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A study on the influence of corporate social responsibility on investors investment behavior in public limited companies in Pakistan.

Ariba Moiz & Kahyahthri Suppiah

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Abstract

Primarily, the objective of this research is to study the influence of corporate social responsibility (CSR) engagements of public listed companies and its influence on investors investment behavior in Pakistan.

The objective is to see how CSR engagements of public listed companies influence investors investment decision.

Quantitative data was collected from a sample of 100 institutional and retail investors in Pakistan. The findings reveal that CSR engagements of public listed companies influence investors investment decision in Pakistan.

The conclusion is, companies need to increase CSR practices, by engaging more in environmental, and social activities, as by companies will attract more investors and it will also increase the firm value. This will help them gain economic benefit and will make Pakistan, a place for an attractive business environment.

Keywords: *CSR, Environmental, Social, Firm Value and Assurance.*

I. INTRODUCTION

Generally, investors (shareholders) are considered to have limited interest in corporate social responsibility. This trend is changing, as presently many investors consider CSR as a factor being associated with bottom line.Since, there is increased competition between companies due to globalization and technology innovations, there is also increase in the CSR performance of companies as investors are concerned regarding how environmentally and socially responsible companies are (Eccles et al., 2012).

In order to maintain competitiveness, companies must address to environmental and social challenges, apart from profit making.Currently Corporate Social Responsibility is slowly becoming part of companies' strategic objectives in Pakistan.Corporate environmental and social disclosures reduce the imbalance of organizations information, which reduces the risk of investors and helps improve the liquidity of the shares, hence this enhances the investment decisions. By providing corporate environmental and social disclosures, managers can improve transparency of the organizations towards corporate environmental activities.Iatidris (2013) explained that such disclosers contain value relevant information for the investors in decision making, therefore it increases the firm's value.

A research by Jo and Harjoto (2011), found out that analysts provide effective external monitoring regarding the information transparency of CSR engagement, and this has a positive effect on corporate value, therefore it will get investors' attention.Business organizations are increasingly viewed and being accountable for their Corporate Social Responsibility (CSR) activities. As a result, the reporting of non-financial information is becoming more prevalent as investors, customers, employees, regulators, non-governmental organizations and other stakeholders demand greater transparency (Kim et al., 2012). Investors are interested in how transparent organizations are towards corporate environmental and social disclosures, as they need to get a better view of business and get a broader perspective on organizations CSR performance, while making their investment decision (Al-Shaer, 2018).

Hence, CSR disclosures are not only due to regulatory pressures, but it may also attract potential investors and in the long term will benefit companies and increase their firm value. Investors are seeking those companies to invest in, that are both profitable and act responsibly towards environment and society as a whole (Steiner, 2012).

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Since, CSR activities may have positive impact on firm value, therefore firms have begun to include assurance service for their sustainable reports as potential investors require information of CSR performance of companies which is available through issued sustainable reports by companies (Casey and Grenier 2015; Peters and Romi 2015).
In this research three aspects of CSR will be discussed; economic, environmental and social. The economic dimension includes the use of available resources in a sustainable way. the environmental dimension refers to better contribution towards external environment and having minimal operations which harm global environment.Lastly, social dimension includes better contribution towards society by integrating social concerns into the business operation for example; discouraging child labor.

II. PROBLEM STATEMENT

Despite there is an increase in practice of CSR in to businesses globally, in Pakistan CSR concept is still at its initial stage. Many researchers have studied incorporation of CSR into Pakistan's corporate system, but none could describe at what stage CSR is in Pakistan.
Current population of Pakistan comprises of 217 million and country is ranked as fifth largest populated country in the world (worldometers, 2019). And 60.78% (Economics, 2019) of this population lives in rural areas. Majority of rural areas are faced with, less availability of human needs such as drinking water, food, electricity etc., health problems, poor infrastructure, less or no basic education.
If companies engage more in CSR activities, these issues faced by people of Pakistan can be improved. Pakistan will become a better living place from environmental and societal prospect, and there will be more sustainability in the country.

Although CSR engagement is considered to be important, many companies do not invest in CSR related activities. One reason could be that the investors do not find it value relevant. As main objective for an organization should be to increase its profit earnings. To be successful, the organizations should have good relationship with its investors. Hence, the company must understand their interests and address to their requirements. Traditionally, the Primary goal of investors is to earn maximum return on their investment, therefore they view companies' financial performance before making investment decisions. But in this era the preferences are changing and people are broadening their goal from only maximizing their personnel monetary gains, to engage more in philanthropy and give back to society.
Very few organizations of which mostly are multinationals have CSR strategies. Most of the CSR activities are done in order to improve corporate image and gain market competitiveness and ignoring the whole concept of CSR. Companies are ignorant of the fact that how their business practices are adversely affecting livelihood of people around the area they are working.

If it is proven that investors value CSR when making their investment decisions, it can give incentives to the management to invest more in such activities, which will make the living environment more sustainable. As management delivers what owners want, and in this case investor are the true owners of a company. If investors are more interested in sustainability, then companies will be encouraged to engage more in CSR practices.
CSR performance of public listed companies and its value relevance on investment decision of investors, is the focal construct of this study. Where the main objective is to determine whether investors consider CSR performance of companies while making their investment decision.

Field of CSR comprises of various complex theories. For several years majorly the question raised regarding CSR research is "what actually CSR is about?" or "why organizations engage in CSR activities. However, despite of various researches conducted on CSR, no general research is directly discussing the role of CSR in investors decision making. Mainly the purpose of this study is to examine value relevance of CSR in investors decision making process. Three aspects of CSR; Economic, Environmental and Social, will be studied in this research and how these three aspects of CSR influence investors decision making.
This research will also emphasize on role of CSR engagement towards firm value. Whether CSR activities enhances the value of the firm or its just an additional burden on shareholder's investment. Lastly, the impact of CSR assurance on investors investment decision. How assurance on CSR reports can increase credibility for investors.

Based on past researches it has been established that institutional investors consider CSR as a medium of information provide by a company when they make buy or sell decisions of that specific company's shares (Majeed, et al., 2015). Investors use CSR disclosure items and CSR assurance, as it represents firm's commitment towards its stakeholders, therefore this

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may influence their investment decision. This is perceived as companies being fair and investors can project how they will be treated by the company in future (Brown-Liburd, et al., 2016).
From investors point of view, there is not much literature available on the importance of CSR relating to investors criteria of investment decision making in to Public Limited Companies. There is a gap between academic evidence regarding value relevance of CSR performance for investment decision making. Previously, institutional investors used to majorly invest in Public companies, but over the years the trend has been changing. Many individuals, being labeled as “Retail Investors”, are investing in stocks of Public listed companies for their personnel accounts, rather than for another organization.

Therefore, main motive of this study is to establish findings on; influence of CSR activities of public limited companies, towards investors investment behavior in Pakistan.

III. LITERATURE REVIEW

A. CSR

Corporate Socially responsibility merely is based on the concept that companies have greater impact on society as a whole, rather than just earning profit against capital employed. Generally, CSR is understood in terms of obligation of business towards society, which extends beyond the narrow concept of obligation towards shareholders.
CSR is perceived as commitment of companies towards its wider group of stakeholders, to operate economically, environmentally and socially in a sustainable way. It could be said that CSR plays a major role to reduce the socio economic disparity gap. Companies can achieve a balance by integrating economic, social and environmental elements, and also address the needs of shareholders and stakeholders. However, researchers have rarely explored the influence of CSR amongst investors. How they perceive CSR engagements of listed companies while making their investment decisions.
The concept of CSR is linked to the concept of triple bottom line approach (People, Planet and Profit), where TBL is used a s framework to measure economic, environmental and social performance of companies. From past literatures it has been established that these three sustainability elements (economic, environmental and social) plays an important role for companies to be successful and gain competitive advantage. Various researchers established that environmental factor of companies is more important amongst social and environmental CSR factor for the investors (Berry and Junkus, 2013;Cohen et al., 2015; de Villiers and Van Staden, 2010; Eccles et al., 2012;Hassel et al., 2005)

As environmental factors are easy to quantify and covers larger number of rating than social performance (Delmas et al., 2013). Currently, sustainable reporting emphasis substantially on environmental measures. As mentioned before, individual investors consult financial analysts for investment decisions, as they are able to collect and evaluate non-financial performance data of companies and evaluate performance of companies, along with making future forecasts. Stoner and Backlund (2014), established that financial analysts pay more attention to environmental issue before advising their clients (investors).

B. Investors Investment Decision

Corporate Social Responsibility had become increasingly famous in past few decades globally, but how CSR activities effects investors judgment is a matter of importance. It is believed that CSR has become value relevant to investors and practitioners. As previously CSR activities were more about charitable giving and helping the community, but today CSR has become an integral part of businesses.
Over the last two decades, CSR have been fully integrated by companies into its business strategies, to cover broadly how business relates to its society and environment. It could be said that CSR is important in two ways; first – a firm having strong CSR values will provide higher degree of transparency, as investors seek for such information to differ between those who talk a good game, and those who deliver action. Secondly – CSR policies helps to recognize material non-financial issues for a company’s valuation and numerous non-financial factors may create difference between a success or a failure of a business. Moreover, CSR reporting provides assurance to investors regarding how high level of risk management is being operated.

Those companies that are not socially responsible are being left behind and inevitably becomes poor investment (Kyriakou, 2018).
Many companies tend to disclose their environmental and social performance voluntarily, as it is value relevant to investors and other stakeholders. Over the years’ investors are showing interest in CSR performance of companies while making investment decisions. Investors find environmental and social performance disclosures by companies’ value relevant, as it gives overview of companies CSR activities. Whereas some individual investors seek investment

advice form financial analysts. When environmental and social performance disclosures are of high quality, analysts give favorable recommendation of those companies to investors. High level of transparency regarding CSR performance improves financial analysts' accuracy of forecast (Dhaliwal et al., 2012; Hope, 2003).

However, Eccles et al., 2015, suggests it may be difficult for the investors to get reliable environmental and social performance information of companies if proper disclosures are not made. Recently, development in Integrated reporting may achieve this goal of investors. However, it is not mandatory for public listed companies, in most of the countries to provide such reports and disclosures. Thus it could be complex for individual investors to evaluate CSR performance of companies. Therefore, investors may seek other options like; Green rankings and SRI screens such as the GMI ESG Composite Rating to evaluate environmental and social performance of companies (Dilla, et al., 2016).

Findings by various researchers (de Villiers and van Staden, 2010; Nilsson et al., 2010; Shafer, 2006;) indicates, investors prioritizing environmental and social concerns, making use of sustainability information of companies while making investment decisions.

C. Economic Aspect

Amongst the aspects of CSR being discussed in this study, Economic aspect refers to financial aspect of the business and concerns the profitability of business. If a company fails to generate profit at least equal to its cost of capital, is considered irresponsible as it is wasting society's resources. Businesses are considered unable to discharged any other responsibilities, if they fail to achieve economic profit, as they may not a good employer, a good citizen or a good neighbor. Thus the economic performance is not the one and only responsibility of companies, as business entities should be responsible for its impact on environment, employees, customers and any other stakeholder group which may be affected by companies' operations.

Moir (2001), established that companies need to understand that CSR mostly depends on economic perspective adopted by the organizations. Some researchers established, that socially responsible engagements could bring economic disadvantages, as CSR implementation could create additional cost (Agarwal 2008; Sharma & Talwar 2005).

Conversely CSR could derive maximum benefits by using society's resources, both economic and human, in a sustainable way, without harming the environment and living standards of people, then the additional cost could be avoided (Grankvist, 2012). Investment in CSR may lead to cost savings in future and increase market value of companies, by focusing on environmental issues at present, it would be easier to meet future environmental issues, and unforeseen costs and challenges could be avoided.Furthermore,companies taking economic, environmental and social concerns in to account in their corporate strategy are rewarded by market. Companies can distinguish itself from its competitors by incorporating CSR in to its business activities. It not only enhances the brand image, but companies would experience increased sales and customer loyalty; cost savings; employee retention; therefore, the end result would be improved financial performance, which will attract more investors with immense economic value.

The most common belief in the field of CSR, that economic and social objectives are separated is a rather a misconception. Instead by engaging in charitable activities, companies can achieve economic benefit. CSR engagements should not be considered as independent to the businesses strategies and should be incorporated within organizations' business operations and objectives. By doing so businesses will achieve operational efficiency and also leverage its resources, and gain market competitive advantage (Humayun & Pervaiz, 2010; Kramer, 2006).

Without environment and social sustainability, it seems impossible for companies to achieve economic sustainability.

D. Environmental Aspect

Many companies are disclosing their environmental practices in their annual reports due to numerous reasons. Companies may themselves benefit from environmental reporting as to justify their business activities that do not harm the environment (O'Dwyer, 2011). Companies can improve their corporate image by disclosing their environmental performance information (Romlah and Sharifah, 2004).

Since, the main focus of this study is to determine whether such information is value relevant to investors, it can be viewed in past researches that investors do require such information for their decision making purpose.

Stakeholder theory suggests that environmental performance of companies influence investors decisions (O'Dwyer et al., 2005).In capital market approach, investors reaction is measured by stock market variables (e.g. share price, firm value, etc.) along with environmental performance disclosures.

Recent studies suggested that companies' environmental performance positively relates to capital market and financial performance, thus it is less likely

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to get negative corporate image. Hence it will increase investors interest in the company (Hassel et al., 2005).
Companies environmental footprint creates value and give clear picture to investors for their decision criteria (Hassel et al., 2005; Lee and Hutchison, 2005; Lydenberg,2005).
Holm & Rikhardsson (2008) states that, environmental performance of companies does influence investment decision of investors. Based on previous researches, there is a positive relation between environmental performance and investors decision making. Nilsson et al. (2010) found that investors having environmental involvement tends to search for sustainable related information of companies.

Those investors who believe that companies having better environmental performance yield higher returns on investment, demands environmental disclosures from companies before making their investment decision (de Villiers and van Staden's, 2010).
Companies having negative environmental footprint makes them vulnerable, thus investment in environmental protection programs will improve their corporate image. Companies should adopt precautionary approach towards environmental challenges and undertake initiatives to improve their environmental footprint. Investors perceive environmental performance of companies as an important driver (Scholtens, 2006). Cheng et al. (2015), established that investors are willing to invest in those companies which provide assurance relating to their environmental performance.

E. Social Aspect

Social performance of companies has been viewed from various perspective recently, for the reason to identify the usefulness of such information to various stakeholders. According to the utility model states that social performance information is demanded by shareholders of the companies. To further examine whether social performance is relevant to investors, it could be categorized as; consumer's relation, human resources, involvement of community, health and safety of workers etc. Previous studies have examined the usefulness of social performance in relation to institutional investors, mutual fund directors, but individual investors in this regard have been ignored.
In UK (Cox, Brammer and Millington, 2004) studied the pattern of institutional investors decision making and established a positive relation between social performance of a company their investment decision.
In early nineteenth century, the idea of making investing decision based on social principles was established (Berry and Junkus, 2013). Earlier investors use to invest in socially responsible companies and follow exclusionary strategy. Some researchers (Cheah et al., 2011; Moser and Martin, 2012) established that, there are two investors views relating to social factors and investors decision. "Alternative view" suggests that investors give priority to social concerns over shareholders' wealth maximization and investors consider companies' social performance more important than the financial performance. Therefore, alternative view is consistent with the issue that individual investors are interested in social performance of companies, as they perceive that social investments benefits the society as a whole. Even though it may give lower returns on their investment (McLachlan and Gardner, 2004; Williams, 2007).

The "Traditional view" is that companies engage in social activities only when it increases shareholders' wealth, investors having this point of view likely to believe that socially responsible companies give higher returns on investment compare to those companies which are socially irresponsible. According to the traditional view, the value relevance of social performance of companies to the investors will be when social activities of companies will generate higher returns on investment (Dilla, et al., 2016).
Nilsson (2008) found a positive relation between social performance of companies and investment decision of investors.

F. Firm Value - CSR

The on-going debate on financial implications of CSR activities is far from being resolved. Many empirical studies show mixed results regarding relation between CSR and firm value, as some argue CSR activities have a positive relation to firm value, on the contrary others disagree (Godfrey 2005; Margolis and Walsh 2001).
Some scholars established in their studies that high level of CSR engagement is positively associated to high firm performance and enhances firm value, lowers financial risk and cost of equity (Bouslah et al., 2013; Cho et al., 2013; Cheng et al., 2014;El Ghoul et al., 2011;Jeong, et al., 2016; Jo and Harjoto, 2011, 2012).
Conversely there is an argument against the positive impact of CSR activities on firm's value, as stated that CSR activities are a source of conflict between different groups of stakeholders and reduces firm's resources due to unnecessary costs (Krüger, 2015). Since investing in environmental and social activities will likely reduce business resources and create a competitive disadvantage, which will eventually affect negatively on firm's value. The value-enhancing view

states, by satisfying group of stakeholders, CSR engagement will enhance firm's reputation, increase employee loyalty and will have positive effect on financial performance of companies (Benlemlih & Bitar, 2016). Young and Makhija (2014) also established the possibility that CSR activities could also maximize shareholders' wealth and does not only built good relationship under different institutional environment.

On the basis of numerous researches available, it could be said that investors construe that CSR activities do help to increase firm value and earnings in the long term, as well as improve corporate image and enhances firm's reputation.

While there are many studies that document no or negative effect of CSR activities on financial measures, it is more likely to increase firm value, when CSR activities create reputation such as good images about firm products which leads consumers buy more products of firms, employee commitment firms do CSR consistently over a long time. Goodwill created by corporate giving may lead to enhanced employee morale, customer royalty, and more lenient treatment by regulators or government officials show companies that do CSR activities more show higher past and future financial performances (Jeong, et al., 2016).

Therefore, when companies permanently engage in CSR activities, firm's earnings are likely to be increased, which will strengthen firm's vale, thus attract investors.

G. Assurance - CSR

Globally, firms have increased their investment into CSR activities as many developed countries and international organizations have increased standards and regulations towards CSR activities and sustainable reporting (KPMG 2015).

To address investors and stakeholders' doubts regarding credibility of non-financial information disclosed in sustainability reports, companies have voluntarily increased sustainability assurance by independent third parties (Braam & Peeters, 2018).

Increase in credibility of information will eventually increase investors willingness to invest, as this will minimize risks associated with investing(Pinsker & Wheeler, 2009) additionally, investors are more concerned where their money is being spend.

Many researchers have established that investors have increased demand of integrated reporting and its independent assurance, due to rapid increase of CSR engagement by companies globally (Brown-Liburd & Zamora, 2015; Cohen, Holder-Webb, and Zamora 2014; International Integrated Reporting Council [IIRC], 2011).

Eccles et al, (2014) indicates that investors seek for mix of environmental, social and corporate governance information of companies when making investment decisions.As mentioned earlier, due to increase questionability of investors regarding credibility of CSR engagement disclosures, companies have started to voluntarily get their CSR reports assured from third parties.

Cheng et al. (2015) express, assurance makes non-professional investors more willing to invest in companies specially in those companies where sustainability is part of company's corporate strategy. Furthermore, Mercer (2004) indicated that investors majorly consider assurance on CSR reports of companies, when it comes to credibility of CSR reports. Therefore, it could be said that evidence from past literature does exists on the provision that assurance is positivelyassociated with the improved credibility of CSR information. In a survey conducted by EY (2017), it was discovered that investors around the world strongly support ESG. According to the investors surveyed, it is established that CSR performance of companies plays an influential role in their decision making. Investors will continue to consider financial information of companies while making their investment decision, but it will not be sufficient. Investors find CSR information provided by companies in their annual reports very useful along with integrated report.

By being transparent and disclosing their CSR performance in their annual and integrated reports, companies can provide useful information to the investors for their decision making purpose.

IV. METHOD

For this study, Quantitative Research Method with primary data is used. For Quantitative data collection, population is set at 2089 investors / shareholders listed in Pakistan Stock Exchange Limited as of June 30, 2019. By using Rao soft Sample Size Calculator, the sample size for this study was calculated which was 92 investors.Data was collected via questionnaire, which was designed according to dependent variable which is Investors Decision whereas the independent variables are economic, environmental, social, firm value and assurance. The questionnaire was divided in to 5 sections. First section was designed to get demographic profile of respondents. This section consisted of eight questions. Second section consisted of 4 questions regarding independent variable which is investors decision making. Each question had four options; strongly agree, agree, disagree and strongly disagree. Same four options where given to answer each questions in the following sections. Third section consisted of 9 questions on three aspects of CSR; economic, environmental and social, and each aspect had three questions. Fourth section was regarding firm value, which consisted of 4 questions. Last section was regarding assurance and 4 questions were designed for this independent variable.

V. FINDINGS & DISCUSSSIONS

Multiple linear regression model is being used in this study to investigate the influence of CSR determinants (economic, environmental and social) on investors decision when investing in listed companies, the effect of CSR on firm value and value relevance of CSR assuranceof investors decision making via SPSS. This model is used to predict outcome of one variable in accordance with another variables outcome (Lund Research Ltd, 2013).

The range from -1 to 1 for R value demonstrates whether the relationship is positive or negative. Whereas R^2measures the rate of the variance in the dependent variable expressed by the linear regression model.

Fig. 1,Model summary^{B}Multiple Linear Regression

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics				
					R^2 Change	F Change	df1	df2	Sig. F Change
1	.606a	0.367	0.334	0.48800	0.367	10.909	5	94	0.000

a Predictors: (Constant) ECONOMIC, ENVIRONMENTAL, SOCIAL, FIRM VALUE, ASSURANCE
b Dependent Variable: INVESTORS DECISION

Source: Primary Data

Fig. 1, shows the correlation coefficient, R value0.606, which shows a positive relationship between the variables. R^2 value is 0.367 which means five different independent variables are able to explain 36.7% of dependent variables in this study, the remaining 63.3% of investors decision may be affected by other factors. It also can be defined that there is a significant correlation between investors decision with independent variables which include CSR – Economic factor, CSR – Environmental factor, CSR – Social factor, CSR – Firm Value and CSR – Assurance.

Fig. 2,ANALYSIS OF VARIANCE ANOVA^{A}

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Significance
1	Regression	12.989	5	2.598	10.909	.000[b]
	Residual	22.386	94	0.238		
	Total	5.375	99			

a. Dependent Variable: INVESTORS DECISION
b. Predictors: (Constant) ECONOMIC, ENVIRONMENTAL, SOCIAL, FIRM VALUE, ASSURANCE

Source: Primary Data

ANOVA test is a one-way analysis of variance to examine the statistical significant difference among the means of 3 or more independent variables. (Sawyer, 2009). Additionally, ANOVA test also apply F-test to identify variance between group of variables to find out the F-value, which identifies the p-value. P-value shows the probability of an outcome. If the p-value is < 0.05, less than alpha level, null hypothesis Ho will be rejected and alternatively H_A will be accepted (Dunlop & Baillie, 2009).

The df represent the degrees of freedom which is the number of independent variables. The df is calculated by subtracting 1 from the number of variables (df = n-1). Moreover, F ratio is used to describe the variances between the variables.

Fig. 2, shows the df is 5 (df = 6-1 = 5), which means the degree of freedom generated by six variables involve investors decision, CSR – Economicfactor, CSR – Environmental factor, CSR – Social factor, CSR – Firm Value and CSR – Assurance.

Furthermore, the F-ratio presented in Fig. 2, is 10.909 which is calculated by using the Regression of Mean Square divides with the Residual of Mean Square (2.598/0.238 = 10.909). Besides that, based on Fig. 2, it indicates the significance level is 0.000 which is lower than 0.05, so there is relationship between the dependent variable – investors decision and independent variables which includes investors decision, CSR – Economic factor, CSR – Environmental factor, CSR – Social factor, CSR – Firm Value and CSR – Assurance in Pakistan. Therefore, the null hypothesis Ho is rejected.

VI. CONCLUSION

Corporate Social responsibility is a broad subject, which affects many different groups in a whole society. As there are two sides of one coin, same is the case with CSR, where one group may be negatively affected by practices of another group. When it comes to large corporations or listed companies, it is their responsibility to conduct their business operations in a sustainable manner and give back to the society, as they have means to do so. In this study the concept of CSR was studied from investors perspective, as how does the CSR engagements of listed companies influence their investment decision, after all investors are the true owners of companies. There is a positive relation between CSR practices of public listed companies and its influence on investors investment behavior.

And it could be concluded that investors are aware regarding CSR issues and they are more attracted towards socially responsible companies and expects them to act more towards sustainability.

VII. RECOMMENDATIONS

The research findings contribute to the existing CSR literature present in Pakistan, by filling the research gaps from certain angles as mentioned in chapter one.

This research contributes the perspective of investors on CSR engagements of Public listed companies in Pakistan, by examining the quality and quantity of data collected. By evaluating the results of respondents it is established that socially responsible companies are valued by investors. Therefore, public listed companies in Pakistan should engage more in CSR activities, as it will attract more investors and at the same time companies will be fulfilling their responsibility towards the society.

In Pakistan, corporate sector can greatly contribute towards sustainable development of country through CSR engagements as they have means to do so. Rather than giving large amount of portion for marketing, corporates can use that expense as philanthropy and use those means to bring sustainability in country.

Since Pakistan have a large labor pool, various multinationals move their business operations in the country because of cheap raw material and labor. If existing companies behave ethically and fulfil their corporate responsibility, then it will make the business environment more attractive and investors will do more business in Pakistan and this will also increase their firm value insight of other stakeholder groups. More foreign investment will flow into the country which will also stabilize current economic situation of the country. For the continuity of a self-sustaining Pakistan, corporates need to step forward by engaging in CSR programmed, as there are endless opportunities to create a better living environment for people of Pakistan.

Existing investors can propose to make CSR as part of the companies' corporate strategy and to increase their sustainable practices. By noticing investors interest in the said area, companies will be encouraged to engage more in CSR.

CSR practices has great potential to create a difference for the public in following areas; environmental protection, health care, free basic education for less fortunate and discourage child labor, development of rural areas, community empowerment.

Companies should be more transparent regarding their business activities, either its financial or non-financial, and ensure that the information provided to its stakeholders is valid. For which there is need to incorporate third party assurance on the non-financial information such as CSR practices, disclosed by companies. By doing so the information disclosed will become more credible for the users of the information. In this research majority of investors agreed for mandating independent third party assurance on disclosures of non-financial information. Thus, legislators should look in to the matter. This way it could be identified who are the major contributors towards harming the environment and society in the country and they could be held accountable for their actions. This will set an example for others, so that they refrain from doing such practices in future.

Investors are the true owners of the businesses; therefore, they should use their power to urge companies to do the right thing for making present and future better for the people of Pakistan.

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