



Ownership structure and corporate social responsibility: A comparative analysis of Pakistani and Malaysian non-financial firms

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Abstract

The objective of this study is to examine the impact of ownership structure on corporate social responsibility (CSR), with a comparative analysis of non-financial firms in Pakistan and Malaysia. While CSR research in Asian countries remains limited. The study focuses on two key independent variables for comparative analysis: concentrated ownership and director ownership. Additionally, it analyzes family ownership, institutional ownership, and foreign ownership specifically within Pakistan. The data was collected from annual reports and sustainability reports over a five-year period (2014–2018). The Generalized Method of Moments (GMM) analysis was used in SAS, with profitability, firm size and leverage, included as control variables. The findings reveal that concentrated ownership has an insignificant effect on CSR, while director ownership shows no impact on CSR activities. In Pakistani context, family ownership and foreign ownership also do not demonstrate significant influence on CSR engagement. This study offers insights for policymakers, suggesting that stricter regulations are necessary to ensure firms actively participate in CSR initiatives.

Key words: Concentrated Ownership, CSR, Ownership structure, Director Ownership, Foreign Ownership, Family Ownership, Institutional Ownership

1. Introduction

In recent year Corporate social responsibility (CSR) has been become attention to researchers, academics, governments, and NGOs in recent years. Its importance is growing due to the rise of global trade, the need for strong corporate reputations, and the relationships among stakeholders.

In emerging economies, the concept of Corporate Social Responsibility is new like Pakistan (Mughal, 2014), where research on CSR is still limited. A comparison is made with Malaysia, another Muslim country that has a unique business environment. In Malaysia,

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many private companies have government shares, and the government started a privatization program in 1983 (Ghazali et al., 2007).

Most research on Corporate Social Responsibility (CSR) focuses on developed countries, with little attention given to developing countries like Pakistan, Indonesia, Malaysia, and India (Syed & Butt 2017). This study aims to provide evidence from a developing country where CSR research is lacking (Nooraisah, 2017). Despite the growing importance of Corporate Social Responsibility (CSR) in the business world, there is still a lack of research on how it is implemented and its effects in different Asian economies (Fan & Hou, 2022). Most people are not aware about CSR so it's a new concept in Pakistan (Uddin, 2024). This study examines how ownership structure impacts CSR by comparing non-financial firms in Pakistan and Malaysia, which have similar industrial structures but have not been compared before. The study also explores director ownership's effect on CSR for the first time in Pakistan's literature.

The study aims to explore how ownership structure affects corporate social responsibility (CSR) by comparing the non-financial sectors of Pakistan and Malaysia. There is a lack of research on CSR in Asian countries, creating a gap this study intends to fill (Syed & Butt, 2017). This is the first comparison of CSR between Pakistan and Malaysia, which are similar in industrial structure and culture. While many studies have compared other countries, such as the UK and the US (Aguilera et al. 2006), (Silberhorn & Warren, 2007) UK and Germany, (Adams & Kuasirikun, 2000) the UK and Germany, no research has focused on these two economies Pakistan and Malaysia.

This study contributes to literature in several ways. First, it offers proof of how ownership structure relates to corporate social responsibility (CSR) in emerging research. Second, it compares CSR practices between Pakistan and Malaysia, filling a gap since few studies have focused on ownership and CSR in Asian countries. Third, it is the first study to look at director ownership in the context of CSR in Pakistan. Fourth, it investigates other ownership types in Pakistan, such as institutional, family, and foreign ownership, in relation to CSR. Fifth, it notes that many previous studies on CSR have focused on developed countries.

This study found that concentrated ownership does not significantly affect corporate social responsibility (CSR), and director ownership also has no effect on CSR. Additionally, family ownership and foreign ownership do not significantly impact CSR in Pakistan.

Our study plan has five main parts. The first part is an Introduction. The second part covers literature. The third part focuses on Methodology, data description, and sample description. The fourth part is about results and discussion. The last part includes conclusions, recommendations, and future directions.

2. Literature review and Theories

A study by Yuan et al. (2018) analyzed how ownership structure patterns affect CSR reporting disclosure. Elgergeni et al. (2018) also studied the impact of ownership structure on CSR activities in UK listed companies during austerity. Laidroo et al. (2009) examined the relationship between public announcements and ownership patterns in Baltics from 2000 to 2005. Additionally, Kolsi (2017) identified factors influencing voluntary disclosure policies

in UAE listed companies on Abu Dhabi stock market from 2010 to 2014.

2.1. CSR in Pakistan

CSR concept is relatively new in Pakistan, with limited research and attention to corporate social responsibility (Mughal, 2014). Multinational companies mainly focus on CSR standards. Awareness about rights and responsibilities among firms and the public is low. Research on CSR in Pakistan started a decade ago.

2.2. CSR in Malaysia

Malaysia's unique business environment attracts researchers due to private companies having government shareholdings. In 1983, Privatization program was implemented in Malaysia to promote CSR activities. Currently, 0.31% of their income is contributed to CSR by Malaysian companies, much less than European countries' 1% contribution (Prathaban, 2005; Ghazali et al., 2007).

Study explains legitimacy and stakeholder theories as suitable for CSR research which are used by (Majeed et al., 2015; Syed & Butt, 2017). They are linked to ownership structure and social disclosure, with references to relevant literature.

2.3. Hypothesis of the Study

Before forming a hypothesis, we need to discuss theories that support it. The legitimacy and stakeholder theories are suitable for studying Corporate Social Responsibility (CSR). Legitimacy theory has been referenced by Majeed et al. (2015) and Syed & Butt (2017), while stakeholder theory is noted by (Moneva & Pajares, 2018). This part of the study reviews key theories related to ownership structure and corporate social disclosure. These theories explain why shareholders and managers might choose to either invest in CSR practices or be discouraged from doing so. They also suggest that aligning the interests of investors and managers can significantly influence CSR decisions.

2.4. Concentrated Ownership and CSR

Previous studies showed a link between concentrated ownership and limited disclosure. Some found a negative link to CSR in the US, while others found no effect in the US and UK. Companies with concentrated ownership tend to donate less (Brammer & Millington, 2005).

H1: Concentrated Ownership influences negatively on CSR.

2.5. Director Ownership and CSR

Several studies have shown that directors with significant shareholdings tend to prioritize their own interests over maximizing shareholder wealth (Masud, 2018). Research indicates a negative relationship between director ownership and corporate voluntary disclosure, with some studies finding a detrimental impact on benefits and compensation (Oh et al., 2011). Contrasting views exist regarding the connection between managerial ownership and corporate social responsibility (CSR).

H2: Director Ownership influences negatively on CSR.

2.6. Institutional Ownership and CSR

Previous research by Dam & Scholtens (2012) showed positive association between

institutional owners and CSR. Institutional investors aim companies long term benefits from companies engaged in CSR activities. Other studies support this connection (Bushee & Christopher, 2000; Cox et al., 2004).

H3: Institutional ownership influences positively on CSR.

2.7. Foreign Ownership and CSR

Previous studies have conflicting findings on the relationship between foreign ownership and Corporate Social Responsibility (CSR). Other researchers show that there is no impact of foreign ownership on CSR. (Zulkifli & Amran, 2006; Said et al. 2009; Siregar & Bachtiar, 2010; Elinda (2016). In contrast, Haniffa and Cooke (2002) and Oh et al. (2011) reported a significant link between foreign investors and voluntary disclosure in Malaysia. Foreign shareholders tend to trust companies that disclose information. Additionally, firms with foreign ownership in Malaysia provide higher quality information compared.

H4: Foreign ownership influences positively on CSR.

2.8. Family Ownership and CSR

Dou et al. (2014) results show that family-owned firms have a positive impact on charitable donations, but this influence weakens with the arrival of a new generation. Campopiano et al. (2014) also support that family firms positively influence philanthropy. Harjoto & Jo (2011) found the positive relationship between corporate governance, CSR, and family ownership.

H5: Family ownership influences negatively on CSR.

3. Methodology

3.1. Data Description

The study aimed to explore effect of ownership structure on corporate social responsibility (CSR) in Pakistan and Malaysia. Researchers used secondary data from annual reports, sustainability reports, and company websites of non-financial firms listed on the PSX and Bursa Malaysia. The focus was on the KSE 30 index and Bursa 30 index, as non-financial companies had relevant material for measuring CSR that financial firms lacked (Haniffa & Cooke, 2002). Out of the selected companies, data for 19 firms from KSE 30 and 17 from Bursa Malaysia were available, covering the years 2014 to 2018. Due to time constraints this study covered years 2014-2018.

3.2. Measurement of Variables

The study analyzed disclosure of corporate social responsibility (CSR) from sustainability and annual reports using content data analysis. A checklist of 20 items across five themes was used to score companies, with a score of 1 for disclosed items and 0 for undisclosed items. The index of CSR is calculated by dividing the total score by the maximum score of 20 Ghazali et al., (2007). Index of CSR is used by (Haniffa & Cooke, 2002). Data on ownership types were gathered from annual reports, and control variables included company size, profitability, and leverage.

3.3. Model specification

$$CSR_{j,i,t} = \beta + \beta_1 CO_{j,i,t} + \beta_2 DO_{j,i,t} + \beta_3 S_{j,i,t} + \beta_4 LEV_{j,i,t} + \beta_5 PROF_{j,i,t} + \mu \quad (1)$$

$$CSR_i = \beta + \beta_1 CO_i + \beta_2 DO_i + \beta_3 FMO_i + \beta_4 FO_i + \beta_5 INST_i + \beta_6 S_i + \beta_7 LEV_i + \beta_8 PROF_i + \mu \quad (2)$$

Where CSR stands for Corporate Social Responsibility of firm *i* at time *t*. The study includes several key variables: CO represents the percentage of shares owned by top shareholders, DO refers to shares owned by directors and executives, FMO is the share percentage owned by family members, FO is the share percentage owned by foreign firms, and INST is the share percentage owned by institutions.

The study measures firm size using the natural log of total assets, a method supported by previous research (Ehtazaz et al. 2016; Eng & Mak, 2003; Haniffa & Cooke, 2005; Majeed et al., 2015; Syed & Butt, 2017). Profitability is calculated by dividing net profit by total assets, which has been a common approach in earlier studies (Said et al., 2009; Majeed et al., 2015). Leverage is assessed by the ratio of total debt to total assets, as referenced in past research.

This study uses both time series and cross-sectional data, applying GMM analysis to address heterogeneity and endogeneity issues. A Hausman test is conducted to determine the better estimation model. It involves panel data analysis using fixed effects and random effect models. After taking the logarithm of all variables, a first difference model is run, followed by GMM analysis. SAS software is used for analysis.

4. Results and Discussions

4.1. Descriptive Statistics

In this section, Table 1 below describes the independent, dependent and control variables. We used the KSE 30 index for Pakistani non-financial firms from 2014 to 2018. Descriptive statistics table for Pakistan and Malaysia are as follows:

Table 1: Descriptive Statistics of Pakistan

Variables	Mean	Median	Minimum	Maximum	Skewness	Kurtosis	SD	CV
CSR	0.58	0.55	0.35	0.85	0.22	-0.23	0.10	17.89
DO	6.85	0.28	0.00	57.75	2.13	3.91	13.57	197.96
CO	57.81	54.45	26.47	92.72	0.26	-0.79	17.93	31.02
FMO	0.90	0.00	0.00	57.00	9.25	88.29	5.92	654.44
IO	56.48	64.39	11.17	90.98	-0.40	-1.30	25.37	44.92
FO	8.37	4.15	0.00	51.00	2.09	4.28	11.86	141.64
Size	18.17	18.45	15.71	20.32	-0.23	-0.83	1.15	6.34
Leverage	0.53	0.51	0.17	0.99	0.29	-0.90	0.23	42.74
ROA	0.10	0.09	-0.04	0.30	0.66	0.42	0.07	74.76

CO: Concentrated Ownership; CSR: Corporate Social Responsibility; FO: Family Ownership; DO: Director Ownership; IO: Institutional Ownership; Foreign Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size; Pakistan Observations: 95

In Pakistan, the average Corporate Social Responsibility (CSR) score for firms is 58%, ranging from 35% to 85%, suggesting that over half prioritize CSR. Concentrated ownership (CO) averages about 57.81%, with a minimum of 26.47% and a maximum of 92.75%, indicating a common trend of concentrated ownership structures in companies. The fluctuation in CO is around 18%. Director ownership averages 7%, with most companies showing low levels, while family ownership is high at around 90%. This suggests significant family involvement, although volatility in family ownership is low at 5.92%. Institutional ownership averages 56.48%, with some firms having as much as 90%, and a high volatility of 25%. Foreign ownership is relatively low, averaging 8.37%, indicating limited foreign investments. Control variables include Return on Assets (ROA), size and leverage. Leverage averages 53% with a maximum of 99%, showing some companies rely more on debt, with a volatility of 23%. Profitability is about 11%, with a range from -0.04% to 30%, indicating a few losses among firms. Average size, measured by total asset logs, is 18.76, with a volatility of 1.15.

Table 2: Descriptive statistics of Malaysia

Variables	Mean	Median	Min	Max	Skewness	Kurtosis	Std.	CV
CSR	0.67	0.70	0.20	0.95	-0.99	2.88	0.12	18.24
DO	1.88	0.01	0.00	31.65	4.11	15.91	6.30	335.47
CO	64.47	62.69	40.12	85.24	0.02	-1.04	11.38	17.65
Size	13.97	15.44	9.19	18.07	-0.30	-1.56	2.97	21.25
Leverage	0.36	0.31	0.00	0.91	0.43	-0.36	0.24	67.47
ROA	0.15	0.06	-0.08	1.10	3.09	9.27	0.24	161.92

CO: Concentrated Ownership; CSR: Corporate Social Responsibility; DO: Director Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size, Malaysia Observations: 84

The average Corporate Social Responsibility (CSR) score for Malaysian firms is 67%, ranging from 20% to 95%, showing a focus on CSR practices. The variation in CSR is low, at 12%. Concentrated ownership (CO) and director ownership (DO) are two key variables analyzed. The average CO score is about 64%, indicating that most firms have concentrated on ownership, with low volatility of 11.38%. In contrast, the average director ownership is 1.88%, with a low range and volatility of 7%.

These graphs, diagrams and scatter plot matrix of different variables of this study. The variables included corporate social responsibility, director ownership, concentrated ownership, family ownership, institutional ownership and foreign ownership. CSR histogram shows right skewed means some companies are involved in more CSR activities. DO and family ownership histogram shows long tail means few companies have the highest director and family ownership. Concentrated ownership showed left skewed which interprets that many values are higher in the data. In the meanwhile, IO and Foreign ownership showed right skewed which interprets that few companies have high institutional and foreign ownership.

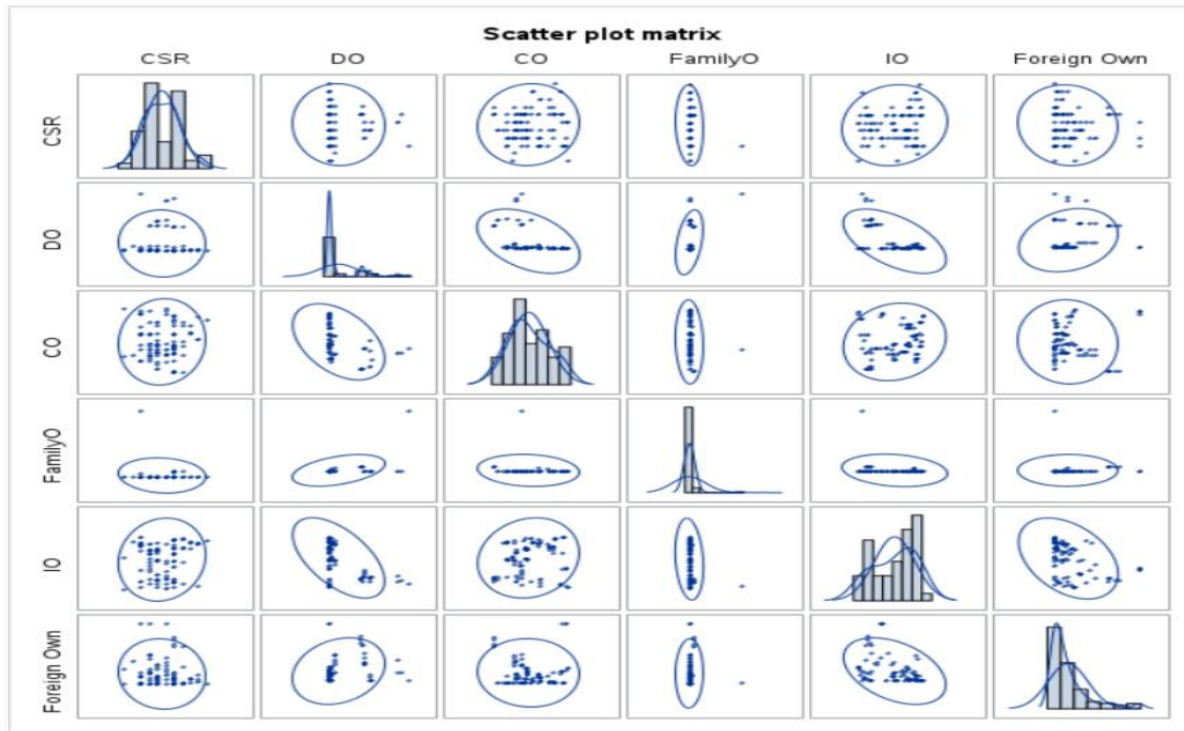


Figure1: Histogram and Scatter Plots Tests of Pakistan

The scatter plot of the CSR shows weak negative correlation with director ownership and weak positive correlation with concentrated ownership. Moreover, CSR has weak positive correlation with Family-owned firms and foreign owned firms. CSR shows a negative trend with Director ownership.

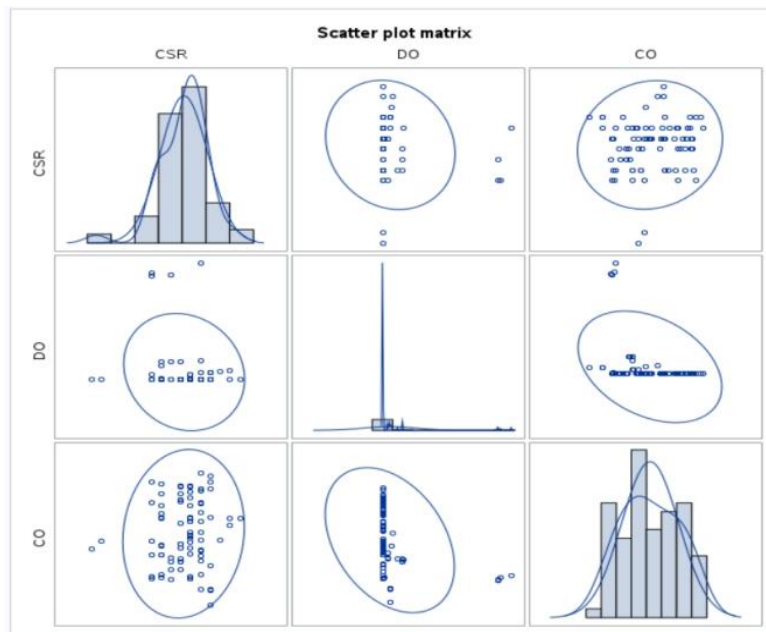


Figure 2: Histogram and Scatter Plots Tests of Malaysia

These graphs and diagrams and scatter plot matrix of different variables of this study. The variables included corporate social responsibility, director ownership and concentrated

ownership. CSR histogram shows right skewed with high peak which shows that most of most companies CSR performance is on average but there are few companies whose CSR performance is very high. DO and family ownership histogram shows long tail means few companies have the highest director and family ownership. Concentrated ownership showed left skewed which interprets that many values are higher in the data. In the meanwhile, IO and Foreign ownership showed right skewed which interprets that few companies have high institutional and foreign ownership.

The scatter plot of CSR and DO shows negative and weak relationship as CSR rises than the DO slightly decreases. Moreover, there is weak positive correlation between CSR and CO which interprets that when CSR increases the concentrated ownership also slightly increases. There is also found weak negative correlation between director ownership and concentrated ownership. The circle shape of scatter plots shows confidence intervals which assure the weak correlation.

4.2. Correlation Matrix

Table 3 shows that correlation of all independent variables are less than 0.7, indicating they are not strongly correlated with each other.

Table 3: Correlation Matrix for Pakistan

Variables	CSR	DO	CO	FMO	IO	FO	Size	Lev	ROA
CSR	1								
DO	-0.03	1							
CO	0.05	-0.43	1						
FMO	-0.1	0.43	-0.11	1					
IO	0.11	-0.58	0.13	-0.21	1				
FO	-0.06	0.22	-0.04	0.02	-0.41	1			
Size	0.14	-0.21	0.02	-0.08	-0.24	-0.13	1		
Leverage	-0.04	-0.28	0.1	-0.02	0.21	-0.31	0.04	1	
ROA	-0.08	0.12	-0.03	-0.07	-0.09	0.19	-0.3	-0.48	1

CSR: Corporate Social Responsibility; CO: Concentrated Ownership.

DO: Director Ownership; FMO: Family Ownership; IO: Institutional Ownership.

FO: Foreign Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size

In the correlation matrix all values are less than 0.7 which shows that there is no multicollinearity problem in the data. CSR has low correlations with all variables, indicating CSR may be relatively independent. It has the highest is with Size 0.1 which is still very weak. It has negative correlations with Family Ownership (-0.10) and ROA (-0.08). As we can interpret, director ownership, family ownership and foreign ownership show weak relationship with CSR means does not influence CSR significantly while size has positive relationship which shows Size influence CSR. While leverage and profitability (ROA) are also negatively correlated ($r = -0.48$), consistent with financial theory linking high debt to lower returns. Overall, CSR appears to be weakly associated with governance and financial variables in this dataset.

Table 4: Correlation Matrix for Malaysia

Variables	CSR	DO	CO	Size	Leverage	ROA
CSR	1					
DO	-0.13	1				
CO	0.09	-0.35	1			
Size	0.16	0.05	0.42	1		
Leverage	0.18	0.05	-0.43	0.02	1	
ROA	0.17	0	0.38	-0.05	-0.28	1

CSR: Corporate Social Responsibility; CO: Concentrated Ownership; DO: Director Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size

In the Malaysian context, the data reveal that CSR (Corporate Social Responsibility) has weak positive correlations with all variables, indicating it is not strongly influenced by ownership structure or financial metrics. The correlation between CSR and director ownership (DO) is weakly negative (-0.13), suggesting that firms with higher director ownership may engage slightly less in CSR, although the relationship is not strong. Concentrated ownership (CO) is moderately negatively correlated with director's ownership (0.35), implying a tradeoff between insider control and external (corporate) ownership. Notably, CO is positively associated with profitability (0.47) and firm size (0.29), which indicates that corporate owned firms tend to be larger and more profitable.

4.3. Regression analysis for Pakistan

In Panel Fixed effect model R² is 36% which shows that low variation in CSR is explained by model. The model fit is low. The value of lagged CSR_1 is significant with p value 0.0001. The director's ownership, concentrated ownership, size leverage and ROA don't show any significant impact on CSR. The study shows that larger companies have higher agency costs compared to smaller ones, supporting agency theory. It also finds that return on assets (ROA) is not a significant indicator since high profits do not always lead to increased social responsibility activities, as these companies focus more on making profits. Leverage is insignificant which interprets those companies who have higher liquidity have lower CSR disclosure. Scott (2000) suggests that companies with high leverage ratios tend to share less information about their corporate social responsibility (CSR) efforts. This is done to present higher current earnings. MSE and SSE are low and it's a good sign which shows that model is good for fitting.

In Panel Fixed effect model R² is 65% which shows that model explains variation in CSR. The model fit is reasonable. The value of fixed effect is significant. In this table the only variable IFORO influences positively on CSR with p value 0.0745. The reason is defined by Oh et al., (2011) Foreign investors push companies to adopt social practices to show that they are reliable and responsible. This pressure comes from the desire to send a positive message to their clients. The size shows P value of 0.1009 which shows large firms are more engaged in CSR activities.

Table 5: Estimation for Pakistan

Pooled Regression				Within Transformation				First Difference Transformation			
Variables	Coef.	Std err.	P-value	Variables	Coef.	Std err.	P-value	Variables	Coef.	Std err.	P-value
Intercept	-1.6077	1.1111	0.1516								
ICSR_1	0.5907	0.1003	0.0001	ICSR_1	-0.1861	0.1512	0.2228	ICSR_1	-0.5132	0.1148	0.0001
IDO	0.0208	0.0246	0.4012	IDO	-0.1240	0.0839	0.1447	IDO	-0.1163	0.0782	0.1418
ICO	0.0379	0.0554	0.4951	ICO	-0.1779	0.1664	0.2892	ICO	0.0018	0.1666	0.9914
IFMO	-0.0017	0.0201	0.9322	IFMO	0.0024	0.0220	0.9133	IFMO	0.0036	0.0179	0.8409
IFO	0.0100	0.0121	0.4124	IFO	0.0365	0.0201	0.0745	IFO	0.0276	0.0162	0.0942
IIO	0.0407	0.0411	0.3255	IIO	-0.0014	0.1216	0.9906	IIO	0.0617	0.1232	0.6184
ISIZE	0.3514	0.3147	0.2673	ISIZE	2.1775	1.3078	0.1009	ISIZE	2.2459	1.9232	0.2473
ILEV	-0.0028	0.0386	0.9421	ILEV	-0.0363	0.1232	0.7693	ILEV	-0.2079	0.1532	0.1794
IROA	-0.0054	0.0184	0.7701	IROA	0.0081	0.0196	0.6818	IROA	0.0018	0.0181	0.9222
Fit Statistics				Fit Statistics				Fit Statistics			
SSE	1.9673	DFE	85	SSE	1.0933	DFE	63	SSE	1.2338	DFE	63
		Root				Root				Root	
MSE	0.0231	MSE	0.1521	MSE	0.0174	MSE	0.1317	MSE	0.0196	MSE	0.1399
R-Square	0.3674			R-Square	0.6485			R-Square	0.6033		
CSR: Corporate Social Responsibility; CO: Concentrated Ownership; DO: Director Ownership; FMO: Family Ownership; IO: Institutional Ownership; FO: Foreign Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size											

The lag CSR_1, direct ownership, concentrated, institutional ownership, leverage and ROA don't show any significant impact on CSR. Leverage is insignificant because companies who have higher liquidity have lower CSR disclosure. ROA is insignificant because companies are willing to disclose more profit than CSR.

In First difference transformation estimation R² is 60% which shows that variation in ICSR is explained by model. The model fit is reasonable. The value of fixed effect is significant, which is p 0.0440 which validates the panel model. In this table the lagged CSR_1 is strongly negative significant with p value .0001 in the first difference model. Variable IFO influences positively on CSR with p value 0.0942. The ISize was significant in fixed effect model but insignificant in first difference model it is because of less variation in the data after differencing. The Director ownership, Institutional ownership, leverage and ROA do not show any significant impact on CSR. Leverage is insignificant because companies who have higher liquidity have lower CSR disclosure. ROA is insignificant because companies are willing to disclose more profit than CSR.

Table 6: GMM First Difference Transformation

Model Estimation—Arellano-Bond			
Variables	Coef.	Std err.	P-value
ICSR_1	0.6811	0.5677	0.2371
IDO	-0.6551	0.4741	0.1745
ICO	-2.1331	1.6162	0.1942
IIO	-0.3575	1.4340	0.8044
IFMO	0.4440	0.7872	0.5758
IFO	0.1675	0.3788	0.6607
ISIZE	3.3318	3.0736	0.2847
ILEV	0.1884	1.0561	0.8593
Fit Statistics			
SSE	27.4593	DFE	41
MSE	0.6697	Root MSE	0.8184
Sargan Test			
DF	Statistic	Prob > ChiSq	
1	0.8	0.3714	
AR(m) Test Lag (1)	-1.09	0.2775	

The Arellano Bond GMM model is used to address the endogeneity and autocorrelation problem. The Sargan test shows p value 0.3714 which interprets that null hypothesis is accepted, and all instruments are valid, but it shows only one degree of freedom. The null hypothesis shows no in first difference.

The AR test shows a p value of 0.2755 which interprets that no significant autocorrelation and it's a good sign. In the table the coefficients are insignificant and standard error and root MSE is much higher than FE and FD models. Instruments pass the Sargan test, but GMM is not much effective due to small sample size.

The ICSR value is insignificant which was significant first difference model.

4.4. Regression analysis for Pakistan

In Panel Fixed effect model R^2 is 27% which shows that low variation in ICSR is explained by model. The model fit is low. The value of lagged CSR_1 is significant with p value 0.0001. The director's ownership, concentrated ownership, size leverage and ROA do not show any significant impact on CSR. Leverage is insignificant because companies who have higher liquidity have lower CSR disclosure. ROA is insignificant because companies are willing to disclose more profit than CSR. MSE and SSE are low and it's a good sign which indicates that model is good to fit.

In Panel Fixed effect model R^2 it is 55% which shows that variation in ICSR is explained by model. The model fit is reasonable and it better than R^2 in pool OLS estimation. The value of fixed effect is significant with 0.0329 which interprets that firm specific characteristics have significant impact on CSR. In this table the only variable IDO influences positively on CSR with p value 0.0067 which interprets that director ownership more influences the CSR activities. Companies with director ownership tend to have less public accountability since there is less public interest in them (Eng and Mak, 2003). As a result, these companies often engage less in social activities.

The lag CSR_1, Direct ownership, Concentrated, size, leverage and ROA do not show any significant impact on CSR. MSE and SSE are low as well.

In First difference transformation estimation R^2 is 52% which shows that variation in ICSR is explained by model. The model fit is reasonable. The value of fixed effect is significant, which is p 0.009 which validates the panel model. In this table the lagged DO is strongly positive significant with p value .00265 in first difference model which interprets that director ownership more influences the CSR activities. The reason is that director-owned companies have less accountability (Eng and Mak, 2003).

The lag CSR, Direct ownership, Concentrated ownership, size, leverage and ROA do not show any significant impact on CSR. The reason for insignificant control variables mentioned in pooled regression.

The Arellano Bond GMM model is used to address the endogeneity and autocorrelation problem. The Sargan test shows p value 0.4465 which interprets that null hypothesis is accepted, and all instruments are valid and uncorrelated with the error term. The null hypothesis shows no autocorrelation in first difference.

The AR test shows a p value of 0.1129 which interprets that no significant autocorrelation and it's a good sign. In the table the coefficients are insignificant and standard error and root MSE is higher than FE and FD models.

Table 7: Estimation for Pakistan

Pooled Regression				Within Transformation				First Difference Transformation			
Variables	Coef.	Std err.	P-value	Variables	Coef.	Std err.	P-value	Variables	Coef.	Std err.	P-value
Intercept	-0.5324	0.6116	0.3867								
ICSR_1	0.5132	0.1051	0.0001	ICSR_1	0.08202	0.14840	0.58270	ICSR_1	-0.1253	0.1550	0.4223
IDO	0.0084	0.0094	0.3789	IDO	0.05531	0.01970	0.00670	IDO	0.0422	0.0185	0.0265
ICO	0.0221	0.1726	0.8985	ICO	0.65020	0.43680	0.14200	ICO	0.4183	0.4101	0.3120
ISIZE	0.0899	0.1192	0.4533	ISIZE	0.20356	0.64710	0.75420	ISIZE	0.6014	0.7580	0.4308
ILEV	-0.0054	0.0155	0.7298	ILEV	-0.02693	0.02130	0.21110	ILEV	-0.0118	0.0230	0.6091
IROA	-0.0019	0.0229	0.9344	IROA	-0.02942	0.02960	0.32450	IROA	-0.0083	0.0344	0.8108
Fit Statistics				Fit Statistics				Fit Statistics			
SSE	3.1097	DFE Root	77	SSE	1.9072	DFE	58	SSE	2.0344	DFE Root	58
MSE	0.0404	MSE	0.201	MSE	0.0329	Root MSE	0.1813	MSE	0.0351	MSE	0.1873
R-Square	0.2703			R-Square	0.5525			R-Square	0.5226		
CSR: Corporate Social Responsibility; CO: Concentrated Ownership; DO: Director Ownership; FMO: Family Ownership; IO: Institutional Ownership; FO: Foreign Ownership; LEV: Leverage; ROA: Profitability; and SIZE: Size											

Table 8: GMM First Difference Transformation

Model Estimation Arellano-Bond			
Variables	Coef.	Std err.	P-value
ICSR_1	0.9819	0.5325	0.0730
IDO	0.0784	0.1395	0.5775
ICO	-0.0233	1.2554	0.9853
ISIZE	0.1252	1.8056	0.9451
ILEVERAGE	-0.0385	0.3172	0.9041
IROA	0.0685	0.1815	0.7081
Fit Statistics			
SSE	5.5667	DFE	38
MSE	0.1465	Root MSE	0.3827
Sargan Test			
DF	Statistic	Prob > ChiSq	
3	2.66	0.4465	
AR(m) Test			
Lag (1)	-1.59	0.1129	

Instruments pass the Sargan test, but GMM is not much effective due to small sample size. The ICSR value is significant with p value 0.0730 that strong path dependence if endogeneity issue is resolved.

5. Conclusion

This study examines corporate social responsibility (CSR) in Pakistan and Malaysia, revealing different impacts based on ownership structures. In Pakistan, the study found that lagged CSR has a positive effect using the OLS pool method, but a negative effect in the First Difference model. However, it was insignificant in the Fixed Effect and AB GMM dynamics models. Foreign ownership showed positive significance in Fixed Effect and First Difference models but was insignificant in the AB GMM model. The reason is defined by Oh et al., (2011) Foreign investors push companies to adopt social practices to show that they are reliable and responsible. This pressure comes from the desire to send a positive message to their clients. In Malaysia, Director Ownership positively affects CSR in the Fixed Effect and First Difference models, indicating that companies where the CEO and their spouses hold most shares are more likely to pursue CSR activities. Companies with director ownership tend to have less public accountability since there is less public interest in them (Eng and Mak, 2003). As a result, these companies often engage less in social activities.

Previous research aligns with these findings, showing that concentrated ownership results did not show any significant effect on CSR disclosure. The study concludes that family-owned companies often do not invest in CSR due to lower public accountability and because the costs outweigh the benefits. The research emphasizes the need to improve CSR awareness and establish guidelines for companies in Asian countries, as many currently lack accountability and involvement in social practices.

Our findings are valuable for both policymakers and society, particularly in improving corporate governance. Governments should implement strict CSR policies that

promote social responsibility in companies. A diverse ownership structure is essential for accountability. We aim to change managers' views that CSR harms profits; instead, it can enhance profits and customer loyalty. The Security Exchange Commission of Pakistan should develop CSR policies, and training on CSR is needed for managers and auditors. Companies should be involved in activities of CSR to gain the attention of foreign investors.

Researchers can explore corporate social responsibility (CSR) in other Asian countries, as there is limited research on the topic in the region. The current study used a small sample size from the KSE 30 and Bursa 30 indexes due to time constraints. Future research should consider using the KSE 100 index for better results and including financial companies in their analyses. Additionally, examining each CSR theme separately could provide a deeper understanding of companies' CSR efforts.

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