

**IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON SOCIO-ECONOMIC DEVELOPMENT IN PAKISTAN****Dr. Raja Irfan Sabir,**Assistant Professor, Department of Management Sciences  
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All the praises and thanks to Almighty Allah, for bestow upon us the courage and talent to complete this task.

**ABSTRACT*****Purpose***

This study aims at determining the relationship between different CSR activities taken by the corporate sector and socio-economic development of Pakistan

***Methodology***

The positive approach was used because literature that have review, shows that this

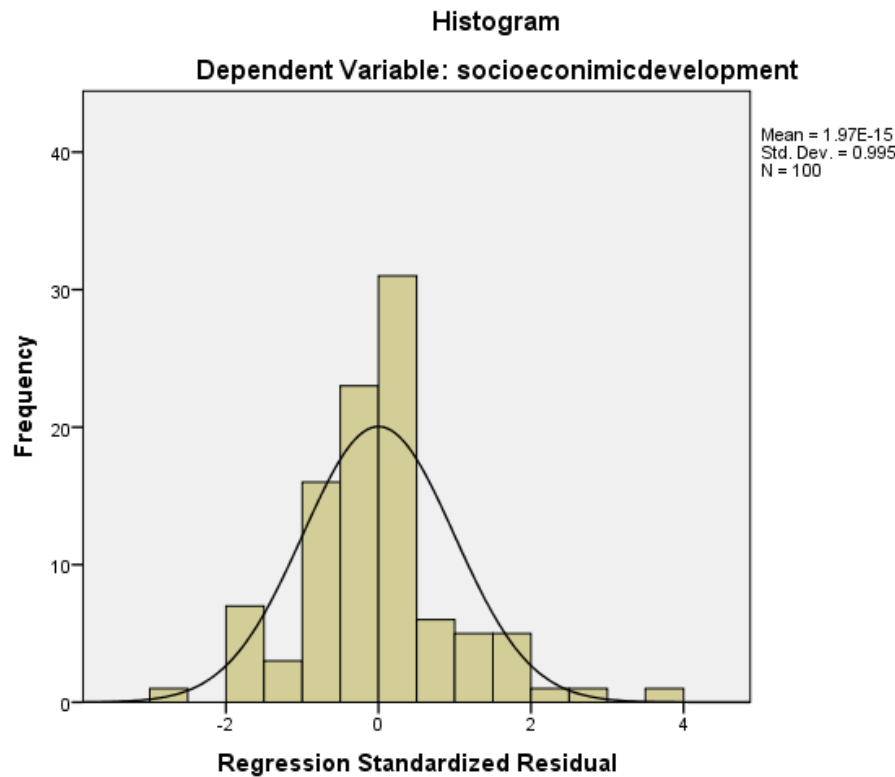
study have been conducted in different sector and in different context but yet has not been conducted quantitatively or qualitatively in education sector of Pakistan so quantitative method will be used to analyze the data.

Data will be collected from different organization operating in Sahiwal. These organization`s range from education, beverages to financial and food sector.

***Findings***

The graph given below is showing the findings which find out from analysis. Results showing that finding of distribution is normal.

## Graph



Finding of distribution is normal.

### **Limitation**

I have done my work in impact of CSR in socio-economic development but further we can also study on environmental, financial performances and legal sectors that how affect CSR from different ways to expand our knowledge. As per I know there is no quantities study has been done by any scholar on CSR.

### **Keywords**

NGO's, corporate social responsibility, socio-economic development, non government institutions, political pressure, government interest, pressure groups, welfare of destruction ,environment sustainability, Sustainable development.

### **Introduction**

Corporate social responsibility means organizations, institutes, political parties, government, pressure groups, Ngo's etc perform for their society. Today Pakistan is suffering from many kinds of unethical activities in

corporate sector. Organizations are less aware from their duties to perform for the welfare of our society. Private companies have also these responsibilities to perform for the development of their society. They have to introduce different packages for the improvement and remove poverty in our society. According to this perspective question arises that how should we take a step to improve these things. In many years ago corporate social responsibility did not consider as the part of a business but with the passage of time it will become popular in our society and different businesses starting work in corporate sector for the welfare of our society. Corporate social responsibility exists from last 25 years. It based on just assumption. It describes that we can say that shareholders are the corporate owners. (Welling, 2009). A director of a company should have to take a interest in shareholders for a good relation in this way a company promote and it is beneficial for its members. (UK Companies Act 2006).corporation has to need more stakeholders to perform corporate social

responsibility for society and its members (Freeman, 1984).

### **Socio-economic development**

Social economic development is a program that creates sustainable access to the economy for its beneficiaries. This means that contribution should be providing sustainable benefit. Causes of social economic development impacts included the change in technology with the passage of time. These changing may be change in physical environment such as cars, mobile phone technology, changes in law etc. social economic development usually in terms of improvements in metrics such as GDP, life expectancy, literacy, levels of emplacement etc. It has been seen in underdeveloped countries that are suffering from different economic issues are less aware of people of that country about their duties. Business industries don't take an action to play an important role for their society. It is the duty comes first for each sector to play a role in the welfare of the socio-economic development. In underdeveloped countries they have to need much investment to improve social development. Organizations should have build institute where from a people get lot of awareness about their society. Each person should have to participate and do well as well for their society to become a developed country.

### **Socio-economic development in Pakistan**

According to Pakistan perspective there is a huge need for development because Pakistan is a under develop country. It is possible if we make a strategy to removal of the corruption. People are not sincere in the development of Pakistan. People are illiterate and they don't know that what we need to make this struggle for development in Pakistan. They don't perform well their duties and they don't know that what their responsibility to become a good citizen is. In Pakistan steel mills facing a huge loss due to negligence of our top management and corruption. Many people are earning money due to the PSMC. But with the passage of time it is declining and the source of income of those employees are also decreasing. They have to take an action to control this situation. Pakistan railway also facing the same situation as well as Pakistan steel mills. There is no one to take an action to removal these problems. All parties which currently exist want to earn money it has become the aim of our political personalities. Our people should have to use the right there vote for that person which is sincerely true from their work.

### **Literature review**

The purpose of this study to provide realistic assessment according to historically background of current activities and progress which organizations perform for the elimination of child labor in global market. Concept tells the other organization to remove the global supply chain. A large number of child labor areas concern with global supply chains. Continued utilization of child labor tells that an unfair state and therefore forces can be unleashed through equality, association and communication between all stakeholders to make sure protection of the susceptible. (Zutshi, Creed, & Sohal, 2009). It depend on a source that different methods can be found for the number of child laborers according to (ILO, 2005) and (BSR, 2003) 246 million child labors existed in 2000 their ages were from 5 to 17 years whereas 218 million have been cited by UNICEF (2007) which they working in various jobs accept a number of industrial sectors in both successive and successful countries. Economic study associated with the frequency of child labor utilization to the previous levels of economic development (Hazan & Berdugo, 2002). (Marshall, 2005) , for instance, has questioned the continual economic advancement in economy in perspective of environmental may be external or internal constraints facing by a country and its organizations. It is harmful to believe that economic development contemporaries no utilization of employees including children. The fluctuation pivot symbol is a more realistic implement for ensuring that even the most industrious and highly developed countries and firms do not go down into the shut in of utilization of weak children. With the passage of time increasing in cross bordering tells the importance of risk. In marketing research, CSR is seen as a standardized concept that is applied and communicated rigorously across industries and company sizes (I & Ferrell). Different scholars have been describes the different concepts and methods (Friedman.M, 1970) But all authors agree from that the firms should have to carry out their business in a way that takes care of the society interest (Rudolf.E, 1995).

Carrol, (1979) describes the 4 types of corporate social responsibilities economic, legal, ethical and flexible tasks, which introduces society expects from organizations at a given time. Economic and legal responsibilities specify obligations of or firms to serve economic interests within the legal limitations. Ethical and flexible responsibilities contain more indistinct message for firms, and are usually limited to their own judgments. Many intended activities

by firms such as humanitarian contributions reduce under the sort of flexible responsibilities. Unfortunately, Carroll did not offer a clear cut definition. (Carroll, 1979)

Corporate sector has huge latent to impel community encourage as (Porter, 2006) disagree that no community program can adversary the business sector when it comes to creating the jobs, affluence and modernism that improve average of living and social conditions over time. The British Department of International Development (1997) viewed CSR as a means to protect workers and the environment from disagreeable penalty of promotion of international operates (DFID, 1997).

Antonio Vivos of the Inter American Development Bank (IDB) goes even advance when he introduce that corporate social responsibility by its very character, is expansion done by private sector, and it perfectly complements the expansion pains of governments and mutual expansion institutions (Vivos, 2004). (Blowfield, 2005) Tells that the occurrence or deficiency of worldwide companies in a country can influence its socio-economic development.

Moreover corporate social responsibility has substantial crash on deficiency fall in third world countries. CSR has broadened its range to admit not only aspects of corporate behavior that interrupt on social, ecological and individual rights issue, but also the role of business in relative to deficiency decrease in the rising world (Fox, 2004).

This business enterprise on the element of corporate segment is not positive-addition game. CK Prahalad and Stuart Hart tell the key of idea, advice that private sector can help to reduce the deficiency and at the same time they can build

the profit, by starting a new business mold for as long as products and services to remove the deficiency all around the globe. It considered that the deprived have cumulatively a large amount of non-refundable profits but that their desires are badly served by the corporations which are geared towards core-profits and high profits regulars (Prahalad, 2002).

In recent books this logic has been emphasized by Craig and Peter Wilson to develop a deficiency Business where from Increases in earnings and decrease Risks by appealing with the deprived (Craig and Wilson, 2006).

Peter Newell take a furthered step by saying that both the corporate social responsibility and Non-corporate social responsibility only bearing the deficiency still if the concluding are more considerable in on the whole social and economic provisions (Newell, 2007).

Peter Newell, Shirin Rai and Andrew Scott (2002) also examine that input progress functions customarily related with the position, such as the terms of basic transportation and enabling right of entry to water, electricity, health and education, are now being performed by a variety of universal humanity and market actors.

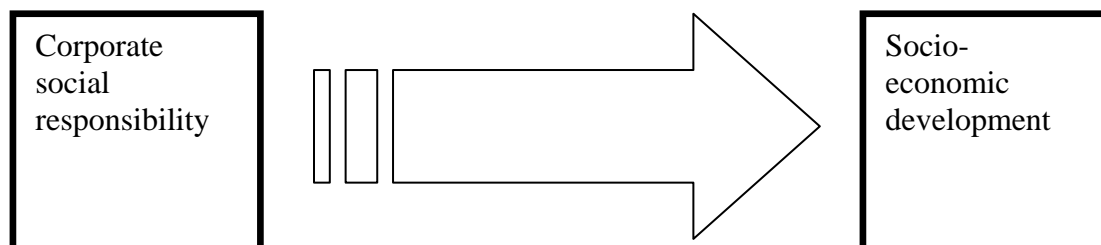
### Research Gap:

Corporate sector has immense resources to make things better on the one side and on the other side Pakistan is suffering from widespread poverty, high illiteracy and severs health backwardness. So there is strong need that corporate sector should take CSR activities for socio-economic development.

## Theoretical Framework

Independent variable

Dependent Variable



It shows that CSR directly influence on socio-economic development by its nature.

**Hypothesis:**

(Carrol, 1979) describes the 4 types of corporate social responsibilities economic, legal, ethical and flexible tasks, which introduces society expects from organizations at a given time. Economic and legal responsibilities specify obligations of or firms to serve economic interests within the legal limitations. This study shows that positive relationship between CSR and socio-economic development. Different scholars have been describes the different concepts and methods (Carroll 1979; Friedman, 1970). But all authors agree from that the firms should have to carry out their business in a way that takes care of the society interest (Manakkalathil & Rudolf, 1995; Pratt, 1999).

Ho: There is positive relationship between CSR and socio-economic development.

H1: There is no positive relationship between CSR and socio-economic development.

**Data analysis method:**

To determine the effects of CSR on socio-economic development in Pakistan linear regression method is used between CSR and socio-economic development first, cronbach`s alpha is used to check the reliability of data. Then linear regression model is used in this study. Linear regression model is given as:

$$SED = \beta_1 CSR + \epsilon \text{ ----- (Eq. I)}$$

**Findings/results****Table: 1**

Reliability Statistics		Reliability Statistics	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
.609	5	.641	12

**Table: 2**

## Descriptive Statistics

	Mean	Std. Deviation	N
Socio-economic development	3.9483	.33075	100
CSR	4.1680	.42614	100

**Table :3**  
Model Summary

Model	R	R Square	Adjusted R Square	Sig. F Change
1	.432 <sup>a</sup>	.187	.179	.000

a. Predictors: (Constant), CSR

b. Dependent Variable: socio-economic development

**Table: 4**  
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.026	1	2.026	22.547	.000 <sup>b</sup>
	Residual	8.805	98	.090		
	Total	10.830	99			

a. Dependent Variable: socio-economic development

b. Predictors: (Constant), CSR

**Table: 5**  
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.549	.296		8.607	.000
	CSR	.336	.071	.432	4.748	.000

a. Dependent Variable: socio-economic development

Table: 1 shows that Cronbach's alpha tells us about reliability of our data. if it is between .50 to .80 it means data is reliable. Our Cronbach's alpha is .609 for independent and .641 for dependant it shows that our data is reliable.

Table: 2 shows the Descriptive statistics shows the mean and standard deviation of variables. Mean of Socioeconomic development is 3.9483 and standard deviation is .33075. Standard deviation of CSR is 4.1680 and mean is .42614

Table: 3 show the overall significance of the model. For this purpose the Analysis of Variance (ANOVA) or F-Test approach is used. The value of the F-Statistic is 22.547 significant at 1% level of Significance (and lower than 1% as shown as 0.000 in the table No. 4). So, using the Multiple Regression (with on-intercept) is statistically significant.

Table: 4 show that Coefficient of determination (R<sup>2</sup>) is .187 and Adjusted R<sup>2</sup> is .179. It means that the 18% of variations in the CSR are explained with the help of socio-economic

development i.e. this Multiple Linear Regression Model has high value of R<sup>2</sup>. And standard error of the estimate is 12190.51, while the value of Multiple Coefficient of Correlation is 0.432 (i.e. there is 43% correlation between CSR and Socio economic development.

Table: 5 discuss the regression coefficients of the model now. Table No. 5 shows the  $\beta$  Coefficients of the regression equation their respective level of significance and the standardized coefficients. All the coefficients are significant even at lower than 1% level of significance. The value of the  $\beta$  is .432 shows strong positive impact of the CSR on the Socio-economic development.

Conclusion:

Research tells that CSR is most important for our society. Wide range of poverty can be cover through CSR activities by taking a step of organization. CSR is a comprehensive way to improve socio-economic development. CSR become a substantial requirement for improve the image of any organization. Impact of CSR

effect positively on socio-economic development. In this research Socio-economic development totally depends upon CSR. With the passage of time there is multinational organization come to exist and offering different facilities for the society.

According to different perspective in this research tells the positive icon of CSR in development of socio-economic. This study tells that different scholars spent time to find out the impact and relationship between CSR and socio-economic development. But in future we have to further need to expand our knowledge about CSR.

As per our results and findings, we accept the null hypothesis (H<sub>0</sub>) that there is a positive Impact of CSR implementation systems in socio-economic development and Reject the alternate (H<sub>1</sub>). The stance of this study shows that CSR implementation in socio-economic development has sound effect.

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