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Impact of Corporate Social Responsibility on Firm Performance, Moderating Role of Ownership Structure

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Abstract

This study examines the relationship between Corporate Social Responsibility (CSR) and firm performance while investigating the moderating role of ownership structure in shaping this relationship. The study focuses on three ownership types, managerial, government, and foreign ownership, to understand their impact on CSR-related financial outcomes. Between 2013 and 2022 this analysis studies 180 Pakistani non-financial market stocks through an unbalanced panel dataset with a Dynamic Panel Data Model and GMM estimation. We estimate company performance through Tobin's Q and determine CSR by examining social contribution per share. The different types of ownership show up as managerial stake percentage plus government stake number plus foreign stake amount. The study shows that CSR has no important direct influence on company results. Both management and government ownership prove ineffective at altering the relationship, which points to governance problems and conflicts of interest. When foreign investors take over, they tend to lower a company's CSR benefits because they put money results ahead of social responsibility. The study shows that ownership structure controls how effective CSR investments translate into financial results. The research adds to discussions about CSR success by showing that companies need to match their CSR approach with how they are owned. Authorities need to build rules that promote CSR practices and fix inefficient management systems in companies owned by managers or the state. This study shows new patterns in how the structure of corporate ownership affects CSR performance by linking three key theoretical approaches. The study presents valuable information that helps business leaders and financial stakeholders develop better CSR programs to boost profit and social value.

Introduction

In the modern corporate world, economic profit is not considered the only measure to assess the performance of the business. Many stakeholders require companies to contribute towards society well belling. It is based on the belief that companies should pay attention to human, environmental and social impacts of their activities. According to this modern view, companies should focus not only on maximizing revenues but also on considering ways to benefit society (Adamkaite et al., 2023). Therefore, organizations are increasingly focused on improving their financial performance, recognizing that fulfilling social responsibilities is crucial to achieving this goal. As a result, Corporate Social Responsibility (CSR) has become a trending concept, with many companies adopting various CSR activities. For instance, Starbucks and McDonald's have implemented CSR policies and strategies that benefit both their internal and external stakeholders. Starbucks supports its internal stakeholders by providing educational assistance, while McDonald's extends its efforts to the community by offering food, housing, and medical care. These initiatives not only enhance the companies' reputations but also lead to economic benefits, illustrating how social responsibility and financial performance are interconnected in the modern business world (Ghardallou & Alessa, 2022). Therefore, Corporate Social Responsibility is a vital concept for companies to succeed.

As this phenomenon is growing companies are implementing CSR activities. Therefore, it is crucial to investigate whether the adaption of CSR activities contributes to the financial performance of companies (Yoon & Chung, 2018). Modern business scholars are exploring the direct relationship between CSR and firm financial performance. Their findings are indecisive, with some reporting a positive association while others suggest a negative or no correlation between these variables (Úbeda-García et al., 2021). Empirical studies investigating this direct relationship have produced mixed results (Waheed, Zhang, et al., 2021). While companies in developed countries are actively taking CSR-related initiatives, leading to numerous studies in those regions, the research on the relationship between CSR and firm financial performance in other contexts remains insufficient and lacks empirical evidence (Kabir & Chowdhury, 2023). The investment in CSR activities by the company executive may create conflicts between shareholders and stewards. Companies use multiple arrangements suggested by Agency theory to reduce such conflicts. Ownership structure is one of the arrangements to minimize conflicts between management and ownership regarding investment in CSR related activities (Waheed, Hussain, et al., 2021a).

The ownership structure determines share distribution between various shareholder types, which directly impacts corporate governance and economic performance. This study classifies ownership structure into three categories: foreign ownership, government ownership, and managerial ownership. Foreign ownership continues to acquire more assets in worldwide capital markets as foreign investors display a heightened preference for executing Corporate Social Responsibility (CSR) practices. The enhancement in commitment towards CSR initiatives demonstrates beneficial results for business financial performance, according to (Oh et al., 2011). The presence of government ownership promotes more intense implementation of CSR activities in firms. The extensive engagement in CSR activities among companies with significant government shares results from their obligations toward regulatory compliance and state sustainability mandates in addition to public accountability standards (Mohd Ghazali, 2007). Management ownership demonstrates a negative connection to corporate social responsibility activity levels. Managerial ownership shares influence a preference to consider CSR activities as extra expenses instead of strategic investments, which then leads to decreased corporate social responsibility actions(Oh et al., 2011).

The composition of firm ownership serves as a vital growth factor to company success within emerging economic environments. Financial performance is strongly related to ownership structure because appropriate ownership governance allows firms to steer executive decisions, which leads to enhanced firm value (Iwasaki et al., 2022). Mixed ownership firms, which include management teams along with government representatives and foreign shareholders, should demonstrate superior financial performance because their diverse expertise provides strategic supervisory benefits (Waheed, et al., 2021). Supporting evidence from Pakistani research corroborates these observational results. Both government and foreign ownership improve financial results for firms, while managerial ownership shows negative results in financial performance, according to research findings Ahmad et al., (2023) Ahmed & Hadi, (2017) Ownership structure emerges as pivotal because it directs both corporate social responsibility conduct and financial outcomes of businesses.

Corporate Social Responsibility (CSR) has gained significant attention in the business world as companies increasingly recognize its role in enhancing corporate reputation and financial performance (Ahmad et al., 2023). However, empirical research on the relationship between CSR and firm performance has produced mixed results. Some studies suggest a positive impact, while others indicate no effect or even a negative relationship. This inconsistency suggests that additional factors may influence this relationship. A company's ownership structure determines various aspects of corporate decision-making with CSR investments being among them. The distinct ownership characteristics between managerial ownership and government ownership, as well as foreign ownership, Waheed, et al., (2021) affect how CSR programs function through different aspects of control along with their motivators and goals. Managers holding firm ownership often interpret CSR programs as expenditures, which diminishes corporate value due to shareholder prioritization of financial return. In contrast foreign and governmental owners prioritize CSR activities because of necessary regulatory requirements as well as improving their organizational image. Research exploring the role of ownership structure in CSR-firm performance dynamics is scarce for developing nations such as Pakistan despite recent academic interest in the subject. Asset investment in Corporate Social Responsibility deserves financial evaluation within diverse emerging market ownership frameworks. The study endeavors to bridge the knowledge gap through an analysis of how firm ownership structure influences CSR's impact on firm performance using Pakistan Stock Exchange-listed company data. What is the direct impact of Corporate Social Responsibility (CSR) on firm performance? How does ownership structure moderate the relationship between CSR and firm performance? What is the moderating role of managerial ownership in the CSR–firm performance relationship? What is the moderating role of government ownership in the CSR–firm performance relationship? What is the moderating role of foreign ownership in the CSR–firm performance relationship?

This study aims to determine the direct impact of Corporate Social Responsibility on firm performance. Additionally, it examines the moderating role of ownership structure on CSR and firm financial performance; specifically, three types of ownership structures are considered: managerial, government and foreign. Through this comprehensive analysis, the study seeks to provide a deeper understanding of how CSR in the presence of above mentioned three ownership structures influences a firm's financial performance (Arouri et al., 2014; Khan et al., 2013). One research conducted in Pakistan has recommended to study moderating effect of ownership structure on CSR and Firm's financial performance. The current study is conducted to fill this research gap (Waheed, Hussain, et al., 2021b). Therefore, the research objectives of the current study are as follows: To examine the direct impact of Corporate Social Responsibility (CSR) on firm performance. To analyze the moderating role of ownership structure in the CSR–firm performance relationship. To determine the effect of managerial ownership on the relationship between CSR and firm performance. To investigate the role of government ownership as a moderator in the CSR–firm performance link. To explore the impact of foreign ownership on the CSR–firm performance relationship.

Literature Review

Corporate Social Responsibility

Society today confronts a multitude of pressing issues, including social inequality, energy sustainability, and climate change. In response, organizations are increasingly adopting Corporate Social Responsibility (CSR) practices to address these challenges. Beyond tackling these societal problems, CSR initiatives also offer substantial benefits to companies, such as boosting customer satisfaction, resolving stakeholder conflicts, enhancing employee trust, and improving corporate reputation (Ikram et al., 2020b). CSR is the commitment of organizations to engage in actions and fulfill obligations that are beneficial for society. By integrating CSR into their strategies, companies not only contribute positively to societal well-being but also strengthen their own operational frameworks, thus achieving a symbiotic balance between business and social interests (Aguinis et al., 2024).

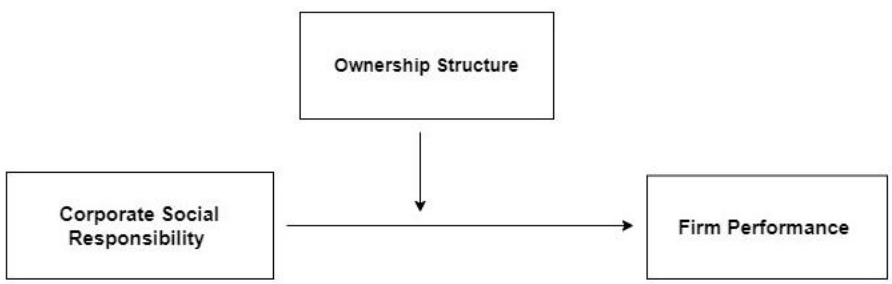
Ownership Structure

The distribution of ownership rights among different types of shareholders, known as the ownership structure, significantly influences various organizational dimensions, including employee behavior, corporate strategies, and financial performance (Aguilera & Crespi-Cladera, 2016). This study explores the impact of three distinct ownership structures: managerial, government, and foreign. Managerial ownership involves managers holding shares in the organization, thereby aligning their interests with those of the owners. Government ownership entails the state holding shares in listed companies, a prevalent model in Malaysia (Aguilera & Crespi-Cladera, 2016). Foreign ownership pertains to investments made by international entities in the form of shares, typically directed towards companies where they possess sufficient information and where their investments are securely safeguarded (Farooque et al., 2007).

Firm Performance

Firm performance, often regarded as a synonym for organizational efficiency, encapsulates the achievement of organizational financial goals with excellence while utilizing limited resources. This performance metric is primarily gauged by the profit generated by a Company and the price of its shares in the stock market (Taouab & Issor, 2019). An organization performing well would generate long-term profits, which in turn fosters job creation and enhances individual income growth in the economy. Research indicates that improving company performance necessitates offering both internal and external opportunities for employees. These opportunities enable the enhancement of their knowledge, skills, and abilities, thus facilitating superior task performance (Boshnak, 2023).

Conceptual Framework



CSR and Firm Performance

Corporate Social Responsibility (CSR) aids companies in improving their connections with key stakeholders, including the government and civil society, which in turn boosts the value and effectiveness of the firm (Ghardallou & Alessa, 2022). Research has also shown that CSR positively influences customer behavior, fostering loyalty and advocacy, which in turn enhances the firm's financial performance. However, some studies indicate that there is no direct link between CSR and firm performance (Nasir et al., 2023). Other factors, such as advanced technology and infrastructure, also play a significant role in improving organizational performance. According to agency theory, there is a divergence in how different parties view the importance of CSR. Owners might see it as a waste of resources, while managers believe it is crucial for the company's growth and improvement (Ikram et al., 2020a).

Based on these contradictions, the current study proposes the following hypothesis.

H1: There is a Positive Significant relationship between Corporate Social Responsibility and Firm Performance

CSR, Ownership Structure and Firm Performance

The current study classifies ownership structure into three types: Managerial, Governmental, and Foreign. Within each type, the owner holds a specific portion of the company's shares. For instance, in the Managerial category, the managers possess a certain portion of the company's shares. In the Governmental category, the government holds a certain percentage of the company's shares. Meanwhile, in the foreign category, foreign corporations own a portion of the company's shares (Repei, 2000). These frameworks influence companies to engage in Corporate Social Responsibility (CSR) activities and enhance their performance in various ways. For example, in the Governmental framework, the government often supports the company in its CSR initiatives. For developing countries, having governmental ownership can aid in addressing various environmental and economic challenges within the country (Al Farooque et al., 2007). Similarly, in the Managerial framework, managers often encourage the company to invest in CSR initiatives within the organization. This is often driven by the desire to increase their own compensation and incentives by boosting the company's performance through CSR efforts. In the Foreign framework, this structure aids both developing countries and the company in overcoming their challenges and improving their performance (Alipour, 2013).

Moreover, the concept of agency theory proposes two contrasting perspectives on the ownership framework and Corporate Social Responsibility. One perspective argues that investments in Corporate Social Responsibility enhance an organization's performance, thereby boosting the value of its shares and the self-interest of its shareholders (Repei, 2000). Conversely, another perspective posits that dedicating resources to Corporate Social Responsibility results in a trade-off with the firm's profit for the benefit of society, which in turn can demotivate shareholders (Elvin & Hamid, 2016). Hence, based on the contradiction, the current study proposes the following hypotheses.

H2: The Managerial Ownership Structure has significant moderating relationships *between Corporate Social Responsibility and Firm Performance*

H3: The Government Ownership Structure has significant moderating relationships between Corporate Social Responsibility and Firm Performance

H4: The Foreign Ownership Structure has significant moderating relationships between Corporate Social Responsibility and Firm Performance

Methodology

Sample

The study used an unbalanced panel of 180 firms from the non-financial sector listed in the Pakistan Stock Exchange for the period of 2013-2022. The data of Corporate Social Responsibility per share and the firm's performance (Tobin's) is computed from the consolidated financial statements given in annual reports of companies. The data on ownership structure (foreign, management and government) is obtained from shareholder's pattern reports.

Variables

Dependent Variables

The research used Tobin's Q to measure the financial performance of the company. It is a market measure of a firm's financial performance. Tobin's Q is considered ultimately a reliable measure of performance to apprise the firm's performance on the basis of ownership structure predominantly related to financing, dividend disbursement and compensation for social welfare (Chung & Pruitt, 1994). Company financial performance is considered good if the value of Tobin's Q, for any firm, is greater than one (Ozkan et al., 2023).

Explanatory Variables

Corporate Social Responsibility (CSR)

The study calculated the CSR in terms of social contribution value per share. This measure of CSR is formulated on the assumption that the objective of CSR can be achieved if the company creates value for all the stakeholders of a company. In this formula, firstly, the value of social contribution value per share is calculated from the earnings per share for the shareholders. Secondly, social value contributed to society is calculated with the help of company taxes paid to the governments. Thirdly, the salaries paid to the employees are also considered as social value addition. Fourthly, the interest amount paid to the creditors is also used for the welfare of society, as these creditors include either financial institutions that finance the firms with the help of individual household savings and provide the household a fixed return or creditors include those individuals that hold corporate bonds for a fixed rate of return. Fifthly, money is spent in terms of charity and donations to society. Lastly, the companies operate in society and produce environmental pollution, which is also calculated and labeled as a social cost. The formula given below computes social contribution value per share by incorporating the above six factors (Waheed & Yang, 2019).

$$CSR = \frac{EPS + (Tax + Staff\ Expenditure + Interst + Public\ Welfare\ Pyaout - Socical\ Cost)}{Total\ Equity}$$

Management Ownership

After reviewing relevant literature, the study has computed this variable by taking a fraction of shares held by managers in the company to the total number of shares of the company. It is calculated as (Oh et al., 2011).

$$Manager\ Ownership = \frac{Number\ of\ Shares\ held\ by\ managers}{Total\ Number\ of\ Shares}$$

Government Ownership

The study has identified in the literature that Government ownership is computed as a fraction of shares held by the government to the total number of shares of the company.

$$Government\ Ownership = \frac{Number\ of\ Shares\ held\ by\ Government}{Total\ Number\ of\ Shares}$$

Foreign Ownership

In the light of literature, foreign ownership is computed as a fraction of shares held by foreigners to the total number of shares of the company.

$$Manager\ Ownership = \frac{Number\ of\ Shares\ held\ by\ Foreigners}{Total\ Number\ of\ Shares}$$

Control Variables

The current study considers the firm size and firm's age are control variables to control the CSR, ownership and performance relationships. This will reduce the effect of disparity among firms' size and age on the above-mentioned relationship (Fourati & Dammak, 2021).

The Econometric Model

The study used an unbalanced panel of 180 firms listed in the Pakistan Stock Exchange to explore the impact of CSR on a firm's financial performance, considering ownership structure as a moderator. In the case of unbalanced panel data, there exist problems of serial correlation, unobserved heterogeneity, and simultaneous and dynamic endogeneity in the sample. Thus, to address these issues, the study embraced the technique of Arellano–Bond dynamic panel data estimation (under assumptions of GMM) to find more robust and generalizable outcomes (Wooldridge, 2010).

$$Tobin'Q(_{i,t}) = \beta_0 + \beta_1\ Tobin'Q_{i,t-1} + \beta_2\ CSR_{i,t} + \beta_3\ Ownforeign_{i,t} + \beta_4\ Owngov_{i,t} + \beta_5\ Ownman_{i,t} + \beta_6\ age_{i,t} + \beta_7\ tassets_{i,t} + \beta_8\ CSR * Ownforeign_{i,t} + \beta_9\ CSR * Owngov_{i,t} + \beta_{10}\ CSR * Ownfman_{i,t} + e_{i,t}$$

Results and Discussion

Descriptive statistics for all variables of the study are presented in Table 1. The data shows a large range of variation from the mean, hence demonstrating that the sample selection catches appropriate variation. All variables were taken natural log to ensure normalization, and the mean Tobin's Q is 0.7304 with a maximum of 29.8 and a minimum of -7.73. In terms of CSR, the mean is 2.08 and varies between -4.95 and 6.82. Further descriptive statistics indicate that the average foreign ownership in the sample is 12.4; government ownership mean is -4.42, and managerial ownership mean is -3.95. The sample also includes the mean value of total assets as 21.8 and a standard deviation of 2.53. The mean age of the firm is 3.57, and a standard deviation of 0.514.

Table 1: Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Standard Deviation
Tobin's Q	0.73049	0.2802	29.8171	-7.731	3.25176
CSR	2.08391	2.15824	6.82388	-4.9566	1.7174
Foreign Ownership	-4.5508	-4.3843	1.38088	-20.135	2.81845
Government ownership	-4.43	-4.2102	-0.1303	-11.944	2.58935
Management	-3.9598	-3.452	1.85074	-19.592	2.8408

Ownership					
Firm’s Size	21.8034	22.1219	27.8934	10.3261	2.53798
Firm’s age	3.57143	3.58352	5.0814	0.69315	0.514

Note: N=180 firms taken from non-financial sector

Correlation Matrix

Table 2 contains a correlation matrix that reveals how different firm characteristics relate to one another. The firm value indicator Tobin's Q demonstrates a weak negative correlation to CSR (-0.01244*), demonstrating that higher levels of corporate social responsibility lead to negligible firm value reduction. Firm performance tends to increase alongside higher levels of government ownership, as indicated by its positive correlation with a measure of firm value (0.2794**). The firm value shows a negative correlation with managerial ownership at -0.04699*; this means that higher percentages of managerial ownership lead to lower firm values. The negative relationship between firm age and Tobin's Q (-0.1521***) reveals that older firms usually display reduced firm value levels. A positive relationship exists between firm age and CSR (0.2323**), indicating that socially responsible business practices increase with firm maturity. The results show that corporate firms with more foreign investment share a stronger commitment to social responsibility mentioned through their positive relationship with foreign ownership (0.08634**). Research shows higher managerial ownership negatively predicts CSR investment evidenced by statistical data (-0.1848**). A firm's ownership configuration serves as a critical determinant of its internal dynamics. Analysis reveals a positive connection between foreign ownership and Tobin's Q (0.018439**) which demonstrates its beneficial effects on corporate valuation. The study shows a positive interrelation between government ownership and foreign ownership (0.3105***). The statistical evidence (-0.03672*) demonstrates that managerial ownership suffers as government ownership rises. Research data demonstrates that firm size measured through total assets positively influences CSR performance (0.1142***), attracts foreign investment (0.1653***), and governmental shares (0.1271***), which supports the notion larger corporations show higher social responsibility and draw foreign and government-backed investments. Managerial ownership displays a minimal negative correlation with firm size demonstrated by a -0.0001** index, indicating limited firm size impact on managerial ownership. Firm age shows a negative correlation to Tobin's Q (-0.1521***), which supports the concept that older firms possess lower firm value yet demonstrates positive relationships with CSR (0.2323**) and firm size (0.049**), showing that older firms increase their size and social responsibility engagement. The Variance Inflation Factor (VIF) measurements, which lie between 1.2 and 1.8, show minimal multicollinearity in the regression analysis (Wooldridge, 2010).

Table 2: Correlation Matrix

Variables	Tobin's q	CSR	Ownforeign	Owngov	Own man	Total assets	Firm's age	VIF
Tobin's q	1							1.7
CSR	-0.01244*	1						1.8
	-0.054	---------						
Own foreign	.018439**	0.08634**	1					1.5
	0.00	-0.005	----------					
Own gov	0.2794**	-0.0972*	0.3105***	1				1.3
	-0.04	-0.0666	0.00	---------				
Own man	-0.04699*	-0.1848**	-0.05393**	-0.03672*	1			1.3
	-0.07	0.00	-0.045	-0.066	----------			
Total assets	-0.001719*	0.1142***	0.1653***	0.1271***	-0.0001**	1		1.2
	-0.0666	0.00	0.00	-0.0051	-0.0054	---------		

Firm' age	-0.1521***	0.2323**	0.027297*	0.04543**	-0.1106**	0.049**	1	1.2
	0.00	0.00	-0.07	-0.04	-0.0003	-0.0344	--------	

Note: P-value is presented in parentheses with coefficients. ***, ** and * shows level of significance at 1%, 5% and 10% respectively.

Regression Analysis of Tobin's Q

The econometric analysis of Tobin's Q based on pseudo-differenced estimations from the Arellano-Bond Dynamic Panel Data Model under GMM alongside Fixed Effect Model results for 180 unequal panel firms on the PSX appears in Table 3. The Arellano-Bond Dynamic Panel Model functions as an optimal choice when addressing unbalanced panel datasets while managing endogeneity concerns within selected variables. This research model generates reliable estimates and prevents estimation problems by resolving issues such as unobserved heterogeneity, serial correlation, simultaneity problems and dynamic endogeneity, according to Wooldridge (2010).

This table demonstrates how each Corporate Social Responsibility (CSR) alongside foreign and government ownership and managerial ownership plus additional control variables independently affects outcomes. Researchers implemented a stepwise method to determine topical effect patterns that CSR demonstrates when paired with foreign ownership alongside other ownership types such as government or managerial.

Hypothesis 1 (H1): CSR and Financial Performance

The first hypothesis, based on Corporate Citizenship Theory, alongside Stakeholder Theory and Agency Theory, forecasts positive financial outcomes for corporations that show corporate social responsibility (CSR) within nations operating with inadequate government resources. CSR shows positive but statistically non-significant coefficients concerning Tobin's Q in Table 3. CSR contributes a coefficient of 83.8 in the dynamic panel model's second-to-last column, which does not meet significance standards. The coefficient for the fixed effect model appears in the last column and shows no statistical significance. The study results indicate that corporate social responsibility initiatives by themselves show insufficient impact on financial performance among the assessed sample firms.

Hypothesis 2 (H2): Managerial Ownership as a Moderator

According to the second hypothesis, Corporate Citizenship Theory combined with Agency Theory demonstrates that within weak institutional frameworks, managerial ownership functions as a positive moderator for CSR-financial performance linkages. The analysis tests the symbolic interaction of CSR × ownman through progressive integration into the base model. The interaction term's coefficients presented in Model 3 and 4 outcomes show statistical insignificance, although they possess negative values across dynamic and static examination models. The analysis shows that the values under consideration remain statistically insignificant throughout the two ultimate columns present in Table 3. The analysis demonstrates that weak managerial ownership structures prove to have no meaningful impact on how CSR affects a firm financial performance.

Hypothesis 3 (H3): Government Ownership as a Moderator

Research under this third hypothesis combines the Effective Monitoring Hypothesis and Corporate Citizenship as well as Stakeholder Theories to suggest that government ownership will not moderate links between CSR efforts and financial outcomes. The base model was enhanced through the sequential addition of the interaction term CSR × owngov for testing purposes. The interaction term coefficients showed positive values without statistical significance in the dynamic model according to columns 5 and 6 results, while they turned negative yet remained statistically insignificant within the static model analysis. The CSR × owngov interaction term stays positive and insignificant within the dynamic modeling approach while turning negative and insignificant throughout static model estimation. Weak government ownership structures show no meaningful effect on the relationship between corporate social responsibility and financial performance.

Hypothesis 4 (H4): Foreign Ownership as a Moderator

According to hypothesis four, foreign ownership reduces the relationship between CSR and financial performance effects. The seventh and eighth columns of Table 3 incorporate the CSR × own foreign interaction term to study its moderating influence. The coefficient for this interaction term reveals a negative and statistically significant impact on Tobin's Q using a dynamic model. The static model analysis reveals that although the coefficient value is negative, it fails to prove statistical significance. The presence of foreign owners diminishes the positive effects of CSR on financial performance, which shows that foreign investments evaluate CSR activities as elements without financial value and outside their strategic goals.

This research delivers vital empirical data about how ownership structures function to alter the correlation between firm financial performance and CSR behaviors. The study shows that CSR activities demonstrate no significant statistical influence on Tobin’s Q by themselves, but ownership structures strongly determine the impact effectiveness of these CSR implementations. Foreign ownership shows a clear negative moderating role because foreign investors consider CSR initiatives either incompatible with immediate profit targets or wasteful resource spending in Pakistan's economic setting. Previous studies show that foreign investors concentrated on financial performance results remain reluctant to invest in CSR activities unless those activities offer direct profit benefits for shareholders or their investment capital.

Examining the dataset reveals managerial ownership and government ownership as non-influential moderating agents between CSR efforts and financial performance measurements. The absence of moderating effects from managerial ownership reveals underlying weak governance structure problems and agency conflicts that restrict managerial ownership from effectively influencing CSR results. The ineffectiveness of government ownership as a moderating factor reveals that state-owned firms neither translate their CSR strategies into increased firm valuation because of bureaucratic delays, while others show hindrances from objective misalignment and insufficient institutional strength.

The research findings provide important insights that affect decision-makers across policy development and corporate management and finance. Companies that target CSR-driven financial advancement must evaluate both ownership models and what investors expect from their investments. Since CSR policies deliver financial outcomes which differ across ownership structures regulators must customize their frameworks to account for these variations. Additional investigation should assess how foreign ownership generates negative effects and determine if analogous effects are present in distinct institutional frameworks within other emerging markets.

Table 3: Results of Arellano-Bond Dynamic Panel Data Model and Static (Fixed Effects Model) for Tobin's Q

Variables	Dynamic	Static	Dynamic	Static	Dynamic	Static	Dynamic	Static	Dynamic	Static
Lagged Tobin's Q	0.00001		0.00001		0.00001		0.00001		0.00001	
	0.063*		0.070*		0.085*		0.037**		0.032**	
CSR	0.41368	0.00228	-41.256	0.00219	-8.245	0.00241	116.138	0.0024	83.88	0.0024
	0.032**	0.251	0.397	0.305	0.770	0.260	0.105	0.255	0.231	0.306
Foreign Ownership	0.05631	0.06047	0.06672	0.05992	0.0508	0.0614	115.80	0.07551	124.73	0.0735
	0.220	0.494	0.054*	0.498	0.232	0.493	0.106*	0.469	0.089*	0.476
Govt. Ownership	-0.01110	-1.5177	-0.1123	-1.1116	-8.752	-0.8724	-0.1079	-1.3334	-34.11	-1.014
	0.001***	0.168	0.000***	0.158	0.757	0.344	0.004***	0.043**	0.481	0.122
Mgt. Ownership	0.23051	0.02749	-41.419	0.01852	0.2254	0.02817	0.20477	0.0272	-6.970	0.0186
	0.000***	0.729	0.394	0.0848*	0.000***	0.725	0.000***	0.730	0.911	0.847
Firm's size	0.56322	0.00001	0.5165	-0.0001	0.5519	-0.0001	0.6313	-0.0541	0.545	-0.001
	0.355	0.000***	0.361	0.000***	0.374	0.000***	0.275	0.005***	0.317	0.000***
Firm's Age	-10.997	-0.0536	-10.736	-0.0540	-10.822	-0.0529	-12.27	-0.0001	-11.53	-.0539
	0.000***	0.006***	0.000***	0.007***	0.000***	0.007***	0.000***	0.000***	0.000***	0.268
CSR*MGOwn			41.661	.00429					7.161	.0044
			0.391	0.641					0.909	0.631
CSR*Govt. Own					8.645	-0.0118			34.013	-0.017
					0.760	0.337			0.482	0.176
CSR*fore ownership							-115.74	-0.0029	-124.68	-0.002
							0.106*	0.226	0.089*	0.268
R2		0.04		0.04		0.05		0.05		0.05
Arellano Bond										
AR (1) in	0.196		0.258		0.206		0.258		0.307	

diff (m1) p-value					
AR (2) in diff (m2) p-value	0.429	0.308	0.379	0.769	0.653
Sargan test p-vlue	0.401	0.397	0.385	0.470	0.375

Statistical significance is denoted by ***, **, and * at 1, 5, and 10 percent, respectively

Conclusion

The study investigates how Corporate Social Responsibility (CSR) affects business performance and examines whether ownership composition changes this effect. The study tests the connection between CSR initiatives and financial performance in 180 non-financial Pakistan Stock Exchange companies from 2013 to 2022 using the Arellano-Bond Dynamic Panel Data Model to prevent skewed results from data correlations. The analysis shows that CSR alone does not affect company success when looking at Tobin's Q as the performance standard. This analysis shows that the companies studied do not obtain better financial results despite implementing CSR programs, even when previous research suggested CSR strengthens corporate reputation and efficiency, which leads to profit increases. The results suggest that financial returns from CSR investments do not improve because companies lack solid organization systems and effective CSR methods alongside stakeholder doubts about potential profits.

Different ownership structures demonstrate distinctive effects according to our study. The way companies are run or owned by government agencies has no noticeable effect on how CSR efforts relate to business results. According to this study, managerial ownership hurts effective CSR execution because of conflicting goals between stakeholders combined with a focus on quick profits and insufficient company oversight. State-owned businesses fail to make financial profits from CSR initiatives due to administrative delays along with strategic and institutional barriers. The presence of foreign owners weakens the positive connection between CSR activities and how well firms perform. When foreign investors take control, they make CSR initiatives produce smaller financial benefits because they seek quicker profits rather than investing in future sustainable practices. Past research shows foreign investors see CSR as extra costs not connected to business value in emerging markets since these markets have underdeveloped CSR rules.

These results influence both academic study and business practice in meaningful ways. Research shows through real results that how a company is owned significantly affects how well its CSR programs work. Research shows that stakeholder theory and corporate citizenship theory need ownership details and institutional framework to explain how CSR affects company performance. Based on the study's findings, companies need to develop CSR strategies that match their ownership type. Companies owned by foreign shareholders should improve how CSR is implemented into their regular business operations to validate its future financial advantages. When making CSR regulations, policymakers need to ensure that foreign-invested companies can achieve CSR objectives without conflicting with shareholder goals.

Future research needs to study these patterns across multiple locations and industry types to validate the wider application of the results. Looking at how institutional standards combined with corporate leadership styles and cultural influences affect CSR outcomes will help us better understand sustainable business approaches.

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