

Corporate Social Responsibility's Hidden Power in Context of Pakistan: Amplifying Firm Performance

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Abstract

This research explores the impact of Corporate Social Responsibility on the performance of firms listed on the Pakistan Stock Exchange in the cement and sugar industries. This link is examined using panel data derived from financial reports from 2013 to 2022. The study includes generally used performance indicators, such as Return on Assets, Return on Equity, and Earnings per Share, by previous literature. The corporate social responsibility data is collected from information released by firms about philanthropic activities, charity, and R&D projects. The study also takes into account other financial and control variables such as firm size, firm age, and leverage and incorporates stakeholder theory. The random sampling approach is used to collect a sample of 28 non-financial listed firms. Several statistical tests are used in the study, including panel data technique, correlation, random effect, and fixed effect models. According to the findings of this study, corporate social responsibility has a significant impact on firm performance. These findings are consistent with previous research done in developing nations and are relevant for Pakistani firms operating in different economic environments than their developed countries. The result is aligned with stakeholder theory. This study provides significant insights for organizations and regulatory agencies. Furthermore, the paper makes suggestions for future research, such as the assessment of context variables such as ownership structure, the consideration of other periods, and the investigation of other industrial sectors.

Keywords: *Corporate Social Responsibility, Firm Performance, Non-Financial Firms, Panel Data, Pakistan.*

JEL Code:

1. Introduction

Nowadays, many organizations conduct Corporate Social Responsibility (CSR) related activities, but their expenditure on CSR practices does not receive adequate acknowledgment, possibly due to a weak reporting process (Khan et al. 2020; Farooq

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et al. 2023). Initiatives related to CSR, on the other hand, assist organizations in gaining a competitive edge and building a favorable reputation. CSR activities, according to Weber (2008), go above and beyond to help organizations preserve their operating licenses, decrease risks, obtain tax breaks, and deliver benefits in the form of efficiency gains. CSR initiatives are now obligatory in a lot of countries. Under a special clause in the Companies Act 2013, businesses are obligated to engage in CSR initiatives. CSR motivates organizations to engage in more economic, social, and environmental activities, which generates and preserves consumer trust. These activities, in turn, influence the economic fate of the county (Damato et al. 2009).

CSR and its connections are largely studied in the developed world (Bagh, et al. 2017; Farooq et al. 2024). In underdeveloped countries, the statistical relationship between CSR and FP has received less attention (Pradhan & Nibedita, 2021). For developing nations, the literature finds inconclusive, inconsistent findings (Ahmad et al. 2020; Blasi et al. 2018; Riyadh et al. 2019; Scholtens, 2008).

CSR practices in the developed world now differ significantly from those in the developing world. CSR practices proposed by developing-country governments are seldom put into action. Businesses have economic challenges while engaging in CSR initiatives on the both global and local levels (Bagh et al. 2017). Inadequate governance, natural disasters, weak and unethical institutional policies, and poor internal administrative regulation are among the challenges. CSR work becomes extremely difficult in these circumstances (Jamali & Mirshak, 2007; Javeed & Lefen, 2019). Many Pakistani corporations, on the other hand, participate in a variety of social, philanthropic, environmental, and other CSR initiatives.

The relationship between CSR and FP has been extensively researched in the literature. However, literature studies vary, indicating an equivocal association between CSR and FP that requires additional exploration (Blasi et al. 2018). According to the literature, the majority of studies on the aforementioned link are done in the developed world (Bagh et al. 2017). There has been little relationship research between CSR and FP in developing countries (Gulzar et al. 2019). Because of the lack of or incomplete work on CSR with comprehensive findings in Pakistan. The existing study intends to investigate the relationship between CSR practices and FP using data from the cement and sugar sectors were chosen for this study because they contribute the most to the country's gross domestic product (GDP). According to the Pakistan Economic Survey 2021-2022, the cement sector contributes 1.04% to GDP while the sugar industry contributes up to 2.9%. These industries have an influence on the environment and society, for example. i. The cement industry emits a substantial amount of CO₂, which contributes to air pollution and climate change. Furthermore, limestone mining and quarrying can result in habitat damage and landscape changes. ii. Sugar production may cause environmental problems, such as water contamination from sugar mill effluent discharge. Sugarcane growing frequently necessitates large amounts of water, which can contribute to water scarcity in some areas. Furthermore, sugar farming may require the use of pesticides and herbicides, which can have an impact on soil and water quality. iii. Cement manufacture may be resource-intensive, resulting in dust and air pollution in adjacent towns. Land acquisition and compensation for impacted communities may

also be contested. iv. The sector has been chastised for concerns such as late payments to sugarcane farmers, which can have a severe socioeconomic impact on these stakeholders. As a result, there has been an increasing emphasis on CSR in both industries, with stakeholders expecting corporations to address environmental and social problems and positively contribute to society's and the environment's well-being. These actions have an impact on their FP.

To fill a gap in previous research, the existing study examines the influence of CSR on FP. The study examines this link from two unique perspectives. The first position, known as the shareholder expenditure perspective, contends that CSR participation diverts resources away from the primary purpose of maximizing shareholder profits, potentially leading to a fall in FP (Cronqvist & Yu, 2017; Masulis and Reza, 2015). The stakeholder view, on the other hand, argues for CSR participation and predicts that it will improve FP (Servaes and Tamayo, 2013; Lins et al., 2017; Bae et al., 2018). Stakeholder theory also supports this argument. CSR creates a positive image of firms among stakeholders which ultimately enhances performance. Both opinions are valid, and actual data is needed to decide which position has greater clout in the local setting. Based on observations of 280 firm-year data from 2013 to 2022, our study finds that CSR participation has a favorable influence on FP. As a result, the stakeholder perspective that regards CSR participation as positive for improving FP is stronger. Furthermore, our data show that enterprises involved in international trade improve the relationship between CSR and FP. The current literature is added to this study in different ways. Firstly, it offers new realistic data on the possible relationship between CSR and FP, finding a strong positive association, indicating that successful CSR activities can reduce the chance of failure and improve FP. These findings also lend credence to the notion that CSR donations help organizations maintain their FP (Godfrey et al. 2009; Noor et al. 2020).

The next portion of the paper offers a theoretical assessment of the CSR paradigm as well as empirical arguments. The third component contains information on data and sample selection. In the fourth section, the empirical results are presented in greater depth. Finally, the last section analyses limits and concludes with both practical and theoretical implications.

2. Literature Review

2.1. Corporate Social Responsibility in Pakistan

CSR is most commonly linked to the Western world, which has well-defined standards and laws, mature capital markets, effective corporate governance procedures, and strong shareholder rights protection. In contrast, rising Asian nations, like Pakistan, confront substantial barriers to implementing CSR, such as insufficient legislation, concentrated ownership structures, and weak corporate governance frameworks. Despite substantial talks on CSR over the past many years, real implementation in Pakistan has seen modest development. There are a few firms that display ethical behavior by investing their earnings in social well-being through CSR projects, such as Pakistan State Oil, Shell, Unilever, and ICI. Two major elements are responsible for

Pakistan's current status of CSR. To begin with, the general public's lack of knowledge and education about their rights and obligations stymies development. Second, the lack of well-defined CSR legislation and regulations causes corporations to disregard CSR in strategic decision-making. In response, the Securities and Exchange Commission of Pakistan (SECP) has made efforts to address this issue by directing corporations to disclose a piece of information in their financial statements about 'donations' following the Corporations Ordinance 1984, Part III, E-1 of Schedule 4. SECP has also implemented the Employees Welfare Fund Ordinance (WWF) 1971, which requires businesses to participate in employee welfare programs and report on them in their annual reports. Furthermore, various regulatory bodies have introduced legislation aimed at promoting CSR practices in Pakistan, including the introduction of IAS 19 by ICAP, the Pakistan Environment Protection Act by the National Environment Quality Standard Board, the ACCA-WWF Pakistan Environment Reporting Awards by the Ministry of Environment, and SECP's General Order of 2009, which requires firms to disclose their CSR activities. Furthermore, in 2013, SECP released CSR Voluntary Guidelines to improve organizational accountability. CSR is steadily growing in Pakistan's corporate sector due to the joint efforts of the government, regulatory organizations, corporations, and academic experts. Nevertheless, developing a complete CSR framework within organizations remains a tough issue.

2.2. The Theoretical Approaches of Corporate Social Responsibility and Firm Performance

In previous studies several theories are used; however, we will focus on stakeholder theory because it is the most relevant to our study. To explain the relationship between CSR and FP, the firm's supply and demand theory, the social effect hypothesis, and the theory of contemporary corporate stakeholders may all be used (Noor et al. 2020).

The major societal duty of a corporation, according to Friedman's (1970) trade-off hypothesis, is to enhance its FP. According to this opinion, participation in CSR activities incurs additional costs that lower a company's profitability, putting it at a competitive disadvantage. As a result, CSR is adversely connected to FP (Moore, 2001). The stakeholder approach increases the link between CSR and FP by focusing on stakeholders (Barnett, 2007; Jones, 1995). Some stakeholders, such as shareholders, workers, and the government, have explicit claims on a company's resources, but others have implicit rights, such as customer, supplier, and employee expectations of supply continuity, timely delivery, workplace safety, and improving product quality. The price that stakeholders must pay for these claims is influenced by the company's standing, particularly its financial practices.

2.3. Review of Corporate Social Responsibility

Academics have discussed the topic of CSR for more than a century, yet a single, all-encompassing explanation of CSR has remained elusive (Jackson & Hawker, 2001). Companies must not only define CSR but also understand its contextual variations (Dahlsrud, 2008). CSR scholarship has changed throughout time to reflect the field's

multifaceted and dynamic character. Rather than aiming to build a broad CSR definition, it is more practical to develop context-specific, historical, practical, and philosophical definitions that match an organization's responsiveness and aims (van Marrewijk, 2003). It should be noted that if CSR expenditures are not related to economic goals, they may be a burden for businesses (Lin et al. 2009). Benabou and Tirole (2010) presented three perspectives on CSR: (i) Win-Win, which emphasizes long-term profit growth and societal benefits; (ii) Delegated philanthropy, which entails philanthropic efforts happening on behalf of stakeholders; and (iii) Insider-initiated corporate philanthropy, which involves supporting charities, institutions, and think tanks favored or chaired by top management.

The academic roots of CSR can be traced back to Sheldon's (1924) pioneering work, which broadly defined CSR as voluntary participation in environmental and social initiatives. Since then, a plethora of studies have investigated CSR from diverse perspectives. Dahlsrud (2008) studied CSR definitions extensively from 1980 to 2003, establishing five key dimensions: environmental, social, economic, stakeholder, and volunteer.

Furthermore, Ehsan et al. (2019) argued that CSR evaluation may be divided into two frequently used methods: the "reputation index" and the "multidimensional approach." The reputation index assesses corporations based on their social involvement, whereas the multidimensional method assesses companies based on content analysis, such as contributions, charity, worker welfare funds, and environmental research and development as revealed in documents such as annual reports.

Matten and Moon (2008) also distinguished between explicit and implicit CSR. Explicit CSR emphasizes a company's obligation to contribute to social well-being, whereas implicit CSR entails non-voluntary behaviors motivated by a reciprocal connection with the corporate environment. It is crucial to emphasize that CSR and firm sustainability are not the same thing. While CSR focuses on the interactions of people and organizations, sustainability focuses on the concept of agency (van Marrewijk, 2003). The most effective CSR practices prioritize measurable outcomes and regular progress monitoring (Porter & Kramer, 2006).

2.4. Corporate Social Responsibility and Firm Performance

According to stakeholders, CSR has positive external effects that improve an FP. Kempf and Osthoff (2007) discovered that investing in portfolios with a high CSR concentration resulted in abnormally high returns using the 'Carhart four-factor model,' which incorporates positive and negative filters. While the return on investment varies depending on the CSR method, CSR involvement often leads to significant stock returns and minimizes financial risk (Blasi et al., 2018).

However, some studies have shown a link between CSR and FP (Lin et al. 2019; Hirigoyen & Rehm, 2015; Makni et al. 2009; Hsiao et al. 2024) . The fundamental explanation for this negative correlation is that when firms participate in socially responsible activities, greater social expenditures may impede attempts to maximize profits. Nonetheless, proponents of CSR, such as Kempf and Osthoff (2007) , contend

that contrary to popular belief, socially responsible investment, which includes characteristics such as community participation, diversity, employee relations, human rights, and environmental responsibility, has no negative impact on performance. Furthermore, a firm's available cash resources and donations have a positive relationship, some scholars suggest that corporate philanthropy has little relevance to financial success (Nelling & Webb, 2009; Seifert et al. 2003; Ur-Rehman et al. 2024). Furthermore, Lougee and Wallace (2008) discovered that CSR investment has a positive impact on long-term profitability, with a circular causation pattern in which profitable organizations are more likely to engage in CSR efforts at first, and then see improved performance as a result of these investments. The disparity in this research might be related to discrepancies in selection bias, measurement techniques, or sample limits (Galant & Cadez, 2017). The link between CSR and FP is influenced by a variety of economic and institutional elements. This connection differs depending on the country, economic structure, and industry sector. In general, a company's commitment to CSR practices increases its FP. In Turkey, return on assets (ROA) and return on equity (ROE) have minimal impact on CSR. The relationship between CSR and net interest margin (NIM) is bidirectional, with larger NIMs possible to support CSR operations (Taskin, 2015). Wu and Shen (2013) observed that CSR showed a positive association with ROA, ROE, net interest income, and non-interest revenue on a global scale, but a negative correlation with non-performing loans. Notably, industrialized nations have a significant association between CSR and profitability due to robust investor protection and stakeholder focus (Belasri et al. 2020). This may not be true for emerging economies, which have different economic systems than industrialized ones (Blowfield & Frynas, 2005).

2.5. Problem Statement

Two school of thoughts exists about CSR. One is CSR is expenditure (Cronqvist & Yu, 2017; Masulis and Reza, 2015) and second is CSR creates a positive image of firms and enhances FP. For this Cement and Sugar sector is important because these industries emits a substantial amount of CO₂, which contributes to air pollution and climate change which effects on reputation of firms.

2.6. Research Objectives

On the basis prior studies research objectives of this study are following.

- 1) To investigate the impact of corporate social responsibility on Return on Assets in Cement and Sugar sector of Pakistan.
- 2) To check the impact of corporate social responsibility on return on equity especially in non-financial sector (cement and sugar industry) of Pakistan.
- 3) To check the impact of corporate social responsibility on earning per share Pakistani Cement and Sugar firms.

2.7. Research Hypotheses

On the basis of literature we formulated following hypotheses.

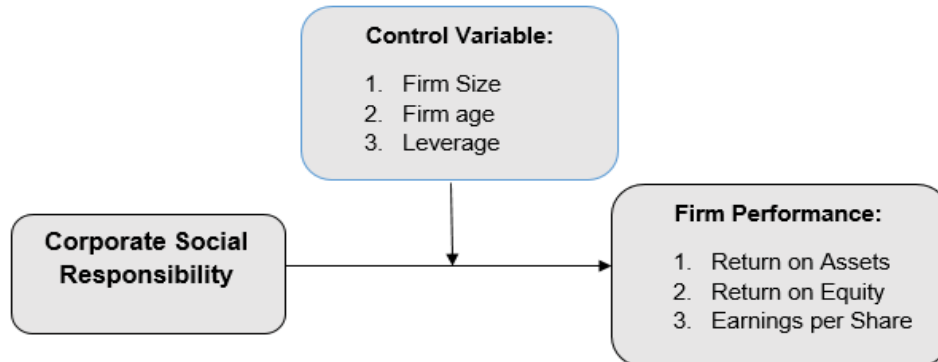
H1: Corporate Social Responsibility practices positively and significantly affect Return on Assets.

H2: Corporate Social Responsibility practices positively and significantly affect Return on Equity.

H3: Corporate Social Responsibility practices positively and significantly affect Earnings per Share.

2.8. Conceptual Framework

The conceptual framework of this study is given below.



3. Methodology

3.1. Research Design

According to Gujarati and Porter (2003) and Farooq et al. (2022), the current study employed a quantitative research technique, which is effective when both cross-sectional and longitudinal features of the issues under investigation are necessary.

3.2. Sample selection criteria

According to the selection criteria suggested by (Noor et al. 2020). The company must be in operation during the research period (2013-2022). During the research period, there were no mergers or acquisitions. For the whole period, all necessary data is provided. During the research time, there is no ongoing loss. Based on the above selection criteria, the last sample of the study consists of 28 enterprises from the cement and sugar industries. Data for the research variables were gathered from their respective websites, the SBP (State Bank of Pakistan) database, and the PSX.

3.3. Measurement of variables

Variables	Abbreviation	Measurement	References
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Corporate Social Responsibility	CSR	Total CSR expenditure divided by Earning after tax	Ehsan and Kaleem (2012), and Farooq et al. (2022)
Return on Assets	ROA	Net Income divided by Total Assets	Ali et al. (2022), Farooq et al. (2023)
Return on Equity	ROE	Net Income/Equity	Ali et al. (2022), Farooq et al. (2023)
Earnings per Share	EPS	Earnings available for shareholder divided by Outstanding Shares	Ali et al. (2022), Farooq et al. (2023)
Firm Size	FS	Total asset log	Akhtar et al. (2018)
Leverage	LEV	Long-term debt divided by Total assets	Mule & Mukras, (2015)
Firm Age	FAG	The age of the firm is measured by the number of years from its inception.	Farooq et al. (2022)

3.4. Econometric Model

The regression model adopted is used to explore the impact of CSR on FP.

$$ROA_{it} = \alpha_0 + \alpha_1(CSR_{it}) + \alpha_2(FS_{it}) + \alpha_3(FAG_{it}) + \alpha_4(LEV_{it}) + \epsilon_{it} \dots \dots \dots (1)$$

$$ROE_{it} = \alpha_0 + \alpha_1(CSR_{it}) + \alpha_2(FS_{it}) + \alpha_3(FAG_{it}) + \alpha_4(LEV_{it}) + \epsilon_{it} \dots \dots \dots (2)$$

$$EPS_{it} = \alpha_0 + \alpha_1(CSR_{it}) + \alpha_2(FS_{it}) + \alpha_3(FAG_{it}) + \alpha_4(LEV_{it}) + \epsilon_{it} \dots \dots \dots (3)$$

Whereas;

CSR_{it} = Corporate Social Responsibility for firm i for time t;

ROA_{it} = Return on Assets for firm i for time t

ROE_{it} = Return on Equity for firm i for time t

EPS_{it} = Earnings per Share for firm i for time t

FS_{it} = Size of firm for firm i for time t

LEV_{it} = Firm Leverage for firm i for time t

FAG_{it} = Firm average age i for time t

α_{0t} = Intercept for firm i for time t

ϵ_{it} = error term for firm i and for time t

4. Results

4.1 Descriptive Statistics

Table 4.1 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CSR Ratio	280	.094	.068	-.01	.194
ROA	280	.058	.062	-.027	.153
ROE	280	.142	.119	-.019	.307
EPS	280	7.045	14.935	-72.24	74.52
FS	280	6.959	.412	6.397	7.62
FAG	280	37.336	12.783	16	66
LEV	280	.56	.179	.261	.806

Table 4.1 covers all descriptive information for PSX-listed non-financial enterprises. The mean value of CSR is 0.094, with a standard deviation of 0.068. This variable's lowest value in this panel is -0.01, while its greatest value is 0.194. The mean of ROA is 0.058 and the standard deviation is 0.062. The lowest ROA value is -0.27, while the highest value is 0.53. The mean of ROE is 0.142, with a standard deviation of 0.119. The lowest ROE is -0.019, while the best is 307. The average EPS is 7.045, with a standard deviation of 14.935. -72.24 is the lowest EPS value, while 74.52 is the greatest. FS has an average value of 6.959 and a standard deviation of 0.412. The lowest possible FS value is 6.397, while the maximum possible value is 7.62. With a standard deviation of 12.783, the average FAG value is 37.336. FAG has a minimum of 16 and a maximum of 66. With a standard deviation of 0.179, the average LEV value is 0.56. LEV has a minimum value of 0.261 and a maximum value of 0.806.

4.2 Correlation Analysis

Table 4.2 Matrix of Correlations

Variables	CSR	ROA	ROE	EPS	FS	FAG	LEV
CSR	1.000						
ROA	0.299	1.000					
ROE	0.321	0.612	1.000				
EPS	0.338	0.479	0.496	1.000			

FS	0.122	0.375	0.170	0.270	1.000		
FAG	-0.026	-0.033	-0.008	-0.101	-0.162	1.000	
LEV	-0.272	-0.601	-0.360	-0.340	-0.347	0.056	1.000

The correlation matrix reveals both the direction and the strength of the relationship between two variables. Correlations between two variables can range between -1 and +1. A value of 0 implies that no relationship exists between the two variables. A value greater than zero shows a positive correlation, which means that when one variable increases, so does the other. A value less than 0 indicates a negative correlation, which suggests that an increase in one variable causes a decrease in the other. A score of +1 shows that the variables have a substantial positive relationship.

We used a Pearson correlation test in our study to analyze potential multicollinearity among the research variables, and the findings are shown in Table 4.2. These data show that there is no problem with multicollinearity because no correlation surpasses the 0.70 threshold. As a result, our inquiry is free of multicollinearity issues. Table 4.2 shows a positive relationship between the CSR and FP factors, which adds to overall FP.

4.3 Regression Result

Table 4.3 Regression Result

	ROA	ROE	EPS
CSR	0.171*** (0.038)	0.227** (0.094)	57.851*** (10.524)
FS	-0.0523* (0.019)	-0.090* (0.048)	-2.167 (5.420)
FAG	0.002** (0.001)	0.003* (0.002)	0.534** (0.248)
LEV	-0.149*** (.022)	-0.186*** (0.055)	-17.933*** (6.149)
Constant	0.403** (.117)	0.710** (0.288)	6.774 (32.264)
Model	Fixed effect	Fixed effect	Fixed effect
Obs.	280	280	280
R-squared	0.2751	0.0158	0.0456
No. of coid	28	28	28

In this study, the Hausman test is used to assess whether the statistical technique (random or fixed effect) is best for our panel data. The fixed effect model was chosen by the researchers due to all three equations' probability values are more than 0.05 (more than 5%). Previously, researchers used the Fixed Effect Model to examine data from panel data sets. In a fixed effect model, the intercept component changes by the company but is constant over time, thus the name temporal variation intercept. The coefficient of independent variables in a fixed effect model does not fluctuate as much over time (Dougherty, 2011; Klein et al., 2007), which has been promoted as a criterion for selecting a regression model with panel data.

Table 4.3 shows that CSR has a positive relationship with ROA. Other parameters, such as FS and LEV, as well as CSR, have a negative relationship with ROA. The table below shows that CSR and ROE have a positive relationship. CSR has a significant influence on EPS. Some of the study's conclusions are consistent with previous research, such as (Pinkowitz, Stulz et al. 2006), and also aligned with a viewpoint of stakeholder theory. Second, the environment in which the sample was collected might explain the disparity in results. Finally, most research has been performed in developed economies, but this study is being conducted in Pakistan, which is in the process of building its economy.

4.4. Summary of Hypotheses

Table 4.4 Hypotheses Summary

Sr. No.	Hypotheses	Findings
H1	<i>Corporate Social Responsibility practices positively and significantly affect Return on Assets.</i>	Accepted
H2	<i>Corporate Social Responsibility practices positively and significantly affect Return on Equity.</i>	Accepted
H3	<i>Corporate Social Responsibility practices positively and significantly affect Earnings per Share.</i>	Accepted

5. Conclusion

The motive of this research is to investigate the relationship between CSR and FP evidence from the cement and sugar industries in Pakistan. Panel data was extracted from the organizations' financial reports for examination. The success of Pakistani-listed non-financial cement and sugar companies is measured using ROA, ROE, and EPS. The study's control variables include LEV, FAG, and FS. Data from financial statements from 2013 to 2022 are utilized for study and stakeholder theory is incorporated. For data screening, several tests such as correlation analysis are used. CSR is favorably associated with ROA, ROE, EPS, and FS, according to a correlation study. On the other hand, CSR is adversely associated with FAG and LEV. Another variable ROA is positively related to ROE, EPS, and FS. Our findings are in line with previous researchers (Maqbool and Zameer 2017). The conclusions of this study for Pakistani enterprises are broadly similar to those of earlier studies in the setting of poor nations. As a result, the researcher's contribution is relevant to Pakistani enterprises in various economic circumstances. Surprisingly, this study provides adequate evidence in support of the hypotheses in the context of CSR Disclosure.

This study has some theoretical and practical implications. Theoretical implications are following and practical implications are given in next paragraph. In numerous ways,

this work will contribute to the burgeoning literature on CSR and FP. This research was carried out to fill a gap in the Pakistani environment. The study, which is focused on emerging countries, examines the relationship between CSR and FP in Pakistani firms, and it can be useful for further developing economies in related economic conditions. Li et al. (2015) assessed past studies in the context of established economies. Furthermore, (Ullah, et al. 2014) initiated a study on rapidly developing economies in the Chinese context. They discovered a significant association between various components of CSR and FP in their research; nevertheless, few studies have been undertaken in Pakistan, according to the researcher's knowledge. The research is now broad in scope to investigate the aforementioned link in the setting of a transition economy such as Pakistan. Similarly, the outcomes of our study show a substantial relationship between CSR and FP. Finally, this study addresses a gap in the literature on emerging nations, including Pakistan.

This study will undoubtedly assist managers in determining the optimal degree of CSR to enhance FP. More precisely, the research will propose a path ahead for non-financial business management in Pakistan by taking key components of CSR into account. CSR variables have a considerable positive relationship with FP. Stakeholder theory also supports this argument. It advises that policymakers and regulatory authorities take actions to improve corporations' CSR involvement because it increases the firm image among stakeholders. The findings also serve as a guideline for investors to consider when making an investment choice based on the CSR mechanism.

This research, like future studies, has limitations. This is a completely quantitative study; a mixed study might have been undertaken on the subject, but owing to time and budget constraints, it was not possible in our situation. According to the study, "it has relied solely on annual financial reports of firms as a source of information about their CSR activities, even though management can also disclose such details via other methods of mass communication such as newspapers, in-house magazines, and the internet." Further study may be conducted to assess a company's commitment to CSR through various communication channels. Second, due to data limitations, the sample examined was confined to just 28 Pakistani non-financial enterprises across ten years. Future studies should include these challenges and seek to create a platform for more extensive results gathered from other industrial industries. Furthermore, future research should look at corporations from other countries with economies similar to Pakistan's, notably those in South Asia, to obtain more solid results.

Several future recommendations are based on the study's findings and limitations. With a clear understanding of the study's limitations, the researcher suggests using an integrated strategy that blends quantitative and qualitative methodologies. This method can serve as a new paradigm for future academics interested in CSR and FP. Furthermore, this study opens up new opportunities for future researchers and policymakers in poor nations. It enables users to study the complicated relationship between CSR and FP at the company level by introducing additional variables and employing advanced research methods such as the Generalized Method of Moments (GMM). Furthermore, the study investigates several aspects of CSR and FP, shedding light on the impact of CSR, the influence of state ownership in enterprises, the prevalent

economic insecurity in developing nations, and the role of political instability in corporate FP. All of these are attractive research subjects for future scientists in this field.

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