

**Corporate Social Responsibility (CSR)'s Pattern of Multinational Enterprises in context of  
Global Reporting Initiative-GRI-G4: Evidence from Pakistan**

\* Maqsood Hayat

\*\* Shehzad Khan (Corresponding Author)

\*\*\* Kiran Alim, Lecturer

**Abstract**

*The study aims to explore the CSR's structure over some time (2016-2019) and draw a distinct pattern about the MNEs operating in Pakistan. Content analysis was used to extract the contextual meaning from the available data to set up the foundation for further research questions and draw a basic CSR prototype through an inductive method to develop a theory. CSR's structure is scattered and irregular in Pakistan. The exact pattern and involvement in specific dimensions are not defined, and the tendency is not identical even in the same industry. All enterprises operating in Pakistan need to exercise the updated corporate governance styles, practice both local and international CSR standards to achieve maximum corporate benefits. CSR concept is a 'time & space' sensitive phenomenon and receptive to domestic culture and institution, especially in developing countries. This research study has tried to sketch a fundamental and general but exact pattern of CSR activities observed within MNEs working in Pakistan.*

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

**Introduction**

Corporate social responsibility (CSR) or sustainability is considered as one of the emerging concept of this century. Business operations need interaction and a strong bond with people and society at large. Corporate scandals, such as Enron, WorldCom, and Arthur Andersen have created mistrust among a wide range of stakeholders (Borglund et al. 2009). Parallel with the above stakeholders' feature, an organization may concentrate on either one or more of their primary social, secondary social, primary non-social, and secondary non-social stakeholders (Wheeler and Sillanpaa, 1997). More specifically, this concept is about the reconciliation of needs and expectations of present and future generations simultaneously. Principally, CSR is a broad concept having embedded spheres with economic, social, political, and legal systems. In short, the amalgamation of all these different dynamics collectively describes CSR's structure. As the meaning and understanding of all these systems (economic, social, political, and legal) are time and place sensitive. Therefore, the statement of Votaw (1973) still seems valid. He quoted that 'CSR is a brilliant term with not always the same meaning to everybody'. Similarly, the assessment of CSR activities should be judged on the 'time and space scale' where the enterprises are working. In this regard, a customized index is required to calculate the exact level and performance of CSR.

Internationalization has a great effect on changing the behavior of corporations and society in the modern era. Market liberalization and free trade encouraged multinational enterprises (MNEs) to operate all over the world without boundaries. As a result, MNEs are expanding in international trade, manufacturing, technology development and transferring, joint-venture, or subsidiaries (Jamali & Mirshak, 2010). World investment report of the United Nations conference (1998) stated that developing countries should reshape their economic policies to attract foreign investments. Government regulations in low-income countries are providing a huge space for MNEs to bring investments and maintain their business activities. These soft laws encourage MNEs to exploit the natural resources and make pollution heaven in developing countries (Campbell, 2007; Moon &

\* Yunnan University of Finance and Economics, Kunming, China Email: [drhayat2019@gmail.com](mailto:drhayat2019@gmail.com)

\*\* Institute of Business Studies and Leadership, Abdul Wali Khan University Mardan  
Email: [shehzadkhan@awkum.edu.pk](mailto:shehzadkhan@awkum.edu.pk)

\*\*\* University College for Women, Abdul Wali Khan University Mardan

Vogel, 2008). Baur and Palazzo (2011) argued that globalization has enabled MNCs to escape from strong social and environmental regulations (home countries) and seeking profits in developing countries having weak regulatory systems. Thus, weak, unsound, and incompetent regulatory systems in the developing countries allow MNEs managers to interpret and comply with guidelines differently than in developed countries (Marquis et al., 2007).

Due to decentralization/diversification, MNEs are globally more reactive to complex and uncertain corporate structure (Jones, 2010). The intensity and urgency of these institutional drivers and forces vary in different cultural and institutional structures. Therefore, those corporations which are operating in different cultural dynamics are more exposed to the sensitivity of this phenomenon. In case of any discrepancy between stakeholder claims and the company believes may cause tension in ideological and societal strands of the company's CSR approach (Arthaud-Day, 2005). Besides, there may be a conflict of interest between an organizational CSR strategy and its actual CSR accomplishment while operating in reality (Arthaud-Day, 2005). In this situation, corporations have to choose either one or another or follow a twofold approach that can balance the corporate decisions and stakeholders expectations. According to Global Environmental Management Initiative (1999) "Leading MNCs consistently are acting as positive forces for both economic development and environmental health and safety quality in the developing countries in which they operate". In the monopolistic environment, corporations are not inclined to involve in CSR, as such spending is of no use for product differentiation or brand distinguish for buyer and seller (Campbell, 2007; MacCauly, 1963). In a more competitive environment, the corporations are always striving to minimize the operational cost and thus reluctant to spend on social activities (Campbell, 2007).

The concept of CSR has got more consideration in the last few decades (Flammer, 2013; Carroll, 2015; Osagie et al, 2016). However, this is considered as one of the unpredictable phenomenon till inception (Carroll, 2015). Even in the modern age, the interaction between CSR and MNEs is missing in developing countries. The need is felt to understand the phenomenon of CSR in developing countries context. Practically, the dimensions of CSR activities have a direct relationship with the region of operation. However, there is no specific guideline for implementing and reporting, especially in developing countries. This is due to the lack of awareness and expertise in the field of CSR and the unwillingness of corporations (Jamali & Miurshak, 2007). Although companies are increasingly involved in CSR disclosure (CSRSD), however, it is highly questionable whether the current annual, stand-alone CSR or social and environmental reports can satisfy the increasing demand for accountability (Adams, 2004). Many researchers (Clarkson, 1995; Samiee & Athanassiou, 1998) have suggested a universal outline for research studies in the field of CSR.

From the above discussion, it is concluded that the tendencies of cultural differences may be more salient in business transactions across greater distances. This may lead corporations (especially MNEs) to pay greater attention to cultural sensitivities and prepare to navigate the domestic challenges. The intended contribution of this study is to determine the impact of country local forces and vulnerability on the CSRSD by MNEs in Pakistan. In short, CSR has different meanings and understanding under different cultures and institutional environments, and these indicators and dynamics compel the corporations to carry out CSR activities to satisfy the demands of international standards and local needs.

**‘Why’ and ‘How’ of CSR in developing countries (Especially Pakistan):**

From the literature of the past studies conducted in developing countries, it is difficult to segregate the activism and dynamics of MNE's CSR operation in the local context. Accordingly, Hoopwood (2009) finds that the sole purpose of corporations to engage in CSR reporting is to get a license of legitimacy from outside stakeholders. O'Dwyer (2002) found that corporations are using CSR reporting for managing reputation and as a symbolic tool rather than showing the real activities. Adams (2004) criticized the CSR reports with the arguments that such reports are not transparent and lacks the information regarding every aspect (both positive and negative). The author further added that these reports failed to incorporate every corporate operation and lay down the values and targets for a specific timeframe.

As far as the level of practicality and the strategy of CSR are concerned, there are still low trends in the domestic and small enterprises operating in developing countries. However, formal CSR can usually be seen in practice by high profile (MNEs); either those having an established global reputation or those aiming to build a brand image. Misani (2010) examined that the tendency in the

CSR dynamics is increasing in the modern era than in the past due to the involvement of governments and international organizations. Most of the international enterprises are striving to build corporate reputations and reap the advantages from the everlasting relationship between the suppliers and producers in emerging nations. Few studies (e.g. Jenkins, 2006 and 2009) found the differentiation of CSR activities and reporting between small and medium enterprises and MNEs. This demarcation is very important for think-tankers, decision-makers, non-profit organizations, and governmental rules to distinguish small and medium enterprises from big businesses. The notion of CSR is theoretically as well practically varying in developed and developing countries and different types of industries. Similarly, the widespread concept of CSR has different definitions among various authors all over the world and thus has versatile drivers and dimensions. Welford (2005) observed that only a few corporations in Asia are concerned about CSR standards. Baughn et al (2007) examine the CSR activities of 15 Asian countries relative to economic, political, and social conditions. They instituted that the CSR performance of Pakistani companies falls below the average as observed in other regions such as East/Central Europe, Latin America, and African countries. Therefore, this concept practically needs the attention and incorporation of local social forces and governmental regulations in corporate strategy.

The government in developing countries is taking the initiative to introduce the guidelines to portray a message to the corporate world to help the government in resolving social and economic problems and thus lighten the burden of the government (Campbell, 2007). The local corporations operating in Pakistan are also chasing the international organizations but at a slow speed. In a true sense, there are only a few laws and regulations under the constitution of Pakistan which have some relevance with CSR. The labor law of Pakistan discourages the employment of minors in any type of business activity. This law applies to factory workers having more than 10 employees. Unfortunately, the existing labor law of Pakistan is not covering the big sphere of CSR regarding employee rights. Similarly, the corporate code of governance was issued by the Security Exchange Commission of Pakistan (SECP) in 2002 to provide guidelines for corporate managers and decision-makers. This code of conduct covers the grey areas regarding employee rights, workplace safety, health issue, environmental hazard, pollutions, and other negative impacts of the business operation. Prudential regulations were issued by the State bank of Pakistan in 2009 to monitor the activities of financial institutions and streamline with the incorporated law in the country. Accordingly, financial institutions are liable to disclose their activities regarding charity, environmental protection, energy-saving, social welfare, consumer benefits, recruitment of disabled person, employees' privileges, health and safety, expenditures on minority groups, rural development, anti-corruption, promoting the national cause, etc. Besides, 'CSR voluntary guidelines 2013' were launched by the SECP to streamline the CSR reporting format in Pakistan. These guidelines aimed to encourage the corporate management to disclose the structure of the ownership and formulation of the CSR related strategy. Likewise, the corporations were encouraged to allocate detailed financial or nonfinancial resources of the revenue generated for CSR activities.

As a result of the discussion, it is very crucial to reveal either MNEs implement universal standards due to international isomorphic pressures (Maqsood & Khan, 2018; Liou, Rose, & Ellstrand, 2012; Matten & Moon, 2008) for global legitimacy, or there are also any impact of domestic institutional pressures (Ramamurti, 2012) which can shape CSR structure. To probe this phenomenon, there is a need for basic but consolidated analysis based on the available ground information for a specific region (host country).

### **Triangle of CSR, MNEs and International Reporting Organizations**

According to business dictionary, MNEs are those enterprises which have business operation in more than one country and generate a portion of its profit from outside (host country) of their home country. Due to a relative increase in the level of awareness among the stakeholders and willingness of the corporations, a mutual understanding has been developed to cope with the concept of CSR. The concept of CSR is internalizing the externalities of economic, social, and political systems to create a favorable corporate environment. Carroll (2004) pointed out that MNEs operating in emerging countries with different cultures and institutional factors will face more challenges and hurdles than their home country while responding to universal CSR. He suggested corporate practitioners implement the combination of ethical values of host countries while formulating the CSR strategy. Jamali (2010) stated that because of internationalization, CSR has been diverted towards emerging

economies. Western MNEs are adopting local CSR strategy with the decentralized policy and the decision-making structure may have contributed more and achieved higher local CSR performances (Wang, Qin, & Cui, 2010; Yu & Webber, 2010). Yu and Webber (2010) pointed out that corporate reputation is the only fundamental reason for MNEs to initiate CSR obligations. Other scholars (Quazi & O'Brien, 2000) have acknowledged the importance of CSR for MNCs in emerging economies.

Husted and Allen (2006) analyzed the difference between global CSR and organizational local strategy in the developing country context, Mexico. They observed that despite all enterprises have the same general concept about CSR but MNEs and International firms are more inclined to resolve country-specific social problems. Corporations should prioritize their stakeholders, based on specific attributes, such as power, legitimacy, and urgency (Mitchell et al., 1997). If CSR activities and policies are not adjusted according to the host countries' circumstances and requirements, then it will have far fewer benefits and in some cases may create negativity against the organization. In this regard, MNEs should customize their strategies according to the ground realities of the local community. The managers tend to behave according to what other managers perceive to be appropriate behavior; and they should follow universal standards (Campbell, 2007). In a similar tone, CSR strategy should also be formulated in such a way as to conform to controllable dimensions and uncontrollable discrepancies of local and international factors (Cateora & Hess, 1979). CSR is a dual-edge sword, which can be used in a responsible way to create trust among stakeholders or to manage reputation by misleading them. Corporations working in developing countries adopt self-regulatory guidelines based on local vulnerability rather than international standards (Noronha et al, 2013). The reason is that MNEs working in host countries are exposed to more pressure and expectations from the wider community and stakeholders at large. CSR activities cannot be measured on a universal yardstick. This is a firm sensitive and country incursive phenomenon that depends on the size and nature of business and the domestic institutional structure.

Universal guidelines and indicators are emphasizing on corporate vision, objectives, and action of a corporation regarding CSR operation (Roca & Searcy, 2012). Cavanagh (2004) recognized the two initial international forces: the United Nations Declaration of Human Rights in 1948 and the International Labor Organization's Tripartite Declaration in 1977. This reporting is not only useful for investors but also for all stakeholders. There are many models and guidelines; however, GRI guidelines are the most widely used framework globally (Willis, 2003). These guidelines were formulated after discussion and feedback from various stakeholders worldwide. GRI guidelines have the features to manage and compare the disclosed information and can be used as a standard for calculating CSR activities (Skouloudis et al., 2010; Giannarakis, Theotokas, 2011; Faisal et al., 2012; Young, & Marais, 2012; Gallén, & Peraita, 2015; de Villiers, & Marques, 2016). GRI is the collaboration efforts of corporate communities, non-profit organizations, United Nations Environment Program (UNEP) International labor organization (ILO). GRI guidelines are the most prevailing worldwide guiding principles adopted for CSR reporting (Naeem & Welford, 2009). GRI-G4 guidelines consist of general standard disclosure, comprised of 7 categories (i.e. strategy and analysis, organizational profile, identified material aspects and boundaries, stakeholders engagement, report profile, governance, and ethics & integrity) having a total of 58 indicators. These guidelines mentor corporations to report every aspect (positive and negative) of their business activities regarding environmental, economic, and societal impacts. G4 enables corporations to disclose their actions to stakeholders in a readable and easy way of reporting to create a clear picture of the threats and opportunities of the corporate activities. GRI guidelines don't enforce a compliance organization or disclose every aspect in the initial stage of reporting. In short, the main initiative of these guidelines was to formulate a standard and uniform CSR format for all the enterprises.

In the real world, CSR activities and CSR are varying from industry to industry and place to place, depends on the industry capacity and local needs. The purpose of this study is to explore the response of MNEs to the expectations of local demands. This study will fill the gap by analyzing the impact of international guidelines on formulating MNE's CSR strategy in developing countries. This research study is an attempt to investigate how MNEs are conducting CSR activities in different cultures and institutions in developing countries.

### **Methodology**

Overall list of all MNEs working in Pakistan was provided by Pakistan Stock Exchange (PSX) and SECP. Only those enterprises were selected which have corporate websites and published annual

reports (e.g. CSR, sustainability, and social reports) for a period of 4 years (2016-2019). To draw a universal CSR picture, more attention was paid to include the maximum available sectors of MNEs in a research study. As a result, a sample of 41 MNEs was prepared. Selected corporations were classified into 13 different sectors based on their nature and type of business operation. These sectors are automobile (7.30%), electronics (9.70%), banking/financial institution (4.90%), food & personal care product (12.20%), pharmaceutical (7.30%), fuel/energy/lubricant (12.20%), telecom/engineering (7.30%), tobacco (4.90%), hospitality (12.20%), chemicals/fertilizer (4.90%), oil/gas/mining/exploration (4.90%), logistics/courier/cargo (4.90%) and food retailer (7.30%).

Gray et al (1995) observed that advertising channels, annual reports, public relations, and corporate websites are various mediums of CSR. Annual reports are the most authentic and accessible source of credible corporate information (Neu et al., 1998). Many scholars (Cuadrado et al, 2013; Jindrichovska & Purcarea, 2011) examined sustainability/CSR reports to extract the scope and degree of CSR. Content analysis (CA) was used to extract the available information from the given data based on the pre-defined indicators (GRI-G4 guidelines). CA is used to obtain the contextual meaning from the available data based on predefined indicators (Krippendorff, 1980). This technique has already been used by several other scholars (Alazzani & Wan-Hussin, 2013; Endrikat et al, 2014; Fernando, 2014) in various research studies. CA is a unique conceptual research process, where data should be collected before raising research questions. In other words, CA set up the foundation for further research questions based on available data. To apply this method manually in the current research, G4 indicators were confirmed and tally with the available data. This study is going to draw the basic structure of the CSR prototype; therefore, an inductive method was used. In the inductive approach, the relevant data are collected and scrutinized; the theory is developed from the analysis of the collected data (Bryman & Bell, 2007). G4 dimensions along with related indicators were plotted in an excel sheet. All the 91 indicators were plotted against three main dimensions; economic, environmental, and social. Economic dimension has 9 indicators (EC1-EC9), environmental has 34 indicators (EN1-EN34) and social has 48 indicators (LA1-LA16, HR1-HR12, and SO1-SO11 & PR1-PR9). Total 27,651 pages were scanned (including text, graph, snaps, etc.) and the numeric values were assigned to relevant indicators in the excel sheet against the available information. Sentence was chosen as the unit (marked '1') in case of availability. In case, a sentence has more disclosure than the numeric value of '1' was divided with the total disclosed indicators.

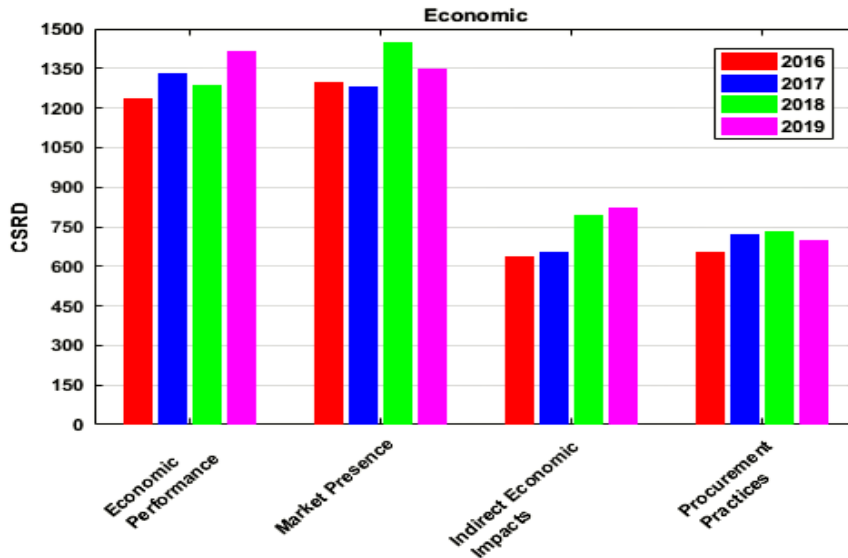
### **Analysis and Discussion**

#### *Yearly changes of CSR (Dimension-wise)*

##### *Economic Dimension:*

Economic dimension is the first dynamic of G4 guidelines which is sub-categorized in economic performance (EC1-EC4), market presence (EC5-EC6), indirect economic impacts (EC7-EC8), and procurement practices (EC9). From figure 1, it is reflected that the level of CSR of all dynamics fluctuates unpredictably except indirect economic impacts (EC7-EC8) which shows a slight but gradual increase over three years (2017-2019). This yearly CSR was calculated by comparing the specific year with concern previous year. Economic performance (EC1-EC4) increases 7.8 % in 2017, declines 3.2% in 2018, and then increases 10.12 % in 2019. Market presence (EC5-EC6) declines 1.20% in 2017, increases 13.14% in 2018, and declines again 7% in 2019. As discussed earlier, indirect economic impacts (EC7-EC8) are the only dynamics which has increased values over the sample period. This dynamic has increased values of 2.20%, 21.70%, and 3.70 % for years 2017, 2018, and 2019 respectively. Similarly, the level of CSR for procurement practices (EC9) has increased 11% and 1.25% in 2017 and 2018, while declined 4.4% in 2019.

In short, the level of CSR relevant to the economic dimension of G4 is irregular and fluctuates unpredictably over the years.

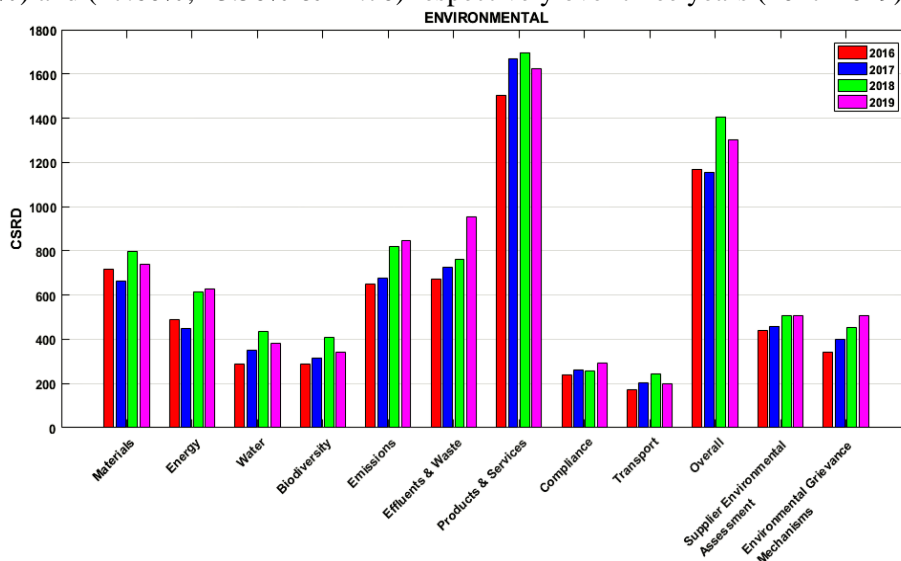


**Figure 1.** Economic Dimension

*Environmental Dimension:*

Environmental dimension has been categorized in twelve dynamics and 34 indicators (EN1-EN34). From figure 2, it is reflected that the pattern of this dimension is also scattered and uncertain except emissions (EN15-EN21), effluents & waste (EN22-EN26), supplier environmental assessment (EN32-EN33), and environmental grievance mechanisms (EN34).

Materials (EN1-EN2) have declined 7.26% both in 2017 and 2019 but increased 20% in 2018. Energy (EN3-EN7) has declined 8.8% in 2017 while increased 37.80% and 1.60% in 2018 & 2019 respectively. Water (EN8-EN10) has increased both in 2017 and 2018 with values of 21.60% and 24.35% respectively but decreased 12.45% in 2019. Similarly, biodiversity (EN11-EN14) has increased in the years of 2017 and 2018 with 10.10% & 29.11% respectively; but declined 16.12% in 2019. Emission (EN15-EN21) has shown an overall increase with percentage values of 4, 21, and 3.40 in the years of 2017, 2018, and 2019 respectively. Similarly, effluents & waste (EN22-EN26) has increased 8.20%, 4.80% & 25.20% in 2017, 2018 and 2019 respectively. Products & Services (EN27-EN28) has increased in 2017 and 2018 with values of 10.90% & 1.70% but decreased 4.30% in 2019. Compliance (EN29) has increased both in 2017 and 2019 with values of 8.75% and 14.40% and decreased 1.5% in 2018. Transport (EN30) has increased 18.60% both in 2017 & 2018 but decreased 17.80% in 2019. Overall (EN31) has decrease 1.20% in 2017, increased 21.73% in 2018, and then decreased by 7.50% in 2019. As discussed above, both Supplier environmental assessment (EN32-EN33) and environmental grievance mechanisms (EN34) have shown increased values of (4%, 10.60% & 0.4%) and (17.60%, 13.50% & 11.70) respectively over three years (2017-2019).



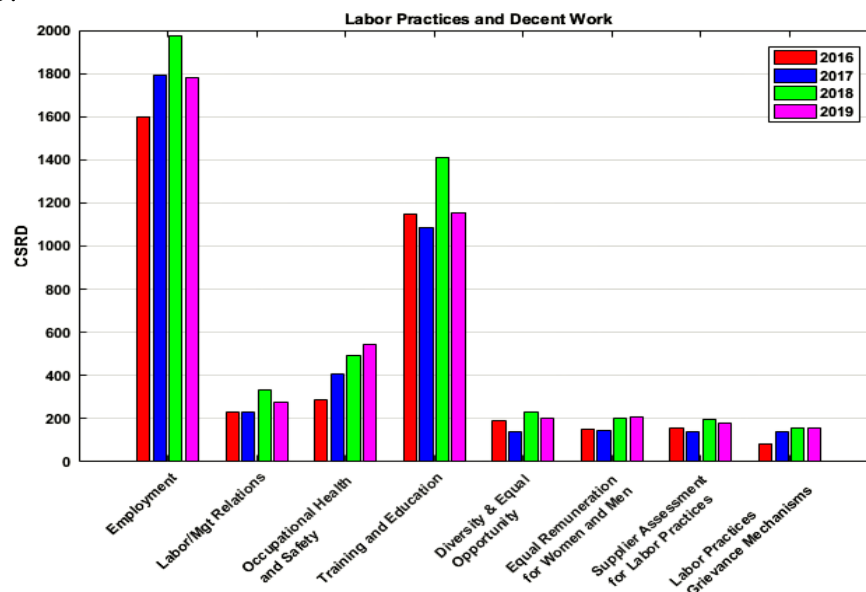
**Figure 2.** Environmental dimensions

*Social:*

This is the third dimension of GRI-G4 guidelines which has been categorized in four dynamics and 48 indicators. These dynamics will be analyzed in the following sections.

*a. Labor Practices and Decent Work:*

This dynamic has 8 elements and 16 indicators (LA1-LA16). From figure 3, it is reflected that all the elements of this dynamic has an irregular fluctuation except occupational health and safety (LA5-LA8), which is constantly increasing over the sample period (2017-2019). Employment (LA1-LA3) has increased in 2017 and 2018 with percentage values of 11.90 and 10.30 but decreased 9.70 in 2019. Labor/management relation (LA4) remains constant in 2017, increased 43.70% in 2018 and decreased 16.56% in 2019. As discussed above, occupational health and safety (LA5-LA8) has increased values of 42.20%, 21.30%, and 9.70% in the years of 2017, 2018 & 2019 respectively. Training and education (LA9-LA11) has increased 30% in 2018 and decreased 5.40% & 18.20% in 2017 and 2019 respectively. Diversity & equal opportunity (LA12) has decreased 27.90% & 12.20% in 2017 and 2019 respectively; while increased 67.15% in 2018. Equal remuneration for women and men (LA13) has decreased 3.30% in 2017 and increased 35.10% and 5% in 2018 & 2019 respectively. Supplier assessment for labor practices (LA14-LA15) has decreased 13.80% and 8.70% in 2017 & 2019 respectively; while increased 43% in 2018. Labor practices grievance mechanisms (LA16) has increased 64.30% and 13.80% in 2017 & 2018 respectively; but slightly decreased (0.60%) in 2019.



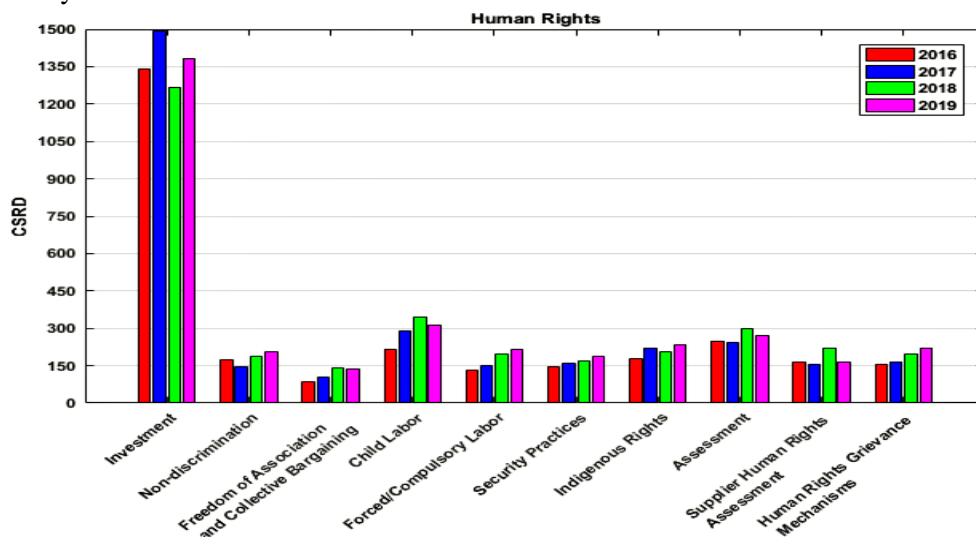
**Figure 3.** Labor Practices and Decent Work

*b. Human Rights*

The human rights dynamic comprised of 10 elements and 12 indicators (HR1-HR12). Figure 4 shows the asymmetrical pattern of human rights-related CSRD over three years (2017-2019) except forced/compulsory labor (HR6), security practices (HR7), and human rights grievance mechanisms (HR12). Investment (HR1-HR2) increased 11.40% in 2017, decreased 15.50% in 2018, and increased again 9.25% in 2019. Non-discrimination (HR3) decreased 15.50% in 2017, increased 26.50% and 11.30% in 2018 & 2019 respectively. Freedom of association and collective bargaining (HR4) has increased both in 2017 and 2018 with respective values of 22% & 33.30% while decreased 2.90% in 2019. Child Labor (HR5) is also increasing 33.60% and 18.30% in 2017 & 2018 respectively; but decreased 8.40% in 2019. As discussed above, forced/compulsory labor (HR6) constantly increases with percentage values of 13.70, 32.90, and 8.60 in 2017, 2018, and 2019 respectively. Similarly, security practices (HR7) shows increasing values 11.80%, 3.70% & 12% in 2017, 2018 and 2019 respectively. Indigenous rights (HR8) has increased 22.30% and 15.10% in 2017 and 2019 respectively but decreased 6.40% in 2018. Assessment (HR9) has decreased 3.20% & 9.70% in 2017 and 2019 respectively but increased 23.10% in 2018. Similar to HR9, Supplier human rights assessment (HR10-HR11) has also declined in 2017 and 2019 with values of 7.30% & 25.70%



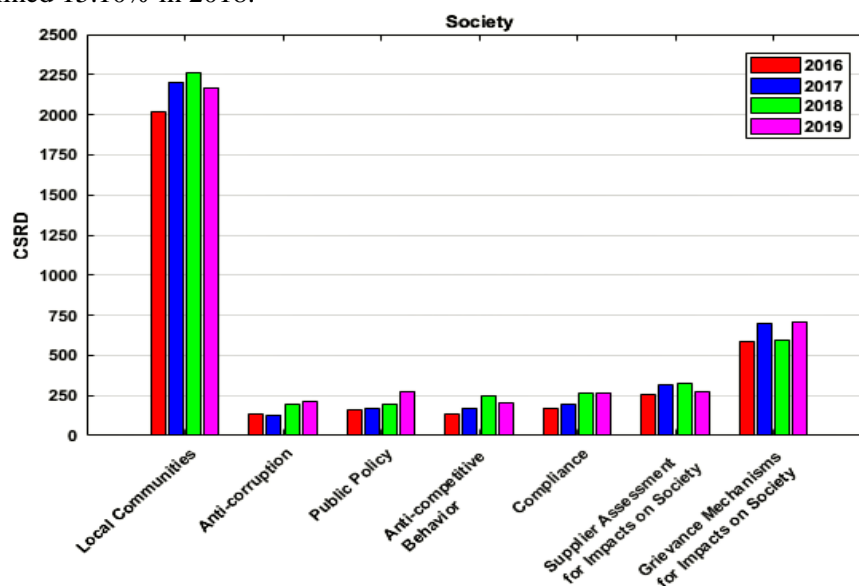
respectively but increased 45% in 2018. The human rights grievance mechanism (HR12) has also shown a constant CSR pattern with increased values of 7.80%, 18.70% & 11.20% in 2017, 2018, and 2019 respectively.



**Figure 4.** Human Rights

*c. Society*

Society has seven elements and eleven indicators (SO1-SO11). Figure 5 shows irregular structure for all indicators except public policy (SO6) and compliance (SO8). The level of CSRD for local communities (SO1-SO2) has increased 9.20% & 2.80% in 2017 and 2018; but decreased 4.30% in 2019. Anti-corruption (SO3-SO5) has decreased by 1.5% in 2017 and then increased 50.80 % and 8.70% in 2018 and 2019 respectively. As discussed above, public policy (SO6) has gradually increased during the sample period with 5%, 15.50%, and 42.80% in 2017, 2018 & 2019 respectively. Anti-competitive behavior (SO7) has gradually increased 26.90% in 2017, 44.70% in 2018 but declined 15.45% in 2019. Compliance (SO8) is also one of the unique indicators which have shown increasing values of 14.45%, 33.80% & 0.75% in 2017, 2018, and 2019. Supplier assessment for impacts on society (SO9-SO10) has jumped to 25% in 2017, 3.20% in 2018 but declined 16% in 2019. Grievance mechanisms for impacts on society (SO11) have increased 19.20% in 2017, 19.10% in 2019 but declined 15.10% in 2018.



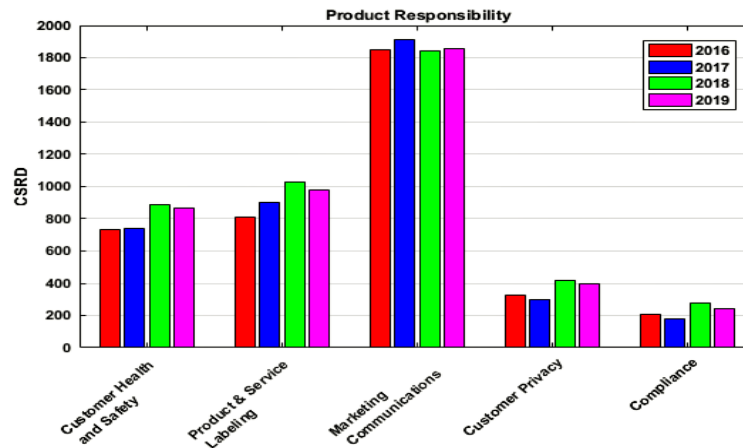
**Figure 5.** Society

*d. Product Responsibility*

Product responsibility has five elements and 9 indicators (PR1-PR9). This is the only dynamic of CSRD under GRI-G4 which has an overall mixed pattern over three years (2017-2019). Figure 6

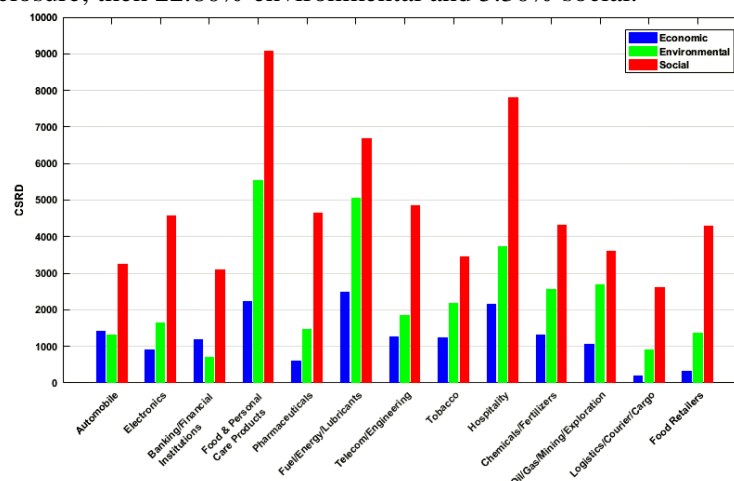


shows that customer health and safety (PR1-PR2) has increased 1.20% & 20.40% in 2017 and 2018 but decreased 2.60% in 2019. Similarly, Product & service labeling (PR3-PR5) has gradually increased 10.60% in 2017, 14.20% in 2018 but declined 4.50% in 2019. Marketing communications (PR6-PR7) has increased 3.30% in 2017, 0.50% in 2019 but declined 3.50% in 2018. Customer privacy (PR8) has declined 7.70% in 2017, 5.10% in 2019; while increased 38.30% in 2018. Similar to customer privacy, compliance (PR9) has also increased only in 2018 with the value of 54.80% but declined 15.70% in 2017 & 11.70% in 2019.



**Figure 6.** Product Responsibility  
*Sector-wise Yearly changes of CSRD*

Figure 7 shows sector-wise disbursement of CSRD for all three dimensions of GRI-G4. The automobile industry occupies economics (23.60%), environmental (22.10%), and social (54.30%). The descending order of CSRD by electronics sector is occupied 64.05% social, 23.20% environmental, and 12.75% economic dimensions. Banking/financial institution has economics (23.90%), environmental (14.20%) and social (61.90%). The food & personal care product industry is led by social (53.90%); followed by environmental (32.90%) and economics (13.20%). The pharmaceutical sector has contributed economic (8.80%), environmental (21.90%), and social (69.30%). The fuel/energy/lubricant industry is also led by social (47%), environmental (35.60%), and economic (17.40%). Telecom/engineering sector has CSRD 15.80% in economics, 23.10% in environmental and 61.10% in social dimensions. Like other sectors, the tobacco industry is also led by social (50.30%) and followed by environmental (31.80%) & economics (17.90%). Hospitality sector has disclosed 15.75%, 27.25% and 57% in economics, environmental & social dimensions respectively. Economic (16.05%), environmental (31.20%) and social (52.75%) pattern has shown by chemicals/fertilizers industry. Oil/gas/mining/exploration industry occupied 14.40% economic, 36.60% environmental and 49% social respectively. The logistics/courier/cargo sector has disclosed a tremendous level of CSRD regarding social (70.55%); followed by environmental (24.40%) and economics (5.05%). The food retailers sector is the only industry that has covered 71.90% by social disclosure; then 22.80% environmental and 5.30% social.



**Figure 7.** Sector-wise Yearly changes of CSRD

These days, the business world is heavily pressurized to move with a modern corporate framework to ensure sustainable development. Therefore, there is a high expectation that they will be more beneficial for the surroundings and overall stakeholders. 'This is more so with ever-growing sensitivity towards social and environmental issues, and demands from various stakeholders expecting corporations to do more for society' (Eweje, & Sakaki, 2015, p. 678). The main reason for such scattered and irregular CSR structure in Pakistan over a while is that CSR reporting is still voluntary. The exact pattern and involvement in specific dimensions are not defined; therefore the tendency to restrict to similar dynamics is not the same even in the same industry. Analysis of longitudinal period reflects that corporations are not always releasing a combined set of all dimensions. The same results were analyzed by other researchers too (Ahmad & Gao, 2005; Rajapakse, 2002).

As discussed earlier, the operation of MNEs is spreading all over the world (especially in developing countries) in search of cheap labor and other factors of productions. In this regard, they are facing much pressure globally as well domestically to behave as 'universal responsible citizens'. Therefore, in the modern age of globalization, the structure of CSR has the flavor of every indicator (Global & local). The pattern of CSR is based on the degree of assimilation of various dynamics which has been constantly endorsed by the MNEs operating in specific regions. This pattern of local CSR's structure reflects the degree of sensitivity to the domestic principles incorporated by MNEs (Husted & Allen, 2006). Accordingly, if MNEs working in developing countries want to get legitimacy from local stakeholders, then they should get used to such domestic CSR's pattern instead of international CSR's guidelines. As a result, there is no universal pattern of CSR as the needs and expectations of stakeholders vary from place to place. MNEs are more inclined to satisfy the needs of different local stakeholders and communities where they are doing business activities rather than following the global CSR guidelines (Filatotchev & Stahl, 2015). This is an important strategy in which the operation of MNEs can be legitimized within local stakeholders (Yang & Rivers, 2009). Besides, global CSR guidelines can create complications and different corporate risks; for example; disintegration, organizational pressure, and dodging the local forces (Christmann, 2004; Muller, 2006). On the other hand, affiliation with various international CSR bodies and implementing global reporting formats ensures universal legitimacy, which can probably moderate the state of foreignness (Devinney, 2011; Oliver, 1991) in host countries.

The inclination and tendencies of the reporting format also depend on the nature of the corporation and sensitivity towards a specific dynamic. For example, enterprises having more sensitivity towards the natural environment are disclosing the high level of environment-related information to deliberately accomplish and fulfill the demands of the strong stakeholders to be supported and approved or diverting their hostility or condemnation (Reverte, 2009). Khan et al (2013) investigated the level of CSRD in Bangladesh and observed that the environment-related disclosure is more in the textile and pharmaceutical industries. There are various types of businesses that are controversial and harm the environment, health, and wealth of the consumers and overall stakeholders. Government regulations are also having strict criteria for such industries. For example, the insurance industry and banking sector have a minimum or negligible regulation for environmental concern than explorative and chemical industries. The intensity of hazard and negativity of corporate operation varies from industry to industry and even firm to firm. Empirically it has been proved that the chemical industry is one of the largest contributors to environmental pollution and a big threat to biodiversity and labeled as —dirty industries! (Ochsner, 1998).

Stakeholders' activism and flaws in previous reporting formats have given rise to a new version of international reporting guidelines. Disclosing corporate information is very useful in every situation especially when there is a need to deal with stakeholders' criticism and anger. In other words, corporate reporting increases transparency through clear and complete disclosure (Palazzo and Scherer 2006). It has been explored that the tendency of CSRD related to environment and society has been increased in recent years (Fifka 2013) and most of these corporations are following international reporting standards (Marimon et al. 2012). Although, all the global problems are not necessary affected directly by the business world but the recognition that corporations are part of universal issues lays down a significant foundation of corporate liabilities (Scherer and Palazzo 2011; Young 2008). This study has found that many corporations are disclosing mixed information (financial and non-financial). However, only small numbers of them reveal transparent data. Reporting only positive

characteristics of CSR activities, while concealing negative indicators, shows immature CSR reporting practices (Kundid, 2012). Stakeholder management theory proposes that an organization should try to enhance overall coordination between stakeholders and corporate objectives (Garriga & Mele, 2004), which is the only situation of survival (Freeman & McVea, 2001) in long term. Similarly, Kostova and Zaheer (1999) suggested that MNEs operating in various developing countries should align their strategy according to the institutions of the operating country to maintain legitimacy and social license.

### **Conclusion**

This study was conducted to discover the exact pattern of CSR activities within MNEs based on GRI-G4. International economic pressure and corporate rivalry have compelled MNEs to amend their corporate strategies to keep alive in developing markets. In the recent time of globalization and technological advancement, enterprises are needed to obey all the layers of the CSR pyramid similar to the bottom line (economic) of Carroll's theory. In this regard, the principles for generating merely economic benefits for the owners and investors are not fitted in the modern era, as proposed by Friedman (1970). The foundation of CSR practices includes socio-economic and cultural paradigms. Therefore, this concept can't be measured on a universal yardstick. International guidelines seem identical in many aspects, it is therefore very important to formulate multiple reporting formats based on manifold indicators according to specific countries. In this way, universally, a local CSR framework should be developed having various optional and mandatory indicators and catalog for different parts of the world. To overcome this gap, several guidelines were issued by various organizations to encourage corporations to report such type of information. Among them, GRI guidelines are considered as one of the best reporting format which is implemented globally by different corporations for disclosing environmental and social information (Deegan 2012). GRI guidelines and other global CSR reporting formats are structured for bigger corporations having sophisticated resources for executing widespread programs (Baumann Pauly et al. 2013). However, corporations are usually 'choosy' to disclose specific CSR dynamics instead of publicizing the overall dimensions of the given reporting format. Parallel with the findings and discussion, there should have an inclusive CSR reporting framework incorporating each indicator (local & international). The main purpose of this study is to match the overall level of CSR reports with the GRI-G4 guidelines. This research is an effort to observe the correlation between the international corporations (MNEs) and international CSR reporting bodies (GRI). Until now, this research study has tried to sketch a general but exact pattern of CSR activities observed within MNEs working in Pakistan.

As the trend of globalization is influencing more rapidly in the developing worlds in search of cheap labor and relax corporate regulations. Pakistan is among one of the target countries for the international investors. The security situation and political stability were recorded much satisfactory in the last few years resulting in more favorable conditions for corporate activities. All enterprises operating in Pakistan need to exercise the updated corporate governance styles and sophisticated corporate activities to catch the attention of the large international counterparts. For this reason, there is more need to practice the CSR activities and thus disclose it to the stakeholders and other interest groups with some universal guidelines. The major advantage of the current case studies is the exploration of different dynamics of the CSR concept which is parallel with the already proposed theories: for example, stakeholder theory, institutional theory, TBL theory, legitimacy theory, and Carroll CSR's pyramid. All of these methods and concepts have been developed in the current study which covers almost every dimension of the CSR concept. There is a need for further research to explore either the endorsement of international CSR reporting formats will mitigate the flaws of local voluntary guidelines especially in developing countries.

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