

## **Corporate Social Responsibility (CSR) Reporting in Pakistan: Insights from Stakeholder Perspectives**

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### **Abstract**

**Background:** *Corporate Social Responsibility (CSR) reporting has become a de facto in business law. Previous studies on CSR reporting only focused on the context of developed countries however in new research CSR reporting on developing countries has also started to garner attention.*

**Research Aim:** *This study aims to explore the perspectives of the stakeholders of Pakistan on Corporate Social Responsibility (CSR) reporting.*

**Methodology:** *This study used a qualitative research approach to explore the perspectives of the stakeholders. The data was collected by interviewing a diverse group of stakeholders in Pakistan. The research employed a thematic analysis for patterning the interview questions. The interviews were done with ethical consideration and with the consent of each of the participants and reporting*

*was on par with the ethical standards for interview design.*

**Results:** *The outcomes of the study give a meticulous understanding of aspects of CSR in Pakistan and could lead the researchers, policymakers and organizations to improve CSR reporting and practices in the country. Through the perspectives of diverse groups of stakeholders, insights into the complications of CSR reporting were revealed.*

**Conclusion:** *This study has highlighted the evolving nature of CSR reporting, the institutional factor, the stakeholder's growing role and the challenges that organizations have faced.*

**Keywords:** *Corporate Social Responsibility, CSR, Stakeholder Perspectives, Pakistan.*

## Introduction

Commenting on an organization's environmental and social performance has turned out to be a trend, as it now is mentioned as de facto law to the business (Blasco & King, 2017; Shabana et al., 2017). Whereas in many parts of the world reporting on Corporate Social Responsibility (CSR) is not supplementary, to addressing the complications regarding the environment and social issues businesses are expecting from other stakeholders (Ahmed & Nawaz, 2023). Hence, for policymakers, businesses, stakeholders and activists CSR reporting has grown enormous significance. As per Higgins and

Coffey (2016), CSR reporting has become corporate performance's further indicator. Businesses in annual reports used to state information regarding CSR, nevertheless new procedures have occurred which include website reporting and standalone reporting. Corporations are using different labels for promoting their actions in front of their audience including integrated reporting (Argento et al., 2019), CSR reporting (Lock & Seele, 2016), and sustainability reporting (Jensen & Berg, 2012). According to de Villiers and Alexander (2014), an organization's real value is now exposed in front of stakeholders by CSR reporting. As per the G&A (2017), CSR reports are being published by 85% of 500 companies of S&P up from 20% in 2011. Greenwood et al. (2019) highlighted that this increment is caused by the same companies which are identifying CSR communication benefits, in developing countries especially, an informal governance mechanism is created by the group of stakeholders which forces the

businesses to provide the gap of the knowledge formed by unsuccessful formal regulatory regimes. These findings recommend that reporting of CSR has moved from the limitations of business activities to the mainstream. In accordance with Hoque et al. (2016), businesses can't leave the misconduct anymore due to the concerns of stakeholders in developed countries regarding environmental and social matters. In developing countries, CSR is ruled by connotations and nuances of Western frames (Jamali & Karam, 2018). In accordance with (Jamali & Neville, 2011; Pisani et al., 2017), the range of socioeconomic, political and historical realities of developing countries provides an exclusive method for reviewing the global dispersal of Corporate Social Responsibility reporting. A survey of KPMG from 2017 reports that developing countries like South Africa, India, Malaysia, Taiwan, India and Mexico possess the highest reporting of CSR. CSR reporting growth highlights new

necessities, the spreading of international standards of CSR reporting, regulatory amendments and some other kinds of burdens in the local environment of the institutions. The research regarding CSR reporting paid attention towards developed countries only, particularly Europe, the USA and the UK. Researchers have recently started to focus on developing countries like Kühn et al. (2018) and Sulemena (2017). However, the research conducted recently on CSR reporting is descriptive and primary and gaps exist in relation to why businesses in developing countries report CSR, and how reporting on CSR has spread (Abbas, 2020; Javaid Lone et al., 2016; Malik & Kanwal, 2018) why and how exhibits not only a promising field but also can bring knowledge to the field.

This study aims to describe the perspectives of stakeholders on Corporate Social Responsibility (CSR) in Pakistan. The review of CSR reporting has focused primarily on the organizational and individual level, discounting

national institutions largely (Halkos & Skouloudis, 2016). Lately in CSR reporting the joined influence of institutional, individual and organizational origins has arisen. These determinants ought to permit the researchers to predict if the CSR reporting is done in reply to extensive organizational or institutional (Hahn & Kühnen, 2013; Young & Marais, 2012), and whether the arrangements between CSR practice and reporting are the same or not.

Such factors ought to support the policymakers and researchers in understanding comparative effectiveness, or else CSR reports. In Pakistan, with the addition of inadequate information on CSR reports institutional determinants, how the managers observe these practices less is known. Institutional theory gives adequate theoretical insight into which shows the external and internal forces that drive Corporate Social Responsibility in precise background. Subsequently, in CSR reporting we observe organizational subtleties and

outsider institutional pressure both impacts.

## **Methodology**

### ***Research Design***

This study employs a qualitative research method for exploring the perspectives of the stakeholders. Semi-structured interviews with a diverse group of stakeholders were conducted for the collection of the data. The interview was designed on a set of open-ended questions that were pre-determined permitting the participants on flexibility to portray their views.

### ***Sample Selection***

For the interviews, two groups of stakeholders from the business organizations and private sector organizations of Pakistan were recruited. Overall, 10 stakeholders were selected, assuring a stable illustration of different standpoints.

### ***Thematic Analysis***

This research employed thematic analysis for identifying

patterns and recurring themes in interviews. This approach was helpful in interpreting, organizing, and drawing meaningful outcomes from qualitative data and enabling the emergence of relevant themes that might be not predetermined.

### ***Quality Assurance***

In order to ensure the accuracy and quality of data, the following measures were taken into account prior to reporting the results.

*Member Checking:* After initially analysing, in order to enhance the accuracy of the outcomes the participants were given the opportunity to confirm and review their responses.

*Peer Review:* A peer-reviewed process was done for the interpretation of data and validity.

### ***Data Interpretation***

The findings are done considering the perspectives of stakeholders in Pakistan. Following the approach adopted by Hussain

(2023), each participant was assigned a code ranging from IP1 to IP10 so that reporting could be done without compromising the confidentiality of participants and maintaining anonymity in regard to their identities.

### ***Ethical Considerations***

The interviews were done in an ethical manner and with the consent of each of the participants. Participants were also allowed to withdraw their participation at any time and were not forced to partake in the interviews.

## **Results and Discussion**

### ***Theme 1: Stakeholder Engagement and Awareness***

#### *Stakeholder Expectations and Influence*

In Pakistan, the engagement of stakeholders plays an important role in CSR reporting shaping, which reflects stakeholders' influence and increasing expectations. The stakeholder's role in shaping the CSR reporting

was a prominent theme of the interview. The participants emphasized the growing expectation of the stakeholders and their influence on CSR reporting:

*“Stakeholders are turning more conscious and confident regarding CSR. They requisite transparency, and by enhancing the CSR reporting companies are replying to their expectations.” (IP2)*

Stakeholders’ upraised expectations and engagement are highlighting the transparent CSR reporting’s importance in Pakistan.

#### *Lack of Stakeholder Engagement*

Besides upraised expectations, the lack of sincere commitment between stakeholders and companies is a substantial task. The engagement and management of stakeholders have become an essential part of any project it imposes opportunities (Saad et al., 2022). According to some participants, when the

expectations of stakeholders were growing there was a lack of genuine engagement between the company and stakeholders.

*“We expect transparency and honest interactions with the companies.” (IP1)*

*“I firmly believe that commitment and engagement are two key factors that are the main pillars behind any strong project but unfortunately not everyone shows dedication to these topics.” (IP6)*

*“In other circumstances, rather than engaging stakeholders it is more about marking CSR box. Companies are required to make more engagement between NGOs and the local community.” (IP3)*

In order to promote authorised CSR reporting, developing deep involvement among companies and stakeholders is crucial.

## ***Theme 2: Institutional Factors Shaping CSR Reporting***

### *Regulatory Environment*

In the practice of CSR reporting, institutional factors together with organizational and environmental culture exert significant impacts. Participants while discussing the regulatory landscape and the influence it has on CSR reporting indicated that there is a necessity for an inclusive regulatory framework:

*“Our reporting on CSR is regularly responsive, driven by rules. We require proactive and strong rules for promoting reliable business practices.”*  
(IP10)

In Pakistan, the institutional factors that shape the landscape in CSR reporting are leadership commitment and regulatory framework.

### *Organizational Culture and Commitment*

For fostering authentic CSR reporting the crucial determinants are organizational culture and leadership commitment. The participants also highlighted the

importance of leadership and organizational commitment in driving CSR reporting.

*“CSR reporting activates at the top. If management at the top are sincere with social responsibility, it pervades the organization which makes the reporting more authentic.”*  
(IP7)

For an effective CSR reporting a strong organizational culture of social responsibility is essential.

### **Theme 3: Challenges and Barriers to CSR Reporting**

#### *Resource Constraints*

Several challenges and blockades, like resource constraints, prevent the effort of CSR reporting in Pakistan. Numerous participants emphasized supply limitations as a crucial challenge, especially for small companies:

*“SMEs lack the resources for robust CSR reporting often. They require guidance and support to take part*



*effectually.” (IP10)*

*“It is hard for the small businesses to take part in institutional activities if the resources are limited.” (IP4)*

*“The resources and guidance have a significant role in promoting CSR reporting especially for the small businesses.” (IP5)*

In order to develop CSR reporting in Pakistan, forwarding standardization challenges and resource limitations are crucial.

#### *Lack of Standardization*

In Pakistan, the inadequacy of standardized reporting outlines carries a crucial challenge for CSR reporting. As per the participants, the lack of standardized reporting structures is a main challenge:

*“CSR reporting requires a stable and standardized structure for reporting. This is a main concern in CSR reporting; therefore, it needs to be considered.” (IP9)*

*“Comparing CSR performance across the companies is hard with the lack of standardized reporting. We require even reporting guidelines.” (IP1)*

The formation of guidelines for standardized reporting is an essential move to improve the comparability and quality of CSR reporting.

#### **Theme 4: Impact and Accountability**

##### *Demonstrable Impact*

In CSR reporting, demonstrating the substantive influence and equalizing accountability to various groups of stakeholders are the key apprehensions. Several participants enlightened the importance of signifying the CSR initiative’s true impact:

*“It is not all about the numbers on a report. Stakeholders need to view the perceptible change that CSR make in environment and community.” (IP3)*

CSR reporting should pay attention to tangible effects and guide the complications of being responsible for various groups of stakeholders.

### *Accountability to Multiple Stakeholders*

Operating multiple groups of stakeholders' expectation exhibit a multifaceted challenge for the CSR reporting of the organizations. Participants emphasized the difficulty of being responsible for various groups of stakeholders:

*"We need to stabilize investors, customers and local community's expectations. In CSR reporting it is an act of balancing delicately." (IP8)*

Accomplishing accountability and balancing between multiple stakeholders is essential for CSR reporting efficacy.

### **Theme 5: Future Directions in CSR Reporting**

#### *Embracing Technology*

Technological advancement is

expected to take over in the CSR reporting future of Pakistan. Participants have discussed the upraised character of technology in the CSR reporting:

*"I think that CSR reporting is being upraised and getting the recognition by the social platforms. This is an important factor in the CSR reporting." (IP6)*

*"For sharing the updates of CSR, digital platforms are emerging as significant, as they provide actual transparency and engagement." (IP9)*

In the CSR reporting progression in Pakistan, incorporation between alignment, and technology along Sustainable Development Goals spot optimistic modifications.

#### *Integrating Sustainable Development Goals (SDGs)*

Corporate Social Responsibility reporting progressively incorporates the sustainable

development goals of the United Nations, which inspire companies into working toward vast global goals. The interviewees showed enthusiasm regarding the CSR reporting's incorporation with the SDGs of the United Nations:

*“This shift will make an effort in CSR reporting hopefully. We believe that by keeping the goals of sustainable development it will enhance the company's progress as for global aspects.” (IP8)*

*“We view the increasing nexus between SDGs and CSR reporting. This is an optimistic move because this way it inspires the companies into working with vast objectives globally.” (IP2)*

The configuration of Sustainable Development Goals embraces the promise to develop the influence of CSR reporting globally.

All in all, this thematic analysis of the interviews of the stakeholders discloses the

significant perceptions of the CSR reporting complications in Pakistan. This subject matter has enlightened the institutional factor's role, CSR reporting evolving nature, stakeholder's growing influence, and the challenges that organizations have faced. The outcomes give a meticulous understanding of aspects of CSR in Pakistan and could lead the researchers, policymakers and organizations to enhance CSR reporting and practices in the country.

## **Conclusion**

To conclude, the study has explored the complex aspects of Pakistan's CSR reporting, highlighting the significant perceptions that come out through the various stakeholders' interviews. The thematic analysis has emphasized the stakeholders' increasing role who driving the indispensable of transparent CSR reporting along with the expectations and increasing cognizance. Additionally, the

factors that influence practices of CSR reporting in Pakistan are the organizational culture environment and institutional determinants. According to this study when the expectations of stakeholders are on the rise, the sincere engagement among the stakeholders and companies keeps up being a challenge. In addition, this study has explained the multifaceted complications that the organization has faced, together with the limitations of resources and the standardized reporting framework's absence. In order to enhance the CSR reporting in Pakistan the significant steps are addressing such challenges and developing a social responsibility culture among the organizations. Furthermore, the central concerns are stabilizing accountability in various groups of stakeholders, and the presentation of the true impact of CSR initiatives. To conclude, the study has highlighted the optimistic changes in the future of CSR reporting through technological advancement and the development of the SDGs of the United Nations.

The outcomes have highlighted the distinct understanding of the aspects of CSR reporting in Pakistan and also have provided significant supervision to organizations, policymakers and researchers looking for factors for promoting the practices and reporting of CSR in the country.

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