IMPACT OF CSR ON FIRM'S FINANCIAL PERFORMANCE IN CASE OF PAKISTAN'S MANUFACTURING CONCERNS

BY

KINZA NAEEM
38939

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BUSINESS STUDIES DEPARTMENT

BAHRIA BUSINESS SCHOOL

Bahria University Karachi Campus

Declaration of Authentication

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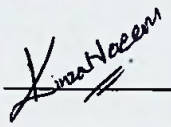
Student's Signature: 

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ABSTRACT

Purpose: The primary and basic aim of this study is to measure the impact of CSR on the financial performance of manufacturing concerns in Pakistan. This helped in finding the fact that whether CSR activities are presenting negative or positive impact on the manufacturing businesses of Pakistan.

Methodology/sample: In order to conduct this research, quantitative and secondary research method has been selected with the help of annual statements of eight manufacturing companies that are listed in Karachi stock exchange. The time span of 2014 to 2019 is considered to carry out the work on this research. Convenience sampling is used as a sampling technique to conduct this research.Hausman test is used as cross sectional approach in order to get results. Cross section effect has also been measured in this study.

Findings: The results of the study conclude that income tax and accounts payable turnover has a negative impact on ROA. Whereas, the impact of salaries, dividend per share, interest coverage and Debt to asset is positive on ROA. Hence, it can be said that income tax and APT is reflecting bad influence on the financial performance of manufacturing concerns of Pakistan.

Practical implications: It is suggested for both the government and organizations to focus on the implementation of CSR activities in order to ensure wellbeing and betterment of the society. Effective policies from government related to CSR activities can be helpful for the society. It is certain that appropriate policies related to CSR will be mutually helpful for the performance of organizations and wellbeing of the society.

Keywords: Accounts Payable Turnover (APT), Dividend per Share (DPS), Corporate Financial Performance (CFP), Return on Assets (ROA), Corporate Social Responsibility (CSR).

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