

CSR's pattern based on GRI-G4: Insights from multinational enterprises operating in Pakistan

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ABSTRACT

Keywords:

Corporate social responsibility;
CSR disclosure; TBL; Global
reporting initiative (GRI);
Multinational enterprises (MNEs);
Pakistan

The aim of this study is to examine the exact pattern and structure of corporate social responsibility (CSR) within multinational enterprises (MNEs) working in Pakistan. Global reporting initiative (GRI-G4) guidelines were taken as key indicators to measure the boundaries of CSR activities and sketch the pattern of CSR disclosure (CSRSD) based on economic, social and environmental dynamics. This research has observed that social disclosure comprised of almost 2/3 of the total CSRSD; followed by environmental and economics. Market presence and economic performance are the most disclosed indicators in economic dimension. Environmental disclosure is led by products & services, overall and effluents & Waste. Water, biodiversity, compliance and transport are the least disclosed dynamics under the environmental dimension. Similarly, Social dimension records almost identical values for labor practices & decent work and product responsibility; followed by society and human rights indicators. Findings of this study reflect overall satisfactory report about CSRSD for a period of 4 years (2016-2019). In general, this research study has extended basic but overall perception about the CSR structure within MNEs working in Pakistan. This study has first time developed an overall CSR's catalog for MNEs based on content analysis which includes all dimensions and indicators expressed in GRI-G4. The results of this study are beneficial for government and other institutions/organizations that are responsible for handling, formulating and implementing sustainability related issues/strategies. The combined effects of the local institutional forces and the interpretation of universally acceptable guidelines play an important role to ensure the rights of stakeholders and compel the enterprises to be more ethical. This study offers the first CSR structure of overall G4 guidelines indicators based on wide range of corporations and included every published document over a period of 2016-2019.

INTRODUCTION

The vague concept of Corporate Social Responsibility (CSR) is as old as business itself, having presence and influence in almost every place and time. In modern era of globalization, the concept of CSR has got much importance than before. Corporations have begun to realize that they can't live in

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a “moral vacuum” while operating their corporate activities (Pratt, 2006). In general, MNEs have adopted the most comprehensive CSR framework which is beneficial for business, community, environment, employees and other stakeholders simultaneously.

The concept of CSR was formally born in 1953. Frederick (1960) stated that CSR is the willingness of corporations to utilize corporate resources for the betterment of the overall society. Walton (1967) defines CSR with ethical perspective by stating that it is the discretion of the firm to behave responsibly. However, this concept got attentions from corporate world and scholars when Friedman (1970) elaborated this concept. Davis (1973) stated that it is the corporation’s concern and reaction to a problem beyond financial, technological and legal liabilities. This concept was reborn with the efforts of prominent scholar Carroll (1991) by introducing CSR’s pyramid. Wood (1991) introduced the process, policies, programs and outcomes of CSR. In similar vein, other international bodies (i.e. International Labor Organization, Global Reporting Initiative and United Nations Global Compact) launched various indicators to measure the level of sustainability. Later on, Wood (2010) criticized the tendency of research only in developed countries on the basis of “Fortune” or “KLD” only.

These days, various formats were underscored by international activist group. For example: Dow Jones sustainability index, International Organization for Standardization (ISO 26000) and Business in the Community’s (BiTC) CSR index. Corporations have also implemented wide range of CSR indicators, ranging from modest environmental defense fund (1990) to worldwide acceptable reporting initiative launched by Global Reporting Initiative (GRI) in 2011. Almost every field is showing interest in CSR issue with specific expertise and specialties. For instance, academics are arranging seminars and conducting research on the concern issue, civil society are mobilizing the general public to raise the voice to pressurize corporations to conduct ethical business activities, government are formulating the rules and regulations to minimize the negative effect of the corporate activities, non-profit organizations are declaring the impacts of corporate actions on environment and consumers are becoming more sensitive towards environment friendly products.

Welford (2005) found a positive relationship among CSR, economic development and social democratic institution. The main responsibility of profit-making organizations is to bring socio-economic development within legal boundaries. However, in case of inefficient regulatory system, the corporate managers interpret and comply with regulations differently from their counterparts in developed countries (Marquis et al., 2007). Similarly, the expectations of the stakeholders are scattered and multidimensional in developing countries. Therefore, corporations may face more obstacles and challenges in such region where institutions are weak, politically unstable and uncertainty is high (George et al., 2016; Kreiser and Marino, 2002). Other external forces that pressurize the corporation rose from society, media, religious leaders, suppliers, buyers and

employees and so on. These individuals or groups are acting as watchdog to monitor the corporate activities and exert pressure through various channels. In this regard, a triangle is formed among domestic institutional forces, global watchdogs and corporations which create a “Push & Pull” situation. Corporations especially MNEs, working in a region of weak governance are directly exposed to such types of “grand challenges”. In such circumstances, MNEs should engage with domestic institutions and make combined efforts to handle such an ambiguous situation (George et al., 2016). Generally, most of the time, communities are expecting more than their rights from corporations. As a result, corporations are willingly offering more than their domain and capacity. In the words of Cash (2012), there should be segregation between corporate responsibility and corporate accountability to avoid unnecessary demands from stakeholders.

Like other developing countries, Pakistan is facing number of social, environmental and economic issues. CSR mechanism is not only important to overcome currently available concerns, but this concept also ‘educates’ corporations to avoid such issues in future. In this regard, it is very crucial in Pakistan to have a proper CSR activities/reporting mechanism as compared to other parts of the world where these issues are not acute. Keeping in view the miscellaneous and distinctive domestic conditions of Pakistan, it is essential to develop a specific but adequate CSR index. There is considerable research gap relevant to CSR and MNEs working in Pakistan. This study is going to contribute to the existing literature by laying a solid foundation for further insights especially for MNEs. This is an attempt to unveil the tendencies of CSR dimensions within MNEs operating in Pakistan.

DIMENSIONS/DYNAMICS OF CSR

The dimensions of CSR vary among researchers and practitioners. The priorities of CSR are scattered in the extreme spheres of developed, developing and less developed countries. Ite (2004) raised the objections regarding the universal CSR approach in Nigeria. The author states how a developed country concept can be fitted in developing countries context. Similarly, Holme and Watts (2000) found that different people from different societies have different approach about CSR concept. From reviewing the literature, there are some scholars who have identified different dimensions of CSR in their studies. Hopkins, (1998) stated that CSR is about dealing with the internal or external stakeholders in ethical and social ways. CSR dynamics include consumers, workforce, communities, shareholders, government, suppliers and competitors (Khoury et al, 1999). According to them, the main dimensions are social, environment, and economic. European Commission (2002) stated that CSR is relationship between the corporation and community to deal with the social and environmental issues. Lantos (2001 and 2002), divided CSR in three dimensions, e.g. ethical, altruistic and strategic.

Welford (2005) classified CSR into four dimensions as the results of different derivation from laws, regulations, initiative and guidelines. These four dimensions (Internal aspects, external aspects, accountability and citizenship) comprised of twenty elements which includes formulating human resource strategy, compliance with the international agencies rules and regulations, the reporting standard and extending the corporate resources to collaborate in resolving various social problems in society. The internal aspects mean that the corporation should have written policy of equal employment opportunities, non-discrimination, fair wages, favorable working condition and freedom of union and affiliation within the boundaries of the corporation. The external aspect is regarding obeying different human rights regulations initiated by international humanitarian bodies. These elements are regarding labor rights in developing countries, exclusion of child labor, environmental safety, collaboration with local community, protecting shareholders rights and helping the vulnerable and indigenous people. Accountability dimension is about taking wide range of stakeholders in negotiation and dialogue process for CSR activities and adopting a universal acceptable reporting format for disclosing CSR activities. The citizenship dimension is about collaborating with other partners for sustainability and to resolve the social issues, like health and illiteracy. Capriotti & Moreno (2007) simplified the model to calculate the CSR activities from the disclosed and available information. Sri (2010) categorized the model of CSR in three main dimensions, i.e. “people, social and environmental”. The people dimension is further classified in human resources policies and other corporate governance of the organization, while the social dimension was classified to enhance the capacity of the general public in the community and providing assistance in literacy and poverty alleviation. Similarly, the environmental issues were characterized by climate change, pollution and waste. According to this approach, the corporation is liable to improve the working conditions of the workforce within the premises of the business spheres and collaborate with the vulnerable people of the community while sensitive to the environmental issues at the same time.

Logically it is clear that none of the corporations invest in CSR to “earn” negative public response. CSR activities and practices can bring more benefits to corporation but still this concept is also not without criticism. According to Dentchev (2004), if CSR activities were not deal properly, it can leads to corporate defame, deviation from the basic corporate aims and objectives, intervention with corporate values and lack of coordination with donors. Therefore, corporations should know more about their stakeholders’ expectations which ultimately leads to economic edge (Campbell, 2007). Many corporation and executives were found guilty of illegal financial practices (such as the Enron Corporation, Sam Waksal, the former CEO of ImClone, and Steven B. Markovitz, a portfolio manager

at Millennium Partners, a hedge fund), that occurred in the early 2000s, and increased public doubts of corporations (Pratt, 2006). Husted and Allen (2007) stated that some organizations are prepared to have their CSR practices evaluated in combination with other practices to build a good image of the corporate reputation. These corporations are reluctant to reveal the transparent report and only disclose the positive aspects of their operation which creating suspects. Therefore, the corporations are needed to release every aspect of corporate information related to their stakeholders (Hooks et al, 2002). In addition, in spite of keeping silence regarding disclosing particular information, the organization should release the reason behind non-disclosure of such reports to general public and stakeholders. Schneiberg (1999) stated that it is important to align CSR activities with the stakeholders' expectations and communicate in proper way.

EVOLUTION OF CSR IN MNES AND GLOBAL REPORTING STRUCTURE

Majority of the world population are facing variety of social problems in the shape of poverty, corruption, diseases, unemployment, crimes, lack of food, shelter and water, social inequalities and human rights violations. MNEs can affect corporate operation and general society with their tremendous economic edge (Fassin, 2009). Business communities should take some responsibility to resolve some of these issues in emerging economies (Pachuri, 2006). These questions become especially important when MNCs invest in developing economies, where much of the social landscape is unconsolidated, and most of the people live below the poverty line (Prahalad, 2004). MNEs are spreading very fast in most of the emerging markets of Mexico, Eastern European countries, China, and India (Barefoot and Mataloni, 2011). This complicated and speedy modification features of globalization compelled the MNEs to pay attention towards the corporate operative consequences in developing countries beyond the financial gain only (Jamali, 2010; O'Callaghan, 2007). The key to get social and legal legitimacy, MNEs should confirm religious/social norms and values in their day to day operation. In other words, MNCs should be globally consistent where necessary but locally responsive where possible (Prahalad and Doz, 1987). Similarly, corporations act to be more socially responsible in a situation of strong rule of law and activism from other stakeholders (Grant, 1997). Numbers of scholars have found a strong association between institutions, social norms, culture and business operation (Hall and Soskice, 2001; Fligste, 2001). Van der Laan Smith et al. (2005) stated that it is crucial for MNEs to understand the various dynamics of CSR activities according of the host countries.

Despite of internationalization and more activism about ethical business practices, only a small number of researches have been conducted in the context of CSR and MNCs working in developing countries (Hayat and Khan, 2018; Jackson and Artola 1997). Williams and Aguilera (2008) suggested that still much effort should be made to find out the exact relationship between MNEs and local society. Fayer weather (1970) proposed that MNEs should customize their activities based on domestic social, economic and political standards to maintain legitimacy and social license. Unfortunately, there is no agreed and universal CSR reporting format in developing countries. In 1987, the World commission on environment and development (WCED) formulated a resolution for sustainable development, with the purpose to fulfill the need of current generation without scarifying the needs of next generation. In addition, corporations are liable to report every aspect of their corporate activities (negative and positive) to the stakeholders. There are many other models and guidelines such as ISO (International Standards Organization), WRI (World Resources Institute) and The Global Reporting Initiatives (GRI). GRI guidelines are basically constructed on the philosophy of TBL to formulate a model for reporting to wide range of stakeholders. Fowler (2002) supported the argument that GRI guidelines set up the foundations for quality and effectiveness of the CSR reporting. GRI is the most credible standard and widely used guidelines by many researchers across the globe in both developed and developing countries. According to survey, more than 80 per cent of the world's biggest corporations are following GRI guidelines in their CSR reports (KPMG, 2008).

GRI guidelines was initially released in 2000 and amended time to time. With timely amendment, G2, G3, G3.1 and G4 guidelines were issued in 2002, 2006, 2011 and 2015 respectively. G4 is the latest version of the GRI guidelines which covers all the drawbacks and limitations of all previous versions of GRI guidelines. The most important feature of the G4 guidelines is that it is globally acceptable by all corporations in every sector and type. G4 specific standard has categorized mainly in economic, environmental and social dimensions having total 91 indicators. The social category was further sub-categorized in labor practices and decent work, human rights, society and product responsibility. These categorization and sub-categorization of these approaches made it very easy to calculate and quantify the minor activity performed by the corporation. These guidelines have a wide scope and covering almost all the CSR's theories. As discussed earlier, the framework of GRI-G4 is principally based on TBL however it has the flavor of almost every CSR theory. If we consider the shareholders theory, then these guidelines are enough to satisfy the basic demands of shareholders, for example

profit on investment and firm value. On contrast, if we see these guidelines with stakeholder's theory, then it defends the stake of every stakeholders (including internal and external, silent and active and weak and strong). Similarly, the Carroll CSR pyramid is reflecting here as the basic motivation for these guidelines. In additions, legitimacy theory is also not beyond the scope of these guidelines, which have parallel emphasis on the local social needs and governmental regulations.

Adams et al (1995) suggested that the impartial, reliable and authentic details of the corporate activities should be provided to the stakeholder by the corporation. However, this is not an easy task. There is always conflict of interest among organizations, stakeholders and even various stakeholder groups. According to some scholars, the relationship between the state and MNEs is unexplored in local context regarding the phenomena of CSR (Valente & Crane, 2010; Wiig & Kolstad, 2010). To fill the gap, this study will explore the CSR dimensions and forces behind the CSR activities, operation and disclosure in developing countries (Pakistan). Author is interested to find out the basic local elements which pressurize/compel MNEs to customize their CSR activities.

DATA AND SOURCE OF DATA COLLECTION

This study is based on the MNEs working in Pakistan. The author contacted the stock exchanges, security exchange commission and other relevant institutions. As a result, MNEs detail lists were obtained from Pakistan stock exchange (PSX) and security exchange of Pakistan (SECP). Meanwhile, social contacts were activated to access sample corporations to obtain maximum information. The author further went through different websites via Google search with the keywords "MNEs/MNCs in Pakistan" "multinational companies in Pakistan" and "List MNEs/MNCs operating in Pakistan". As a result, total 41 companies were selected based on availability of corporate websites, annual reports, CSR reports, sustainability reports and other published materials.

Content analysis (CA) was used to calculate the level of CSR on the basis of GRI-G4. CA is the process to extract the contextual framework from the available data (Krippendorff, 1980). Through this investigation technique, the available text is reproduced numerically in various indicators based on pre-defined criteria (G4 in this case). Numbers of other scholars (e.g. Alazzani & Wan-Hussin, 2013; Endrikat et al, 2014; Fernando, 2014) have already used the same method while conducting their research studies. Longitudinal data was obtained to examine the pattern of various level of

CSR. In addition, four years (2016-2019) were selected as study period to observe the tendencies of overall CSR in different years. G4 format was customized in excel sheet and all the indicators (91) were plotted against three main dimensions. Economic dimension has 9 indicators (EC1-EC9), environmental has 34 indicators (EN1-EN34) and social has 48 indicators (LA1-LA16, HR1-HR12, SO1-SO11 & PR1-PR9). Two coders were hired, and brief instructions were given to carry out CA. These coders are doctorate (PhD) students and have previous experience in conducting research based on CA. Total 27,651 pages were scanned and the numeric values were allotted to relevant indicator in excel sheet against the information (text, graph, snaps etc). Every page was scanned manually, and sentence was selected as a standard (marked '1') in case of availability. If a sentence is having more than one indicator, then the numeric value of '1' was divided with the total disclosed indicators.

ANALYSIS AND DISCUSSION

Total CSR Dimensions

Figure 1 shows overall trends of the level of CSR which includes social (57%), followed by environmental (28%) and economics (15%). These three dynamics have been further divided into various sub-indicators which will be explained in next sections.

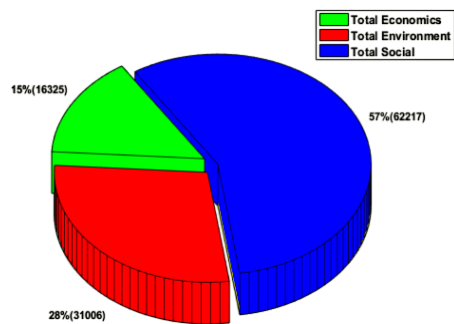


Figure 1. Total dimensions of CSR

The inspiration of an enterprise to be involved in CSR activities are sometimes relying on the grounds of ethical standards, logical outline or corporate financial benefits, usually the mixture of all of these combined dynamics (Kotler & Lee, 2005). In the recent era, those enterprises were heavily back lashed by the stakeholders whom are operating just for a bottom line (economic) of the business without consideration of the stake of the stakeholders. These issues are including the violation of the legal procedures and avoiding the ethical standards and the set of code of conduct of the social norms and

values. Mitra et al (2008) highlighted few of these matters: workforce health & safety, environmental protection, waste management, resource depletion and product quality.

Economic Dimension

Economic dimension comprised of 4 sub-categories which has further 9 indicators (EC1-EC9). From figure 2, it is very easy to understand that the level of CSRD is led by market presence (33%), chased very closely by economic performance (32%) and thus indirect economic impacts (18%) and procurement practices (17%). This disbursement of information shows that MNEs working in Pakistan are more concerned to disclose information about the marketplace and financial efficiency.

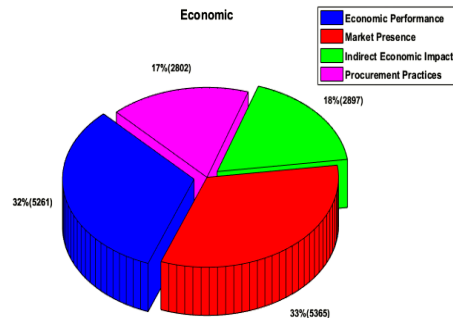


Figure 2. Economic dimension of CSRD

Environmental Dimension

Figure 3 shows the priorities of the environmental dimension comprised of 12 sub-categories which has further classified in 34 indicators (EN1-EN34). It is reflected from the figure that environmental related CSRD is leading by the products & services (EN27-EN28) indicator (20.90%) followed by overall (EN31) with percentile value of 16.2. Effluents and waste (EN22-EN26), emission (EN15-EN21) and materials (EN1-EN2) comprised percentile values of 10, 9.6 and 9.4 respectively. Similarly, energy (En3-EN7) 7%, supplier environmental assessment (EN32-EN33) 6.2%, environmental grievance mechanisms (EN34) 5.5, water (EN8-EN10) 4.7%, biodiversity (EN11-EN14) 4.4. Compliance (EN29) 3.4% and transport (EN30) 2.6% are the least disclosed indicators within the MNEs.

As claimed by stakeholders and TBL theories, an enterprise is accountable for their actions in front of all stakeholders including the silent one (e.g. environment). De Villiers and van Staden (2010) examined in a survey that more than 60 per cent of respondents are in favors that corporations need to

disclose environment-related information. These increasing demands compel the corporate world to listen to their voice and contribute more regarding the natural environment. The corporations themselves are also guilty of damaging the environment in their corporate operations.

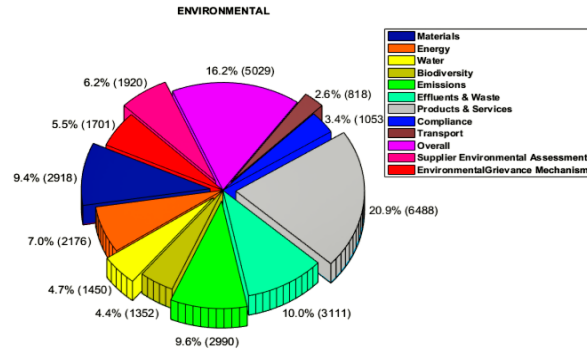


Figure 3. Environmental dimension of CSRD

Social Dimension

Social dimension is sub-categorized in four classes. Figure 4 shows the total CSRD related to social dynamic. Labor practices & decent work (LA1-LA16) occupy the large chunk with percentile value of 28 followed by product responsibility (PR1-PR9) with percentile value of 26.9. The other two dynamics are society (SO1-SO11) and human rights (HR1-HR12) with percentile values of 25 and 20.1 respectively. In next section we will analyze all these four sub-categories with their specific indicators.

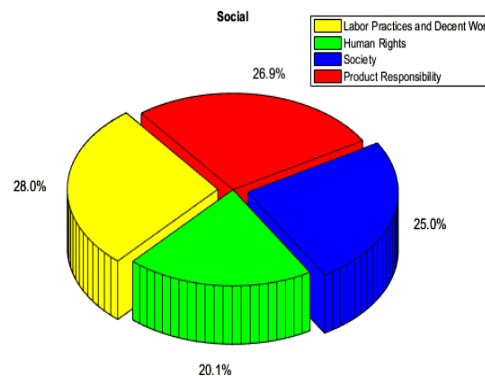


Figure 4. Social dimension of CSR

Labor Practices and Decent Work

Labor practices & decent work is further divided in eight different dynamics and sixteen indicators (LA1-LA16). From the figure 5, it is reflected that employment (LA1-LA3) and training & education (LA9-LA11) related disclosure has the highest percentile values of 41 and 27.5 out of all indicators. Occupational health and safety (LA5-LA8) and labor/management relations (LA4) comprised of 9.9 and 6.1 respectively. Diversity/equal opportunity (LA12), equal remuneration for women/men (LA13), supplier assessment for labor practices (LA14-LA15) and labor practices grievance mechanisms (LA16) have slightly low and closer percentile values of 4.3, 4.1, 3.9 and 3.1 respectively.

Every enterprise emphasis more on employees related CSR activities. For example: workforce diversity, working environment, corporate culture, job security, non-discrimination. Potential employees do not find enough information about the specific organization, especially relevant to human resources. To overcome this shortcoming, there is a need for authentic information to attract the potential workforce to be a part of the perceived organization (Barber, 1998; Breugh, 1992). The involvement in CSR activities builds employee trust, organizational commitment and a strong relationship with the organizational goals.

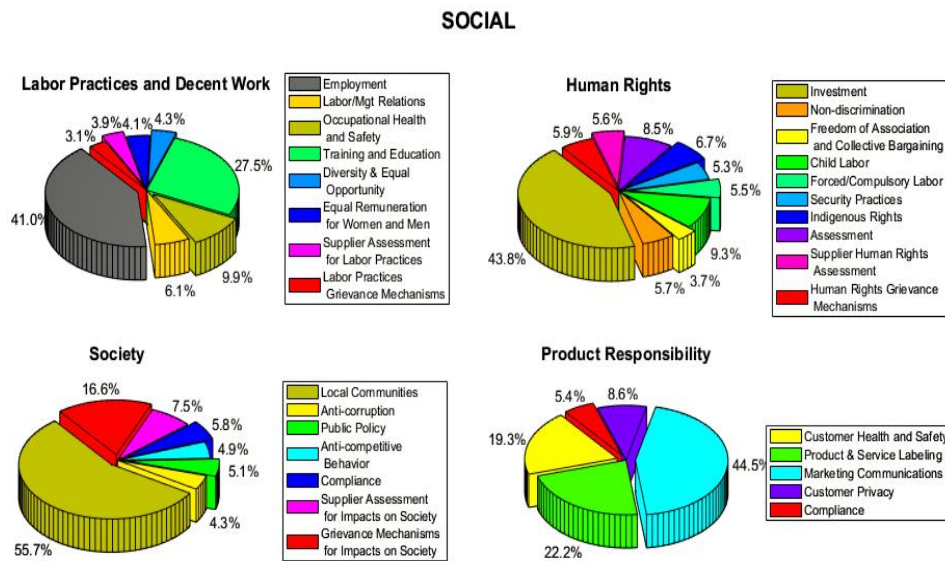


Figure 5. Social dimension (Sub-categories) of CSR

Human Rights

This dimension is divided in ten different dynamics and twelve indicators (HR1-HR12). It is reflected from figure 5 that investment (HR1-HR2) occupies percentile value of 43.8. Child labor (HR5) and assessment (HR9) comprised percentile values of 9.3 and 8.5 respectively. Indigenous rights (HR8), human rights grievance mechanisms (HR12), non-discrimination (HR3), supplier human rights assessment (HR10-HR11) reflect the percentile values of 6.7, 5.9, 5.7 and 5.6 respectively. Similarly, the combined value of forced/compulsory labor (HR6), security practices (HR7) and freedom of association/collective (HR4) is 14.7 with individual percentile values of 5.5, 5.3 and 3.7 respectively.

Society

Society dimension is further divided in seven different dynamics and eleven indicators (SO1-SO11). It is reflected from figure 5 that local communities (SO1-SO2) occupy more than half of the total indicators followed by grievance mechanisms for impacts on society (SO11) with percentile values of 55.7 and 16.6 respectively. Similarly, remaining five indicators (combined percentile value of 27.7) are supplier assessment for impacts on society (SO9-SO10), compliance (SO8), public policy (SO6), anti-competitive behavior (SO7) and anti-corruption (SO3-SO5) 7.5, 5.8, 5.1, 4.9 and 4.3 respectively. Corporations are morally accountable to help poor and cooperate with needy people in time of disaster. Gupta (2010) stated that most of the corporations are involved in the process of social sustainability and community development within their corporate surrounding in a joint progress for local, regional or national communities. The fulfillment of social requirements enhances the credibility of a firm by the intermediating effects of all stakeholders (Godfrey et al, 2009).

Product Responsibility

This dimension has five different dynamics and nine indicators (PR1-PR9). It is reflected from figure 5 that marketing communications (PR6-PR7) comprised of 44.5; followed by product & service labeling (PR3-PR5) and customer health/safety (PR1-PR2) with percentile values of 22.2 and 19.3 respectively. Similarly, the combined percentile value of customer privacy (PR8) and compliance (PR9) is 14 with individual values of 8.6 and 5.4 respectively.

CSR Dimensions (Year-wise)

Figure 6 shows yearly data of all three dimensions measured by GRI-G4. From the figure, it is easy to reflect that the levels of all CSR dimensions are increasing each year except environmental and

social in 2019. Economic dimension has increased 4.4% in 2017, 7% in 2018 and 0.6% in 2019 when compared with respective previous years. The level of CSRD related to environmental dimension has increased in 2017 (5.14%) and 2018 (14.60%) while decreased slightly in 2019 (0.95%). Similarly, the social dimension has shown increasing values in 2017 (7.35%) and 2018 (10.85%) while comparing with previous years. Like environmental dimension, social dimension has also been declined in 2019 (2.80%) as compared to 2018. This increasing trend of overall CSRD and even the sub-indicators is realistic and it is expected that such tendency will persist in future. The rationale is that the demands for social and environmental sensitivities are increasing within all stakeholders. Similarly, corporations are also participating more in social and environmental activities to achieve the benefits of competitive advantage.

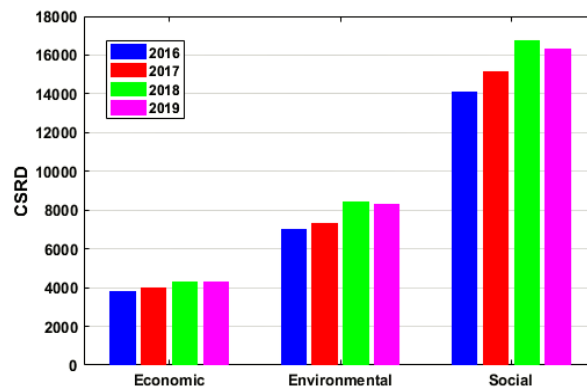


Figure 6. Total CSRD dimensions (Year-wise)

MNEs are exposed to more institutional pressures. They need to obey the rules and regulations not only in the host but also in the home country. However, governments in emerging world are facing more hurdles to empower the institutions to implement regulations regarding society, environment and even basic human rights due to the risk of withdrawal of overseas investments (Frankental, 2011). Other dynamics in case of emerging countries are implementing bodies, international buyers and parental company’s regulations (Belal and Owen, 2007; Islam and Deegan, 2008). Specific to South Asian countries, it has already been observed that the pattern of GRI guidelines are getting much familiar in current decade (Masud et al. 2017; Masud et al. 2018; Yadava and Sinha 2016; Dissanayake et al. 2016). In addition, G4 reporting pattern is much accurate, universal and stronger as compared to previous GRI guidelines (Masud et al. 2018). Corporate ownership, governance and structures are the main features of any enterprise. Oh and Chang (2011) argue that the presence of the western-style

management and internationalization (MNEs in this case) have a positive impact on the existing tendencies of CSR exercise in Asia.

This study finds an unpredictable pattern in case of environmental disclosures. This maybe the reason that only those corporations are participating in environmental related CSR activities who have more negativity and hazards (environmental), as compared to neutral companies that concentrate more on social issues to enhance corporate image and sales turnover (Dierkes, Preston 1977; Cowen et al 1987; Hackston, Milne 1996). Big enterprises are more exposed to public, media and all other stakeholders. Therefore, they are more conscious to involve in CSR activities and thus report more to satisfy the demands of stakeholders. Similarly, these firms are expected to behave more responsibly (Fombrun and Shanley, 1990) to legitimize their corporate operations (Reverte, 2009), execute more CSR cost (Barnea and Rubin, 2010), and thus disclosing significant information relevant to CSR activities (Gray et al, 1995; Haniffa & Cooke, 2005). Jones (1995) stated that enterprises should contribute more for social development, which is beneficial for a wide range of stakeholders.

The modern corporate structure is a complex combination of social, ethical and economic systems. In the time of globalization, numbers of supervisory bodies are monitoring corporate activities to safeguard stakeholder's rights and prevent the natural resources for the next generation. Public companies are obliged to disclose not only mandatory financial reports, but also other non-financial reports relevant to stakeholders. There are still many challenges due to variety of formats and legal status of these sustainability reports (O'Dwyer & Owen, 2007). Therefore, the best reporting formats are the universally accepted guidelines, which ensure the rights of the overall stakeholders and identify the local and global issues. MNEs following the international CSR guidelines are more willing to involve in maximum CSR activities and thus disclose to all stakeholders. Corporations are regularly reconciling their relationship with stakeholders and eagerly release information to stakeholders, depend on the extent to which they are facing social and environmental problems (PradoLorenzo and García-Sánchez, 2010). Enterprises build and maintain the corporate image by fulfilling the demands of stakeholders and aligning the corporate strategy with the local norms and value. They are striving to develop trust in the eyes of the investors, customers and get the assurance and license from the community, social activist, environmental protection bodies and general public of the society. Enterprises draw a specific demarcation line among various types of stakeholders and thus allocate budget and resources to different CSR activities related to these groups.

CONCLUSION

Now a day, enterprises put more efforts and contribute much to legitimize the corporate operation and gain the license from the overall stakeholders, even if it's not directly enhancing the firm performance. In this regard, the enterprises release information to their stakeholders with various channels, for example, annual reports, press release, CSR or sustainability reports etc. Universal CSR guidelines are not only portraying the information regarding the shareholders but also fulfill the regulations of the government and the needs of other stakeholders. Enterprises also prefer to adopt these guidelines for CSR reporting to achieve a distinguished status among the peer groups. Logically, these enterprises safeguard themselves under the more secured firewalls of international acceptable organizations having more influential rules and regulations. Sustainability reports are considered to be valuable if the disclosed information is reliable, authentic and certified by the third party. The vital feature of the declaration of these reports published by the enterprises is depending on the degree of independent examinations conducted by the external third party (Deegan & Unerman, 2006).

The combined effects of the local institutional forces and the interpretation of universally acceptable guidelines play an important role to ensure the rights of stakeholders and compel the enterprises to be more ethical. The understanding of these dynamics is more important when corporations from developed countries operate in developing countries having totally different culture, political, social and economic systems. Therefore, the local CSR activities will be harmonized with almost every dynamics of the CSR policy, for example accountable for the shareholder's investment, capacity building of the workforce, realistic salary and wages, complying with the labor laws, obeying the universal and local environmental laws, producing quality products with reasonable price, durable and everlasting relationship with the local community and following ethics and social norms.

Although the concept of CSR is new in the context of Pakistan; however, enterprises should consider this 'sinking cost' as marketing tools to draw a good corporate picture in the eyes of stakeholders. Enterprise needs to calculate the profit earned by the 'CSR investment' in the shape of monetary parameters: for example, sales, earnings per share, return on assets, income. Such type of output can also be measured by the reduction in other operational and non-operational expenses: for example, advertisement, employees hiring & training and turnout cost, legal cost. In general, this research study has extended basic but overall perception about the CSR structure within MNEs working in Pakistan. This study has first time developed an overall CSR's catalog for MNEs which includes all dimensions expressed in GRI-G4. The results of this study are beneficial for government and other institutions/organizations that are responsible for handling, formulating and implementing sustainability related issues/strategies. In addition, theoretically, this study affirms the postulates of TBL with updated but

specific and accurate dynamics within the context of developing countries. Future research should focus on narrower CSR's pattern by comparing various industries. It is also very important to examine the close relationship between the needs of various stakeholders and firm performance.

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