

Impact of Corporate Social Responsibility on the Financial Performance of Pakistani Limited Companies



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Abbreviations

CSR: Corporate Social Responsibility

CFP: Corporate Financial Performance

FP: Financial Performance

ROA: Return on Assets

ROE: Return on Equity

TBQ: Tobin's Q

CARs: Criteria for Assessment and Ratings

Abstract

The concept of Corporate Social Responsibility has gained much importance in the last decade. It has now become one of the most debatable topic among the scholars and researchers. This particular research is carried out in order to investigate the impact of socially responsible activities on the financial performance of the companies operating in Pakistan. For this purpose data of Ten Pakistani Companies that are listed on Karachi Stock Exchange is evaluated. Three proxies ROA, ROE and Tobin's Q are used as a proxy for measuring the financial performance. They have been evaluated for the impact of CSR through applying linear regression using econometric software, Eviews. Firm size has been taken as the control variable. The results of the study revealed that significant positive relationship exist between them. Investment in CSR activities not only enhance the reputation and image but also result in increasing the short term as well as future profitability of the company exercising such activities.

Keywords: *Corporate Social Responsibility, Financial Performance, ROA, ROE, Tobin's Q*

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