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# A Review on Corporate Social Responsibility (CSR) Constructs and Theoretical Debate in Pakistan

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## Abstract

The purpose of this research paper is to review the complete CSR literature laying emphasis on CSR constructs and the theoretical perspectives in Pakistan. Collation of existing empirical and exploratory research has been used to make arguments about current status of academic CSR research. A total of sixty-five published articles on CSR from 2000 to 2021 have been reviewed. A thorough overview of CSR constructs highlighted that overall, the CSR constructs are not properly developed, and theoretical foundations are lacking. Corporate donations and philanthropy captured as CSR construct are still familiar among the researchers. It has been observed that the most recent literature is approaching towards maturity. The findings suggest that the lack of adequate explanation of theoretical foundations mislead the interpretation of results. There is partial support in the literature that CSR pays to the firms, as is depicted by the positive relationship between CSR and the facets investigated by the researchers but thorough emphasis is required on CSR measurement. The research can serve as basis for the beginning of an extensive exploration of CSR through the lens of theoretical perspectives and the strong theoretical foundations can result in a mature CSR construct and major contribution in the body of literature.

**Keywords:** corporate social responsibility, CSR, stakeholder's theory, legitimacy theory, Pakistan

## 1. Introduction

The discussion on Corporate Social Responsibility (hereafter CSR) got its root from Howard R. Bowen's 1953 first ever definitive book that initiated widespread discussion on the topic [1]. Bowen's revolutionary publication entitled "Social Responsibilities of the Businessman" provided welfare role of the business for the benefits of the society (Bowen, 1953 cited in [2]). The popularity of CSR is credited to landmark work of Bowen [3, 4]. The society bound role of business has been a matter under discussion since the start of second half of the 20th century [5].

The debate on business with its welfare role, attracted critiques. There is one and only responsibility of the business—to use its resources and engage in activities designed to increase profits [6]. The contrary arguments triggered a greater debate and challenged the researchers to explore the CSR and its potential effects on the

Authors	Period of Data	Sample	CSR Construct	Measure of Firm Performance	Brief Notes
Ray [19]	1991 1994	The Pakistan Integrated Household Survey was carried out in 1991 when PIHS teams visited 4800 households. The Peru Living Standards Survey covered 3623 households.	None: Child employment assessed through Pakistan Integrated Household Survey and Peru Living Standards Survey.	None	Peruvian working children combine employment with schooling. Pakistani working children do not combine employment with schooling. Increase in adult female education results in reduction of child labor. The school enrolment rates of Peruvian children are considerably higher and show more even gender balance than those in Pakistan.
Thomsen [22]	2004	Tannery Industry based in district Kasur Punjab province. The city of Kasur has the largest concentration of tanneries in Pakistan.	Involuntary and voluntary codes of conduct adapted by the firms after the hazards that caused harm to community.	None (An exploratory study)	A case study on the livelihood of the local residents who got suffered due to a specific industry's highly toxic polluted water. Firms found to have changed their behavior after intervention. Association, resulting in the export-oriented growth strategies of tanneries being prioritized at the expense of the well-being of local communities in the area.
Ahmad [23]	2006	The study uses semi-structured, questionnaire-based interviews of CEOs/directors of 16 Pakistani companies to explore issues related to social responsibility.	Percentage ratings of the managerial perceptions about stakeholder's welfare were found.	None (An exploratory study)	The study concludes that there is a considerable divergence in CSR practices in the country but most activities are focused on employee welfare and corporate philanthropy. Western-style CSR is in a nascent but developing stage in Pakistan.
Makki & Lodhi [24]	2002–2006	This paper explores the determinants of corporate donations based on LSE-25 index companies over five year period 2002–2006.	Corporate philanthropy assessed through corporate donations and charitable contributions. Multiple regression techniques have been used for gauging the determinants of corporate philanthropy after collecting data from audited financial reports of companies.	None (An exploratory study)	Earnings before tax, size and advertising intensity proved as determinants of corporate philanthropy. Results show that more than 90% of LSE-25 index companies contribute to health, education and social activities and total philanthropic contributions are increasing over the 5 years period.

Authors	Period of Data	Sample	CSR Construct	Measure of Firm Performance	Brief Notes
Ali et al. [25]	2010	Professionals addressed through questionnaire. A total of 371 usable survey questionnaires were returned leaving a response rate of 63%.	CSR actions of the firms obtained on a scale mentioning different stakeholders. The study used exploratory approach.	ROI ROA Sales growth Profit growth	The study found a highly significant positive relationship between CSR and employees' organizational commitment, CSR and organizational performance, and organizational commitment and organizational performance.
Nazir et al. [26]	2010	Two companies from the tobacco industry of Pakistan are selected as a case study to analyze the corporate social disclosure including Pakistan Tobacco Company (PTC) and Lakson Tobacco company.	CSR activities of two companies were analyzed. To analyze the corporate social disclosure annual reports were used.	None (An exploratory study)	Companies seem trying to get public confidence through their CSR activities. After the analyses, it can be concluded that the behavior of firm is heavily dependent on the social work and community involvement in the society in which it is operating.
Ali [27]	2011	A total of 400 questionnaires were distributed to the respondents. The respondents in this study were university students from both the genders.	CSR activities of firms mentioned in the questionnaires.	None (An exploratory study)	The study concluded that corporate social responsibility has a significantly positive influence on corporate reputation and consumer purchase intentions.
Ehsan et al. [28]	2006–2009	The panel estimation is done from the year 2006 to 2009. Only those firms were selected in this study which remained listed during the period of 2006 to 2009 and disclosed the data of CSR in their financial reports. After meeting this criteria 62 firms with 248 observations were selected.	Donations and contribution towards employee welfare fund were used for the measurement of CSR and study used constructive measure as a proxy for CSR.	ROA ROE EPS Sales growth	Ehsan, Kaleem and Jabeen [28] suggested a two way relationship between firm's CSR activities and its financial performance. They worked on panel data and a random effect model. Their results suggested a positive relationship between these two variables.
Aga et al. [29]	2012	10 pharmaceutical companies from Peshawar Pakistan	40 questionnaires were sent to the managerial level employees to assess the CSR.	Perceived growth in profits	Study found a positive correlation between CSR and firm's financial performance. Regression results showed a significant relationship.

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Kamran et al. [30]	2012	A case study of CSR at Proctor & Gamble (P&G) Pakistan. The authors attempted data testing; in this case a questionnaire survey had been used.	CSR was assessed through questionnaires and interviews by mentioning CSR activities.	None (An exploratory study)	This research concludes that CSR activities of P & G positively affect the consumer purchase process that leads to favorable purchase decisions.
Iqbal et al. [31]	2010–2011	In this research study, 156 listed companies are considered from textile sector, chemical sector, cement sector and tobacco sector, listed at Karachi Stock Exchange.	The variables employed by Waheed [18] in this computation were: Corporate governance (CG), environmental compliance (EC), social compliance (SC), business ethics (BE), community investment (CI), stakeholder dialog (SD) and supply chain security (SS).	ROA ROE Tobin's Q	The results of this study concluded that corporate social responsibility (CSR) has no effect on corporate financial performance (CFP). It is obvious from the results that CSR has a negative effect on the market value of the share but have no significant relationship with D/E behavior of the firm. Size and debt equity structure were used as control variables.
Tausif [32]	2012	To compare the CSR practices of semiconductor manufacturer 'Intel Pakistan' and cigarettes manufacturer 'Pakistan Tobacco Company'.	Level of CSR practices by two companies assessed through annual reports and websites.	None (An exploratory study)	CSR concept prevails in two companies however there are differences in CSR practices of these companies. Company strategy influences CSR concept. These companies are using different programs for CSR implementation such as environmental safety programs, health care programs, and water cleaning system.
Awan et al. [33]	2012	By archival data from different companies in Pakistan with a sample of 110 to 120 companies.	CSR was assessed through an index. The range of the index varied from 0 to 100. Zero shows a complete absence of CSR. Value nearer to 100 shows a higher social responsibility.	None (An exploratory study)	Organization social performance score was found. Organization social performance score gives an index of 56.33%, showing that the companies have middle levels of CSR. The donations contribute more towards CSR index.
Naqvi et al. [34]	2012	The primary data was collected with the help of both through personally administered questionnaires and mails from 180 respondents during March 2012 so it was a cross sectional study.	CSR was assessed through mentioning philanthropy of six companies of fast moving consumer goods (FMCG) sector in the questionnaire.	None	The study found a positive correlation between CSR and the variables like brand image, brand loyalty, perceived quality and brand satisfaction. Among all of the four dimensions of brand image, corporate social responsibility was highly positively related to brand satisfaction.

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Javed et al. [35]	2008–2012	The study analyzed the data of 30 companies listed at KSE-30 index.	This research used Carroll's four part CSR model that is conceptual, and robust parameter of measuring corporate social performance. This model categorized corporate social responsibility into four types namely: Economic responsibility, legal responsibility, ethical responsibility, and discretionary responsibility.	ROA	First two components (economic responsibility and legal responsibility) of Carroll's CSR pyramid have been found with positive relationship and last two components (ethical responsibility and discretionary responsibility) have been found having a negative relationship with firm financial performance.
Khan et al. [36]	2013	Cement industry of Pakistan was selected as the unit of analyses. The cement industry comprises of 29 cement manufacturing units out of which 10 cement manufacturing firms were taken as sample by obtaining 67 usable questionnaires.	Data from local community, relevant consumers, and environmental protection agencies was also collected for the balanced assessment of the issue.	None	The study noted that there was a positive relationship between CSR activities such as environment oriented responsibilities, community oriented responsibilities, customer oriented responsibilities and legal responsibilities with the corporate reputation of the business organizations.
Khan & Majid [37]	2013	Cluster sampling technique was used in which a sample of 5 units was randomly selected from both zones: Northern zone and Southern zone. In this research de-jure and de-facto sample was 10 i-e n = 10.	The dimensions of CSR for the current study are: Environment oriented responsibilities, customers oriented responsibilities, community oriented responsibilities and legal responsibilities.	Perceived profitability and market share.	The study noted that there was a positive relationship between CSR activities such as environment oriented responsibilities, community oriented responsibilities, customer oriented responsibilities and legal responsibilities with the profitability of the business organizations. The study was based on stakeholder theory.
Sharif & Rashid [15]	2005–2010	The source of data for this study was the annual reports of 22 commercial banks listed at KSE 100 index.	The research instrument of this study contains seven major categories of CSR reporting namely contribution to health sector, contribution to education sector, activities of natural disaster, other donations, and activities for employees, environmental issues, and product and services.	ROA	A positive relationship was found between the percentage of non-executive directors on the board who act as stewards and CSR reporting information (H1), percentage of foreign nationals on the board and CSR reporting (H2), firm size and CSR reporting (H3), profitability and CSR reporting information (H4), and between gearing ratio and CSR reporting information by banks (H5). The study is based on legitimacy theory.



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Murtaza et al. [38]	1990–2013	The population of this study is Pakistan and the sector which is chosen to conduct the research is food sector.	CSR activities of firms are analyzed through annual reports. No explicit measure of CSR is mentioned.	ROA ROE EPS	The result shows that there is a positive relationship between CSR and CFP.
Mujahid & Abdullah [39]	2011	10 firms from different sectors that are considered as corporate social responsibility firms and 10 firms that are non-corporate socially responsible firms.	CSR of the firms is assessed through annual reports of firms. Firm's volume of social disclosure is matched with financial performance.	ROA ROE EPS	Results show that there is a significant positive impact of CSR on firm's financial performance and shareholders wealth. Comparison has been made by analysing the accounting measures like ROE, ROA, EPS and price of the stock of particular CSR firms and comparing these results with the non-CSR firms.
Malik & Nadeem [40]	2008–2012	Sample size for this study is eight banks listed at Karachi Stock Exchange.	CSR is measured through annual reports of the selected banks. Philanthropy towards disasters, education, health and social welfare is used as measure of CSR.	ROA ROE EPS NP	The findings of this study show that there is a positive but insignificant relationship between corporate social responsibility and all the measures of financial performance.
Siddiq & Javed [41]	2014	The six companies that have been focused are listed at Karachi Stock Exchange.	Primary data is collected from surveys and questionnaires and perceived CSR is obtained.	ROA Turnover	The findings depict a highly positive correlation between ROA and turnover. The standard deviation for turnover was also found to be abnormal. Regression results are not significant and appear to be rejecting the proposed model. CSR does not have an impact on the financial performance of the firms.
Khan et al. [42]	2014	300 banking customers from Rawalpindi and Islamabad. Data collected for Habib Bank and United Bank Limited.	CSR assessed through selected bank's customer centric initiatives, environmental and philanthropic initiatives.	None	CSR initiatives of banks were found to have a positive influence on the attitude and behavior of banking customers.
Memon et al. [43]	2014	Sent questionnaires to the heads of 67 business and management schools to assess CSR as a business and management discipline.	CSR assessed as its usefulness in business and management discipline.	None	The study concluded that CSR is flourishing as an academic discipline in Pakistan. Universities were identified as the most important actors in strengthening CSR culture and values in the country, either alone or in alliance with corporations and the government.

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Awan & Akhtar [44]	2014	Primary data consisting of 200 enquiries through questionnaires.	CSR level was assessed through annual reports and questionnaire mentioning workplace policies, environmental policies, marketplace policies and community policies.	None (An exploratory study)	The relationship between CSR and human rights, environment, labor standard, corporate governance and organization's interest in southern Punjab in Pakistan are positive and significant.
Iqbal et al. [45]	2005–2011	Only a single bank (United Bank Limited) was studied.	CSR activity was assessed through donations of the bank. When the firm spends some money on the society (donation), the society gets benefit from it.	NPM EPS	CSR activities through donations were found to have a positive effect on financial performance of the bank. There is a positive relationship between the firm's disclosure of corporate social responsibility and the firm's performance in terms of net profit margin and earnings per share.
Malik et al. [46]	2015	The primary data is collected from professionals working in different banks of Multan City only.	Employee's awareness of CSR gauged through questionnaire.	Perceived organizational performance	Results show that organizational performance has a positive relationship with CSR activities when organizational culture moderates this relationship. Organizational performance is measured by employee satisfaction and commitment.
Rehman et al. [47]	2006–2012	15 firms related to cement industry listed at Karachi Stock Exchange.	CSR was assessed through philanthropic donations and firm's contribution towards worker fund.	ROA ROE GP, EPS	The study finds a positive relationship between CSR and firm financial performance. Size, age, leverage and risk are used as control variables.
Saleem & Gopinath [48]	2015	297 usable questionnaires received from two public sector universities.	Customer rated and environmental rated CSR were obtained from respondents.	None (An exploratory study)	Brand loyalty and customers willingness to pay premium prices was obtained. CSR practices were found to be significantly related to customer behavior.
Kiran et al. [49]	2006–2013	The sample data includes 10 companies of Oil & Gas sector, listed at Karachi Stock Exchange for the period 2006–13.	CSR was measured by company's spending on CSR depicted in annual reports of the companies.	NPM	The results suggested a positive correlation between CSR spending and profitability of the firm. On the other hand, negative correlation was found between CSR and total assets. The relationship between CSR and financial performance is reported as insignificant.



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Arshad et al. [50]	2009–2013	The study consists of 125 listed companies at Karachi Stock Exchange taken from 25 different sectors.	CSR is measured as sum of the philanthropic donation and firm's cost on environmental compliance from contents of annual reports.	Tobin's Q ROA	The results revealed that there was no impact of CSR on the financial performance in the short-term scenario at 5 per cent confidence level but found a positive impact at 10 per cent confidence level. Leverage, size, sales growth and age of the firm were used as control variables.
Qazi et al. [51]	2015	Eight managers, directors/ advisors from four companies were interviewed.	CSR activities were obtained from financial reports and manager's interviews.	Managers perceived financial performance.	The study reported a strong positive relationship between CSR and financial performance of companies. Managerial perceptions were found to be in the favor of CSR.
Majeed et al. [52]	2007–2011	100 companies were listed at Karachi Stock Exchange. This research extends the previous studies on the development of CSR index in Pakistan by using the KSE 100 index.	CSR was assessed through contents of annual reports across seven categories like health, education, disasters, donations, employees, environment and product.	None	The study reported a positive and significant impact of board size, institutional ownership, ownership concentration and firm size on the degree of disclosure. Study was based on legitimacy and the social and political cost theories.
Arshad et al. [53]	2009–2013	The study that is conducted consists of 125 companies which are listed at the Karachi Stock Exchange in Pakistan.	CSR is measured as the summation of the donation and the environmental cost from contents of annual reports.	ROA Tobin's Q	The results obtained from this study advocated that the effect of corporate social responsibility on financial performance of companies in short term scenario is insignificant at the level of 5%, but the CSR has positive and significant impact on firm's financial performance at the level of 10%. Size, age, leverage and sales growth were used as control variables.
Awan & Nazish [54]	2009–2013	16 banks were selected for the study from Pakistan.	CSR activities of banks analyzed through annual reports. No explicit measure of CSR mentioned.	ROA ROE EPS	The study found a significant and positive relationship of corporate social responsibility with the financial performance.

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Butt [55]	2016	A pre-tested structured questionnaire was administered to 224 respondents.	Customers perceived CSR and awareness about CSR obtained through an interview.	None	Perceived CSR, customer awareness and trust have an influence on the purchase intentions of the customers. In Pakistan, awareness was positively associated with the purchase intention of the individual as it was in developed countries.
Mukhtar [56]	2016	170 employees of the financial institutions in Rawalpindi, Punjab.	CSR assessed as firms' environmentally sustainable practices, philanthropic practices and stakeholders' relations.	Perceived organizational performance	The study concluded a positive relationship between CSR and organizational performance.
Lone et al. [57]	2010–2014	Content analysis was applied to measure CSR disclosure from annual reports of 50 companies from eight different sectors from 2010 to 2014.	CSR assessed through contents of annual reports across seven categories like health, education, disasters, donations, employees, environment and product.	None	Multiple regression results proved that independent directors, women directors and board size positively affect the extent of CSR disclosure. Size, profitability and leverage were used as control variables.
Butt & Butt [58]	2008–2013	Sample size comprised of 70 non-financial public limited companies (PLC) listed at Karachi Stock Exchange, and analysis was based on six year data from 2008 to 2013.	CSR index developed on the basis of community involvement, environmental information, employee information, product and services information and value added information. The data on corporate social responsibility was taken from annual reports of companies.	ROA ROE	Corporate social performance is positively linked with corporate financial performance and simultaneously the financial performance is also positively associated with corporate social performance. Foremost influential factor of corporate social performance was found to be the size of firms, association between firm size and CSP was found to be positive. Mixed theories have been mentioned i-e stakeholder's theory, legitimacy theory, social contract theory and good management theory.
Khan & Tariq [59]	2010–2015	Seventeen Islamic and conventional banks from Pakistan and Bangladesh were considered as sample to analyze the financial performance.	CSR level was measured through companies' donation for necessities, health, environmental protection and social welfare.	ROA ROE EPS	The results suggested that corporate social responsibility had a positive and significant impact on financial performance of banks.

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Bagh et al. [60]	2006–2015	Using a sample of 30 commercial banks listed at Pakistan Stock Exchange for the period of 10 years from 2006 to 2015, selected on the basis of market capitalization.	CSR activity was assessed through company's philanthropic activities like donations towards disasters, health, education and social welfare.	ROA ROE EPS	The study had found that CSR has a positive and significant impact on financial performance of selected commercial banks of Pakistan. The philanthropic activities were found to be positively related to ROA, ROE and earnings per share.
Syed & Butt [61]	2009–2013	56 companies were listed on Karachi Stock Exchange.	CSR is assessed through content analyses of the annual reports on a check list of 35 items. 1: If $i_{th}$ item disclosed 0: If $i_{th}$ item not disclosed	ROE	The study concluded that positive and significant association exists between family ownership, industry type, profitability, age of firm and CSR disclosure. Negative and significant relationship exists between risk and CSR disclosure. Furthermore, older firms were found to disclose more information. The study employed legitimacy theory.
Malik & Kanwal [62]	2005–2014	The panel data of 10 years from 2005 to 2014 are obtained through content analyses of annual reports.	CSR is measured as a disclosure of contents regarding environment, community, human resources and product in annual reports of the firms under study.	ROA ROE	Growth is observed in disclosure level during the period of 10 years which is 18% in 2005, but in 2014, the disclosure of social information reached to 52%. The regression result of first hypothesis was significant which shows that CSR affected brand equity with the value for R-squared of 97% and 93% respectively. The study employed the stakeholders theory.
Azam et al. [63]	2012-2018	65 firms listed on Pakistan Stock Exchange.	Amount of donations and firms' contribution toward the social welfare were taken as proxy for CSR.	None	Firms observing religious principles (Shariah compliance) were found to have more tendency towards the CSR. A gender-balanced board and diverse education on the board have a positive effect on CSR.
Chen et al. [64]	2018- 2019	175 and 105 respondents in one bank and one insurance company in Pakistan and Sudan, respectively.	As CSR evaluation consumers rated the statements over a Likert scale.	None	The consumers' support for CSR was positively related to consumption decisions. Muslim consumers in Pakistan and Sudan valued the involvement of companies in CSR when making consumption decisions.

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Hongdao et al. [65]	2019	Data collected from employees of law firms in major cities of Pakistan. 200 questionnaires were received out of 600.	A five-point Likert scale was used to measure CSR over twelve items showing CSR of the firms.	None	Findings suggested that transformational leadership improved employee's performance and supported CSR activities. Employee's perception of CSR active firms contributed to their job performance.
Khan et al. [66]	2010-2017	Data obtained for 57 firms listed on Pakistan Stock Exchange for the period 2010 to 2017.	CSR was measured as quality of CSR disclosure. Quantitative, qualitative, generic and no disclosures were given the scores of 3, 2, 1 and zero respectively over 21 CSR items.	None	Gender and national diversities in the boards had a significant influence over QCSR disclosure hence could be regarded as most valuable assets of the firms. Age diversity was found to be negatively influencing the QCSR. Education, ethnicity and tenure were also found insignificant in influencing QCSR disclosure. Study is based on resource-based view theory.
Javeed & Lefen [67]	2008-2017	133 firms from eight manufacturing sectors were selected as sample of the study. A total of 99 firms met the sampling criteria set by the authors.	CSR measured by taking societal, economic, and environmental dimensions. The social contribution value per share was calculated following the guidelines of Shanghai Stock Exchange.	ROA, ROE	Firm performance and CSR are positively related. With the moderating interaction of CEO power, the relationship between CSR and firm performance remains the same. With the moderating interaction of managerial ownership, the CSR-firm performance relationship remains positive and significant.
Waheed & Yang [68]	2018	Sample comprised 450 managers of small and medium enterprises (SMEs).	CSR measured as responsibility towards community, customers, environment, employees, suppliers and responsibility towards government regulations.	Perceived sales performance	The external CSR dimensions showed a higher and significant effect on sales performance than the internal items. Results implied that the notion of CSR should be endorsed. The study was based on the stakeholder theory.
Zulfiqar et al. [69]	2018	Top five banks that were among top 1000 banks in 2016 by their capital. 530 employees working at different positions in the banks.	CSR construct was based on company's internal CSR that is mainly centered towards the wellbeing of employees.	None	CSR activities of firms centered towards employees influenced their behavior. Employees found themselves more identified when they observed their organizations involved in CSR. Study confirmed the existence of social identity theory.

Authors	Period of Data	Sample	CSR Construct	Measure of Firm Performance	Brief Notes
Farrukh et al. [70]	2019	470 complete questionnaires were received from business professionals of industries in manufacturing, banking, electronics and oil and gas.	CSR measured as employee's perception of the concept. A structured questionnaire was distributed among employees containing firms' CSR.	None	The relationship between CSR and women was found to be stronger than CSR and men. Employee's perception of CSR and employee's engagement were positively related.
Ikram et al. [71]	2016-2017	360 SMEs were selected as sample randomly from Karachi, Lahore, and Faisalabad. 340 questionnaires were considered for analyses.	CSR was gauged by adapting 9 items containing CSR information from Masurel and Rens (2015). CSR was mainly divided into social and environmental domains.	Perceived financial performance	CSR and firm performance (financial performance, corporate reputation, and employees' commitment) was positively related. Slack resources resulting from good financial performance enhanced CSR activities. The study outlined stakeholder, legitimacy/institutional and social exchange theories. Results showed the mimetic and normative isomorphism.
Ahmed et al. [86]	2019	Data collection was done from customers of fast-food restaurants. 669 customers were approached.	Brown and Dacins' (1997) four item scale were used to measure the customer perception of CSR.	None	The study revealed that CSR does have an influence on citizenship behavior of customers. Significant relationship was found between restaurant's CSR efforts and customers' behavioral responses.
Khaskheli et al. [72]	2020	A questionnaire was administered to 518 respondents in Karachi. The respondents were employees.	CSR construct is based on employee's perception of the firms' activities towards employees, society, consumers, and the government.	None	Organizational citizenship behavior was positively influenced by employee's perceived CSR and citizenship behavior. Intrinsic job satisfaction and affective commitment had a positive association with CSR but negative with extrinsic job satisfaction.
Hamid et al. [73]	2008-2012	Pakistan Stock Exchange (PSX) 100 index firms have been selected as sample for the study.	Carroll's pyramid has been used as CSR construct based on content analyses. It has four dimensions of CSR including economic, legal, ethical, and discretionary.	None	The study found that firms in the sample period have reported on the four dimensions of Carroll's pyramid. However, there was an enhanced reporting over the discretionary dimension than the other three that are economic, legal, and ethical.
Shahzad et al. [74]	2019	282 respondents who were the junior, middle, and top-level managers of manufacturing firms.	CSR was measured as firm's contribution to environment, employees, community to consumer. The scale was adapted from Turker (2009).	None	The study found that the selected areas have a positive impact on the environment sustainable development (ESD). Green innovation is positively influenced by (ESD) environmental sustainable development.

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Ali et al. [25]	2020	Middle and top-level managers of manufacturing firms in Karachi, Lahore, Faisalabad, and Peshawar were the participants of survey. 217 questionnaires were analyzed.	Employees perceived social responsibility practices of their organizations is the CSR construct.	None	Findings suggest that there is a significant effect of CSR on employee's performance and employee's engagement. Employee's engagement also partially mediates the relationship between CSR and employees' performance. The study is based on social identity theory.
Yumei et al. [75]	2019	A sample of 83 SMEs was selected for the study. Sample comprised of 51 local and 32 foreign enterprises.	Financial and environmental CSR were named as the instruments to measure the construct.	Perceived organizational performance	The two dimensions of company's performance e.g corporate reputation and employee engagement are positively related to CSR. The social and environmental dimensions of CSR both contribute towards firms' performance, while environmental dimensions have higher contribution towards the reputation of the firms.
Hayat et al. [76]	2016-2019	41 Multinational Enterprises listed on Pakistan Stock Exchange, having corporate website, and publishing annual reports (CSR, sustainability, or social reports).	Global Reporting Initiative (GRI)- G4 guidelines were used to assess the CSR patterns in the forms' reporting. The indicators in economic, environmental, and social categories were used to assess the firms.	None	Organizations are found to be choosy in reporting the specific dimensions of CSR instead of reporting all the dimensions of GRI-G4 format. Firms are reporting mixed data that is financial and non-financial and there is a lack of transparency in the reported data. It has been found that reporting pattern shows a constant increase over the sample period.
Khan et al. [77]	2005-2017	213 non-financial firms with 2769 firm year observations.	CSR is gauged through CSR monetary spending ratio that is CSR expenditures divided by earnings after tax.	None	The findings of study revealed that firms with higher CSR spending meet lower financial distress. Companies having an effective CSR response can reduce their financial or default risks.
Ramzan et al. [78]	2008-2017	Data was drawn from annual reports of 20 listed Pakistani Commercial Banks.	Donations of the companies constitute the CSR construct.	Financial performance, financial inclusion financial stability	The relationship between CSR and firm performance is in positive direction. CSR is positively related to financial inclusion (FI) measured in terms of number of branches and ATMs per 100,000 population.



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Hunjra et al. [79]	2020	183 survey forms were used for analyses. Finance managers were the respondents.	Manager's perception or orientation towards CSR, culture, religiosity, and firm performance over certain indicators was found. Company's CSR activities and policy were the constructs of CSR.	Perceived organizational performance	Culture and religiosity positively influenced the firm performance and in addition both these factors have positive impact on CSR. Furthermore, it was found that CSR positively influenced the firm performance and the same was highly influenced when CSR was bundled with culture and religiosity.
Zaighum et al. [80]	2020	A case study design where a single textile firm has been analyzed.	Worker's perception of CSR is the measure of variable.	None	Semi-structured interviews and observation from the company's documents suggest that workers perceive CSR as an important element for their protection. The organization needs to address the flaws in health and safety, fire-fighting equipment, proper salary, unsustainable storage of chemicals and insufficient training.
Yasir et al. [81]	2018-2019	CEOs, finance managers and managing directors served as respondents. The hotels were chosen on the basis of a criteria being 4 or 5 star registered hotels and having an age of 10 years or more. A total of 324 useable questionnaires were analyzed.	CSR comprised mainly of four constructs e-g CSR orientation, CSR competencies, CSR commitment and CSR participation. CSR items used in these constructs were adapted from earlier studies.	None	CSR orientation and CSR competencies of hotel managers were hypothesized related to their CSR commitment and CSR participation. CSR orientation and CSR participation both were found to have a positive association with CSR participation, and both as pre-conditions of CSR activities.
Shafique et al. [82]	2020	Sample comprised of 307 manufacturing small and medium enterprises (SMEs). A total of 339 questionnaires were received.	Firms perceived CSR and environmental performance were used in the questionnaire.	None	The analyses done through partial least square (PLS) and structural equation modelling (SEM) supported the hypothesis-organizations ambidexterity was positively related to green entrepreneurial orientation. The study further suggested that green entrepreneurial orientation (GEO) positively influenced the SMEs' environmental performance. CSR mediated the relationship between firm ambidexterity and GEO and with higher CSR this relationship was found to be strong.

**Table 1.**  
Empirical and exploratory academic CSR Studies in Pakistan (articles indexed in chronological order).

business and the society. CSR provides strategic advantage to the firms and attracts investors [7, 8]. Carroll's pyramid of CSR provides four dimensions of the business responsibilities e.g., economic, legal, ethical, and discretionary [1, 9] and it is often referred to as Carroll's classical construct of CSR. The debate on CSR is still on being a contested topic among the researchers.

The research on practice of CSR and its philosophy is scarce in developing economies [10], it needs more attention by the scholars [11]. Existing contextual factors are important to be analyzed while studying CSR [12, 13] and the lack thereof may result in flawed understanding [14]. The stakeholders in the emerging economies have their own concerns and needs. Most of the emerging economies in Asia are suffering with poverty, inequalities, human right violations and social exploitations [12, 15] and CSR research should be aimed at highlighting core issues of the stakeholders [16, 17].

CSR has gained a significant importance in Pakistan in 1990s, after the malpractice of child labor in sports industry got international coverage [18]. CSR research in Pakistan, like other emerging economies is in initial stage. Ray [19] initiated CSR research in Pakistan by comparing child labor in Pakistan and Peru [20]. This review includes 65 empirical and exploratory studies published in different Pakistani and international journals from 2000 to 2021 and it is the first study of its kind highlighting CSR measurement and the related theoretical perspectives in Pakistan. Out of the reviewed articles as presented in the **Table 1**, fifty-nine studies (91 percent) have been published from 2011 to 2021, while only six studies (9 percent) were published in or before 2010. This shows an increasing interest in CSR by the researchers. We review the CSR literature in Pakistan according to the chronological order of the studies as done by Mathews [21] for social research.

Rest of the article is organized as follows. Second section contains in the tabular format, the previous CSR studies in Pakistan. Third section is devoted to critical discussion on studies related to corporate social and financial performance link and the studies on managerial and customers/stakeholder perceptions. The fourth section includes discussion on theories. Finally, the fifth section concludes with certain recommendations regarding future academic CSR research agenda in Pakistan.

## **2. Critical discussion on the literature**

CSR research seems to be a decade and a half old academic research as it started effectively in 2006. The study by Ahmad [23] explored the managerial attitude towards CSR. The study by Ray [19] is an indication of malpractices of child labor and Thomsen [22] is a case study of suffering of the local community.

The literature has been reviewed with the deep emphasis on CSR constructs and theory. In the literature reviewed, there are twenty-six studies linking CSR and financial performance. Out of 26 studies, twenty-one (80 percent approx.) reported a positive relationship between CSR and financial performance (see [25, 28, 29, 37–40, 45, 47, 49, 51, 54, 58–62, 67, 68, 71, 78]) while only one (4 percent approx.) reported a negative relationship that is Iqbal et al. [31]. Two studies (8 percent) have reported both the positive and negative relationships. These are the studies by Javed et al. [35] and Arshad et al. [53]. Finally, two studies comprising (8 percent) by Siddiq and Javed [41] and Arshad et al. [50] have reported no relationship.

In the above-mentioned studies five studies have used perceived financial performance. These are the studies by Aga et al. [29]; Khan and Majid [37]; Qazi et al. [51]; Waheed and Yang [68] and Ikram et al. [71]. The study by Aga et al. [29] and Waheed and Yang [68] perceived sales growth and perceived sales performance,

respectively. The study by Ikram et al. [71] includes corporate reputation and employee's commitment along with financial performance. Further, four studies which have used perceived organizational performance instead of financial performance and reported positive relationships are by Malik et al. [46], Mukhtar [56], Hunjra et al. [79] and Yumei et al. [75].

The CSR and financial performance link have been thoroughly examined and proved in the existing literature [83, 84] and this has been frequently reported by the researchers in Pakistan. This may be attributed to the satisfaction of the stakeholders that pays off to the firms. On the other way around, there may be slack resources perspective as there is a worthy circle between CSR and financial performance [8, 58] meaning that both these constructs pay off each other. The true check for the acceptability of the relationship between CSR and financial performance needs attention in Pakistan. The operationalization of CSP and CFP is important in such relationships [84]. The measured value of CSR should contain the desired value of the variable. Moreover, the firms should be controlled for other determinants of profitability like size, sales growth, and age etc. The risk-leverage and industry affiliation should also be considered. A great number of the studies do not control the firms for other variables, especially in the earlier studies.

A large number of studies are based on managerial perceptions, customer's perceptions, employee's perceptions, and stakeholder's perceptions. The fourteen studies have used managerial perceptions to build the CSR construct. The study by Ahmad [23] reported that managerial perceptions are in the favor of stakeholders' welfare. The study by Ali et al. [25] (discussed above in CSR-FP link) reported a highly significant relationship between CSR and employee's commitment and then employees' commitment with financial performance. The study by Awan and Akhtar [44] assesses managerial point of view on CSR. The other four studies (discussed above in CSR-FP link) assess CSR by manager's interviews and link it with manager's perceived financial performance (see [29, 51, 68, 71]).

All of these studies reported a positive relationship between CSR and perceived financial performance. The study by Awan et al. [33] builds CSR construct on the index ranging 0–100 by getting responses from managerial level employees. The study finds the social performance score of the organizations. The study by Hunjra et al. [79] relates culture and religiosity with firm performance. The other studies seeking managerial perceptions for CSR are by Shahzad et al. [74]; Ali et al., [85]; and by Yasir et al. [81] etc.

Nine studies include customers rated CSR through questionnaires and interviews. These studies try to find the corporate reputation and purchase intentions of the customers through an inquiry about CSR engaged firms. The important studies are by Ali [27]; Kamran et al. [30]; Naqvi et al. [34]; Khan et al. [36]; Khan et al. [42]; Saleem and Gopinath [48]; Butt [55]; and Chen et al. [64]. The CSR activities are positively related to corporate reputation, purchase intentions, brand image and customer loyalty. The positive purchase intentions of customers reveal the prevalence of customers' preferences for socially responsible firms. The study by Ahmad et al. [86] reveals that CSR efforts of the firms promotes the citizenship behavior of customers.

Some of the studies (discussed above in CSR-FP and CSR-Org performance link) which use employees' perceptions regarding CSR through questionnaires are by Khan and Majid [37]; Malik et al. [46]; Mukhtar [56]. The study by Khan and Majid [37] reported a positive relationship among CSR dimensions and profitability. The other two reported a positive relationship between CSR and organizational performance. The other studies building CSR construct on employee's perceptions are by Hongdao et al. [65]; Zulfiqar et al. [69]; Farrukh et al. [70]; and Khaskheli et al. [72] etc.

These studies obtain the perception of social performance. Getting actual social performance could provide better results. In the studies obtaining perceptive CSR should be based on in-depth interviews of managers and other stakeholders so that a pragmatic inquiry could be made. The CSR construct based on this mode of inquiry will contribute towards healthy literature and in turn will prove useful in corporate enlightenment.

Five of the studies which relate corporate governance and CSR disclosure are by Sharif and Rashid [15]; Majeed et al. [52]; Lone et al. [57]; Azam et al. [63]; and Khan et al. [66]. The first three studies build their CSR constructs on the seven categories i.e., health, education, disasters, donations, employees, environment and products and services. Disclosure index is built by using contents of the annual reports. The study by Azam et al. [63] uses corporate donations as CSR measure and the study by Khan et al. [77] builds their CSR constructs on some promising grounds by considering the quality of CSR disclosure. The work by Nazir et al. [26]; Tausif [32] and Zaighum et al. [80] are the case studies, assessing the level of CSR in companies. Furthermore, the study by Makki and Lodhi [24] investigated the determinants of corporate philanthropy. Finally, the work by Memon et al. [43] tried to find out the development of CSR as an academic discipline in Pakistan.

The studies by Thomsen [22] and Ray [19] assess the effect of malpractices of the firms. Ray [19] analyzed the child labor in sports industry and Thomsen [22] studied the miserable condition of local community due to hazards of highly toxic polluted water emitted by the Tannery industry.

Most of the studies are based on content analyses. The validity of the content analysis relies on the coding scheme adapted by the researchers [87]. The comprehensive CSR index lacks in the studies. The content analyses based on comprehensive evaluation would fill the gap of measurement. A moderate number of the studies use philanthropy as an explicit CSR construct. CSR is to be analyzed beyond philanthropy as there are stakeholders who need to be addressed at large. The fair treatment of labor forces and health and safety conditions of the working environment is often questioned in Pakistan. Firms should be analyzed in the context of their real contribution towards wellbeing of stakeholders at large like employees, community, customers and environment.

In the studies analyzed, few studies have used theoretical perspective. Only six of the studies have used explicit theoretical perspectives in CSR scholarship which are by Khan and Majid [37]; Sharif and Rashid [15]; Malik and Kanwal [62]; Syed and Butt [61]; Khan et al. [66]; and Waheed and Yang [68]. The studies by Zulfiqar et al. [69] and Ali et al. [85] have used social identity theory as depicted in the **Table 2** below. The studies by Majeed et al. [52]; Butt and Butt [58] and Ikram et

<b>Theoretical perspective</b>	<b>Studies</b>
Stakeholders Theory	Khan and Majid [37], Malik and Kanwal [62], Waheed and Yang [68]
Legitimacy Theory	Sharif and Rashid [15], Syed and Butt [61], Majeed et al. [52].
Institutional Theory	Ikram et al. [71]
Signaling Theory	None
Slack Resources Theory	Butt and Butt [58]
Agency Theory	None
Resource-based View	Khan et al. [66]
Social Identity Theory	Zulfiqar et al. [69] and Ali et al. [85].

**Table 2.**  
*Studies using theoretical perspectives.*



al. [71] have used mixed theories. Only few of the above-mentioned studies have interpreted the findings according to theory. The studies by Syed & Butt [61]; Butt & Butt [58]; Khan et al. [66] and Ikram et al. [71] are prominent to have interpreted the findings according to the theory. This implies that theorizing the CSR research needs greater attention by the researchers.

### **3. Theories in CSR scholarship**

The CSR reporting motives in the developing economies are less researched [88, 89]. The CSR research in developing economies, experiencing growth may rely on theories being used in developed economies [14]. The earlier studies emphasizing theories of managerial motivations [89–92] have been studied in detail for inclusion of theories related to CSR along with book chapters of Freeman [93]; Visser et al. [94]; Jamali [13]. We provide an overview of generally applied theories in CSR scholarship that are legitimacy theory, stakeholder theory, signaling theory, institutional theory, slack resources theory, agency theory and the resource-based view.

#### **3.1 The legitimacy theory**

In order to be considered as legitimate, corporations are required to be responsive to the social expectations of the society at large. There is a social contract between business and the society that is central to understand the organizational legitimacy [90]. To ensure their continuous existence and deriving favor from society, the organizations use CSR reporting as a tool however the frequency and extent of reporting may differ across economies [95]. This is done in an endeavor to achieve legitimacy. Legitimacy theory can be an explanatory factor for CSR disclosure [89, 96]. Organizations continue voluntary reporting to ensure their legitimacy. In CSR research about the organizations, a legitimacy explanation can be given after a thorough examination of the disclosure and changes in it [97]. The motivation of firms for issuing standalone CSR reports is consistent with legitimacy theory [98].

#### **3.2 The stakeholders theory**

There has been a natural fit between the idea of CSR and stakeholders of an organization [9] and CSR leaves positive impact on its stakeholders [5]. The organizations have responsibilities to multiple stakeholders, and this is what propagated by stakeholder theory [93]. Organizations are not only responsible to themselves but also to the other stakeholders which can affect or can be affected by the organization ([93] p. 25; [99]). Edward Freeman is regarded as “father of the stakeholder’s theory”. The theory attracted broad appeal from researchers and writers and continues to attract attention [92]. Stakeholder’s theory asserts that an active role of business in the society is required towards selective stakeholders rather towards society. The stakeholder’s theory is about managing all the groups and individuals who have an influence on the continuity of the organization [100]. Organizations may perform stakeholder analyses and the activities of corporations must be determined which may affect the groups of stakeholders [101].

#### **3.3 The signaling theory**

In the developing economies, firms may be in competition for resources to generally show their superiority over the others. CSR is used to signal the

investors in the emerging economies [102] to enhance favorable reputation [103]. Likewise, this is done in an endeavor to decrease the information asymmetry between the firms and the relevant stakeholders providing financial benefit to the firm [104, 105]. The obtained third-party private certification is used as a signal to the government of the compliance with the management standards [105]. Companies issue CSR reports to signal their concerns regarding social and environmental issues and ensure the benefit of stakeholders' awareness of the companies' handling these issues [106].

### **3.4 The institutional theory**

The organizations can be viewed in the context of institutional theory. There may be a difference in the impact of national institutional context on CSR. The rationalized institutional rules and the environment results in isomorphic organizational structures [107]. The isomorphism can be coercive, mimetic or normative. In the defined institutional environment, the firm's strategies and practices will become similar due to the similar pressure being faced [91].

The shape of corporate agency may be in the form of voluntary policies or programs in Anglo-Saxon context and is shaped by legal, religious, cultural, political systems, socioeconomic systems, customary or other defined institutions in other contexts [13, 108]. The CSR in developing countries is formed by the pressures being exerted by institutional factors which consider philanthropic part only as the core concept [13].

### **3.5 The slack resources theory**

There is a positive relationship between slack resources and firms' financial performance [109]. Slack resources theory explains the availability of enough resources with the firms which enable these firms to invest in the social performance activities. The allocation of slack resources to social performance domain results in a better social performance [8]. Lee and Wu [110] suggested that the slack resource does have a positive effect on the research and development (R&D) activities of the firms. The firms having more discretionary resources invest in R&D that in turn results in innovation hence leading to the improved financial performance.

### **3.6 The agency theory**

As outlined in Jensen & Meckling's [111] concept of the theory of a firm, the agency theory asserts that there is a conflict of interest between managers and shareholders of a firm [112]. The agency perspective related to CSR shows that in the absence of strong control by shareholders, the opportunistic behavior by managers can exploit corporate resources for their own preferences. This behavior can cause an increase in their own utilities at shareholders' cost and good social performance is maintained at the expense of good financial performance [113]. With reference to CSR, Friedman [6] was arguably an early precursor of agency theory. He asserted that CSR represents self-serving behavior of managers (agents) whose pursuit of social and environmental objectives ultimately harms the shareholders by generating lower profits [91].

### **3.7 The resource-based view**

McWilliams and Seigel [114] defined strategic CSR as the operational mechanism which a firm may employ to gain the competitive advantage in the market.



Thus resource-based view (RBV) helps understanding proactive strategies of investment in social and environmental issues [91]. The internally driven CSR can be found in RBV where managers' motivations could be obtained regarding their pursuit in getting a competitive edge over the competitors. The firm resource model of sustained competitive advantage posited by Barney [115] asserts that sustainable competitive advantage (SCA) is achieved by exploiting four indicators namely value, rareness, inimitability and substitutability.

#### **4. Concluding remarks**

In the light of review of CSR literature related to Pakistan we concluded that academic CSR research is in its initial stages. On the positive note, it is on the way of improvement. The measurement of CSR and theoretical foundations are the emphasis in this research. Greater emphasis is required by the researchers to lay down the strong theoretical foundations. While studying the CSR-financial performance link the theoretical perspective, the control variables and the mediators need to be studied hand in hand. The lack or overlook thereof of the thorough explanation of theoretical foundations doubts the interpretation of the results. There may exist external drivers i.e. stakeholder, legitimacy & institutional perspectives that can prevail in driving CSR or the internal drivers like slack resources, signaling, agency or resource-based view that may complement the implementation of CSR.

A comprehensive inquiry about the CSR and managerial motivations is required in the research relying on questionnaire surveys and interviews. The perceived and actual social performance needs to be keenly observed, hence highlighting the perspective of CSR. The academic CSR research based on strong theoretical foundations, capturing the true social performance will help academia to understand the corporations and their concerns for stakeholders. It can become a strong institution to forward a corporate agenda towards a range of stakeholders.

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