

**Impact of CSR on Financial Performance of Sugar Industries of Pakistan**

**By**

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## **Dedication**

This thesis is dedicated to Sir Muhammad Umar who gave me the chance to enter in banking field to get resources to pay my academic fee and Sir Ayub Siddiqui whose moral support gave me the courage to complete my Master of Philosophy.....

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## ABSTRACT

Due to positive correlation between CSR and financial performance, the increase in financial performance will positively affect the development of economy and vice versa. Thus CSR activities play an important role for corporate increasing trend that ultimately influence the economy. To understand and to give some suitable explanation for corporate social responsibility, it is important to know that what CSR activities impacting the sugar industries of Pakistan and how these activities can impact the financial performance of sugar sector. This study is conducted to evaluate and empirically determine the impact of CSR activities; donation, workers profit participation fund (WPPF), and research and development (R &D) on performance such as Sales, return on assets (ROA), and return on equity (ROE) of sugar sector of Pakistan.

This study is conducted for sugar industry of Pakistan and all (30) sugar firms that are listed on are unit of analysis for present study. Sugar sector is selected as corporate social responsibility issue arises in sugar industry the most. Exploitation of farmers providing the raw sugar cane to sugar mills, is the main reason as they are the main stakeholders of sugar firms so their interest matters a lot to demand the implication of CSR activities form the this industry. These CSR activities will work as to build sugar firm's reputation in eyes of their stakeholders that ultimately will be beneficial for the firm in terms of their performance.

By applying fixed affect model, results of the study suggested that WPPF, donations and R & D have significant impact on the performance of sugar industries of Pakistan. R & D have positive significant impact on financial performance in terms of sales but for ROA, and ROE, it has impact on performance but this impact is on margin. WPPF have positive significant impact

on performance of firms in terms of their ROA, ROE, and sales as percentage of total assets. The CSR practices of sugar firms like donations have negative significant impact on performance of sugar industry in terms of ROA, and ROE while it has positive relationship with performance of firm in terms of sales as percentage of total assets but this positive relation is not significant.

*Key Words:* donations, research and development, worker profit participation fund, return on assets, return on equity, sales as percentage of total assets.