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**Impact of Corporate Social Responsibility on Financial
Performance of a Firm or a Business**



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I have the pearl of my eyes to admire blessing of the compassionate and omnipotent because, the words are bound, knowledge is limited and time is short to express His dignity. First, I avail this opportunity to bow my head before ALLAH almighty in humility, Who has given me the wisdom and perseverance for completing this piece of report. I invoke peace for Holy Prophet MOHAMMAD (P.B.U.H), Who is forever torch.

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Dedicated to you Ami

Abstract

Over the past decade a new concept has evolved over the horizon of Pakistani business arena that is CSR, corporate social responsibility, with an aim to investigate and examine the impact of corporate social responsibility (CSR) on financial performance and future investment opportunities of companies listed on the Pakistan Stock Exchange. Four variables are utilized in this research amongst those three are used as a proxy to gauge financial performance and future investment opportunities of entities. Amongst these variables there are Corporate Social Responsibility (Independent variable), Return on Assets (dependent variable), Return on Equity (dependent variable) and Tobin's Q (dependent variable). Moreover, financial performance was gauged by employing two tools Return on Assets (ROA) and Return on Equity (ROE). Similarly future investment opportunities was gauged by employing Tobin's Q. In this study, 280 observations were investigated of twenty eight different corporations for a period of 10 years from 2006 to 2015. The data were analysed using the linear regression model. The results of the study revealed and unveiled that corporate social responsible behaviour of the firm has a positive and significant impact on financial performance of a firm depicted through the regression analysis ROA and ROE of the firm. Likewise future investment opportunities are also significantly and positively affected by corporate social responsible behaviour of an entity. The present study is useful for managers to develop future social performance policies that may lead to better financial performance in the long-term along with discovery of new investment avenues.

Keywords: Corporate social responsibility (CSR), Financial performance (FP), Pakistan Stock Exchange, Return on assets (ROA), Return on equity (ROE), Tobin's Q (TBQ)

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