

**“The Impact of CSR on Financial performance of Telecom Sector in Pakistan”**



**By**

**Name: Amra Farooq**

**Enrollment # 01-220102-004**

**Supervisor:**

**Sir Ajab Khan Burki**

**Department of Management Science**

**Bahria University Islamabad 2014**

## **ABSTRACT**

Pakistan is an ever-growing business hub in Asia. Due to the fact that Pakistan has diverging socio-economic, cultural, ethnic groups, and ethical systems, this study seeks to find out multicultural impacts on corporate social responsibility (CSR) issues and practices in the country.

This study encompasses top and executive managers in financial CSR services sector in Pakistan. A total of 200 questionnaires were given out to the respondents in different segments of financial institutions in Pakistan namely commercial banks, investment banks, brokerage firms, fund management companies, insurance companies, unit trust companies, and large public fund organisations. The questionnaire used in this study was modified from Aupperle, Carroll and Hatfield (1995), Maignan and Ferrell (2000), and Maignan (2001).

The questionnaire was used to measure perceptions about CSR elements as proposed by Carroll (1991): economic, legal, ethical and philanthropic responsibilities. The results indicated that top and executive managers ranked ethical responsibilities as the most important CSR duties for Corporations in telecom sector of Pakistan.

The results from the factor analysis revealed four drivers that were able to motivate corporations to practice CSR namely local and global forces, corporate image, economic performance, and cultural awareness. A depth observation across ethnicity of the respondents revealed that there are no homogenous results, especially with regards to Carroll's CSR elements.

The findings clearly demonstrate a separation of opinions between Pakistani Telecom sector and its basic CSR regarding finances as per view of respondents. This is potentially a significant findings will focus on culture which will give a significant impact on people attitude, behaviour and perception.

The findings from this study suggest a unique CSR model for Pakistani telecom sector and their finances and it is hoped to be the guide for local and international companies that is operating and that will be operating in this country.

## **Acknowledgment**

First of all I want to thank Almighty Allah for giving me strength and opportunity to fulfill my dreams. I want to thank my respected parents, my mother who was a source of my strength and especially my father for being so much aspirational and supportive at each and every moment. I wish to have their support for rest of my life. It took my 6 month to complete this work titled “The Impact of CSR a Financial performance of Telecom Sector in Pakistan ”during this period lots of people helped me in completion of this research work people helped me in completion of this thesis report I want t say that to those who has contributed in the success and helped me in completion of this research work specially ‘Irum Javed’ and the most respectful teacher “Sir Ajab Khan Burki”. I wish to show my gratitude to sir who continuously encouraged me and helped my during the process of thesis writing. I also want say thanks to department of management sciences of Bahria university who stayed co-operative during my stay at Bahria university and the research cell which continuously guided me in completion of this work and finally my family which has really helped me and their prayers made it for me.

# **DEDICATION**

*I dedicate this to my Beloved Parents for all their love and attention  
which has made it possible for me to make it up to this point.*

## Table of Contents

**Title Page**

**Acknowledgement**

**Dedication**

**Abstract**

### **Chapter 1: Introduction**

|  |    |
|--|----|
| 1.0 Introduction.....                  | 1  |
| 1.1 Background of the study.....       | 1  |
| 1.1.1 Problem Identification .....     | 4  |
| 1.1.2 Problem Statement.....           | 6  |
| 1.2 Rationale of the study.....        | 7  |
| 1.3 Justification of the research..... | 8  |
| 1.4 Research questions.....            | 9  |
| 1.5 Objectives of the research.....    | 10 |
| 1.6 Scope of the research.....         | 10 |

### **Chapter No 2: Literature Review**

|  |    |
|--|----|
| 2.1 Theoretical Studies on CSR.....                | 13 |
| 2.2.1 Stakeholder Theory.....                      | 14 |
| 2.2.2 Agency Theory.....                           | 21 |
| 2.2.3 Legitimacy Theory.....                       | 22 |
| 2.3 Motivation for CSR Activities.....             | 24 |
| 2.5 CSR Studies in Asian Developing Countries..... | 26 |

### **Chapter 3: Theoretical Framework and Hypotheses.....31**

### **Chapter 4: Research design and methodology.....32**

|  |    |
|--|----|
| 4.0 Research design and methodology.....     | 33 |
| 4.1 Introductions.....                       | 33 |
| 4.2 research paradigm.....                   | 33 |
| 4.2.1 Ontological assumption.....            | 33 |
| 4.2.2 Epistemological assumption.....        | 34 |
| 4.3 research framework.....                  | 34 |
| 4.4 research design and research method..... | 35 |
| 4.4.1 Data collection.....                   | 35 |

### **Chapter No. 5 Results and Description**

|                                  |    |
|----------------------------------|----|
| 5.0 Results and Description..... | 38 |
| 5.1 Reliability Test.....        | 38 |
| 5.2 Financial Aspect of CSR..... | 38 |

|  |    |
|--|----|
| 5.3 Financial Aspect of CSR.....   | 39 |
| 5.4 Motivational Aspect of CSR.....  | 38 |
| 5.6 Correlation Analysis.....  | 40 |
| 5.7 Regression Analysis.....   | 40 |
| 5.8 Perceived Financial CSR & Motivational aspect of CSR.....              | 41 |
| <b>Chapter No 6 Conclusion &amp; recommendation</b>                        |    |
| 6.1 Conclusion.....  | 45 |
| 6.2 Summary of Findings.....   | 45 |
| 6.2 Recommendations.....   | 46 |
| 6.2.1 Implication on Knowledge.....  | 46 |
| 6.2.2 Implication on Financial Institutions and Business Corporations..... | 47 |