

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AT
WORKPLACE PERFORMANCE IN MULTINATIONAL FIRMS: A CASE
STUDY IN PAKISTAN**

BY

AMINA SADAF

**A thesis presented to the Bahria University, Islamabad in partial fulfillment of the
requirements for the degree of**

Master of Philosophy



October 2012

Copyright © 2012 by Amina Sadaf

All rights reserved

DECLARATION OF AUTHENTICATION

I Amina Sadaf certify that the research work presented in this thesis is to the best of my knowledge my own, all sources used and any help received in the preparation of this dissertation have been acknowledged. I hereby declare that I have not submitted this material, either in whole or in part, for any other degree at this or any other institution.

Signature:

ACKNOWLEDGEMENT

First of all I would like to thank my Allah Almighty the most merciful, beneficent and the source of all knowledge who has been a spiritual inspirational support during this task and blessed me with courage, knowledge and sufficient opportunity to undertake and execute this research dissertation. I would like to recognize my inspiration towards our Prophet (P.B.H.H) who is a role model for me in the domain of knowledge of the world and humanity.

I am deeply grateful to my supervisor Professor. Dr. Zahid Mahmood for his guidance, patience and valuable suggestions throughout this long exercise, without his encouragement and inspiration, this research study would not have been possible. He has been extra kind in extending all possible help to make this work a success.

I am deeply grateful to my statistical supervisor Sir Ayub Saddiqui who has been very kind to guide me in statistical data analysis and interpretations of the research study.

I am also thankful to my other teachers Dr. R.K.Malik, Ms. Kishwar Gulzar, Ms. Mahwish, and Mr. Tanvir, who has been very understanding and helpful during my course work of M.Phil program.

I am thankful to the multinational firms of Pakistan (Unilever, SCB and Shell Pakistan) for their valuable support, time and corporation in data collection through questionnaires and interviews, with out their help this task would not have been possible.

I am thankful to the Bahria University administration in providing us valuable resources and facilities in the university to enable us to accomplish this task.

I am thankful to Bahria University staff, library staff, photocopier staff who has been very corporative and supportive during my dissertation write up time period.

DEDICATION

I dedicate this work to my beloved father and mother who has been a great support in my life and through their love, prayers and encouragement enabled me to achieve this task. I would also like to thank my brothers who have shown their patience during my working hours towards my thesis. At the end, I would like to thank all of my friends who were great help and shown their support during the thesis write up.

TABLE OF CONTENTS

	Page
Copy Right -----	ii
Declaration of Authentication -----	iii
Acknowledgment -----	iv
Dedication -----	v
Table of Contents -----	vi
List of Tables -----	xii
List of Graphs & Figures -----	xiii
List of Abbreviations -----	xv
Abstract -----	xvi

CHAPTERS

1	INTRODUCTION -----	2
1.1	Intellectual Context of the Study -----	3
1.2	Problem Statement -----	7
1.3	Research Objectives -----	8
1.4	Research Questions -----	9
1.5	Significance of the Study -----	10
1.6	Definition of key terms -----	11
1.7	Structure of the Thesis -----	12
1.8.	Summary -----	13
2	LITERATURE REVIEW -----	15
2.1	History and Evolution of CSR Concepts -----	15
2.2	The CSR Decade of 1970 -----	17
2.3	The CSR Decade of 1980 -----	19

2.4	The CSR Decade of 1990 -----	20
2.5	Theoretical Perspective of CSR in the Context of Stakeholder Theory -----	22
2.6	Economic Drivers of CSR -----	24
2.7	Role of CSR at Workplace Performance -----	26
2.8	The Current Controversies of CSR -----	28
2.9.	Contextual Discussion on CSR -----	31
2.10.	Summary -----	35
3	THEORETICAL FRAMEWORK -----	39
3.1	Description of the Theoretical Framework -----	41
3.1.1.	Linkages between Reputation Management and Financial Performance-----	41
3.1.2.	Linkages between Employee Retention and Organizational Norms -----	42
3.1.3.	Linkages between Innovation and Employees-----	44
3.1.4.	Linkages between investment & Capital and Ethics-----	45
3.2.	Summary -----	46
4	RESEARCH DESIGN -----	48
4.1	Triangulation (Quantitative & Qualitative Research) -----	48
4.2	Unit of Analysis -----	49
4.3.	Population -----	49
4.4.	Sample -----	50
4.4.1.	Probability Sample -----	50
4.4.1.2.	Stratified Random Sample -----	50

4.4.1.3.	Cluster (area) Sample -----	51
4.4.2.	Non Probability Sample -----	51
4.4.2.1.	Convenience Sample -----	51
4.4.2.2.	Judgment Sample -----	51
4.5.	Data Collection -----	52
4.6.	Quantitative Method-----	52
4.6.1.	Research Instrument -----	52
4.6.1.2	Questionnaire -----	52
4.6.2.	Operational definitions of key variables-----	53
4.7.	Qualitative Methods -----	54
4.7.1.	The Case Study Research Design -----	54
4.7.2.	Internal Validity of Theoretical Framework -----	57
4.7.3.	Case Study Design -----	58
4.7.3.1.	Single - Case (holistic) design (Type 1) -----	58
4.7.3.2	Single - Case (embedded) design (Type 2) -----	58
4.7.3.3.	Multiple - Case (holistic) design (Type 3) -----	58
4.7.3.4.	Multiple - Case (embedded) design (Type 4) -----	58
4.7.4.	Single Case with embedded units (embedded multiple Units analysis) -----	60
4.7.5.	Hypotheses-----	60
4.7.6.	Sources of Data -----	61
4.7.7.	Data Collection Sources-----	62
4.7.8.	Sources of Evidence -----	63
4.7.8.1.	Documentation-----	65
4.7.8.2.	Archival Research -----	65
4.7.8.3.	Interviews -----	65

4.7.8.4.	Direct Observations-----	66
4.7.8.5.	Participants - Observations -----	66
4.7.8.6.	Physical - Artifacts -----	66
4.7.9.	Conducting Case Studies: Preparing for Data Collection -----	66
4.7.10.	Table of Contents of a Protocol for Conducting Case Studies of Multinational Firms of Pakistan -----	67
4.7.11.	Analyzing Case Study Evidence -----	69
4.7.12.	Specific Analytic Techniques / Tools-----	69
4.8.	Summary -----	70
5	DATA ANALYSIS AND FINDINGS-----	72
5.1	Qualitative - Statistical Results-----	72
5.2	Qualitative Results - Case Study Protocol (Single versus embedded case studies)-----	73
5.3	Quantitative Findings -----	74
5.3.1	Reliability Test-----	74
5.3.1.1.	Cronbach's α (alpha)-----	74
5.3.1.2.	Guttman Lower Bound-----	75
5.3.2.	Correlation Statistical Analysis for Hypotheses (H1, H2, H3, H4)-----	76
5.3.2.1.	Spearman's rho-----	76
5.3.2.2.	Statistical Significance (2-tailed)-----	80
5.4.	Two Classification Variables: Contingency Table Analysis for Hypotheses testing-----	81
5.4.1.	Chi-Square Goodness of Fit test -----	81
5.4.1.2.	Cross-Tabulation - Graphical Representation and Chi-Square	

	Interpretations -----	82
5.5.	Multiple Responses - Group Analysis Frequencies -----	114
5.5.1.	Reputation Management and Financial Performance -----	116
5.5.2.	Employee Retention and Organizational Norms -----	116
5.5.3.	Innovation and Employees -----	117
5.5.4.	Investment & Capital and Ethics -----	117
5.6	Qualitative Research Results -----	119
5.6.1.	Reporting a Case Study -----	119
5.6.1.A.	Introduction to the Case Study and Purpose of Protocol -----	119
5.6.1.B.	Data Collection Procedures-----	121
5.6.1.C.	Outline of Case Study Report -Unilever Pakistan -----	123
5.6.1.D.	Case Study Questions -----	130
5.6.2.C.	Outline of Case Study Report - Standard Chartered Bank -----	143
5.6.2.D.	Case Study Questions-----	150
5.6.3.C.	Outline of Case Study Report – Shell Pakistan -----	162
5.6.3.D.	Case Study Questions -----	171
5.7.	Case Study Protocol Findings & Interpretations-----	184
5.8.	Summary-----	187
6	CONCLUSION -----	189
6.1	Contribution of the Study -----	194
6.2	Limitations of the Study -----	195
6.3	Practical Implications -----	196
6.4	Future Research -----	197
6.5	Practical Recommendations -----	198
6.5.1.	Recommendations-----	199

6.5.1.1.	Government of Pakistan-----	199
6.5.1.2.	Securities and Exchange Commission of Pakistan-----	201
6.5.1.2.3.	Multinational Firms of Pakistan-----	202
6.6.	Summary-----	203
REFERENCES -----		206
APPENDIXES		
A.	Cross Tabulation tables results -----	219
B.	Questionnaire utilized -----	234
C.	SECP SRO-----	266
D.	Archival Resources Unilever, SCB, Shell Pakistan -----	268

LIST OF TABLES

S.NO	TABLE NO		PAGE
1.	5.1	Reliability Statistics (Cronbach's Coefficient Alpha)	75
2.	5.2	Guttman Lower Bounds	76
3.	5.3	Correlation Statistical Analysis for hypotheses	76
4.	5.4	Chi-Square Tests (RM versus FM) organizations	84
5.	5.5	Chi-Square Tests (RM versus FM) stakeholders	87
6.	5.6	Chi-Square Tests (ER versus ON) organizations	91
7.	5.7	Chi-Square Tests (ER versus ON) stakeholders	94
8.	5.8	Chi-Square Tests (IN versus EM) organizations	98
9.	5.9	Chi-Square Tests (IN versus EM) stakeholders	101
10.	5.10	Chi-Square Tests (IVC versus ET) organizations	106
11.	5.11	Chi-Square Tests (IVC versus ET) stakeholders	109
12.	5.12	Chi-Square Tests (IVC versus ET) organizations	112
13.	5.13	Group Analysis (Repute frequencies)	114
14.	5.14	Group Analysis (Employee Retention frequencies)	115
15.	5.15	Group Analysis (Innovate frequencies)	115
16.	5.16	Group Analysis (Invest frequencies)	115

LIST OF GRAPHS AND FIGURES

S.NO	GRAPH NO		PAGE NO
1.	5.1, 5.2 (a, b)	Reputation Management versus Financial Performance	82- 85
2.	5.3, 5.4 (a, b)	Reputation Management versus Financial Performance	86, 88
3.	5.5, 5.6 (a, b)	Employees Retention versus Organizational Norms	89-92
4.	5.7, 5.8 (a, b)	Employee Retention versus Organizational Norms	93-95
5.	5.9, 5.10 (a, b)	Innovation versus Employees	96-99
6.	5.11, 5.12 (a, b)	Innovation versus Employees	100,102
7.	5.13, 5.14 (a, b)	Investment & capital versus Ethics	103-105
8.	5.15, 5.16 (a, b)	Investment & capital versus Ethics	107-110
9.	5.17, 5.18 (a, b)	Investment & capital versus Ethics	111,113

FIGURE NO

S.No	FIGURE NO		PAGE NO
1.	2.1	The Pyramid of Corporate Social Responsibility	21
2.	3.1	Theoretical Framework of the study	40
3.	4.1	Design of Questionnaire	53
4.	4.2	Case Study Tactics for four Design Tests	56
5.	4.3	Basic Types of Designs for Case Studies	59

6.	4.4	Design Versus Data Collection Unit of Analysis	63
7.	4.5	Six Sources of Evidence: Strength and Weaknesses	64
8.	5.19	Theoretical framework for the case study (reproduces the logic model)	120-121
9.	5.20	Case Study Protocol Framework Outcomes	186
10.	6.1	Conceptual framework of CSR recommendations	205

LIST OF ABBREVIATION

CSR	Corporate Social Responsibility
WP	Workplace Performance
RM	Reputation Management
FM	Financial Performance
ER	Employee Retention
ON	Organizational Norms
IN	Innovation
EM	Employees
INC	Investment & Capital
ET	Ethics
SCB	Standard Chartered Bank
SECP	Securities & Exchange Commission of Pakistan
IV	Independent Variable
DV	Dependent Variable

ABSTRACT

It is evident that the concept of CSR is well associated with moral and ethical issues in corporate world. Today's organizations are highly competitive and it has become very important for the firms to integrate social and environmental aspects in their business activities. CSR deals with complex organizational issues such as human resource management, environmental practices, health and safety at work, relationships with communities, suppliers and customers. There has been an evidence that multinational firms in the developed nations are well aware about the concept of Corporate Social Responsibility and its practices at their workplace. However, it is observed that there has been a lack related to CSR practices. Since, its formal inception in the corporate world, particularly in key emerging economies including Pakistan, India, Mexico, Nigeria, Bangladesh and Middle East. In the emerging economies, the key gaps are poor governance systems, macroeconomics destablity, low investments in infrastructure and human development and financial management crises. The recent studies are showing an important gap to determine the impact of CSR at workplace performance in multinational firms in Pakistan. The aims of the present study are to explore the characteristics of CSR and determine how it creates an impact on multinational organization's work place performance particularly their key operational areas in Pakistan.

Based on stakeholders, the key argument of the present study is developed and the literature review section provides the overview of different stakeholders which are given by different theorists in the area of CSR as a theoretical underpinning of the present study. The Stakeholder Theory introduced by Edward Freeman (1984) creates its linkages and association towards active explanation of CSR and provides a theoretical underpinning of CSR phenomena. The linkages

provide a connection where its mandatory for organization's stakeholders to be socially responsible in the society and perform their activities according to society laws.

The mixed triangulation technique (Quantitative and Qualitative) is used to test the study hypotheses which are conceptualized through intellectual context of different researchers in order to achieve results from both perspectives to validate the proposed assumptions. The present study utilizes the mixed method to investigate the relationship of CSR (independent variable) and Workplace Performance (dependent variable) within multinational firms and also helps to provide full picture of shifts or variance in dependent variable (Workplace Performance) which are changed due to unforeseen circumstances. The quantitative data is analyzed through statistical tests which are reliability tests (Cronbach alpha, Guttman Lower bound), correlation analysis, cross tabulation of variables, graphical representation of cross-tabulations, chi-square tests, multiple response - group analysis which enables the audience to comprehend the impact of independent variable (reputation management, employee retention, innovation and investment & capital) on dependent variable (financial performance, organizational norms, employees and ethics). The qualitative analysis is performed through case study (single versus embedded) design by Yin, 2003 in order to achieve real life context results aligned with behaviors of stakeholders (internal & external) of the multinational firms of Pakistan.

The quantitative results are statistical significant which supports the hypotheses of the present study. The qualitative case study protocol also managed to surface some rival explanations which are identified and explored through top management interviews in these firms. The research study is in compliance with internal validity, external validity and reliability design tests.

The practical implication of the research study is catering the statement ‘turning theory into practice’. The study is showing its validity through internal, external and reliability tests. The generalizability of the research study is both from statistical and theory perspective. This study might be used in multinational firms at their business activities. The theoretical framework can be embedded in the strategic planning of a multinational firm where the business activities can be generated through CSR independent indicators (Reputation Management, Employees Retention, Innovation, Investment & Capital) in order to achieve workplace performance indicators (Financial Performance, Organizational Norms, Employees and Ethics) which further leads to increase overall productivity of a multinational firm of Pakistan. Another practical implication of the research study is that the regulatory organization Securities and Exchange Commission of Pakistan (SECP) can specify and add the CSR indicators (Reputation Management, Employees Retention, Innovation and Investment & Capital) in S.R.O. 983(1) 2009, section 246 of the companies’ ordinance 1984 in relation with CSR law for the companies that they should contribute their socially responsible investment for the betterment of the society. The present study is beneficial for the top management to incorporate the theoretical framework in their policies in order to enhance workplace performance of the multinational firms. The implementation of the CSR practices will reduce the bankruptcies and controversies among the stakeholder communities.

For future research the new dimension of CSR may be explored which are beneficial for the overall productivity of an economy. The present study might be extended to conduct a comparative of Corporate social Responsibility and Shariah Islamic Law. Also, the future research may be conducted on the relationship of CSR and Islamic religion. This relationship

may scientifically lead to the evolution of CSR from Islam. The study can give idea how CSR is closely resembled to the Islamic religion and through its implementation can lead towards highly productive results.