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TECHNOLOGY, ISLAMABAD**



**Impact of Corporate Social
Responsibility Disclosure on Executive
Compensation Disclosure: Evidence
from Pakistan**

by

Faisal Waqar

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degree of Master of Science

in the

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To Allah Almighty who has created us as crown of creation and enable us to learn. This thesis is dedicated to my parents, my wife, brothers and friends who always appreciate me in every step and to my teachers who help me at all stages of study. This journey would not have been possible without your loving support and encouragement.



CERTIFICATE OF APPROVAL

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*“It is the supreme art Of the Teacher To awaken Joy
In creative Expression And Knowledge”*

-Albert Einstein

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Abstract

The purpose of this study is to explore whether socially responsible firms recognize the potential conflicts that come with higher levels of executive compensation or otherwise. The study has examined the relationship between corporate social responsibility disclosure and executive compensation disclosure of firm by using probit model based on 11 years data of non-financial sector companies of Pakistan for the period of 2005 to 2015, findings of the study indicate a positive and significant relationship between corporate social responsibility disclosure and executive compensation disclosure. Based on these findings, companies should be confident in executive compensation disclosure.

Keyword: Corporate Social Responsibility; Executive Compensation; Stakeholders theory; Agency theory; Contingency theory; Pakistan Stock Exchange.

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List of Abbreviations

EC	Executive Compensation
ECD	Executive Compensation Disclosure
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Disclosure
CSP	Corporate Social Performance
CEO	Chief Executive Officer
SIC	Stakeholder's Influence Capacity
ISCT	Integrative Social Contract Theory
LEV	Leverage
ROA	Return on Assets
FS	Firm Size
P/B	Price to Book Ratio
OC	Ownership Concentration
KSE	Karachi Stock Exchange
LSE	Lahore Stock Exchange
ISE	Islamabad Stock Exchange
PSX	Pakistan Stock Exchange
NYSE	New York Stock Exchange
AMEX	American Express
NASDAQ	National Association of Securities Dealers Automated Quotations

Chapter 1

Introduction

The main objective of this study is to analyze the link between Corporate Social Responsibility (CSR) disclosure and Executive Compensation (EC) disclosure. Financial reporting is the main source that provides information regarding organizational performance and activities to various stakeholders who don't have full access to internal information that most of the insider stakeholders have. Generally, firms with sound financial performance can make themselves different from those of poor performers with the help of financial reporting, which ultimately help investors in their investment decision.

CSR is one of the integral part of organizations overall plan to enhance its effectiveness. All organizations attract the attentions of its shareholders and all stakeholders through this activity. According to corporate governance literature, organizations should not only focus towards its shareholders interest and better financial results, firm must consider social practices for other stakeholders (Freeman, 1984). It is generally included in the business model of the firm by its own self-regulatory mechanism. Such responsibility of a business is called as morality of organization, citizenship and a responsible firm. While entering to business model of firm make a standard policy governing by some laws, national and international norms and ethical standards. In the modern era of globalization, firm ignoring this approach will have bad reputation to all of its stakeholders. This approach not only affects the general public but also have an impact on investors and shareholders of the firm.

CSR is a wider term having broader meaning and explanations. It is those responsibilities and actions of firm which are not obligatory by its governing laws perspective. According to Kotler and Lee (2004), this responsibility is the organizations commitment that utilizes its resources by its own discretionary practices rather than firm obligations by-law. Firm utilizes its resources for the social wellbeing and an environmental benefit, which does not involve firms direct interests. According to European Commission (2001), the concept is dilating upon socio-cultural concerns for the smooth running of firms activities.

CSR is basically the relationship between business and external environmental agents which includes practitioners, politicians and other stakeholders (Holder-Webb et al. 2009). Highlighting the benefits of CSRs incorporation in companys policies is to improve the goodwill, its integrity, accountability, increase in share price and the eliminants of stakeholders pressure (Butt et al. 2014), stemming from this, it can be said that practicing CSR may lead to willful action by the firm which is not imposed by law for the societal wellbeing. Such activities are the gross product of a firm.

CSR can also be used as a tool for influencing the minds and approaches of the stakeholders regarding the firms future status (DeMaCarty, 2009). According to this perspective, CSR can attract those managers who have a lay from career planning in their mind which not only flourish their own career but at the same time preserve the future of a firm practicing CSR. The CSR not only benefit the firm practicing this but at the same time it can benefit the environment especially the social environment, through this approach the organization automatically align its activities with its core business and policies (Porter and Kramer, 2006).

John and Senbet (1998) indicate that firms, which focus on all stakeholders can achieve more benefits in establishing relationships with its shareholders and thus faces low agency costs. Tirole (2001) propose that firm should give more focus on stakeholders than can generate better managerial decisions. These social responsibilities make a good reputation for the firm that builds a better relationship between organizations shareholders as well as other stakeholders. However, some shareholders feel that the firm on the expense of shareholders takes these social

responsibilities. This create agency problem for the firm. This study focuses to link such responsibilities with executive compensations, as it becomes an empirical question which is yet to be an area for further study.

In academic arena, this has sought much importance only for the purpose to enhance and highlight the relationship of executive compensations with firm performance (Tosi et al. 2000). Who made the most and are they worth it? was a popular maxim published in press which indicate that firm spending much on their HR must gain tremendously. The issue of structuring the CSR is a matter of great concern however, literature depict that there must be a strong association of CSR with the trend of stakeholders (Jensen and Meckling, 1976; Jensen and Murphy, 1990).

The financial incentive given to the employee computed by his basic pay, rewards and investment opportunities which is known as CEO compensation. Broad research has been conducted and the discussion on EC has got significantly more interestable during the 20th century. As indicated by Tosi & colleague (1989), EC and performance have been done during last century but the outcomes of these studies are disappointing (Cited by Miller; 1995). By using dissimilar methods, various writers have attempted to find out the elements of EC. The reliability of the sources used to get information by various studies, is also controversial and doubtful. Different contradictions happen because of various strategies utilized by different methods to discover relationship among different determinants of EC.

Numerous but complex determinants of EC have been found by researchers throughout the history. The components of EC moves around the financial components in academic debates. Due to the workplace variety, heterogeneity in authoritative levels, and growth opportunities, the operations of firm have got difficulty. Therefore, the executives ability to sustain in this energetic condition and the strength of his compensations has increased attention both in educational and non-educational concerns. Those companies adopt CSR may also bring transparency in their EC disclosure. This study attempts to investigate the link between CSR and EC.

In developing countries, there is a dearth of reliable, sophisticated and purpose oriented information system in corporate as well as in the public sectors. Information which pertains to a variety of subjects however, in this study, focus is made on executive compensation disclosure. The firms performance is being measured as per its size and sphere of influence which actually doesnt concern with stakeholders. The disclosure of such information which it is of utmost importance not only for the stakeholders but at the same time for the survival of the organization. There are multiple theories pertaining to the validity of sharing such information which includes stakeholders theory, agency theory and contingency theory.

In these countries, firms are being operated at a subsistence level. Aim from its commencement for the entire life spends in domestic horizon. The firms are grown horizontally with no plan for vertical or internationalization. The factors which hamper in its vertical evolution are most of the time linked with employees performance and firms tendency towards social or external environment. There is lack of research studies to dig out the causes of early demise of such firms. In this connection, scope, benefits of CSR and other externalities have been assessed to suggest and recommend this area for the up-left and wellbeing of organization and further studies to ensure and panel a road for future improvement.

In the last phase of introduction of CSR and executive compensation as well their disclosure, a short but brief explanation is stated as under.

Corporate Social Responsibility is based on the companys policies that give the benefits to their executives to bring some change in the market. From the last decade, companies were developing their corporate board to develop benefits allowances to give their executive a relief from their daily routine. Every corporate company should develop some social norms around their executives because it is their responsibility to provide its employees all the needs that they cant bear working with them. This is because they are not able to conduct their social lives responsibilities in their only source of income. A normal person who is holding a suitable amount from the corporate office cant be able to bear all the education and health expenses of their family. So, in short all the other companies that are

providing pay with benefits to their employees like health, education, transport and shelter have the huge graph of success that exceeding its limit day by day.

Because people in the middle class family trying to settle themselves for the rest of their lives. They are not in choice of leaving a job and try to move on. They just want to continuous source of income that would from a constant pathway and if they have some benefits with the pay then it would be a gold plated pay for them. There should be some kind of competition among the corporate companies so, they can compete with each other and provide benefits to their employees.

Those companies who dont provide benefits to their employees have always been a tough time with the executives because every time an executive sees some good opportunity to other place. They will choose to go there and make themselves comfortable for them and their families related to their future. Competition makes the companies to access some extra talented people from their executive to become the CEO of the company. Because when companies sets some kind of competition then the executives of that company work really hard they try to put their best for the best outcomes of the company. So that in this process they will flourish their ability and can grow to a larger scale area where they can work more and more to make their self-respect and self-value among the different corporate companies.

CSR disclosure is the disclosure in which the companies have to disclose their social responsibility in the eyes of all others. This disclosure can be in different manners but in this study, disclosure is to be described/explained from CSR items which are mentioned in the next discussion in the chapter but introduction of them is to disclose the CSR items as charitable donations and subscriptions, sponsorship and advertising, community programs, environmental policies, employee information, their relations with their welfare, education, training and development, profit sharing, managerial remuneration, workers health and safety, discouragement of child labor, products research and development, products quality and safety and focus on the customers needs and satisfaction.

Executive compensation or executive pay is comprised as the pay, allowances rewards, bonuses, stock, benefits according to the government laws and regulation which is receive by the employee or after retirement. These all things are comprise

of the executive compensation to the person. During the last three decades, the executive compensation increase the rate of the workers work for the betterment of their future and for their families. Because an executive doesnt have all possibilities by working in a place where he can get only pay for his work and do nothing. In which at some cases, their family members get any kind of emergency their whole saving gets destroyed at a single incident. So, companies that give compensation their employees have the highest rates of progress and prosperity among their executives which causes the executive to work for the betterment of the family.

In US three decades ago, this system is introduced which causes a huge change in the market. The executive which work whole heatedly for the company started working without any thinking for their families. That causes to increases the rate of jobs and more and more people are coming to this field of employment just because of their benefits. Even in Pakistan peoples priorities the Government jobs to apply because the employees of the government can get health, transport, education and after retirement a good amount of salary is given.

There are some areas where executive compensation should build up.

i) Executive Salary

Executive pay is the most important part of corporate governance and is often determined by the companys board of directors. In the modern expression, CEO and executives are given a short term incentive and bonus with their paid salary. Short term incentive is basically the formula driven incentives that were calculated by the amount of salary that the executive has taken.

Lets suppose just like a marketing company that gives its employees some chances in every 02 months that if any of the executive member made a sale of 2 lac then he will get a bonus on salary which is upto 2%, this 2% is actually the formula already derived by the company which makes its products a little high in price so that this 2% will adjust accordingly or the other hand this 2% is just a sacrifice that a company made to their executive to increase the rate of their sales as long

as the more products are sold the more company can get. It is just like a flowing river we can take a bucket from the river through which the water in the river never end but with a bucket can get our throats. Executive salaries with bonus increase the rate of production and also their workers work flawlessly.

ii) Executive Benefits

Let us tell an example of those companies which gives their workers health, education, transport and some other kind of benefits. If we compare 2 companies at the same scale, one company is offering a salary of Rs.25,000/- per month to its executive and nothing else. But on the other hand, the other company offers Rs.21,000/- with the allowances of health, transport and education then 95% of the people wants the job of Rs.21,000/- with all benefits.

It is because according to the mentality of the people. Every person wants safe side. People are not ready to work extra or too much hard for their own. They just want something extra Rs.25,000/- which is an attractive amount but Rs.21,000/- with all benefits is less attractive but have a safer side. Those who choose to work hard they have sense that any time if one of their family member got sick they cant afford the amount of expense of the betterment for the patient. Corporate companies should have a highly set-up board which handles are the beneficiary side for the executives. This is also a formula driven. They derive the formula that on average a persons salary is Rs.25,000/- if they offer a person Rs.21,000/- with benefits they will agreed in short if we look at the circumstances there were about an average of 200 to 300 executive working in a company if they cut an amount of Rs.4,000/- from every person then it will equal to Rs.12,000/- per month through which they can handle everything. It is just like a single person try to push a truck but he is not able to do that but 100 men all together try to push they can easily run the truck with a normal speed. Corporate companies that provide benefits to their executives have high rate of labor work.

iii) Annual Perks and Incentives

Annual perks and incentives are the facilities which an executive get on his work for the whole year. These perks were based on a calculated amount that a person wants to take loan/advance from the company can offer him that benefit and the company will get some kind of ownership to the next selected time of the salary of the executive. An amount is cut off from the salary of the executive every month till the completion of the loan. There should be some annual benefits and also should be some retirement benefits for the people who work for their companies really hard. This increase the rate of work and the executive will be happy.

In this connection, it is stated that if a company is paying a good pay with benefits like health allowance, conveyance allowance and risk allowance in some places of the companies to their employees then it is needed also to disclose their pay, benefits and allowances. From this, all other companies will increase the salaries and benefits to their employees which is a good sign and from this a company would go to a higher side and compete with other international companies.

iv) Overtime Pay

The pay which is exclusive of the employees monthly salary/pay which he earns. This pay is given to the employees after a month. When he works for the whole month late night after 8 working hours in the office and to work properly then he/she earns overtime pay in the result. Some of the companies give that benefit to the employee in a lump sum pay after some time in which they include from their own side also for the welfare of the employee/worker/executive. There are different scales to measure the overtime pay/benefit. There are the different methods from which the employee can check as he is working in the office or not if, he/she caught as no work in the office then he/she cant earn the money as overtime pay. In some companies when the employee didnt get his/her leaves in a year then a company gives benefits in the shape of money to the employee. So, in this result the perception is set as to be null and void that the companies didnt look after the employees and give benefits to them. It is also the duty of the workers to complete

their work in time if, there is no work in office and not to present in office after working hours in the case of completion of work before time.

v) Retirement Benefits

Retirement benefits are the benefits which are to be made after the retirement of the person who completed his/her 60 years of duty/job in the office. There are different retirement ages/periods in different services/organizations. Mostly organizations are of 60 year time period for the retirement but some of have 65 years time to retire from the service like judiciary. In Air Force and Army service there is no proper time period for the retirement, they count service as the retirement period but when the employee promote to the higher rank then his time period of the service increases. There is another schedule for the retirement which is the 25 years of service, some get retirement after 25 years of their service and do another business. So, this is another aside for the retirement after which he can also enjoy his life. Some of the employees didnt take retirement benefits due to their less documentation which they didnt set at the time of their service so it is important to get safe their documents for the retirement time. The accounting authority of the organization provides a last salary certificate after the retirement of an employee on which his/her pension may be calculated.

vi) Pensionary Benefits after Retirement

This benefit is be made after the retirement to an employee working in the organization especially in the Government sector. The person get the pension after his/her retirement when he/she clarifies his liabilities in an organization and then to process for the papers. This process is of one or two months in which he completed his papers including all the salary slips drawn by him and other documents which he belongs. After this whole process of documentation, he/she is capable to draw the pension from which he/she can spend his monthly expenses.

vii) Commission Pay

Commission pay is the pay which is given to the employee after the completion of a task/work given by the higher authority. It is also considered to be a commission paid to person after selling the goods or services to any other. It can be an initiative given by the organization to an employee for his/her productive work. It is given in addition to the salary or with salary to an employee working in the company.

viii) Merit Pay/Allowance

Merit pay or allowance is the allowance which is given to an employee after the addition of his work in an organization. It can be on service or on his/her higher qualification above to his/her appointments qualification. In some of the organizations, merit pay gives to the workers who work efficiently and effectively but in some places this is given to the employees who get higher education during their job in the same place. Sometimes this pay is a lump sum like an award to the person but sometimes it is a monthly incentive to the worker/employee of an organization.

ix) Benefits including Dental & Insurance Facilities and Rest and Recreation Leaves

There are other more benefits which the organizations give to the employees who work for them. These benefits including the dental in which it is the facility for the employee who have the problem of dental he/she can get advice from the doctor after checking him to avoid any untoward situation regarding his health. This is also very important because if an employee will not be sound healthy then he will not do his work in the office or a company in the good manner so, it will have taken much benefits for health issues. Next is the insurance policy which some organizations introduce for the safety of the person who is working for an organization. This policy is for every worker in an organization but especially for

the senior officers of which the organization take much burden for them. Another benefit for an employee which should be imperative for him/her to get that. This is rest and recreation leaves. These leaves given to an employee who want to take rest and go to some hilly area with his family. The main benefit for these leaves are that there is a salary which the organization gives them with their leaves so, a person gets rest with enjoying some places and after that he/she works in a better condition without any delay and worry. In addition, these are the different types/kinds of benefits enjoys by the employee from organization but all organizations didnt provide all these benefits to their employees. In the government organizations, these benefits are allowed to their workers for their good health and safety. It should be given to all employees in all the organizations for the sake of good and better working environment.

Executive compensation disclosure is the more important and basic phenomenon which the companies should do. If all the companies will give handsome salary to their employees then all the workers including executives, managers and the other staff could enjoy their work and spend their lives safe and calm. If there will be a benefit for employees then on the other side it will also beneficial for the companies. It is better for those companies who disclose compensation of their employees will increase their share value in the domestic market as well as profitable in the international level as international market pays a handsome amount in the short time to the company which also can be fruitful for the company, their staff and also for the country.

And from all these activities when companies disclose their executive's compensation there will be called as socially responsible companies and will include in the social responsible companies list which show in every organizations main portfolio/platform. From this, they can increase their business and go to the high and high level. Some companies are on domestic level who do their businesses in the same area or in the same country but some of the companies do their business internationally they get raw material and machinery from other countries and use in the same country and to produce other useful goods from that and sold it to the

same country and also to the foreign countries as their exports and from these activities they can help government to increase their taxes level and also to increase their countrys exports.

There are many sectors in the business line who perform their duties for the sake of countrys production as well as earning profits to sale that goods/materials to the other countries and get a good profit. Automobile, cement, chemical, oil and gas, pharmaceuticals, sugar and last but not the least textile sector who are performing their duties and earn good amount which is profitable for the employees who do their jobs there and also for beneficial for their shareholders who invest their money in the company.

So, in the end this discussion of socially responsible company can be useful if all the companies disclose their employees information of salaries and benefits to all others and to other companies which causes for the company as socially responsible in the eyes of all CEOs and other executives of the companies.

On the other hand, the shareholders of the company could have to pay a calculated amount to the people which are working hard to make his share goes-up. Shareholders share before giving to them must be divided into some kind of beneficiaries like some of the percent amount of the share of stakeholders should go to the related staff which are working in that area for them. Shareholders are the persons in corporate companies that are just inventing their money and not do a hard work for the company so at the end they get a huge amount of money in terms of profit and pay nothing to the executives of the company. They must have to pay equal amount to the compensation board for the benefits of the employees. In this way, a company can progress and it could last for a long time. If company will be no longer in the market then there will be nothing for the stakeholders. To keep everything, there should be some balance.

1.1 Theoretical Background

Dorfman and Steiner (1954) emphasizes for its inclination in firms policies for enhancing its values. Highlighting further, CSR is like an advertising tool and

increases the sensitivity of firm. Walton (1967) endorses the same that CSR is related to the firm high positive reputations for long time. In 1980s, CSR became core practice of firms for better performance of its business so, CSR is the main practice for improved presentation in every time. Majority of the scholars are of the view regarding its positive impact on firms performance. Firm importance is of positive impact regarding by numerous scholars. However, many statistical findings are in contradiction to these studies and give a mix of views regarding its social financial performance. In the result, a lot of numerical conclusions are in disagreement to these studies and provide a combination of views on the subject of its social monetary performance.

Vance (1975) discovered the positive impact of CSR on organizations performance. The study argues that less social responsible firm keeps themselves in economical disadvantages. It also tells us about social responsible companies keep themselves in economic difficulties. It can provide profitable contact to human resources (Cochran and Wood, 1984). Low financial performance and the lack of making customer value by the firm is highly linked with such responsibility (Aupperle, Carroll & Hatfield, 1985). They further stated that productive performance and the shortage of building customer value by the firm is highly attached with such a good responsibility.

According to the study of Ullmann (1985), the cost on this activity spending by the firm can give economic advantages to the firm. Financial performance can also be raised-up by CSR (Milgrom and Roberts, 1986). It is the social and welfare practices of the firm that can achieve advantages in firm economic growth (Navarro, 1988). For better products and services in the customers views, firm may adopt this responsibility (Moskowitz, 1972). The study further suggests that retaining and attracting high quality employees requires social responsibility for the firm. From the viewpoint of stakeholder theory, through this approach firms can establish ties with different stakeholders and reduces the adverse regularity and fiscal actions (Freeman, 1984). The study argues that it can multiply outsourcing of a company. The argument presents by Berman et al. (1999) that firm can

generate finance from socially cognitive investors. The investors are interested to invest in the firm, which are involves in social welfare for the society.

From the summary of above studies, proponents believe that CSR perspective is practiced for the firms better performance and growth in the long run. Firm social practices have a positive impact on both financial and managerial performances (Lelwala, 2015). According to Saeidi et al. (2015), CSR is confidently linked with firm financial performance, reputation and competitive advantages. Whereas, opponents argue that this is not linked with firm economical or financial profitable roles. The financial performance and social practices of the firm is an unambiguous issue to be defined clearly (Cheng et al. 2014). So, we can say that financial performance and social practices of the firm is an explicit matter. The social performance and firm value depends upon certain conditions. If the firms reputation is not good then this can't achieve the desired value for the firm (Servaes and Tamayo, 2013).

There is a hot debate on the internationalization of executive compensation and its determinants now a days. Some are of the view that the determination of huge executive package is multifaceted which includes internationalization, diversification and collapse of other competitors. Some are of the view that there exist fake indication of such matter.

Frye et al. (2006) has investigated the executive compensation package of socially responsible firm. The link between executive compensation and societal presentation of firm is still remaining an unsolved issue (Orlitzky et al. 2003). The discretionary disclosures by the firm in these social responsibilities are not explained by the literature. Basic aim of the study is to explore the CSR and EC disclosure in Pakistan. Other than theoretical arguments, there are no or very less empirical evidences in support of cost of capital and its disclosures (Botosan, 1997).The managers use discretionary disclosure actions for the purpose to show that firm is highly promoting ethical and social values (Gelb & Strawser, 2001).

Studies suggest that firm with high discretionary disclosure will give high precision in its financial and non-financial disclosures. The study will focus on how

executive financial disclosure affects shareholders interests. There exists an optimistic relationship among CSR and EC disclosures of firm (Ben-Amar, Smaili and Mandzila, 2014). Stakeholders play a vital role in the compensation packages of firms executive and hence, limit the role of managers (ibid). Miles & Miles (2013) stated with empirical evidence that there is low level of executive compensations in socially responsible firms.

The study recommends that there exist a positive correlation between financial performance and social responsibilities. Ben-Amar and Zeghal (2011) finds that information about EC packages are related to the management. The executive compensation is positively linked with stakeholders interests. These compensations may indirectly affect the effectiveness of firm performance and corporate governance mechanism (Core, Holthausen and Larcker, 1999).

1.1.1 Supporting Theories

CSR Business and Ethical Approaches

According to Parsons (1961), CSR can be categorized into four approaches. These approaches are instrumental, political, integrative and ethical. Garriga & Mele (2004) also explain this business framework in these four approaches. Instrumental approaches assume that business is an instrument for wealth creation so, its social responsibility is to create wealth. So, only those social responsibilities will be accepted if it is related to increasing wealth of shareholders. Friedman (1970) is of the view that maximizing wealth in lines with ethical customs of the country is the only responsibility of a business. For the sake of profit and maximizing shareholders value, firms can invest some adequate level of investment in social practices (Mitchell et al., 1997; Odgen and Watson, 1999).

The second approach is political approach that emphasizes the relationship of business and society in the political arena with power. Davis (1960) firstly introduces the role of power for the organization and its impact on society. Additionally, he further suggests that corporation must use power responsibility as a social institution. The third approach is integrating approach, which states that firm has to

integrate social demands for its growth and sustainability. Therefore, organization depends on society for its own growth (Garriga & Mele, 2004).

According to Donaldson (1982), there is a strong tie between organization and society for the welfare of the society. Further, he argued that there is a strong attachment linking the organization and society for the wellbeing. A social contract exists between business and society. Later on, Donaldson and Dunfee (1994, 1999) further improved this approach Integrative Social Contract Theory (ISCT), which emphasizes on social and cultural aspects of firm. Ethical approach, the 4th one elaborates that relationship between business and society is dependent on ethical values. According to this, organization should adopt social practices by considering its ethical obligations. The principal of this approach is to do right things that benefit society. This approach has three pillars including stakeholders normative interest, universal rights as a base of CSR (Cassel, 2001), and the common good approach (Mahon and McGowan, 1991; Velasquez, 1992).

1.1.1.1 Stakeholders Theory

There are different theories explaining the structure of CSR. The shareholders theory highlight that organizations are not only restricted to the satisfaction of shareholders but it must meet the demands of the stakeholders who bears the losses and who stands for the benefits of the firms. The stakeholders may be workers, members of the society and others etc. (Freeman and Velamuri, 2006). Further, elaborating the stakeholders it also include employees, people, society etc.

The concept of stakeholders approach was defined by Ian Mitroff in 1983 for the first time by addressing the organizational management towards business ethics. Later on, Freeman (1983) defined the stakeholders approach in his book 'strategic management' titled "A stakeholder approach". He explains that firm should also work for the interest of group of stakeholders. Freeman (1983) expresses that stakeholders take account of customers, suppliers, investors, society and employees. The study suggests that firm should look into the interest of the stakeholders.

According to stakeholder theory, firm should serve social activities for the stakeholders and should not only focus on shareholders interest (Freeman, 1984). This will benefit the firm in its financial performance. The theory is based on the view that organizations are directly or indirectly linked to various groups (stakeholders) so, firm should not neglect these stakeholders.

Stakeholder theory is focusing the interest of stakeholders and organization, that organization also work for the interest of the stakeholders rather than for shareholders, but how will the company balance the interest of shareholders and stakeholders? Are some stakeholders taking priority over shareholders? (Greenwood, 2001). In this regard, stakeholders theory is basically focusing the concentration of stakeholders and organization, that organization also taking efforts for the concern of the stakeholders more willingly than the shareholders, (Greenwood, 2001). Hemphill (1997) states that CSR is an axiom and not mandatory for all organization hence, CSR is a maxim but not obligatory for all organizations and vice versa. Firm executives and managers will take these responsibilities according to their own interest and thus conflict may arise. Stakeholder's theory emphasizes that the organization's sustainability and survival depends on the ability of an organization to gain good image, performance, value or satisfaction for its main stakeholders, although these are not in the total interest of shareholders (Kakabadse, Rozuel, & Lee-Davies, 2005). It also emphasize that the organization's sustainability and continued existence depends on the capability of an organization to achieve good image and performance for its main stakeholders. In this regard, financially responsible firm should disclose the transparency of executive compensation packages to limit the managers.

1.1.1.2 Agency Theory

According to Friedman (1970), agency theory emphasize on agents decision. The agents may not be the investors, they may be the managers. Criticizing this, it is self-presumed that when the agents perform the role of owners, he/she might misuse the authority. However, in rebuttal, it is retaliated that financial and societal scope of a firm is interdependent. When safety of the product is highlighted

it is duly important both for the organization as well as for the society (Carroll, 1979).

In the perspective of stakeholders theory, there is no need to introduce separate CSR actions as in such like situation the organization works for the benefits of the stakeholders including community, workers and other members of the society and not for its agents while in agency theory, only the agents are of the part in the interest of firm and they then squeeze the horizon of the organization.

The agents represent the principal in a specific business transaction and are required to represent to the best advantages of the principal without regard for self-respect. While adopting CSR, due to conflicting interests of principals and agents may cause several problems in company. Incompatible needs may cause a hold between stakeholders and create in-efficiencies and financial losses (Akisik and Gal, 2014).

The problem between the principal and agent arises when the interests of a principal and agent are conflicting. Conflicts exhibit normally ethical individuals with opportunities for the damage of self-esteem (Mahar and Rahat, 2007). The main challenge of agency relationships is unifying of two distinct sets of individual objectives. Lebrano (2010) states that information be shared freely and openly between the two parties so agents are always come across with principals' priorities and principals are always aware of their agents' decisions and actions.

Many studies explain the conflicts of agency cost with CSR in opponent views. Cheng et al. (2014) propose that managers give priority to these activities for their personal interest rather than shareholders or companys interest. It is recommended by many theories that managers should give importance for their personal interest rather than shareholders interest and this recommendation should be fulfilled for the betterment and improvement for any organization. Social actions are taken sometimes personally by the organization which has no advantages for its shareholders (Jiraporn and Chintrakarn, 2013; Borghesi, Houston & Naranjo, 2014). This is hot debate by many organizations that social actions should be taken personally by the managers and executives even if they have no advantage. For earning personal reputation and individual publicity managers tend towards

such responsibility (Barnea and Rubin, 2010). Many inefficient managers do this approach for their job security to please all stakeholders (Cespa and Cestone, 2007). There are too many arguments of scholars that discuss the effect of CSR on financial performance.

1.1.1.3 Contingency Theory

Contingency theory is an organizational theory that claims there is no most ideal approach to arrange a partnership, to lead an organization or to decide. Rather, the ideal game plan is dependent upon the inner and outer circumstance. A manager viably applies his own style of administration to the correct circumstance.

Generally, this theory has tried to figure wide speculations about the formal structures that are ordinarily connected with or best fit the utilization of various innovations. Joan Woodward (1958) argued that technologies straightforwardly decide in such hierarchical qualities as span of control, domination of power and the formalization of rules and strategies. Some essential classes of business that can help from contingency theory include:

1. Government
2. Technology
3. Suppliers and Distributors
4. Customers and competitors
5. Consumer interest groups

1.2 Problem Statement

Frequent studies have been conducted on CSR and its association with EC. In developing countries like Pakistan, there is limited literature which documents the association between CSR and EC. The implication of social responsibility is given less significance in developing countries.

Disclosure of executive compensation play important role to build the trust of stakeholder on moral firms (Friedman, 1970). Ben-Amar and Zeghal (2011) finds that information about EC packages are related to the management. These compensations may indirectly affect the effectiveness of firm performance and corporate governance mechanism (Core, Holthausen and Larcker, 1999). For this reason, the present study aims to find whether managers disclose executive compensations packages of social responsible or not, and how does it affect shareholders interests.

1.3 Research Question

The study aims to answer the following question:

- Does a relationship exist between Corporate Social Responsibility disclosure and Executive Compensation disclosure in Pakistan?

1.4 Research Objective

The main objective of the study is to investigate the impact of Corporate Social Responsibility disclosure on Executive Compensation disclosure in Pakistan.

1.5 Significance of the Study

The major purpose of this study is to know whether organizations engaging in CSR activities in their financial statement. This study focused on the above stated observable fact for non-financial sector of Pakistan. This study will help the management in finalization of EC decision making process. The findings of this study will help non-financial sector to have an optimistic approach towards CSR and facilitate the policy makers to link the social conduct of non-financial sector companies with other aspects of their financial performance including honest reporting.

1.6 Organization of the Study

Chapter-1 comprises Introduction of the entire study. Chapter-2 is about Literature Review duly based on empirical findings while Methodology reflecting the methods used for conducting this research is the part of Chapter-3. Chapter-4 is about Results while Chapter-5 describes Conclusion and Discussion, Limitation and Future Recommendation of the study and the way forward.

Chapter 2

Review of Literature

2.1 Introduction

The Stakeholder proposed that the firm must serve stakeholders interest. CSR firms should take care in addition to welfare of their customers, employees, operating communities and other stakeholders (non-shareholders). CSR firms investment presents reliable financial report because they have all the access of the firms assets such as skilled workers, good promotion strategy for products of the firm and social authority with local societies. According to Cheng et al. (2013), the literature explored the affiliation between economic and social performance which are based on various evidences.

There are individuals who still raise worries for limiting executive pay, contending with low pay. All these debates are based on the free market and private market with contingent evidences. There is slight affirmation that connects firm execution with executive pay rates on any solid root and there is no questionable proof from different fields that extensive contracts may remunerate past exercises as much as constrain future execution (Block et al. 2006). However, its clear that where once firms, for example, Ben and Jerry's and Entire Sustenance Markets anomalies in attempting to constrain CEO compensation, more attention is being paid around analyzing what executives are creating, regardless of whether it is attached to firm execution with some top point on executive remuneration. This the reason

from which problem occurs in the organizations and some people take handsome salary and also enjoying their job but some of them get low level of pay and works in a bulk quantity. It is more viewed and clarified that some firms in trying to constrain CEO compensation and have more attention to examine what executives are creating on the whole.

2.2 Executive Compensation

Academic and business researchers emphasized on the executive compensation. Basic focus is to discover the relationship between firm performance and executive pay. The idea about the firms, who pays much to their executives, received a significant return in profits. In literature, there are different academic terms used on the same notion. Many researchers connected it with agency theory prospective and explore that how executive compensation structure in the interest of those executive who are also the stakeholder and firm owners (Jensen and Meckling, 1976). Association of executive compensation is in the interest of executives who are owners as well as stakeholders.

It is also said that the executives who earn a large amount of salaries, have more concern about their salaries than the firms growth and make decisions to improve their wealth rather firms interest. In this view, those managers who get high salaries from their organization, they have more and more interest on their salaries but their interest should be on hardworking and for their company. On the whole, however, these researchers have not covered any clear connection among administrative pay and firm performance (Hallock et al. 2010) which is, expanded executive pay, regardless of whether for the CEO alone or for the best administration all in all, is not connected with expanded firm execution (O'Reilly and Main, 2010). But the problem is that managers or executives have not linked with pay and performance, which results that the organization did not reach on the boom condition and placed down in domestic level rather it should be in international

level. This is by all cases the case whether the remuneration is immediate or dependent upon execution (Coombs and Skill, 2003). According to this, collection of option clarifications has been investigated.

Some executives have given interest on what the characteristics are called by the position, like the amount of management preference, afforded the executives, the risk level and novelty of the executives assume, and the information processing demands faced by the executives (Henderson and Fredrickson, 1996; Balkin et al. 2001; Finkelstein and Boyd, 1998). This position has some serious concern in some of the executives point of view, which includes risk level, innovation and the specific information. On the other side, some studies have explored without job connected causes as the public relationships between the chief executive officers and board members, and the board members excitement to compare their executive compensation pay with the pay of other executives (Belliveau et al. 1996). Due to this, all the executives and managers use to check other members pay and do not do work of their own responsibility in the organizations.

Some are of the view that CSR is an international approach and it has a significant relationship with internationalization of business which recommends the expansion of business from domestic to international level. This might include increase in size and operation which may directly fluctuate the EC (Finkelstein & Hambrick, 1989). Some are of the view that the managerial labor market affects the supply and demand for the managers in an organization.

There is also exist another approach to CSR which is called contingency approach. This approach actually highlighting that with the increase in EC it develops a size of ownership which automatically determine in CEO compensation (Sander and Carpenter, 1998). It is also assumed that more will be size and operation of the organization it is elevated from domestic to international level which automatically enhance the EC (Finkelstein & Hambrick, 1989). Such compensation is also linked with the nature of industry, the more dynamic are the industry the more will be the demand and requirement for Research and Development that will warrant more strategic for development (Balkin et al. 2000). Similarly, the more diversified

the organization there much lucrative will be the package of the CEO (Napier & Smith, 1987; Kerr, 1985).

2.3 Corporate Social Performance and Executive Compensation

Corporate Social performance (CSP) is utilized to indicate an extensive range of corporate movement, going from a particular to a more extensive firm of making the best choice (Griffin and Mahon, 1997). Its clearly define, that a portion of the development for limitations on administrative pay depends on theoretical "make the best decision" grounds (Rowlingson and Connor, 2010). The individuals feel that there is something one-sided about administrators earning, particularly when laborers are being out of a job. A current report from a Christian venture stated, for not putting resources into firms where laborer executive pay proportions were low. Higginson and Clough (2010) and Anderson et al. (2010) stated that in 50 firms which laid off the majority extreme specialists in 2009, normal CEO pay was fundamentally high than in the Fortune 500 overall. However, the researcher did a great comparison of executives pay in which executive is getting a huge amount in respect of his pay but at the other side small laborer/worker get a minimum amount of his pay.

Generally, CSP is used to emphasis on firm's activities that have an optimistic impact on community. The reason about EC discussion proposes that there is direct negative effect of extreme executive compensation actually on both society and companies. As a firm awareness, it has been stated that shareholders wealth can be affected by paying high levels of EC. Moreover, high levels of executive salary may result in doubtful workers and fewer motivated staff. Resultantly, shareholders wealth will be affected by paying high levels of EC but the same level some of the staff will be non-interested with his work.

There are also some more evidences to propose that more amounts of executive pay results in a low evaluation of income, because of different taxes that enable

organizations to discount a greater amount of the pay than has been arranged (Anderson et al. 2008). Due to high taxes, some people are of thinking that if they are earning high salaries but facing problem of income level. By the past statements, it is sensible to consider whether there is a connection between a CSR and firms executive remuneration. The wide research on executive pay, be that as it may, has tended to concentrate on particular parts of pay or the expansive morals of enhanced pay and not on the connection between CSR and pay. Other work has started investigative, the connection between specific organization acts, for example, ecological practices, and executive remuneration (Coombs and Gilley, 2005). Researchers have analyzed the common morals of executive pay and remarked on the different practices and strategies to ownership executive pay under wraps (Perez, 2003). Some additional tasks have been proposed to investigate the connection between detailed organization acts and executive's salary.

The immediate connection between CSR and executive pay remains understudied. Is there exists a connection between an organization's level of executive pay and its level of CSR? While the enormous bulk of the work referred to already contends, in a roundabout way if, not transparently, that high pay isn't in accordance with a socially dependable logic, figuring out where pay winds up plainly extreme is dangerous. This would recommend that pay might really rise as an organization is all the more publicly responsible. Interfacing increased pay to improving social execution in this way, however, depends on a conventional financial observe that utilizations cash as the essential quantify of achievement. Current work at the juncture of psychology and financial aspects, but raises doubt about such a view. At this stage, it is difficult to explain the purpose of financial benefits of the executives i.e. cash, money or in other meanings pay. An undeniably broad research stream has been analyzing what can comprehensively be seen as the association amongst cash and satisfaction; with in any event some of this research concentrating on the capacity of cash to inspire and drive conducts (Srivastava et al. 2001). In addition, investigation has been analyzing about satisfaction with the cash/amount.

While seeing executive pay completely, the circumstances for CSR organizations

impose limiting consumptions on executive pay. Organizations that stress CSR are probably going to recognize and perceive the discouraging capability of incredible loop holes between workers pay and executive pay that has been featured by Anderson and Bateman (1997). Further, they are probably going to be occupied with sharing made by the organization with all partners, not simply upper administration (Freeman, 1984). It is further argued that sharing of executive compensation should be made by all the partners not by just higher executives alone. It would incorporate the more extensive society, regardless of whether through vast measures of assessments or through corporate pay, both of which might be conceivable in light of bigger income. Firms that demonstrate more prominent CSR utilizes comparatively less cash on executive pay. Where precisely such diminished expenses will show, be that as it may, isn't clear. The executives pay generally underscored. Diminishing executive compensation, particularly in financial test, allows an organization to put forth a solid expression of sense of duty regarding the greater part of its partners.

Some have linked CSR with the general perception of public regarding value of the product of the firm and this perception leads to the growth of the firm and not the CSR (Bernile and Jarrell, 2009; Bizjak et al. 2009; Narayanan and Seyhun, 2008). There is conventional economic view regarding linkages of executive compensation with social performance which highlights that money is the proper measure of success and happiness. There has been established a close relationship of money with happiness and when the excitement in getting money will high, he will be happy and force more on the firms affairs and thus will grow the organization from domestic to international level (Srivastava et al. 2001). From these, it emerges that with the increase in income level there occurs decrease in the money value (McBride, 2010; Frijters et al. 2004; Frey and Stutzer, 2002).

This study is built on ethical theories which propose that it is an ethical obligation of a company to its all stakeholders. Consequently, this study suggests that it is a principle responsibility of a company to share information to all of its stakeholders. CSR companies have an incentive to be completely forthright, reliable and moral based in their business procedures, and in this way have a tendency

to hold fast to a high standard of conduct (Kim et al. 2012). Reliable with the moral commitment of CSR companies, a negative relationship between CSR enterprises and tax saving actions exists (Hoi et al. 2013). There are more chances of agency problem disclosure when executives personal benefits, like salary, are at stake (Nagar, et al. 2003). CSR companies are likely to low in management of income either through optional accruals or authentic operational activities than non-CSR companies (Kim et al. 2012). Stakeholders may assume that managers and company's high ethical values can affect the choices and disclosure practices of CSR firms.

The emphasis on a broad set of stakeholders by CEOs of CSR companies results in compensation contracts that differs from those of CEOs at non-CSR firms. Al-binger and Freeman (2000) found that CSR companies could attract extremely expert employees than non-CSR companies. CSR executives are received high level of compensation to retain the highly skilled employees than other executives of non-CSR companies. Executives are acknowledged far above the ground level of compensation to retain the highly accomplished employees than other executives of non-CSR companies. Though, CSR companies may have superior employees practices, executives may be eager with a low compensation for work for a company that values employees. Cai et al. (2011) stated that the executives receives low compensation because of high moral standard as compare to non-CSR companies to reduce the agency problems with other stakeholders and also avoid any concerns about assets sharing between the company and its stakeholders in CSR companies. There is a difference in overall level of comparison between CSR and non-CSR companies. In this regard, it is pertinent to mention that showing of social responsibility is very important for the CSR companies to retain a low difference between CSR and non-CSR companies.

For example, CSR companies may like to grant huge cash bonuses and perks and privileges, or more likely to encourage stock ownership through limited stock grants than non-SR firms. Cai et al. (2011) stated that an inverse relationship between the adoption of CEO compensation levels and socially responsible practices. It is

contended with the findings which are being in conflict resolution hypothesis of CSR(Cai et al. 2011).

Constructed on the companys ethical responsibility, Gelb & Strawser (2006) stated that increased disclosure is a sort of social meticulous behavior. Their results explain that CSR companies are linked to more wide economic disclosure than other non-CSR companies. Some are of the clear results explain that CSR companies are connected to show disclosure than the non-CSR companies. Dawkins & Fraas (2013) stated that CSR impacts disclosure presentation in the final report. Basically there are two types of research, studies of the association between financial performance and CSR. 1st type of studies uses the event study technique to measure the short run economic influence when companies involve in CSR or irresponsible acts (Wright & Ferris, 1997). Firms disclosure performs will replicate its responsibility to its stakeholders argued by (Gelb & Strawser, 2001).

CSR is also defined by Van Marrewijk (2003) that this terminology is something that happens but is different to everyone. Thus, it is a terminology that is used differently by different company or individual. Definition of CSR is that this expression is something that happens but is dissimilar to every person. Davis and Blomstrom first used the term CSR in 1966. They define CSR in terms of the responsibility that a business must be needed to adopt which society desires to be satisfied. The researchers have given the interpretation of social responsibility in reference to the individual while this concept holds true for the firm in the same sense. In addition, these researchers have additionally pointed out about the fact that firm also want to think in regard to the viable consequences as their movements may want to deliver over the social law while thinking about social responsibility.

Panapaan et al. (2003) stated the idea of CSR by describing it to do the business ethically and addressing all the concerns of stakeholders with a view to bring sustainability in the business. In their research, they have provided the link of an investigation, Environics International (1999) where it is applied that main reason behind the successful firms because of their focus on CSR. Marrewijk (2003) argued about the idea of corporate sustainability and CSR as the essential portion

of it. Sarbutts (2003) suggested to invest in CSR operations that contract with humans like providing of equal opportunities of employment, gender inequality etc. are more likely to result in increased economic performance rather than just getting involved in charitable deeds. McGuire et al. (1988) argued that there may be due to difference in the procedures used for calculating CSR and economic performance. In past research literature, there are indications to the mixed results in the examination of association between CSR and financial performance.

The understanding as companies' consent after disclosing information relates to their performance is widespread however, the direction on the association is now not clear. A positive association of disclosure and company overall performance is also implied by theoretical models by using voluntary disclosure is the rear concerning destructive selection. In the models, disclosure is unrelated to firm performance because companies pre-commit after a disclosure policy.

The empirical evidence of the association among company overall performance and disclosure is mixed. As now, we already know that experimental proof of the connection among corporations performance. Some research on management salary forecasts [(e.g., Patell (1976), Penman (1980))] suggests that corporations tend according to disclose greater repeatedly now they are experiencing fair income consequences and as profits forecasts are, about average, related along fine returns. Taken as much a whole, the consequences out of theoretical and experimental research advocate appearance could keep increasing, constant, and then even decreasing in firm performance. Further, the relation may additionally differ throughout type of disclosure, specifically together with respect to the legal cost motivation, due to the fact certain kinds on disclosure (or non-disclosure) may additionally grant a more geared up foundation because system suits than others.

Freeman (1984) advanced the idea as close attention to stakeholder interests is imperative to company success. In addition, he developed the suggestion for the stakeholders benefit for the accomplishment of business. These efforts have evaluated the narrative regarding conflicting stakeholder theories (Berman et al., 1999; Ogden then Watson, 1999), investigated the influence regarding company characteristics about company social overall performance (Logsdon and Yuthas, 1997;

Johnson and Greening, 1999), then recognized the stakeholder organizations as corporations discriminate as almost significant (Mitchell et al. 1997; Agle et al. 1999). In this view, management has to succeed actions as are optimal because of a broad class of stakeholders instead as serve only to maximize shareholder interests. Donaldson then Preston (1995) charged the stakeholder administration paradigm through categorizing stakeholder theories in conformity with three groups: normative, descriptive/empirical yet instrumental.

Researchers have explored the relationship among several types of CSR. Negative, mixed (Hillman and Keim, 2001) and implicated (Patten, 1991) relationships have been found by researchers. Many have found a positive relationship (Orlitzky, Schmidt and Rynes, 2003). Expanding on the foreword of instrumental partner theory that the advantages to firms from CSR come through enhanced partner relations (Jones, 1995), Barnett (2007: 803) built up the idea of stakeholder influence capacity (SIC), which he characterized as the capacity of a firm to recognize, follow up on, and profit from chances to develop partner connections through CSR. This drove Barnett (2007: 794) to infer that after over thirty years of research, we can't plainly close whether a one-dollar interest in social activities returns pretty much than one dollar in advantage to the investor. Barnett (2007) hypothesized that difference in budgetary comes back to social duty is owing to fluctuation in firm abilities.

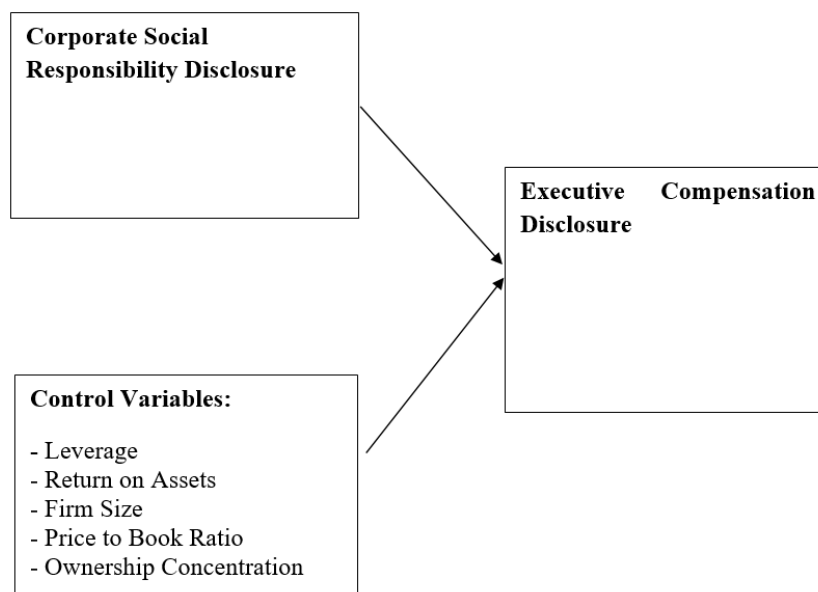
In this study, the symbol of the association between CSR and financial performance is tested. The image may recommend any of these negative, unbiased or positive linkages. The contention for a negative affiliation trails the normal of those, for example, Friedman (1970) and other researchers financial experts. Socially careful organizations have a limitation (Aupperle et al. 1985), because firms acquire costs that fall straightforwardly upon the main issue and decreases benefits, while people and the legislature maintain this expense a strategic distance from. On the contrary, numerous experimental outcomes cover no critical connection amongst CSR and budgetary execution. As indicated by this line of reasoning (Ullman, 1985), there are huge number of factors that mediate between the two that a relationship can't be depended upon to exist somewhere. Socially dependable

firms have less threat of negative events. It is more impossible for these firms to pay substantial fines, to have costly claims against them, or to experience socially negative events causing negative effects. In the present examination, exact frameworks will be used to perceive the sign of the relationship.

The majority of recent research emphasizes on accepting the role of capital markets as a mediating mechanism through which CSR can generate unlimited term value. According to Lee and Faff (2009) stated that companies with high CSR scores have low feature risk, while Goss (2009) stated that companies with low CSR scores are more likely to experience financial distress. Dhaliwal et al. (2011) found that the voluntary disclosure of CSR operations leads to a decrease in the company's cost of capital, while focusing devoted institutional investors and analyst coverage. El Ghoul et al. (2011) focus on a sample of US firms and find that companies with improved CSR scores show lower cost of equity capital.

2.4 Research Model

In order to understand graphically, the Dependent and Independent Variable is shown in diagram. The figure shows that Corporate Social Responsibility Disclosure is Independent Variable and Executive Compensation Disclosure is Dependent Variable.



2.5 Hypothesis Development

CSR can also be used for coping with the pressure of stakeholders. It can be used as a technique. The lucrative package may dismiss his/her attention from pity things to more valued one and this one is the firm (Kang et al. 2007). There exist positive relationship between CSR and EC however, it is being conducted as unethical (Shleifer, 2004). Gelb & Strawser (2001) explored the relationship between executive compensation and CSR, which shows that companies about CSR are linked with extra wide financial disclosure than other companies of no CSR. Some other researcher also stated that corporate social operations impacts disclosure performance in companies. Managers of CSR companies will follow high moral norms and are more possible to incorporate investors demands for enlarged disclosures about return practices. Thus, this study imagines a positive relationship between CSR disclosure and EC disclosure. This study presents following hypotheses for an empirical analysis:

H₀: There is no significant relationship between Corporate Social Responsibility disclosure and Executive Compensation disclosure.

H₁: There is a significant relationship between Corporate Social Responsibility disclosure and Executive Compensation disclosure.

Chapter 3

Research Methodology

In this chapter, methodology is described to study the effect of CSR disclosure on EC disclosure in the context of Pakistan and to discuss the adopted procedures. The chapter also describes sample of study and data collection methods and further elaborates the procedure for data analysis and variables measurements methods.

3.1 Data Description

This study uses monthly closing prices of 80 non-financial sector companies of Pakistan from 2005 to 2015. Market capitalization is of the way through which companies are selected. The reason for using 80 companies is that only limited companies are traded in the market so, using more companies leads to the selection of inactive companies. Sample consists of non-financial sector companies. To align this study with the national financial year which commences from July and ends at June hence, the study focuses companies with the national financial schedule have been selected for examination. In addition, selection of only non-financial sector companies is that the accounting period of financial sector closes at December but the accounting period of non-financial sector closes at June hence, capital structures of financial and non-financial sector companies are different. The classification of sample companies is given in the table as under:-

TABLE 3.1: Sample Classification

Industry	No. of Companies
Automobile	07
Electrical goods	05
Cement	10
Chemical	06
Engineering	02
Fertilizer	03
Food & Personal care products	06
Glass & Ceramics	03
Oil & Gas	05
Paper	01
Pharmaceuticals	06
Power Generation	02
Refinery	03
Sugar	05
Technology & Communication	03
Textile	11
Tobacco	02
Total	80

Industry-wise names of companies is given below:

Panel A:

Sample Size

Number of non-financial sector companies of Pakistan 80

Panel B:

Industry-wise information

1. Automobile Assembler Industry

- i) Atlas Honda Limited
- ii) Ghandhara Nissan Limited
- iii) HinoPak Motors Limited
- iv) Indus Motor Company Limited

2. Automobile Parts & Accessories Industry

- i) Atlas Battery Limited
- ii) Exide Pakistan Ltd
- iii) General Tyre & Rubber Company Pakistan Ltd

3. Cable & Electrical Goods Industry

- i) Kohinoor Energy Mills Limited
- ii) Pakistan Cables Limited
- iii) Southern Electric Company Limited
- iv) Siemens Pakistan Engineering Company Ltd
- v) Singer Pakistan Ltd

4. Cement Industry

- i) Attock Cement Pakistan Ltd
- ii) Bestway Cement Ltd
- iii) Cherat Cement Company Ltd
- iv) D.G Khan Cement Company Ltd
- v) Fauji Cement Company Ltd
- vi) Kohat Cement Ltd
- vii) Lafarge Pakistan Cement Ltd
- viii) Lucky Cement Ltd
- ix) Maple Leaf Cement Ltd
- x) Pioneer Cement Ltd

5. Chemical Industry

- i) Berger Paints Pakistan Limited
- ii) Clariant Pakistan Limited
- iii) Engro Corporation Limited
- iv) ICI Pakistan Limited
- v) Ittehad Chemical Limited
- vi) Wah-Nobel Chemicals Limited

6. Engineering Industry

- i) KSB Pumps Company Limited
- ii) Sazgar Engineering Works Limited

7. Fertilizer Industry

- i) Dawood Hercules Corporation Limited
- ii) Fauji Fertilizer Bin Qasim
- iii) Fauji Fertilizer Company Limited

8. Food & Personal Care Products Industry

- i) Bata Pakistan Limited
- ii) Colgate Palmolive Pakistan Limited
- iii) National Foods Limited
- iv) Nestle Pakistan Limited
- v) Rafhan Maize Products
- vi) Zulfeqar Industries Limited

9. Glass & Ceramics Industry

- i) Balochistan Glass Limited
- ii) Ghani Glass Limited
- iii) Tariq Glass Industries Limited

10. Oil & Gas Exploration Industry

- i) Mari Petroleum Company Limited
- ii) Oil & Gas Development Company Limited
- iii) Pakistan Oil Fields Limited

11. Oil & Gas Marketing Industry

- i) Shell Pakistan Limited
- ii) Sui Northern Gas Pipelines Limited

12. Paper & Board Industry

- i) Packages Limited

13. Pharmaceuticals Industry

- i) Abbott Laboratories Limited
- ii) Ferozsons Laboratories Limited
- iii) GlaxoSmithKline Pakistan Limited
- iv) Highnoon Laboratories Limited

v) Searle Pakistan Limited

vi) Wyeth Pak Limited

14. Power Generation & Distribution Industry

i) Hub Power Company Limited

ii) Japan Power Generation Limited

15. Refinery Industry

i) Attock Refinery Limited

ii) National Refinery Limited

iii) Pakistan Refinery Limited

16. Sugar Industry

i) Al-Abbas Sugar Mills Ltd

ii) Al-Noor Sugar Mills Ltd

iii) Dewan Sugar Mills Ltd

iv) Habib Sugar Mills Ltd

v) Kohinoor Sugar Mills Ltd

17. Technology & Communication Industry

i) Pakistan Telecommunications Limited

ii) Telecard Limited

iii) Worldcall Telecom

18. Textile Industry

i) Al-Qadir Textile Mills Ltd

ii) Artistic Denim Mills Ltd

iii) Azgard Nine Ltd

iv) Colony Textile Mills Ltd

v) Gul Ahmed Textile Mills Ltd

vi) Kohat Textile Mills Ltd

vii) Kohinoor Textile Mills Ltd

viii) Quality Textile Mills Ltd

ix) Quetta Textile Mills Ltd

- x) Tata Textile Mills Ltd
- xi) Zephyr Textile Ltd

19. Tobacco Industry

- i) Lekson Tobacco Company Limited
- ii) Pakistan Tobacco Company Limited

3.2 Key Informants Interviews (KIIs)

During course of study, the experts comprising the following industries were also taken on board so as to ascertain the scope, importance and validity of the CSR. The industry-wise detail of Key Informants Interviews (KIIs) and their participation in the survey is as under:-

Industry	No. of Participants
Automobile	05
Electrical Goods	04
Cement	07
Chemical	04
Engineering	01
Fertilizer	02
Food & Personal Care Products	05
Glass & Ceramics	02
Oil & Gas	03
Paper & Board	01
Pharmaceuticals	04
Power Generation	01
Refinery	02
Sugar	03
Technology & Communication	03
Textile	08
Tobacco	01
Total	56

In this study, a glimpse of primary data in the shape of KIIs were also conducted, the purpose of this approach was to further ascertain the results of secondary data. In this regard, various companies were approached to further ascertain the correlation of two variables. During the study, the companys representatives

were approached through telephones, to arrange interviews and meetings then their views were solicited. The response rate remained 80% while some of the representatives expressed their unwillingness to respond to the set queries. The results of the KIIs are discussed as under:

a) Response of Automobile Firms

Over the community environment correspondence of automobile company were of the view that for the survival of any company, it is imperative to involve community in various programs. The decrease in distance between firm and community may promote the companys slogan and love of the community members with the firm products and this indeed leads to a high sale rate of the products which in term enhance the income and revenue generation. By enhancing goodwill amongst the community members create a sense of ownership and further globalize the operational sphere and size of the firm.

The respondents of the firm show their endorsement to the charitable donations and subscriptions and it was recorded that 70% of the respondents of the automobile firm were the proponents of the idea while the rest were opposing it. Giving due consideration to the environmental concerns, it was highlighted that it is binding upon all the organizations to come up with all those strategies which meet the goals of sustainable development. The automobile firm which mainly contributes in the environmental sphere must lead so as to remove the allegation of the international community. The respondents were of the view that with the increase in population and gap in the developed and developing countries. The automobile firms plays very important role. The movement is caused by the difference in regions with respect to socio economic & socio demographic dynamics, fill the gap and to ensure the movement automobile plays its role. With the increase in gap in different regions the demand of vehicles are also increasing and to this effect, with the increasing demand of automobile the externalities with such increase are also multiplied. To mitigate the effects of environmental pollution the firms must align its policies with the prevailing environment.

The automobile respondents were reluctant to emphasize the sharing information with the employees. It was recorded that most of the respondents were not favoring this aspect. However, all of them were endorsing and supporting the strong relationship with employees through welfare activities. The respondents were emphasizing the capacity of the employees and occupational health and safety. It was also recorded that the respondents were opposing the inclusion of child labor in their workforce. It was pointed out that product quality and service information is the need of the firm. It was also highlighted that for the development of the products and safety there is dire need of encouraging research environment. The respondents were also found proponents of tactful and vast marketing network. All of the respondents were mainly focused on customer services and satisfaction. The value addition subject was endorsed by all a sundry.

b) Response of Electrical Goods Firms

Electrical goods firms are the main source of revenue generation for the country. All of the people including every class use electrical goods. Those goods are refrigerators, alarm clocks, small kitchen appliances, cameras, radios, mobile phones, televisions, fans, ovens, computers, printers, scanners etc. This industry is earning profits from domestic as well as international market. Many of the items in this industry get import from the other countries like Japan, Malaysia, China, Turkey, Korea etc. There are small markets in that countries which produce electrical goods items. Some of the countries having their production units in small houses to work their also the ladies. The firms producing electrical goods are one of the dynamic and fast growing industry which contributes much in the national exchequer. The companys growth is conditioned with the customers however, there is tough competition amongst the companies producing such products. The invasion of Chinese products over the local industry is alarming and in such like situation the companys foremost responsibility is to gain the confidence of the local customers. The respondents of the firms strongly recommended community involvement in their social welfare programs. It was pointed out that until the company is successful in instilling the value and importance of their firms in the

hearts of the local community its growth is not possible. It was endorsed that the companies for forward movement is required to invest in their sponsorships and advertisements. The respondents were of the view that due to the huge conservation of energy their results power outages and shortages and in order to overcome this, the company must switch to the production of renewable energy products like solar energy appliances and wind energy appliances. For the promotion of the products, the companies must enhance its marketing. The other dynamics of the study were rejected by the respondents for being irrelevant to them.

c) Response of Cement Firms

The respondents of the firms were more enthusiastic for community involvement. The respondents were linking the growth of the industry with the community strong perception for the products of the firms. The cement industry is the growing industry and its future prospects are more demanding. The investors are focusing more in this industry and due to the tendency of the investors, competition is growing. The affairs of the cement industry are being complicated by each day passing as the Government gains its momentum in development, the construction industry is holding the same pace. With this scenario, the cement industry is likely to be aligned with the contemporary challenges. The challenge can be properly handled when the executives are fully knowledgeable with such challenges. The executive compensation disclosure has been endorsed by all the respondents for the purpose of hiring a competent executive. When the executives are attracted the market for such candidates nourishes and this nourishment will provide an opportunity for the owners to select a competent executive. The executive who will deliver properly for the benefit of organization. The respondents were also favoring the information sharing process with the employees and were strongly recommending for the capacity building of the workers. Most of the views came for the product development and research. Marketing and networking were given priority by all the respondents.

d) Response of Chemical Firms

The chemical industry contains the companies/firms that are working on the production of chemicals. These firms convert raw materials like metals, minerals, water, oil and natural gas into more than 50,000 different products for the society. There are many chemicals use in daily life such as graphite, vinegar, salt etc. The name of the largest chemical industry in the world is BASF which is abbreviated as Badische Anilin-und Soda-Fabrik. These four letters are the goodwill and trademark for London Stock Exchange, Zurich Stock Exchange and Frankfurt Stock Exchange. It was emphasized that chemical industry is being a professional industry and the community as larger is not the concern with the firms products. The only way to thrive the firms future is to establish good working relation with other industries using the products. The information sharing with the employees has been endorsed however, to a limited extent. It was recorded that the research and development of the products of the firm is possible through capacity building of the employees. The executive compensation disclosure was not supported by the employees rather recommendations were sought for keeping concealed for executive compensation. The grounds for the plea were professionalism of the executive and his/her scientific know-how. It was also added that in case the firms are practicing CSR there will be a competition amongst companies of the same nature for hiring the executives and the executives will be lift at their own whims. This situation will create chaos and the firms will suffer from the position of executives. In case of chemical industry, the KIIs responses negative to executive compensation disclosure.

e) Response of Engineering Firms

The engineering firms/companies work for mechanical, electrical as well as chemical nature. The biggest companies are National Aeronautics and Space Administration (NASA), Google, Microsoft, Apple, IBM etc. The respondent of the firm was enthusiastic in dealing with community and to this effect, it was the opinion was substantiated that for the sale of the products it is necessary to gain the

confidence of the community however, it was elaborated that in the community approach the strategy will be to be target oriented and only the companies utilizing the products of the firms shall be taken on board. This will further save the time and money which in another case will use in approach to ordinary community members. The companys performance has been linked with workers welfare and capacity development. The research process has been given priority. The firm for its survival is required to meet the contemporary environmental challenges and for this purpose an executive knowledgeable, professionally sound, having command over the international issues may do so and the disclosure may attract such a qualified executives.

f) Response of Fertilizer Firms

In developing countries, the economies always linked with agriculture sector in the community development of their workers and their executives for the goodwill and their well-being and have the extra ordinary competition between the executives of all other companies in these firms. The respondents further endorsed the sponsorship and advertising in the sector with the help of advertisement, most of the material was flourishing in the domestic market and also in the international market. In addition to this discussion, respondents were holding the programs for the community to increase their education as well as to improve their health for the improvement of the working conditions. It is necessary for the firms to align with the environmental policies which were developed by all the environment sectors as well as the researchers who worked for that purpose. Incorporation of the employee information was endorsed by the respondents for the increasing of work in the companies. From this, the executives will be in condition to work professionally and enthusiastically. It was also added that the respondents were promoting the welfare of the employees in lower cadres as well the executives. The increase of the remuneration/compensation of the executives was also a basic issue which the respondents took so many initiatives for that problem and after this increasing of the pay executives crossed all the hitches for the improvement of their business. There is another problem of child labor. This problem was in a great quantity in

developing countries from which younger generation losses his/her life for the sake of earning to solve their domestic issues. Production development and research was also a big task which the respondents were taking actions for the enhancement and to give employment to the research candidates to work for their industry. The companys performance have been linked with customers service and satisfaction so, the respondents of the companies took an action plan for the encouragement to focus customers satisfaction. This enhances the criteria of disclosure of executive compensation.

g) Response of Food & Personal Care Products Firms

Food and personal care products are of the major products for the human being which are using day by day for the need of the people. The firms which are producing food and personal care goods are one of the vibrant and fast growing industry which contributes much for the sake to increase in their national exchequer. All the people use these products and for the usage of these products, companies produce that products in the bulk. So as to mitigate the consumption of these products it should be needed for the companies to make small factories which could produce all the items in the speedy manner. For instance, in the china there are many more small factories which are producing a huge quantity of the goods and in the result that sector prove to be a main sector to increase countrys GDP. There are many products which are included in the food and personal goods sector i.e. deodorant, hand soap, body wash, perfumes, razors, shaving cream, moisturizers, talcum powder, toothpastes, hair colors and much more. The respondents of the firms recommended community involvement in their programmes/functions and also this is very important for the welfare of the society to emphasize on that programmes. It was argued by the respondents of these firms to donate for the charity and should be enhanced by the other firms to welfare and to help for the society/people. In addition, community programs of health and education is required to meet the customers requirements. The respondents were of the view that environmental issues, employees welfare, their training, profit sharing, remuneration and occupational health and safety are the main items which should be

introduced by the firms to promote the executives as well as other member of the companys requirements towards the company. The respondents were also pointed out the products development and to research for the new goods to meet out the customers needs and to focus on their satisfaction for the daily use of goods. Focusing on the customers needs and services were given to a main stance by the respondents.

h) Response of Glass & Ceramics Firms

Firms which are producing glass and ceramics products are also the main and very important firms/companies for the development of the society. Developing countries as well developed countries put a great notice for the enhancement and the promotion of these products because there are much using of these products in the domestic level as well as international level for the sake of completion of daily usage of such material. It was emphasized by the respondents for the sponsorship and advertising of the goods to flourish the domestic as well as international market. Align with this discussion, there is also a need for the sector to complete and fulfill the environmental issues because there are using the materials for these products which are harmful for the environment so, it is pointed out the respondents that the incorporation of environmental policies should be used for the clean and clear atmosphere from which all the people could live their life calm and happy. The respondents were also encouraging the product and service information, product quality, marketing and value added information at domestic level. The firms respondents were also supporting the executive compensation disclosure for the future benefits of this sector.

i) Response of Oil & Gas Firms

Oil & Gas is one of the dynamic industry of both developing and developed world. The industry is run by various stakeholders which include managers, engineers, investors and workers etc. The firms life is dependent upon successful explorations and its marketing. In both the cases, the executives play a vital role in the up-left

of the organization. On one side, when the automobile industry is growing on the other hand the oil and gas flourishing. In other words, the oil and gas and automobile companies are con-committed. With the increase in automobile demand, there will be increase in oil and gas. The respondents of the firm were of the view that executive compensation disclosure is of utmost importance for the survival of the organization as it attract highly skilled executives. The respondents were negating the community involvement in their process however, with the respect to environmental concerns and capacity building of the employees they were optimistic. The other attributes with respect to CSR items the respondents could not show their interest. However, they endorsed the research for the development of the products.

j) Response of Paper & Board Firms

Paper industry is an important industry and serves in the domestic market. This industry has much more effect in the countrys financial policies because paper uses in the high quantity level in all the offices, schools, colleges, universities etc. So, it is needed for the country to boost this sector to invest in the technology, research and development and also in the machinery level. In developed countries like USA, Australia, Latin America, Canada, Japan, Scandinavian countries, China there are utmost important given to the paper industry which prove to be huge profitable sector for the countries. The products which are using in this sector are cartons, boxes, table cloths, sacks, packaging papers, registers, toilet papers etc. Developed countries are investing for the sake of high level business in paper industry to increase their forests and to produce plants. The respondents were pointed out that with the sponsorship and advertising we can take profits from the paper sector and also to increase in the programs for the welfare of the customers and to make policies for the better environment. It was also argued that employees information and their training is the core responsibility for the company to less down their issues to work in the company. In addition, managerial compensation should be increase so that they work properly and efficiently. It is utmost responsibility for the companies to decrease the level of child labor which is a huge loss for the

country to get work from child. The respondents were of the opinion to improve employee education, training and development, research, compensation, health and safety, product information and the quality of the product. They were also pointed out to share the marketing behavior and the services of the customers to get know-how about the market. This can be a huge achievement for the executive to do so for the sake of their compensation disclosure.

k) Response of Pharmaceuticals Firms

Pharmaceutical industries are thriving with each day passing. There is flood of pharmaceutical firms in the market. The huge influx of indian medicines, iranian medicines and medicines of the multinational companies have made the situation worse for the local firms. In order to compete with multinational companies vibrant, diversified, skilled, presentable and professional who is emotionally, ana-logically and physically sound executives are required. The slot of executives with such attributes can only be created when there is information sharing and disclo-sure of executive compensation. The respondents were of the view that a local market, it is imperative for a firm to enhance community involvement, focus on charitable donations and subscriptions, sponsorship and advertising, holding of community health and educational programmes. The companies must align them-selves with environmental landscape and to incorporate the environmental policies in their studies. The respondents were also emphasizing on the sharing of infor-mation with the employees, capacity building of the employees and sharing the profit of the employees. The respondents were also encouraging the occupational health and safety, prevention of child labor and enlisting and uploading the firms products at a global level. The respondents were emphasizing on product devel-opment and research and research oriented environment. The respondents were more anxious and enthusiastic in the disclosure of executive compensation. They were of the opinion that the executive compensation disclosure is the only strategy which attracts the professional slot of the executive and this will further boost the revenue of the organization which is important for its survival.

l) Response of Power Generation Firms

There is a great importance of the power generation firms which are working in Pakistan for the production of electricity to get rid of electrical problems especially in the summer season. There are many companies from which electricity is producing daily. Every government tried to solve the matters of electricity loss but in vain because there are so less number of dams in Pakistan to fulfill the requirements of electricity. There is a capacity of 34000 MW electrical generation in the hands of Pakistan which didnt fulfill the needs of the society. The thefting conditions of the electricity in Pakistan is the main cause to not fulfill the requirement of demands of electricity. There are many companies which are producing the electricity such as Kot Addu company, Hubco Narowal Power Plant, Saba Power Company as well as Nishat Chunian Company Limited. Sources which are producing electricity are furnace oil, hydel, coal, renewable, nuclear etc. In order to meet the challenges in this sector, it is needed to build the new dams in Pakistan for the conservation of energy. In this endeavor, community involvement, advertisement, environmental policies, employees information, their welfare, training and development, profit sharing are the areas where the companies can perform. The respondents were emphasized upon the managerial remuneration which is the important part in the development of all concerns. It was also encouraging by the respondents that workers health and safety, services information as well as focusing on customer service were the main issues so it is needed to complete the requirements for that issues so as to prove the engagement with the executive compensation disclosure.

m) Response of Refinery Firms

Refinery companies are the companies to refine many items from the crude oil using different machineries. It is also the main industry for the economy of the country. All type of transportation, works with the help of refinery industry. When this industry could not provide the products in the well manner then many of the vehicles stop and the activities hampers the daily routine of society. From the refinery of crude oil many items are producing i.e. diesel, furnace oil, motor

spirit, kerosene oil, jet fuel, liquefied petroleum gas etc. The firms life rely on the successful refinery of the items. On one side, power sector increases its importance and on the other side refinery sector getting on boom position. There is a huge inflow of the capital in the country with the help of this sector and in order to fulfill with the increasing position of financial resources in the country professional, intelligent, technological and hardworking executive with all its staff is in need to fulfill and to cover the gap. This slot of executives can be created when there is a disclosure of executive compensation and this is very important and effective way to introduce better working condition. The respondents were of the view that from the enhancement of the community skills, environmental guidelines, sharing of employees information with the managerial compensation and products research it can be increase in the countrys development. The respondents were also pointed the alignment of quality and safety, marketing strategies and customers satisfaction with the help of encouragement of executives disclosure policy in the firm.

n) Response of Sugar Firms

The culture being promoted in our country as well as in other neighboring countries is mostly relying upon agriculture industry. The demand for sugar production is going on increasing and thus the firms providing this product are also growing hence, the completion amongst these firms are on upward trajectory. In order to meet the challenges, the executives skills plays its role. When there is competition the organization flourishes only when it has bonds with the community. In the sugar industry, the competition is mostly at national level. Even then this competition is tougher because the more the sphere influence the more the firm thrive. In this endeavor, community involvement, sponsorships, addressing of environmental issues, employees information, increase in number of employees, employees welfare, employees capacity building and employees profit sharing are the areas where the company contribute well. The issue of managerial remuneration also remains a table talk where most of the respondents were emphasizing for its enhancement. The child labor, workers occupational health and safety were found to be the areas

of serious concern. It was emphasize that research should be conducted on marketing, products quality and value addition. The firms respondents were favoring the executive compensation disclosure for the bright future of sugar related firms.

o) Response of Technology & Communication Firms

Technology and Communication are the main sources to connect with the world. Technology is increasing day by day with the help of research in this sector. Research is the main theme for the enhancement and filling in the gaps to provide the world best things which are not available before. There are many technological gaps which have to be fulfilled with the help of research, some of them are coming towards us with the help of increase in the research by foreign as well as domestic level of researchers. This field is progressing in their way from time to time but after 20th century, technology is going to high and high and the society took more benefits from that in the modern era. But it is also needed that good technologists came in the market and to work properly for the sake of improvement in the technology. On the one side technology is the important theme but on the other hand communication is also the main source of information to the society. With the help of good communication skills people can get success in the world wide processes. There are many kinds of technologies some of them are transportation, energy, power, manufacturing, construction etc. From the help of different resources the person can get their revenues/profits. There is a technology gap between developed and developing countries so there is dire need to get research on it and fill the gaps for the best innovation and discovery. Like the technology, communication sector plays the vital role in the economy of the country. The communication sources are telephone, internet, radio as well as television. Communication technology researchers discover and invent their things for the betterment of the society in the whole world. There are the common persons which are involved in the technology and communication, therefore, induction of community welfare, relations of the employees with others, training and development of the employees, executives remuneration, workers health and safety can cause effects for the survival of the organization. The respondents of the firms

were of the opinion for the technology and communication was to inform about the products and services, quality of the products and to focus on the services of the customers to the society and also with the help of the disclosure of executives compensation because if the company will disclose the compensation/salary of their employees to the society and to the other firms/companies then it will be better for others. To increase in the pay and benefits of the executives and also to disclose that to all of the others then all companies will think to collect information for that and to disclose so it will help for the other employees in the companies and for work environment of the organization.

p) Response of Textile Firms

The textile industry is one of the top most industry in the present world. The textile industry which is paid in return of the exports of the textile related matters effectively. This is the sector in Pakistan which earns much more from their production.

The production of the textile sector is increasing day by day and this is the main sector in which if the Government decrease in the rate of taxes of different machineries which are in need to import from different developed countries then this sector can be more enthusiastically work for the development of the country as well as their economy level.

The boutique shops, showbiz actors and actresses and other celebrities are being used for the effective marketing. The models are exhibiting the products in an exotic manners and this instill the imprints on the minds of customers. There are multiple firms promoting the products of various textile industries and those having excess to media and other international network can achieve better results. In such neck throat competition only the competent, upto date and professional executive can achieve the desired objectives.

As common men are involved in the promotion of textile products, therefore, community involvement, launching community welfare programmes, employees welfare programmes, lucrative packages for managerial staff and research based

production can cause a landmark effect on the survival of an organization. For better results customer awards and value addition have also been emphasized by the respondents in a nutshell for achieving the desired results and prolonging the life of the organization. The respondents were of the view that only executive compensation disclosure can attract such a competent slot of executives.

q) Response of Tobacco Firms

Last but not the least is the tobacco industry which is also helpful for the countrys economy but it is also argued that this is very harmful for the health of the society. These firms are working also in Pakistan but in the very close and strict environment. Many people are using tobacco products in this time but it is also indigenous to health.

The government takes strict actions for the decreasing quantity/usage of these products and also taking actions against the companies but the government didn't take restrictions to that industry. The respondents were emphasized on the advertisement, employee information, employee welfare and its education, training, their health and safety and focusing on customers satisfaction. This situation will harm the health conditions to the society and will create confusion for the position of executives and also the lower staff working in those firms. In case of tobacco industry, the KIIs responses negative connection to executive compensation disclosure.

3.3 Variable Specification

To analyze the effects of CSR disclosure on executive compensation disclosure in the context of Pakistan, several variables were adopted from existing literature, which consisting upon EC disclosure, CSR disclosure, leverage, return on assets, firm size, price to book ratio and ownership concentration.

Where EC disclosure was considered dependent variable while CSR disclosure as independent variable, rest of the variables were taken as control variables.

3.3.1 Dependent Variable

3.3.1.1 Executive Compensation Disclosure (ECD)

In this study, executive compensation disclosure measure by dummy variable and companies disclose executive compensation in their annual reports stated 1 otherwise 0. This method also adapted by (Botosan, 1997).

3.3.2 Independent Variable

3.3.2.1 Corporate Social Responsibility Disclosure (CSR)

According to Wood (2010), for measuring the CSR and CSR policy, there is no proper way because lack of generally accepted definition and proper metrics to assessing CSR. It is very good about the fact that it is important that there are major complaints about accuracy and reliability of used construction (Donker and Zahir 2008; Chatterji et al. 2009). Hence, there is no proper standard of benchmark to measure the CSR and policies. In this study, CSR by using a score is a social performance measurement of a firm, which reflects the firm's involvement in the CSR activity. CSR disclosure calculated through 20 items which instruments developed by the (Muttakin & Khan, 2012) stated below. It is recorded one (1) if the company discloses the item in the annual report and zero (0) if does not. The total number is counted and divided by the total 20 of particular company in each fiscal year.

CSR Disclosure Items	
I.	Community Involvement
1	Charitable Donations and Subscriptions
2	Sponsorships and Advertising
3	Community Program (Health and Education)
II.	Environmental
1.	Environmental Policies
III.	Employee Information
1	Number of Employees/Human Resource
2	Employees Relations
3	Employee Welfare
4	Employee Education

CSR Disclosure Items	
5	Employee Training and Development
6	Employee Prot Sharing
7	Managerial Remuneration
8	Worker's Occupational Health and Safety
9	Child Labor and Related Actions
IV.	Product and Service Information
1	Types of Products Disclosed
2	Product Development and Research
3	Product Quality and Safety
4	Discussion of Marketing Network
5	Focus on Customer Service and Satisfaction
6	Customer Award/Rating Received
V.	Value Added Information
1	Value Added Statement

Some of the proxies which are included in CSR Disclosure Items explained as under:

3.3.2.1.1. Charitable Donations and Subscriptions

The variable proxy is capture as a dummy variable. Organizations or individual giving financial donations to needy people or to the valuable causes is one of the simplest ways of philanthropy. Various types of financial donations like making one time cash donation, awarding scholarships, offering food or medicines, providing services or expertise can be used by the organizations. Such a company is assigned 1 and where otherwise it is assigned 0.

3.3.2.1.2. Community Program (Health and Education)

The organizations which started different projects regarding healthcare and also provide the education facilities to the community like companies are involved to renovate the local schools and the building of hospitals.

3.3.2.1.3. Environmental Policies

Environmental policy means making such a policy that give assurance to an organization that these polices could be used as per rules, regulations and further method

relating to environmental problems. For example; environmental best practices in the supply chain, pollution prevention and control and noise reduction.

3.3.2.1.4. Employees Relations

Employee relationship is a two way communication between employer and employees of organizations in the workplace. It is necessary to prevent and resolve the problems that are faced by the employer and employees. Therefore good employer and employee relationships enhance productivity lead to motivate and satisfaction.

3.3.2.1.5. Employee Welfare

Employee welfare means that the corporations offer various types of services, remunerations and facilities to the employees of the organization. It is not necessary that the welfare is deal in the form of money but it might be in any forms like accommodations, grants, medical facilities and also facility of transportations.

3.3.2.1.6. Employee Training and Development

Organizations responsibility is to train the employees' however for employee development both management and employees are responsible. The companys responsibility is to make available sufficient resources and friendly environment that enhance the productivity and individual employee development.

3.3.2.1.7. Managerial Remuneration

Managerial remuneration are the various types of facilities and perks like conveyance facility i.e. car, residence facility, medical facility, education facility, and medical allowances etc.

3.3.2.1.8. Worker's Occupational Health and Safety

By law a company is responsible to provide workers facility regarding health and safety. Worker occupational health and safety is a company apprehensive where

they provide different programs for health and safety of workers in work place and for worker dependents.

3.3.2.1.9. Product Development and Research

Successful organizations have keen interest in product development and research as they provide customers new products flavors and used to satisfy them by new ways. Most of the firms change their products covering, taste, aroma, features and bring new ideas to their products.

3.3.2.1.10. Focus on Customer Service and Satisfaction

Customers satisfaction means how a product satisfy a customer by its quality, services that provided, the environment were buying and selling of product and services are provided and product pricing. Successful firms conduct different surveys to know about customers wants so they introduce a better product to accomplish their needs and wants.

3.3.2.1.11. Community Involvement

3.3.2.1.12. Sponsorships and Advertising

3.3.2.1.13. Number of Employees/Human Resource

3.3.2.1.14. Employee Education

3.3.2.1.15. Employee Profit Sharing

3.3.2.1.16. Child Labor and Related Actions

3.3.2.1.17. Product Quality and Safety

3.3.2.1.18. Discussion of Marketing Network

In the cycle of CSR, there are nomenclatures which include community involvement, sponsorship and advertising, reimbursing or payment to employees, profit sharing, child labor related actions consumers trust and business model.

The community involvement is basically the consumer and the societys actions and the way how to do they work for the betterment of all the people living in that society. This is the main disclosure item which takes much importance for the

sake of business and for the society. The sponsorship and advertising is the expenditure on specific event which sometime dedicated to charitable events which may include sponsoring local sports, teams, tournaments and other sports events. The reimbursing or payment to employees actually dedicated to the capacity building of the workers and such reimbursement is being deducted from business expenses. The profit sharing is being referred to bonuses in addition to regular salaries. The child labor is the negative portion in these items which should not be do so in every organization. Now, this is the rule for the organizations to not use the child for the working in any organization. The minimum age limit for child labor is of 14 years in labor laws and in the Constitution of Pakistan. The Prohibition and Regulation Act, 1986 and was amended in 2016 also prohibits the child labor before 14 years of age. The consumers trust is being resolved by ensuring the supply of same and high quality products to the consumers. The last but not the least is the business model which employ multilevel marketing and all the attributes as national level. The above reflects the firms future plans which ultimately ensure the consumers trust and sustainability of the organization.

3.3.3 Control Variables

To examine the relationship of CSR disclosure and EC disclosure, several firms specific factors were used as a control variable which originated from the existing literature. So, Control variables consist of leverage, return on assets, firm size, price to book ratio and ownership concentration.

3.3.3.1 Leverage (LEV)

Leverage is a major instrument of borrowing. Higher level of leverage indicates higher level of earning (Smith and Warner, 1979). Different studies used different proxies to measure the leverage. In this study, leverage calculated by total debt to shareholders equity of the company.

According to Jensen and Meckling (1976); Smith and Warner (1979), high geared firms bear more agency cost. Therefore, managers increase the level of leverage and

huge amount transfer from debt holder to shareholder. Thus, high level of leverage increases the chance of information disclosures. However, the finding of Chow and Wong-Boren (1987) shows the insignificant association between leverage and quality of disclosures in Mexican context. Hence, Ahmed & Courtis (1999) argue the positive and significant connection between leverage and level of disclosure.

$$\text{Leverage} = \text{Total debt} / \text{Shareholder's equity}$$

$$\text{Total debt} = \text{Current liabilities} + \text{Long term liabilities}$$

$$\text{Shareholder's equity} = \text{Total assets} - \text{Total liabilities}$$

3.3.3.2 Return on Assets (ROA)

Return on assets (ROA) shows how to manage effectively its assets to generate profits. Sometimes this is referred to as “return on investment”. Company net income divided by total assets use to measure the ROA. “Profitability of firm calculated as return on assets” as proposed by Tan & Florose (2013).

$$\text{Return on Assets (ROA)} = \text{Net Income} / \text{Total Assets}$$

3.3.3.3 Firm Size (FS)

Firm size calculated by logarithm of total assets (Burke et al. 1986 & Jiraporn et al. 2014). Firm size is most common variable that almost used in every study as a dependent, independent and also used as a control variable hence, in this study firm size used as a control variable. The firm size largely discussed in existing literature with mixed finding. According to Eng & Mak (2003), large firms produce large amount of output have large resources and lower information cost. In addition, firm size positive and significantly associated with disclosure of executive compensation information. Therefore, most continuous positive associated reported variable is firm size (Foster, 1986). Generally, larger companies disclose more information than small size firms because large companies have lower information cost and also have competitive advantage with disclosure of information. Large size firms also wider ownership structure and more complex other than

smaller firms. According to agency theory, large companies have lower agency cost (Jensen and Meckling 1976; Leftwich, Watts and Zimmerman 1981). According to Watts and Zimmerman (1986), large companies are more sensitive to political costs. In addition, large firms have extra advantage to voluntary disclosures to smaller firms.

Firm Size = Logarithm of total assets

3.3.3.4 Price to Book Ratio (P/B)

Price to book ratio measure by market price per share to book value per share whereas market price per share is the No. of outstanding shares multiplied by current share price. Fama and French (1992) document that NYSE, AMEX and NASDAQ stocks during the period 1963 to 1990 is stronger than the size effect.

Price to Book ratio = Market price per share / Book value per share

Market price per share = No. of outstanding shares * Current share price

Book value per share = Total assets - Total liabilities and Intangible assets

3.3.3.5 Ownership Concentration (OC)

As intend to investigate the ownership concentration (OC), this empirical study considers size of block holdings by shareholder. Bolton and Von Thadden (1998) define block holding as “the large block of share held by one shareholder”. So, the block holding mostly measure by 5, 10, and 20 percent level (Jo and Harjoto, 2012). So, we define if a firm has larger block hold than a specific threshold level of 5, 10 and 20 percent and the level of threshold is arbitrary we create dummy variable for firms block holding. In this study 10% block holding used for ownership concentration, therefore, the OC measures through dummy variable that categorized whether shareholder has more than 10% ownership or block hold. If the shareholder inside ownership equals or exceeds to 10 percent stated one (1) and zero (0) otherwise.

The previous empirical studies indicate mixed effect of OC on quality of executive compensation. According to Jiao (2010) ownership concentration has positive relationship with executive compensation and it also reduces the agency cost and asymmetry information. Therefore, larger block holder and also institutional holders encourage information disclosure and reduces outsider concerns about unjustified executive compensation (Laksmana, 2008) and they documented the negative relationship of OC with quality of executive compensation disclosure.

Inside ownership = Number of shares by top ten shareholders / Total Number of shares.

Ownership concentration (OC) = If inside ownership equals or exceeds to 10 percent stated one (1) and zero (0) otherwise.

3.4 Model Specification

The model of this study explains the impact of CSR disclosure on EC disclosure of the firms.

$$\mathbf{ECD}_{i,t} = \beta_0 + \beta_1 \mathbf{CSR}_{i,t} + \beta_2 \mathbf{Lev}_{i,t} + \beta_3 \mathbf{ROA}_{i,t} + \beta_4 \mathbf{FS}_{i,t} + \beta_5 \mathbf{P/B}_{i,t} + \beta_6 \mathbf{OC}_{i,t} + \epsilon_{i,t}$$

Where;

ECD = Executive Compensation Disclosure

CSR = Corporate Social Responsibility Disclosure

LEV = Leverage

ROA = Return on Assets

FS = Firm Size

P/B = Price to Book ratio

OC = Ownership Concentration

“i” = cross sections

“t” = time series

3.5 Method

The present study focuses an introductory work on the data of 80 non-financial sector firms for a period from 2005 to 2015. This study utilizes the binary logistic regression model as estimation method. The main reason of the application of logistic regression is that in this study the dependent variable was restricted to zero and one. In addition, the dependent variable comprises of zero and one, while the binary logistic regression model does not need an independent or unrestricted period. Binary regression estimation technique more accurately works in discriminate analysis (Collins and Green, 1982 and Lennox, 1999). Hence, logistic regression even doesn't need error term and normality. So, in absence of homogeneity assumption binary regression performs better (Hair et al. 1998 and McLeay and Omar, 2000). According to Einsenbeis (1977) binary regression estimation model is superior than other model in case of dichotomous depended variable. Finally, a lot of empirically studies also discriminate analysis (Altman and Sabato, 2005).

In this study, the probit model applies to examining the impact of CSR disclosure on EC disclosure because this study has an ordinal dependent variable and takes values of 0 and 1. Marginal effect will also be used in probit model in regression analysis because when the dependent variable will be dummy variable then it will be mandatory to find marginal effect in this study. Marginal effect is a measure that how a dependent variable (outcome) changes when a specific independent variable (explanatory variable) changes. Marginal effects are often calculated when analyzing regression analysis results. The marginal effects for binary variables measure discrete change.

Chapter 4

Results

4.1 Results

This study examines the general behavior of data to check its accuracy before regression test. The descriptive statistics table contains mean, median and standard deviation alongwith maximum and minimum values of dependent and independent variable as well as control variables.

The mean value represents the average value of data; median provides a helpful measure of the center of a dataset and standard deviation compute the dispersion from the mean. The maximum value identifies the highest value and minimum value shows the lower value of data. Moreover, correlation and regression analysis have been described.

4.1.1 Descriptive statistics

This table reports descriptive statistics for non-financial sector of Pakistan for the period of 2005-15. Mean value indicates that, on average, the ECD value of firms is 33%. The median is a value where half of the values are above and half of the values are below. The minimum and maximum values suggest that the data has a range which lies between 0.000 and 1.000. The standard deviation value is 0.472 indicating that the observed value has a deviation of 47% from the mean value, which is a high value.

TABLE 4.1: Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev
ECD	0.335	0.000	1.000	0.000	0.472
CSRD	0.411	0.400	0.900	0.050	0.191
LEV	0.203	0.168	0.890	0.005	0.132
ROA	0.150	0.122	0.965	-0.921	0.258
FS	9.984	10.040	10.991	8.29	0.55
P/B	0.432	0.1160	16.855	0.001	0.176
OC	0.384	0.000	1.000	0.000	0.487

Note: ECD is abbreviated as Executive compensation disclosure as well as CSRD is abbreviated as Corporate social responsibility disclosure. LEV is Leverage, ROA is Return on assets, FS is Firm size, P/B is Price to book ratio and OC is abbreviated as ownership concentration.

Table 4.1 shows the descriptive statistics of our variables. Mean and median are the most commonly used measures of central tendencies. The mean value of Executive compensation disclosure (ECD) is 0.335 with a median is 0.000. The minimum value of ECD is 0.000 and maximum value is 1.000. Hence, mean value indicates that, on average, the ECD value of firms is 33%. The median is a value where half of the values are above and half of the values are below. The minimum and maximum values suggest that the data has a range which lies between 0.000 and 1.000. The standard deviation value is 0.472 indicating that the observed value has a deviation of 47% from the mean value, which is a high value.

Furthermore, CSRD is corporate social responsibility score which has a minimum value of 0.050 and maximum value of 0.900 with a mean value of 0.411. The value of standard deviation of CSRD is 0.191. The standard deviation value is much lower as compare to the ECD. Thus lower variation around the mean is involved in CSRD case. The mean value of CSRD suggests that on average firms have a CSRD is 41% whereas the range of CSRD values lies between 0.050 and 0.900.

The mean of leverage (LEV) ratio of firms is 0.203 with minimum and maximum values of 0.005 and 0.890. Indicating that 20% of firms assets were financed by debts and 80% of firms assets were from owners capital. Further, standard deviation value of LEV is 0.132 which shows that the variation in LEV ratio is 13% around the mean of 20%. The median value of LEV ratio is 0.168 suggesting that

half of the firms have LEV ratio above 16% and half of the firms have debt ratio below 16%.

The mean of Return on assets (ROA) is 0.150 with a minimum value of -0.921 to a maximum value of 0.965. The mean value suggests that, on average, firms have a probability of 15% and the median value of 0.122 indicates that half of the firms have ROA above 12% and half of the firms have probability below 12%. The highest ROA of any firm is 96%. The standard deviation value of ROA is 0.258 which is 25%.

Firm Size (FS) has a minimum value of 8.290 and maximum value of 10.991 with a mean value of 9.984. The value of standard deviation of FS is 0.550.

Price to book ratio (P/B) has a minimum value of 0.001 and maximum value of 16.855 with a mean value of 0.432. The standard deviation value of P/B is 0.176.

The mean of Ownership concentration (OC) is 0.384 with minimum and maximum values of 0.000 and 1.000. Indicating that 38% firms has ownership to the shareholders and 62% firms ownership to all others. The median value of OC is 0.000. The standard deviation value is 0.487 indicating that the observed value has a deviation of 48% from the mean value.

4.1.2 Correlation Analysis

This table represents the correlation analysis of non-financial sector of Pakistan for the period from 2005 to 2015.

TABLE 4.2: Correlation Analysis

Variables	ECD	CSR	LEV	ROA	FS	P/B	OC
ECD	1						
CSR	0.064**	1					
LEV	0.077**	0.017***	1				
ROA	0.035***	0.035***	0.018***	1			
FS	-0.062**	0.31	0.049***	0.020***	1		
P/B	-0.006	0.081**	0.094**	0.095**	0.091**	1	
OC	-0.002	-0.21	-0.038***	0.031***	-0.269	-0.189	1

Note: This table presents the results for correlation analysis. Furthermore, *** and ** denotes that the coefficient is statistically significant 5% and 10%.

Table 4.2 shows the correlations between variables. The correlation analysis is used to test the existence of multicollinearity by checking the Pearson Correlation.

This result shows that Executive Compensation Disclosure (ECD) is positively associated to Corporate Social Responsibility Disclosure (CSR), leverage (LEV) and return on assets (ROA) and negatively correlated to firm size (FS), price to book ratio (P/B) and ownership concentration (OC). In the above table, all correlation results are below 0.70, which indicates that multicollinearity is not a problem for this study.

4.1.3 Regression Analysis

Table 4.3 shows the results of regression analysis of EC disclosure on CSR disclosure and control variables. Probit model is applied on the whole data consisting of observations from the year 2005-2015.

TABLE 4.3: Regression Analysis

Dependent Variable: ECD				
Variables	Coefficient	Std. Error	Prob.	M.E
C	1.442	0.848	0.089	0.334
CSR	0.622	0.246	0.011	0.144
LEV	0.789	0.332	0.018	0.183
ROA	0.181	0.174	0.298	0.042
FS	-0.23	0.086	0.008	-0.053
P/B	-0.022	0.040	0.593	-0.005
OC	-0.027	0.096	0.777	-0.006
R2	0.015	LR-statistics	17.18	
		Prob. (LR-statistics)	0.009	
		Log likelihood	-552.7	
		F-statistics	68.03	
		Prob. (F-statistics)	0.000	
		Observations	880	

Table 4.3 presents probit results in regression analysis of the variables of the study. This table shows a positive and significant impact of CSR on ECD. Leverage (LEV) has positive and significant impact, return on assets (ROA) has positive and insignificant impact, firm size (FS) has negative and significant impact, price to book ratio (P/B) and ownership concentration (OC) have negative and insignificant impact on ECD.

It is established from results that increase disclosure reflects a company's social commitments hence, there is strong and positive impact between social performance and financial disclosure (Gelb & Strawser, 2001; Dawkins & Fraas, 2013). On the other hand, studies reveal negative impact between FS and executive compensation disclosure (Lang & Lundholm, 1993 & Ahmed & Courtis, 1999). The same has been connected with the firm size and level of expertise for the preparation and disclosure of reliable information about executive compensation of the organization. Report also predicts insignificant impact between OC and ECD which supports agency theory which highlights that centralization reduces firms' costs and package for additional disclosures (ibid).

As shown in Table 4, Log likelihood is -552.722. It is used in the LR chi-square test of regression coefficients. Total number of observations is 880. LR statistic is 17.117. It depicts the likelihood ratio of chi-square test. It tests that regression coefficient of at least one of the independent variables is not equal to zero. Probability of LR statistic is 0.009. Value of probability of some of the variables is less than 0.05 in this study which shows that there is nothing wrong in the model. Next is the value of R². This value shows the strength of the model. R² shows the impact of CSR on ECD in the presence of control variables. R² has a value of 0.015 which indicates that there is considerable variation in the ECD that is caused by CSR.

Marginal effect is used because the Dependent Variable i.e. ECD is the dummy variable and we used the probit model and in this case, marginal effect is required to be found out. CSR marginally contributes in Dependent Variable i.e. ECD up to 0.144 (14%) unit, as well as LEV marginally contributes in ECD up to 0.183 (18%) unit and FS marginally contributes in ECD up to -0.053 (-5%) unit.

Chapter 5

Conclusion, Discussion, Limitation and Future Recommendation

5.1 Conclusion and Discussion

This study examines the association between CSR disclosure and EC disclosure of 80 non-financial sector firms of Pakistan which are available in the Karachi Stock Exchange (KSE) (currently known as Pakistan Stock Exchange (PSX)). The crucial purpose of the examination is to investigate the impact of CSR disclosure on EC disclosure of the firm. To this reason, disclosure score is used to find the corporate social obligation of the firm.

Results of the data analysis incorporate descriptive statistics which is utilized to demonstrate mean, median, minimum, maximum and standard deviation. Correlation technique is utilized to test multicollinearity. Moreover, we apply binary logistic model. The result of this study proves that CSR disclosure positive and significantly effect on EC disclosure of the firms in the context of Pakistan.

In this study, two main variables are used i.e. CSR disclosure and EC disclosure to find the impact of CSR disclosure on EC disclosure of non-financial sector of Pakistan. Two hypotheses have been developed for the study, hypothesis Ho is

that CSR disclosure has no significant impact on EC disclosure and hypothesis H₁ is that CSR disclosure has significant relationship with EC disclosure.

After analyzing the data, the study result shows that H1 hypothesis has been accepted as in the model, the P-value is significant which means that CSR disclosure has significant impact on EC disclosure and the underlying study conclude that there is a role of CSR in explaining the EC of non-financial sector of Pakistan. The reason is that the cost of CSRD in non-financial sector of Pakistan is so much impact on ECD.

The result of the study also support by some previous literature moreover, similar results are also obtained by Chih, Shen and Kang (2008) and argued that the relationship between CSRD and ECD may be positively, negatively or there would be no link between CSRD and ECD.

Similarly, some other researcher like Krishna (1992) finds that the main difficulties in employing CSR practices in the organization are that the top managers are on the temporary basis thus they do not prefer the main concern of the organization and results will be that there might be problems in the measurement and assessment of the activities relates to CSR. Cahan (1993) also indicated that there is no significant relationship between CSRD and ECD.

5.2 Limitation and Future Recommendation

The present review just considered those organizations which are recorded on the KSE. We realize that KSE is the biggest stock exchange and is illustrative for Pakistani market however, for more sums up capable outcome in Pakistani setting can be obtained by including more organizations since now Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) are developed into PSX. As it was a good attempt yet, the study additionally completed some limitation which is the sample size of the study, the study uses the sample size of 80 firms data for 11 years because of which the study comes about can't be generalize, furthermore, research studies can utilize large sample

size of different industries to discover exact outcomes/results and can be generalize in study domain area.

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Appendix - A

INDUSTRY-WISE COMPANIES LIST

S. No.	Industry	Companies
1	Automobile Assembler	Atlas Honda Ltd
2		Ghandhara Nissan Ltd
3		HinoPak Motors Ltd
4		Indus Motor Co. Ltd
5	Automobile Parts & accessories	Atlas Battery Ltd
6		Exide Pakistan Ltd
7		General Tyre \& Rubber Company Pakistan Ltd
8	Cable & Electrical Goods	Kohinoor Energy Mills Ltd
9		Pakistan Cables Ltd
10		Southern Electric Company Ltd
11		Siemens Pakistan Engineering Company Ltd
12		Singer Pakistan Ltd
13	Cement	Attock Cement Pakistan Ltd
14		Bestway Cement Ltd
15		Cherat Cement Company Ltd

S. No.	Industry	Companies
16		D.G Khan Cement Company Ltd
17		Fauji Cement Company Ltd
18		Kohat Cement Ltd
19		Lafarge Pakistan Cement Ltd
20		Lucky Cement Ltd
21		Maple Leaf Cement Ltd
22		Pioneer Cement Ltd
23	Chemical	Berger Paints Pakistan Ltd
24		Clariant Pakistan Ltd
25		Engro Corporation Ltd
26		ICI Pakistan Ltd
27		Ittehad Chemical Ltd
28		Wah-Nobel Chemicals Ltd
29	Engineering	KSB Pumps Company Ltd
30		Sazgar Engineering Works Ltd
31	Fertilizer	Dawood Hercules Corporation Ltd
32		Fauji Fertilizer Bin Qasim
33		Fauji Fertilizer Company Ltd
34	Food & Personal Care Products	Bata Pakistan Ltd
35		Colgate Palmolive Pakistan Ltd
36		National Foods Ltd
37		Nestle Pakistan Ltd
38		Rafhan Maize Products
39		Zulfeqar Industries Ltd
40	Glass & Ceramics	Balochistan Glass Ltd

S. No.	Industry	Companies
41		Ghani Glass Ltd
42		Tariq Glass Industries Ltd
43	Oil & Gas Exploration	Mari Petroleum Company Ltd
44		Oil & Gas Development Company Limited (OGDCL)
45		Pakistan Oil Fields Ltd
46	Oil & Gas Marketing	Shell Pakistan Ltd
47		Sui Northern Gas Pipelines Ltd (SNGPL)
48	Paper & Board	Packages Ltd
49	Pharmaceuticals	Abbot Laboratories Pakistan Ltd
50		Ferozsons Laboratories Ltd
51		GlaxoSmithKline Pakistan Ltd
52		Highnoon Laboratories Ltd
53		Searle Pakistan Ltd
54		Wyeth Pak Ltd
55	Power Generation & Distribution	Hub Power Company Ltd
56		Japan Power Generation Ltd
57	Refinery	Attock Refinery Ltd
58		National Refinery Ltd
59		Pakistan Refinery Ltd
60	Sugar	Al-Abbas Sugar Mills Ltd
61		Al-Noor Sugar Mills Ltd
62		Dewan Sugar Mills Ltd
63		Habib Sugar Mills Ltd
64		Kohinoor Sugar Mills Ltd

S. No.	Industry	Companies
65	Technology & Commu- nication	Pakistan Telecommunications Limited (PTCL)
66		Telecard Ltd
67		Worldcall Telecom
68	Textile	Al-Qadir Textile Mills Ltd
69		Artistic Denim Mills Ltd
70		Azgard Nine Ltd
71		Colony Textile Mills Ltd
72		Gul Ahmed Textile Mills Ltd
73		Kohat Textile Mills Ltd
74		Kohinoor Textile Mills Ltd
75		Quality Textile Mills Ltd
76		Quetta Textile Mills Ltd
77		Tata Textile Mills Ltd
78		Zephyr Textile Limited
79	Tobacco	Lekson Tobacco Company Ltd
80		Pakistan Tobacco Company Ltd

Appendix - B

CSR Disclosure Items

I) Community Involvement

1. Charitable Donations and Subscriptions
2. Sponsorships and Advertising
3. Community Program (Health and Education)

II) Environmental

1. Environmental Policies

III) Employee Information

1. Number of Employees/Human Resource
2. Employees Relations
3. Employee Welfare
4. Employee Education
5. Employee Training and Development
6. Employee Prot Sharing
7. Managerial Remuneration

8. Worker's Occupational Health and Safety

9. Child Labor and Related Actions

IV) Product and Service Information

1. Types of Products Disclosed

2. Product Development and Research

3. Product Quality and Safety

4. Discussion of Marketing Network

5. Focus on Customer Service and Satisfaction

6. Customer Award/Rating Received

V) Value Added Information

1. Value Added Statement