscan, Routledge.
- HOSKISSON, R. E., HITT, M. A., JOHNSON, R. A. & MOESEL, D. D. 1993. Construct validity of an objective (entropy) categorical measure of diversification strategy. *Strategic management journal*, 14, 215-235.

- HOSSAIN, M., ISLAM, K. & ANDREW, J. Corporate social and environmental disclosure in developing countries: Evidence from Bangladesh. Asian Pacific Conference on International Accounting Issue, 2006 Hawaii. University of Wollongong, 1-22.
- HSU, A., KOH, K., LIU, S. & TONG, Y. H. 2019. Corporate social responsibility and corporate disclosures: an investigation of investors' and analysts' perceptions. *Journal of Business Ethics*, 158, 507-534.
- HU, H., DOU, B. & WANG, A. 2019. Corporate Social Responsibility Information Disclosure and Corporate Fraud—"Risk Reduction" Effect or "Window Dressing" Effect? *Sustainability*, 11, 1141.
- HU, H., ISLAM, J. & SATHYE, M. 2015. Examining the relationship between corporate governance and bank performance in Bangladesh. *South African Journal of Business Management*, 46, 43-52.
- IDEMUDIA, U. & ITE, U. E. 2006. Corporate–community relations in Nigeria's oil industry: challenges and imperatives. *Corporate Social Responsibility and environmental management*, 13, 194-206.
- INOUE, Y. & LEE, S. 2011. Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries. *Tourism Management*, 32, 790-804.
- IQBAL, N., AHMAD, N., BASHEER, N. A. & NADEEM, M. 2012. Impact of corporate social responsibility on financial performance of corporations: Evidence from Pakistan. *International Journal of Learning & Development*, 2, 107-118.
- ISLAM, M. A. & DEEGAN, C. 2008. Motivations for an organisation within a developing country to report social responsibility information. *Accounting, Auditing & Accountability Journal*, 21, 850-874.
- ISLAM, M. A. & DEEGAN, C. 2010. Media pressures and corporate disclosure of social responsibility performance information: a study of two global clothing and sports retail companies. *Accounting and business research*, 40, 131-148.
- ISLAM, Z. M., AHMED, S. U. & HASAN, I. 2012. Corporate social responsibility and financial performance linkage: Evidence from the banking sector of Bangladesh. *Journal of Organizational Management*, 1, 14-21.
- ISO. 2010. *Guidance on social responsibility* [Online]. International Standard Organization. Available: <https://www.iso.org/standard/42546.htm> [Accessed 26 October 2019].
- JACKSON, P. M. & MCLEOD, P. 1982. *The political economy of bureaucracy*, London, UK, Philip Allan Oxford.
- JAMALI, D. 2010. The CSR of MNC subsidiaries in developing countries: global, local, substantive or diluted? *Journal of Business Ethics*, 93, 181-200.
- JAMALI, D., KARAM, C., YIN, J. & SOUNDARARAJAN, V. 2017. CSR logics in developing countries: Translation, adaptation and stalled development. *Journal of World Business*, 52, 343-359.
- JARIKO, M. A., BØRSEN, T. & JHATIAL, A. A. 2016. Corporate Social Responsibility In Pakistan: Its Status And Ways Forward. *International Journal of Business & Public Administration*, 13, 1-20.
- JENKINS, H. & YAKOVLEVA, N. 2006. Corporate social responsibility in the mining industry: Exploring trends in social and environmental disclosure. *Journal of cleaner production*, 14, 271-284.
- JENSEN, M. C. & MECKLING, W. H. 1979. Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Economics social institutions*. London, UK: Springer.
- JIRAPORN, P. & WITHISUPHAKORN, P. 2015. The effect of firm maturity on corporate social responsibility (CSR): Do older firms invest more in CSR? *Applied Economics Letters*, 23, 298-301.
- JITAREE, W. 2015. *Corporate social responsibility disclosure and financial performance: evidence from Thailand*. PhD, University of Wollongong.
- JOHNSON, H. L. 1971. *Business in contemporary society: Framework and issues*, Ann Arbor, Michigan, USA, Wadsworth Pub. Co.
- JOHNSON, R. B. & ONWUEGBUZIE, A. J. 2004. Mixed methods research: A research paradigm whose time has come. *Educational researcher*, 33, 14-26.

- JONES, T. M. 1980. Corporate social responsibility revisited, redefined. *California management review*, 22, 59-67.
- JONES, T. M. 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of management review*, 20, 404-437.
- JONES, T. M., WICKS, A. C. & FREEMAN, R. E. 2017. Stakeholder theory: The state of the art. *The Blackwell guide to business ethics*. Oxford.
- KAKAKHEL, S. J., ILYAS, M., IQBAL, J. & AFEEF, M. 2015. Impact of Corporate Social Responsibility on Financial Performance: Evidence from Pakistan's Cement Industry. *Abasyn University Journal of Social Sciences*, 8, 392-404.
- KALPANA, B. & RAO, T. V. 2017. Role of commercial banks in the economic Development of India. *International Journal of Management and Applied Science*, 3, 1-4.
- KAMAL, M. H. M., MAT, R. C., RAHIM, N. A., HUSIN, N. & ISMAIL, I. 2012. Intellectual capital and firm performance of commercial banks in Malaysia. *Asian Economic and Financial Review*, 2, 577-590.
- KARAGIORGOS, T. 2010. Corporate social responsibility and financial performance: An empirical analysis on Greek companies. *European Research Studies*, 13, 85-108.
- KARAKE, Z. A. 1998. An examination of the impact of organizational downsizing and discrimination activities on corporate social responsibility as measured by a company's reputation index. *Management Decision*, 36, 206-216.
- KARAOSMANOGLU, E., ALTINIGNE, N. & ISIKSAL, D. G. 2016. CSR motivation and customer extra-role behavior: Moderation of ethical corporate identity. *Journal of Business Research*, 69, 4161-4167.
- KEMPER, J., SCHILKE, O., REIMANN, M., WANG, X. & BRETTEL, M. 2013. Competition-motivated corporate social responsibility. *Journal of Business Research*, 66, 1954-1963.
- KERCHER, K. 2007. Corporate Social Responsibility: Impact of globalisation and international business. *Enterprise Governance eJournal*, 1, 6906.
- KHALID, F. & AHMAD, W. 2018. State of Health Sector in Pakistan. SBP Staff Notes: 01/18. In: PAKISTAN, S. B. O. (ed.). Karachi.
- KHALID, G. K. & NASIR, Z. M. 2015. Development and Testing of Corporate Social Responsibility (CSR) Index for Pakistan. *Development*, 5, 5-27.
- KHAN, A. S., ALI, A., SALEEM, M., NAZIN, S. & SHAH, M. 2014. Understanding and Analysis of Consumer Protection Laws in Pakistan. *J. Appl. Environ. Biol. Sci*, 4, 92-98.
- KHAN, F. S. & NOMANI, U. 2002. Corporate social responsibility and natural disaster reduction in Pakistan. UK: Sustainable Development Policy Institute.
- KHAN, H. U. Z. 2010. The effect of corporate governance elements on corporate social responsibility (CSR) reporting: Empirical evidence from private commercial banks of Bangladesh. *International Journal of Law and Management*, 52, 82-109.
- KHAN, M., LOCKHART, J. C. & BATHURST, R. J. 2018a. Institutional impacts on corporate social responsibility: a comparative analysis of New Zealand and Pakistan. *International Journal of Corporate Social Responsibility*, 3, 1-13.
- KHAN, Y., RETHI, G. & SZEGEDI, K. 2018b. Corruption as Business Challenge in Pakistan. *European Scientific Journal*, 14, 1-20.
- KHAN, Y. & SZEGEDI, K. 2018. Role of Small and Medium Enterprises in Alleviation of Poverty Among Disable People. *Sarhad Journal of Management Sciences*, 4, 272-279.
- KHAN, Y. & SZEGEDI, K. 2019. The Concept of Green Banking in Pakistan. *Sarhad Journal of Management Sciences*, 5, 357-367.
- KHANNA, M. & DAMON, L. A. 1999. EPA's voluntary 33/50 program: Impact on toxic releases and economic performance of firms. *Journal of environmental economics and management*, 37, 1-25.
- KHEMIR, S. & BACCOUCHE, C. 2010. Analysis of the determinants of corporate social responsibility disclosure in the annual reports of Tunisian listed firms. *Research in Accounting in Emerging Economies*, 10, 119-144.

- KHOJASTEHPOUR, M. & JOHNS, R. 2014. The effect of environmental CSR issues on corporate/brand reputation and corporate profitability. *European Business Review*, 26, 330-339.
- KHURSHID, M. K., SHAHEER, H., NAZIR, N., WAQAS, M. & KASHIF, M. 2016. Impact of corporate social responsibility on financial performance: The role of intellectual capital. *City university research journal*, 2, 247-263.
- KHWAJA, M. A. & KHAN, S. R. 2005. *Air pollution: key environmental issues in Pakistan*, Islamabad, Pakistan, Sustainable Development Policy Institute.
- KING, R. G. & LEVINE, R. 1993. Finance and growth: Schumpeter might be right. *The quarterly journal of economics*, 108, 717-737.
- KIRAN, S., KAKAKHEL, S. J. & SHAHEEN, F. 2015. Corporate social responsibility and firm profitability: A case of oil and gas sector of Pakistan. *City University Research Journal*, 5, 110-119.
- KLEIN, P., SHAPIRO, D. & YOUNG, J. 2005. Corporate governance, family ownership and firm value: the Canadian evidence. *Corporate Governance: An International Review*, 13, 769-784.
- KOSGEI, R. C. & GITAU, R. 2016. Effect of supplier relationship management on organizational performance: A case study of Kenya Airways Limited. *International Academic Journal of Procurement and Supply Chain Management*, 2, 134-148.
- KOULOOUKOU, D., SANT'ANNA, Â. M. O., DA SILVA GOMES, S. M., DE OLIVEIRA MARINHO, M. M., DE JONG, P., KIPERSTOK, A. & TORRES, E. A. 2019. Factors influencing the level of environmental disclosures in sustainability reports: Case of climate risk disclosure by Brazilian companies. *Corporate Social Responsibility and Environmental Management*, 26, 791-804.
- KRASODOMSKA, J. 2015. CSR disclosures in the banking industry. Empirical evidence from Poland. *Social Responsibility Journal*, 11, 406-423.
- KWANBO, M. L. 2011. An assessment of the effectiveness of social disclosure on earnings per share in Nigerian public corporations. *World Journal of Social Sciences*, 1, 86-106.
- LA PORTA, R., LOPEZ-DE-SILANES, F. & SHLEIFER, A. 2002. Government ownership of banks. *The Journal of Finance*, 57, 265-301.
- LAMBOOY, T. 2014. Legal aspects of corporate social responsibility. *Utrecht J. Int'l & Eur. L.*, 30, 1-6.
- LEA, R. 2002. Corporate Social Responsibility.
- LEE, M., FAIRHURST, A. & WESLEY, S. 2009. Corporate social responsibility and corporate social performance. *Corporate Reputation Review*, 12, 140-158.
- LEE, M. D. P. 2008. A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International journal of management reviews*, 10, 53-73.
- LEEDY, P. & ORMROD, J. 2001. *Practical research: Planning and design*, Upper Saddle River, NJ, Thousand Oaks: SAGE Publications.
- LENSSEN, G., BLAGOV, Y., BEVAN, D., CHEN, H. & WANG, X. 2011. Corporate social responsibility and corporate financial performance in China: an empirical research from Chinese firms. *Corporate Governance: The international journal of business in society*, 11, 361-370.
- LENSSEN, G., VAN DEN BERGHE, L., LOUCHE, C., VAN DE VELDE, E., VERMEIR, W. & CORTEN, F. 2005. Corporate social responsibility and financial performance. *Corporate Governance: The international journal of business in society*, 5, 129-138.
- LENTNER, C., SZEGEDI, K. & TATAY, T. 2015. Corporate social responsibility in the banking sector. *Pénzügyi Szemle/Public Finance Quarterly*, 60, 95-103.
- LEVIN, A., LIN, C.-F. & CHU, C.-S. J. 2002. Unit root tests in panel data: asymptotic and finite-sample properties. *Journal of econometrics*, 108, 1-24.
- LEVINE, R. 1996. Foreign banks, financial development, and economic growth. *International financial markets: Harmonization versus competition*, 7, 224-54.
- LEVINE, R. 2005. Finance and growth: theory and evidence. *Handbook of economic growth*. Netherland: Elsevier Science.
- LEVITT, T. 1958. The Dangers of Social Responsibility. *Harvard Business Review*, 30, 41-50.
- LIANG, H.-J. & REICHERT, A. 2006. The relationship between economic growth and banking sector development. *Banks and Bank Systems*, 1, 19-34.

- LII, Y. S., WU, K. W. & DING, M. C. 2013. Doing good does good? Sustainable marketing of CSR and consumer evaluations. *Corporate social responsibility and environmental management*, 20, 15-28.
- LIN, C.-H., YANG, H.-L. & LIOU, D.-Y. 2009. The impact of corporate social responsibility on financial performance: Evidence from business in Taiwan. *Technology in society*, 31, 56-63.
- LIN, C.-S., CHANG, R.-Y. & DANG, V. T. 2015. An integrated model to explain how corporate social responsibility affects corporate financial performance. *Sustainability*, 7, 8292-8311.
- LINDBLOM, C. K. The implications of organizational legitimacy for corporate social performance and disclosure. Critical Perspectives on Accounting Conference, , 1994 NewYork.
- LINS, K. V., SERVAES, H. & TAMAYO, A. 2017. Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance*, 72, 1785-1824.
- LIOUI, A. & SHARMA, Z. 2012. Environmental corporate social responsibility and financial performance: Disentangling direct and indirect effects. *Ecological Economics*, 78, 100-111.
- LOCK, R. 2005. Africa's Unique Challenges: Linking Economic Growth, Infrastructure Reforms and Corporate Responsibility. In: MULLERAT, R. (ed.) *Corporate Social Responsibility: The Corporate Governance of the 21st Century* Netherland: Kluwer Law International.
- LÓPEZ, M. V., GARCIA, A. & RODRIGUEZ, L. 2007. Sustainable development and corporate performance: A study based on the Dow Jones sustainability index. *Journal of Business Ethics*, 75, 285-300.
- LU, W., CHAU, K., WANG, H. & PAN, W. 2014. A decade's debate on the nexus between corporate social and corporate financial performance: a critical review of empirical studies 2002–2011. *Journal of cleaner production*, 79, 195-206.
- LUND-THOMSEN, P. 2004. Towards a critical framework on corporate social and environmental responsibility in the South: The case of Pakistan. *Development*, 47, 106-113.
- LUX, J., THORSEN, S. S. & MEISLING, A. 2005. The European Initiatives. In: MULLERAT, I. R. (ed.) *Corporate social responsibility: The corporate governance of the 21st century*. Netherland: Kluwer Law International.
- LYON, D. 2007. *Financial performance: the motivation behind corporate social responsibility reporting*. PhD, University Of Otago.
- MACGUIRE, J. W. 1963. *Business and society*, NewYork, USA, Ardent Media.
- MAFINI, C. & POOE, D. R. 2013. The relationship between employee satisfaction and organisational performance: Evidence from a South African government department. *SA Journal of Industrial psychology*, 39, 1-9.
- MAHMOOD, Z., KOUSER, R., ALI, W., AHMAD, Z. & SALMAN, T. 2018. Does corporate governance affect sustainability disclosure? A mixed methods study. *Sustainability*, 10, 207.
- MAIGNAN, I., FERRELL, O. & FERRELL, L. 2005. A stakeholder model for implementing social responsibility in marketing. *European journal of marketing*, 39, 956-977.
- MAJEED, S., AZIZ, T. & SALEEM, S. 2015. The effect of corporate governance elements on corporate social responsibility (CSR) disclosure: An empirical evidence from listed companies at KSE Pakistan. *International Journal of Financial Studies*, 3, 530-556.
- MAKKI, M. A. M. & LODHI, S. A. 2008. Determinants of corporate philanthropy in Pakistan. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 1, 17-24.
- MALIK, M. S. & NADEEM, M. 2014. Impact of corporate social responsibility on the financial performance of banks in Pakistan. *International Letters of Social and Humanistic Sciences*, 10, 9-19.
- MALLIN, C., FARAG, H. & OW-YONG, K. 2014. Corporate social responsibility and financial performance in Islamic banks. *Journal of Economic Behavior & Organization*, 103, S21-S38.
- MANDHACHITARA, R. & POOLTHONG, Y. 2011. A model of customer loyalty and corporate social responsibility. *Journal of services marketing*, 25, 122-133.
- MANGANTAR, M. 2019. The influence of corporate social responsibility and corporate governance on banking financial performance. *European Research Studies Journal*, 22, 95-105.

- MANRIQUE, S. & MARTÍ-BALLESTER, C.-P. 2017. Analyzing the effect of corporate environmental performance on corporate financial performance in developed and developing countries. *Sustainability*, 9, 1-30.
- MAQBOOL, S. & ZAMEER, M. N. 2018. Corporate social responsibility and financial performance: An empirical analysis of Indian banks. *Future Business Journal*, 4, 84-93.
- MARGOLIS, J. D. & WALSH, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. *Administrative science quarterly*, 48, 268-305.
- MARQUES-MENDES, A. & SANTOS, M. J. 2016. Strategic CSR: an integrative model for analysis. *Social Responsibility Journal*, 12, 363-381.
- MARSHALL, A. 1920. *Principles of economics 8th edn Macmillan*, London, UK, Macmillan and Co, Limited.
- MARSHALL, D., MCCARTHY, L., MCGRATH, P. & HARRIGAN, F. 2016. What's your strategy for supply chain disclosure? *MIT Sloan Management Review*, 57, 37-45.
- MARTIN, R. 2005. The power of happiness. *Rotman Magazine*. Toronto, Canada: Rotman School of Management, University of Toronto.
- MCB 2018. MCB Sustainability Report. Lahore: Muslim Commercial Bank.
- MCGUIRE, J. B., SUNDGREN, A. & SCHNEEWEIS, T. 1988. Corporate social responsibility and firm financial performance. *Academy of management Journal*, 31, 854-872.
- MCKINNON, R. I. 1973. *Money and capital in economic development* Washington DC, USA, The Booking Istitution
- MCLENNAN, S. & BANKS, G. 2019. Reversing the lens: Why corporate social responsibility is not community development. *Corporate Social Responsibility and Environmental Management*, 26, 117-126.
- MCWILLIAMS, A. & SIEGEL, D. 2000. Corporate social responsibility and financial performance: correlation or misspecification? *Strategic management journal*, 21, 603-609.
- MEMON, Z. A., WEI, Y.-M., ROBSON, M. G. & KHATTAK, M. A. O. 2014. Keeping track of 'corporate social responsibility' as a business and management discipline: case of Pakistan. *Journal of Cleaner Production*, 74, 27-34.
- MENASSA, E. 2010. Corporate social responsibility: An exploratory study of the quality and extent of social disclosures by Lebanese commercial banks. *Journal of Applied Accounting Research*, 11, 4-23.
- MENON, K. & O'CONNOR, A. 2007. Building customers' affective commitment towards retail banks: The role of CRM in each 'moment of truth'. *Journal of Financial Services Marketing*, 12, 157-168.
- MENTION, A. L. & BONTIS, N. 2013. Intellectual capital and performance within the banking sector of Luxembourg and Belgium. *Journal of Intellectual capital*, 14, 286-309.
- MERINO, A. & VALOR, C. 2011. The potential of corporate social responsibility to eradicate poverty: an ongoing debate. *Development in Practice*, 21, 157-167.
- MEYER, J. P. & HERSCOVITCH, L. 2001. Commitment in the workplace: Toward a general model. *Human resource management review*, 11, 299-326.
- MIAN, S. N. 2010. Corporate social disclosure in Pakistan: A case study of fertilizers industry. *The Journal of Commerce*, 2, 1-11.
- MILLER, R. L. & LEWIS, W. F. 1991. A stakeholder approach to marketing management using the value exchange models. *European Journal of Marketing*, 25, 55-68.
- MINISTRY OF FINANCE 2018. Health and Nutrition. Ministry of Finance.
- MIRAS-RODRÍGUEZ, M. D. M., MARTÍNEZ-MARTÍNEZ, D. & ESCOBAR-PÉREZ, B. 2019. Which corporate governance mechanisms drive CSR disclosure practices in emerging countries? *Sustainability*, 11, 61.
- MOCAN, M., RUS, S., DRAGHICI, A., IVASCU, L. & TURI, A. 2015. Impact of corporate social responsibility practices on the banking industry in Romania. *Procedia Economics and Finance Journal*, 23, 712-716.

- MOHR, L. A. & WEBB, D. J. 2005. The effects of corporate social responsibility and price on consumer responses. *Journal of consumer affairs*, 39, 121-147.
- MOLYNEUX, P. & THORNTON, J. 1992. Determinants of European bank profitability: A note. *Journal of banking & Finance*, 16, 1173-1178.
- MONEVA, J. M. & ORTAS, E. 2010. Corporate environmental and financial performance: a multivariate approach. *Industrial Management & Data Systems*, 110 193-210.
- MOORE, G. 2001. Corporate social and financial performance: An investigation in the UK supermarket industry. *Journal of Business ethics*, 34, 299-315.
- MOURA-LEITE, R. C. & PADGETT, R. C. 2011. Historical background of corporate social responsibility. *Social Responsibility Journal*, 7, 528-539.
- MUGHAL, S. 2014. Corporate social disclosure: A case study on petroleum industry of Pakistan. *Journal of Economics and Sustainable Development*, 5, 48-56.
- MUJAHID, M. & ABDULLAH, A. 2014. Impact of corporate social responsibility on firms financial performance and shareholders wealth. *European Journal of Business and Management*, 6, 181-187.
- MURRAY JR, E. A. 1976. The social response process in commercial banks: an empirical investigation. *Academy of Management Review*, 1, 5-15.
- MURTAZA, I. A., AKHTAR, N., IJAZ, A. & SADIQA, A. 2014. Impact of corporate social responsibility on firm financial performance: A case study of Pakistan. *International Review of management and business research*, 3, 1914-1927.
- MUSAH, S. 2008. *Why Organisations Engage in Corporate Social Responsibility* [Online]. Leicester, UK: stoikmusah2. Available: <http://www.stoikmusah.blogspot.com/2008/04/why-do-organisation-engage-in-corporate.html> [Accessed 25 May 2020].
- MUTHURI, J. N. & GILBERT, V. 2011. An institutional analysis of corporate social responsibility in Kenya. *Journal of business Ethics*, 98, 467-483.
- MUTTAKIN, M. B. & KHAN, A. 2014. Determinants of corporate social disclosure: Empirical evidence from Bangladesh. *Advances in Accounting*, 30, 168-175.
- MYERS, M. D. & AVISON, D. 2002. *Qualitative research in information systems: a reader*, Thousand Oaks, CA, USA, Sage research methods.
- NACEUR, S. B. & OMRAN, M. The effects of bank regulations, competition and financial reforms on MENA banks' profitability. Economic Research Forum Working Papers, 2008 Cairo, Egypt. Economic Research Forum, 1-33.
- NAEEM, M. A. & WELFORD, R. 2009. A comparative study of corporate social responsibility in Bangladesh and Pakistan. *Corporate Social Responsibility and Environmental Management*, 16, 108-122.
- NAN, X. & HEO, K. 2007. Consumer responses to corporate social responsibility (CSR) initiatives: Examining the role of brand-cause fit in cause-related marketing. *Journal of advertising*, 36, 63-74.
- NASRULLAH, N. M. & RAHIM, M. M. 2014. Trends in CSR practices in developed and developing countries. *CSR in Private Enterprises in Developing Countries*. Cham: Springer.
- NAZIR, M. S., IFTIKHAR, M. & RANA, A. H. 2010. Reviewing corporate social responsibility initiatives of tobacco industry in Pakistan. *Interdisciplinary Journal of Contemporary Research In Business*, 2, 105-117.
- NELLING, E. & WEBB, E. 2009. Corporate social responsibility and financial performance: the "virtuous circle" revisited. *Review of Quantitative Finance and Accounting*, 32, 197-209.
- NEU, D., WARSAME, H. & PEDWELL, K. 1998. Managing public impressions: environmental disclosures in annual reports. *Accounting, organizations and society*, 23, 265-282.
- NISHTAR, S. 2006. The Gateway Paper--financing health in Pakistan and its linkage with health reforms. *JPMA. The Journal of the Pakistan Medical Association*, 56, S25-S42.
- NOLLET, J., FILIS, G. & MITROKOSTAS, E. 2016. Corporate social responsibility and financial performance: A non-linear and disaggregated approach. *Economic Modelling*, 52, 400-407.

- NOR, N. M., BAHARI, N. A. S., ADNAN, N. A., KAMAL, S. M. Q. A. S. & ALI, I. M. 2016. The effects of environmental disclosure on financial performance in Malaysia. *Procedia Economics and Finance*, 35, 117-126.
- NORMAN, K. D. & LINCOLN, Y. S. 2005. *The Sage handbook of qualitative research*, Thousand Oaks, CA, USA, Sage Publication.
- NWANKWO, G. 1991. *Bank management: Principles and practice*, Lagos, Malthouse press Ltd.
- O'DONOVAN, G. 2000. *Legitimacy theory as an explanation for corporate environmental disclosures*. PhD, Victoria University of Technology.
- OECD. 2011. *Update of the OECD Guidelines for Multinationals Enterprises* [Online]. OECD. Available: <http://www.oecd.org/daf/inv/mne/48004323.pdf> [Accessed 25 October 2019].
- OEYONO, J., SAMY, M. & BAMPTON, R. 2011. An examination of corporate social responsibility and financial performance. *Journal of Global Responsibility*, 2, 100-112.
- OLALEKAN, A. & ADEYINKA, S. 2013. Capital adequacy and banks' profitability: an empirical evidence from Nigeria. *American International Journal of Contemporary Research*, 3, 87-93.
- OMAR, B. F. & ZALLOM, N. O. 2016. Corporate social responsibility and market value: evidence from Jordan. *Journal of Financial Reporting and Accounting*, 14, 2-29.
- OMUR, G. A., TUNC, A. O. & CALISKAN, E. N. 2012. Corporate social and environmental responsibility in the service sector: A case study from Turkey. *International Journal of Business and Management Studies*, 4, 11-20.
- ORLITZKY, M. 2001. Does firm size comfound the relationship between corporate social performance and firm financial performance? *Journal of Business Ethics*, 33, 167-180.
- OSBORNE, M., FUERTES, A. & MILNE, A. Capital and profitability in banking: Evidence from US banks. 3rd Emerging Scholars in Banking and Finance Conference, Cass Business School, 2012 University of London. Cass Business School, 1-54.
- PAKISTAN BUREAU OF STATISTICS 2019. Sectoral Shares in GDP. Pakistan Bureau of Statistics.
- PAKISTAN FINANCE DIVISION 2019. Pakistan Economic Survey. Islamabad: Finance Division Government of Pakistan.
- PAN, X., SHA, J., ZHANG, H. & KE, W. 2014. Relationship between corporate social responsibility and financial performance in the mineral Industry: Evidence from Chinese mineral firms. *Sustainability*, 6, 4077-4101.
- PARCO 2019. Parco Communication On Progress 2019. Karachi, Pakistan: Pak Arab Refinery Limited.
- PARK, H. M. 2005. Linear regression models for panel data using SAS, LIMDEP, and SPSS. In: UNIVERSITY, I. (ed.). Bloomington, IN, USA: University Information Technology Services Center for Statistical and Mathematical Computing
- PAULÍK, J., MAJKOVÁ, M. S., TYKVA, T. & CERVINKA, M. 2015. Application of the CSR measuring model in commercial bank in relation to their financial performance. *Economics & Sociology*, 8, 65-81.
- PAVA, M. L. & KRAUSZ, J. 1996. The association between corporate social-responsibility and financial performance: The paradox of social cost. *Journal of business Ethics*, 15, 321-357.
- PECCEI, R., BEWLEY, H., GOSPEL, H. & WILLMAN, P. 2005. Is it good to talk? Information disclosure and organizational performance in the UK. *British Journal of Industrial Relations*, 43, 11-39.
- PELOZA, J. 2009. The challenge of measuring financial impacts from investments in corporate social performance. *Journal of Management*, 35, 1518-1541.
- PENG, T. J. A., PIKE, S., YANG, J. C. H. & ROOS, G. 2012. Is cooperation with competitors a good idea? An example in practice. *British Journal of Management*, 23, 532-560.
- PÉREZ, A. & DEL BOSQUE, I. R. 2014. Customer CSR expectations in the banking industry. *International Journal of Bank Marketing*, 32, 223-244.
- PERRINI, F. 2006. Corporate social responsibility: doing the most good for your company and your cause. *Academy of Management Perspectives*, 20, 90-93.
- PHILLIPS, R., FREEMAN, R. E. & WICKS, A. C. 2003. What stakeholder theory is not. *Business ethics quarterly*, 13, 479-502.

- POLYCHRONIDOU, P., IOANNIDOU, E., KIPOUROS, A., TSOURGIANNIS, L. & SIMET, G. F. 2014. Corporate social responsibility in Greek banking sector—An empirical research. *Procedia Economics and Finance*, 9, 193-199.
- PORTER, M. & KRAMER, M. 2006. Strategy and society: The Link Between Competitive Advantage. *Harvard Business Review*, 84, 77-92.
- PORTER, M. E. & KRAMER, M. R. 2002. The competitive advantage of corporate. *Harvard Business Review*, 80, 56-69.
- PORTER, M. E. & KRAMER, M. R. 2011. Creating Shared Value. *Harvard Business Review*, 11, 1-13.
- PRESTON, L. & POST, J. 1975. *Private in corporate social performance and policy: The principle of public responsibility*, Englewood Cliffs, NJ, USAS, Prentice Hall.
- PROCHNIAK, M. & WASIAK, K. 2017. The impact of the financial system on economic growth in the context of the global crisis: empirical evidence for the EU and OECD countries. *Empirica*, 44, 295-337.
- PRYDE, P. R. 1991. *Environmental management in the Soviet Union*, NY, USA, Cambridge University Press.
- RAHI, S. 2017. Research design and methods: A systematic review of research paradigms, sampling issues and instruments development. *International Journal of Economics & Management Sciences*, 6, 1-5.
- RAHMAN, N. & REJA, B. 2015. Ownership structure and bank performance. *Journal of Economics, Business and Management*, 3, 483-488.
- RAMANATHAN, R., POOMKAEW, B. & NATH, P. 2014. The impact of organizational pressures on environmental performance of firms. *Business Ethics: A European Review*, 23, 169-182.
- RAMMAL, H. G. 2008. Political motivations: The nationalization of the Pakistani banking sector. *Corporate Ownership and Control Journal*, 6, 342-346.
- RAMMAL, H. G. & PARKER, L. D. 2013. Islamic banking in Pakistan: A history of emergent accountability and regulation. *Accounting History*, 18, 5-29.
- REINHARDT, F. L., STAVINS, R. N. & VIETOR, R. H. 2008. Corporate social responsibility through an economic lens. *Review of Environmental Economics and Policy*, 2, 219-239.
- RICHARDSON, A. J., WELKER, M. & HUTCHINSON, I. R. 1999. Managing capital market reactions to corporate social responsibility. *International Journal of Management Reviews*, 1, 17-43.
- ROBERTS, R. W. 1992. Determinants of corporate social responsibility disclosure: An application of stakeholder theory. *Accounting, organizations and society*, 17, 595-612.
- ROBSON, C. 2002. *Real world research: A resource for social scientists and practitioner-researchers*, Blackwell Oxford.
- RODRIGUES, A. 1993. Government securities investments of commercial banks. *Quarterly Review-Federal Reserve Bank of New York*, 18, 39-39.
- ROGERSON, P. A. 2001. *Data reduction: factor analysis and cluster analysis*, London, UK, Sage.
- ROMERO, F. P. 2016. A cross-case study on corporate social responsibility (CSR) in the Philippines: A comparative analysis on perspectives from the top banking institutions in the Philippines from 2010-2014. *GSTF Journal on Business Review (GBR)*, 4, 1-8.
- ROODMAN, D. How to do xtabond2: an introduction to 'difference'and 'system. GMM in STATA', Center for Global Development Working Paper No. 103, 2006. Citeseer.
- ROSS, D. G. 2010. The "dominant bank effect:" How high lender reputation affects the information content and terms of bank loans. *The Review of Financial Studies*, 23, 2730-2756.
- ROUF, D. 2011. The corporate social responsibility disclosure: A study of listed companies in Bangladesh. *Business and Economics Research Journal*, 2, 19-32.
- ROWE, J. 2005. Corporate Social Responsibility as Business Strategy. University of California, Santa Cruz: Center for Global, International and Regional Studies, UC Santa Cruz.
- RUF, B. M., MURALIDHAR, K., BROWN, R. M., JANNEY, J. J. & PAUL, K. 2001. An empirical investigation of the relationship between change in corporate social performance and financial performance: A stakeholder theory perspective. *Journal of business ethics*, 32, 143-156.

- RUF, B. M., MURALIDHAR, K. & PAUL, K. 1998. The development of a systematic, aggregate measure of corporate social performance. *Journal of Management*, 24, 119-133.
- RUGIMBANA, R., QUAZI, A. & KEATING, B. 2008. Applying a consumer perceptual measure of corporate social responsibility: a regional Australian perspective. *Journal of Corporate Citizenship*, 61-74.
- SAEIDI, S. P., SOFIAN, S., SAEIDI, P., SAEIDI, S. P. & SAAEIDI, S. A. 2015. How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of business research*, 68, 341-350.
- SAJJAD, A. & EWEJE, G. 2014. Corporate Social Responsibility in Pakistan: Current Trends and Future Directions', Corporate Social Responsibility and Sustainability: Emerging Trends in Developing Economies (Critical Studies on Corporate Responsibility, Governance and Sustainability, Volume 8). In: EWEJE, G. (ed.) *Emerging Trends in Developing Economies*. Bingley, United Kingdom: Emerald Group Publishing.
- SALEH, M., ZULKIFLI, N. & MUHAMAD, R. 2010. Corporate social responsibility disclosure and its relation on institutional ownership. *Managerial Auditing Journal*, 25, 591-613.
- SAMY, M., ODEMILIN, G. & BAMPTON, R. 2010. Corporate social responsibility: a strategy for sustainable business success. An analysis of 20 selected British companies. *Corporate Governance: The international journal of business in society*, 10, 203-217.
- SANCLEMENTE-TÉLLEZ, J. 2017. Marketing and Corporate Social Responsibility (CSR). Moving between broadening the concept of marketing and social factors as a marketing strategy. *Spanish journal of marketing-ESIC*, 21, 4-25.
- SANCLEMENTE, J. 2012. Marketing y la RSE. Lo social como estrategia de marketing. *Responsabilidad Social Empresarial*, 145-156.
- SANSONE, C. & HARACKIEWICZ, J. M. 2000. *Intrinsic and extrinsic motivation: The search for optimal motivation and performance*, NewYork,USA, Elsevier.
- SANTHIRASEGAR, J., RAMAKRISHNAN, S., HISHAN, S. S. & JAMAL, N. M. 2018. The Relationship Between Corporate Social Responsibility Practices and Firm Performance of Domestic Banks in Malaysia. *International Journal of Engineering & Technology*, 7, 451-456.
- SARKAR, S. & SEARCY, C. 2016. Zeitgeist or chameleon? A quantitative analysis of CSR definitions. *Journal of Cleaner Production*, 135, 1423-1435.
- SARUMPAET, S. 2005. The relationship between environmental performance and financial performance of Indonesian companies. *Jurnal Akuntansi dan Keuangan*, 7, 89-98.
- SAYED, S., MALIK, I. R., AHMED, M. & ALI, M. 2017. Does Corporate Social Responsibility Improve the Firm's Financial Performance: A Theoretical Perspective of Agency and Stakeholder Theory by Financial Sector of Pakistan. *Journal of Contemporary Management Sciences*, 3, 137-156.
- SCHMID-SCHÖNBEIN, O. & BRAUNSCHWEIG, A. 2000. Environmental Performance Indicators for the Financial Industry. Zürich, Switzerland: EPI-Finance.
- SCHNEIDER, B., HANGES, P. J., SMITH, D. B. & SALVAGGIO, A. N. 2003. Which comes first: employee attitudes or organizational financial and market performance? *Journal of applied psychology*, 88, 836.
- SCHOLTENS, B. 2008. A note on the interaction between corporate social responsibility and financial performance. *Ecological economics*, 68, 46-55.
- SCHOLTENS, B. 2009. Corporate social responsibility in the international banking industry. *Journal of Business Ethics*, 86, 159-175.
- SCHOLTENS, B. & DAM, L. 2007. Cultural values and international differences in business ethics. *Journal of Business ethics*, 75, 273-284.
- SCHWAIGER, M. 2004. Components and parameters of corporate reputation—An empirical study. *Schmalenbach business review*, 56, 46-71.
- SENYIGIT, Y. B. & SHUAIBU, M. A. 2017. The effect of corporate social responsibility on financial performance: Evidence from the banking industry in emerging economies. *Journal of Business Studies Quarterly*, 9, 22-31.

- SERVAES, H. & TAMAYO, A. 2013. The impact of corporate social responsibility on firm value: The role of customer awareness. *Management science*, 59, 1045-1061.
- SETHI, S. P. 1975. Dimensions of corporate social performance: An analytical framework. *California management review*, 17, 58-64.
- SETHI, S. P. 1979. A conceptual framework for environmental analysis of social issues and evaluation of business response patterns. *Academy of management review*, 4, 63-74.
- SHABBIR, M. S., SHARIF, M. N. M., YUSOF, M. S. B., SALMAN, R. & HAFEEZ, S. 2018. Corporate social responsibility and customer loyalty in Islamic banks of Pakistan: a mediating role of brand image. *Academy of Accounting and Financial Studies Journal*, 22, 1-6.
- SHAKARGANJ 2018. Annual Report Shakaranj Group.
- SHARIF, M. & RASHID, K. 2014. Corporate governance and corporate social responsibility (CSR) reporting: an empirical evidence from commercial banks (CB) of Pakistan. *Quality & Quantity*, 48, 2501-2521.
- SHAW, J. D., DUFFY, M. K., JOHNSON, J. L. & LOCKHART, D. E. 2005. Turnover, social capital losses, and performance. *Academy of management Journal*, 48, 594-606.
- SHEEHY, B. 2015. Defining CSR: Problems and solutions. *Journal of business ethics*, 131, 625-648.
- SHEEHY, B. & FEAVER, D. 2014. Anglo-American Directors' Legal Duties and CSR: Prohibited, Permitted or Prescribed. *Dalhousie LJ*, 37, 345.
- SHEN, K.-Y., YAN, M.-R. & TZENG, G.-H. 2017. Exploring R&D influences on financial performance for business sustainability considering dual profitability objectives. *Sustainability*, 9, 1-21.
- SHRIVASTAVA, P. 1995. Industrial/environmental crises and corporate social responsibility. *The Journal of Socio-Economics*, 24, 211-227.
- SIGURTHORSSON, D. 2012. The Icelandic banking crisis: a reason to rethink CSR? *Journal of Business Ethics*, 111, 147-156.
- SILBERHORN, D. & WARREN, R. C. 2007. Defining corporate social responsibility: A view from big companies in Germany and the UK. *European business review*, 19, 352-372.
- SILVESTRO, R. & LUSTRATO, P. 2014. Integrating financial and physical supply chains: the role of banks in enabling supply chain integration. *International journal of operations & production management*, 34, 298-324.
- SIMPSON, W. G. & KOHERS, T. 2002. The link between corporate social and financial performance: Evidence from the banking industry. *Journal of business ethics*, 35, 97-109.
- SMITH, J. 2012. Beyond Corporate Social Responsibility: Oil Multinationals and Social Challenges, by Jędrzej George Frynas (Cambridge: Cambridge University Press, 2009). *Business Ethics Quarterly*, 22, 782-786.
- SMITH, M., YAHYA, K. & AMIRUDDIN, A. M. 2007. Environmental disclosure and performance reporting in Malaysia. *Asian Review of Accounting*, 15, 185 - 199.
- SMITH, N. C. 2001. *Changes in corporate practices in response to public interest advocacy and actions*, California, US, Thousand Oaks.
- SMITH, N. C. 2003. Corporate social responsibility: whether or how? *California management review*, 45, 52-76.
- SMITH, S. M. & ALCORN, D. S. 1991. Cause marketing: a new direction in the marketing of corporate responsibility. *Journal of Consumer Marketing*, 8, 19-35.
- SOANA, M.-G. 2011. The relationship between corporate social performance and corporate financial performance in the banking sector. *Journal of business ethics*, 104, 133-148.
- SOH, K. L., JAYARAMAN, K., YEN, T. S. & KIUMARSI, S. 2016. The role of suppliers in establishing buyer-supplier relationship towards better supplier performance. *International Journal of Productivity and Quality Management*, 17, 183-197.
- SPDCK 2015. Social Development in Pakistan: Annual Review 2014-15. Karachi: Social Policy And Development Centre Karachi.
- SPECTOR, B. 2008. "Business Responsibilities in a Divided World": The Cold War Roots of the Corporate Social Responsibility Movement. *Enterprise & Society*, 9, 314-336.

- SPRINKLE, G. B. & MAINES, L. A. 2010. The benefits and costs of corporate social responsibility. *Business Horizons*, 53, 445-453.
- STANWICK, P. A. & STANWICK, S. D. 1998. The relationship between corporate social performance, and organizational size, financial performance, and environmental performance: An empirical examination. *Journal of business ethics*, 17, 195-204.
- STATE BANK OF PAKISTAN. 2017. *Green Banking Guidelines* [Online]. Karachi: State bank of Pakistan. Available: <http://www.sbp.org.pk/smeafd/circulars/2017/C8-Annex.pdf> [Accessed 3 February 2019].
- STATE BANK OF PAKISTAN. 2018a. *Banking Statistics of Pakistan* [Online]. Karachi: State Bank of Pakistan. Available: http://www.sbp.org.pk/publications/anu_stats/2018.htm.
- STATE BANK OF PAKISTAN. 2018b. *Members Financial Institutions* [Online]. State Bank of Pakistan. Available: <http://www.sbp.org.pk/ecib/members.htm> [Accessed 2 September 2019].
- STATE BANK OF PAKISTAN. 2018c. *Statistics On Scheduled Banks* [Online]. State Bank of Pakistan. Available: http://www.sbp.org.pk/publications/schedule_banks/June-2018/Title.pdf.
- SUCHMAN, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, 20, 571-610.
- SUFIAN, F. 2009. Determinants of bank profitability in a developing economy: empirical evidence from the China banking sector. *Journal of Asia-Pacific Business*, 10, 281-307.
- SUKCHAROENSIN, S. 2012. The determinants of voluntary CSR disclosure of Thai listed firms. *International Proceedings of Economics Development & Research*, 46, 61-65.
- SUNG KIM, W. & OH, S. 2019. Corporate social responsibility, business groups and financial performance: a study of listed Indian firms. *Economic research-Ekonomska istraživanja*, 32, 1777-1793.
- SUTANTOPUTRA, A. W. 2009. Social disclosure rating system for assessing firms' CSR reports. *Corporate Communications: An International Journal*, 14, 34-48.
- SYED, M. A. & BUTT, S. A. 2017. Financial and non-financial determinants of corporate social responsibility: empirical evidence from Pakistan. *Social Responsibility Journal*, 13, 780-797.
- TAN, Y. & FLOROS, C. 2012. Bank profitability and inflation: the case of China. *Journal of Economic Studies*, 39, 675-696.
- TAN, Y. & FLOROS, C. 2014. Risk, profitability, and competition: evidence from the Chinese banking industry. *The Journal of Developing Areas*, 48, 303-319.
- TANG, Z., HULL, C. E. & ROTHENBERG, S. 2012. How corporate social responsibility engagement strategy moderates the CSR-financial performance relationship. *Journal of Management Studies*, 49, 1274-1303.
- TANG, Z. & TANG, J. 2012. Stakeholder-firm power difference, stakeholders' CSR orientation, and SMEs' environmental performance in China. *Journal of Business Venturing*, 27, 436-455.
- TANIMOTO, K. & SUZUKI, K. 2005. Corporate social responsibility in Japan: Analyzing the participating companies in global reporting initiative. Stockholm, Sweden: The European Institute of Japanese Studies, Stockholm School of Economics.
- TASHAKKORI, A. & TEDDLIE, C. 2010. *Sage handbook of mixed methods in social & behavioral research*, Thousand Oaks, CA, Sage.
- TETRAULT SIRSLY, C.-A. & LVINA, E. 2019. From doing good to looking even better: The dynamics of CSR and reputation. *Business & Society*, 58, 1234-1266.
- TEWARI, R. 2011. Communicating corporate social responsibility in annual reports: a comparative study of Indian companies & multi-national corporations. *Journal of Management and Public Policy*, 2, 22-51.
- THE CONSTITUTION OF PAKISTAN 1973. The constitution of Islamic Republic of Pakistan. Islamabad: Government of Pakistan.
- THE FACTORIES ACT 1934. THE FACTORIES ACT 1934. In: DEPARTMENT, L. (ed.). International Labour Organization.
- THE PROVINCIAL EMPLOYEES SOCIAL SECURITY ORDINANCE 1965. The Provincial Employees Social Security Ordinance 1965. In: DEPARTMENT, L. (ed.). International Labour Organization.

- THE PUNJAB INDUSTRIAL RELATIONS ACT 2010. The Punjab Industrial Relations Act 2010. *In: INDUSTRIAL* (ed.). Punjab: Government of Punjab, Pakistan.
- TIAN, Q., LIU, Y. & FAN, J. 2015. The effects of external stakeholder pressure and ethical leadership on corporate social responsibility in China. *Journal of Management & Organization*, 21, 388-410.
- TILAKASIRI, K. 2013. Construct an Index for Measuring Corporate Social Responsibility Activities for Developing World: Evidence from Sri Lanka. *International journal of Science and Research*, 4, 606-612.
- TILAKASIRI, K. K. 2012. *Corporate social responsibility and company performance: evidence from Sri Lanka*. Victoria University.
- TING, P. H. & YIN, H. Y. 2018. How do corporate social responsibility activities affect performance? The role of excess control right. *Corporate Social Responsibility and Environmental Management*, 25, 1320-1331.
- TORRES-REYNA, O. 2007. *Panel data analysis fixed and random effects using Stata (v. 4.2)* [Online]. Princeton, USA: Princeton University. Available: <http://dss.princeton.edu/training> [Accessed 25 March 2018].
- TRANSPARENCY INTERNATIONAL 2010. Corporate Responsibility & Anti-Corruption: the Missing Link? : Transparency International
- TRANSPARENCY INTERNATIONAL 2017. People and Corruption: Asia Pacific - Global Corruption Barometer. Transparency International.
- TRANSPARENCY INTERNATIONAL 2019. Corruption Perceptions Index 2018.
- TSOUTSOURA, M. 2004. Corporate Social Responsibility and Financial Performance Working Paper Series. *University of California, Berkeley*, 1-21.
- TURBAN, D. B. & GREENING, D. W. 1997. Corporate social performance and organizational attractiveness to prospective employees. *Academy of management journal*, 40, 658-672.
- TURKER, D. 2009. How corporate social responsibility influences organizational commitment. *Journal of Business ethics*, 89, 189-204.
- TYAGI, R. & SHARMA, A. K. 2013. Corporate Social Performance and Corporate Financial Performance: A Link for the Indian Firms. *Issues in Social & Environmental Accounting*, 7, 4-29.
- UDDIN, S. S. & SUZUKI, Y. 2014. The impact of competition on bank performance in Bangladesh: an empirical study. *International Journal of Financial Services Management* 2, 7, 73-94.
- ULLAH, M. S. 2013. Corporate social responsibility practices in the banking sector in Bangladesh-An assessment. *Bank Parikrama*, XXXVIII, 129-152.
- ULLMANN, A. A. 1985. Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of US firms. *Academy of management review*, 10, 540-557.
- UNERMAN, J. 2000. Methodological issues-Reflections on quantification in corporate social reporting content analysis. *Accounting, Auditing & Accountability Journal*, 13, 667-681.
- UZZI, B. 1996. The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American sociological review*, 61, 674-698.
- VAALAND, T. I., HEIDE, M. & GRØNHAUG, K. 2008. Corporate social responsibility: investigating theory and research in the marketing context. *European Journal of Marketing*, 42, 927-953.
- VALENTE, M. & CRANE, A. 2010. Public responsibility and private enterprise in developing countries. *California Management Review*, 52, 52-78.
- VALOR, C. 2005. Corporate social responsibility and corporate citizenship: Towards corporate accountability. *Business and society review*, 110, 191-212.
- VAN BEURDEN, P. & GÖSSLING, T. 2008. The worth of values—a literature review on the relation between corporate social and financial performance. *Journal of business ethics*, 82, 407.
- VAN MARREWIK, M. 2003. Concepts and definitions of CSR and corporate sustainability: Between agency and communion. *Journal of business ethics*, 44, 95-105.

- VAN WYK, B. 2012. Research design and methods Part I. *In*: CAPE, U. O. W. (ed.). Cape Town, South Africa.
- VIGANÒ, F. & NICOLAI, D. 2009. CSR in the European banking sector: evidence from a sector survey. *In*: BARTH, R. & WOLFF, F. (eds.) *Corporate Social Responsibility in Europe. Rhetoric and Realities*. Cheltenham, UK: Edward Elgar Publishing Inc.
- VIRAKUL, B., KOONMEE, K. & MCLEAN, G. N. 2009. CSR activities in award-winning Thai companies. *Social Responsibility Journal*, 5, 178-199.
- VOGEL, D. J. 2005. Is there a market for virtue?: The business case for corporate social responsibility. *California management review*, 47, 19-45.
- VOURVACHIS, P. 2007. On the use of content analysis (CA) in corporate social reporting (CSR): revisiting the debate on the units of analysis and the ways to define them. *British Accounting Association Annual Conference 2007*. Egham, England: Kingston University.
- VOURVACHIS, P. & WOODWARD, T. 2015. Content analysis in social and environmental reporting research: trends and challenges. *Journal of Applied Accounting Research*, 16, 166-195.
- WADDOCK, S. 2004. Parallel universes: Companies, academics, and the progress of corporate citizenship. *Business and Society Review*, 109, 5-42.
- WADDOCK, S. A. & GRAVES, S. B. 1997. The corporate social performance–financial performance link. *Strategic management journal*, 18, 303-319.
- WALLICH, H. & MCGOWAN, J. 1970. Stockholders Interest and the Corporation's Role in Social Policy. *In*: BAUMOL, W. (ed.) *A New Rationale for Corporate Social Policy, red*. New York: Committee for Economic Development.
- WANG, D. H.-M., CHEN, P.-H., YU, T. H.-K. & HSIAO, C.-Y. 2015. The effects of corporate social responsibility on brand equity and firm performance. *Journal of business research*, 68, 2232-2236.
- WANG, Q., DOU, J. & JIA, S. 2016. A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society*, 55, 1083-1121.
- WANKEL, C. 2008. *21st century management: a reference handbook*, Thousand Oaks, California Sage.
- WARD, M. M. & LEIGH, J. P. 1993. Pooled time series regression analysis in longitudinal studies. *Journal of clinical epidemiology*, 46, 645-659.
- WARTICK, S. L. & COCHRAN, P. L. 1985. The evolution of the corporate social performance model. *Academy of management review*, 10, 758-769.
- WBCSD 2006. *From Challenge to Opportunity: The Role of Business in Tomorrow's Society*. World Business Council for Sustainable Development
- WELFORD, R. & FROST, S. 2006. Corporate social responsibility in Asian supply chains. *Corporate social responsibility and environmental management*, 13, 166-176.
- WERTHER JR, W. B. & CHANDLER, D. 2005. Strategic corporate social responsibility as global brand insurance. *Business Horizons*, 48, 317-324.
- WHEELEN, T. L., HUNGER, J. D., HOFFMAN, A. N. & BAMFORD, C. E. 2010. *Strategic management and business policy*, NJ, USA, Prentice Hall Upper Saddle River.
- WHO 2018. *Environmental Health: Pakistan*. World Health Organization.
- WILLCOCKS, L. P. & MINGERS, J. 2004. *Social theory and philosophy for information systems*, NJ, USA, John Wiley & Sons Ltd.
- WILLIAMS, C. 2007. Research methods. *Journal of Business & Economics Research (JBER)*, 5, 65-71.
- WILSON, E. 2010. *Environment* *In*: WAYNE VISSER, D. M., MANFRED POHL, NICK TOLHURST (ed.) *The A-Z of Corporate Social Responsibility*. West Sussex: Wiley.
- WINDSOR, D. 2001. The future of corporate social responsibility. *International Journal of Organizational Analysis*, 9, 225-256.
- WONG, C. W., LAI, K.-H., SHANG, K.-C., LU, C.-S. & LEUNG, T. 2012. Green operations and the moderating role of environmental management capability of suppliers on manufacturing firm performance. *International journal of production economics*, 140, 283-294.

- WONG, H. & WONG, R. 2015. Corporate social responsibility practices in banking industry. *Journal of Management Research*, 7, 205-221.
- WOOD, D. J. 1991. Corporate social performance revisited. *Academy of management review*, 16, 691-718.
- WOOD, D. J. 2010. Measuring corporate social performance: A review. *International journal of management reviews*, 12, 50-84.
- WORLD BANK 2018. When Water Becomes a Hazard. A Diagnostic Report on the State of Water Supply, Sanitation, and Poverty in Pakistan and Its Impact on Child Stunting. Washington, DC: World Bank Poverty Diagnostic.
- WORLD BANK 2019. Opportunities for a Clean and Green Pakistan: A Country Environmental Analysis. Washington, DC: World Bank.
- WORLD DATA ATLAS 2018. Pakistan - CO2 emissions per capita.
- WORLD FACT BOOK. 2018. *SOUTH ASIA : PAKISTAN* [Online]. CIA. Available: https://www.cia.gov/Library/publications/the-world-factbook/geos/print_pk.htm [Accessed 9 September 2019 2019].
- WORLDBANK. 2019. *Country; Pakistan* [Online]. World Bank Data Bank. Available: <https://data.worldbank.org/country/pakistan> [Accessed 08 September 2019 2019].
- WRIGHT, T. A. & BONETT, D. G. 2007. Job satisfaction and psychological well-being as nonadditive predictors of workplace turnover. *Journal of management*, 33, 141-160.
- WU, M.-W. & SHEN, C.-H. 2013. Corporate social responsibility in the banking industry: Motives and financial performance. *Journal of Banking & Finance*, 37, 3529-3547.
- YAMAK, S. & SÜER, Ö. 2005. State as a stakeholder. *Corporate Governance: The international journal of business in society*, 5, 111-120.
- YE, K. & ZHANG, R. 2011. Do lenders value corporate social responsibility? Evidence from China. *Journal of Business Ethics*, 104, 197.
- YU, S., ZIA-UD-DIN, M., DILAWER, R. & BAN, X. 2019. Corporate Social Responsibility in Pakistan: A Legal Perspective with Reference to MNEs. *J. Pol. & L.*, 12, 87.
- YU, Y. & CHOI, Y. 2016. Stakeholder pressure and CSR adoption: The mediating role of organizational culture for Chinese companies. *The social science journal*, 53, 226-234.
- YUNIS, M. S., DURRANI, L. & KHAN, A. 2017. Corporate social responsibility (CSR) in Pakistan: A critique of the literature and future research agenda. *Business & Economic Review*, 9, 65-88.
- ZAFAR, S. & AZIZ, F. 2013. The Banking Sector of Pakistan: The Case of Its Growth and Impact on Revenue Generation 2007 to 2012. *IOSR Journal of Economics and Finance*, 1, 46-50.
- ZAGO, A. P. P., JABBOUR, C. J. C. & BRUHN, N. C. P. 2018. Corporate sustainability and value creation: the case of the "Dow Jones Sustainability Index". *Gest. Prod*, 53, 531-544.
- ZHANG, J. 2013. *Determinants of corporate environmental and social disclosure in Chinese listed mining, electricity supply and chemical companies annual reports*. Phd, Edith Cowan University.
- ZHENG, L., BALSARA, N. & HUANG, H. 2014. Regulatory pressure, blockholders and corporate social responsibility (CSR) disclosures in China. *Social Responsibility Journal*, 10, 226-245.
- ZHONGFU, Y., JIANHUI, J. & PINGLIN, H. 2011. The study on the correlation between environmental information disclosure and economic performance-with empirical data from the manufacturing industries at Shanghai Stock Exchange in China. *Energy Procedia*, 5, 1218-1224.
- ZHU, Q. & ZHANG, Q. 2015. Evaluating practices and drivers of corporate social responsibility: The Chinese context. *Journal of Cleaner Production*, 100, 315-324.
- ZOPOUNIDIS, C. & KOSMIDOU, K. 2008. The determinants of banks' profits in Greece during the period of EU financial integration. *Managerial finance*, 34, 146-159.
- ZULFIKAR, R., LUKVIARMAN, N., SUHARDJANTO, D. & AGUSTININGSIH, S. W. 2017. Competition, Independent Commissioner, Risk Disclosure and Financial Performance. *Review of Integrative Business and Economics Research*, 6, 76-91.

List of Publications

1. Shah, M.H. and Khan, Y., 2016. Trade liberalization and FDI inflows in emerging economies. *Business & Economic Review*, 8(1), pp.35-52.
2. Khan, Y., Rethi, G and Szegedi, K., 2018. Corruption as business challenge in Pakistan. *European Scientific Journal*, 14(16), pp, 1-20.
3. Hussain, J., Shah, F.A., Rehman, W. and Khan, Y., 2018. Learning orientation and performance: the interaction effect of entrepreneurial orientation. *Pakistan Business Review*, 19(4), pp.960-977.
4. Khan, Y. and Szegedi, K., 2018. Role of small and medium enterprises in alleviation of poverty among disable people. *Sarhad Journal of Management Sciences*, 4(2), pp.272-279.
5. Khan, Y. and Szegedi, K., 2019. The concept of green banking in Pakistan. *Sarhad Journal of Management Sciences*, 5(2), pp.357-367.
6. Hussain, I., Hussain, J., Ali Khan, A. and Khan, Y., 2019. An analysis of the asymmetric impact of exchange rate changes on GDP in Pakistan: application of non-linear ARDL. *Economic research-Ekonomska istraživanja*, 32(1), pp.3094-3111.
7. Khan, Y. and Szegedi, K., 2019. Corporate Social Responsibility Disclosure in Banking Sector of Pakistan: An Evidence from Commercial Banks. LIM Conference, December 5-6, Zalaegerszeg, Hungary, pp.18-27.
8. Szegedi, K., Khan, Y., and Lentner, C., 2020. Corporate social responsibility and financial performance: Evidence from Pakistani listed banks. *Sustainability*, 12, pp.4080.

Appendix I: CSR Phases of development and company CSR strategic integration

CSR phases of development and company CSR strategic integration;						
<i>Maturity stages strategic CSR integration</i>	<i>Negation</i>	<i>Observance</i>	<i>Efficiency</i>	<i>Strategic innovation</i>	<i>Strategic integration</i>	<i>Transformational</i>
<i>Dimensions and attributes of CSR integration</i>						
<i>Ideological: focused on values and ideologies</i>						
Culture and values	Profit. Opposition to the CSR concept	Duty, obedience, discipline. Employment, profits and taxes represent the company's CSR	Productivity efficiency. Marginal CSR or CSR within operational aspects to the business	Innovation, honesty, equality. CSR is managing stakeholder expectations and CSR is a source of innovation	Integration, partnership, openness, trust. Sustainability and 3BL are essential business concepts	Alliance, integrity, communion. CSR is core to business. Company's is changing the game. Thrives for social progress, and looks for sectorial and industrial awareness raising
CSR motivations	Forced and null perceived impact	Forced investment in order to observe rules and norms in place	Stimulated + egoistic + lowering of risks and getting a LTO	Stimulated + egoistic + lowering of risks in order to establish a business case and gain competitive advantage	Self-motivated + altruistic + leveraging of opportunities. CSR as a piece of company's value proposal	Self-motivated + altruistic + social + mobilization to attain social change and create markets
Position regarding stakeholders	Use, sporadic, merely contractual	Unilateral	Interaction	Reciprocal influence	Partnership, constructive, legitimacy	Alliance, collaboration, co-development
CSR leadership	Absent	Rhetoric	Support	Disseminator	Promoter	Visionary
<i>Procedural: focused on practices and processes</i>						
Strategic alignment	Non-existent	Low	Low	High	High	Non-differentiation
CSR formalization and instruments	Null	Funds and structures limited to those required	Sporadic, limited with fragmented initiatives	Multifunctional plans of action with dynamic and varying, non-constant structures	Advanced level of formalization with the stable and sufficient allocation of resources	Full institutionalization
<i>Consequentialist: focused on consequences, benefits and impacts</i>						
Sustainable Value Added	0	++	++	++	++	∞
Carbon footprint efficiency	0%	++	++	++	++	100%
Organisational Justice	100%	++	++	++	++	0%
Source: Authors' own						

Source: Marques-Mendes and Santos (2016)

Appendix II: List of CSR Items

Shareholder Items	Employee Items
1. Investor relation Management	1. Gender diversity
2. Common Forum for dialogue	2. Employee education & Training
3. Flexible policies for shareholders and investors	3. Employee benefits
4. Appreciating shareholders	4. Employee safety and Hygiene
5. Information disclosure for share holders	5. Equal opportunity
6. Bonus interest and long term development	6. Employee welfare & health
	7. Minorities (discrimination Policy)
	8. Employee motivation, rewards and satisfaction
	9. Number of employees
	10. Female worker (discrimination Policy)
	11. Facilities to family (health & education)
	12. Feedback
Manager Items	Customer Items
1. Board of Directors (Names, qualification & position)	1. Marketing Practices (responsible, ethical)
2. Independent Directors	2. Customer relation management
3. Board effectiveness (Governance structure)	3. Customer satisfaction
4. Relation between all stakeholders	4. Customer Awareness
5. Management/Staff	5. Social Responsible Investment
	6. Social Responsible Saving
	7. Micro credits/Micro Financing
	8. Funding Initiatives to NGO
Supplier Items	Competitor Items
1. Equal opportunity to suppliers	1. Relationship with Competitors
2. Provision of info to suppliers	2. Collaboration with competitors
3. Feedback system/Complaint mgt system	3. Fair selling practice(No negative advertisement)
4. Fair negotiation with supplier	
5. Long-term relationship with suppliers	
6. Support, caring, protection and advances	

Appendix II: List of CSR Items

Community and Society Items	Environment Items
1. Charitable Initiatives/zakat	1. Environment concern/initiatives
2. Health and education	2. ISO 14000/14001
3. Internships/scholarships	3. Environmental Policy/Guidelines
4. Employment opportunities	4. Pollution Control
5. Eradication of Poverty	5. Awards for environmental protection
6. Sponsorship (Sports and Culture)	6. Recycling/reuse of waste
7. Aid to natural disasters affectiees	7. Investment in energy project
8. Community Support Program	8. Planting and Greening
9. Aid to War and terrorism affectiees	9. Past and current operating cost of eco- friendly products
10. Human rights/no child labour	10. Agriculture support programs
11. Sustainable financing	11. World bank guidelines (envir)
12. Disable Person	12. Taking into account environmental risk

	13. OECD Guidelines
CSR-Management	
Items	
1. Function dedicated to CSR issues	
2. Code of Conducts/ethic	
3. CSR report/Sustainability report	
4. Anti-corruption/anti-bribery	
5. Governance policy	
6. Transparency (Internal, external audit)	

Source: Created by Author based on literature studied (see Appendix II.A)

Appendix II.A Table of CSR Items

Code	Name of the Category	Khalid and Nasir (2015)	Gao (2011)	Ahmad and Ahmad (2011)	Awan et al. (2012)	Amran et al.(2017)	Syed and Butt (2018)	Fatima (2017)	Khan et al. (2018)	Ehsan et al. (2018)	Khan (2010)	Day and Woodward (2009)	Sharif and Rashid (2014)	Maqbool and Zameer (2018)	Botshabelo et al (2017)	Romero (2015)	Paulik et al. (2015)	Deutsch and Pintér (2018)	Scholten (2009)	Birindelli et al. (2013)	Total	
Category: 1	Shareholders																					
	Investor relation management	1																				1
	common forum for dialogue			1																		1
	Flixable Policies for shareholders and investor				1																	1
	Appreciating shareholders					1																1
	Informating disclosure for shareholders	1																				1
	Bonus, Interest and longterm development	1																				1
Category: 2	Employees																					
	Gender Diversity	1	1			1													1	1		5
	Employee education, training, career development (General and CSR issues trainings)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
	Employee benefits (salary,retirement,insurance,compensation,profit sharing,ownership scheme, recreational activities)	1	1				1	1	1	1	1			1	1							9
	Employees safety (safe and hygenic workplace/work environment)		1		1	1	1	1	1	1	1	1	1	1	1							12
	Equal Opportunity policy		1			1						1							1	1		5
	Employee welfare and health	1	1	1		1	1		1			1		1	1							9
	Minorities (Number of minorities,Protection, employment, discrimination policy)	1	1						1	1												4
	Employee motivation, rewards and job satisfaction (Promotions, Performance, remuneration policy)	1	1			1		1	1	1					1		1					8
	Number of Employees						1		1	1	1		1									5
	Female workers (Number of women,Protection, employment, discrimination policy)		1						1	1				1		1						5
	Facilities to the Family (Day care, Maternity, family treatments, education)	1			1				1		1		1									5
	Feedback system for employees																			1	1	2
Category:3	Managers (Corporate governance)																					
	Board of directors (Names, postion, qualification)	1		1		1																3
	Independent directors																				1	1
	Board effectiveness (Governance structure/Model, performance)	1	1	1																		3
	Relationship between all stakeholders			1	1		1															3
	Management			1		1																2
Category: 4	Customers																					
	Marketing Practices (responsible and ethical marketing)	1										1			1							3
	Customer relation management (regarding customers problem/risk and fair dealing, credible management)	1	1		1	1			1								1					6
	Customer satisfaction (Improvement in product and services, pricing)		1				1	1			1		1		1		1					7
	Customer awarness (information disclosure regarding product safty,risk,composition)		1	1	1		1	1	1	1												7
	Social responsible Investment																		1	1		2
	Social responsible saving																		1	1		2
	Micro Ceditis																		1	1		3
	Funding initiatives to non profit sectors (NGO)																				1	1
	Product/Service safety, quality control assurance and access		1				1	1	1	1	1	1	1	1			1					10
Category: 5	Suppliers																					
	Equal oppurtunity to suppliers							1														1
	Provision of information to supplier							1														1
	Feedback system and complaint resolve from suppliers							1														1
	Fair Negotiation with suppliers (Contract)		1			1		1														3
	Long term relationship		1	1			1					1										4
Support,Caring and protection (Rights, timely payments, trainings, financial support)		1	1																		2	

Appendix II.A Table of CSR Items

Code	Name of the Category	Khalid and Nasir (2015)	Gao (2011)	Ahmad and Ahmad (2011)	Awan et al. (2012)	Amran et al.(2017)	Sayd and Butt (2018)	Fatima (2017)	Khan et al. (2018)	Ehsan et al. (2018)	Khan (2010)	Day and Woodward (2009)	Sharif and Rashid (2014)	Maqbool and Zameer (2018)	Botshabelo et al.(2017)	Romero (2015)	Paulik et al. (2015)	Deutsch and Eva (2018)	Schoitens (2009)	Birindelli et al. (2013)	Total	
		Category: 6	Competitors																			
	Relationship with competitors			1	1	1	1															4
	Collaboration with competitors							1														1
	Fair selling practice (No negative advertisement)							1							1							2
	Community and Society in General																					
	Charitable initiatives (philanthropy, Zakat)	1	1	1		1	1				1		1									7
	Health and education (funds and donations, awarness)	1	1	1	1		1	1		1	1		1	1	1	1	1	1	1			15
	Internships, part-time jobs and Scholarships								1	1	1		1									4
	Employment opportunities		1	1		1								1								4
	Eradication of poverty (Income generating programe etc)			1						1				1								3
	Sponsorships (Sports, art and culture, health and education projects, heritage preservation)		1				1		1	1	1		1	1	1	1			1	1		11
	Aid to natural disasters affecties (Earth quicks and Flood)						1			1	1		1	1								5
	Community Support programes (community engagement and costruction, social cause, financial literacy, investment in local community)	1	1			1	1	1	1	1		1		1	1	1	1					12
	War and terrorism affecties (Internal displaced persons IDPs)									1			1									2
	Human rights and Child labour	1		1	1		1					1		1				1				7
	Sustainable financing																		1	1		2
	Disable Person													1								1
	Environment																					
	Special Initiative and Public awareness program (Institutuin concern for environment/support public and private actions)	1		1	1	1				1	1		1		1							8
	Certified under ISO 14000 and 14001 series (Global/international standards)	1	1		1									1					1	1		6
	Environmental policy		1				1	1									1	1	1			6
	Pollution control/prevention in business operation (enviromental impact of business operations)	1	1	1				1	1	1		1										7
	Awards for environmental protection								1		1		1									3
	Recycling/reuse of waste/equipments or waste management	1		1	1	1	1	1	1	1		1		1								10
	Investment in energy projects (Awarress/saving /reduction of energy consumption/energy policy/energy conservation)		1						1	1				1								4
	Planting trees (Greening)		1							1	1		1									4
	Past and current operating cost of environmental friendly products/ equipments and facilities					1					1		1				1					4
	Agriculture support programs													1								1
	Taking into account supply chain management																		1	1		2
	Taking into account environmental risk																		1	1		2
	World bank guideline (Environment)																		1	1		2
	OESO Guidelines																		1	1		2
	CSR management																					
	Function dedicated to CSR issues, CSR strategy and awards		1							1			1			1	1				1	6
	Code of Ethics or Code of Conduct/ Business ethics	1		1	1			1		1					1				1	1		8
	CSR report/reporting/internal and external audit/sustainability report	1	1	1													1	1	1	1		7
	Anti corruption mechanism (corruption/bribery control.)	1	1		1		1										1					5
	Governance Policy	1			1	1							1									4
	Transparency (Internal and external Audit)	1		1	1	1	1												1	1		7

Appendix III: Table 5.2 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Bank AlFalah											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7879					
Ranking Based on Yearly Average						8					
Employee	0.75	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.697					
Ranking Based on Yearly Average						8					
Manager	0.8	0.8	0.8	0.8	0.8	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						5					
Customer	0.625	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6932					
Ranking Based on Yearly Average						4					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.3939					
Ranking Based on Yearly Average						7					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5833	0.5833	0.75	0.75	0.6667	0.75	0.75	0.75	0.75	0.6667	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						5					
Environment	0.3077	0.3077	0.3846	0.3846	0.3846	0.4615	0.5385	0.4615	0.4615	0.5385	0.4615
Yearly Average of CSR Disclosure						0.4266					
Ranking Based on Yearly Average						5					
CSR Management	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						4					
CSR Index	0.5915	0.5775	0.6197	0.6338	0.6197	0.6761	0.6901	0.6901	0.7042	0.7042	0.7042
Yearly Average of CSR Disclosure						0.6556					
Ranking Based on Yearly Average						9					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix III: Table 5.2 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Bank Islami											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.8485					
Ranking Based on Yearly Average						5					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75
Yearly Average of CSR Disclosure						0.6742					
Ranking Based on Yearly Average						10					
Manager	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Customer	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						3					
Supplier	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4394					
Ranking Based on Yearly Average						4					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.4167	0.4167	0.5833	0.6667	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						9					
Environment	0.3077	0.3077	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.4615	0.6154
Yearly Average of CSR Disclosure						0.3986					
Ranking Based on Yearly Average						8					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						11					
CSRIndex	0.5493	0.5493	0.6056	0.6197	0.662	0.662	0.662	0.662	0.6761	0.6901	0.7324
Yearly Average of CSR Disclosure						0.6428					
Ranking Based on Yearly Average						11					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix III: Table 5.2 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Faysal Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						6					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						11					
Manager	0.8	0.8	0.8	0.8	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9273					
Ranking Based on Yearly Average						4					
Customer	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						3					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5
Yearly Average of CSR Disclosure						0.3636					
Ranking Based on Yearly Average						9					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5	0.6667	0.6667	0.75	0.6667	0.6667	0.75	0.6667	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6894					
Ranking Based on Yearly Average						6					
Environment	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3846	0.3077	0.3077	0.5385	0.6154
Yearly Average of CSR Disclosure						0.3636					
Ranking Based on Yearly Average						11					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7273					
Ranking Based on Yearly Average						9					
CSR Index	0.5634	0.5915	0.5915	0.6056	0.6197	0.6197	0.6479	0.6338	0.6479	0.7042	0.7183
Yearly Average of CSR Disclosure						0.6312					
Ranking Based on Yearly Average						14					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix III: Table 5.2 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

JS bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						10					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7121					
Ranking Based on Yearly Average						7					
Manager	0.8	0.8	0.8	0.8	1	1	0.8	0.8	1	1	1
Yearly Average of CSR Disclosure						0.8909					
Ranking Based on Yearly Average						6					
Customer	0.5	0.5	0.5	0.5	0.5	0.625	0.625	0.5	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.5909					
Ranking Based on Yearly Average						9					
Supplier	0.3333	0.3333	0.5	0.3333	0.3333	0.5	0.3333	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4242					
Ranking Based on Yearly Average						5					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5833	0.3333	0.8333	0.8333	0.6667	0.75	0.8333	0.8333	0.75	0.75	0.5833
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						5					
Environment	0.3077	0.3077	0.3077	0.3077	0.3846	0.3077	0.4615	0.4615	0.4615	0.6923	0.6154
Yearly Average of CSR Disclosure						0.4196					
Ranking Based on Yearly Average						6					
CSR Management	0.8333	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						7					
CSR Index	0.5634	0.507	0.6056	0.5915	0.6056	0.662	0.6761	0.6761	0.7042	0.7465	0.7042
Yearly Average of CSR Disclosure						0.6402					
Ranking Based on Yearly Average						12					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix III: Table 5.2 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Meezan Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9394					
Ranking Based on Yearly Average						2					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75
Yearly Average of CSR Disclosure						0.6818					
Ranking Based on Yearly Average						9					
Manager	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1	1	1	1
Yearly Average of CSR Disclosure						0.8727					
Ranking Based on Yearly Average						7					
Customer	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7159					
Ranking Based on Yearly Average						2					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.3939					
Ranking Based on Yearly Average						7					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5833	0.6667	0.75	0.5833	0.75	0.75	0.8333	0.6667	0.6667	0.75	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						5					
Environment	0.3077	0.3077	0.3077	0.3077	0.5385	0.4615	0.4615	0.4615	0.5385	0.6154	0.6154
Yearly Average of CSR Disclosure						0.4476					
Ranking Based on Yearly Average						3					
CSR Management	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8182					
Ranking Based on Yearly Average						5					
CSRIndex	0.5775	0.6056	0.6197	0.6056	0.6901	0.6761	0.6901	0.6901	0.7042	0.7465	0.7465
Yearly Average of CSR Disclosure						0.6684					
Ranking Based on Yearly Average						8					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Summit Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						6					
Employee	0.5	0.5	0.5	0.5	0.5833	0.5833	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.5909					
Ranking Based on Yearly Average						14					
Manager	0.8	0.8	0.8	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9455					
Ranking Based on Yearly Average						3					
Customer	0.375	0.375	0.375	0.375	0.5	0.5	0.5	0.625	0.625	0.625	0.625
Yearly Average of CSR Disclosure						0.5					
Ranking Based on Yearly Average						11					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333
Yearly Average of CSR Disclosure						0.3333					
Ranking Based on Yearly Average						10					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.3333	0.3333	0.3333	0.3333	0.4167	0.5	0.5	0.3333	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4167					
Ranking Based on Yearly Average						13					
Environment	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.4615	0.5385	0.5385
Yearly Average of CSR Disclosure						0.3636					
Ranking Based on Yearly Average						11					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7424					
Ranking Based on Yearly Average						7					
CSR Index	0.4789	0.4789	0.4789	0.493	0.5352	0.5493	0.5775	0.5634	0.6197	0.6338	0.6338
Yearly Average of CSR Disclosure						0.5493					
Ranking Based on Yearly Average						19					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Bank AL Habib											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7424					
Ranking Based on Yearly Average						12					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7121					
Ranking Based on Yearly Average						7					
Manager	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Customer	0.5	0.5	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6591					
Ranking Based on Yearly Average						5					
Supplier	0.1667	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4091					
Ranking Based on Yearly Average						6					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.75	0.75	0.8333	0.8333	0.75	0.75	0.75	0.75	0.8333	0.8333	0.6667
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						2					
Environment	0.3077	0.3077	0.5385	0.4615	0.4615	0.4615	0.4615	0.4615	0.4615	0.5385	0.5385
Yearly Average of CSR Disclosure						0.4545					
Ranking Based on Yearly Average						2					
CSR Management	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.803					
Ranking Based on Yearly Average						6					
CSRIndex	0.5775	0.5915	0.6761	0.662	0.6479	0.662	0.6901	0.7042	0.7183	0.7465	0.7183
Yearly Average of CSR Disclosure						0.6722					
Ranking Based on Yearly Average						7					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Askari Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7424					
Ranking Based on Yearly Average						12					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7121					
Ranking Based on Yearly Average						7					
Manager	0.8	0.8	0.8	0.8	1	1	1	0.8	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						5					
Customer	0.5	0.5	0.5	0.5	0.625	0.625	0.625	0.625	0.625	0.625	0.75
Yearly Average of CSR Disclosure						0.5909					
Ranking Based on Yearly Average						9					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.3788					
Ranking Based on Yearly Average						8					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5833	0.5833	0.8333	0.6667	0.6667	0.6667	0.6667	0.75	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6742					
Ranking Based on Yearly Average						8					
Environment	0.4615	0.4615	0.4615	0.4615	0.4615	0.3846	0.4615	0.4615	0.4615	0.3846	0.3846
Yearly Average of CSR Disclosure						0.4406					
Ranking Based on Yearly Average						4					
CSR Management	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						4					
CSR Index	0.5915	0.5915	0.6338	0.6056	0.6338	0.6338	0.662	0.662	0.6761	0.662	0.6761
Yearly Average of CSR Disclosure						0.6389					
Ranking Based on Yearly Average						13					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Khyber Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.7879					
Ranking Based on Yearly Average						9					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						11					
Manager	0.8	0.8	0.8	0.8	0.8	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						5					
Customer	0.375	0.375	0.375	0.5	0.5	0.5	0.625	0.625	0.75	0.75	0.625
Yearly Average of CSR Disclosure						0.5455					
Ranking Based on Yearly Average						10					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.3788					
Ranking Based on Yearly Average						8					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5	0.5	0.5	0.75	0.75	0.6667	0.75	0.6667	0.6667	0.75	0.75
Yearly Average of CSR Disclosure						0.6591					
Ranking Based on Yearly Average						10					
Environment	0.3077	0.3077	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.5385	0.6154
Yearly Average of CSR Disclosure						0.4056					
Ranking Based on Yearly Average						7					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7424					
Ranking Based on Yearly Average						8					
CSR Index	0.5211	0.5211	0.5352	0.5915	0.5915	0.5915	0.6479	0.6338	0.6761	0.7183	0.7183
Yearly Average of CSR Disclosure						0.6133					
Ranking Based on Yearly Average						15					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Bank of Punjab											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7576					
Ranking Based on Yearly Average						11					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75
Yearly Average of CSR Disclosure						0.6818					
Ranking Based on Yearly Average						9					
Manager	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1	1	1	1
Yearly Average of CSR Disclosure						0.8727					
Ranking Based on Yearly Average						7					
Customer	0.375	0.375	0.5	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.625
Yearly Average of CSR Disclosure						0.6136					
Ranking Based on Yearly Average						7					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4091					
Ranking Based on Yearly Average						6					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.3333	0.3333	0.3333	0.3333	0.5833	0.75	0.8333	0.9167	0.9167	0.75	0.6667
Yearly Average of CSR Disclosure						0.6136					
Ranking Based on Yearly Average						11					
Environment	0.3077	0.3077	0.3077	0.3077	0.3077	0.4615	0.4615	0.4615	0.4615	0.5385	0.3846
Yearly Average of CSR Disclosure						0.3916					
Ranking Based on Yearly Average						9					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7424					
Ranking Based on Yearly Average						8					
CSRIndex	0.493	0.493	0.507	0.5211	0.5634	0.6338	0.6901	0.7183	0.7183	0.7183	0.662
Yearly Average of CSR Disclosure						0.6108					
Ranking Based on Yearly Average						16					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Habib Metropolitan Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.803					
Ranking Based on Yearly Average						7					
Employee	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.75					
Ranking Based on Yearly Average						5					
Manager	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Customer	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						3					
Supplier	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4394					
Ranking Based on Yearly Average						4					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.6667	0.6667	0.8333	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6818					
Ranking Based on Yearly Average						7					
Environment	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.3846	0.3846
Yearly Average of CSR Disclosure						0.3217					
Ranking Based on Yearly Average						13					
CSR Management	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						4					
CSRIndex	0.6197	0.6197	0.662	0.6338	0.662	0.662	0.662	0.662	0.662	0.6761	0.6761
Yearly Average of CSR Disclosure						0.6543					
Ranking Based on Yearly Average						10					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Samba Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						9					
Employee	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5833	0.6667	0.6667
Yearly Average of CSR Disclosure						0.5379					
Ranking Based on Yearly Average						15					
Manager	0.8	0.8	0.8	0.8	1	0.8	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						5					
Customer	0.375	0.375	0.375	0.375	0.375	0.5	0.5	0.5	0.5	0.625	0.625
Yearly Average of CSR Disclosure						0.4659					
Ranking Based on Yearly Average						12					
Supplier	0.3333	0.3333	0.5	0.5	0.3333	0.5	0.5	0.5	0.3333	0.3333	0.5
Yearly Average of CSR Disclosure						0.4242					
Ranking Based on Yearly Average						5					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.4167	0.3333	0.4167	0.3333	0.3333	0.3333	0.3333	0.3333	0.4167	0.5	0.6667
Yearly Average of CSR Disclosure						0.4015					
Ranking Based on Yearly Average						14					
Environment	0.2308	0.2308	0.2308	0.2308	0.2308	0.2308	0.2308	0.2308	0.2308	0.3846	0.4615
Yearly Average of CSR Disclosure						0.2657					
Ranking Based on Yearly Average						14					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333
Yearly Average of CSR Disclosure						0.697					
Ranking Based on Yearly Average						10					
CSR Index	0.4648	0.4507	0.4789	0.4648	0.4789	0.493	0.507	0.507	0.5211	0.6056	0.662
Yearly Average of CSR Disclosure						0.5122					
Ranking Based on Yearly Average						20					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Silk Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						10					
Employee	0.5833	0.5833	0.5833	0.5833	0.5833	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6288					
Ranking Based on Yearly Average						13					
Manager	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1	1	1	1
Yearly Average of CSR Disclosure						0.8727					
Ranking Based on Yearly Average						7					
Customer	0.5	0.5	0.5	0.5	0.625	0.625	0.75	0.625	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.625					
Ranking Based on Yearly Average						6					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333
Yearly Average of CSR Disclosure						0.3333					
Ranking Based on Yearly Average						10					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.3333	0.3333	0.6667	0.5833	0.6667	0.6667	0.6667	0.5833	0.5833	0.5833	0.5833
Yearly Average of CSR Disclosure						0.5682					
Ranking Based on Yearly Average						12					
Environment	0.3077	0.3077	0.3077	0.4615	0.4615	0.4615	0.4615	0.4615	0.4615	0.4615	0.5385
Yearly Average of CSR Disclosure						0.4266					
Ranking Based on Yearly Average						5					
CSR Management	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8182					
Ranking Based on Yearly Average						5					
CSRIndex	0.493	0.507	0.5634	0.5775	0.6197	0.6338	0.6479	0.6338	0.6479	0.6479	0.662
Yearly Average of CSR Disclosure						0.6031					
Ranking Based on Yearly Average						17					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix IV: Table 5.3 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Soneri Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7879					
Ranking Based on Yearly Average						8					
Employee	0.5833	0.5833	0.5833	0.5833	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6364					
Ranking Based on Yearly Average						12					
Manager	0.8	0.8	1	1	0.8	0.8	0.8	0.8	1	1	1
Yearly Average of CSR Disclosure						0.8909					
Ranking Based on Yearly Average						6					
Customer	0.375	0.375	0.375	0.5	0.5	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6023					
Ranking Based on Yearly Average						8					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333
Yearly Average of CSR Disclosure						0.3333					
Ranking Based on Yearly Average						10					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.3333	0.3333	0.3333	0.4167	0.5833	0.6667	0.8333	0.8333	0.8333	0.8333	0.75
Yearly Average of CSR Disclosure						0.6136					
Ranking Based on Yearly Average						11					
Environment	0.3077	0.3077	0.3077	0.3077	0.3077	0.3077	0.4615	0.4615	0.5385	0.6154	0.3846
Yearly Average of CSR Disclosure						0.3916					
Ranking Based on Yearly Average						9					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						7					
CSR Index	0.4789	0.4789	0.493	0.5352	0.5775	0.6197	0.6761	0.6761	0.7042	0.7183	0.662
Yearly Average of CSR Disclosure						0.6018					
Ranking Based on Yearly Average						18					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Allied Bank Limited											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.8788					
Ranking Based on Yearly Average						4					
Employee	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.8333	0.8333	0.9167	1	1
Yearly Average of CSR Disclosure						0.7955					
Ranking Based on Yearly Average						3					
Manager	0.6	0.6	0.6	0.6	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.8545					
Ranking Based on Yearly Average						8					
Customer	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.75					
Ranking Based on Yearly Average						1					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4091					
Ranking Based on Yearly Average						6					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.75	0.9167	0.75	0.75	0.8333	0.8333	0.9167	0.8333	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.803					
Ranking Based on Yearly Average						1					
Environment	0.4615	0.3077	0.3846	0.3846	0.5385	0.3846	0.5385	0.5385	0.5385	0.6154	0.6154
Yearly Average of CSR Disclosure						0.4825					
Ranking Based on Yearly Average						1					
CSR Management	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8333					
Ranking Based on Yearly Average						4					
CSR Index	0.6479	0.6479	0.6338	0.6338	0.7183	0.6901	0.7606	0.7465	0.7606	0.7887	0.7887
Yearly Average of CSR Disclosure						0.7106					
Ranking Based on Yearly Average						3					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Habib Bank Limited											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	0.8333
Yearly Average of CSR Disclosure						0.8485					
Ranking Based on Yearly Average						5					
Employee	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						4					
Manager	0.8	0.8	0.8	0.8	0.8	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						5					
Customer	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.75					
Ranking Based on Yearly Average						1					
Supplier	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5	0.3333	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4545					
Ranking Based on Yearly Average						3					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.5833	0.6667	0.8333	0.9167	0.8333	0.8333	0.8333	0.6667	0.75	0.8333	0.6667
Yearly Average of CSR Disclosure						0.7652					
Ranking Based on Yearly Average						3					
Environment	0.3077	0.3077	0.3077	0.3077	0.3846	0.3846	0.3846	0.3077	0.4615	0.4615	0.6154
Yearly Average of CSR Disclosure						0.3846					
Ranking Based on Yearly Average						10					
CSR Management	0.6667	0.6667	0.6667	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.7727					
Ranking Based on Yearly Average						7					
CSR Index	0.5915	0.6197	0.662	0.6761	0.6901	0.7042	0.7042	0.6479	0.7324	0.7465	0.7324
Yearly Average of CSR Disclosure						0.6825					
Ranking Based on Yearly Average						5					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Muslim Commercial Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.8788					
Ranking Based on Yearly Average						4					
Employee	0.75	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.9167	1	1	1
Yearly Average of CSR Disclosure						0.8788					
Ranking Based on Yearly Average						1					
Manager	0.8	0.8	0.8	0.8	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9273					
Ranking Based on Yearly Average						4					
Customer	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.75					
Ranking Based on Yearly Average						1					
Supplier	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4697					
Ranking Based on Yearly Average						2					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.3333	0.6667	0.8333	0.8333	0.8333	0.8333	0.9167	0.75	0.8333	0.75	0.75
Yearly Average of CSR Disclosure						0.7576					
Ranking Based on Yearly Average						4					
Environment	0.3077	0.3077	0.4615	0.5385	0.3846	0.5385	0.5385	0.4615	0.5385	0.6154	0.6154
Yearly Average of CSR Disclosure						0.4825					
Ranking Based on Yearly Average						1					
CSR Management	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8182					
Ranking Based on Yearly Average						5					
CSR Index	0.5634	0.6479	0.7183	0.7324	0.7183	0.7465	0.7606	0.7324	0.7887	0.7887	0.7887
Yearly Average of CSR Disclosure						0.726					
Ranking Based on Yearly Average						1					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

National Bank of Pakistan											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.8788					
Ranking Based on Yearly Average						4					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.75	0.8	0.75
Yearly Average of CSR Disclosure						0.697					
Ranking Based on Yearly Average						8					
Manager	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Customer	0.75	0.75	0.625	0.625	0.625	0.625	0.75	0.75	0.75	0.8	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						3					
Supplier	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.5					
Ranking Based on Yearly Average						1					
Competitor	0.6667	0.6667	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9394					
Ranking Based on Yearly Average						1					
Community and Society	0.75	0.75	0.75	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8	0.75
Yearly Average of CSR Disclosure						0.803					
Ranking Based on Yearly Average						1					
Environment	0.3077	0.4615	0.3077	0.3077	0.4615	0.3846	0.3846	0.3846	0.3846	0.5	0.5385
Yearly Average of CSR Disclosure						0.3986					
Ranking Based on Yearly Average						8					
CSR Management	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1
Yearly Average of CSR Disclosure						0.8636					
Ranking Based on Yearly Average						2					
CSRIndex	0.662	0.6901	0.662	0.6761	0.7042	0.6901	0.7042	0.7183	0.7324	0.8	0.7606
Yearly Average of CSR Disclosure						0.7055					
Ranking Based on Yearly Average						4					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

Standard Chartered Bank											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Employee	0.8333	0.8333	0.8333	0.8333	0.8333	0.75	0.75	0.8333	1	1	1
Yearly Average of CSR Disclosure						0.8636					
Ranking Based on Yearly Average						2					
Manager	1	1	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						1					
Ranking Based on Yearly Average						1					
Customer	0.75	0.75	0.75	0.625	0.5	0.625	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.7045					
Ranking Based on Yearly Average						3					
Supplier	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.3333	0.3333	0.5	0.5
Yearly Average of CSR Disclosure						0.4091					
Ranking Based on Yearly Average						6					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	1	1	1	1
Yearly Average of CSR Disclosure						0.7879					
Ranking Based on Yearly Average						2					
Community and Society	0.5833	0.6667	0.75	0.5833	0.5833	0.6667	0.6667	0.6667	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.6742					
Ranking Based on Yearly Average						8					
Environment	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.3846	0.4615	0.3846
Yearly Average of CSR Disclosure						0.3916					
Ranking Based on Yearly Average						9					
CSR Management	0.6667	0.8333	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9545					
Ranking Based on Yearly Average						1					
CSRIndex	0.662	0.6901	0.7183	0.6761	0.6761	0.6901	0.7042	0.7183	0.7606	0.7887	0.7746
Yearly Average of CSR Disclosure						0.7145					
Ranking Based on Yearly Average						2					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix V: Table 5.4 Results of Content Analysis of Commercial Bank in Pakistan from 2008-2018

United Bank Limited											
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholder	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9091					
Ranking Based on Yearly Average						3					
Employee	0.6667	0.6667	0.6667	0.6667	0.6667	0.75	0.8333	0.75	0.8333	0.8333	0.75
Yearly Average of CSR Disclosure						0.7348					
Ranking Based on Yearly Average						6					
Manager	0.8	0.8	1	1	1	1	1	1	1	1	1
Yearly Average of CSR Disclosure						0.9636					
Ranking Based on Yearly Average						2					
Customer	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Yearly Average of CSR Disclosure						0.75					
Ranking Based on Yearly Average						1					
Supplier	0.3333	0.3333	0.3333	0.3333	0.3333	0.3333	0.5	0.5	0.5	0.5	0.5
Yearly Average of CSR Disclosure						0.4091					
Ranking Based on Yearly Average						6					
Competitor	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.6667					
Ranking Based on Yearly Average						3					
Community and Society	0.6667	0.75	0.8333	0.8333	0.8333	0.75	0.9167	0.8333	0.6667	0.6667	0.6667
Yearly Average of CSR Disclosure						0.7652					
Ranking Based on Yearly Average						3					
Environment	0.3077	0.3077	0.3077	0.3077	0.4615	0.3077	0.3077	0.3077	0.3077	0.5385	0.3846
Yearly Average of CSR Disclosure						0.3497					
Ranking Based on Yearly Average						12					
CSR Management	0.6667	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333	0.8333
Yearly Average of CSR Disclosure						0.8182					
Ranking Based on Yearly Average						5					
CSRIndex	0.6056	0.6338	0.662	0.662	0.6901	0.662	0.7324	0.7042	0.6901	0.7324	0.6901
Yearly Average of CSR Disclosure						0.6786					
Ranking Based on Yearly Average						6					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix VI: Table 5.5 CSR Disclosure Index (Score) of Listed Commercial Banks 2008-2018(Year wise)

CSR Disclosure Index (Score) of Listed Commercial Banks 2008-2018(Year wise)											
Years											
Banks	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Allied Bank	0.6479	0.6479	0.6338	0.6338	0.7183	0.6901	0.7606	0.7465	0.7606	0.7887	0.7887
Average CSR Disclosure						0.7106					
Ranking						3					
Bank Alfalah	0.5915	0.5775	0.6197	0.6338	0.6197	0.6761	0.6901	0.6901	0.7042	0.7042	0.7042
Average CSR Disclosure						0.6556					
Ranking						9					
Bank Alhabib	0.5775	0.5915	0.6761	0.662	0.6479	0.662	0.6901	0.7042	0.7183	0.7465	0.7183
Average CSR Disclosure						0.6722					
Ranking						7					
Askari Bank	0.5915	0.5915	0.6338	0.6056	0.6338	0.6338	0.662	0.662	0.6761	0.662	0.6761
Average CSR Disclosure						0.6389					
Ranking						13					
Bank Islami	0.5493	0.5493	0.6056	0.6197	0.662	0.662	0.662	0.662	0.6761	0.6901	0.7324
Average CSR Disclosure						0.6428					
Ranking						11					
Bank of khyber	0.5211	0.5211	0.5352	0.5915	0.5915	0.5915	0.6479	0.6338	0.6761	0.7183	0.7183
Average CSR Disclosure						0.6133					
Ranking						15					
Bank of Punjab	0.493	0.493	0.507	0.5211	0.5634	0.6338	0.6901	0.7183	0.7183	0.7183	0.662
Average CSR Disclosure						0.6108					
Ranking						16					
Faysal Bank	0.5634	0.5915	0.5915	0.6056	0.6197	0.6197	0.6479	0.6338	0.6479	0.7042	0.7183
Average CSR Disclosure						0.6312					
Ranking						14					
Habib Metropolitan	0.6197	0.6197	0.662	0.6338	0.662	0.662	0.662	0.662	0.662	0.6761	0.6761
Average CSR Disclosure						0.6543					
Ranking						10					
Habib Bank	0.5915	0.6197	0.662	0.6761	0.6901	0.7042	0.7042	0.6479	0.7324	0.7465	0.7324
Average CSR Disclosure						0.6825					
Ranking						5					
JS Bank	0.5634	0.507	0.6056	0.5915	0.6056	0.662	0.6761	0.6761	0.7042	0.7465	0.7042
Average CSR Disclosure						0.6402					
Ranking						12					
Muslim Commercial Bank	0.5634	0.6479	0.7183	0.7324	0.7183	0.7465	0.7606	0.7324	0.7887	0.7887	0.7887
Average CSR Disclosure						0.726					
Ranking						1					
Meezan Bank	0.5775	0.6056	0.6197	0.6056	0.6901	0.6761	0.6901	0.6901	0.7042	0.7465	0.7465
Average CSR Disclosure						0.6684					
Ranking						8					
National Bank of Pakistan	0.662	0.6901	0.662	0.6761	0.7042	0.6901	0.7042	0.7183	0.7324	0.7606	0.7606

Average CSR Disclosure						0.7055					
Ranking						4					
Samba Bank	0.4648	0.4507	0.4789	0.4648	0.4789	0.493	0.507	0.507	0.5211	0.6056	0.662
Average CSR Disclosure						0.5122					
Ranking						20					
Standard Chartered Bank	0.662	0.6901	0.7183	0.6761	0.6761	0.6901	0.7042	0.7183	0.7606	0.7887	0.7746
Average CSR Disclosure						0.7145					
Ranking						2					
Silk Bank	0.493	0.507	0.5634	0.5775	0.6197	0.6338	0.6479	0.6338	0.6479	0.6479	0.662
Average CSR Disclosure						0.6031					
Ranking						17					
Soneri Bank	0.4789	0.4789	0.493	0.5352	0.5775	0.6197	0.6761	0.6761	0.7042	0.7183	0.662
Average CSR Disclosure						0.6018					
Ranking						18					
Summit Bank	0.4789	0.4789	0.4789	0.493	0.5352	0.5493	0.5775	0.5634	0.6197	0.6338	0.6338
Average CSR Disclosure						0.5493					
Ranking						19					
United Bank	0.6056	0.6338	0.662	0.662	0.6901	0.662	0.7324	0.7042	0.6901	0.7324	0.6901
Average CSR Disclosure						0.6786					
Ranking						6					

Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

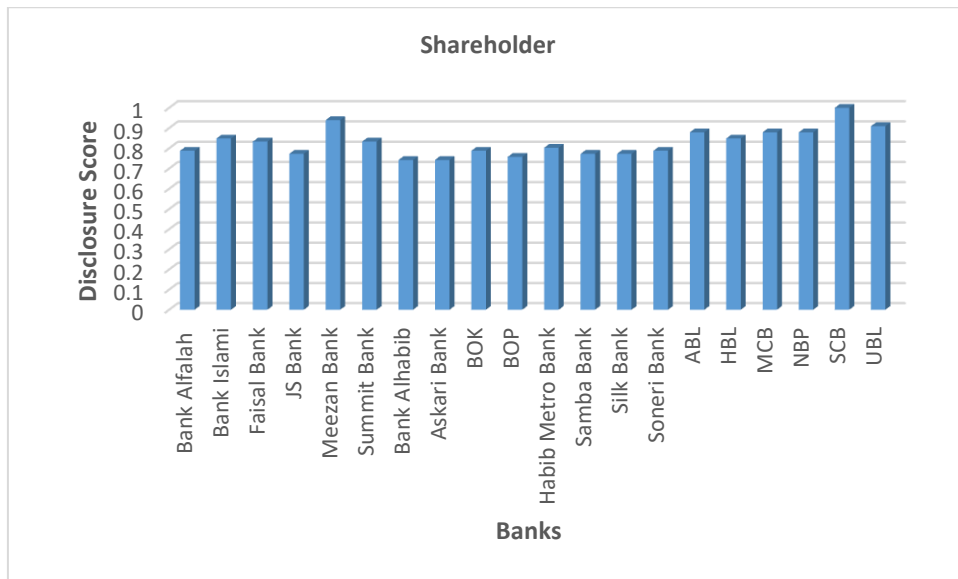
Appendix VII: Table 5.7 CSR Disclosure Index (%) of Listed Commercial Banks 2008-2018(Category wise)

CSR Disclosure Index (%) of Listed Commercial Banks 2008-2018(Category wise)																				
Banks	Shareholder	Ranking	Employee	Ranking	Manager	Ranking	Customer	Ranking	Supplier	Ranking	Competitor	Ranking	Community and Society	Ranking	Environment	Ranking	CSR Management	Ranking	CSR Index	Overall Ranking
Muslim Commercial Bank	87.88	4	87.88	1	92.73	4	75	1	46.97	2	66.67	3	75.76	4	48.25	1	81.82	5	72.6	1
Standard Charter Bank	100	1	86.36	2	100	1	70.45	3	40.91	6	78.79	2	67.42	8	39.16	9	95.45	1	71.45	2
Allied Bank	87.88	4	79.55	3	85.45	8	75	1	40.91	6	66.67	3	80.3	1	48.25	1	83.33	4	71.06	3
National Bank of Pakistan	87.88	4	69.7	8	100	1	70.45	3	50	1	93.94	1	80.3	1	39.86	8	86.36	2	70.55	4
Habib Bank	84.85	5	77.27	4	90.91	5	75	1	45.45	3	66.67	3	76.52	3	38.46	10	77.27	7	68.25	5
United Bank	90.91	3	73.48	6	96.36	2	75	1	40.91	6	66.67	3	76.52	3	34.97	12	81.82	5	67.86	6
Bank Alhabib	74.24	12	71.21	7	100	1	65.91	5	40.91	6	66.67	3	77.27	2	45.45	2	80.3	6	67.22	7
Meezan Bank	93.94	2	68.18	9	87.27	7	71.59	2	39.39	7	66.67	3	70.45	5	44.76	3	81.82	5	66.84	8
Bank Alfalah	78.79	8	69.7	8	90.91	5	69.32	4	39.39	7	66.67	3	70.45	5	42.66	5	83.33	4	65.56	9
Habib Metropolitan	80.3	7	75	5	100	1	70.45	3	43.94	4	66.67	3	68.18	7	32.17	13	83.33	4	65.43	10
Bank Islami	84.85	5	67.42	10	100	1	70.45	3	43.94	4	66.67	3	66.67	9	39.86	8	66.67	11	64.28	11
JS Bank	77.27	10	71.21	7	89.09	6	59.09	9	42.42	5	66.67	3	70.45	5	41.96	6	77.27	7	64.02	12
Askari Bank	74.24	12	71.21	7	90.91	5	59.09	9	37.88	8	66.67	3	67.42	8	44.06	4	83.33	4	63.89	13
Faysal Bank	83.33	6	66.67	11	92.73	4	70.45	3	36.36	9	66.67	3	68.94	6	36.36	11	72.73	9	63.12	14
Bank of khyber	78.79	9	66.67	11	90.91	5	54.55	10	37.88	8	66.67	3	65.91	10	40.56	7	74.24	8	61.33	15
Bank of Punjab	75.76	11	68.18	9	87.27	7	61.36	7	40.91	6	66.67	3	61.36	11	39.16	9	74.24	8	61.08	16
Silk Bank	77.27	10	62.88	13	87.27	7	62.5	6	33.33	10	66.67	3	56.82	12	42.66	5	81.82	5	60.31	17

Soneri Bank	78.79	8	63.64	12	89.09	6	60.23	8	33.33	10	66.67	3	61.36	11	39.16	9	77.27	7	60.18	18
Summit Bank	83.33	6	59.09	14	94.55	3	50	11	33.33	10	66.67	3	41.67	13	36.36	11	74.24	7	54.93	19
Samba Bank	77.27	9	53.79	15	90.91	5	46.59	12	42.42	5	66.67	3	40.15	14	26.57	14	69.7	10	51.22	20
Avg of each Category	82.879	-	70.455	-	92.818	-	65.624	-	40.529	-	68.639	-	67.196	-	40.035	-	79.315	-	64.559	-
Ranking of each Category	2	-	4	-	1	-	7	-	8	-	5	-	6	-	9	-	3	-	-	-

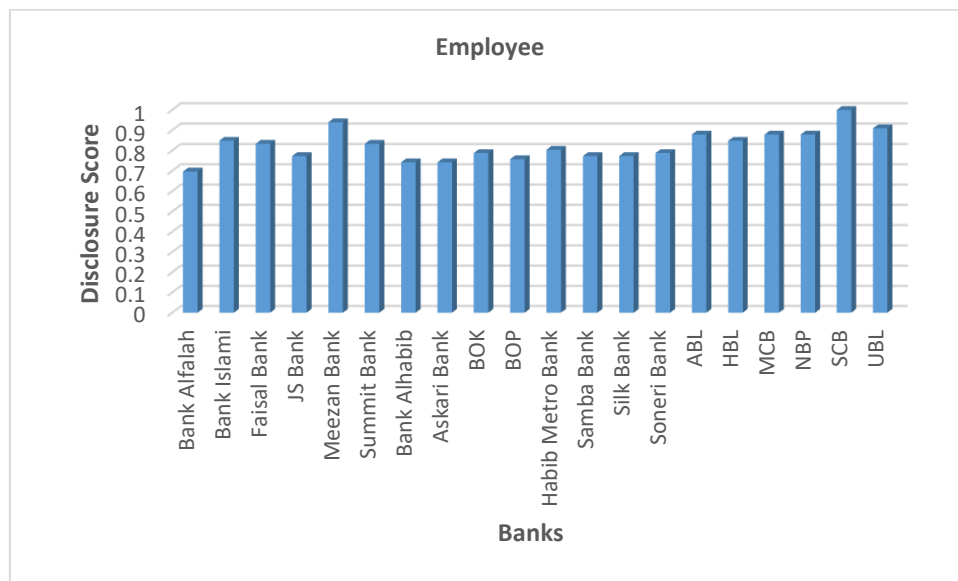
Source: Created by Author based on content analysis of annual reports/official websites of commercial banks in Pakistan

Appendix VIII: Graphs of each Dimension of CSR based on Content Analysis



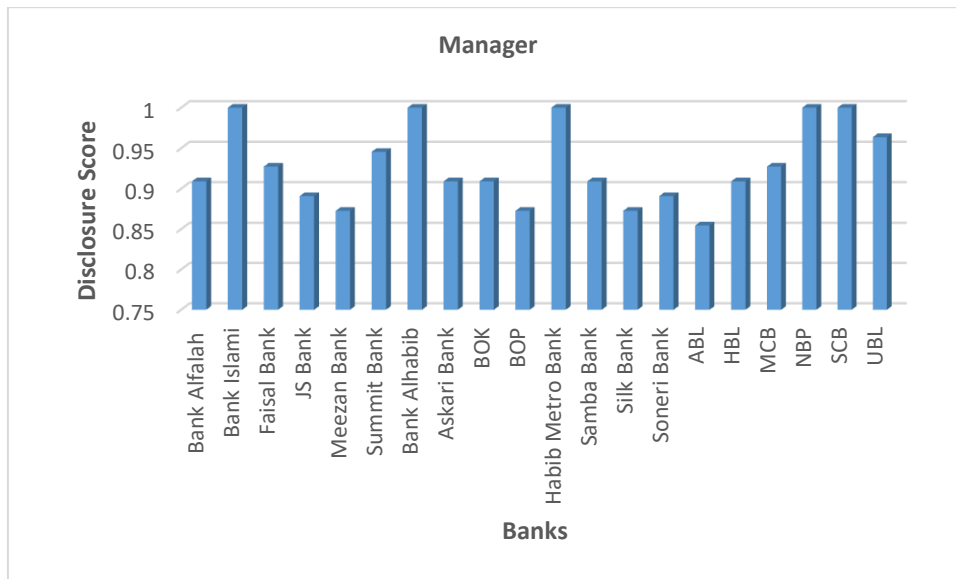
Graph V Shareholder

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



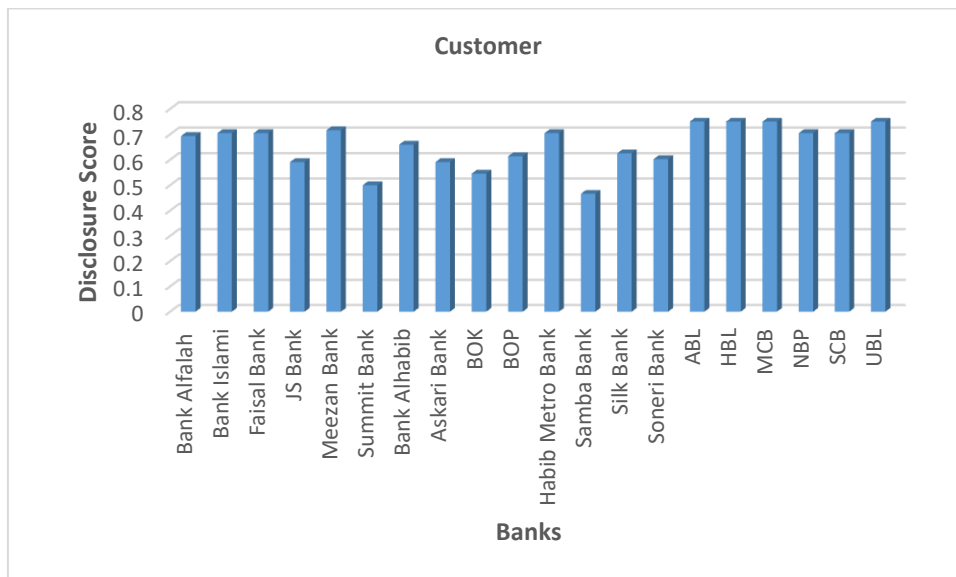
Graph VI Employee

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



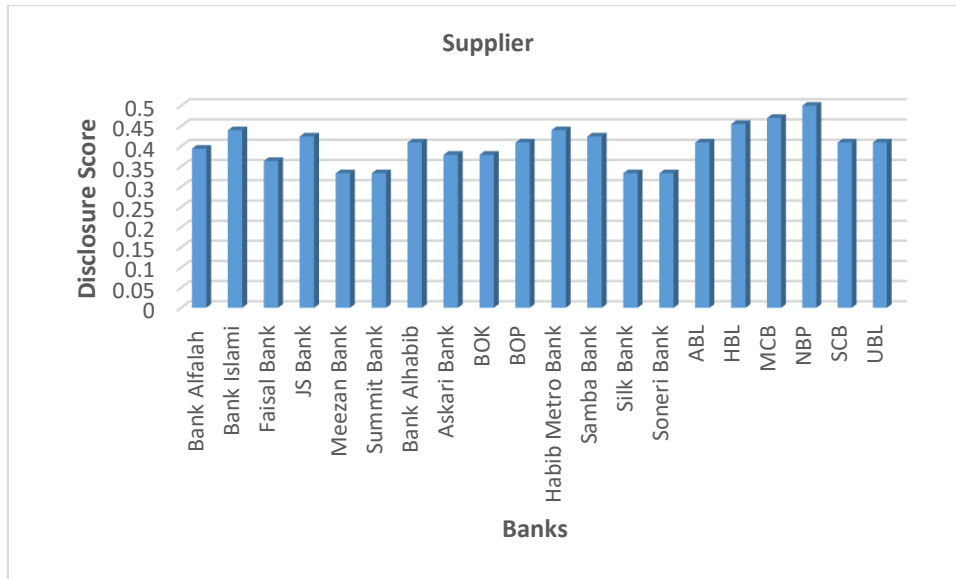
Graph VII Manager

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



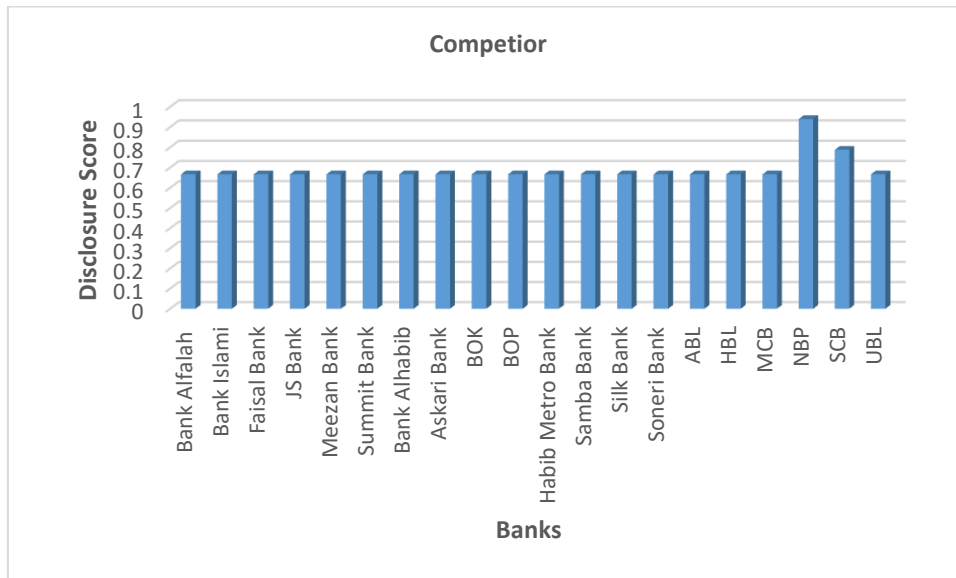
Graph VIII Customer

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



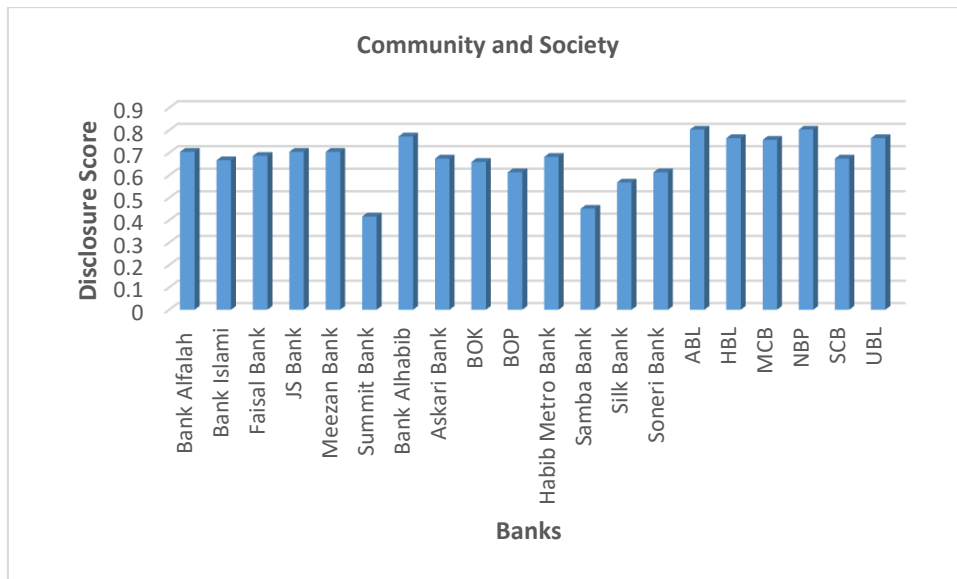
Graph IX Supplier

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



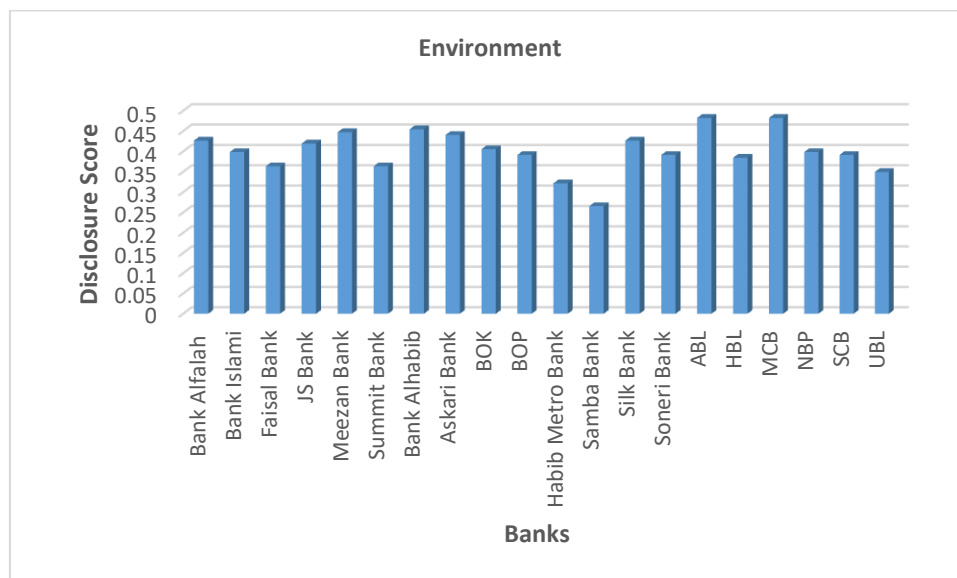
Graph X Competitor

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



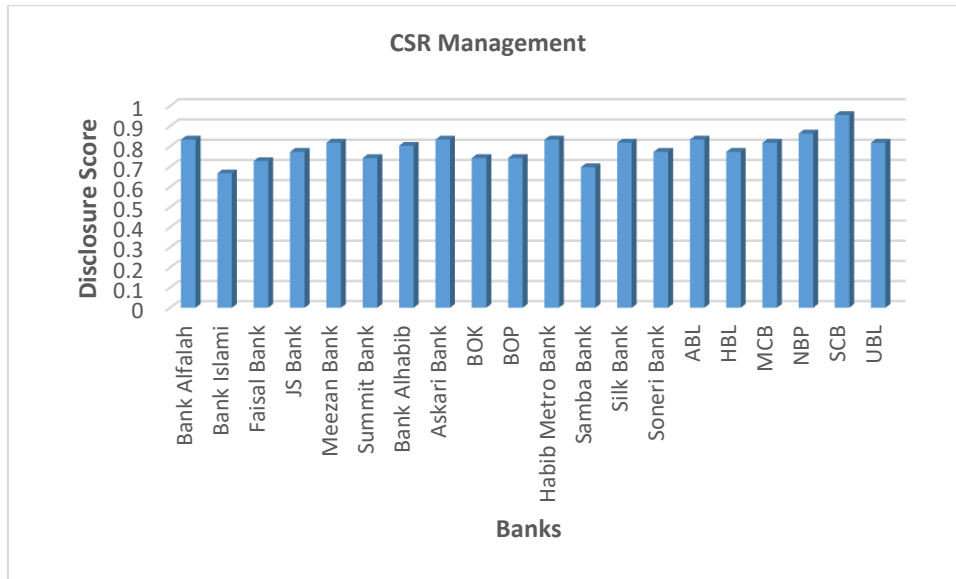
Graph XI Community and Society

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



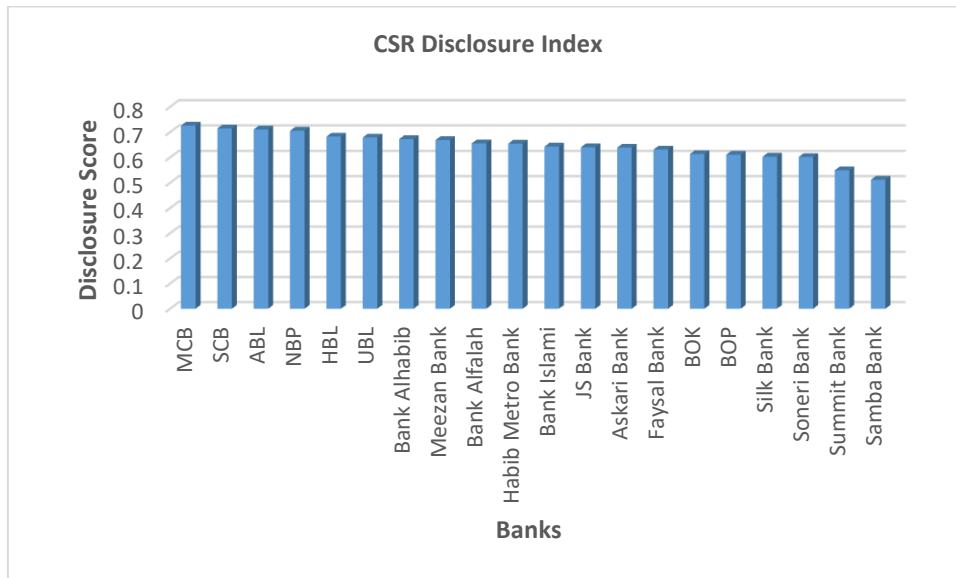
Graph XII Environment

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



Graph XIII CSR Management

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



Graph XIV CSR Disclosure Index

Source: Created by author based on the data of annual reports of examined banks during 2008-2018



Graph XV Average CSRI of All Listed Commercial Banks in Pakistan

Source: Created by author based on the data of annual reports of examined banks during 2008-2018

Appendix IX Descriptive Statistics

Table 6.1 (a) Descriptive Statistics of All Listed Commercial Banks from 2008 to 2018

Years	Financial Performance Variables				CSR	Control Variables			
	ROE (%)	ROA (%)	EPS (PKR)	TBQ	CSRI	Size	Age(years)	Capital Ratio (%)	Over Head Expenses (%)
2008									
Mean	-3.03	0.06	3.82	0.94	0.56	18.6	32.75	11.95	3.35
S.D	44.54	2.15	7.16	0.63	0.06	1.16	34.47	8.22	2.19
Min	-172.7	-5.41	-7.65	0.03	0.46	16.89	3	2.72	1.2
Max	29	2.96	23.32	2.38	0.66	20.39	146	26.75	9.16
Observations	20	20	20	20	20	20	20	20	20
2009									
Mean	-2.33	-0.4	3.37	0.87	0.58	18.81	33.7	9.11	3.2
S.D	42.18	4.42	7.42	0.46	0.07	1.08	34.52	4.93	1.89
Min	-172.7	-5.41	-7.65	0.05	0.46	16.98	3	0.29	1.53
Max	28	2.96	22.42	2.38	0.69	20.53	147	20.57	9.16
Observations	20	20	20	20	20	20	20	20	20
2010									
Mean	2.05	0.4	3.8	0.65	0.61	19.1	34.7	9.69	2.98
S.D	27.56	1.61	7.2	0.35	0.07	1.09	34.52	5.87	1.09
Min	-86.78	-4.2	-7.65	0.12	0.48	17.23	4	2.72	1.13
Max	26.56	2.96	22.2	1.32	0.72	20.76	148	26.01	4.81
Observations	20	20	20	20	20	20	20	20	20
2011									
Mean	11.83	1.09	5.17	0.46	0.61	19.29	35.7	9.82	2.89
S.D	12.16	0.84	6.9	0.28	0.07	1.05	34.52	6.07	0.92
Min	-21.69	-1.01	-1.12	0.09	0.46	17.26	5	0.23	1.23
Max	27.02	2.96	23.23	1.03	0.73	20.87	149	26.09	4.49
Observations	20	20	20	20	20	20	20	20	20
2012									
Mean	6.18	0.92	4.78	0.63	0.64	19.46	36.7	8.94	2.69
S.D	26.88	0.97	6.99	0.34	0.06	1.05	34.52	5.78	0.85
Min	-95.6	-2.02	-2.52	0.11	0.48	17.37	6	0.23	1.24
Max	26.68	2.75	23.09	1.23	0.72	21.2	150	24.31	4.5
Observations	20	20	20	20	20	20	20	20	20
2013									
Mean	2	0.75	4.61	0.76	0.65	19.56	37.7	7.74	2.55
S.D	43.91	1.15	6.97	0.53	0.06	1.02	34.52	4.55	0.85
Min	-172.7	-1.45	-4.27	0.13	0.49	17.5	7	0.23	1.1
Max	37.27	2.67	21.69	2.38	0.75	21.26	151	21.35	4.83

Observations	20	20	20	20	20	20	20	20	20
2014									
Mean	16.33	1.09	5.9	0.86	0.67	19.73	38.7	7.6	2.66
S.D	8.07	0.7	7.24	0.55	0.06	0.99	34.52	4.33	0.74
Min	0.44	0.08	0.03	0.15	0.51	17.74	8	0.86	1.46
Max	33.24	2.63	22.26	2.23	0.76	21.35	152	21.29	4.56
Observations	20	20	20	20	20	20	20	20	20
2015									
Mean	16.97	1.03	6.66	0.69	0.67	19.93	39.7	6.75	2.49
S.D	9.02	0.81	7.64	0.44	0.06	0.91	34.52	3.09	0.61
Min	-2.56	-1.29	-0.22	0.04	0.51	18.2	9	0.86	1.62
Max	37.27	2.45	23.32	1.9	0.75	21.52	153	13.97	4.59
Observations	20	20	20	20	20	20	20	20	20
2016									
Mean	14.52	1	6.69	0.8	0.69	20.05	40.7	6.53	2.4
S.D	13.87	0.66	7.49	0.51	0.06	0.9	34.52	2.53	0.57
Min	-33.6	-1.02	-1.28	0.05	0.52	18.43	10	3.03	1.55
Max	37.27	2.06	23.32	2.06	0.79	21.64	154	11.98	3.94
Observations	20	20	20	20	20	20	20	20	20
2017									
Mean	10.56	0.74	5.33	0.59	0.72	20.21	41.65	6.13	2.27
S.D	9.31	0.55	6.09	0.4	0.05	0.89	34.35	2.14	0.57
Min	-12.42	-0.51	-1.25	0.03	0.61	18.58	11	4.09	1.53
Max	21.11	1.61	21.4	1.8	0.79	21.71	154	11.16	4.05
Observations	20	20	20	20	20	20	20	20	20
2018									
Mean	11.68	0.74	5.07	0.6	0.71	20.36	42.6	5.57	1.93
S.D	8.1	0.54	4.87	0.38	0.05	1.11	34.18	2.22	0.92
Min	-10.39	-0.49	-0.43	0.03	0.63	17.08	12	2.57	1.1
Max	23.77	2.1	17.17	1.51	0.79	21.76	154	11.67	5.39
Observations	20	20	20	20	20	20	20	20	20
Total									
Mean	7.89	0.67	5.01	0.71	0.65	19.56	37.69	8.17	2.67
S.D	26.95	1.33	6.87	0.46	0.78	1.14	33.82	5.10	1.18
Min	-172.7	-5.41	-7.65	0.03	0.46	16.89	3	0.23	1.10
Max	37.27	2.96	23.32	2.38	0.79	21.76	154	26.75	9.16
Observations	220	220	220	220	220	220	220	220	220

Table 6.2 (a) Descriptive Statistics of each Dimension of CSR Disclosure of Listed Commercial Banks from 2008 to 2018

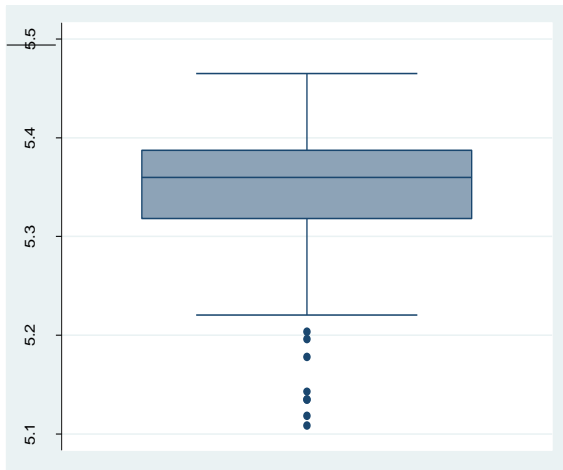
Years	Shareholder	Employee	Manager/Governance	Customer	Supplier	competitor	Community and society	Environment	CSR management
2008									
Mean	0.742	0.667	0.84	0.577	0.339	0.67	0.528	0.323	0.717
S.D	0.101	0.081	0.105	0.147	0.038	0.001	0.15	0.054	0.078
Min	0.667	0.5	0.6	0.38	0.33	0.667	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	0.67	0.75	0.462	0.833
2008									
Observations	20	20	20	20	20	20	20	20	20
2009									
Mean	0.75	0.667	0.84	0.577	0.339	0.67	0.562	0.323	0.75
S.D	0.101	0.085	0.105	0.147	0.038	0.001	0.185	0.054	0.085
Min	0.667	0.5	0.6	0.38	0.33	0.667	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	0.67	0.917	0.462	0.833
Observations	20	20	20	20	20	20	20	20	20
2010									
Mean	0.767	0.667	0.86	0.584	0.373	0.687	0.669	0.35	0.766
S.D	0.1	0.085	0.114	0.135	0.076	0.074	0.186	0.073	0.1
Min	0.667	0.5	0.6	0.38	0.33	0.67	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	1	0.83	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2011									
Mean	0.783	0.667	0.87	0.602	0.364	0.687	0.661	0.358	0.766
S.D	0.095	0.085	0.117	0.118	0.07	0.074	0.185	0.076	0.1
Min	0.667	0.5	0.6	0.38	0.33	0.67	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	1	0.92	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2012									
Mean	0.817	0.679	0.93	0.633	0.381	0.687	0.683	0.392	0.783
S.D	0.092	0.078	0.098	0.117	0.08	0.074	0.136	0.082	0.095
Min	0.667	0.5	0.8	0.38	0.33	0.67	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	1	0.83	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2013									
Mean	0.825	0.692	0.95	0.67	0.407	0.687	0.705	0.381	0.791
S.D	0.085	0.072	0.089	0.092	0.087	0.074	0.119	0.077	0.092
Min	0.667	0.5	0.8	0.5	0.33	0.67	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	1	0.83	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2014									
Mean	0.858	0.704	0.95	0.707	0.424	0.687	0.75	0.416	0.816
S.D	0.061	0.079	0.089	0.083	0.087	0.074	0.143	0.084	0.075
Min	0.833	0.5	0.8	0.5	0.33	0.67	0.33	0.231	0.667
Max	1	0.833	1	0.75	0.5	1	0.92	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2015									
Mean	0.858	0.717	0.97	0.701	0.432	0.703	0.704	0.4	0.825
S.D	0.061	0.087	0.073	0.084	0.085	0.102	0.152	0.081	0.066

Min	0.833	0.5	0.8	0.5	0.33	0.67	0.33	0.231	0.667
Max	1	0.917	1	0.75	0.5	1	0.92	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2016									
Mean	0.908	0.75	1	0.725	0.449	0.703	0.717	0.427	0.825
S.D	0.085	0.115	0	0.065	0.08	0.102	0.118	0.088	0.066
Min	0.833	0.583	1	0.5	0.33	0.67	0.42	0.231	0.667
Max	1	1	1	0.75	0.5	1	0.92	0.538	1
Observations	20	20	20	20	20	20	20	20	20
2017									
Mean	0.908	0.771	1	0.732	0.466	0.703	0.716	0.515	0.841
S.D	0.085	0.114	0	0.044	0.07	0.102	0.098	0.079	0.066
Min	0.833	0.667	1	0.63	0.33	0.67	0.5	0.385	0.667
Max	1	1	1	0.75	0.5	1	0.83	0.615	1
Observations	20	20	20	20	20	20	20	20	20
2018									
Mean	0.9	0.771	1	0.726	0.475	0.703	0.692	0.515	0.842
S.D	0.084	0.111	0	0.049	0.062	0.102	0.072	0.1	0.066
Min	0.833	0.667	1	0.63	0.33	0.667	0.5	0.385	0.667
Max	1	1	1	0.75	0.5	1	0.75	0.615	1
Observations	20	20	20	20	20	20	20	20	20
Total									
Mean	0.83	0.71	0.93	0.66	0.40	0.69	0.67	0.40	0.79
S.D	0.10	0.10	0.10	0.12	0.08	0.08	0.16	0.10	0.09
Min	0.67	0.50	0.60	0.38	0.33	0.66	0.33	0.23	0.66
Max	1	1	1	0.75	0.50	1	0.92	0.62	1
Observations	220	220	220	220	220	220	220	220	220

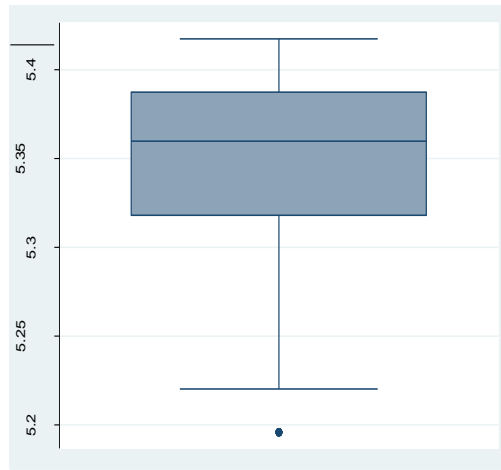
Boxplot Diagrams

The following graphs shows the boxplots for data winsorised at 1 percent level (a) and winsorized at 5 percent level (b) for all variables in the study, to reduce the suspicious possible effects of the outliers (Iftekhar and Liang, 2012), however, the extent and significance of the relationship between dependent and independent variable remain the same. The boxplots predicts that the data has no extreme outliers. According to Kamaruddin et al.,(2009), the mild outliers in ROE and ROA show the financial performance; the increase and decrease in the performance of the banks. These outliers carry important information. To deal with these outliers, the sample data was restricted between the 1st and 99th percentile (winsorized at 1 % level) at first stage and the robust estimation technique of robust regression (variance-covariance matrix) was applied at the second stage to avoid the impact of the outliers (Robert et al., 2002).

Return on equity

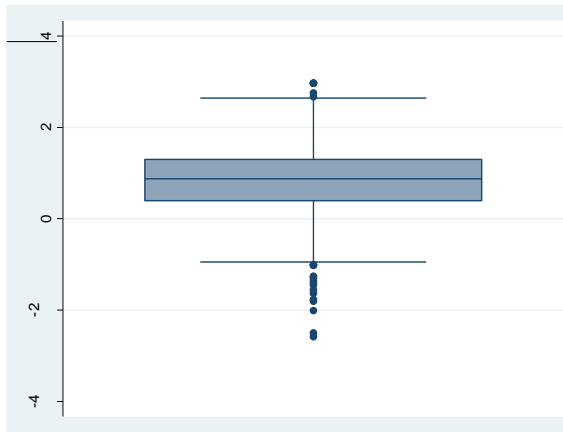


(a)

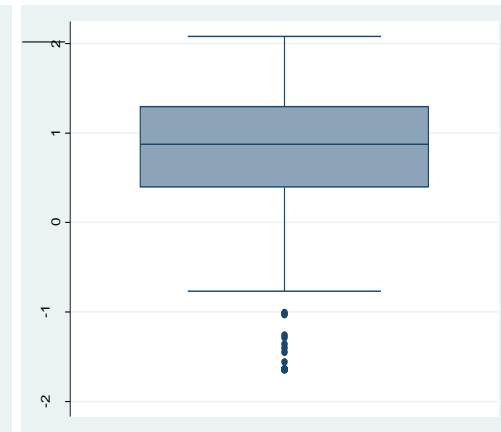


(b)

Return on Assets

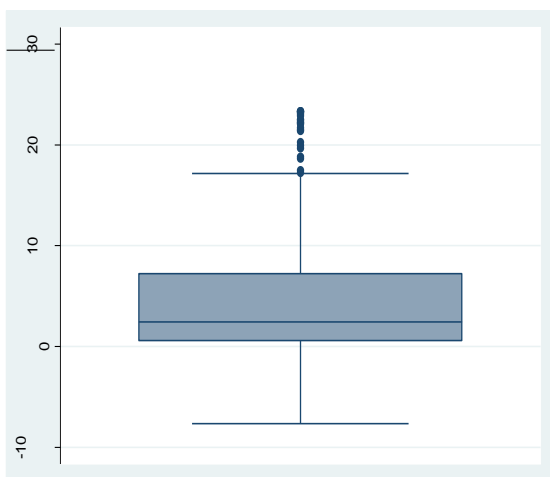


(a)

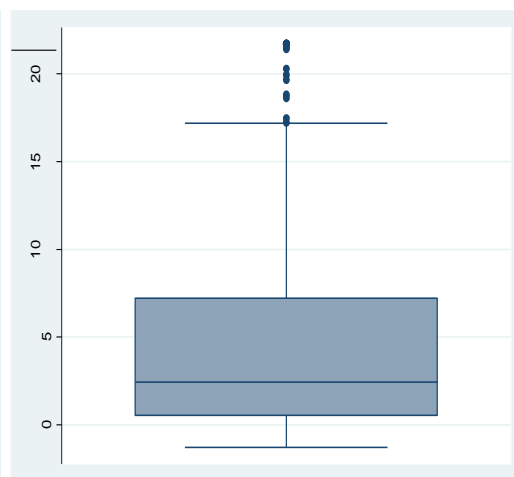


(b)

Earnings per Share

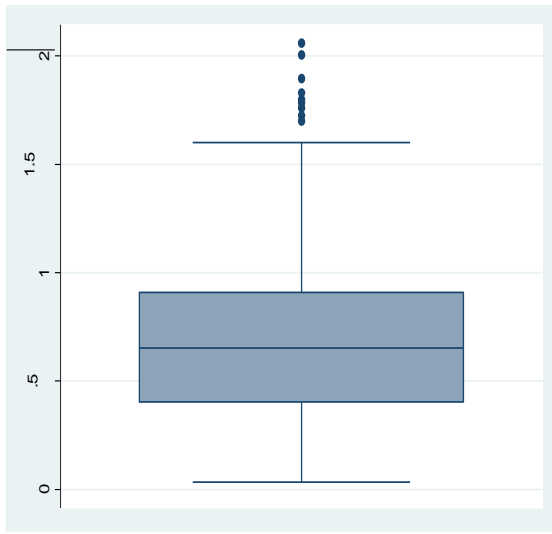


(a)

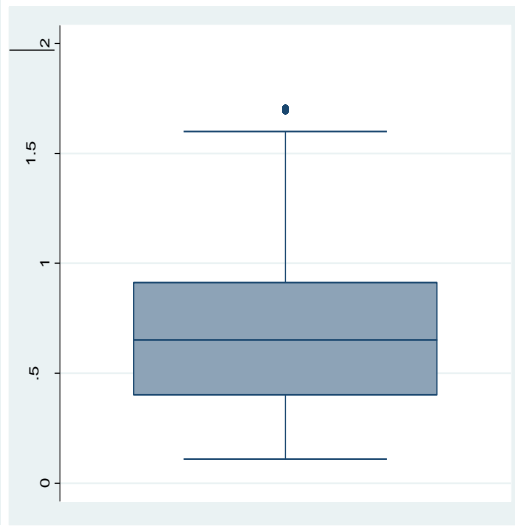


(b)

Tobins' Q

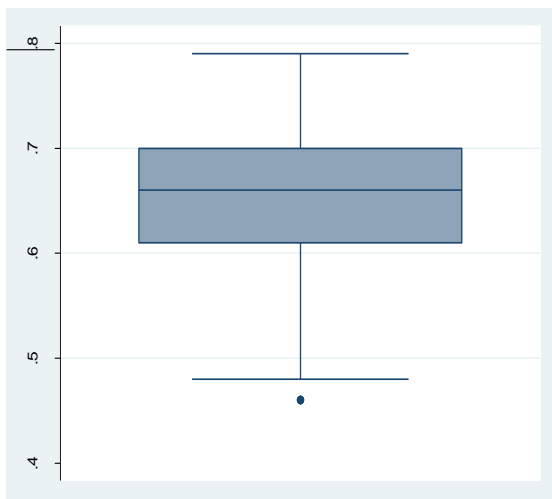


(a)

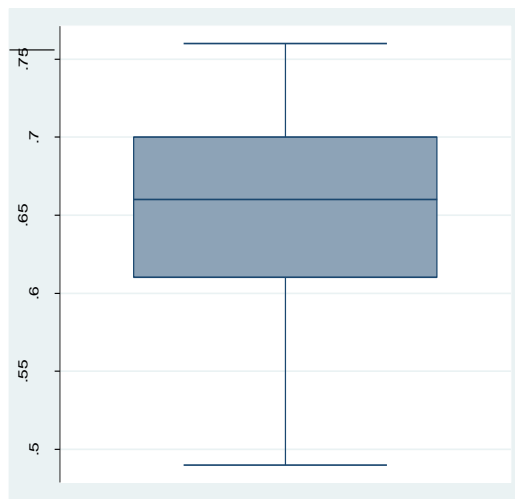


(b)

CSRI



(a)



(b)

Appendix X: Spearman Correlation Matrixes**Appendix XA: Table 6.3.1 Spearman Correlation Matrix (ROE as Dependent Variable)**

Variables	ROE	CSRI	Size	Age	Capital Ratio	Over Head Expenses
ROE	1					
CSRI	0.5390*	1				
Size	0.6491*	0.7542*	1			
Age	0.4521*	0.5345*	0.6264*	1		
Capital Ratio	-0.079	-0.122	-0.2471*	0.2498*	1	
Over Head Expenses	-0.3445*	-0.3301*	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 levels

Appendix XB: Table 6.3.2 Spearman Correlation Matrix (ROA as Dependent Variable)

	ROA	CSRI	Size	Age	Capital Ratio	Over Head Expenses
ROA	1					
CSRI	0.5152*	1				
Size	0.5787*	0.7542*	1			
Age	0.6006*	0.5345*	0.6264*	1		
Capital Ratio	0.2872*	-0.122	-0.2471*	0.2498*	1	
Over Head Expenses	-0.2625*	-0.3301*	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 levels

Appendix XC: Table 6.3.3 Spearman Correlation Matrix (EPS as Dependent Variable)

	EPS	CSRI	Size	Age	Capital Ratio	Over Head Expenses
EPS	1					
CSRI	0.6113*	1				
Size	0.7979*	0.7542*	1			
Age	0.5880*	0.5345*	0.6264*	1		
Capital Ratio	0.031	-0.122	-0.2471*	0.2498*	1	
Over Head Expenses	-0.3509*	-0.3301*	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 levels

Appendix XD: Table 6.3.4 Spearman Correlation Matrix (Tobin's Q as Dependent Variable)

	Tobin'sQ	CSRI	Size	Age	Capital Ratio	Over Head Expenses
Tobin'sQ	1					
CSRI	0.047	1				
Size	0.015	0.7542*	1			
Age	0.2263*	0.5345*	0.6264*	1		
Capital Ratio	0.4296*	-0.122	-0.2471*	0.2498*	1	
Over Head Expenses	0.1762*	-0.3301*	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 levels

Appendix XI: Test for Heteroscedasticity and Serial Autocorrelation
Appendix XIA: Table 6.4.1 Breusch pagan/cook-wesberg test (ROE as Dependent Variable)

Ho: Constant variance
Variables: fitted values of ROE
chi2(1) = 635.58
Prob > chi2 = 0.0000

Appendix XIA: Table 6.4.2 Wooldridge test for autocorrelation (ROE as Dependent Variable)

H0: no first order autocorrelation
F(1, 19) = 3.121
Prob > F = 0.093

Appendix XIA: Table 6.4.3 Breusch- Pagan LM Test (Pool OLS vs Random effect) ROE as Dependent Variable

	Var	sd sqrt(Var)	=
ROE	726.2193	26.94846	
e	471.1191	21.70528	
u	54.75773	7.399846	

Test: Var(u) = 0
chibar2(01) = 5.63
Prob > chibar2 = 0.0083

Appendix XIA: Table 6.4.4 Hausman (1978) specification test (ROE as Dependent Variable)

	Coef.
Chi-square test value	2.62
P-value	0.9998

Appendix XIB: Table 6.4.5 Breusch pagan/cook-wesberg test (ROA as Dependent Variable)

Ho: Constant variance
Variables: fitted values of ROA
chi2(1) = 95.65
Prob > chi2 = 0.0000

Appendix XIB: Table 6.4.6 Wooldridge test for autocorrelation (ROA as Dependent Variable)

 H0: no first order autocorrelation

$$F(1, 19) = 20.542$$

$$\text{Prob} > F = 0.0002$$

Appendix XIB: Table 6.4.7 Breusch- Pagan LM Test (Pool OLS vs Random effect) ROA as Dependent Variable

	Var	sd = sqrt(Var)
ROA	1.787406	1.336939
e	0.7224127	0.8499486
u	0.049964	0.2235262

 Test: $\text{Var}(u) = 0$

$$\text{chibar2}(01) = 7.20$$

$$\text{Prob} > \text{chibar2} = 0.0036$$

Appendix XIB: Table 6.4.8 Hausman (1978) specification test (ROA as Dependent Variable)

	Coef.
Chi-square test value	46.99
P-value	0.0000

Appendix XIC: Table 6.4.9 Breusch pagan/cook-wesberg test (EPS as Dependent Variable)

 Ho: Constant variance

Variables: fitted values of EPS

$$\text{chi2}(1) = 46.00$$

$$\text{Prob} > \text{chi2} = 0.0000$$

Appendix XIC: Table 6.4.10 Wooldridge test for autocorrelation (EPS as Dependent Variable)

 H0: no first order autocorrelation

$$F(1, 19) = 36.747$$

$$\text{Prob} > F = 0.0000$$

Appendix XIC: Table 6.4.11 Breusch- Pagan LM Test (Pool OLS vs Random effect) EPS as Dependent Variable

	Var	sd sqrt(Var)	=
EPS	47.18899	6.869424	
e	6.323119	2.514581	
u	9.269299	3.044552	

Test: $\text{Var}(u) = 0$
 $\text{chibar2}(01) = 259.44$
 Prob > $\text{chibar2} = 0.0000$

Appendix XIC: Table 6.4.12 Hausman (1978) specification test (EPS as Dependent Variable)

	Coef.
Chi-square test value	39.93
P-value	0.0005

Appendix XID: Table 6.4.13 Breusch pagan/cook-wesberg test (Tobin's Q as Dependent Variable)

Ho: Constant variance
Variables: fitted values of Tobin'sQ
$\text{chi2}(1) = 44.84$
Prob > $\text{chi2} = 0.0000$

Appendix XID: Table 6.4.14 Wooldridge test for autocorrelation (Tobin's Q as Dependent Variable)

H0: no first order autocorrelation
$F(1, 19) = 55.997$
Prob > F = 0.0000

**Appendix XID: Table 6.4.15 Breusch- Pagan LM Test (Pool OLS vs Random effect)
Tobin's Q as Dependent Variable**

	Var	sd = sqrt(Var)
Tobin's Q	0.2161174	0.4648843
e	0.0888531	0.2980823
u	0.0720476	0.2684168

Test: $\text{Var}(u) = 0$
 $\text{chibar2}(01) = 146.39$
 $\text{Prob} > \text{chibar2} = 0.0000$

Appendix XID: Table 6.4.16 Hausman (1978) specification test (Tobin's Q as Dependent Variable)

	Coef.
Chi-square test value	5.35
P-value	0.9804

Appendix XII: Spearman Correlation Matrixes

Appendix XIII: Table 6.10.1 Spearman Correlation Matrix (ROE as Dependent Variable)

Variables	ROE	Shareholder	Employee	Manager	Customer	Supplier	Competitor	Community and Society	Environment	CSRmanagement	Size	Age	Capital Ratio	Over Head Expenses
ROE	1													
shareholder	0.3235*	1												
employee	0.4754*	0.4764*	1											
Manager	0.147	0.4049*	0.3502*	1										
Customer	0.5352*	0.6015*	0.5795*	0.3621*	1									
Supplier	0.3064*	0.4369*	0.4505*	0.4023*	0.4453*	1								
competitor	0.043	0.1736*	0.137	0.2167*	0.05	0.157	1							
Community and Society	0.5994*	0.3022*	0.4154*	0.1870*	0.5595*	0.3951*	0.1765*	1						
Environment	0.2812*	0.3943*	0.4014*	0.3214*	0.4678*	0.3442*	0.029	0.4684*	1					
CSRmgt	0.3912*	0.3796*	0.4853*	0.2716*	0.4099*	0.2641*	0.2389*	0.3536*	0.5063*	1				
Size	0.6491*	0.4640*	0.6914*	0.3473*	0.6740*	0.5030*	0.2312*	0.5648*	0.4463*	0.4663*	1			
Age	0.4521*	0.4148*	0.5302*	0.2283*	0.4618*	0.3852*	0.2294*	0.3464*	0.2044*	0.3869*	0.6264*	1		
Capital Ratio	-0.079	0.01	0.032	-0.099	-0.133	-0.002	0.125	-0.053	-0.3494*	-0.142	-0.2471*	0.2498*	1	
Over Head Exp	-0.3445*	-0.082	-0.366*	-0.2311*	-0.2076*	-0.2705*	0.043	-0.1953*	-0.2600*	-0.154	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 Level

Appendix XIIB: Table 6.10.2 Spearman Correlation Matrix (ROA as Dependent Variable)

Variables	ROA	Shareholder	Employee	Manager	Customer	Supplier	Competitor	Community and Society	Environment	CSRmanagement	Size	Age	Capital Ratio	Over Head Expenses
ROA	1													
shareholder	0.3493*	1												
employee	0.5565*	0.4764*	1											
Manager	0.17	0.4049*	0.3502*	1										
Customer	0.5002*	0.6015*	0.5795*	0.3621*	1									
Supplier	0.2888*	0.4369*	0.4505*	0.4023*	0.4453*	1								
competitor	0.157	0.1736*	0.137	0.2167*	0.05	0.157	1							
Community and Society	0.5452*	0.3022*	0.4154*	0.1870*	0.5595*	0.3951*	0.1765*	1						
Environment	0.151	0.3943*	0.4014*	0.3214*	0.4678*	0.3442*	0.029	0.4684*	1					
CSRmgt	0.3796*	0.3796*	0.4853*	0.2716*	0.4099*	0.2641*	0.2389*	0.3536*	0.5063*	1				
Size	0.5787*	0.4640*	0.6914*	0.3473*	0.6740*	0.5030*	0.2312*	0.5648*	0.4463*	0.4663*	1			
Age	0.6006*	0.4148*	0.5302*	0.2283*	0.4618*	0.3852*	0.2294*	0.3464*	0.2044*	0.3869*	0.6264*	1		
Capital Ratio	0.2872*	0.01	0.032	-0.099	-0.133	-0.002	0.125	-0.053	-0.3494*	-0.142	-0.2471*	0.2498*	1	
Over Head Exp	-0.2625*	-0.082	-0.3660*	-0.2311*	-0.2076*	-0.2705*	0.043	-0.1953*	-0.2600*	-0.154	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 Level

Appendix XIIC: Table 6.10.3 Spearman Correlation Matrix (EPS as Dependent Variable)

Variables	EPS	Shareholder	Employee	Manager	Customer	Supplier	Competitor	Community and Society	Environment	CSR management	Size	Age	Capital Ratio	Over Head Expenses
EPS	1													
shareholder	0.3582*	1												
employee	0.6118*	0.4764*	1											
Manager	0.1927*	0.4049*	0.3502*	1										
Customer	0.6335*	0.6015*	0.5795*	0.3621*	1									
Supplier	0.4137*	0.4369*	0.4505*	0.4023*	0.4453*	1								
competitor	0.056	0.1736*	0.137	0.2167*	0.05	0.157	1							
Community and Society	0.5936*	0.3022*	0.4154*	0.1870*	0.5595*	0.3951*	0.1765*	1						
Environment	0.2755*	0.3943*	0.4014*	0.3214*	0.4678*	0.3442*	0.029	0.4684*	1					
CSR mgt	0.3490*	0.3796*	0.4853*	0.2716*	0.4099*	0.2641*	0.2389*	0.3536*	0.5063*	1				
Size	0.7979*	0.4640*	0.6914*	0.3473*	0.6740*	0.5030*	0.2312*	0.5648*	0.4463*	0.4663*	1			
Age	0.5880*	0.4148*	0.5302*	0.2283*	0.4618*	0.3852*	0.2294*	0.3464*	0.2044*	0.3869*	0.6264*	1		
Capital Ratio	0.031	0.01	0.032	-0.099	-0.133	-0.002	0.125	-0.053	-0.3494*	-0.142	-0.2471*	0.2498*	1	
Over Head Expenses	-0.3509*	-0.082	-0.3660*	-0.2311*	-0.2076*	-0.2705*	0.043	-0.1953*	-0.2600*	-0.154	-0.3975*	-0.2337*	0.2638*	1

*Correlation Significant at 0.01 Level

Appendix XIID: Table 6.10.4 Spearman Correlation Matrix (Tobin's Q as Dependent Variable)

Variables	Tobin's Q	Shareholder	Employee	Manager	Customer	Supplier	Competitor	Community and Society	Environment	CSRmanagement	Size	Age	Capital Ratio	Over Head Expenses
Tobin'sQ	1													
shareholder	0.1942*	1												
employee	0.066	0.4764*	1											
Manager	0.099	0.4049*	0.3502*	1										
Customer	0.087	0.6015*	0.5795*	0.3621*	1									
Supplier	0.053	0.4369*	0.4505*	0.4023*	0.4453*	1								
competitor	0.1736*	0.1736*	0.137	0.2167*	0.05	0.157	1							
Community and Society Environment	-0.03	0.3022*	0.4154*	0.1870*	0.5595*	0.3951*	0.1765*	1						
CSRmanagement	-0.1940*	0.3943*	0.4014*	0.3214*	0.4678*	0.3442*	0.029	0.4684*	1					
Size	-0.007	0.3796*	0.4853*	0.2716*	0.4099*	0.2641*	0.2389*	0.3536*	0.5063*	1				
Age	0.015	0.4640*	0.6914*	0.3473*	0.6740*	0.5030*	0.2312*	0.5648*	0.4463*	0.4663*	1			
Capital Ratio	0.2263*	0.4148*	0.5302*	0.2283*	0.4618*	0.3852*	0.2294*	0.3464*	0.2044*	0.3869*	0.6264*	1		
Over Head Expenses	0.4296*	0.01	0.032	-0.099	-0.133	-0.002	0.125	-0.053	-0.349*	-0.142	-0.2471*	0.2498*	1	
	0.1762*	-0.082	-0.3660*	-0.2311*	-0.2076*	-0.2705*	0.043	-0.1953*	-0.260*	-0.154	-0.3975*	-0.234*	0.2638*	1

*Correlation Significant at 0.01 Level

Appendix XIII: Test for Heteroscedasticity and Serial Autocorrelation

Appendix XIII A: Table 6.12.1 Breusch pagan/cook-wesberg test (ROE as Dependent Variable)

Ho: Constant variance
Variables: fitted values of ROE
chi2(1) = 453.18
Prob > chi2 = 0.0000

Appendix XIII A: Table 6.12.2 Wooldridge test for autocorrelation (ROE as Dependent Variable)

H0: no first order autocorrelation
F(1, 19) = 4.687
Prob > F = 0.0433

Appendix XIII A: Table 6.12.3 Breusch- Pagan LM Test (Pool OLS vs Random effect) ROE as Dependent Variable

	Var	sd = sqrt(Var)
ROE	726.2193	26.94846
e	451.6874	21.25294
u	28.96347	5.381772

Test: Var(u) = 0
 chibar2(01) = 1.57
 Prob > chibar2 = 0.1055

Appendix XIII A: Table 6.12.4 Hausman (1978) specification test (ROE as Dependent Variable)

	Coef.
Chi-square test value	17.53
P-value	0.2289

Appendix XIII B: Table 6.12.5 Breusch pagan/cook-wesberg test (ROA as Dependent Variable)

Ho: Constant variance
Variables: fitted values of ROA
chi2(1) = 155.68
Prob > chi2 = 0.0000

Appendix XIIB: Table 6.12.6 Wooldridge test for autocorrelation (ROA as Dependent Variable)

 H0: no first order autocorrelation

$$F(1, 19) = 16.914$$

$$\text{Prob} > F = 0.0006$$

Appendix XIIB: Table 6.12.7 Breusch- Pagan LM Test (Pool OLS vs Random effect) ROA as Dependent Variable

	Var	sd sqrt(Var)	=
ROA	1.787406	1.336939	
e	0.704961	0.8396196	
u	0.032458	0.1801609	

$$\text{Test: Var}(u) = 0$$

$$\text{chibar2}(01) = 7.33$$

$$\text{Prob} > \text{chibar2} = 0.0034$$

Appendix XIIB: Table 6.12.8 Hausman (1978) specification test (ROA as Dependent Variable)

	Coef.
Chi-square test value	101.74
P-value	0.0000

Appendix XIIC: Table 6.12.9 Breusch pagan/cook-wesberg test (EPS as Dependent Variable)

 Ho: Constant variance

Variables: fitted values of EPS

$$\text{chi2}(1) = 30.27$$

$$\text{Prob} > \text{chi2} = 0.0000$$

Appendix XIIC: Table 6.12.10 Wooldridge test for autocorrelation (EPS as Dependent Variable)

 H0: no first order autocorrelation

 $F(1, 19) = 32.537$

 Prob > F = 0.0000

Appendix XIIC: Table 6.12.11 Breusch- Pagan LM Test (Pool OLS vs Random effect) EPS as Dependent Variable

	Var	sd sqrt(Var)	=
EPS	47.18899	6.869424	
e	6.042321	2.458113	
u	8.9495	2.991572	

 Test: $\text{Var}(u) = 0$
 $\text{chibar2}(01) = 220.65$

Prob > chibar2 = 0.0000

Appendix XIIC: Table 6.12.12 Hausman (1978) specification test (EPS as Dependent Variable)

	Coef.
Chi-square test value	26.23
P-value	0.0242

Appendix XIID: Table 6.12.13 Breusch pagan/cook-wesberg test (Tobin's Q as Dependent Variable)

 Ho: Constant variance

Variables: fitted values of Tobin'sQ

 $\text{chi2}(1) = 34.41$

 Prob > chi2 = 0.0000

Appendix XIID: Table 6.12.14 Wooldridge test for autocorrelation (Tobin's Q as Dependent Variable)

 H0: no first order autocorrelation

 $F(1, 19) = 46.472$

 Prob > F = 0.0000

**Appendix XIID: Table 6.12.15 Breusch- Pagan LM Test (Pool OLS vs Random effect)
Tobin's Q as Dependent Variable**

	Var	sd sqrt(Var)	=
Tobin's Q	0.2161174	0.4648843	
e	0.1008008	0.3174913	
u	0.088221	0.2970202	

Test: $\text{Var}(u) = 0$
 $\text{chibar2}(01) = 66.65$
 $\text{Prob} > \text{chibar2} = 0.0000$

Appendix XIID: Table 6.12.16 Hausman (1978) specification test (Tobin's Q as Dependent Variable)

	Coef.
Chi-square test value	13.54
P-value	0.4842

Appendix XIV: Unit root and Dumitrescu and Hulin (2012) Granger Causality test

Table 4.18: Unit root and Dumitrescu and Hulin (2012) Granger Causality test

Tests	ROE		ROA		EPS		TobinsQ		CSRI	
	Statistics	P-value	Statistics	P-value	Statistics	P-value	Statistics	p-value	Statistics	p-value
Levin-Lin-Chu Unit root test										
Adjusted*	-14.103*	(0.0000)	-10.794*	(0.0000)	-13.281*	(0.0000)	-5.768*	(0.0000)	-5.544*	(0.0000)
Granger Causality test (Dumitrescu and Hurlin, 2012)	Z-bar	P-value	Z-bar	P-value	Z-bar	P-value	Z-bar	P-value	Z-bar	P-value
CSRI → ROE	2.4953*	(0.0000)								
CSRI → ROA			4.1891*	(0.0000)						
CSRI → EPS					6.1626*	(0.0000)				
CSRI → TobinsQ							2.8827*	(0.0039)		
ROE → CSRI									0.4882	(0.6254)
ROA → CSRI									0.2246	(0.8223)
EPS → CSRI									4.3394*	(0.0000)
TobinsQ → CSRI									1.7621*	(0.0781)

P-values are in the parenthesis, *presents the rejection of null hypothesis

Acknowledgement

In the name of Allah, the most beneficent, potent and most merciful. Praise be to Allah, the lord of the worlds, and prophet Muhammad (peace be upon him), his family and his companions. I would like to express my deep appreciation and gratitude to Almighty Allah, who made this study possible and successful.

I wish to express my deepest appreciation and gratitude to the various persons whose assistance and morale support in one way or other greatly contributed to the successful completion of this study. I would like to thank my supervisor **Dr. habil Krisztina Szegedi** for her valuable review, guidance, cooperation, understanding, patience and continuous support, without which I certainly could not have finished this thesis. I extend my gratitude to **Professor Dr Károly Balaton**, Head of the doctoral school and **Kádárné Dr. Horváth Ágnes**, Head of Institute of Business Economic for their unwavering continuous guidance during the entire period of Ph.D., without their support it would not have been possible for me to achieve the academic success.

I would like to thank my beloved university “University of Miskolc”, respected members of the examination panel and all the professors of the “Faculty of Economics” for enabling me to make my academic career truly a success. I am thankful to **Dr. Jawad Hussain**, my uncle, for inspiring me to complete this thesis and for providing me with unlimited academic support. I would like to express my deepest gratitude to my parents, wife, brothers and uncles for their unconditional love and support.

Once again I am thankful to the Allah Almighty for kind guidance and protection during my stay in Miskolc. Allah’s blessings are continuously abundant, which we cannot count and repay.

Yahya Khan