

**REMODELING CORPORATE SOCIAL
RESPONSIBILITY: DEVELOPMENT &
REPORTING OF THEORY, SCALE AND
INDEX OF CORPORATE LIFE
SUSTAINABILITY**

**BY
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DOCTOR OF PHILOSOPHY IN MANAGEMENT SCIENCES



**DEPARTMENT OF MANAGEMENT & SOCIAL SCIENCES
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A research thesis submitted to the Department of Management & Social Sciences,
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(HUMAN RESOURCE MANAGEMENT)**



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Dedication

Dedicated to

My Father,
The Late Ahmed Khan Khalid

My Brother,
Hafiz Muhammad Irfan Shaheed

&

My Mother,
Mrs. Hayat Bibi

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Remodeling Corporate Social Responsibility: Development & Reporting of Theory, Scale and Index of Corporate Life Sustainability

Abstract

The dominant approach developed in academy and industry has largely focused on the development of internationally recognized perspectives, frameworks and instruments. And there are different methods (scales, indices, databases and content analysis) to measure several corporate social responsibility (CSR) perspectives (including unidimensional concept, stakeholder theory, triple bottom line, Carroll's CSR pyramid, and corporate sustainability) but all of them have some limitations. An instrument measuring different dimensions and factors of CSR that incorporates almost all major perspectives through theoretically and industrially viable method is still missing. Therefore, the study explores and measures the broader, applicable and viable perspective of corporate (life) sustainability through scale based index by providing theoretical base to industry practice.

300 senior managers and directors of 90 companies from Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals industries are surveyed. CLS index is developed through identification of three major dimensions which include business sustainability, environment sustainability and humane sustainability. Constituents of business sustainability include marketing practices, business code of conduct, corruption & bribery, sustainable business performance and corporate governance. Environmental sustainability comprises of eco-efficiency, environmental priorities, health & safety and environmental reporting. Whereas, community welfare, employee rights, work-life balance, human capital development, discrimination & grievance are constructs of humane sustainability.

Exploratory factor analysis is applied and 53 items are extracted in scale development process. Furthermore, principal component analysis is also applied for assigning weights to 14 factors in index development. This scale based index is used to rank companies and track their multi-facet performance in various industries. It also provides relief to industry from academic criticism on one side and provides alternative to being measured on several indices for different aspects of CSR on the other. This study serves as paradigm shift in consolidating CSR contemporary theories, perspectives and measurements with its global viability and ubiquitous applicability through establishing theory, scale and index of corporate life sustainability.

Key words: Corporate Social Responsibility, Corporate Life Sustainability, Corporate Sustainability, Business Sustainability, Environment Sustainability, Humane Sustainability, Theory Development, Scale Development, Index Development

CHAPTER 1

INTRODUCTION

1. Introduction

The company is a legal device for the attainment of any social or economic end and to a large extent; this is done publically and by being socially responsible. Therefore, it is a combined political, social, economic and legal institution (Berle, 1959). Corporate derive wealth from society, create wealth for society, and earn profit by dealing with the wealth for society. In doing so, they declare themselves socially responsible, opting into Corporate Social Responsibility (CSR) practices, publishing CSR reports and labeling themselves with the term CSR. In the larger perspective, it is society that actually gives permission to corporate to operate in society and earn profit. This obviously demands that the business world pays for this permission by a legitimate sharing of the wealth it is earning from society by sharing it with society. (Chatterji, 2011). “It is not the human being for industry-technology but the industry- technology for the human being.” (Chakraborty, 1995). Consequently, CSR is about business taking into account their total impact on society and natural environment (Chatterji, 2011).

1.1 Corporate Social Responsibility

Various scholars have tried to find an integrated fundamental model to define and explain the subject of CSR as it involves data from divergent fields like economics, politics, law, sociology, psychology, philosophy, history, anthropology etc (Chatterji, 2011). According to Eells and Walton (1974), CSR goes "... beyond merely economic". Fitch (1976) defines CSR as the serious attempt to solve social problems caused wholly or in part by the corporation. Carroll (1979) defines CSR as a four-stage continuum. That study introduces a model where legal, ethical and discretionary goals are integrated along with economic goal of corporate. In 1982, Arlow and Gannon made an effort to link corporate social and economic performance to the organizational

structure. European Committee (2001) defines CSR as a fundamental concept designed to help companies with the voluntary integration of social and environmental concerns into their corporate activities and their relationships with stakeholders. The third generation of CSR is expected to make a significant contribution to address issues such as poverty, exclusion and environmental degradation. This involves both changes in public policy and partnerships with civil society (Zadek, 2001). The World Business Council for Sustainable Development (WBCSD) defined CSR as the continuing commitment of business to contribute to economic development while behaving ethically and improving the quality of life of their workforce and their families as well as of the local community, and society at large. By this way, CSR provides the framework of boundary for the free market to operate responsibly (Chatterji, 2011). Although, corporations are struggling to give a formal structure to their CSR engagements, CSR still appears to be the most misunderstood concept. Moreover, we restrict our own use of the term CSR to refer only to a vague and highly generalized sense of social concern. Most of these attitudes and activities are well-intentioned and even beneficent; few are patently harmful (Chatterji, 2011).

1.2 Evolution of Corporate Social Responsibility

Historically, complicated and diverse contribution to Corporate Social Responsibility (CSR) has enhanced its understanding as a vague and ill-defined concept with limitations (Preston and Post, 1975; Wolfe and Aupperle, 1991; Marrewijk, 2003; Turker, 2009; Park, Song, Choe & Baik, 2015; Sheehy, 2015). CSR has been more or less controversial over the past 50 years (Carroll, 2015) and has received increasing attention in the past decades (Flammer, 2013, Osagie, Wesselink, Blok, Lans,& Mulder, 2016), This sixty five years old term has been evolved over last seven decades and multiple factors has changed its concept contextually. The 1950s were a relatively placid period, but the rising power of business was apparent and the idea of social

responsibility grew partially in response to this. Conventionally, financial responsibility to increase shareholder value has been the sole driving force for corporate. Bowen (1953) for the very first time, considers CSR as an obligation of businessmen “to follow those lines of action which are desirable in terms of the objectives and values of our society”. But critics argue that CSR distracts from the fundamental economic role of businesses. Davis (1960) states that CSR is “... at least partially beyond the firm's direct economic or technical interest”. In 1960s, social movements related to consumers, civil rights, women’s rights, consumers and environmentalism strengthen the case of CSR. 1970s was an era of corporate social responsiveness and corporate social performance. Major discussion on dimensions, aspects and scope initiated in this era. Davis (1973) distinguishes social responsibility of a company from its economic, legal and technical obligations. Carroll (1979) integrates economic, ethical, legal and discretionary/philanthropic goals. Both academics and businesses focused more on corporate social performance, business ethics and stakeholder management in 1980s. The concept of corporate citizenship and triple bottom line emerged in 1990s and from 2000s onwards corporate sustainability is used as substitute term of CSR in industry (Carroll, 2015). In modern day CSR, where Michael Porter’s creating shared value’ (Porter and Kramer, 2011) has emerged as most recent but visible buzzword (Carroll, 2015). Political Corporate Social Responsibility (Westermann-Behaylo, Rehbein, & Fort, 2015) is also emerging as multidisciplinary CSR concept for the future.

1.3 Legal Recognition View vs. Enlightened Self-Interest View

Proponents argue that there is a strong business case for CSR whereas critics argue that CSR distracts from the fundamental economic role of businesses; some argue that it is nothing more than superficial window-dressing; others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. Contextually speaking,

legal recognition view and enlightened self-interest view are two opposite but important viewpoints to describe the current psychology of corporate world. Proponents of 'legal recognition view' believe that the only social responsibility of business is to increase its profits, without deception and fraud (Friedman, 1970). Critics like Levitt (1983) at the extreme of this view believe that business ... like a good war ... should be fought boldly, heroically and above all not morally because business is not a creation of society (De George, 1990) but the demand of the society. Scholars with the moderate view believe that every corporate is socially responsible firms if takes care of its shareholders by profit maximization, employees with good salary and customers with better products and services. Whereas proponents of enlightened self-interest view believe on social exchange theory and get support from the assumption of neo-classical economics. This assumption states that in this ecosystem, corporate are here for profit maximization and individuals are here for utility maximization and there exists supply and demand equilibrium. This neo-classical economics also endorses that the greatest social satisfaction occurs when individuals are free to pursue their self-interest. This self-interest and other interest are mutually beneficial (Hirshman, 1981; Vogel, 1991; March, 1992). To the researcher, this self-interest and other interest equilibrium explains the concept of corporate life sustainability. In the case where corporate drain the wealth of society to an extent that people are left with needs and wants but no demands, they will cease to exist. The other extreme would be that corporate start to address societal problems by compromising their shareholder profits and firm resources. This shift from for-profit to not-for-profit businesses will also lead corporate to non-existence. This corporate life sustainability equilibrium in the light of social exchange theory thus, strengthens enlightened self-interest view. According to Carroll & Buchholtz (2013), this view holds that if business is to have a healthy climate in which to operate in the future, it must take actions now to ensure its long-term viability.

1.4 CSR Theory

Historically, CSR has been justified by many organizational theories including agency theory, attribution theory, organizational ecology theory and resource-based theory; all are contextual in nature. While describing different CSR perspectives, ethical theory, stakeholder theory and social exchange theory are most relevant. Ethical theories state the conditions under which an action is “right” or “moral” (Moore, 2007). In general, there is no one universally accepted ethical theory. Instead, critics argue that a major problem with ethical theories is that they compete with each other. Ethical theories in the ethics of character area focus on virtues or the goodness of an agent’s character for determining the rightness of actions, instead of on universal laws (Buckle, 2002). Ethical theories have been criticized for a number of reasons. Many critics have argued that although ethical theories sound plausible, in reality they offer little help to people making actual decisions. Hodgson (2001) wrote that there is no moral knowledge that ethical experts can give to actual human beings who are in need of it when facing concrete and significant ethical decisions.

Maximization of the wealth is the traditional outlook of organizations that believes in the increase of the shareholders equity. The shareholder theory advocates the interest of the shareholders and in favor of the maximization of shareholder’s equity. According to the stakeholder theory, any organization is responsible for its actions from which it is generating cash flows; and require to compensate its surrounding community by taking care of the wellbeing of society, and simultaneously earn its due profit. The profit earned is not on the cost of society’s best interests. In this view, the actions performed by the organizations must be ethical and primarily economic i.e. opposite to the underlying principle of the shareholder view (Freeman, 2002). Stakeholders are directly or indirectly affected by the organizations actions and decisions i.e.

customers, suppliers, vendors, employees, government agencies, creditors, and community at large. Stakeholder theory believes that organizations have to fulfil their social responsibility towards society and ethical and moral policies are considered on the strategic level that results in wellbeing of society; leads to the organizational competitive advantage (Plaza-Ubeda, de Burgos-Jimenez, & Carmona-Moreno, 2010).

Social exchange theory believes that parties interact with each other for the sake of mutual interest and keep relationships in return (Blau, 1968). The theory undertakes that two parties shake hand only when they have seen their personal interest in each other and protect their self-interests (Lawler & Thye, 1999), otherwise end up if the exchanges are no more valuable (Blau, 1994). The underlying principle in the exchange theory is that one party has something valuable that other party wants and mutual contribution will bring future gains to both of the parties. Cropanzano & Mitchell (2005) believed that social exchange theory is far persuasive but still there are many critiques on this influential philosophy. Many critiques have an opinion that humans interact with each other because of the needs behind and it is quite usual behavior of humans. Some have viewpoint that social exchange is an exceptional case of social interaction of humans, and few are totally ignored the differentiation concerning social exchange and human interaction (Molm & Takahashi, 2003).

Different theories covers different aspects of CSR. Apparently, they look contradictory and distinct but comprehensive view may accommodate all major theories without negating any specific perspective. Researcher is the proponent of social exchange theory and believes that it best reflects the corporate life sustainability perspective of corporate social responsibility. The researcher develops theory of corporate life sustainability (see details in chapter 4) that accommodates almost all major perspectives and makes an attempt to theoretically and empirically

justify his arguments. Even today, businesses engage in CSR because they see in the framework the shared benefits and enlightened self-interest (Carroll, 2015), find evidence that CSR is generally beneficial to the firm (Cui, Jo & Li, 2015) and hence supporting social exchange theory and corporate life sustainability theory.

1.5 Corporate Life Sustainability

CSR is a concept with variety of definitions (Votaw, 1973). According to him, the term is a brilliant one; it means, something, but not always the same thing, to everybody. Unidimensional concept, Carroll's CSR pyramid, triple bottom line, creating shared value and corporate sustainability approaches are among most popular perspectives of measuring CSR.

This study is an attempt to present a comparatively broader and comprehensive concept belonging to the family of corporate sustainability coined as corporate life sustainability (CLS). CLS is not an optional and add on nor is it an act of philanthropy. A firm following the CLS concept is the one that runs a profitable sustainable business that takes into account all intrinsic and extrinsic business, environmental and humane intentions and effects it has on the society. This study further constructs theory of corporate life sustainability and develops corporate life sustainability scale and scale based index. CLS theory, scale and index further elaborates the concept of corporate life sustainability. The term corporate life sustainability (CLS), wherever used in the study, differentiates researcher's perspective of CSR from existing CSR perspectives.

This study follows Glaser's Grounded Theory approach to construct theory of Corporate Life Sustainability based on analysis of quantitative data and review of literature (Glaser, 2008). While reviewing perspectives, analyzing measuring methods, consolidating items, developing index, intention is to better portray the perspective of corporate social responsibility. Each perspective of this complicated phenomenon is considered with full contextual understanding and the new theory

called 'Corporate Life Sustainability' is grounded on the realization of existing perspectives. Theory of CLS mainly incorporates Carroll's pyramid, triple bottom line, Marrewijk's corporate sustainability perspective and intrinsic and extrinsic CSR in terms of Story & Neves's intentional dimension through review of literature. The theory gains maturity while reviewing same/similar items from scales based on different perspectives and infers that different perspectives may also be incorporated into a single more comprehensive perspective; if positioned properly. Business sustainability, environment sustainability and humane sustainability as dimensions of corporate life sustainability emerges as the output of scale based index development process.

1.6 Measuring CSR and Rating Agencies

The reality is that business run inside the society, and therefore, business has to portray to all stakeholders their intentions and the best way to do that is to provide a measurement of its impact. This idea has created awareness that CSR should be rated. The idea of measuring socially responsible behavior of companies is a comparatively new concept. Obviously the idea draws heavily on prevailing credit ratings and securities analysis (Chatterji, 2011). Companies are responsible for their economic, social and environmental impacts and should seek to manage and monitor those impacts accordingly. This directs us towards a novel and more stimulating concept of Corporate Social Responsibility Index. The Corporate Social Responsibility Index (CSR Index) is a leading business management and benchmarking tool that enables companies to effectively measure, monitor, report and improve their impacts on society and the environment (CRI, 2014). CSR rating tools help stakeholders by providing information and help in monitoring socially responsible behavior (Chatterji, 2011). With the commencement of CSR practices, it has become important for companies to communicate their CSR practices to public (Holme and Watts, 2000). For that purpose, different CSR related indexes have been developed which covers the different

indicators of CSR. DJSI (2013), FTSE (2012), News Week's Green Rankings (2012) are among popular CSR ranking agencies. It is noticeable that CSR rating agencies have already developed an international market for specialized information services (Bertelsmann Foundation, 2006). Simultaneously, CSR reporting and the adoption of international standards is on the rise across organizations. (Christensen, Mackey & Whetten, 2014). This includes but not limited to Global sustainable competitiveness index (SolAbility, 2013), AA1000, International Accountability Standards (IAS), SA8000, ISO 9000, ISO 14001, ISO 26000, Ethical trading initiative (ETI), UN global compact, responsible care, GRI (G4) guidelines (De Colle, Henriques & Sarasvathy, 2014), accountability rating (Campopiano & De Massis, 2015) and China Securities Regulatory Commission (Qian, Gao, & Tsang, 2015). Dow Jones Sustainability Index (2013) is known as "to track the performance of companies that lead the field in terms of corporate sustainability". The Global Reporting Initiative (GRI) encourages companies to report on their social and environmental impact and systems, and also works with multinational companies to promote reporting by suppliers, many of whom are small and medium enterprises (Leipziger, 2011). Interestingly, there are some resemblances in dimensions, criteria and indicators in number of indexes such as (DJSI, 2013; FTSE, 2012; News Week's Green Rankings, 2012). Moreover, there are number of other indices that highlight the role of CSR indexes in global economy.

1.7 Rationale of the Study

The above cited commentary reveals that CSR is subject to much debate and criticism. Proponents argue that there is a strong business case for CSR, in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits.

Historically speaking, there have been different methods (scales, indices, databases and content analysis) to measure several corporate social responsibility (CSR) perspectives (including unidimensional concept, stakeholder theory, triple bottom line, Carroll's CSR pyramid, and corporate sustainability) but all of them have some limitations. CSR has been repeatedly studied and theoretically measured on different perspectives of CSR (Pe´rez et al., 2013) including Unidimensional concept (Lichtenstein et al., 2004; Mari´n and Ruiz, 2007), Carroll's CSR pyramid (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991; Schwartz and Carroll 2003; Maignan et al. 1999; Maignan 2001; Garcı´a de los Salmones et al. 2005), Stakeholder Theory (Carroll, 1991; Wheeler and Sillanpaa, 1997, 1998; Wherther and Chandler, 2006; Turker, 2009), and Triple Bottom Line (Van Marrewijk, 2003; Panapanaan et al., 2003; Panwar et al., 2006) but with limitations (Turker, 2009). In order to solve the problems posed by the different theoretical perspectives, a more modern approach to explain the components of CSR is needed (Pe´rez et al. 2013).

1.8 Problem Statement

The dominant approach developed in academy and industry has largely focused on the development of internationally recognized perspectives (including Unidimensional concept (Lichtenstein et al., 2004; Mari´n and Ruiz, 2007), Carroll's CSR pyramid (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991; Schwartz and Carroll 2003; Maignan et al. 1999; Maignan 2001; Garcı´a de los Salmones et al. 2005), Stakeholder Theory (Carroll, 1991; Wheeler and Sillanpaa, 1997, 1998; Wherther and Chandler, 2006; Turker, 2009), and Triple Bottom Line (Van Marrewijk, 2003; Panapanaan et al., 2003; Panwar et al., 2006)), frameworks and instruments (DJSI, 2013; FTSE, 2012; News Week's Green Rankings, 2012; CRI, 2014). And there are different methods including scales (Aupperle et al., 1985; Ruf et al., 1998; Maignan, 2001; Garcı´a

de los Salmones et al., 2005; Podnar and Golob, 2007; Turker, 2009), indices (Bragdon and Marlin, 1972; Folger and Nutt, 1975; Spicer, 1978), databases (Mahoney and Thorne, 2005) or through content analysis (Bowman and Haire, 1975; Abbott & Mosen, 1979; Anderson & Frankle, 1980; Ingram, 1978; Preston, 1978) to measure several corporate social responsibility (CSR) perspectives (including unidimensional concept, stakeholder theory, triple bottom line, Carroll's CSR pyramid and corporate sustainability) but all of them have some limitations (Turker, 2009; Pe' rez et al., 2013).

Today an industrial movement defining broader corporate social responsibilities in terms of sustainability for the environment, for working conditions, for local communities, for internal customers and for ethical management practices has gathered momentum and taken hold. This new driving force has now become the real soul of corporate social responsibility (CSR). Industry measures CSR either through indices (Bragdon and Marlin, 1972; Folger and Nutt, 1975; Spicer, 1978) or through databases (Mahoney and Thorne, 2005; Turker, 2009) or through content analysis (Bowman and Haire, 1975; Abbott & Mosen, 1979; Anderson & Frankle, 1980; Ingram, 1978; Preston, 1978) and not through theoretically established measurement scales, thus lacking theoretical justification (Maignan and Ferrell, 2000, p. 285). Moreover, most of the rating agencies seek CSR from corporate (life) sustainability perspective (DJSI, 2013; FTSE, 2012; News Week's Green Rankings, 2012) but its measurement has neither been theoretically tested. Theoretically, no scale or index on CSR has been developed from the perspective of Corporate Sustainability (Pe' rez et al., 2013).

1.9 Purpose of the Study

Existence of ‘no clear universal definition’ makes CSR theory development and measurement more difficult (Park et al., 2015). An instrument measuring different dimensions and factors of CSR that incorporates almost all major perspectives through theoretically and industrially viable method is still missing (Pe´rez and Marti´nez, 2013; Turker, 2009). This study explores and measures the broader, applicable and viable perspective of corporate life sustainability through scale based index by providing theoretical base to industry practice.

Broader purpose of the study is to measure more modern, broader, applicable and viable perspective of CSR through more appropriate and theoretically justified measuring method and its application in industry. Specific problem proposed for research is to empirically investigate Corporate Social Responsibility (CSR) practices from 300 middle and senior managers and directors of companies from Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals industries through measuring scale and scale-based index and remodel it through development & reporting of theory, scale and index of corporate life sustainability. Exploratory factor analysis is applied to extract items in scale development process. Furthermore, principal component analysis is also applied for assigning weights to factors in index development. This scale based index is used to rank companies and track their multi-facet performance in various industries.

1.10 Research Questions

Following are the basic research questions for the development and reporting of Corporate Life Sustainability (CLS) index.

- RQ1. What are the main perspectives of CSR and which is the most modern, broader, applicable and viable perspective among all existing perspectives?

- RQ2. What are the main components of corporate life sustainability index?
- RQ3. Whether the items identified to measure CSR prevail in each industry in Pakistan?
- RQ4. How can CSR practices of different industries can be reported over the developed CLS index in Pakistan?

1.11 Objectives of the Study

Following are the objectives of this study.

1. To provide insight about CSR practices and develop scale for comprehensive framework for CSR.
2. To identify and measure the various dimensions of corporate life sustainability.
3. To develop an index to rate the corporations with reference to their contribution for society.

1.12 Significance of the Study

Many researchers have studied link between (types of) CSR and (styles of) leadership. For example, Angus-Leppan, Metcalf, & Benn (2010) empirically investigate that explicit CSR is linked to an autocratic leadership style, whereas implicit CSR is more closely aligned with emergent and authentic styles. But more importantly, leadership as demonstrated by today's corporate leaders has been called into question. In the aftermath of corporate scandals and global financial crisis, many people today desire leadership that promotes the ideals of corporate social responsibility (Strand, 2011). Interestingly, the ability to run an efficient and profitable business can also be consistent with a CSR agenda but for this, a level-headed approach through truly socially responsible leadership is required (Kakabadse, Kakabadse, & Lee-Davies, 2009). Critically speaking, the argument "CSR is a brilliant term; it means, something, but not always the

same thing, to everybody” by Votaw (1973) is more valid today. Historically, diverse contributions to corporate social responsibility (CSR) has have enhanced its understanding as a complicated concept especially to the corporate leadership (Preston and Post, 1975; Turker, 2009). In such scenario, establishing theory of corporate life sustainability incorporating almost all contemporary CSR perspectives, theories and models may give direction to global as well as indigenous leaders to practice CSR leadership in terms of intrinsic vs extrinsic CSR, internal vs external CSR, business sustainability vs environmental / humane sustainability and triple bottom line vs Carroll’s pyramid method depending on their own strategic approach towards institutional framework, socio-economic environmental conditions and & self-determination. In this way, this study also has very distinct significance and may consider as base for further research in exploring new dimensions and directions in the relationship of corporate sustainability, competitive advantage and leadership.

1.13 Plan of the Study

This chapter includes rationale, purpose, objectives and implications of the study. Chapter two covers the literature review of different perspectives, methods and constituents of CSR. Chapter three encompasses research methodology. This chapter depicts scale development and scale-based index development process. Chapter four covers empirical findings and ends on the theory of corporate life sustainability. Chapter five concludes the thesis with contributions and future areas of research.

CHAPTER 2

LITERATURE REVIEW

2. Literature Review

Since decades, CSR is of relevant and growing interest in both academy and industry. Most of the companies are putting great effort to describe and incorporate CSR into all aspects of their businesses (Holmes, 1976). Whereas, many corporations across multiple sectors have already begun incorporating CSR into their business strategies and planning (Paine, 2003). According to Carroll (1999, p.269) the earliest definition of CSR is provided by H.R. Bowen (1953) which envisages it as the responsibility of businessmen to follow those politics, to make those judgments, or follow those lines of action which are appropriate in terms of the objectives and beliefs of our society. In Carroll's view, society has a concept of how the company should behave, which can be expressed in terms of the demands made by the society. The term CSR holds obligations for the corporate's dealings and encourages a positive impact through its activities on different stakeholders on the public sphere.

The observable fact of CSR is concerned with the organizations' attachment of social and environmental concerns into their corporate procedures and dealings with interested parties (Russo & Tencati, 2009). It comprises of both the economic and non-economic duties of profession. According to Gendron and Corinne (2009), CSR responds to social activities of firms and their environmental obligation for their economic influence on the societies in which they function. According to Samuels (1990), governments of LDCs need to have a strict regulatory mechanism to ensure greater accountability. Moreover, Momin (2006) also stated in a similar way, by suggesting that a home country government should, by law, ensure that MNCs are held responsible for the operation of their subsidiaries, and should report completely on the subsidiaries' social and environmental performance to the home country. Hence, there arises a need for appropriate legislation through which organizations are held accountable and corporate social responsibility is

made necessary for them. According to Momin (2006), the real need is to restructure the legislative structure to make CSR mandatory, and pass initiatives for political and social development in favor of CSR or developing an accountability mechanism, which would benefit all members of the society.

The current study strives to identify different perspectives, methods and constituents of CSR. Numerous valuable aspects and dimensions of CSR have been researched by scholars over the last decades. During the literature review process, a number of dimensions, constructs, criteria and indicators are studied. This chapter mainly includes only those variables that are reflected in final index.

2.1 Different Perspectives for Measuring CSR

Unidimensional concept, Carroll's CSR pyramid, Stakeholder Theory, Triple Bottom Line and Corporate Sustainability approaches are among most popular perspectives of measuring CSR.

2.1.1 Unidimensional concept.

Many researchers have investigated corporate social responsibility from the perspective of unidimensional concept. Mari'n and Ruiz (2007) and Lichtenstein et al. (2004) focused CSR as a unidimensional concept from marketing perspective.

2.1.2 Carroll's CSR pyramid.

Carroll (1979) proposed CSR pyramid approach. This approach has later been used by several authors at both empirical (Maignan et al. 1999; Maignan 2001; Garcí'a de los Salmones et al. 2005) and theoretical level (Wartick and Cochran 1985; Wood 1991; Schwartz and Carroll 2003). In this CSR pyramid approach; Carroll (1979) proposes that an exhaustive CSR definition should include corporate ethical, legal and philanthropic initiatives along with economic one.

Corporate Social Responsibility (CSR) relates to the company's obligation to encompass the economic, legal, ethical and discretionary expectations that a society (Carroll et al, 2010).

2.1.3 Stakeholder theory.

Although there is a natural fit between an organization's stakeholders and CSR (Carroll, 1991, p. 43), there is no consensus regarding the definition and scope of stakeholder in the literature (Turker, 2009). Stakeholders are others with which the organization interacts while pursuing their goals (Wherther and Chandler, 2006, p. 4). Stakeholders are classified as social and nonsocial stakeholders at primary and secondary level (Wheeler and Sillanpaa, 1997, 1998); and internal and external context (Wherther and Chandler, 2006, p. 4). Turker (2009) also defines CSR as corporate behaviors that aims to affect stakeholders positively.

While defining its objectives and goals, the firm has to analyze its impact, both long term and short term on the community and the society because the resources and markets required to fulfil the aims and objectives have to be drawn from society. The thing holds the legitimacy of the stakeholder's theory.

2.1.4 Triple bottom line.

Another important perspective of CSR is 'triple bottom line' (Van Marrewijk, 2003; Panapanaan et al., 2003; Panwar et al., 2006) that covers the full range of business concerns related to the economic, environmental, and social dimensions of companies (Pe' rez and Marti' nez, 2013). Triple bottom line and CSR are often used as substitutes as well as synonyms.– the totality of the corporation's financial, social and environmental performance in conducting its business.

2.1.5 Corporate sustainability perspective.

Today an industrial movement defining broader corporate social responsibilities in terms of Corporate Sustainability for the environment, for working conditions, for local communities, for internal customers and for ethical management practices has gathered momentum and taken hold. This new driving force is the real soul of corporate social responsibility (CSR). The conceptual background for CSR can be traced from the notion of 'Corporate Sustainability', which is defined as the holistic approach fully integrated and embedded in every aspect of the corporate, aimed at contributing to the quality and continuation of life of every being and entity (Marrewijk, 2003).

Corporate executives, consultants and academics have created, supported or criticized related concepts such as corporate citizenship, sustainable development, triple bottom line, sustainable entrepreneurship, business ethics, and corporate social responsibility resulting in many definitions of a more humane, more ethical and a more transparent way of doing business (Marrewijk, 2003). "All-embracing" notion of CSR (WBCSD, 2000) has to be broadly defined and is therefore too vague to be useful in academic debate or in corporate implementation (Marrewijk, 2003). Literature on CSR has been growing fast. The mounting volumes of reports, publications, conference proceedings, and internet information have been proliferating and highlighting the importance of CSR as the new aspect of corporate sustainability (Panapanaan *et al*, 2003).

Sustainability is a dynamic concept, taking into consideration the expanding economic, environmental and social needs of a growing human population on earth (Sachs, 1989) and (WCED, 1987). Marrewijk (2003) and Sachs (1989) discuss sustainability in terms of economic, environmental and social aspects. *Sustainability* refers to an organization's activities, typically

considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Marrewijk & Werre, 2003).

In the past sustainability related to the environment only and CSR referred to social aspects, such as human rights (Wempe and Kaptein, 2002). Nowadays many consider CS and CSR as synonyms (Marrewijk, 2003). Keijzers (2002) have also indicated that the notions of CSR and CS have shown separate paths, which recently have grown into convergence. Whereas, Sachs (1989) already has defined *economic sustainability, ecological sustainability and social sustainability* aspect as fundamental components of sustainability. Marrewijk (2003) broadly defines corporate sustainability and CSR as company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. He further differentiates this definition into five interpretations based on principle of self-determination in balance with the principle of communion which allows corporate to respond to society in accordance to its own consciousness and capability. Any organization has the right to choose a position from level 1 to level 5. A higher ambition level and specific CS interventions require a supporting institutional framework and value system. These definitions are as follows:

1. *Compliance-driven CS* (Blue) provides welfare to society and respond to charity and stewardship considerations as a duty and obligation.
2. *Profit-driven CS* (Orange) consists of the integration of ethical, social and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line.
3. *Caring CS* (Green) consists of balancing economic, social and ecological concerns that go beyond legal compliance and beyond profit considerations.

4. *Synergistic CS* (Yellow) CS consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders.

5. *Holistic CS* (Turquoise) CS is fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future since all beings and CS are mutually interdependent.

He further elaborates the principle of self-determination in balance with the principle of communion which allows each and every one to respond to outside challenges in accordance to its own awareness and abilities. Any organization has the right to choose a position from level 1 to level 5. A higher ambition level and specific CS interventions require a supporting institutional framework and value system.

2.1.6 Criticism on CSR perspectives and corporate life sustainability as comprehensive perspective.

Some scholars considered CSR as a unidimensional concept (Lichtenstein et al., 2004; Mari'n and Ruiz, 2007) while others measured CSR to be multidimensional (Maignan et al. 1999; Maignan, 2001; Mercer, 2003; Decker, 2004; Podnar and Golob, 2007; Kim and Choi, 2007). Carroll (1979) assumes that the various facets of the concept are closely linked and that, in many cases, they even overlap. For instance, the economic dimension encompasses corporate value for the stakeholders (Schwartz and Carroll, 2003). Furthermore, Schwartz and Carroll (2003) reduce the categorization to only three dimensions—economic, legal, and ethical responsibilities. These authors reduce the categorization to only three dimensions—economic, legal, and ethical responsibilities. For Sims (2003), for instance, “Social responsibility and legality are not one and the same thing. CSR is often seen as acts that go beyond what is prescribed by the law”. ”García

de los Salmones et al. (2005) empirically merge ethical and legal dimensions, while Podnar and Golob (2007) also join ethical and philanthropic CSR initiatives. Turker (2009) not only, excluded the economic component from the definition of CSR, but also selected only some of the stakeholders of Wheeler and Sillanpaa's stakeholder typology (1997) in his scale. According to Clarkson (1995) proposal, CSR activities should preferably be classified as a function of those stakeholders that are most benefited by the actions instead of society as a general concept.

Carroll (1999) distinguishes between economic and non-economic components of CSR with believe that “economic viability is something business does for society as well” (p. 284). Daft (2003) considers Carroll’s economic component as a reason for the existence of a business, rather than a responsibility to society. Turker (2009) also describes this economic component as the basic function of business in the society and not as the part of CSR. Moreover, Pe´rez et al. (2013) discusses different perspectives of CSR and mentioned corresponding scales and concluded that no such scale exist that reflects CSR with the perspective of corporate sustainability.

In order to answer the issues posed by the different theoretical perspectives, a more advanced approach to explain the components of CSR is needed (Pe´rez and Martı´nez, 2013) and that is Corporate Life Sustainability (CLS). Theoretically speaking, CLS is a new CSR perspective inspired from corporate sustainability, triple bottom line, stakeholders’ theory and CSR pyramid.

2.2 Existing Methods to Measure CSR

In fact, considerable attempts have been made both in the academic and business communities to measure CSR activities of organizations (Bragdon and Marlin, 1972; Davis, 1973; Ostlund, 1977; Abbott and Monsen, 1979; Ingram and Frazier, 1980; Freedman and Jaggi, 1982; Wiseman, 1982; Aupperle, 1984; Rockness, 1985; Orpen, 1987; McGuire et al., 1988; Smith and Blackburn, 1988; Davidson and Worrell, 1990; Freedman and Wasley, 1990; Wolfe and Aupperle,

1991; Gray et al., 1995;Singhapakdi et al., 1996; Baucus and Baucus, 1997; Waddock and Graves, 1997; Ruf et al., 1998; Carroll, 2000; Maignan and Ferrell, 2000; Quazi and O'Brien, 2000; Peterson, 2004; Mahoney and Thorne, 2005; Turker, 2009; Delmas, Etzion, & Nairn-Birch, 2013; Du, Bhattacharya, & Sen, 2015; García-Sánchez, Rodríguez-Domínguez, & Frías-Aceituno, 2015; Mazutis, & Slawinski, 2015; Thijssens, Bollen, & Hassink, 2015). Waddock and Graves (1997) also point out the difficulties of measuring CSR and assess the alternative methods, including content analysis of document, forced-choice survey instruments, case study, reputation indices, behavioral and perceptual measures, and scales. These alternative methods are further categorized into three main approaches: expert evaluations, single and multiple-issue indicators, and surveys of managers (Maignan and Ferrell, 2000). Expanding on the latter classification, Turker (2009) suggest reputation indices or databases, content analysis of corporate publications, single and multiple-issue indicators, scales measuring CSR at the organizational level and scales measuring CSR at the individual level as viable approaches to measure CSR.

2.2.1 Content analysis.

The growing body of literature on corporate social reporting has increased the use of content analysis as a method of measuring CSR (Turker, 2009). Normally, in content analysis the extent of the reporting of CSR activities in various firm publications and especially in the annual report is measured (Cochran and Wood, 1984). The first study to use content analysis is by Bowman and Haire (1975). In this study the authors develops content analysis based index considering number of lines of the annual report devoted to CSR. Subsequently, several other studies (Abbott & Monsen, 1979; Anderson & Frankle, 1980; Ingram, 1978; Preston, 1978) use content analysis indexes. The objectivity in procedure and possibility in having larger sample sizes are two significant advantages of content analysis. Depending upon firms' reports and subjectivity

in choice of variables to measure are among drawbacks of content analysis (Cochran and Wood, 1984). Therefore, the reliability of company reports may represent a significant limitation because of its possible deviation from actual corporate actions (McGuire et al., 1988; Turker, 2009). Previous studies show that there is no significant association between the content of these reports and actual performance (Ingram and Frazier, 1980; Wiseman, 1982; Rockness, 1985; Freedman and Wasley, 1990). Ironically, poor performers provide longer environmental disclosures (Ingram and Frazier, 1980). Neither content analysis nor reputation indexes can be considered wholly adequate measures of CSR (Cochran and Wood, 1984).

2.2.2 Databases.

Generally, databases are only designed to evaluate companies in specific countries. As Canadian Social Investment Database (CSID) only details company traded on the Canadian stock exchange (Mahoney and Thorne, 2005, p. 244). Although databases (like The Kinder, Lydenberg, and Domini (KLD) Database and CSID) are also applied for evaluating CSR (Turker, 2009), they suffer from the fact that they have limited area (companies in some countries) of assessment (Turker, 2009) and their items are not based on theoretical arguments" (Maignan and Ferrell, 2000, p. 285). Moreover, according to Ruf et al. (1998), the attributes of KLD's eight dimensions coincided with the legal, ethical and discretionary dimensions of Carroll's model (1979).

2.2.3 Single and multiple issue indicators.

Another alternative method is the use of single and multiple issue indicators. The pollution control performance (e.g., Bragdon and Marlin, 1972; Chen and Metcalf, 1984; Freedman and Jaggi, 1982) and corporate crime (Baucus and Baucus, 1997; Davidson and Worrell, 1990) are examples of the indicators of socially responsible behaviors. Scholars may prefer to use a combination of these indicators due to the unidimensionality of this method (Maignan and Ferrell,

2000). However, even with the use of a multiple-issue indicator, this approach still has limited ability to delineate the entire structure of CSR. Moreover, indigenously focused indicators reporting the activities of companies in a limited number of countries also limits the use of this method by researchers.

2.2.4 Indices.

Reputation indices (e.g. the Fortune Index) are among the most widely used methods for evaluating corporate social activities (Turker, 2009). In this method, knowledgeable observers rate firms on the basis of one or more dimensions of social performance (Cochran and Wood, 1984). The first reputation index (Council of Economic Priorities, 1971) ranked the pollution control performance and has been used by a number of other studies, including Bragdon and Marlin (1972), Folger and Nutt (1975), and Spicer (1978). A second reputation index (Dow-Jones Index) is generated by Milton Moskowitz (1972; 1975) and is used by Sturdivant and Ginter (1977) in their studies. Reliability, generalizability, small sample size and subjectivity are among disadvantages of indices (Cochran and Wood, 1984) and hence are inadequate to evaluate all businesses (Maignan and Ferrell, 2000).

2.2.5 Scales.

Over years, several authors have empirically proposed measurement scales for CSR based on theoretical proposition (Aupperle et al., 1985; Ruf et al., 1998; Maignan, 2001; Garcí'a de los Salmones et al., 2005; Podnar and Golob, 2007; Turker, 2009). Aupperle (1984) develop first social responsibility scale to measure the individual CSR values of managers according to Carroll's four-dimensional model. Managerial perceptions about the role of ethics and social responsibility in achieving organizational effectiveness is measured by Singhapakdi et al. (1996) through scale named as Perceived Role of Ethics and Social Responsibility (PRESOR). Quazi and O'Brien

(2000) also provide a scale based on range of outcomes of corporate social commitments and span of corporate responsibility to measure the managerial attitudes towards social responsibility. The scales of Aupperle (1984), Singhapakdi et al., (1996) and Quazi and O'Brien (2000), focus on measuring individual values, rather than measuring socially responsible activities of businesses. Additionally, Etheredge (1999) provide a constructive replication of PRESOR in his study. Maignan and Ferrell (2000) define and develop scale on corporate citizenship. Turker (2009) define and develop scale of CSR based on stakeholders' theory. Whereas, the forced-choice instruments of the scale appear as a limitation (Turker, 2009).

Although the scale is suitable for investigating the socially responsible values of managers, the literature has not provided an adequate number of scales for measuring CSR at the organizational level (Quazi and O'Brien, 2000; Turker, 2009). Although, the scale developed by Maignan and Ferrell (2000) incorporates both the conceptual contribution of Carroll's model (1979) and stakeholder management theory, it considers only three primary stakeholders (customers, employees, and public).

2.2.6 Scale based index.

Measuring CSR has been the goal of many researchers since the emergence of the CSR concept (Pe´rez et al, 2013). Several methods to measuring CSR have contributed a lot to CSR literature, but almost all of them have some limitations. Wolfe and Aupperle (1991) strongly believe that a single best way to measure CSR doesn't exist. This is why; the measurement of CSR is still problematic (Turker, 2009). Out of all existing methods, measuring CSR through scale development process is theoretically more justified. Therefore, CSR should be measured through more valid and reliable scale (Carroll, 2000; Turker, 2009). Interestingly, at the same time, indices are among the most widely used methods for evaluating corporate social activities in industry

(Turker, 2009). Hence, considering importance of scale and index, scale-based index is the most appropriate and theoretically justified method of measuring CSR.

Although, there are several methods to measure CSR, almost all of them have some limitations (Wolfe and Aupperle, 1991; Turker, 2009). Historically, these methods have not only been used independently to measure CSR but have also been used in combination to complement each other. A scale by Ruf et al. (1998) is also developed to evaluate the relative importance of KLD's eight dimensions. Whereas, indices can also be used to derive new scales for measuring corporate social activities (Abbott and Monsen, 1979). More importantly, none of these methods have addressed the issue of CSR from the perspective of the corporate sustainability. Therefore, there is need to develop a new scale-based index to articulate CSR according to the proposed conceptual framework. Therefore, this study attempts to measure CSR through scale-based index.

2.3 Identification of Different Constituents of CLS

Many researchers have investigated several CSR dimensions: customers (Maignan et al., 1999, Mercer 2003; Decker 2004; Pe´rez et al., 2013) employees (Mercer 2003; Decker 2004), shareholders (Mercer 2003), society (Mercer 2003), the environment (Decker 2004), the market (Decker 2004), and a general dimension including all legal and ethical responsibilities of corporations (Maignan et al. 1999). The UN Global compact seeks to advance human rights, labor standards, environmental stewardship and anti-corruption in business (Deborah Leipziger, 2011; 25). Social Accountability International (SAI)'s SA8000 standard covers Child Labor, Forced or Compulsory Labor, Health & Safety, Freedom of Association & Right to Collective Bargaining Discrimination, Disciplinary Practices, Working Hours, Remuneration, Management Systems (SAI, 2014).

KLD rates companies (traded on the US stock exchange) based on eight attributes of social activities including community relations, employee relations, environment, product, treatment of women and minorities, military contracts, nuclear power, and South Africa (Turker, 2009). Similarly, CSID measures the sum of the average of a firm's net strength and weakness for community, diversity, employee relations, environment, international operations, product and business practices, and corporate governance as main dimensions (Mahoney and Thorne, 2005, p. 244). Ethical rating model (Birindelli, Ferretti, Intonti, & Iannuzzi, 2015; Birindelli & Ferretti, 2013) assigns rating to banks in four different dimensions of CSR which include disclosure, organizational management, offer of social responsible instrument and international agreements, certifications and indices.

Most of index-based agencies give ratings in three main dimensions of CSR i.e. Environment representing Planet, Social representing People and Economic representing Profit (DJSI, 2013; FTSE, 2012; Elkington, 1999; Bagnoli & Watts, 2003). Further in these dimensions, there are criteria and sub criteria sometimes called as indicators (FTSE, 2012; DJSI, 2013; YCELP, 2005). FTSE ESG Index rates corporations against environmental, social and governance performance with the help of risk assessment methodology (FTSE, 2012). Ethical Identity index (Rashid, Abdeljawad, Ngalim, & Hassan, 2013) evaluates the practices of corporate governance. Similarly, Sincerity Index (Yves Fassin and Marc Buelens, 2011) measures the disclosure of CSR practices. Dow Jones Sustainability Index (DJSI) rates economic, environmental and social dimensions against Corporate Governance, Risk & Crisis Management, Codes of Conduct/Compliance/ Corruption & Bribery, Human Capital Development, Talent Attraction & Retention, Labor Practice Indicators and Corporate Citizenship/ Philanthropy consecutively.

Environmental Sustainability Index (YCELP, 2005) and News Week's Green Rankings (2012) give ratings to companies on the basis of environmental performance. Calvert Social Index and Calvert Signature Criteria by Calvert Investments (2000) address seven broad areas of CSR practices which include governance and ethics, environment, workplace, product safety and impact, international operations and human rights, indigenous people's rights and community relations (Bertelsmann Foundation, 2006).

2.4 Identification of CLS Related CSR Items from Prevailing Literature

Statements and items corresponding to CLS perspective are identified from academic as well as industrial literature. In order to create an initial item pool, a list of statements is derived from the previous scales in the literature (Aupperle, 1984; Carroll, 1979; Maignan and Ferrell, 2000; Quazi and O'Brien, 2000; Wood and Jones, 1995). Total 704 statements were collected from previous literature including Hunt et al (1990), Singapakdi et al (1996), Maignan et al (1999), Maignan&Ferrel, Quazi& Brien (2000), Papasolomou et al. (2005), Shahin&Zairi (2007), Baughn et al.(2007), Jamali (2008), Wilkerson, Evans &Davis (2008), Gyves& Higgins (2008), Shafer & Simmons (2008), Qu (2009), Björklund(2010), Galbreath (2010), Heyder&Theuvsen (2010), Meiseberg&Ehrmaan (2012),Skudiene&Auruskeviciene (2012),Wang & Bansal (2012), Etheredge (1999). Majority of items/statements are reflecting theories other corporate life sustainability with limited spectrum. Moreover, number of scales are overlapping with makes difficult for researchers to distinguish among them. Therefore, limited statements are extracted from the set of and rest are discarded. The perspective of Corporate Life Sustainability is comprehensive and broader perspective of CSR in its nature which gives reason to researcher to assess CSR related items from the literature. Following literature helps identifying components of CLS in term of business sustainability, environment sustainability and humane sustainability.

2.5 Business Sustainability

Growing interest in the social dimension of business sustainability has constituted a new area of concern in many businesses (Panapanaan *et al*, 2003). Business sustainability seeks to create long-term shareholder value and meets the needs of the organization and its stakeholders today while also protecting, sustaining, and enhancing the environmental, social, and economic resources. Pojasek (2007) provides it as the broader perspective than just economic sustainability. Business sustainability is often defined as managing the triple bottom. It represents resiliency over time – businesses that can survive shocks because they are intimately connected to healthy economic, social and environmental systems (Lexicon, n.d.). Business sustainability is a broader dimension of CLS and constitutes related variables, indicators and criteria. Following literature highlights different constituents of business sustainability.

According to Amaeshi & Adi (2007) management practices for CSR, to be operable and actionable within a sustainable business program, need to be exposed of its existing normative feeling and rebuilt in the instrumentally, practical language of business.

The literature emphasis on attaining sustainable development through CSR in the corporations. It matches CSR with sustainable development, given that they are both really challenged concepts (Chatterji, 2011). Gardberg and Fombrun (2006) exemplified that CSR is a strategic investment which can generate immaterial assets that enable corporations to overcome nationalistic barriers, facilitate globalization, and out-compete local opponents. The returns to socially responsible behavior are taken through the reputation of the corporation. This suggests that the corporations should consider CSR as a component of corporate strategy (Fombrun and Shanley, 1990).

The impact of CSR to market practices provides a glimpse that companies use CSR as a vital tool to cover and face not only market's grievance but society's as well. This also assists in the long run by generating hyper-competition in the market and an understanding of the need of the society (Baron, 2001; 2006). He also explains how companies can use CSR tactically to develop their competitive position and this indicates that the association between CSR and market competition could attain richer and more complicated dimensions like differentiation or innovative corporate strategies.

Corporations have multiple stakeholders so observing their impact on only financial stakeholders is unsuitable. Therefore, their impact on other stakeholders like employees, customers, suppliers and local communities should also be measured (McWilliams and Siegel, 1999). Many organizational managers engage their firms in philanthropic activities to improve customer satisfaction and build a positive corporate image, which leads to long term financial success. Organizations having more interaction with potential customers are more prepared towards corporate giving (Porter & Kramer, 2002).

Momin (2006) noted that only 29% of companies in Bangladesh feel their duty towards customers. In customer concern, fourteen interviewees (29%) identify duties towards customers. He also added that the references to customer concern are very brief and remain restricted to their attitudes in relation to giving and delivering a quality product.

Business Code of Conduct is a common yet important CSR tool which has been adopted by every major organization. Different Authors analyze the effect of Code of Conduct on overall performance of the organization with different dimensions. Erwin (2011) examined the effects of code content and quality on ethical performance of the employees. Findings show that the content

quality of code has significant impact on CSR performance. But Schwartz (2002) suggested that in order to make corporate code of conduct effective, it has to be evaluated on ethical basis.

A literature review on social reporting recommended by CSR is that company operating in any society has to focus on the circle of ethics of that society and care about the norms, values, attitudes and behavior prevailing there, so that the company can run in accordance with them. Companies have a responsibility to demonstrate integrity in purposes and ethics in practices (Gray et al., 1996).

Corporate Social Reporting (CSRep) is a type of social accounting that accepts the concept of accountability to broader groups of people (Gray, Owen, & Adams, 1996). Gray, Owen, and Maunders (1987) inquire the dominance of investors as the primary receiver of information and recommend presence of broader groups that include the natural environment, employees, consumers and the community by concentrating on their information rights and the organizations' responsibility to provide accounts to them. Company's commitment and concern towards social responsibility should be reported on regular basis. It is also valuable to mention social reporting with annual reports in a single document (Gray, Kouhy, & Lavers, 1995).

Literature depicts that strong culture of compliance is required to successfully implement a combination of activities for gaining sustainable competitive advantage through CSR (Smith, 1990). Mahwah, Erlbaum, Jackson, & Nelson (2004) and Smith (2005) observe that supporters describe CSR as necessary for effective business operations.

The results of external approach to anti-corruption show that Pakistan is among those countries where the rate of corruption is high (DiRienzo, Das, Cort, & Burbridge, 2007). They further argument that the organization's national and international perspective of corruption reduction or anti-corruption strategy should include the tool of openness of information access to

stakeholders. They explored that the organization's focus of information access to the public will reduce the level of corruption; it is a tool to reduce the corruption widely and effectively. Moreover, it enhances the level of trust among shareholders and reduces the cost (incurred due to corruption) to satisfy the customer, leading the business to effectively ensure its standings and success. This approach of organizations will reduce the global cost of corruption which will facilitate the internalization of organizations' policies.

Laws and regulations on corruption and bribery are abundant in indigenous and international context. However, the guidelines and standards provided by the OECD (2005) are of effective nature in combating Bribery and Corruption in CSR and Business performance.

Argandona (2005) suggests that anti-corruption mechanisms (internal approach to anti-corruption) includes (i) the concept of organization about the corruption should be opponent activism rather than facilitator and policies regarding corruption should be clearly communicated to the employee, so the employee do not defend himself regarding unawareness and the employee do not perceive that the scope of performance of work is just to accomplish the tasks which are assigned, (ii) the employee training to develop their attitude to opponent corruption and to facilitate them how to deal such problems, (iii) the development of the mechanisms of organization-response so when employee will require the assistance to oppose the corruption then he should be actively respond, (iv) monitors (person/employees to monitor the corruption activities) should be motivated to oppose corruption and to monitor such irregular activities in organization, and organization should ensure that organization will retain their identities confidential who reports such irregular activity in organization and (v) the organization should define the sanctions against such commit Argandona (2005).

According to Davis (1973, p. 20) social responsibility arises from concern about the outcomes if business's perform as they affect the interest of others. Barney (1991) says that competing firms might try to gain competitive advantage that is not strong enough to prevent such firms from copying its CSR-based strategy. CSR allows global corporations to overcome a liability of foreignness which mentions the cost incurred by foreign subsidiaries which is more than the cost of domestic counterparts. CSR enables such corporations to operate across different local markets by giving lawfulness, reputation, and competitive advantage (Gardberg and Fombrun, 2006).

Rodrigo & Arenas (2008) investigated the employee attitude towards CSR programs. Their findings suggested that positive attitude towards CSR programs leads to employee commitment, which in turn enhance employee productivity. The same arguments supported by Rettab, Brik & Mellahi (2009) by examining the relationship between CSR activities and Organizational performance.

Corporate governance and CSR are both very essential to a company, which can't be separated (Momin, 2006). Corporate governance has noticeable duty in the practices of CSR. A well-designed corporate governance programme would possibly take care of most CSR issues. Corporate governance is related to the structure of rights and responsibilities among the parties with a stake in the firm (Aoki, 2000: 11). Similarly, a survey on corporate governance by Shleifer and Vishny (1997) showed that the corporate governance is generally considered in terms of the instruments available to reduce organizational problems.

The significant goal of CSR is to guarantee transparency in the standard of strategies set to achieve the ultimate goal, as agreed by the governance of the company (Kaptein, 2003). Transparency is a critical condition to implement a CSR policy based on the reputational mechanism.

The principal question that arises is how to structure such a transparent policy, in order to improve the CSR behavior of corporations (Dubbink, Graaland, & Liedekerke, 2008).

The line of separation between management control and shareholders approach cause the ineffectiveness of corporate alignment. The board ineffectiveness may lead to under-estimation of the firm in the market. However, board effectiveness exists in collaborative attitude of control and shareholders satisfaction through degree of involvement. Shareholders governance policy, monitoring and control procedures and traits of top management enrich the board involvement; it leads to uniform strategic growth (Johnson et al., 1993). The composition of board also has significant impact on board effectiveness, it includes the size and internal attributes of directors.

The size of board has impact on the monitoring and evaluation of operations which significantly lead to increment in performance of organization, the large board has significant and sufficient opportunity to manage and analyze the operations of organization.

The attributes of directors include the executive and non-executive, professional skills; knowledge and experience and gender which denoted to the diversity of board, the diversity of board and its active composition and involvement affect the performance of board. The directors should protect the right of stakeholders and interest of company and their performance should be adequate to promote the environment of truth in action and faith in plan success. In the context of Pakistan, the decision effectiveness and innovation is more in the active role of individuals of board (Ahmad, 2008). Moreover, Gender diversity in the board effect the performance of board positively toward stakeholders' satisfaction (Jamali, Safieddine, & Daouk, 2007; Rao, 2012). It may develop the image of organization, satisfy the stakeholders and treat the customer more effectively (Smith *et al.* 2006).

The above review of the literature allows us to identify the factors that are considered to be decisive in determining the CLS constructs and their constituents under the dimension of Business Sustainability. These variables can be utilized to assess the CSR compatibility of corporate and rank them accordingly. These have been represented in table 2.1 as below:

Table 2.1. Constituents of Business Sustainability Dimension of CLS

Dimension	Criteria	Sub- Criteria
Business Sustainability	Marketing Practices	<ul style="list-style-type: none"> • Customer satisfaction • Product Quality
	Business Code of Conducts	<ul style="list-style-type: none"> • Ethical Values • Reporting Mechanism • Compliance System
	Corruption and Bribery	<ul style="list-style-type: none"> • Legal Regulations • Anti-Corruption Mechanism • Anti-Bribery Mechanism
	Sustainable Business Performance	<ul style="list-style-type: none"> • Product & Service Sustainability • Employee Productivity
	Corporate Governance	<ul style="list-style-type: none"> • Corporate Transparency • Board' s Effectiveness

2.6 Environment Sustainability

Environment Sustainability is one of the major dimensions of CLS which refers to the sustainable integration of environmental concerns into the design, manufacturing and distribution of products, protection of water resources, biodiversity, pollution prevention and control, waste management, management of local pollution, management of environmental impacts from transportation etc. Sachs (1989) defines ecological sustainability as stretching out the carrying

capacity of the spaceship earth-by intensifying the uses of the resource potential of the diverse ecosystems with minimum damage to the life-supporting systems, limiting the consumption of fossil fuels and other environmentally harmful products and reducing the volume of pollutants by means of energy and resource conservation policies, recycling, substitution by renewable and/or plentiful and harmless resources, search for low-waste and resource-efficient technologies, adequate environmental protection and, last but not least, self-restraint in material consumption on the part of the rich countries and privileged social strata all over the world. Whereas, by its nature, environmental sustainability is a multidimensional construct, which has been conceptualized in different ways (Gladwin, Kennelly & Krause, 1995). Environment sustainability is a broader dimension of CLS and constitutes related variables, indicators and criteria. Following literature highlights different constituents of environment sustainability.

Since the past two centuries there is more concern about environmental problems. As Utting (2005) and Jenkins (2005) claim that during the nineteenth and twentieth century, social and environmental problems advanced into the public domain. Media and NGO personnel specifically exposed the social and environmental impact of many large MNCs like Shell, Nestle, Nike and Reebok (Jenkins, 2005). Moreover, Smith (1990) suggests that an NGO's adverse publicity of a firm may end in the boycott of a specific product and draw the consideration of legislators towards a particular area of concern. Donaldson (1982) also has similar views that MNCs are accountable for the social and environmental impact of their subsidiaries. Momin (2006) described the organizational influence on the external environment. According to him their economic activities have effects upon the external environment which establishes the physical environment and social groups. MNCs have control upon the social and economic life of a country according to their investment in that particular country. The expansion of the subsidiaries increases

accordingly with the increase in investment, hence their impact upon the economy and society increase. According to Gray et al. (1996) MNCs should justify their presence and decisions to society and should take responsibility for their social and environmental impacts.

There is the potential to balance unevenness of energy between organization and environment (Gray, 1992). Furthermore, Belal (2000) illustrated that 90 percent of the sample companies revealed environmental information concerning to energy use being the most popular. Momin (2006) stated that duty to the environment in terms of decreasing pollution is observed as a means to preserve a positive image and having a positive impact on employee health.; explored that environment is effected by corporations like rise in pollution, and finally effect on share price (Lorraine, Colloson, & Power, 2001; Shane & Spicer, 1983).Chan and Milne (1999) claim that variance on this theme is practically looked over and forecast the reaction to positive and negative scale.

Views of some executives of different companies regarding environmental pollution and their counter mechanisms are as follows: Pollution-free society is the main concern for our survival in the future. Management constantly stresses the need to dispose of emissions after proper treatment to secure the nature. Companies obey the pollution standards set by the government. The aim is to safeguard our people and our natural environment in order to help sustain human development and to perform within the legal framework. If an organization increases its profit at the cost of environmental pollution, it is not right. An organization must meet all the environmental standards (Patten, 1992). Porter& Linde (1995) said that this innovative pattern in environmental implications has carried an improvement in the environment and also created the competitiveness closer together. Likewise, Reinhardt& Carmen (1999) and Cohan & Gess (1995) said that in order to reach the competitive advantages, organizations have to strengthen their environmental

opportunities factors. Organizations should concentrate on innovation by means to progress in industrial activities for survival, with monitoring the environment, by generating systematic policies, programs and assessments (Shrivastava and Hart, 1995). Now-a-days companies are exposed to technological changes and create the change from traditional paradigm of management to the new paradigm of globalization competitiveness (Shrivastava& Hart, 1995).

Currently, world is facing numerous difficult ecological and social issues that need to be fixed but the governmental institutions, located at both the national and international levels, are facing severe and structural complications in addressing these issues (Yeager, 1991; Weale, 1992; Weale, 1992; Dubbink, 2003; Dubbink, 2003; Scherer, Palazzo, & Bauman, 2006). In fact, corporations should take measures at their individual level to reduce their environmental footprints as a part of their social responsibility.

If one doesn't do the environmental part accurate he will be directed as an offensive industry and will lose repute globally and that is not what a global industry wants. Many organizations take care of the environment by accepting and applying company's health, safety and environmental standards which are stricter than native standards set by the government agencies. One should adopt pollution free technology, like waste treatment machinery in specific to treat industrial waste disposed in water to decrease water pollution. An organization must meet all the environmental standards (Momin, 2006).

The culture analysis of region is an essential element to create a sustainable stand between the social services necessities and deliverance of requirements (Rice, 2007). The pro-activeness is better than re-activeness in the environmental protection and organizations has a vital role to initiate the pro-activeness approach among the society in the umbrella of most influential social responsible agent, with that initiative by self-hand and driving approach for others: a home-made

approach (Forsyth, 1997). A large scope exists in the context of CSR as a community activist, i.e. social support programs, supportive role in municipal activities, participation in the support of social hazards management and rehabilitation, institutional sustainability programs, skills advancement programs and community involvement in awareness and development context (Panapanaan et al., 2003).

The policies about employees of an organization should be well informed to the employees. However it can only be possible when organization is determined to initiate effective awareness programs. Polivec (2007) discussed five key components in its whitepaper that are helpful in implementing awareness. Moreover these components address the implementation challenges and provide the basis for sound communication of Employee Policies to the employees.

Many organizations take care of the environment by accepting and applying company's health and safety (Momin, 2006). The internal employee environment is designed on the principles of internal stakeholders' satisfaction i.e. managers, employees and menial staff and link analysis i.e. movement and communication. It increases internal environmental efficiencies. The work should be designed to prevent the harm of employee in the work environment where the manual employee fatigue is involved (Kogi & Kawakami, 1997). They also emphasis on organo-socio health while discussing employee and social health risks minimization and avoidance, and the social health risk avoidance is in way to install the machineries through analysis of work load capacity of local people.

Customers are major stakeholders of the firms when it comes to the business activities in a society. The impact of CSR practices on customers could be crucial for organization. That is why firms are so focus on health & safety policies. Clarkson (1995) identifies the health and safety as

essential criteria when stakeholders analyze and evaluate Corporate CSR practices. Those firms who values health and safety of the customers were on the top of list.

The European Agency for Safety and Health at Work also stressed that safety and health at work is one of the fundamental elements of the CSR concept (Russo & Tencati, 2009).

CSR reporting (CSRep) is the reporting of the impacts upon the society by corporation's operations. Gray et al. (1996, p. 3) gave a standard definition of CSRep as it is the process of sharing the social and environmental impacts of corporation's economic actions to specific interest groups within society and to society at large. Global organizations have started showing concern about the social reporting. Line, Hawley, and Krut, (2002) give a survey result conducted by Corporate Social Reporting Network Limited on the condition of current social and environmental reporting. They originate that 50% of top global companies selected from Fortune magazine's Global 500 are producing social and environmental reporting which is 44% more than the preceding year. According to the study of Momin (2006), the interviewees propose that Corporate Social Reporting practices could enrich the reputation and image of the organization they work for and then construct an identity and express that to external communities who they consider important for continuing their operation. O'Dwyer (1999) stated that CSRep has the potential to bring authority back to the community and hence could address the apparent imbalance of authority relations between society and business. Momin (2006) suggests that global corporations are responsible to disclose, to host country's society, their impact on natural environment and society through their subsidiaries' operations. Patten (1992) monitored the change of the Exxon Valdez oil leak on the annual report disclosures of the firms. After this he detected that there is a major rise in the disclosures. After the environment tragedy there is also an effect on the share price.

Every organization is accountable for its actions in a society in which it operates i.e. what is its value to the society. This is ensured when the organization is socially responsible and there are standard rules and regulations. A standard system of reporting and monitoring of investments in environment or social development is tool to maintain a sustainable CSR return in form of stakeholders' satisfaction (a social responsible citizen) as well as shareholders' satisfaction (an economic return activity). Valor (2007) explores that, the stakeholders' approach and shareholder's approach toward corporate social responsibility and social investments is different. Stakeholders' activism addresses the corporate to be socially responsible but on other hand the shareholders' activism addresses the corporate are losing their assets without any reasonable economic return to corporate. So it concludes that, it requires procedural standards to evaluate the social development as well as code of business standards to develop a strong interaction with stakeholders and shareholders.

The standardization of social reporting and social accountability by MNCs is very difficult in a less developed country like Pakistan where no proper CSR index exists as yet. Social accountability can be expressed in many ways under various terms. Gray (2000) proposed that social accounting can appear under multiple headings like social responsibility accounting, social audit, corporate social reporting, and employee reporting and environmental accounting and reporting. Of even more pressing concern is how social and environmental accountability is honored or neglected, by large MNCs and their subsidiaries in a LDC (lesser developed country) (Donaldson & Preston, 1995; Donaldson & Dunfee, 1994). MNCs in a less developed country are not easily manageable. According to Momin (2006) a company transferring its production process to a LDC becomes less manageable, even by its home country regulation. Developing countries like Pakistan require a standard social accounting and reporting system that would manage the

social and environmental impacts. As Gray et al. (1996) stated that social accountability only arises for the socially responsible organization, or else there is no social accountability to discharge. They also indicated that to discharge social accountability is a part of social and environmental revelation. Momin (2006) observed that may be a different type of accounting is required to deal with greater social and environmental concerns in Bangladesh that is a developing country and for that social accounting could be a suitable approach. According to him social accounting offers the useful apparatus through which he can handle the social, environmental and economic value of corporations in Bangladesh. He considers that one of the basic elements of social accountability is the reporting of social and environmental concerns and the demands and discharge of accountability. Elkington (1999) described that social accounting is directly concerned with expressing the social and environmental influences of firms. Therefore, business has three goals that are economic, environmental and social.

CSRep raise the reputation of a corporation and build a positive image in the society and so motivate the employees of the corporation. Momin (2006) explained CSRep (Corporate Social Reporting) in a way that CSRep is a response to increasing social awareness and global concern. Moreover, he said that at a time when providing CSRep information is becoming a significant issue in the West, and accountability of large and multinational companies is also becoming a pressing concern, principally about their operation in LDCs then it is of supreme importance to him to examine issues surrounding CSR of MNCs in his home country i.e. Bangladesh. Another major issue raised by him is that subsidiaries of MNCs in a LDC like Pakistan as parent companies cover many issues in their environmental revelations which include environmental policy, environmental audit, waste, sustainability, energy and environmental other data while their subsidiaries' environmental revelation in Bangladesh covers only 'energy data' and very general

'environmental other information'. According to Lamming and Hampson (1996) companies are starting to use the environment criteria as a part of choosing a product or a supplier and they also review the procedures of the vendor measurement by using the environment criteria. In such an environment, organizations claiming to be socially responsible should develop systems and procedures to ensure clear and accurate disclosure of their environmental information.

The above review of the literature identifies the factors that are considered to be decisive in determining the CLS constructs and their constituents under the dimension of Environment Sustainability. These variables can be utilized to assess the CSR compatibility of corporate and rank them accordingly. These have been represented in table 2.2 as below:

Table 2.2. Constituents of Environment Sustainability Dimension of CLS

Dimension	Criteria	Sub-criteria
Environment Sustainability	Eco-Efficiency	<ul style="list-style-type: none"> • Energy Consumption Mechanism • Pollution Prevention Mechanism • Environmental Implications
	Environmental Priorities	<ul style="list-style-type: none"> • Employee Awareness Programs • Local and International Standards Implementation • Special Initiatives
	Health & Safety	<ul style="list-style-type: none"> • Customer Health & Safety • Employee Health and Safety Policies
	Environmental Reporting	<ul style="list-style-type: none"> • Standardization • Clear and Accurate Environmental Information

2.7 Humane Sustainability

In academic debates and business environments hundreds of concepts and definitions have been proposed referring to a more humane, more ethical, more transparent way of doing business. The fundamental point in business performance is making it accountable, ethical, and humane (Epstein, 2000). The corporation should promote humane values under CSR with a wide scope rather than concentrate solely on economic benefits (Han, Lee & Khang, 2008). A very basic idea within the realms of management practice is that corporate capitalism, business organizations and their leaders must operate ethically and humanely rather than deliberately unethical and hardly humane (Epstein, 2000). Sachs (1989) defines *Social sustainability*, as, the setting of a development process bringing about a steady growth with greater equity of income and asset distribution so as to ensure a substantial improvement in the entitlements of the broad masses of population and a reduction of the gap in standards of living between the haves and the have-nots. As a matter of fact, humane societies should evaluate economic systems not by rhetoric or ideology, but by whether or not they increase economic well-being for all individuals and groups, minimize poverty and hardship, increase the sum of human satisfaction, and enhance the quality of life (Fitch, 1976). Therefore, humane actors nurture qualitative improvements in life, culture, society and environmental (Ger, 1997) and hence promote humane sustainability. Additionally, humane sustainability differs from human sustainability. Goodland (2005) defines human sustainability as maintaining human capital. The health, education, skills, knowledge, leadership and access to services constitute human capital. Whereas, humane sustainability seeks that deeply entrenched social and economic interests count as costs that must be weighed against welfare improvements that various social reforms would have and that various technological advances would make possible (Varner, 2010). Humane orientation is the extent to which a collective

encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others whereas societal collectivism is the extent to which individuals express pride, loyalty, and cohesiveness in their organizations or families (Muethel, Hoegl, and Parboteeah, 2011). Therefore, according to Muethel et al. (2011) the humane sustainability of CSR is broader than just social as it comprises of philanthropic (altruistic and generous towards community welfare) as well as considerate (fair, caring, and kind towards employee rights and benefits) aspects. Following literature depicts different constituents of humane sustainability.

Many researchers including Mahwah, Erlbaum, Jackson, & Nelson (2004) and Adam Smith (2005) observe that supporters describe CSR as an opportunity for business to look beyond slight economic returns and consider the broader social concern. NGOs play a vital role in emphasizing the social responsibilities of the corporations and are highly engaged in compelling the organizations to make their social and environmental impacts evident (Momin, 2006).

A firm cannot conduct business in isolation with the community in which it operates. Carroll (1984:5) claims that ideally, if you give to the community it will profit the company as the expectation of CSR in society has increased opposing the social expectations of society with the social performance of MNCs. According to him, between the 1950s and 1980s, the gap between the actual social performance of companies and society's expectations of MNCs' social performance broadened. The society is not the only entity that has increased its CSR expectations from organizations. McKeon (2006) stated that employees also expect their employer to have a rational attitude towards the community. After all CSR is corporate lookout of company or its manager sight on economic, environmental and social practices and their influences on business and society along with its management.

Many companies give significance to the community development. According to them it is more vital to add value to the community and society (Momin, 2006). He also added that if the organization has someone socially cognizant at the top of corporation who is involved in community actions then it will move downward through the company's hierarchy. Whereas, if somebody at the top only thinks of generating money, that too will move right down through the whole company (Momin, 2006). Moreover, organizations having more interaction with general public are more prepared towards corporate giving (Porter, & Kramer, 2002)

Philanthropy is a corporate activity to donate its part of resources for community and social development (Ricks & Williams 2005) which lies within the CSR strategies (Panapanaan et al., 2003) and it reflects corporate values (Genest, 2005). It is also evident that corporate with large philanthropic investments not only have significantly high imagined the market (Brammer& Millington, 2005) but also an improved strategic standing of corporate (Blagov&Petrova-Savchenko, 2012). The corporate philanthropy is a tool of competitive advantage in both perspectives; the social development and economic development. Furthermore, corporate are internationalizing so it is also a tool to develop sustained international reflection (Simon, 1995; Collins, 1993). The strong interaction with internal and external stakeholders and monitory reporting of philanthropic project; its economical-social outcomes are the effective tools which may lead satisfaction of shareholders and social development from the philanthropic initiative (Valor, 2007).

The managers' kindness and honor have a significant impact on philanthropic initiatives and economic performance of corporate (Choi and Wang, 2007) and literature proves that females have been more philanthropic oriented (Williams, 2003). Useem (1988) while exploring the

elements of corporate contributions resolved that large firms contribute more donations irrespective of their profits.

According to Momin (2006) most large companies including foreign subsidiaries still limit themselves to philanthropic activities only like forming foundations and assisting social projects like flood aid programs. The complete sense of duty towards the community will become limited if it is treated as philanthropic activities such as making donations or sponsoring events. Today society expects more from business. Business could be engaged directly with a responsible community care program. It would undoubtedly include primary education, health and hygiene, and disaster relief programs in Bangladesh (Momin, 2006).

NGOs (Non-Government Organizations) are considered as the secondary-stakeholders and a driving force and the prime motivators in the context of CSR (Bodwell et al., 2002; Panapanaan et al., 2003; Knox, Maklan, & French, 2005; Nijhof et al., 2008). NGOs have multi-dimensional roles and influences in the corporate social responsibility performance, i.e. advisor, advocate, stakeholder and fund sponsor (Guay, Doh, & Sinclair, 2004). The NGOs partnership in the CSR initiatives as a chain for social development, through such supply chain the results may be achieved more effectively (Frame, 2005). CSR applicability with NGOs' partnership is valid and forcible. The corporate CSR strategies and the nature of NGO which corporation has to involve indicate the necessity, nature and effectiveness of CSR in corporate-NGO partnership (Nijhof et al., 2008). The NGOs are the world citizen with an independent thought of social development. The corporations go or try to go for partnership with NGOs in three different scenarios (Nijhof et al., 2008):

- First is CSR social to corporation; when the business product(s) of the corporation are social responsible ambiguous, the corporate tries to develop a partnership relation with NGOs.

- Second is CSR Corporation to social in which corporation aims to publicize its CSR practices so it chooses to partnership with NGOs as these are independent and socially mobilized.
- The third is CSR open system in which the corporation identifies the roles of supplier to consumer chain and partners with NGOs to enhance its efficiency. This approach of partnership directs a constructive role of CSR in social development.

According to Utting (2005) and Jenkins (2005), during the nineteenth and twentieth century, social problems advanced into the public domain. Media and NGOs played a significant role in the revelation of social impact of the organizations. NGO personnel specifically exposed the social and environmental impact of many large MNCs like Shell, Nestle, Nike and Reebok (Jenkins, 2005). Moreover, Smith (1990) suggests that an NGO's adverse publicity of a firm may end in the boycott of a specific product and draw the consideration of legislators towards a particular area of concern. Thus making corporate-NGO partnerships important.

The value chains or value hubs are partnerships of actors having same goal of value to achieve. Corporations can ensure the provision of quality health and education, which are prime areas of societal development, by contributing in the value chains and value hubs, which are partnerships of actors having same goal of value to achieve and by developing corporate-NGO partnerships for deliverance of same value for community development (Nijhof, Brujin, & Honders, 2008).

Employee rights have a wide concept in corporation's social responsibility. Eweje (2005) found out that people in developed countries are increasingly conscious of the social performance, ethical issues, occupational health and safety, and relationships between business and community.

As the human capital has become more attentive, they know their fundamental rights; but Scherer, Christophe & Graven (2001) said that still around ten percent of the overall value of the commodities in the world market is manufactured in violation of basic employees' rights. This apparently has helped them become more efficient in recruiting, retaining and engaging talented employees, as people possibly have more positive feelings about a company that is socially responsible. However, today every organization claims that it is working in social responsibility. Employees tend to incline towards firms that understand the social lives of employees and give them the right to enjoy their social lives.

Labor laws adheres great interest with labor association and unions. The most important factor for a firm is to consider the implementation of international and national labor laws. However the implementation of these standards are subjected to major challenges face by the firms. To assess these challenges there is a need to develop framework which not only identifies these challenges but also provide proper solutions to overcome on it (Moran, 2005)

A respect is a basic need that employee demand in a work place. Maslow (1954) identified respect as an esteem need for the motivation of employees in a work place. Respect is a driving force behind any accomplishment of a worker. Lee & Ok (2011) suggested that workplace friendship not only improved communication among employees, but also respect which in turn have direct or indirect impact on their performance in every dimension.

It should be the responsibility of the company to obey the regulatory obligation concerning to an employee first (Momin, 2006). Additionally, Waring & Lewer (2004) discussed that the global rise of socially responsible investment and the involvement of union-based pension funds, may have important outcomes for human resource management practices in publicly registered companies. They also said that institutional investors supposed that low CSR firms are likely to be

riskier investments as they are probably more involved in legal process, industrial action and undergo government levied charges and approvals.

The work-life balance is a great issue for organizations; it is not only in sense of employee performance (however it is also a concept which strengthens employee social-economical needs achievement power) but also in sense to protect the integrity and civilization of human on earth hence it is known as a Socio-Management issue, which directly addresses CSR.

CSR friendly firms incorporate flexible timings policies that allow employees the freedom to play their social roles to the best (Scherer, Christophe & Graven, 2001).

The World Business Council for Sustainable Development (WBCSD, 2000) describes CSR in a different perspective. According to them CSR is regarded as the commitment of business to contribute to sustainable economic development, working with workforces, their families and the local population.

Every employee is associated with his/her family, and the balance of employment and life is a component which the organization views as a part to facilitate the social stability of the organization. That focus of view enables the organization to humanize the organization culture (Wickham & Fishwick, 2008). The significance of work-life balance issue in researches and its repaid emergence trend due to corporatization of societies (McDonald et al., 2007). The work-life conflict arises in two scenarios in employee-organizational context a) When employee does not succeed to differentiate the work line and family line due to organizational culture limitations, b) The organization does not understand the needs of employee for family/social life in constitution of organization culture (Malik & Khalid, 2008).

The social/family life is a part of human integrity and civilization (Lewis, 2008) on the earth and social/family life imbalance harms the human integrity and civilization. On the second end the

work is prime necessity and the organization can make that necessity as a spirit or headache through treatment of employee limitations.

Literature review on development of human capital shows that CSR is attracting more attention. Many skilled workers in various parts of the world and specifically in developed countries, now have to consider many factors before they accept a job offer, and the CSR policy of a company is believed to be one such important factor. It has been proven empirically that most people will like to do business and work for a corporation with good social and environmental policies (Dierkes & Zimmerman, 1994; Murphy, 1995; Phillips, 2003). Organizations for the sake of amplified productivity and comparatively low cost may find it easier to recruit top quality workers (Moskowitz, 1972).

Literature review states that the employer's strong commitment for development in human resource process is a strategic corporate responsibility, as it will have positive impact on organizational performance.

CSR can motivate the employees as well as facilitate innovation and the improvement of new skills. CSR is presented as getting a new facet to work. It encourages and promotes organizational learning and inventive cultures that are accustomed to social environments in which companies operate. It favors the improvement of new skills among managerial workers (Allouche, 2006). The authors support CSR initiatives as a vehicle to involve in activities that non-financial stakeholders observe to be significant, emphasizing as well as the moral and ethical implications of CSR.

Every organization, especially competitive ones, strive to increase the capabilities of their employees in every aspect so as to make them ready for rough and tough environment of a business. Such is done through different plans and initiatives and personal development is one of

them. Personal development is subject to great by researchers that either it is perceived by employees as an training and development tool or as an promotion or salary raise tool (Smith &Tillema, 2001). In this regard, Beusaert et al. (2011) findings suggested that Personal Development Plan's (PDP) are most effective when they are perceived as for learning and development purposes by the employees.

Literature on social responsibility philanthropic view proposes that every firm should insist to provide equal opportunity to every individual, irrespective of her/his gender, cast, color, and religion. Zenisek (1979) stated that a corporation must provide opportunities to minority and under-privileged groups and must actively work to support social justice. Furthermore, both the genders must be given equal prominence, authorization and involvement in all domains of public and private life (Council of Europe, 1998). The teachings of the religion Islam allow both women and men to have equal rights. Beekun and Badawi (2005) claim that normative Islam rejects discrimination on the basis of gender in business as well as in other areas of life. (Repetition of sentence) Unluckily, women are the major victims of gender discrimination; but now corporations have recognized that an important element in the progress of human capital is the role of women.

Performance appraisal is a critical yet sensitive function of the Human Resource Management Process. If performed correctly, it can become a source of motivation and employee loyalty; but a little slipup could backfire and create employee frustration. Buciuniene and Kazlauskaite (2012) find that the HRM has a significant linkage with the CSR strategies. The organizations which have developed human resource management system are more strategized in the CSR polices and through that affect the performance of organization will increase positively. A large scale studies are present in the performance appraisal process systemization in interaction, procedure and distribution fairness and its impact on the employee satisfaction, retention,

attraction, organizational justice is the fairness practices of organizations followed in the treatment of employee and hence the employee perception is developed about the organization behavior toward employee, it has impact on the employee satisfaction i.e employee commitment and retention. The fair methods and tools followed by organization for employee performance measurement leads to employee satisfaction and retention (Dogan, 2008; Erdogan, 2002; Malik & Naeem, 2011; Al-Zu'bi, 2010; Fatt et al., 2010; Ponnu&Chuah, 2010; Elamin & Alomaim, 2011).

Trait-based performance appraisal systems exacerbate these drawbacks because they tend to lead the supervisor into general evaluative statements that threaten the subordinate (Beer, 1982). Grievance procedure is a set of formal steps which allows challenging a decision of lower management to higher management (Vyver, 1965). The grievance and core work characteristic has a correlation and it is the responsibility of the management to take this issue in the context of employee-organization power of interdependency with viewing it in the external context (Bacharach & Bamberger, 2004). Cappelli and Chauvin (1991) argue that grievance is an employee objection on the management procedures or reservation with management procedures, and grievances are the tools to determine a complete image of organization-employee relationship. In spite of various claims of employees on managers' unfair treatment, it is the responsibility of policy makers to establish a due-procedure to address and manage the employee and those polices for due-procedures are the moral interventions and a tool of sound business (McCabe and Rabil, 2002).

This concludes the review of literature for the third and final dimension of CLS i.e. Humane Sustainability. According to the study of previous findings of scholars and researchers, the following factors have been identified to be important in determining corporate CSR policies, under the dimension of Humane Sustainability. These variables can be utilized to assess the CSR

compatibility of corporate and rank them accordingly. These have been represented in table 2.3 as follows:

Table 2.3. Constituents of Humane Sustainability Dimension of CLS

Dimension	Criteria	Sub-criteria
Humane Sustainability	Community Welfare	<ul style="list-style-type: none"> • Community Engagement • Charitable Initiatives • Partnership with NGO
	Employee Rights	<ul style="list-style-type: none"> • Compliance with labor laws • Respect • Employee Benefits
	Work- life Balance	<ul style="list-style-type: none"> • Flexible Timing Policy • Family Friendly Policy
	Human Capital Development	<ul style="list-style-type: none"> • Personal Development • Employee Skills
	Discrimination & Grievance	<ul style="list-style-type: none"> • Performance Appraisal Process • Grievance Policy • Discrimination Policy

CHAPTER 3

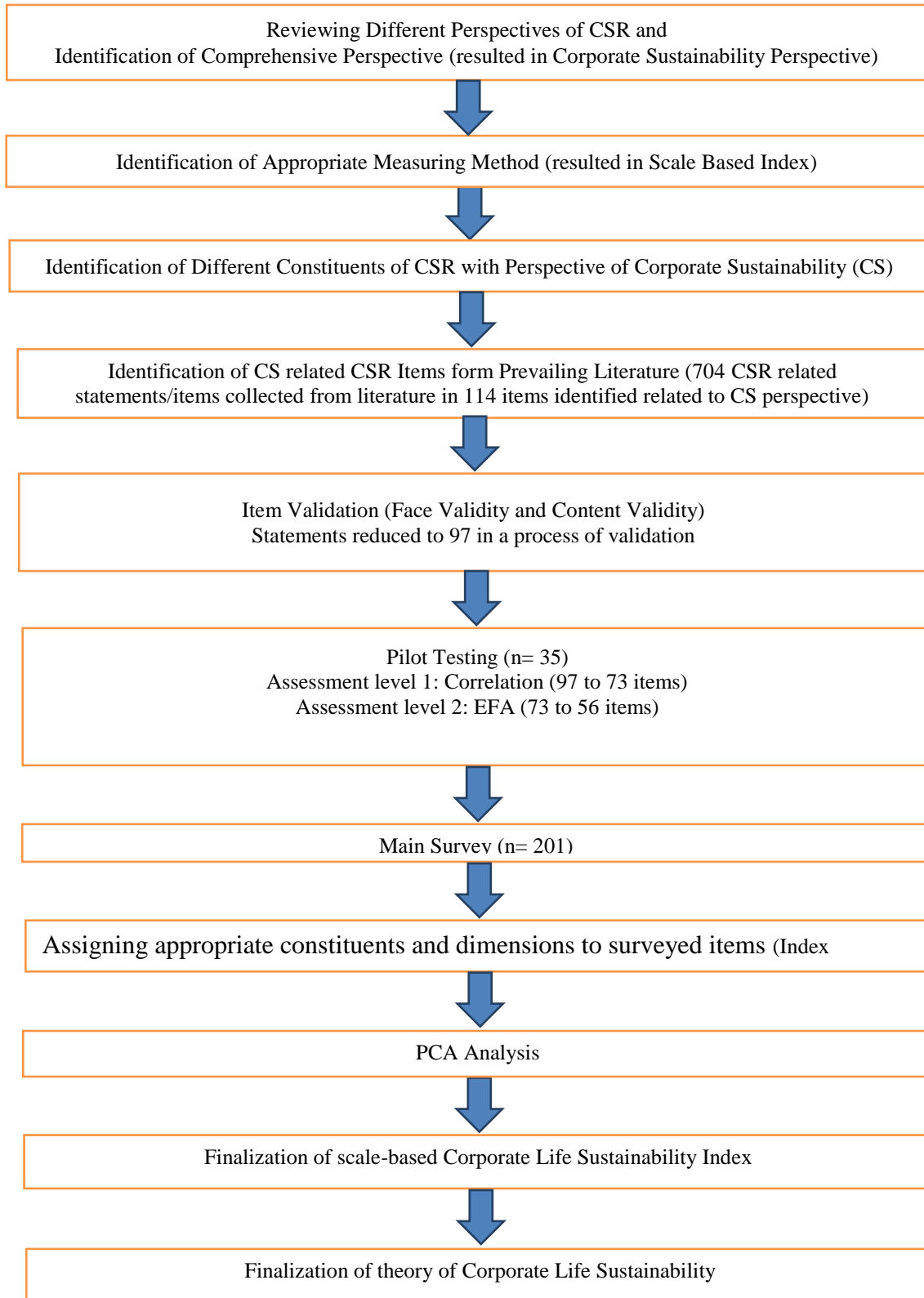
RESEARCH METHODOLOGY

3. Research Methodology

This chapter reports the development and reporting methodology of CLS index. The scale-based index is designed through a standard scale development process (Bagozzi et al., 1991). The first step in the process is the conceptualization of the scale-based index according to the proposed definition of CSR. In this process, CSR with the perspective of corporate sustainability is seen. After defining CSR, different measuring methods are analyzed and the most appropriate measuring method is identified. Then corporate sustainability related CSR items are identified from prevailing literature. The phase of the process related to literature review has become part of the previous chapter i.e. Chapter two. In this chapter, face validity and content validity has been performed followed by pilot testing. Items are extracted and survey is performed using Exploratory Factor Analysis. Findings of EFA then mapped with the constituents on Corporate Sustainability. Reliability test is applied followed by PCA to develop equation of each dimension of CLS. CLS index with industry-wise comparison is developed followed by the theory of corporate life sustainability. Details of analysis along with industrial comparison followed by theory of corporate life sustainability have been discussed in chapter four.

This study revolves around the theory and index of corporate life sustainability and figure 3.1 reflects the theory and scale development process. Different perspectives of CSR have been reviewed and corporate (life) sustainability has been seen as the comprehensive perspective among all. Similarly different methods used to measure CSR in academia as well as in industry have been studied with all of their limitations and conclude that scale based index is an appropriate tool to measure CSR. Consequently, different constituents as well as items of corporate life sustainability have been identified from the literature and mention in literature review (see Chapter 2: Literature Review).

Figure 3.1. Corporate Life Sustainability Index & Theory Development Process



3.1 Identification of CLS Related CSR Items from Literature

Many researchers have developed scales and used literature review as starting point followed by argument selection, item identification, statement formulation and group segregation in the development of such a scale (Lombaerts et al., 2009). This study adopts the same method to strengthen its theoretical base and for reasons of survey ability. In the review process, constituents of corporate life sustainability along with 704 CSR related items/statements are identified. These items are extracted mainly from CSR existing scales, scales related to constituents of CSR, instruments used by practitioners to measure/assess CSR, items/indicators used to measure CSR through methods other than scales and statements mentioned by the authors to discuss any perspective/constituent of CSR (Carroll, 1979; Aupperle, 1984; Hunt et al, 1990; Wood and Jones, 1995; Singapakdi et al, 1996; Maignan et al, 1999; Maignan and Ferrell, 2000; Quazi and O'Brien, 2000; Pappasolomou et al., 2005; Baughn et al., 2007; Shafer & Simmons, 2008; Qu, 2009; Galbreath, 2010; Taiyan & Pratima, 2012; etcetera). In the next step, statements and items corresponding to CLS perspective are extracted. All items and statements reflecting other theories and perspectives of CSR are discarded. All duplications due to presence of items in multiple scales and representing almost same context with similar phrases are removed. Consequently only 114 statements are extracted from the set of 704 items/statements as representative of corporate life sustainability.

3.2 Item Validation (Validity)

The selected items/ statements describing CSR from the perspective of corporate sustainability are reviewed by an expert panel of ten practicing CSR professionals to determine the *face validity* of the items. They are asked to review the duplication, clearness and

unambiguousness of all formulated statements/items but before that they are properly briefed by the researcher about the concept of Corporate Life Sustainability. The statements are also reviewed by ten research scholars in the field of business education to establish *content validity* (Lombaerts et al., 2009). Both CSR professionals and research scholars agreed that the set of statements is complete in covering arguments related to CSR from the corporate sustainability perspective although slight filtration is required in the Scale. That is why 17 items and statement are omitted as whole in this process. No new arguments are added. Based on comments raised by professionals and research scholars some items are revised slightly concerning clarity and phrasing. Therefore, 97 items related to the constituents of CSR are integrated into the scale development process of the current study.

3.3 Pilot Testing

Pilot testing has been performed with the purpose of initial assessment of items identified in prior steps. These selected items are surveyed from a sample of 35 respondents; seven respondents from each of the five selected industries of Pakistan (Detail is given in Main survey). Data collected from a pilot survey is examined on two levels. In level one of Assessment, correlation of items is analyze in which such items with very high correlation .i.e. $p > 0.90$ are discarded. It turns into reduction of 97 items to 73 items. In level two, Exploratory Factor Analysis (EFA) is applied to the items. EFA test produced factors or components with their alike variables. Items which loaded on multiple factors are discarded. Also, such factors which include less than 3 items are also eliminated. This step turns the items to reduce to 56items. Form these two levels of assessment the number of items are reduced from 97 to 56.

3.4 Main Survey

3.4.1 Target population.

The target industries selected for the study are Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals. The reason for selecting these industries is judgmental. Corporate social responsibility is directly proportional to the socio-economic environmental impact of industries and that of organizations within them. Telecom and Media industries are selected primarily because of their critical social impacts on society, Banking industry is selected majorly because of its economic impact on society and Petroleum as well as Fertilizers & Chemicals industries are selected because of their environmental impacts on society. For the last decade these industries are among fastest growing industries in Pakistan and more than above consistently reporting on CSR practices and initiatives.

3.4.2 Unit of analysis.

Unit of analysis is individuals from middle and top-level management. Based on the above mentioned criteria respondents considered are but not limited to below mentioned designations or similar designations. Directors, Executives and Managers from top management including Heads of corporate Affairs, Communication Managers, Team members of Corporate Affairs Division, Heads of Resource Mobilization, Directors Marketing Operations and CSR, External Relations Managers, Country Marketing Managers, CSR executives, Director Human Resource and General Managers of corporation are the respondents from different corporations for research study.

This study considers management perception to measure CSR because these employees are more aware of an organization's practices, preview their communication and live its applications (Story & Neves, 2015). Workforce are also embedded in the organization's network (Rowley 1997) and are better able to assess corporate initiatives in the context of the organization's history,

culture (McShane & Cunningham 2012), values, and beliefs (Story & Neves, 2015). Furthermore, Factor *et al.* (2013) made the case that employees place different importance on CSR given their role in the organization. Indeed, managers may be more concerned and aware about CSR than non-managers. That is why this study focuses only on top and middle management for responses. Additionally, Glavas & Godwin (2013) argue that the perception of a company's socially responsible behavior may be more important than the actual behavior itself.

3.4.3 Sampling design.

Non-probability judgmental sampling technique is used to survey. Top and middle management of companies in five industries (Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals) has been considered for the gathering of empirical data. . The reason for selecting these target industries is that they are the fastest growing industries in Pakistan. The top and middle management in these companies is scrutinized on the basis of company's characteristics as well as individual's characteristics. Company's characteristics include companies' contribution regarding CSR practices, on employee's understanding to the phenomenon, growth and corporate life of the organization. In this respect, only those companies are selected that have more than five years of experience with not less than hundred employees, and showing consistent profits with some visibility on CSR practices and initiatives. Whereas individual's characteristics include individual's job description (JD), relevance to the context of CSR and role in CSR related policy making and decision making initiatives.

3.4.4 Reliability.

This study applies reliability test. The decisions of internal consistencies of each scale are taken based on average inter-item correlations, number of dimensions, and the number of items

(Cortina, 1993). The reliability of a study implies that the operation of the study can be repeated with the same results. George and Mallery (2003) provide the following rules of thumb: “ $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor, and $\alpha < .5$ – Unacceptable” (p. 231). Nunnally (1978) and Kline (2000) consider value of 0.7 or higher as adequate. Whereas Kline (2000) and Lance et al. (2006) consider Cronbach's alpha acceptable when ranging around $0.6 \leq \alpha < 0.7$. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale (Gliem & Gliem, 2003). Cronbach's alpha has been applied to the items of finalized scale of Corporate Sustainability.

3.4.5 Sample size.

During the survey 300 individuals from 90 companies have been approached; 18 companies from each industry. In total, 201 individuals from 69 companies have responded properly and their responses are considered for data analysis. Total survey response rate is 67 percent whereas only 76.66 percent companies allow gathering response with highest in banking and lowest in media industry as shown in Table 3.1. At maximum, five respondents from each company are asked to fill company questionnaire based on their job description and availability for survey.

Table 3.1. Industry-wise Respondents and Companies Response

Sr#	Industry	Respondents	Companies
1	Petroleum	14%	17.0%
2	Telecom	20%	23.5%
3	Banking	32%	26.5%
4	Media	17%	13.0%
5	Fertilizers & Chemicals	17%	20.0%
	Total	100%	100%

3.4.6 Demographics

The respondents in this study are 201 business professionals serving at the top and middle level in different national and multi-national organizations in Pakistan. In terms of gender, 87% of them are male, 13% of them are female. The age range of the respondents is 20 and above years with a mean of 38.23 years. Age wise, 59.5% are aged 20-35 years, 28.50% were 36-50 years, 12% are 50 and above, and out of these 12%, 3% are above 60 years. Majority of the respondents (70.5%) lies in age group 32-42 years. Among all respondents, 16% have a bachelor degree, 73% have a master degree, and 11% had a MS/MPhil degree (equivalent to 18 years of education). 26 out of 33 respondents (i.e. 16% bachelors) have four years honor program. As criteria for judgmental sampling for this study is i) respondents should have at least five years of experience, ii) should directly be involved in CSR activities. Therefore, mainly respondents are directors, executives and managers from top and middle management including heads of corporate affairs, communication managers, team members of corporate affairs division, heads of resource mobilization, directors marketing operations and CSR, external relations managers, country marketing managers, CSR executives, director human resource and general managers of companies. Moreover, according to the seniority of the respondents, 62 of them (31%) have less than five years of experience. 72 of them (36%) have more than five but less than ten years of experience and rest have more than ten years of experience in current organization. Descriptive question is asked to tell total years of experience in current organization. Responses are then categorized into three segments for better representation. Most of the respondents (69%) are working in the service sector. The fertilizers and chemicals and petroleum sectors represented 17% and 14%, respectively. Additionally, while 130 respondents (65%) are working in domestic companies, only 71 (35%) are working in multinational companies. In order to analyze the size of

the organizations, a classification based on the number of the employees in the organizations is used in the study. Almost all (198) are working in large scale organizations. Moreover, the respondents' organizations are geographically dispersed in Pakistan. Details are given in Table 3.2 as below.

Table 3.2. Demographics of the Sampled Respondents

DEMOGRAPHICS				
Sample Size = 201--100%				
1. Gender	Male	87%	Female	13%
2. Age	Under 20	0%	20-35	59.5%
	36-50	28.5%	51 & Above	12%
3. Qualification	Bachelors	16%	Masters	73%
	MS/M.Phil.	11%	PhD	0%
4. Work Experience in Current Organization	Less Than 5 Years	31%	6-10 Years	36%
	10 or Above	33%		
5. Industry	Petroleum	14%	Telecom	20%
	Banking	32%	Media	17%
	Fertilizers & Chemicals	17%		
6. Type	Domestic	65%	MNCs	35%

3.4.7 Ethical concerns

CSR is sensitive subject for many companies, as a bad public discussion can severely harm the company. It is therefore considered important that all shared information would be strictly confidential and not traceable to the responding company. The respondents are also notified on the fact that their participation is voluntary and anonymous. When conducting interviews, it is

considered important that it is crucial to give respondents maximum time when responding to the questions. This may further decrease the already small risk of sharing something that might damage the company and cause trouble for the respondent.

3.5 Data Analysis

Different statistical techniques including Correlation, Exploratory Factor Analysis, Reliability and Principal Component Analysis are applied to collected data from main survey. The findings of these results are discussed separately. The results of factor analysis shows the correlation, Kaiser and Bartlett's and factor loadings of corresponding items prevailing in the test. Similarly, Kaiser value for sampling adequacy is also above 0.50 which is considered as cutoff value for this test. Hence the sample size is adequate for factor analysis. Bartlett's Test of Sphericity also indicates the nullification of identity matrix among underlying factors. In factor loading, total 14 factors are identified from Orthogonal Varimax Rotation. Only three items are discarded from data set due to their double barrel values. The purpose of applying PCA is to assign weightages to each extracted factors from EFA. Eigenvalues are used to assign weightages to factors. In research, Eigenvalues are known as the length of the each Eigenvector which formed the ellipse of the scatter plots in normal distribution.

In previous sections validity of scales is performed by the panel of experts. However validity alone cannot provide complete information about the items in the research. To pursue that, reliability test is equally important for the research. In this regard reliability test of Cronbach's alpha has been applied to the items of finalized scale of Corporate Sustainability. The inter-item correlation Business Sustainability, Environment Sustainability and Humane Sustainability dimension is 0.171, and the scale includes 53 items in these three main dimensions and 14 constructs. The suggested alpha for similar conditions described by Cortina (1993) is 0.64. The

Cronbach's alpha of the CLS scale (0.912) is much higher than this suggested alpha value. Moreover, the Cronbach's alpha of the CLS scale (i.e. 91.20%) is considered as excellent (George and Mallery, 2003) and is even more than that of the CSR scale (0.9013) developed by Turker (2009). This explains that reliability test on CLS scale is successful.

3.6 Development of Scale Based CLS Index

In this phase 14 extracted factors from factor analysis are again analyzed from the panel of ten different researchers of Management Sciences. Each factor is carefully assessed corresponding to the items and consequently names are given to the dimensions, their constructs (factors) and indicators (constituents) corresponding to these items as given in table 3.2, table 3.3 and table 3.4. Three distinct dimensions of corporate sustainability identified by panel of researchers are Business Sustainability, Environmental Sustainability and Humane Sustainability. Each of these three dimensions consists of distinct constructs. Each construct within these dimensions constitutes different indicators (constituents). Mapping of constituents with constructs and that of constructs with dimensions is based on items extracted through EFA of main survey. Components of CLS index have been carefully mapped by the panel index based on detailed and in-depth review of literature. References of finalized items have also been retraced from the initial pool of items and their context has been reviewed by the researchers during the process of finalization of index. Additionally, these dimensions, constructs and constituents has been redefined by the panel after under the personal construction theory which says that the world is 'perceived' by a person in terms of whatever 'meaning' that person applies to it and the person has the freedom to choose a different 'meaning' of whatever he or she wants. Inspiration for defining these constructs is self-conceptualization of 'corporate life sustainability' in the light of existing literature.

3.6.1 Business sustainability.

The three main dimensions of CLS index include Business Sustainability (BUSSUS). It includes marketing practices (MP), business code of conduct (BCC), corruption and bribery (CB), sustainable business performance (SBP) and corporate governance (CG) as main constructs.

Table 3.3. Constituents of Business Sustainability with corresponding items & sources

	Constructs	Indicators	Items	Source
Business Sustainability	Marketing Practices	Customer Satisfaction	We use customer satisfaction as an indicator.	Turker (2009)
		Products Quality	Our company has a process to ensure...	Maigan&Ferrel (2001)
			We continually improve the quality of our p... CSR implementation is aligned with our...	Maigan&Ferrel (2001) Arevalo&Aravind (2011)
	Business Code of Conduct	Ethical Values	Our company has a formal code of conduct Responsibilities, accountabilities and report... Our company has a policy to ensure...	Maigan&Ferrel (2011)
		Reporting Mechanism		SAM(2008)
		Compliance System		European Commission (n.d)
	Corruption & Bribery	Legal Regulations Anti- Corruption Mechanism Anti- Bribery Mechanism	Our company publicly report on breaches...	SAM(2008)
			Our company publicly report on breaches...	SAM(2008)
			The company policy underpins company's ... Mechanism are in p...anti-corruption..Anti-bribery..	Ray, K. (2005) SAM(2008)
	Sustainable Business Performance	Sustainable Products Employee Productivity	Our Company complies with legal regulations completely and promptly	Turker (2009)
We closely monitor employee's product...			Turker (2009)	
Understanding CSR establishes the links... Our Company focus on sustainability of its.			Ray, K. (2005) European Commission (n.d)	
Corporate Governance	Corporate Transparency Board's Effectiveness	Top Management establishes long- term..	Turker (2009)	
		Our Company assures the effectiveness of... Our Company has adopted entrenchment... There are systems in place to facilitate the..	SAM(2008) SAM(2008) (SAM,2008)	

Equation of Business Sustainability is as follows

$$\text{Business Sustainability} = f(\text{MP, BCC, CB, SBP, CG}) \dots \text{eq. 3.1}$$

Whereas marketing practices includes customer satisfaction and product quality. Business code of conduct covers ethical values, reporting mechanism, and compliance system of the organization. Corruption and Bribery covers legal regulations, anti- corruption mechanism and anti-bribery mechanism. Sustainable Business Performance covers sustainable products and employee productivity. And Corporate Governance includes corporate transparency and board effectiveness.

Following are the definitions of constructs and indicators of business sustainability based on personal construction theory.

- ***Business Sustainability*** – is the ability of the corporate to create long-term shareholder value by embracing the opportunities and managing the risks through the combination of human, technology, finance and nature. This effect is done by the management practitioners who are influenced from the culture; to earn the effectiveness and efficiency of outcome.
 - ***Marketing Practices*** -deals with the pricing, distributing, promotion and selling of the Products and Services. Its Indicators include customer satisfaction and product quality.
 - ***Customer Satisfaction*** - is related to the expectations of a customers that how products and services provided by the firm can come up to those expectations
 - ***Product Quality***- is one of the attributes of a product which define as features and characteristics of saleable good which determine its desirability and which can be controlled by manufacturer.
 - ***Business Codes of Conduct*** - is the approachable balanced relationship of business and its stakeholders with the social norms, values and laws as well as natural laws.
 - ***Ethical Values*** - is a set of established principles governing virtuous behavior. It could be vary from company to company.
 - ***Reporting Mechanism***–is the design of methods, tools and strategies of positive or acceptable intention to concept and text the plan or action in the way to protect and promote the business growth and social development in a uniform and sustainable development.

- *Compliance System* – is the process of execution of strategy, tool or method to attain the sustainable growth of business, in such the intention and action of execution is accountable, lawful and morally justified.
- *Corruption and Bribery* – is the activity or process to obtain a value or abstain a value in such way or for such a way to harm or reject or over look of the organization value, social custom, law and global laws or customer valuation. Whereas bribery is the activity of taking or giving of value in term to do something or abstain to do something which is; against the functional customs and laws of management or prohibited in cultural and social customs or global unhealthful or customer devaluation.
- *Legal Regulation* –is a rule of order having the force of law, prescribed by a superior or competent authority, relating to the actions of those under the authority's control.
- *Anti-Corruption Mechanism* - is the plans, procedures, actions and sanctions which resist and control the activity or process of obtaining a value or abstaining a value in such a way or for such a way which harm or reject or overlook the organization or social value or national or international laws or customer valuation.
- *Anti-Bribery Mechanism* – is the plans, procedures, actions and sanctions which resist and control the activity of transfer of value to do something or abstain from doing something which is; against the functional customs and laws of management or prohibited in cultural and social customs or globally unhealthful or leads to customer devaluation.
- *Sustainable Business Performance* – is the conception, action and textual intention of plan and action to perform business activities for the sustainable development of organization.

- *Sustainable Products*- are the products, services and ideas having the element of getting more and more competitive advantage for businesses through environment friendly and human friendly features.
- *Employee Productivity*- is an assessment of the efficiency of services provided to some organization by employed workers.
- *Corporate Governance* - is a process which influences the individuals, stakeholders, shareholders and competition.
- *Corporate Transparency* – is the disclosure and declaration of sustainable intention of corporate toward profitability through vision-follow, balance approach toward relationship of shareholders and stakeholders, management empowerment, social responsible obligation an an aim of expansion or internalization for global growth.
- *Board Effectiveness*– is termed as such team of Board of Directors (BOD's) which are not country club but they are fully functional in governance matters and have continuous commitment in improving ties between shareholders and a management.

3.6.2 Environment sustainability.

Environment Sustainability is among the dimensions of CLS index in Pakistan. Main constructs of Environment Sustainability include Eco-efficiency (EE), Environmental Priorities (EP), Health & Safety (H&S) and Environmental Reporting (ER).

Equation of Environment Sustainability is as follows

$$\text{Environment Sustainability} = f(\text{EE}, \text{EP}, \text{HS}, \text{ER}) \quad \dots \text{eq. 3.2}$$

Whereas Eco-efficiency (EE) includes energy consumption mechanism, pollution prevention mechanism, and environmental implications. Environmental priorities (EP) include local and international standards' implementation, special initiatives and Employee awareness programs.

Health & safety (HS) covers the scope of customer health & safety, employee health & safety policies. And environmental reporting (ER) covers standardization and clear and accurate environment information. Following are the definitions of constructs and indicators of environment sustainability mentioned in table 3.4 based on personal construction theory.

Table 3.4. Constituents of Environment Sustainability with Corresponding Items & Sources

Constructs	Indicators	Items	Source	
Environment Sustainability	Eco-Efficiency	Our Company has adopted precautionary app.. Meiseberg & Ehrmaan (2012)	UNDP/STCIC (2007)	
		Energy Consumption Mechanism	Our company has tried to reduce its enviro..	European Commission (n.d)
		Pollution Prevention Mechanism	Our company considers potential environme...	European Commission (n.d)
		Environmental Implication	Our Company implements special programs..	Turker (2009)
	Environmental Priorities	Local and international standards implementation	Our Company has undertaken different active..	Ray, K. (2005)
		Special Initiatives	Our Company participates in activities which..	Turker (2009)
		Employee Awareness Programs	Environmental activities implemented by our..	UNDP/STCIC (2007)
	Health & Safety		Our company undertakes initiatives to promote...	UNDP/STCIC (2007)
			Our company has proper health & Safety poli...	UNDP/STCIC (2007)
		Customer Health & Safety Employee health & Safety Policies	Our Company has suitable arrangement for ...	European Commission (n.d)
		Our Company often conducts assessment of ...	UNDP/STCIC (2007)	
Environmental Reporting		Our Company provides clear and accurate...	European Commission (n.d)	
	Standardization Clear and Accurate Environmental Reporting	There are quarterly and annual reports on e..	UNDP/STCIC (2007)	
		Our company reports locally and international established standards....	European Commission (n.d)	

- **Environment Sustainability** – is the state in which the business gets the input of social needs and gives the output of social satisfaction in the sustained management function, and the place

in which business regulates its plans and actions to utilize, protect and promote the nature physically and abstractly.

- ***Eco-Efficiency*** – is the plans and actions of management function which interact and utilize the nature in sustainable uniform methods to facilitate the nature without physical harm.
- ***Energy Consumption Mechanism*** – is the design, process, and procedures to attain utilize and dispose of energy to facilitate the sustainable business function.
- ***Pollution Prevention Mechanism*** – is the plans and actions to utilize the air, land and water in adequate manners to prevent the harm in the assets of planet.
- ***Environmental Implications*** - are the action or state of being involved in the surroundings or conditions in which a person lives and a business operates in natural globe.
- ***Environmental Priorities*** – is the intention and intuition of business function to secure the profit for environmental facilitation rather the use in loose course of environmental possibilities to secure profit.
- ***Employee Awareness Program*** –is the orientation to human resource about the discharge material of industrial function which harms or may harm the air, water and land and the ways of treatment which leads to decreased degree of harm or in useful form.
- ***Local and International Standards Implementation***–is the implementation of standardization of business methods, tools and strategies or action oriented plans through adequate information, alliance and compatibility of national and international benchmarks to sustain the competition or to achieve the competitive advantage.

- *Special Initiatives* –are the initiatives of such activities which provide public safety regarding health like installation of water filtration plants.
- *Health & Safety*–is actually the design of place and state of work to secure the task performance which enables the employee to perform task safe and sound.
- *Employee Environment (Ergonomics Principles)*–is all about ergonomics in the employee environment is a design of system which may facilitate the employee performance and satisfaction positively. In the broader sense the system, tool and method design to increase the stakeholders’ satisfaction from the environment and product of organization.
- *Customer Health & Safety* – is the system and procedure of task function which facilitates and ensures the security of the employee physical and psychological health.
- *Employee Health & Safety Policies*–is the system and procedure of task function which facilitates and ensures the security of the employee physical and psychological health.
- *Environmental Reporting* - The disclosure of Environmental Practices information from such organizations which economic actions are questionable in relation to environment.
- *Standardization*- The environmental reporting which has been developed on the basis of some rules, codes or standards.
- *Clear and Accurate Environmental Information*- the environmental information which is accountable, credible and enforceable for sustainment of environment.

3.6.3 Humane sustainability.

The third dimension of CLS index is Humane Sustainability. Its constructs include Community Welfare (CW), Employee Rights (HR), Human Capital Development (HCD), Work-Life Balance (WLB) and Discrimination & Grievance (DG).

Table 3.5. Constituents of Humane Sustainability with Corresponding Items & Sources

Constructs	Indicators	Items	Source
Humane Sustainability	Community Welfare	Our company gives adequate contributions to ch...	Maignan&Ferrel (2001), European Commission (n.d)
		Our Company contributes to campaign and proje..	Turker (2009)
		Our Company encourages its employees to join...	Maignan&Ferrel (2001)
		Our Company encourages its employees to parti..	Turker (2009)
		Our Companies supports NGO's working in loca..	Turker (2009)
	Employee Rights	Our Company respect employee rights beyond....	Turker (2009)
		Employee Relation are highly important for our...	Turker (2009)
		The Company has effective monitoring system...	UNDP/STCIC (2007)
		Flexible company policies enable employees to...	Maignan&Ferrell (2001), European Commission (n.d)
		Our company implements flexible policies to...	Turker (2009), European Commission (n.d)
	Work- Life Balance	The company performs work-life balance.....	Fyre&Breagh (2004)
		The organization has a formal and effective fam...	European Commission (n.d)
Our Company supports employees who acquire..		Maignan& Ferrell (2001)	
Our Company policies encourage employees to...		Turker (2009), European Commission (n.d)	
Our company offers apprenticeship/internship opportunities...		European Commission (n.d)	
Human Capital Development	Internal policies of our company prevent Discrimination....	Maignan& Ferrell (2001)	
	The managerial decisions made at our com...	Turker (2009)	
Discrimination & Grievance	Fairness towards co- workers and Business partners...	Maignan& Ferrell (2001)	
	There is a process to ensure that adequate step..	European Commission (n.d)	
	Our Company has formal representation and...	UNDP/STCIC (2007)	
	Personal Development		
	Employee Skill		
Compliance with labor laws			
Respect Employee Benefits			
Community Engagement Charitable Initiatives Partnerships			
Flexible Timing Policy			
Family Friendly Policy			
Discrimination Policy			
Performance Appraisal Process			
Grievance Policy			

Equation of Humane Sustainability dimension is as follows

$$\text{Human Sustainability} = f(\text{CW, ER, HCD, WLB, DG}) \quad \dots \text{eq. 3.3}$$

Whereas community welfare covers community engagement, charitable initiatives and partnerships with NGOs. Employee rights covers the compliance with labor laws, respect and employee benefits. Work- life balance covers flexible timings policy and family friendly policies. Human capital development includes personal development and human resource skills. And discrimination & grievance includes performance appraisal process, discrimination policy and grievance policy. Following are the definitions of constructs and indicators of humane sustainability mentioned in table 3.5 based on personal construction theory.

- ***Humane Sustainability***—is long-term caring and humanitarian dimension of corporate focusing and taking care of internal customers and external customers and society at large.
- ***Community Welfare*** - is the investment of corporate from its part of tangible asset for the welfare of society with intention
- ***Community Engagement***—is the system which follows uniform sustainable social methodologies to promote the social development for the growth of individual and community.
- ***Charitable Initiatives***—are the practices of companies by which they target their respective charitable and philanthropic activities around business domain related specific issue or cause that will in turn support their own business vision.
- ***Partnership with NGO***—is the collaboration with non-government organizations to achieve the same goals and objectives, and to increase the effectiveness of value chain provision process in the environment.

- **Employee Rights**—is the conception and practice which protect and promote the dignity and divinity of human in the universe.
- **Compliance with labor laws**- refers to the adoption and implementation of standardized international and indigenous labor laws.
- **Respect**—is the due regard for an associate feelings, rights, abilities and opinions.
- **Employee Benefits**—include the intrinsic and extrinsic rewards which motivate the employee to sustain his social needs and as well to achieve the goal of corporate task actively.
- **Human Capital Development**—encompasses the measurements which are brought for employee intellect and skill enhancement which benefit the corporate.
- **Employee Skills**—are the identification and treatment of sufficiency in the areas of human ability which innovate the decision, tool, method or strategy to sustain the task associated with human for the sustenance of management and business function.
- **Personal Development**—is the self-sufficiency approach of organization for the employee to create and sustain an environment or culture of dual value, intellect and skill enhancement.
- **Work-Life Balance**- is an issue for organization; it is not only in sense of employee performance but also in sense to protect the integrity and civilization of human on earth hence it is said Socio-Management issue.
- **Flexibility Timing Policy** - covers the employees focus systems and procedures which facilitate the employee to equally enjoy the social life. The adjustments of employee in work rather work in employee.
- **Family Friendly Policy**—includes the programs sponsored by the company designed to help worker balance work and family roles

- *Discrimination & Grievance* – defines the procedural justice and complaint systems that protects the rights of employees
- *Discrimination Policy*–is the procedural justice that protects the rights of gender, race, religion, sect, culture or nationality or region of employees and treatment justice which evaluates employees in the equality.
- *Performance Appraisal System*–is the system that dignify the human ability to achieve the objectives of assigned and associated task and responsibility; and enables or facilitate the human capacity to utilize the possibilities of sustainment of job function.
- *Grievance Policy*–is the neutral system of solution described by the management which the employees follow to get their rights which are over looked or undervalued or harmed by the management.

3.6.4 CLS index.

Above mention discussion concludes CLS index as the function of business sustainability, environment sustainability and humane sustainability. The relation is shown by the equation as follows

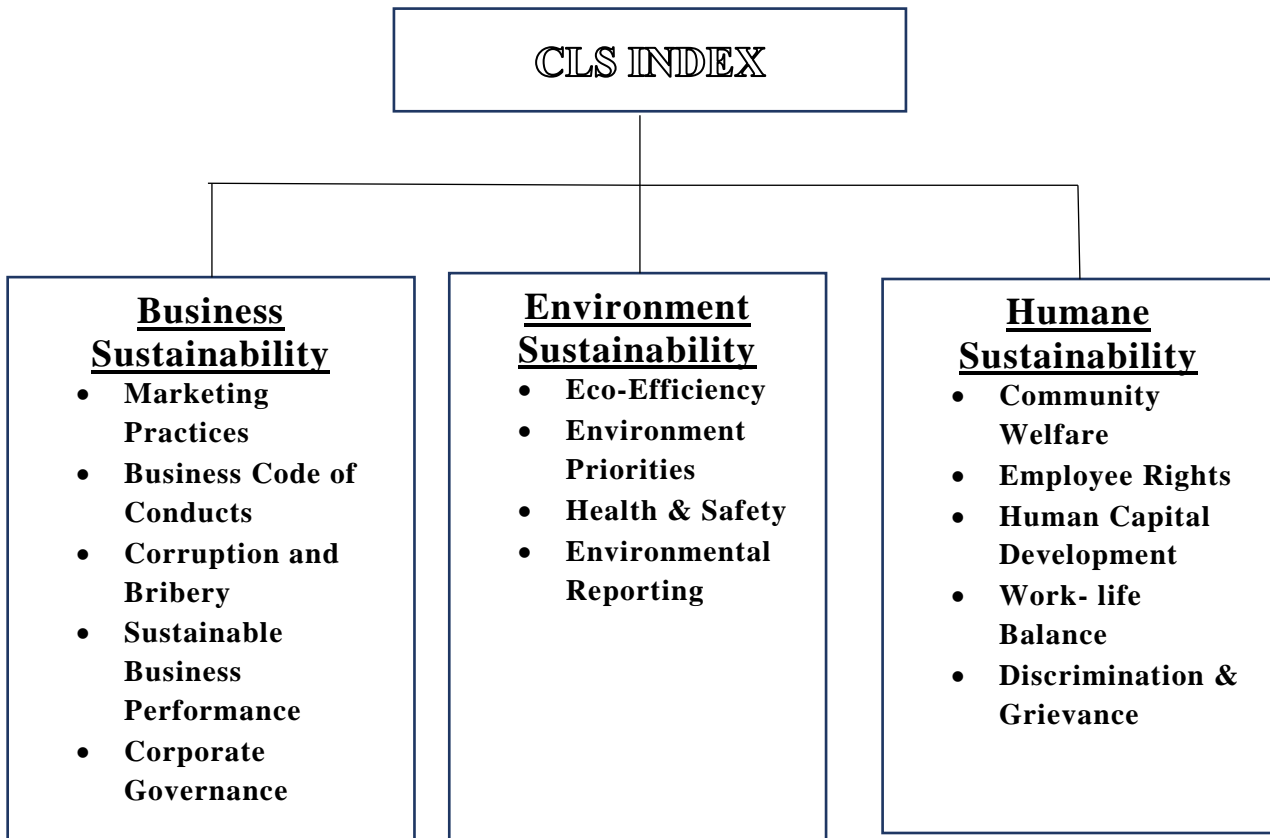
CLS Index = f (Business Sustainability, Environmental Sustainability, Humane Sustainability)

Where Business Sustainability = f (MP, BCC, CB, SBP, CG),

Environment Sustainability = f (EE, EP, H&S, ER) and

Humane Sustainability = f (CW, ER, HCD, WLB, DG)

Figure 3.2 CLS Index with its dimensions and constructs



3.7 Theory of Corporate Life Sustainability

Based on the evolution of corporate life sustainability index and all the literature being reviewed, theory of corporate life sustainability is established. Similar to the CLS index, CLS theory reflects the same intention of incorporating major perspectives of CSR in the more comprehensive and presentable manner. Details are available with the next chapter i.e. chapter four.

CHAPTER 4

DATA ANALYSIS

4. Data Analysis

4.1 Demographics

The respondents in this study are 201 business professionals serving at different national and multi-national organizations in Pakistan. In terms of gender, 87% of them are male, 13% of them are female. The age range of the respondents is 20 and above years with a mean of 38.23 years. Age wise, 59.5% are aged 20-35 years, 28.50% were 36-50 years, 12% are 50 and above, and out of these 12%, 3% are above 60 years. Majority of the respondents (70.5%) lies in age group 32-42 years. Among all respondents, 16% have a bachelor degree, 73% have a master degree, and 11% had a MS/MPhil degree (equivalent to 18 years of education). 26 out of 33 respondents (i.e. 16% bachelors) have four years honor program. Moreover, according to the seniority of the respondents, 62 of them (31%) have less than five years of experience. 72 of them (36%) have more than five but less than ten years of experience and rest have more than ten years of experience in current organization. Descriptive question is asked to tell total years of experience in current organization. Responses are then categorized into three segments for better representation. Most of the respondents (69%) are working in the service sector. The fertilizers and chemicals and petroleum sectors represented 17% and 14%, respectively. Additionally, while 130 respondents (65%) are working in domestic companies, only 71 (35%) are working in multinational companies. In order to analyze the size of the organizations, a classification based on the number of the employees in the organizations is used in the study. Almost all (198) are working in large scale organizations. Moreover, the respondents' organizations are geographically dispersed in Pakistan.

4.2 Exploratory Factor Analysis of Items from CLS Research Instrument

In this phase the Exploratory Factor Analysis (EFA) has been done in order to identify the possible underlying factors for Corporate Life Sustainability Index (CLS). The EFA is applied separately to all three dimensions of CLS index. In conducting Factor Analysis, the interpretation of each table is done individually for clarity in results. Discussion of results are given with each result's score.

4.2.1 EFA of business sustainability dimension.

4.2.1.1 Correlation matrix.

Table 4.1 of R- Matrix shows the correlation and its significance among the items of Business Sustainability Dimension. The above half tables represents the Pearson correlation coefficient between all pair of questions whereas the bottom half shows the one-tailed significance of these co-efficient. The correlation results shows that majority of the items have positive correlation. None of the value is above 0.9 and the determinant value is 1.34E -006 which shows that there is no Multicollinearity among underlying variables (Field, 2009) and it's also explain the items having linear combination.. However few of the items have very low correlation with insignificant values i.e. $p > 0.005$. But they are retained for the further analysis.

Table 4.1. Correlation Matrix^a for Business Sustainability

	MP1	CB4	MP3	MP4	BCC1	BCC2	BCC3	SBP3	CB1	CB2	CB3	SBP1	SBP2	CB5	SBP4	CG1	CG2	BCC5	CG3
MP1	1.00																		
CB4	.225	1.00																	
MP3	.161	.124	1.00																
MP4	.762	.193	.669	1.00															
BCC1	.204	.203	.236	.265	1.000														
BCC2	.275	.148	.283	.335	.342	1.000													
BCC3	.237	.311	.144	.252	.283	.403	1.000												
SBP3	.308	.162	.110	.286	.218	.289	.305	1.000											
CB1	.305	.323	.139	.282	.230	.403	.295	.231	1.00										
CB2	.184	.281	.027	.151	.134	.141	.122	.116	.758	1.00									
CB3	.306	.302	.190	.297	.246	.488	.379	.258	.865	.414	1.00								
SBP1	.262	.202	.048	.177	.143	.096	.357	.339	.167	.074	.188	1.000							
SBP2	.339	.251	.116	.271	.165	.200	.352	.340	.200	.091	.240	.837	1.000						
CB5	.180	.345	.140	.140	.253	.220	.261	.154	.355	.243	.357	.334	.308	1.00					
SBP4	.340	.223	.106	.278	.113	.218	.188	.248	.142	.090	.175	.346	.724	.150	1.000				
CG1	.084	.080	.097	.076	-.113	-.006	.088	-.053	.057	-.011	.086	.157	.150	.024	.066	1.00			
CG2	.090	.055	.046	.098	.082	.152	.252	.123	.192	.134	.140	.299	.242	.208	.102	.301	1.00		
BCC5	.143	.188	.131	.137	.252	.348	.477	.104	.235	.029	.339	.221	.265	.193	.148	.178	.148	1.000	
CG3	.001	.085	.029	.010	-.022	.077	.150	-.016	.180	.098	.169	.224	.209	.165	.102	.811	.735	.197	1.00
MP1																			
CB4	.001																		
MP3	.011	.040																	
MP4	.000	.003	.000																
BCC1	.002	.002	.000	.000															
BCC2	.000	.018	.000	.000	.000														
BCC3	.000	.000	.020	.000	.000	.000													
SBP3	.000	.011	.060	.000	.001	.000	.000												

CB1	.000	.000	.024	.000	.001	.000	.000	.000										
CB2	.005	.000	.351	.016	.029	.023	.042	.051	.000									
CB3	.000	.000	.004	.000	.000	.000	.000	.000	.000	.000								
SBP1	.000	.002	.251	.006	.021	.088	.000	.000	.009	.150	.004							
SBP2	.000	.000	.050	.000	.010	.002	.000	.000	.002	.100	.000	.000						
CB5	.005	.000	.024	.024	.000	.001	.000	.014	.000	.000	.000	.000	.000					
SBP4	.000	.001	.068	.000	.055	.001	.004	.000	.022	.103	.007	.000	.000	.017				
CG1	.118	.130	.085	.143	.056	.465	.108	.227	.212	.438	.113	.013	.017	.365	.174			
CG2	.101	.220	.256	.083	.124	.015	.000	.041	.003	.029	.024	.000	.000	.002	.074	.000		
BCC5	.022	.004	.032	.026	.000	.000	.000	.072	.000	.343	.000	.001	.000	.003	.018	.006	.018	
CG3	.492	.114	.342	.442	.381	.138	.017	.409	.005	.082	.008	.001	.001	.010	.074	.000	.000	.003

a. Determinant = 1.34E-006

4.2.1.2 Sampling adequacy.

For measuring the sampling adequacy, Kaiser-Mayer Olkin (KMO) and significance of Bartlett's test of sphericity has been used. KMO test is very useful test for observing whether the sample size for factor analysis is adequate or not? KMO value varies from 0 to 1. Value close to 0 indicate that sum of partial correlation is large as compare to the sum of correlation hence factor analysis is inappropriate for given data. Value close to 1 indicates that sum of correlation is large relative to the sum of partial correlation of items which enable the data to form factors in Factor Analysis. Kaiser (1974) recommended a minimum value of .5 and that values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and value above 0.9 is considered as superb. KMO value above .6 considered to be appropriate for sampling adequacy however some researchers also use 0.5 as cut-off value.

In table 1, mentioned as Appendix-II, KMO test value is 0.565 which shows that sample size is acceptable for factor analysis. The Bartlett's test for sphericity is used to test the null hypothesis that the correlation matrix are identity matrix. Researchers wants to reject this null hypothesis because if the there is an identity matrix then all the correlation co-efficient would be zero. Therefore to reject this null hypothesis, significance value of Bartlett's test should be less than .001 .i.e. $p < .001$. In above table the significance value of .000 clearly rejects the null hypothesis. Hence correlation matrix is not an identity matrix.

4.2.1.3 Total variance explained.

The table 4.2. presents the Eigen values of linear factors before extraction, after extraction and after rotation. Researcher has put the maximum number required factors to 5. It is also noted that the first five of these components are also accounted for major proportion of variance in the

given components set because their Eigen value is greater than 1 which is a default option in SPSS. The initial Eigenvalue for component 1 is 5.155 variance in the factors which is accounted for 27.129%. In the column labeled as Extraction sum of squared loadings the component 1 has same Eigen value with same percentage. In this column all of factors are discarded with have Eigenvalue < 1.

The last column of the table 4.2 explains Eigenvalues of factors after rotation. By observing the Eigenvalue of Factor 1, it is reduced to 2.618. Rotation has the effect of optimizing the Factor structure (Field, 2009) and that's why it can be realized that Eigenvalues of all four Factors are equalize. Hence they are equally important.

Table 4.2. Total Variance Explained for Business Sustainability

Compon ents	Initial Eigenvalues			Extraction Sums-of-Squared-Loadings			Rotation Sums-of-Squared-Loadings		
	Total	Variance (%)	Cumulat ive (%)	Total	Variance (%)	Cumulat ive (%)	Total	Variance (%)	Cumul ative (%)
C1.	5.155	27.129	27.129	5.155	27.129	27.129	2.731	14.375	14.375
C2.	2.398	12.623	39.752	2.398	12.623	39.752	2.695	14.184	28.559
C3.	1.931	10.161	49.913	1.931	10.161	49.913	2.351	12.374	40.933
C4.	1.441	7.585	57.498	1.441	7.585	57.498	2.276	11.978	52.911
C5.	1.296	6.823	64.320	1.296	6.823	64.320	2.168	11.409	64.320
C6.	.975	5.131	69.451						
C7.	.921	4.845	74.296						
C8.	.791	4.161	78.457						
C9.	.720	3.791	82.249						
C10.	.698	3.674	85.923						
C11.	.636	3.347	89.270						
C12.	.605	3.185	92.455						
C13.	.465	2.446	94.901						
C14.	.412	2.166	97.067						
C15.	.384	2.022	99.089						
C16.	.062	.327	99.416						
C17.	.047	.248	99.664						
C18.	.034	.177	99.841						
C19.	.030	.159	100.000						

4.2.1.4 Rotation matrix.

The rotated component Matrix table 4.3 provides the loading of each item on selected number of factors. The Orthogonal Varimax rotation method has been used for the factor rotation. Through this rotation method, each of item is being loaded in to each of five factors. The communalities values presents the extracted value of variance of each items through Principal component Analysis (PCA).

In doing analysis of these five factors, it is visible that none of the item have load below 0.40 loading value because these values were suppressed below 0.40 in the SPSS. The Factor 2 accounted for maximum loading for item no 8, 9, 10, 11 & 12. These items are related to Legal regulations, Anti- corruption mechanism and anti- bribery mechanism so this factor is labeled as “Corruption & Bribery”. The item 13, 14, 15 & 16 are loaded highly on factor 1. These items are associated with sustainable products and employee productivity so factor 1 is labeled as “Sustainable Business Performance”. Item 4, 5, 6 & 7 are loaded on factor 4. Since these items are related to Ethical values, reporting mechanism and compliance system so this factor is named as “Business Codes of Conduct”. Three items are loaded on factor 3 .i.e. item no 17, 18, & 19. These items include issues like corporate transparency and board’s effectiveness. So this factor is labeled as “Corporate Governance”. The remaining item 1, 2 & 3 are loaded on factor 1. These items are related to customer satisfaction and product quality. So this factor is labeled as “Marketing Practices”.

Table 4.3. Rotated Component Matrix for Business Sustainability

	Components					Communalities
	C1	C2	C3	C4	C5	
1					0.658	0.643
2					0.743	0.616
3					0.929	0.935
4				0.565		0.403
5				0.62		0.551
6				0.695		0.602
7				0.74		0.596
8		0.922				0.925
9		0.861				0.756
10		0.728				0.731
11		0.42				0.307
12		0.41				0.353
13	0.815					0.735
14	0.92					0.904
15	0.442					0.326
16	0.726					0.572
17			0.833			0.708
18			0.736			0.595
19			0.973			0.963

Extraction Method: PCA

Rotation Method: Varimax with Kaiser

Normalization.

a. Rotation converged in 6 iterations.

4.2.2 EFA of environment sustainability dimension.

4.2.2.1 Correlation matrix.

The table 4.4 of R- Matrix shows the correlation and its significance among the items of Environment Sustainability Dimension. The above half table represents the Pearson correlation co-efficient between all pair of questions whereas the bottom half shows the one-tailed significance

of these co-efficient. The correlation results shows that majority of the items have positive correlation except for few.

Table 4.4. Correlation Matrixa for Environment Sustainability

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1.00													
2	.512	1.000												
3	.136	.461	1.000											
4	.255	.188	.244	1.000										
5	.322	.259	.342	.385	1.000									
6	.255	.194	.311	.250	.340	1.000								
7	.225	.324	.350	.395	.361	.411	1.000							
8	.202	.097	.207	.281	.307	.305	.324	1.000						
9	.260	.205	.216	.291	.330	.217	.287	.304	1.000					
10	.207	.141	.065	.023	.075	.087	.173	.135	.382	1.000				
11	.243	.194	.192	.236	.323	.187	.278	.350	.914	.444	1.000			
12	.035	.104	.236	.042	.308	.163	.167	.243	.341	.222	.368	1.000		
13	-.003	.106	.190	-.012	.229	.132	.101	.260	.301	.172	.346	.849	1.000	
14	.155	.133	.237	.113	.325	.166	.208	.260	.327	.194	.341	.828	.511	1.000
1	.000													
2	.027	.000												
3	.000	.004	.000											
4	.000	.000	.000	.000										
5	.000	.003	.000	.000	.000									
6	.001	.000	.000	.000	.000	.000								
7	.002	.085	.002	.000	.000	.000	.000							
8	.000	.002	.001	.000	.000	.001	.000	.000						
9	.002	.023	.178	.373	.144	.110	.007	.028	.000					
10	.000	.003	.003	.000	.000	.004	.000	.000	.000	.000				
11	.309	.070	.000	.276	.000	.010	.009	.000	.000	.001	.000			
13	.483	.067	.003	.435	.001	.030	.078	.000	.000	.007	.000	.000		
14	.014	.030	.000	.054	.000	.009	.001	.000	.000	.003	.000	.000	.000	

a. Determinant = .001

None of the value is above 0.9 and also the determinant value is .001 which is greater than cut-off value of .00001 which shows that there is no Multicollinearity among underlying variables (Field, 2009). However few of the items have very low correlation with insignificant values i.e. $p > 0.005$. But they are retained for the further analysis.

4.2.2.2 Sampling adequacy.

In table 2 in Appendix-II, KMO test value is .670 which shows that sample size is acceptable for factor analysis. In table 4.7 the significance value of .000 clearly rejects the null hypothesis. Hence correlation matrix is not an identity matrix.

4.2.2.3 Total variance explained.

In continuation of Factor extraction, the table 4.5 presents the Eigen values of linear factors before extraction, after extraction and after rotation. Researcher has put the maximum number required factors to 4. It is also noted that the first four components are accounted for major proportion of variance in the given components set because their Eigen value is greater than 1 which is a default option in SPSS. The initial Eigenvalue for component 1 is 4.494 variance in the factors which is accounted for 32.1%. In the column labeled as Extraction sum of squared loadings the component 1 has same Eigen value with same percentage. In this column all of factors are discarded which have Eigenvalue < 1 .

Table 4.5 Total Variance Explained for Environment Sustainability

Components	Initial Eigenvalues			Extraction			Rotation		
	Total	Variance (%)	Cumulative (%)	Sums-of-Squared-Loadings			Sums-of-Squared-Loadings		
				Total	Variance (%)	Cumulative (%)	Total	Variance (%)	Cumulative (%)
C1.	4.49	32.102	32.102	4.49	32.102	32.102	2.62	18.702	18.702
C2.	2.03	14.471	46.573	2.03	14.471	46.573	2.54	18.119	36.821
C3.	1.42	10.137	56.71	1.42	10.137	56.71	2.17	15.532	52.353
C4.	1.13	8.078	64.788	1.13	8.078	64.788	1.74	12.435	64.788
C5.	0.84	5.997	70.786						
C6.	0.82	5.82	76.606						
C7.	0.68	4.857	81.463						
C8.	0.66	4.684	86.147						
C9.	0.55	3.96	90.106						
C10.	0.5	3.598	93.705						
C11.	0.47	3.351	97.055						
C12.	0.3	2.113	99.168						
C13.	0.08	0.563	99.73						
C14.	0.04	0.27	100						

Extraction Method: PCA

The last column of the table 4.5 shows Eigenvalues of factors after rotation. By observing the Eigenvalue of Factor 1, it is reduced to 2.618. Rotation has the effect of optimizing the Factor structure (Field, 2009) and that's why it can be realized that Eigenvalues of all four Factors are equalize. Hence they are equally important.

4.2.2.4 Rotation matrix.

The Rotated component of factor Analysis depicts the simplest and easy to interpreted structure of the items. By using the Orthogonal Varimax rotation method, each of the items are being loaded in to each four factors. Factor Loadings below .4 are being suppressed. In table 4.6 Components 1, 2 & 3 are related to Energy consumption mechanism, pollution prevention Mechanism and environmental implications. These components are loaded on Factor 4. So Factor

4 is labelled as “Eco- Efficiency”. Component 3 has dual loadings .i.e. on Factor 4 and Factor 2. Since it shows stronger loading on factor 4, the researcher decided to retain it in that factor.

Table 4.6. Rotated Component Matrixa for Environment Sustainability

	Components				Communalities
	1(ER)	2(EP)	3(HS)	4 (EE)	
1				0.676	0.586
2				0.887	0.814
3		0.401		0.517	0.509
4		0.714			0.545
5		0.609			0.503
6		0.631			0.443
7		0.662			0.521
8		0.612			0.474
9			0.83		0.83
10			0.695		0.54
11			0.861		0.874
12	0.959				0.957
13	0.861				0.769
14	0.802				0.707

Extraction Method: PCA
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 6 iterations.

Component 4, 5, 6, 7 & 8 were related to local and international standards implementation, special initiatives and employee awareness programs. These components show strong loading on Factor 2. This Factor is labeled as “Environmental Priorities”. Subsequently, components 9, 10 & 11 show moderately strong loadings on Factor 3. Since these components were related to Customer Health & Safety and Employee Health & Safety Policies so this factor is labeled as “Health & Safety”. The last three components 12, 13 & 14 shows very strong loadings on Factor

1. These three components are related to Standardization and clear and accurate environmental reporting. So this factor is labeled as “Environmental Reporting”.

4.2.3 EFA of humane sustainability dimension.

4.2.3.1 Correlation matrix.

The Table 4.7 R- Matrix represents correlations and significance values of 20 items under the Humane Sustainability dimension of Corporate Life Sustainability Index. The determinant value of 0.001 suggest the linear combination of above items means items having co-relation. Hair et al. (1995) categorize correlation values as $\pm .30$ minimal, $\pm .40$ important and $\pm .50$ practically significant. Hence the above table 4.7 shows some significant correlation values which indicate that data is clear for further analysis.

Table 4.7. Correlation Matrixa for Humane Sustainability

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	19	20	WLB4	
1	1.000																				
2	.458	1.000																			
3	.587	.616	1.000																		
4	.214	.468	.652	1.000																	
5	.194	.293	.209	.161	1.000																
6	.179	.310	.199	.247	.625	1.000															
7	.034	.252	.190	.294	.365	.602	1.000														
8	.181	.278	.224	.067	.137	.228	.178	1.000													
9	.246	.501	.330	.251	.113	.158	.202	.167	1.000												
10	.265	.233	.343	.393	.174	.165	.138	.248	.128	1.000											
11	.213	.242	.315	.245	.156	.197	.215	.194	.165	.304	1.000										
12	.258	.274	.274	.298	.141	.166	.067	.127	.257	.301	.167	1.000									
13	.253	.235	.327	.293	.142	.160	.124	.183	.155	.373	.720	.561	1.000								
14	.221	.332	.335	.255	.243	.155	.191	.211	.131	.374	.352	.284	.337	1.000							
15	.133	.028	.040	.005	-.161	-.053	.109	.028	.023	.171	.030	.136	.108	-.027	1.000						
16	.083	.113	.046	-.011	-.129	-.043	.104	-.017	.000	.102	-.119	.088	-.047	-.101	.541	1.000					
17	.246	.115	.120	-.018	-.065	.080	.179	.200	-.015	.107	.049	.224	.147	.059	.425	.458	1.000				
18	.266	.271	.198	.076	.212	.182	.143	.282	.248	.337	.160	.170	.212	.245	.087	.048	.045	1.000			
19	.305	.256	.255	.075	.238	.204	.144	.341	.158	.419	.149	.156	.122	.275	.179	.129	.188	.401	1.000		
20	.026	.147	.012	.006	.109	.051	.065	.261	.156	.155	.145	.168	.183	.172	-.104	-.131	-.034	.194	.146	1.000	
1	.000	.000	.000	.001	.003	.005	.318	.005	.000	.000	.001	.000	.000	.001	.030	.119	.000	.000	.000	.359	
2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.344	.055	.053	.000	.000	.000	.018
3	.000	.000	.000	.000	.001	.002	.003	.001	.000	.000	.000	.000	.000	.000	.289	.256	.045	.002	.000	.430	
4	.001	.000	.000	.000	.011	.000	.000	.172	.000	.000	.000	.000	.000	.000	.472	.436	.400	.141	.145	.466	
5	.003	.000	.001	.011	.000	.000	.000	.026	.055	.007	.013	.023	.023	.000	.011	.034	.181	.001	.000	.063	
6	.005	.000	.002	.000	.000	.000	.000	.001	.013	.010	.003	.009	.012	.014	.229	.270	.130	.005	.002	.236	
7	.318	.000	.003	.000	.000	.000	.000	.006	.002	.025	.001	.172	.039	.003	.062	.070	.006	.022	.021	.181	
8	.005	.000	.001	.172	.026	.001	.006	.000	.009	.000	.003	.037	.005	.001	.344	.404	.002	.000	.000	.000	
9	.000	.000	.000	.000	.055	.013	.002	.009	.000	.035	.010	.000	.014	.031	.371	.500	.415	.000	.012	.014	
10	.000	.000	.000	.000	.007	.010	.025	.000	.035	.000	.000	.000	.000	.000	.007	.076	.065	.000	.000	.014	
11	.001	.000	.000	.000	.013	.003	.001	.003	.010	.000	.000	.009	.000	.000	.339	.046	.246	.012	.017	.020	
12	.000	.000	.000	.000	.023	.009	.172	.037	.000	.000	.009	.000	.000	.000	.027	.106	.001	.008	.014	.008	
13	.000	.000	.000	.000	.023	.012	.039	.005	.014	.000	.000	.000	.000	.000	.063	.252	.018	.001	.042	.005	
14	.001	.000	.000	.000	.000	.014	.003	.001	.031	.000	.000	.000	.000	.000	.349	.077	.204	.000	.000	.007	
15	.030	.344	.289	.472	.011	.229	.062	.344	.371	.007	.339	.027	.063	.349	.000	.000	.108	.005	.005	.070	
16	.119	.055	.256	.436	.034	.270	.070	.404	.500	.076	.046	.106	.252	.077	.000	.000	.000	.251	.034	.032	
17	.000	.053	.045	.400	.181	.130	.006	.002	.415	.065	.246	.001	.018	.204	.000	.000	.264	.004	.315		
18	.000	.000	.002	.141	.001	.005	.022	.000	.000	.000	.012	.008	.001	.000	.108	.251	.264	.000	.003		
19	.000	.000	.000	.145	.000	.002	.021	.000	.012	.000	.017	.014	.042	.000	.005	.034	.004	.000	.019		
20	.359	.018	.430	.466	.063	.236	.181	.000	.014	.014	.020	.008	.005	.007	.070	.032	.315	.003	.019		

a. Determinant = .001

4.2.3.2 Sampling adequacy.

In table 4.3 in Appendix–II KMO test value is .728 which shows that sample size is acceptable for factor analysis. In table 4.3 the significance value of .000 clearly rejects the null hypothesis. Hence correlation matrix is not an identity matrix.

4.2.3.3 Total variance explained.

The initial Eigenvalues of total variance explained in table 4.8 shows that five components have greater than 1 Eigen value. But researcher only required to extract five factors, that's why in Extraction sum of squared loadings column, only five factors have been moved forward. The rest of the factors are discarded. Same method for extraction has been used here that have been used for previous dimensions. Factor 1 shows the initial Eigen value of 5.019 which accounted for 25.094 % variance. Subsequently component 2 Eigen value is 2.164 and so on. As discussed in previous dimensions that rotation has the effect of optimizing the factor structure so the proportion of variance in Eigen values of factor 1 to 5 is normalize.

Table 4.8. Total Variance Explained for Humane Sustainability

Components	Initial Eigenvalues			Extraction			Rotation		
	Total	Variance (%)	Cumulative (%)	Sums-of-Squared-Loadings			Sums-of-Squared-Loadings		
				Total	Variance (%)	Cumulative (%)	Total	Variance (%)	Cumulative (%)
C1.	5.02	25.094	25.094	5.02	25.094	25.094	2.81	14.027	14.027
C2.	2.16	10.821	35.915	2.16	10.821	35.915	2.52	12.58	26.607
C3.	1.68	8.409	44.324	1.68	8.409	44.324	2.17	10.866	37.473
C4.	1.53	7.634	51.958	1.53	7.634	51.958	2.14	10.683	48.156
C5.	1.37	6.841	58.8	1.37	6.841	58.8	2.13	10.644	58.8
C6.	1.06	5.278	64.078						
C7.	0.92	4.581	68.659						
C8.	0.88	4.417	73.076						
C9.	0.83	4.135	77.211						
C10.	0.69	3.433	80.643						
C11.	0.65	3.252	83.895						
C12.	0.57	2.846	86.741						
C13.	0.51	2.53	89.271						
C14.	0.46	2.306	91.577						
C15.	0.44	2.187	93.764						
C16.	0.36	1.778	95.542						
C17.	0.31	1.548	97.09						
C18.	0.25	1.254	98.344						
C19.	0.19	0.932	99.276						
C20.	0.15	0.724	100						

4.2.3.4 Rotation matrix.

The rotated component Matrix table 4.9 provides the loading of each item on selected number of factors. The Orthogonal Varimax rotation method has been used for the factor rotation because through this rotation method, each of item is being in to each of five factors. The communalities values presents the extracted value of variance of each items through Principal component Analysis (PCA).

Table 4.9. Rotated Component Matrix for Humane Sustainability

	Components					Communalities
	C1	C2	C3	C4	C5	
1	0.63					0.509
2	0.77					0.699
3	0.83					0.78
4	0.66					0.646
5	0.58					0.386
6					0.719	0.63
7					0.875	0.807
8					0.804	0.699
9		0.45				0.448
10		0.78				0.643
11		0.56				0.425
12		0.91				0.843
13		0.47				0.401
14			0.8			0.659
15			0.82			0.688
16			0.75			0.596
17				0.67		0.501
18				0.69		0.578
19				0.53		0.391
20				0.62		0.43

Extraction Method: PCA
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 6 iterations.

Factor 1 & 2 shows the maximum loadings of the items. Item 1, 2, 3, 4 & 5 loaded on factor 1. Because these items were related to community engagement, charitable initiatives and partnership with NGO's. So this factor is entitled with "Community Welfare". Item 9, 10, 11, 12 & 13 were related to discrimination and grievance policy and performance appraisal process. As these items loaded on factor 2 so this is named as "Discrimination & Grievance". Factor 3 shows loadings of three items .i.e. 14, 15, 16. These items were associated with personal development and employee skill development so this factor is labeled as "Human Capital Development". Item 17, 18, 19, 20 loaded on factor 4. These items included flex timing policies and family friendly policies so this factor is labeled as "Work- Life Balance". In factor 5, three items .i.e. 6, 7 & 8 were loaded. Since these items were noted as employee benefits, labor laws and respect so this Factor is named as "Employee Relations".

4.3 Reliability Test

The decisions of internal consistencies of each scale are taken based on average inter-item correlations, number of dimensions, and the number of items (Cortina, 1993). George and Mallery (2003) provide the following rules of thumb: " $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor, and $\alpha < .5$ – Unacceptable" (p. 231). Nunnally (1978) and Kline (2000) consider value of 0.7 or higher as adequate. Whereas Kline (2000) and Lance et al. (2006) consider Cronbach's alpha acceptable when ranging around $0.6 \leq \alpha < 0.7$. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale (Gliem & Gliem, 2003).

Table 4.10. Chronbach's Alpha of CLS Index

	Chronbach's Alpha	No. of Items	Inter-Item Correlations Mean
Marketing Practices	0.744	3	.531
Business Code of Conduct	0.686	4	.351
Corruption & Bribery	0.786	5	.424
Sustainable Business Performance	0.777	4	.472
Corporate Governance	0.807	3	.616
Business Sustainability	0.837	19	.217
Eco-Efficiency	0.623	3	.369
Eco-Efficiency (EE1 & EE2)	0.675	2	.512
Environmental Priorities	0.715	5	.336
Health & Safety	0.812	3	.580
Environmental Reporting	0.891	3	.729
Environment Sustainability	0.831	14	.260
Community Welfare	0.761	5	.432
Employee Rights	0.767	3	.530
Work-Life Balance	0.601	4	.271
Human Capital Development	0.714	3	.475
Discrimination & Grievance	0.740	5	.377
Humane Sustainability	0.815	20	.192
CLS	0.912	53	.171

As computed in table 4.10 the inter-item correlation is 0.171, and the scale includes 53 items in three main dimensions and 14 constructs. The suggested alpha for similar conditions described by Cortina (1993) is 0.64. The Cronbach's alpha of the CLS scale (0.912) is much higher than this suggested alpha value. Moreover, the Cronbach's alpha of the CLS scale (i.e. 91.20%) is considered as excellent (George and Mallery, 2003) and is even more than that of the CSR scale (0.9013) developed by Turker (2009). The Cronbach's alpha of each of the main dimensions of the CLS scale is greater than 0.80 (i.e. for management value of Cronbach's alpha is 0.837, for environment it is 0.831 and for Humane Sustainability it is 0.815) and is considered as good (George and Mallery, 2003; Kline, 2000). The Cronbach's alpha of each of the constructs of

management dimension of the CLS scale is greater than 0.70 and is considered as acceptable (George and Mallery, 2003; Kline, 2000) except that of business code of conduct (i.e. 0.686) i.e. also acceptable (Kline, 2000; Yong, Hua, & Mei, 2007). The Cronbach's alpha of each of the constructs of Environment Sustainability dimension of the CLS scale is greater than 0.70 and is considered as acceptable (George and Mallery, 2003; Kline, 2000) except that of eco-efficiency (i.e. 0.623) i.e. also acceptable (Kline, 2000; Yong, Hua, & Mei, 2007). By eliminating item EE3 of eco-efficiency the Cronbach's alpha of eco-efficiency becomes 0.675. Similarly, the Cronbach's alpha of each of the constructs of Humane Sustainability dimension of the CLS scale is greater than 0.70 and is considered as acceptable (George and Mallery, 2003; Kline, 2000) except that of work-life balance (i.e. 0.601) i.e. also acceptable (Kline, 2000; Yong, Hua, & Mei, 2007).

For business sustainability value of Cronbach' alpha is 0.837, for environment sustainability it is 0.831 and for humane sustainability, it is 0.815 and is considered as good (George and Mallery, 2003; Kline, 2000). A high value for Cronbach's alpha indicates good internal consistency of the items in the scale, but it does not mean that the scale is unidimensional. Factor analysis is a method to determine the dimensionality of a scale (Gliem & Gliem, 2003).

4.4 Principal Component Analysis

PCA identifies the principal directions in which the data varies. The purpose of applying PCA is to assign weightages to each extracted factors from EFA. Eigenvalues are used to assign weightages to factors. Eigenvalues are a special set of scalars associated with a linear system of equations (i.e., a matrix equation).

Table 4.11. PCA of Business Sustainability

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	2.10488	1.11384	0.421	0.421
Comp2	0.991044	0.197841	0.1982	0.6192
Comp3	0.793203	0.227912	0.1586	0.7778
Comp4	0.56529	0.0197085	0.1131	0.8909
Comp5	0.545582	.	0.1091	1

No. of obs = 201, No. of comp. =5

Table 4.12. Eigenvectors of PCA of Business Sustainability

Principal components (eigenvectors)					
Variable	Comp1	Comp2	Comp3	Comp4	Comp5
MP	0.4703	-0.421	0.2902	0.7045	-0.1453
CB	0.4506	0.0045	-0.7454	0.1078	0.4793
BCC	0.5314	-0.0563	-0.1874	-0.4532	-0.6885
SBP	0.4889	0.0302	0.5598	-0.4341	0.5082
CG	0.2333	0.9048	0.1084	0.3135	-0.1298

Principal component analysis of business sustainability is derived with 2.10 eigenvalue of component 1 as the highest value among all five components as shown in the table 4.11. Principle components (eigenvectors) against each component are derived as shown in table 4.12. Eigenvectors against component 1 with highest eigenvalue are selected to establish the equation of business sustainability and is states as follows

$$\text{Business Sustainability} = f(\text{MP}, \text{BCC}, \text{CB}, \text{SBP}, \text{CG}) \quad \dots\text{eq. 3.1}$$

$$\text{Business Sustainability} = 0.47(\text{MP}) + 0.45(\text{CB}) + 0.53(\text{BCC}) + 0.49(\text{SBP}) + 0.23(\text{CG})\dots\text{eq. 4.1}$$

Table 4.13. PCA of Environment Sustainability

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	2.02769	1.14998	0.5069	0.5069
Comp2	0.877709	0.276857	0.2194	0.7264
Comp3	0.600853	0.107107	0.1502	0.8766
Comp4	0.493746	.	0.1234	1
No. of obs = 201, No. of comp. =5				

Table 4.14. .Eigenvectors of PCA of Environment Sustainability

Variable	Principal components (eigenvectors)			
	Comp1	Comp2	Comp3	Comp4
EE	0.4951	-0.5743	0.182	0.626
EP	0.5499	-0.329	0.0888	-0.7626
HS	0.5092	0.3348	-0.7818	0.1317
ER	0.4395	0.6707	0.5897	0.0963

Principal component analysis of environment sustainability is derived with 2.02 eigenvalue of component 1 as the highest value among all four components as shown in the table 4.13. Principle components (eigenvectors) against each component are derived as shown in table 4.14. Eigenvectors against component 1 with highest eigenvalue are selected to establish the equation of environment sustainability and is states as follows

$$\text{Environment Sustainability} = f(\text{EE}, \text{EP}, \text{HS}, \text{ER}) \dots \text{eq. 3.2}$$

$$\text{Environment Sustainability} = 0.49(\text{EE}) + 0.55(\text{EP}) + 0.51(\text{HS}) + 0.44(\text{ER}) \dots \text{eq. 4.2}$$

Table 4.15. PCA of Humane Sustainability

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	2.05022	1.05646	0.41	0.41
Comp2	0.993758	0.251517	0.1988	0.6088
Comp3	0.742241	0.022562	0.1484	0.7572
Comp4	0.719679	0.225575	0.1439	0.9012
Comp5	0.494104	.	0.0988	1
No. of obs = 201, No. of comp. =5				

Table 4.16. Eigenvectors of PCA of Humane Sustainability

Principal components (eigenvectors)					
Variable	Comp1	Comp2	Comp3	Comp4	Comp5
CW	0.5232	-0.0392	0.2935	-0.5061	0.6184
ER	0.4229	-0.3808	0.5277	0.6178	-0.1268
DG	0.5473	0.0417	-0.1205	-0.3952	-0.7266
HCD	0.1862	0.9225	0.2125	0.2627	0.0151
WLB	0.4617	-0.0283	-0.7588	0.3702	0.2707

Principal component analysis of humane sustainability is derived with 2.05 eigenvalue of component 1 as the highest value among all five components as shown in the table 4.15. Principle components (eigenvectors) against each component are derived as shown in table 4.16. Eigenvectors against component 1 with highest eigenvalue are selected to establish the equation of environment and is states as follows

$$\text{Humane Sustainability} = f(\text{CW}, \text{ER}, \text{HCD}, \text{WLB}, \text{DG}) \quad \dots\text{eq. 3.3}$$

$$\text{Humane Sustainability} = 0.52(\text{CW}) + 0.42(\text{ER}) + 0.55(\text{DG}) + 0.18(\text{HCD}) + 0.46(\text{WLB})\dots\text{eq. 4.3}$$

Table 4.17. PCA of Corporate Life Sustainability Index

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	2.12696	1.67657	0.709	0.709
Comp2	0.45039	0.02774	0.1501	0.8591
Comp3	0.42265	.	0.1409	1

No. of obs = 201, No. of comp. =5

Table 4.18. Eigenvectors of PCA of Corporate Life Sustainability Index

Principal components (eigenvectors)				
Variable	Comp1	Comp2	Comp3	
Business Sustainability	0.5732	0.7912	0.2131	
Environment Sustainability	0.5814	-0.2095	-0.7862	
Humane Sustainability	0.5774	-0.5745	0.5801	

Principal component analysis of corporate life sustainability is derived with 2.12 eigenvalue of component 1 as the highest value among all three components as shown in the table 4.17. Principle components (eigenvectors) against each component are derived as shown in table 4.18. Eigenvectors against component 1 with highest eigenvalue are selected to establish the equation of corporate life sustainability index and is states as follows

$$\text{CLS Index} = f(\text{Business Sustainability, Environmental Sustainability, Humane Sustainability})$$

..eq. 3.4 as per eq. 3.1, eq. 3.2 & eq. 3.3

Similarly,

$$\text{CLS Index} = 0.57(\text{Business Sustainability}) + 0.58(\text{Environmental Sustainability})$$

$$+ 0.57(\text{Humane Sustainability}) \dots \text{eq. 4.4 as per eq. 4.1, eq. 4.2 \& eq. 4.3}$$

4.4.1 Ranking with CLS index.

Based on the equation 4.4 CLS index values against all the respondents are obtained. These values range from 09.85 as lowest to 18.37 as highest with 13.64 as average CLS index value. In the next step, CLS index percentage values are obtained by dividing values to average value (i.e. $\text{CLS index value} / \text{Average CLS index value} \times 100$). According to the values obtained from the CLS index, highest and lowest scoring companies are ranked in each industrial category as shown in the table 4.19.

The highest value obtained in the petroleum industry is 114.388 by MOL Pakistan whereas Petronas Carigali Pakistan Ltd has secured lowest position with a CLS index value of 85.497. Only, LMKR, with a CLS index value of 99.567, is the moderate scoring company in this category. The privatized company Pakistan Telecommunication Company Limited has scored 83.016 as lowest in the telecom industry. Huawei Technologies Pakistan (Pvt) Ltd has scored a moderate with 98.679 while Telenor Pakistan is ranked highest with a CLS index value of 116.887. Within the banking sector of Pakistan, Al Baraka Bank (Pakistan) Limited obtained a CLS index value of 79.065 which is the lowest in the category; Bank Alfalah Limited has scored closest to a moderate 102.166 while Citibank Pakistan managed to obtain the highest value 119.233. The lowest, moderate and highest CLS index scores in the media industry are 72.259, 95.140 and 117.606 for Geo TV, Dunya News and Samma TV respectively. Lastly, according to the values obtained for the Chemicals and Fertilizers industry, Werrick Pharmaceuticals Pakistan (Pvt) Ltd is the lowest scoring company at 83.844; Volta Batteries has gained a moderate 102.733 on the scale while Fauji Foundation has scored the highest with a value of 120.007. Keeping all industries into consideration, we can conclude that on the whole, Geo TV has scored the lowest with a CLS index value of 72.259 Ericsson Pakistan (Pvt) Ltd, Oil & Gas Development Company Ltd & Pakistan

Television Corp. Ltd. Have obtained the closest positions to the most moderate value of 100.00 and Fauji Foundation has the highest value of 120.00.

Table 4.19. Ranking of Industries Based on CLS index

Degree	Industry	Petroleum	Telecom	Banking	Media	C&F
High	120.007	114.388	116.887	119.233	117.606	120.007
Moderate	100	99.567	98.679	102.166	95.14	102.733
Low	72.259	85.497	83.016	79.065	72.259	83.844
Respondents	201	28	41	64	34	34

Table 4.20. Ranking of Companies Industry-Wise Based on CLS index

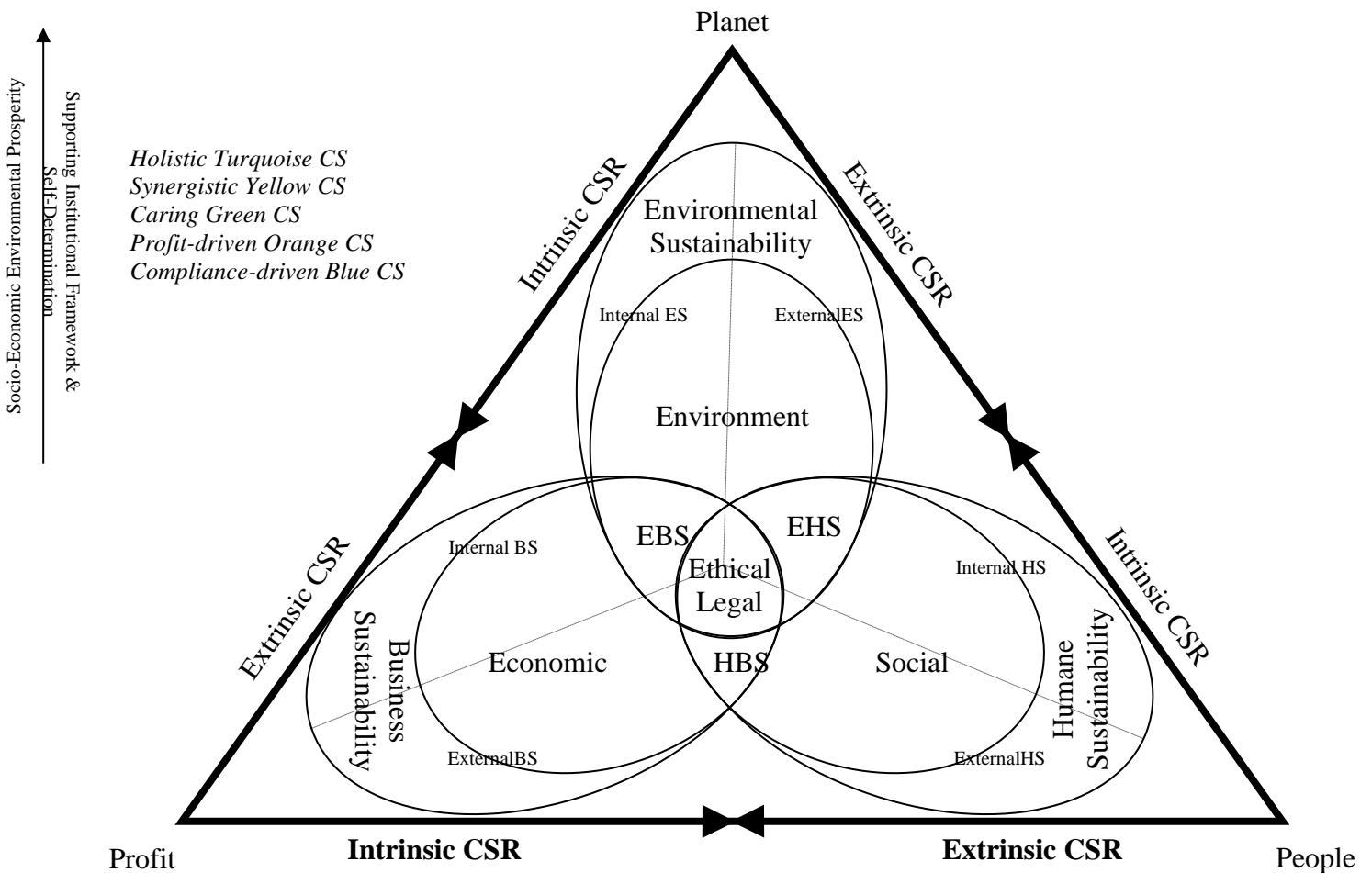
Degree	Industry	Petroleum	Telecom	Banking	Media	C&F
High	Fauji Foundation	MOL Pakistan	Telenor Pakistan	Citibank Pakistan	Samma TV	Fauji Foundation
Moderate	Ericsson, OGDCL, PTV	LMKR	Huawei Technologies	Bank Alfalah	Dunya News	Volta Batteries
Low	Geo TV	Petronas Carigali Pakistan Ltd	PTCL	Al Baraka Bank	Geo TV	Werrick Pharmaceuticals

4.5 Theory of Corporate Life Sustainability

This study follows Glaser's Grounded Theory approach to construct theory of Corporate Life Sustainability based on analysis of quantitative data and review of literature (Glaser, 2008). While reviewing perspectives, analyzing measuring methods, consolidating items, developing index, intention is to better portray the perspective of corporate social responsibility. Each perspective of this complicated phenomenon is considered with full contextual understanding and the new theory called 'Corporate Life Sustainability' is grounded on the realization of existing

perspectives. Theory of CLS mainly incorporates Carroll's pyramid, triple bottom line, Marrewijk's corporate sustainability perspective and intrinsic and extrinsic CSR in terms of Story & Neves's intentional dimension through review of literature. The theory gains maturity while reviewing same/similar items from scales based on different perspectives and infers that different perspectives may also be incorporated into a single more comprehensive perspective; if positioned properly. Business sustainability, environment sustainability and humane sustainability as dimensions of corporate life sustainability emerges as the output of scale based index development process. This shapes theory of corporate life sustainability as shown in figure 4.1.

Figure 4.1 Theory of Corporate Life Sustainability



Further, the theory of Corporate Life Sustainability is summarized in the following expressions:

$$CLS \propto [\sum BS_I + \sum ES_I + \sum HS_I] + [\sum BS_E + \sum ES_E + \sum HS_E]$$

$$CLS \propto [I_{CS}] + [E_{CS}]$$

$$CLS \propto C_P$$

$$CLS = |\pm \mathfrak{T}| C_P$$

given that:

$$[I_{CS}] = [\sum BS_I + \sum ES_I + \sum HS_I]$$

$$[E_{CS}] = [\sum BS_E + \sum ES_E + \sum HS_E]$$

$$[I_{CS}] + [E_{CS}] = C_P$$

Description of Symbols:

I_{CS} = Internal Corporate Sustainability

$\sum BS_I$ = Sum of Business Sustainability Practices of Internal Corporate Sustainability

$\sum ES_I$ = Sum of Environmental Sustainability Practices of Internal Corporate Sustainability

$\sum HS_I$ = Sum of Humane Sustainability Practices of Internal Corporate Sustainability

E_{CS} = External Corporate Sustainability

$\sum BS_E$ = Sum of Business Sustainability Practices of External Corporate Sustainability

$\sum ES_E$ = Sum of Environmental Sustainability Practices of External Corporate Sustainability

$\sum HS_E$ = Sum of Humane Sustainability Practices of External Corporate Sustainability

\mathfrak{T} = Intentional Constant where + \mathfrak{T} shows Intrinsic CSR and - \mathfrak{T} Extrinsic CSR

CLS = Corporate Life Sustainability

C_P = Corporate CSR practices

In the light of extensive literature review, data analysis and developed constructs; the perception hereby made is that corporate social responsibility is not the polarized function of corporate but it is concentrated function of corporate life sustainability. Corporate is a part of social structure, it takes influences from the civilization and it contributes in the growth of civilization. That is why, the corporate has defined system for society and for corporate itself. Whereas, corporate social responsibility is the spirit of corporate practices that the corporate establishes for social need's esteem and advocacy. The alliance of corporate practices with the social need's esteem and advocacy in respect of internal and external corporate sustainability results in corporate life sustainability. Corporate practice starts for the human in particular and for the community at large in the spirit of self-sufficiency and self-sustainability. Hence, the corporate practices and intention to grow a business on the surface of earth in the social community for the social needs accessibility, advocacy and satisfaction is the facilitation of corporate to the systems of human on the earth.

4.5.1 Intentional constant of CLS.

Many researchers have explained CSR using attribution theory (Ellen *et al.*, 2006; Vlachos *et al.*, 2010; Groza *et al.*, 2011; Story & Neves, 2015). Tullberg (2005) and Groza *et al.* (2011) specifically studied the impact of *proactive CSR and reactive CSR* and find that proactive CSR is linked with positive corporate associations. Similarly, Giacalone *et al.* (2008) finds positive interaction effects of post materialistic and materialistic values with CSR. Ellen *et al.* (2006) also distinguish CSR motives in terms of *egoistic-driven CSR and values-driven CSR*. Vlachos *et al.* (2010) test Ellen *et al.* (2006)'s framework and conclude that *values-driven CSR* influences employees' trust and loyalty intentions.

Individuals make attributions concerning intrinsic and extrinsic motives behind CSR practices based on contextual reasoning (Story & Neves, 2015). Intrinsic CSR practices are sincere practices where employees truly believe that the organization cares for the cause. Whereas extrinsic CSR practices are those perceived to be done with the intention of getting something back or to avoid some kind of punishment from the community in general (Vlachos *et al.* 2013). This does not mean that organizational practices are not good for the community, but that stakeholders (e.g. employees) may perceive that the organization is being strategic in its investment. Thus, this can be described as the ‘business case’ for CSR (Story & Neves, 2015). Theory of CLS describes Story & Neves’s intrinsic CSR and extrinsic CSR as two opposite aspects of intentional constant and is represented as $|\pm \tilde{I}|$.

It is equal to CLS / C_p .

The Intentional Constant ($|\pm \tilde{I}|$) is the corporate life sustainability to corporate practices which represent the constant of intention. The intention of corporate to sustainability practices magnifies the corporate sustainability in spirit of corporate life sustainability. The continuity and consistency of corporate practices to strengthen eco-social sustainability indicates the corporate intention to socio-natural advocacy and satisfaction in the light of positive construction of human civilization. Luckily or unluckily the value of resultant intentional constant remains the positive either the corporate intention is to sustain the business with intrinsic CSR practices or with extrinsic CSR practices. This is because, intention either negative or positive, is the intangible spirit of corporate CSR practices and corporate always present positive face of corporate practices i.e. intrinsic CSR. CSR is a complicated construct that has been tied into a duality of either/or profit maximization and benevolent practices (Amaeshi & Adi, 2007). Therefore, the theory of

CLS doesn't assess motives in a continuum, but allows practices to be evaluated simultaneously as both.

Both motives are linked with the future sustainability of the firm, and corporate do not wish to invest in practices that may not generate value in return. But 'sustainability' and 'value' are the relative term for corporate. Extrinsic CSR motives are tilt towards short term economic sustainability whereas intrinsic CSR motives seek long term corporate sustainability. Extrinsic CSR with negative intention depicts that although the corporate is practicing the sustainable measures and their score is relative or relatively high but it is deficient in the spirit of corporate life sustainability. This negative intention indicates that the corporate is short time self-sufficiency oriented and it may lead to inefficient impact on growth of human civilization and on corporate advocacy also. If the corporate intentions are positive then it strengthens the spirit of corporate life sustainability and relatively it magnifies the intensity of corporate practices. In this way corporate as a whole, may sustain their life for marginal value of time.

4.5.2 Corporate life sustainability.

CSR is not a discovery that can be credited to the economically developed countries of today. The economic development and CSR moves in parallel. CSR involves a number of stakeholders with unique demands of their own. The uniqueness of the demands stems from the fact that each actor is important in scenario. CSR needs to be part of the DNA of the socio-economic environment for the organization to understand this dilemma and institutionalize the concept. This requires that the organization be driven not only by rules and regulations, but also by contextual idealism. (Chatterji, 2011; pp143). This reality has become challenge for academia, practitioner and international institutions to standardize CSR. In the study, Marrewijk's (2003) broad definition of corporate sustainability and CSR provided a base to solve this issue. Marrewijk

differentiates his definition into five interpretations (Compliance-driven Blue Corporate Sustainability, Profit-driven Orange Corporate Sustainability, Caring Green Corporate Sustainability, Synergistic Yellow Corporate Sustainability and Holistic Turquoise Corporate Sustainability) based on principle of self-determination in balance with the principle of communion which allows corporate to respond to society in accordance to its own consciousness and capability. Any organization has the right to choose a position from level 1 to level 5. Specific CS interventions with higher ambition level require a supporting value system along with institutional framework. In combination, the two principles allow each corporate, industry and region to act according to its consciousness, capabilities and contextual understanding, provided it does not conflict with current regulations or interfere with the freedom of others to act in obtaining a similar objective (Marrewijk, 2003). Theory of CLS explains business sustainability, environment sustainability and humane sustainability in terms of corporate life sustainability and believes that the economic development and CSR moves in parallel and corporate has the right to adopt among any of Marrewijk's five CS interventions based on existing supporting institutional framework, self-determination and socio-economic environmental prosperity.

CHAPTER 5

CONCLUSION & RECOMMENDATIONS

5. Conclusion & Recommendations

5.1 Discussion

The dominant approach developed in academy and industry has largely focused on the development of internationally recognized frameworks and instruments. The framework, scale and scale-based index developed in this study mainly focus on global perspective of CSR. In this case, measuring CSR only through scale-based index via Corporate (Life) Sustainability perspective ensures its global viability and ubiquitous applicability.

The United Nations (UN) and the European Union (EU) are working hard to standardize definitions of CSR, its dimensions, guidelines, standards, policies & procedures. Moreover international bodies (as mentioned in literature review and methodology) have defined standards and policies to measure different aspects of CSR. A movement has risen to shift CSR practices from voluntary to obligatory. And international raters are rating corporate as per their own standards without considering principle of self-determination in balance with the principle of communion. In this scenario, this research provides guidelines to standardize the CSR perspective, dimensions and indicators, and assesses the socio-economic indigenous environment and rate local and international corporate globally on theoretically justified, empirically tested and ubiquitously applicable scale-based index established on the modern, broader and viable perspective of Corporate (Life) Sustainability.

A review of the literature shows that there are several methods to measure corporate social responsibility including scales (being most popular in academia), databases, indices (being popular in industry) and content analysis. Although these methods have contributed a lot to the CSR literature, almost all of them have some limitations. Introducing scale-based index is an attempt to minimize limitation of two most prevailing measurements i.e. scales and indices.

The study accesses different measuring methods of CSR and dares to blend scale development and indices to provide a theoretical base (scale) to industry practiced (index) measuring method i.e. scale-based index to measure CSR for corporate (life) sustainability perspective.

Many researchers have developed scales and used literature review as a starting point followed by argument selection, item identification, statement formulation and group segregation in the development of such a scale (Lombaerts et al., 2009). This study adopts the same method to strengthen its theoretical base and for reasons of survey ability. In the review process, constituents of corporate life sustainability along with 704 CSR related items/statements are identified. These items are extracted mainly from CSR existing scales, scales related to constituents of CLS, instruments used by practitioners to measure/assess CSR, items/indicators used to measure CSR through methods other than scales and statements mentioned by the authors to discuss any perspective/constituent of CSR. In the next step, statements and items corresponding to CLS perspective are extracted. Only 114 statements are extracted from the set of 704 items/statements as representative of corporate life sustainability. These 114 selected items/statements describing CSR from the perspective of corporate sustainability are reviewed by an expert panel of ten practicing CSR professionals to determine the *face validity* of the items. 17 items and statement are omitted as whole in this process. Therefore, 97 items related to the constituents of CLS are integrated into the scale development process of the current study. In next step pilot testing on sample of 35 respondents has been performed in order to make assessment of selected 97 items from previous processes. Results gather through pilot testing was assessed on two levels. At level one of Assessment, correlation of items is analyze in which such items with very high correlation .i.e. $p > 0.90$ are discarded. It turns into reduction of 97 items to 73 items. In level two, Exploratory Factor Analysis (EFA) is applied to the items. EFA test produced factors or components with their

alike variables. Items which loaded on multiple factors are discarded. Also, such factors which include less than 3 items are also eliminated. This step turns the items to reduce to 56 items. From these two levels of assessment the number of items are reduced from 97 to 56. The unit of analysis in main survey is individuals from top and middle level management from Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals industry. Non-probability judgmental sampling technique is used to survey from the sample size of 300 individuals from 90 companies; 18 from each industry. Out of these 300 individuals, 201 individuals from 69 companies have responded properly and their responses are considered for data analysis. Total survey response rate is 67 percent whereas only 76.66 percent companies allow gathering response with highest in banking and lowest in media industry.

In data analysis of main survey, four important test are applied namely correlation for association of items, exploratory factor analysis (EFA) for factor extraction, principal component analysis (PCA) for assigning weightages from extracted factors in EFA and finally the reliability test for internal consistency of the items. Factor analysis is a method to determine the dimensionality of a scale (Gliem & Gliem, 2003). The results of factor analysis shows the correlation of corresponding items prevailing in the test are found to be significant. Similarly, Kaiser Value for sampling adequacy is also above 0.50 which is considered as cutoff value for this test. Hence the sample size is adequate for factor analysis. Bartlett's Test of Sphericity also indicates the nullification of identity matrix among underlying factors. In factor loading, total 14 factors are identify from Orthogonal Varimax Rotation. Only three items are discarded form data set due to their double barrel values. The inter-item correlation in using Cronbach's alpha (reliability test) is 0.171. The scale includes 53 items in three main dimensions with 14 constructs. The suggested alpha for similar conditions described by Cortina (1993) is 0.64. The Cronbach's

alpha of the CLS scale (0.912) is much higher than this suggested alpha value. For business sustainability value of Cronbach' alpha is 0.837, for environment sustainability it is 0.831 and for humane sustainability, it is 0.815 and is considered as good (George and Mallery, 2003; Kline, 2000).

As a result of factor rotation in business sustainability dimension, five factors are identified which are named as marketing practices, business code of conduct, corruption and bribery, sustainable business performance, and corporate governance. The factor rotation in environmental sustainability dimension identifies four factors i.e. eco- efficiency, environmental priorities, health & safety, and environmental reporting. Similarly, the factor rotation in humane sustainability dimension indicates five factors called as community welfare, employee rights, work- life balance, human capital development, and discrimination and grievance.

After extracting factors and assessing their reliability, PCA is run to assign the weightages to the factors extracted in EFA. Eigenvalues are used to assign weightages to factors. Principal component analysis of business sustainability, environment sustainability, humane sustainability and corporate life sustainability index is derived with 2.10, 2.02, 2.05 and 2.12 eigenvalues of component 1 respectively. Eigenvectors against these component 1 with highest eigenvalue are selected to establish the equations of business sustainability, environment sustainability, humane sustainability and corporate life sustainability index and are states as follows:

$$\text{Business Sustainability} = 0.47(\text{MP}) + 0.45(\text{CB}) + 0.53(\text{BCC}) + 0.49(\text{SBP}) + 0.23(\text{CG}) \dots \text{eq. 4.1}$$

$$\text{Environment Sustainability} = 0.49(\text{EE}) + 0.55(\text{EP}) + 0.51(\text{HS}) + 0.44(\text{ER}) \dots \text{eq. 4.2}$$

$$\text{Humane Sustainability} = 0.52(\text{CW}) + 0.42(\text{ER}) + 0.55(\text{DG}) + 0.18(\text{HCD}) + 0.46(\text{WLB}) \dots \text{eq. 4.3}$$

$$\text{CLS Index} = 0.57(\text{Business Sustainability}) + 0.58(\text{Environmental Sustainability}) + 0.57(\text{Humane Sustainability}) \dots \text{eq. 4.4 as per eq. 4.1, eq. 4.2 \& eq. 4.3}$$

Based on the equation 4.4 CLS index values against all the respondents are obtained. These values range from 09.85 as lowest to 18.37 as highest with 13.64 as average CLS index value. In the next step, CLS index percentage values are obtained by dividing values to average value (i.e $\text{CLS index value} / \text{Average CLS index value} \times 100$). According to the values obtained from the CLS index, highest and lowest scoring companies are ranked in each industrial category as shown in the table 4.19 and table 4.20. Keeping all industries into consideration, it is concluded that on the whole, Geo TV has scored the lowest with a CLS index value of 72.259 Ericsson Pakistan (Pvt) Ltd, Oil & Gas Development Company Ltd & Pakistan Television Corp. Ltd. have obtained the closest positions to the most moderate value of 100.00 and Fauji Foundation has the highest value of 120.00.

At last, this study follows Glaser's Grounded Theory approach to construct theory of Corporate Life Sustainability (Glaser, 2008). Theory of CLS mainly incorporates Carroll's pyramid, triple bottom line, Marrewijk's corporate sustainability perspective and intrinsic and extrinsic CSR in terms of Story & Neves's intentional dimension. Finally, it is concluded that corporate social responsibility is not the polarized function of corporate but it is concentrated function of corporate life sustainability. Corporate is a part of social structure, it takes influences from the civilization and it contributes in the growth of civilization. That is why, the corporate has defined system for society and for corporate itself. Whereas, corporate social responsibility is the spirit of corporate practices that the corporate establishes for social need's esteem and advocacy. The alliance of corporate practices with the social need's esteem and advocacy in respect of internal and external corporate sustainability results in corporate life sustainability. Hence, the corporate practices and intention to grow a business on the surface of earth in the social community

for the social needs accessibility, advocacy and satisfaction is the facilitation of corporate to the systems of human on the earth.

The argument “CSR is a brilliant term; it means, something, but not always the same thing, to everybody” by Votaw (1973) is more valid today. Historically, diverse contributions to corporate social responsibility (CSR) has have enhanced its understanding as a complicated concept with limitations (Preston and Post, 1975; Turker, 2009). Keeping this into consideration, past studies has have also suggested that one has to incorporate the central premises of the field, reflect on appropriate methodologies and guide the further development of theory in the field of CSR by enhancing explanatory and predictive power (Jones, 1983). The dominant approach developed in academy and industry has largely focused on the development of internationally recognized perspectives, frameworks and instruments. And there are different methods (scales, indices, databases and content analysis) to measure several CSR perspectives (including unidimensional concept, Carroll’s CSR pyramid, stakeholder theory, triple bottom line and corporate sustainability) but all of them have some limitations (Wolfe and Aupperle, 1991; Turker, 2009). Therefore, the purpose of the study is to measure the broader, applicable and viable perspective of corporate (life) sustainability through scale based index by providing theoretical base (scale) to industry practiced (index) measuring method. Establishing corporate life sustainability (CLS) theory, scale and index further elaborate the concept of CLS with its global viability and ubiquitous applicability.

In this study, 114 statements and items corresponding to corporate life sustainability perspective are extracted from 704 identified CSR (related) items/statements. These 114 selected items/statements were further reduced to 97 items, 73 items, 56 items and 53 items through face validity, correlation assessment, multiple factors loading and

double barrel values reduction respectively. 300 senior managers and directors of 90 companies from Petroleum, Telecom, Banking, Media and Fertilizers & Chemicals industries are surveyed with 67 percent response rate through non-probability judgmental sampling technique.

CLS index is developed with marketing practices, business code of conduct, corruption & bribery, sustainable business performance and corporate governance as constructs of business sustainability; eco-efficiency, environmental priorities, health & safety and environmental reporting as constructs of environment sustainability and community welfare, employee rights, work-life balance, human capital development, discrimination & grievance as constructs of humane sustainability. Furthermore, principal component analysis is applied for assigning weightages to these 14 reliable factors extracted in exploratory factor analysis. Companies are ranked in each industry and on the whole, Geo TV has scored the lowest with a CLS index value of 72.259; Ericsson Pakistan (Pvt) Ltd, Oil & Gas Development Company Ltd & Pakistan Television Corp. Ltd. have obtained the positions closest to the most moderate value of 100.00. Whereas, Fauji Foundation holds the highest CLS index value i.e. 120.00.

5.2 Contributions of the Study

1. This study proposes theory of corporate life sustainability
2. This study depicts critique on the contemporary perspectives of CSR and differentiates triple bottom line and sustainable development perspectives of CSR from corporate sustainability approach.
3. Till now, proponents of each perspective of CSR attempt to justify that particular perspective only. The theory of corporate life sustainability accommodates almost all major

contemporary perspectives including Carroll pyramid, stakeholders' theory, triple bottom line and corporate sustainability.

4. Moreover, in this study further elaborates internal CSR into internal business sustainability, internal environmental sustainability and internal humane sustainability. Similarly, it segments external CSR into external business sustainability, external environmental sustainability and external humane sustainability.
5. Intrinsic CSR and Extrinsic CSR are the predictors of Corporate Intention. Intrinsic CSR practices are sincere practices where employees truly believe that the organization cares for the cause. Whereas extrinsic CSR practices are those perceived to be done with the intention of getting something back or to avoid some kind of punishment from the community in general (Vlachos et al. 2013). The theory of CLS also reflects direction of CSR. CSR may be for the society in spirit, may be for the corporate itself or may be for both corporate and society. The role of CSR has been shifted from voluntary to obligatory. But practicing CSR depends on principle of self-determination. Corporate Intention defines the will and the way of practicing CSR in terms of Intrinsic CSR and Extrinsic CSR.
6. This study considers Corporate Sustainability as the most modern, broader, applicable and viable perspective of CSR with Marrewijk's principle of self-determination (Marrewijk, 2003) in balance with the principle of communion which allows corporate to respond to outside challenges in accordance to its own awareness and abilities.
7. Many authors depict CS as the extended form of CSR while others contradict. This study defines Corporate Sustainability as the most modern, broader and viable perspective of CSR by introducing Business Sustainability, Environmental Sustainability and Humane

Sustainability as the extended dimensions of Economic, Environmental and Social respectively.

8. This study provides first-ever scale based instrument on Corporate Sustainability.
9. The scale of 53 valid and reliable items based practitioners suggested, theoretically justified and literary gathered items gathered via literature is the broader scale of CSR.
10. The study accesses different measuring methods of CSR and dares to blend scale development and indices to provide theoretical base (scale) to industry practiced (index) measuring method i.e. scale-based index.
11. A first practical based, practitioners suggested, theoretically justified scale-based index established on the most modern, broader, applicable and viable perspective is the core achievement of the study.

5.3 Recommendations of the Study

Below are the recommendations of this study:

1. Marrewijk's (2003) view of Corporate Sustainability is the most flexible and viable perspective of CSR. This study while exploring best perspective unintentionally strengthens Marrewijk's view of CS with enhancement. This study elaborates corporate intention as well as practicing dimension in addition to Marrewijk principle of self-determination.
2. The study recommends scale-based index as the most appropriate method to measure CSR as it is based on practitioners' practiced (index) and theoretically tested (scale) measuring concepts.

3. Corporate and society grows together and this growth is subject to the socio-economic environment all around. Only the perspective of corporate sustainability is viable at rating CSR globally keeping socio-economic conditions of corporate as well as that of society in consideration.
4. CSR activities are both intrinsic and extrinsic. Intrinsic CSR practices are sincere practices where employees truly believe that the organization cares for the cause. Whereas extrinsic CSR practices are those perceived to be done with the intention of getting something back or to avoid some kind of punishment from the community in general (Vlachos et al. 2013). Managers and executives therefore need to be careful about how the CSR strategy is formulated and how CSR is communicated.

5.4 Practical Implications

In developed countries governments have started interfering and companies have started reporting on CSR. In addition to this, a lot of work has been done to device recommendations to bound corporations to design CSR policies. Unluckily, the governments in developing or under-developed countries have not yet significantly uplifted the lives of public so it is through development sector and CSR initiatives of private sector. But the government can play its role by making certain legislation for corporations to be socially responsible. So the role of the government in implementation of corporate social responsibility is very important and critical. Poor academic evidences have been shown on reporting CSR practices on any CSR index indigenously in under-developed or less-developed country. In Pakistan, little work has been done in this field. This study is the first-ever study to measure CSR from corporate sustainability perspective and can serve as base to identify indicators, constructs and dimensions to measure CSR.

In spite of exponential economic growth, liberalization and globalization, there has not been any real progress in addressing human issues. Trade and commerce has been used to amass wealth and increase the division between the have and have-nots (Chatterji, 2011). Governments, especially democratic governments have to be careful about the balance between freedom and responsibility. The role of government lies in providing clear guidance to the business world about CSR policies (Chatterji, 2011).

Although theoretical as well as practical implications of this study are global in nature, this topic is of special significance and importance due to lack of sufficient regulatory government policies and rules for corporations towards social responsibility perspective in Pakistan. Securities and Exchange Commission of Pakistan (SECP) promulgated first code of Corporate Governance (CG) in Pakistan in March 2002. Since then no further development has been taken place at government end till the introduction of ‘Voluntary Guidelines for Corporate Social Responsibility’ by SECP in 2012 (SECP). These guidelines are further improved in 2014 with inclusion of areas of interest for CSR practices and brief implementation structure. Still scope, dimensions and constructs of CSR are totally missing. This study makes a significant contribution by introducing CLS Index in Pakistan. It provides deep insight of concept of social responsibilities of Pakistani corporations. This study provides foundation for analyzing sustainable practices of companies in Pakistan. This research envisages the current level of CSR practices of Pakistani corporations and their desired level and helps to improve and maintain CSR Practices which is aligned to the international standards. Definitely this work would help government in devising new recommendations and policies to suggest, advice and bound companies to play their role in improving social conditions and to contribute their profits in the greater interest of the society at large. It may assist the investor to identify the difference between companies being socially

responsible and that being not. It may also lead the corporations to improve their CSR practices in order to capture more market share and long term sustainability.

5.5 Theoretical Implications

Theoretical contribution of this study is multi-fold. Firstly, the study examines the contemporary perspectives of CSR and differentiates triple bottom line from corporate sustainability approach. And further differentiates CS as the modern, broader, applicable and viable perspective of CSR. Secondly, the study accesses different measuring methods of CSR and dares to blend scale development and indices to provide theoretical base (scale) to industry practiced (index) measuring method i.e. scale-based index. Thirdly, practitioners suggested, theoretically justified and literary gathered scale items enhance the validity and reliability of scale based index. Fourthly, identification of the items based scale is another contribution of the study. The beauty of the scale is that it accommodates almost all contemporary perspectives including Carroll pyramid, stakeholders' theory and triple bottom line. Lastly, development and reporting of a practical scale-based index named corporate life sustainability index is the major contribution of the study. Although some practitioners consider Management as the dimension of CSR, it is not measured theoretically. Moreover, for the very first time, Humane Sustainability as dimension of CLS is introduced that is beyond just social as Business Sustainability is introduced that is beyond just economic.

Poor academic evidences have been shown on reporting CSR practices through primary data on any CSR index indigenously in under-developed or less-developed country (Khalid and Nasir, 2015). In Pakistan, little work has been done in this field. This study is the primary effort to measure CSR from corporate sustainability perspective and can serve as a base to further identify and measure its indicators, constructs and dimensions.

Theoretically, no evidence has been found on development of scale-based CSR index at national or international level in developed or developing countries (Khalid and Nasir, 2015). Secondly, little academic research has been made to develop scales or indices from the perspective of corporate sustainability in the past. In a nutshell, development of a corporate life sustainability index based on broader theoretical perspective is the core achievement of the study.

5.6 Limitations of the Study

There are some limitations of the current study and are as follows:

1. First of all, the scale does not cover all aspects of dimensions of CSR i.e. Business Sustainability, Environment Sustainability and Humane Sustainability. In the beginning, many aspects were identified by literature, researchers and practitioners but not extracted out through EFA e.g. labor unions were excluded. The reason hides in absence of collective bargaining agents (CBA) in majority organizations in telecom, banking and media.
2. After the analyses, items related to some important aspects were also eliminated from the scale (e.g. items related to labor unions). The reason hides in taking diverse sampling frames. The practices of manufacturing organizations are different from that of service providing organizations. Three out of the five frames (media, telecommunication & banking) have comparatively less or no concept of CBAs and unions. However, the scale still has a combination of diverse aspects of Humane Sustainability, Environment Sustainability and Business Sustainability in a balanced manner and provides a useful tool to measure CSR with the perspective of Corporate Life Sustainability.

3. Depending on the selected sample, the current study reflects only the perceptions of top and middle management, and not that of other stakeholders of a business.
4. Additionally, since the data was collected from a sample which was drawn from only one country, the results can't be generalized to other country. As a matter of fact, as mentioned in literature, each country has a unique position in the world because of its socio-economic cultural diversity, findings can't be generalized.
5. The scale as well as index lacks industry-specific as well as country-specific criteria.

5.7 Future Areas of the Study

1. The demographics of respondents also supported the generalizability of the study. However, there is a need for further studies to confirm the current structure of the scale.
2. Three separate studies should be conducted for trading, manufacturing and services industries on the same base items and final scale based index should be compared to seek sector specific criteria.
3. The same study may also be conducted in other parts of the world to ensure its validity and generalizability. Keeping in mind its capacity to be accepted internationally and acknowledged globally.
4. Although the literature provides several methods for measuring corporate social responsibilities, almost all of them have some limitations (Turker, 2009). CSR perception (development) and delivery (reporting), differs from country to country depending upon whether the country has a business system that is able to learn and absorb new knowledge and an appropriate public policy framework (Chatterji, 2011, pp 147). Since CSR includes the socio-economic and cultural paradigms, it is difficult to create a universal rating mechanism. Therefore, in spite of similarities between different frameworks, we have to

provide diversity and heterogeneity for a true rating result (Chatterji, 2011; pp185). For that reason, indigenous context of CSR while developing its indicators and indexes should be considered on priority (Chatterji, 2011, pp147). It is therefore, proposed that the country-specific criteria should be part of scale-based index to make it the more valid, reliable and broadly accepted scale-based index. New items should be considered and incorporated into the scale to make it more authentic.

5. This is the first step in incorporating all major CSR scales published in different context into practical based, practitioners suggested, theoretically justified scale-based index established on the most modern, broader, applicable and viable perspective of Corporate Sustainability. The same study should be tested in different parts of the world; in developed, developing and under-developed economics to seek differences and similarities on one side and identifying more items, criteria and even dimensions, if any, on the other.
6. Each dimension Business Sustainability, Environment Sustainability and Humane Sustainability can further segregated into internal CSR and external CSR in further studies.
7. In further studies, findings through scale based index may be compared with that through other measuring perspectives including content analysis and databases.
8. This study reported the selected five industries of Pakistan, the other industries may also be included in future CLS reporting or the scope of reporting may be expanded to rest of industries/sectors of Pakistan including small & medium enterprises and public sector.
9. The theory of CLS is as potentially applicable in the developed countries and the corporate practices may be reported on CLS Index in developed countries to measure the context of dynamics of that country's industries.

5.8 Conclusion

CSR has had a robust past and an upbeat future. The evolution of CSR assures that it will take its present or modified form in the years to come. The only debate is what it will be called or referred to by practitioners and thinkers (Carroll, 2015); either creating shared value, enlightened self-interest, corporate diplomacy or corporate life sustainability. On one side a movement has risen to shift CSR practices from voluntary to obligatory. On the other, international raters are rating corporate as per their own standards without considering principle of self-determination in balance with the principle of communion. In this scenario, this research provides guideline to standardize CSR perspective, dimensions and indicators, and assesses socio-economic indigenous environment and rate local, international and global corporate on theoretically justified, empirically tested and ubiquitously applicable scale-based index established on the modern, broader and viable perspective of Corporate Life Sustainability. Theoretical contribution of this study is multifold. Firstly, the study examines the contemporary perspectives of CSR and distinguishes corporate life sustainability as more modern, broader, applicable and viable perspective of CSR. Secondly, the study accesses different measuring methods of CSR and dares to blend scale and index to provide theoretical base to industry practiced measuring method i.e. scale-based index. Thirdly, the study develops first-ever corporate life sustainability scale based on practitioners' suggested, theoretically justified and literary gathered 53 valid and reliable items. Fourthly, the study develops and reports on scale-based corporate life sustainability index. Fifthly, it accommodates almost all contemporary perspectives including Carroll pyramid, stakeholders' theory, triple bottom line, creating shared value, enlightened self-interest and Marrewijk's corporate sustainability perspective and Story & Neves's CSR intentional dimension into the theory of CLS . Lastly, this study further constructs theory of Corporate Life Sustainability based

on empirical findings and considers business sustainability, environment sustainability and humane sustainability as main dimensions of CLS with intrinsic CSR and extrinsic CSR as the predictors of corporate intention amid principle of self-determination in balance with the principle of communion.

CSR perception (development) and delivery (reporting) differs from country to country. Therefore, indigenous context of CSR while developing its indicators and indexes should be considered on priority (Chatterji, 2011, pp147). The scale as well as index lacks industry-specific as well as country-specific criteria. Some important aspects of constructs/ dimensions of CLS being identified by literature, researchers and practitioners are also not extracted out through EFA (e.g. labor unions are excluded) due to diverse sampling frames. This is because, three out of the five frames (media, telecommunication & banking) have comparatively less or no concept of CBAs and unions. The perceptions of other stakeholders of a business may also be incorporated in future studies. There is a need for further studies in other parts of the world especially in developed countries to confirm validity, generalizability and current structure of the scale. Three separate studies may also be conducted for trading, manufacturing and services industries on the same base items and final scale based index should be compared to seek sector specific criteria. Additionally, each dimension including business sustainability, environment sustainability and humane sustainability can be further segregated into internal CSR and external CSR. In further studies, findings through scale based index may be compared with that through other measuring perspectives including content analysis and databases. The dimensions of CLS may further be measured on corporate intention. There is a significant shift in CSR studies from examining CSR as an aggregate of multiple social dimensions to focusing on a specific element of social activities

(Wang, Tong, Takeuchi, & George, 2016). Additionally, there is an increasing awareness among the academic community that an aggregate CSR score does not say much about firm social performance, making the comparison across firms based on such scores less credible (Aguinis & Glavas, 2012; Servaes & Tamayo, 2013). One of the distinct feature of scale-based index is that it can calculate both aggregated as well as segregated CSR scores. Contemporary researchers may also consider identified CLS dimensions and indicators as specific elements in their future researches.

6. References

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Appendix – I

Questionnaire Items

A. BUSINESS SUSTAINABILITY

Marketing Practices

1. We use customer satisfaction as an indicator of our company's performance
2. We continually improve the quality of our products
3. Our company has a process to ensure effective feedback, consultation and/or dialogue with customers, suppliers and the other people we do business with

Business Code of Conduct/ Business Ethics

1. CSR implementation is aligned with our company's ethical values
2. Our company has a formal code of conduct
3. Responsibilities, accountabilities and reporting lines are systemically defined in all divisions and departments in our company
4. Our company has a policy to ensure honesty and quality in all its contracts, dealings and advertising

Corruption and Bribery

1. Our company publicly reports on breaches against anti-corruption policy
2. The company policy underpins company's value in terms of integrity, bribery and transparency
3. Mechanisms are in place in company to assure effective implementation of anti-corruption policy.
4. Mechanisms are in place in company to assure effective implementation of bribery policy.
5. Our company publicly reports on breaches against anti- bribery policy

Sustainability Business Performance

1. We closely monitor employees' productivity
2. Understanding CSR establishes the links between CSR and business performance in our company
3. Our company focuses on the sustainability of its products and services to gain an advantage over competitors
4. Top management establishes long-term strategies for our company

Corporate Governance

1. Our company ensures the effectiveness of our board of directors and the alignment with the interests of shareholders

2. Our company has adopted entrenchment provisions at the board of directors' level
3. There are systems in place to facilitate the participation of stakeholders in the decision-making process of the company

B. ENVIRONMENT SUSTAINABILITY

Eco- Efficiency

1. Our company has adopted a precautionary approach to environmental challenges
2. Our company has tried to reduce its environmental impact in terms of recycling and pollution prevention
3. Our company considers potential environmental implications in new product and service development (e.g. Assessing energy usage, Recyclables or pollution generation).

Environmental Priorities

1. Our company implements special programs to minimize its negative impact on the natural environment
2. Our company has undertaken different activities that has protected the environment
3. Our company participates in activities which aim to protect and improve the quality of natural environment
4. Environmental activities implemented by our company are aligned with national and/or international standards and policies
5. Our company undertakes initiatives to promote greater environmental responsibility and conservation

Health & Safety

1. Our company has a proper health and safety policy
2. Our company has suitable arrangements for health and safety at workplace that provide sufficient protection for employees
3. Our company often conducts assessments of the health and safety effects of our products and services on the wellbeing of customers

Environmental Reporting

1. Our company provides clear and accurate environmental information on its products, services and activities to customers, suppliers, local community, etc
2. There are quarterly or annual reports on environment produced by our company for stakeholders
3. Our company reports considers locally or internationally established standards of environmental reporting

C. HUMANE SUSTAINABILITY

Community Welfare

1. Our company gives adequate contributions to charities
2. Our company contributes to campaigns and projects that promote the wellbeing of the community
3. Our company encourages its employees to join civic organizations that support our community
4. Our company encourages its employees to participate in voluntary activities
5. Our company supports nongovernmental organizations (NGOs) working in local areas

Employee Rights

1. Our company respects employee rights beyond the legal requirements
2. Employee relations are highly important for our company
3. The company has effective monitoring system that evaluates company compliance with labor laws.

Human Capital Development

1. Our company supports employees who acquire additional education
2. Our company policies encourage the employees to develop their skills and careers
3. Our company offers apprenticeship/internship opportunities to people from the local community

Work- Life Balance

1. Flexible company policies enable employees to better coordinate work and personal life
2. Our company implements flexible policies to provide a good work life balance for its employees.
3. The company performs work-life balance sensitivity analysis on individual level
4. The organization has a formal and effective Family Friendly Policies

Discrimination & Grievance

1. Internal policies of our company prevent discrimination in employees 'compensation and promotion
2. The managerial decisions made at our company related with the employees are usually fair
3. Fairness toward co-workers and business partners is an integral part of our employee evaluation process
4. There is a process to ensure that adequate steps are taken against all forms of discrimination in the workplace in our company.
5. Our company has formal representation and/or dispute grievance procedure

Appendix – II

Table 1 KMO and Bartlett's Test for Business Sustainability

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.565
Bartlett's Test of Sphericity	Approx. Chi-Square	2608.127
	df	171
	Sig.	.000

Table 2 KMO and Bartlett's Test for Environment Sustainability

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.670
Bartlett's Test of Sphericity	Approx. Chi-Square	1473.257
	df	91
	Sig.	.000

Table 3 KMO and Bartlett's Test for Humane Sustainability

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.728
Bartlett's Test of Sphericity	Approx. Chi-Square	1455.116
	df	190
	Sig.	.000

Appendix – III

List of Companies Industry Wise

<u>Petroleum</u>	<u>Telecom</u>	<u>Banking</u>	<u>Media</u>	<u>Chemical & Fertilizers</u>
Petronal Carigali (Pak) Ltd.	PTCL	MCB	Geo TV	Dewan Cement Ltd.
Mari Gas Company Ltd.	Mobilink	UBL	PTV	Werrick Pharmaceuticals
Weatherford Oil Tool Pakistan	Ufone	Allied Bank	PTV News	Askari Cement
Cosmic Petro Services	Telenor	Askari Bank	AAJ	SAFI Chemicals and Fertilizers
OGDCL	Zong	HBL	BUSINESS PLUS	Sitara Chemical Industry
Dewan Petroleum	Warid	NBP	Samaa TV	Sufi Soap
LMKR	Siemens Pakistan	Standard Chartered Bank	ARY	Akbari Chemical Industry
Petroleum Exploration Pvt Ltd.	Ericson Pakistan (Pvt) Ltd	Summit Bank	DAWN	Ittehad Chemicals
Paige Ltd.	Huawei Technologies Pakistan	NIB	Dunya News	PakArab Fertilizers Limited
Cosmic Petro Services	Wi- Tribe	Silk Bank Ltd.	CNBC	Fauji Fertilizers
MOL Pakistan	Comsats Internet Services	Bank Alfalah Ltd.	EXPRESS TV	Askari Cement
British Petroleum Pakistan	Extreme Engineering solutions	Al Baraka Bank	KHYBER ATV	Rcb Chemicals and Services
Descon Exploration (Pvt) Ltd	Huawei Tech Pakistan	Faysal Bank	DIN TV	Shaheen Chemical Industries
Heritage Oil and Gas Ltd	Tier 4	Meezan Bank Ltd		Prime Chemicals Corporation (Pvt) Ltd
Mari Gas Company Ltd	World Call Telecom Ltd	Citi Bank		Asiatic Chemicals Pakistan
Orient Petroleum Limited	Pak Datacon Ltd.	Soneri Bank		Union Argo (Pvt) Ltd
	Spectrum Telecom (Pvt) Ltd	ZTBL		Hico Seeds
	Teltonika	Meezan Bank Ltd		ENGRO
	Soft Tech Microsystems	Citi Bank		DAWOOD HERCULES
	IP- Tel Technologies			