

Advance Social Science Archives Journal

Available Online: <https://assajournal.com>

Vol.2 No.4, Oct-Dec, 2024. Page No. 454-472

Print ISSN: [3006-2497](#) Online ISSN: [3006-2500](#)

Platform & Workflow by: [Open Journal Systems](#)



THE NEXUS BETWEEN CSR (SOCIAL, ECONOMIC AND ENVIRONMENTAL) AND CORPORATE REPORTING: MEDIATING ROLE OF ORGANIZATIONAL CULTURE

Sajjad Ali khan

MPhil Sholar. IBA Gomal University D.I.Khan

Email: : sajjadkhan35750@gmail.com

Dr. Muhammad Saqib Khan *

Assistant Professor. IBA Gomal University D.I.Khan

corresponding Email: saqibkhan@gu.edu.pk

Dr. Nafid Khan

Assistant Professor. IBA Gomal University D.I.Khan

Email: nafidkhan@gu.edu.pk

ABSTRACT

The purpose of this research is to look at the multiple interaction between CSR social economic and environmental factors and corporate Reporting with Organizational culture as a moderator. Based on the data collected from 276 employees working in different banks of the southern region of Khyber Pakhtunkhwa, Pakistan, the research employs a quantitative approach to examine the proposed relationships by employing Structural Equation Modeling (SEM) with Smart PLS. These relate to how every CSR dimension supports Corporate Reporting by displaying transparency and accountability of CSR related activities. Further, mediating role of Organizational Culture is also examined as the variable that can either boost or dampen these relationships. The main recommendations are that Economic CSR has a strong positive impact on Corporate Reporting; and Environmental CSR provides inconclusive results due to practicality issues associated with organizations implementing sustainable programs. Community involvement that is a component of Social CSR also has a significant relationship with Corporate Reporting; this shows that firms engaged in social responsibility cases are more likely to report their CSR responsibilities. The moderating role of Organizational Culture shows that an effective and ethical culture reinforce the effect of CSR on corporate reporting, resulting to accountability and higher stakeholder trust. Hence, the study has important implications for the Pakistan's banking organizations, encouraging the firms to incorporate the effective CSR practices to increase the transparency and sustainability reporting.

Keyword: CSR social economic and environmental factors, Corporate Reporting, Organizational culture, Mediation, Banking

INTRODUCTION

Corporate Social Responsibility (CSR) has emerged as one of the key factors in the modern business strategies bringing in reciprocal social, economic and environmental aspects (Wirba, 2023; Bilal, & Saif, 2022). CSR and corporate reporting which are the two concepts have a strong connection on how organizations convey their social responsibility obligation and standard for sustainable and responsible business practices (Yousaf et al., 2023). This dynamic relationship proves that there is a shift in

corporate governance paradigm acknowledging a detailed involvement of corporate organizations in the economic development of the societies they operate in the management of social and other environmental issues. There has been emerging interest seen in the field of CSR and corporate reporting due to the increasing concern with the relationship of the business world to global realities (Saif, & Khan, 2020).

This comprises of the activities aimed at benefiting the public, charitable purposes and social responsibility to the larger society (Carroll, 1991). Companies participate in social responsibility to cultivate good relationship with their stakeholders (Freeman, 1984) and to establish a good reputation of their firm (Bhattacharya et al., 2008; Tahira, Saif, Haroon, & Ali, 2019). Economic consideration of CSR cover the company's ends other than monetary returns such as Staff relations and treatment, Supply chain integrity, and Local economic enhancement aspects (Wirba, 2023; Bilal, & Saif, 2022). The concept of environmental responsibility focuses on utilization of environmental resources only in a way that has minimum harm to the natural environment of the firm, reduction of adverse effects of business processes on natural resources and the environment as declared by (Hai Yen et al., 2023; Shah, Saif, Khan, & Khan, 2022). The social CSR is as significant facet that define the way organization address the needs of society in their operations. Based on Carroll (1991) this dimension consists of a spectrum that includes such activities and programs as social and community improvement, charitable giving, and societal responsibility. Some of the CSR activities include contributing to the various efforts in the society for instance supporting education (Al Sakkaf et al., 2023), provision of health services (Idowu, Idowu, & Idowu, 2023), and supporting infrastructure development to show how much a corporation cares for the society that it operates in. Other components include philanthropy, which is voluntary contribution to charity whereby a company assert its responsibilities of a good corporate citizen (Saif, Saqib, Arshad, Javed, & Khan, 2018).

The economic aspects of CSR extend the concept beyond profit-making objectives, emphasizing ethical business practices that contribute to fair and sustainable economic development. Carroll (1991) outlines this dimension to include fair employment practices, ethical supply chain management, and fostering economic development within communities. Fair employment practices involve ensuring equitable treatment of employees (Saif et al., 2018), promoting diversity and inclusion, and providing fair wages and benefits. Ethical supply chain management focuses on responsible sourcing, labor practices, and environmental considerations throughout the supply chain. Moreover, fostering economic development within communities involves supporting local businesses, creating job opportunities, and contributing to the overall economic well-being of the regions in which a company operates (Farooq, Saif, & Shaheen, 2022).

The second definitional domain includes environmental responsibility as defined by Elkington (1994). Environmental sustainability is highlighted as the promotion of policy initiatives that encourage sound environmental management, the prudent utilization of resources, and measures that seek to ensure minimal harm on the environment by business processes.

What the social aspect of CSR entails is a company's commitment to societal welfare, ethical operation, and responsibility to the natural environment. Besides providing benefit to society, CSR also helps companies to create good image for itself to society and to its shareholders, and thus exhibit good corporate governance in the long run. Corporate reporting is the process by which firms report CSR information to the publics and other interested stakeholders through CRP, which in essence gives a report of the social, economic and environmental activities of the companies. The reporting environment has dramatically evolved to shift from mere financial reporting to the broader sustainability reporting (Gray et al., 1995). CSR being included in corporate reporting speaks to accountability and more, ensuring that corporate strategies imposed are compatible with sustainability goals (Adams et al., 2016).

CSR approach to corporate reporting is anchored on the stakeholder theory which asserts that business organisations are responsible to all classes of stakeholder (Freeman, 1984). Customers, employees, investors, and the communities in which a business operates want transparency in corporate CSR activities (Bhattacharya et al., 2008). Therefore, corporate reporting has established itself as a management imperative for affiliate organizations use to publicize CSR initiatives and prove commitment to responsible business (Waddock and Graves, 1997).

Organizational culture is one of the primary approaches used to analyze the internal environment of organizations and reflects a system of presented and experienced beliefs, values, and activities of the company's employees Hofstede (1988). The integration of CSR principles into the organizational culture demonstrates a company's embrace of something beyond the profit-oriented goals of operation. The social awareness of CSR, which comprises efforts of business organizations for social causes and philanthropy, has a culture receptive impact within organisations and creates awareness about the social responsibilities of each employee (Carroll, 1991).

The relation between CSR and organizational culture is an emergent process through which CSR concepts are incorporated into organizational culture as a set of values, norms, and attitudes of organisational members. The latter promote the organisational culture by enhancing the perception of organisational objectives among the employees and developing their feeling of co-responsibility.

Therefore, CSR incorporating its social, economic and environmental aspects and organizational culture of enterprises are interdependent where corporate values define internal processes. Through this intersection, the dedication of an organisation relating to the promotion of social responsibility, can clearly distinguish how the culture of the company impacts their dedication, and vice versa; in essence, the harmonious connection of ethical and social or environmental responsibilities within the establishment of the organisation.

The relationship between CSR, corporate reporting and organizational culture can be illustrated as a complex interaction interface that permeates a company's ethical fabric, external communication and internal life. Apart from the social perspective, CSR incorporates the economic and environmental perspective for which practices ethical behavior and social responsibility. In contrast, corporate reporting is an essential

mechanism through which an organization presents its CSR activities and results to the interested parties. From this standpoint, organisational culture takes the centre of gravity in regard to the question as to how CSR activities are embraced as organisational culture and then reflected in the worldviews and practices of employees when presenting CSR information in corporate reports.

Therefore, the importance of the study on "CSR and Corporate Reporting with the Mediating Role of Organizational Culture" in the banking sector of Pakistan is multifold. For banks, it provides direction on where and how CSR can be incorporated, how corporate reporting can be made more transparent, and how organizational culture can be harmonized with responsible business practices. This understanding is applied in developing broad sustainable development strategies for the banks. Moreover, the research will make considerable contributions to the enhancement of trust and confidence with stakeholders, hence, promoting good rapport in the banking industry. Regulatory authorities could use the knowledge accrued from the research to either fine-tune or indeed develop policies that are culturally relevant to banks and therefore complement the responsibilities of ensuring sustainable business practices. Scholarly, the study contributes to the extant literature on sustainability and business ethics. In addition, the research highlights the competition threat by explaining that it is possible for companies to leverage competitive advantage through proper CSR practices, proper reporting and management, and a healthy organizational culture. It emphasizes on social theme of the csr on the wellbeing of the populace, development and growth of commerce and the environment. The study also has implications for the risk management practices, investor decisions and the future viability of the banking sector through being ethically, socially, and environmentally responsible both nationally and globally to further the reputation of the Pakistani banks.

Literature REVIEW

CSR and organisation culture relationship

The sociopolitical process of CSR and organizational culture interaction is a major factor within modern business context. About CSR, which is widely falling under the categorization of social, economic, and environmental responsibilities, is not exclusive to outside practice, rather takes root in the organisational DNA when in synch with the internal culture. Carroll's pyramid of CSR (1991) maps out various layers of responsibilities and organizational culture defines the spirit of these responsibilities. CSR strategies implemented in an organization depend on the shared beliefs about the appropriate role of business in society and on the overall organizational culture, which define a consistent and credible CSR approach (Maignan & Ferrell, 2004).

The part of CSR which concerns employee engagement is well supported by a positive organizational culture that embraces and supports CSR efforts to be effective in their delivery of positive social impacts. The ethical behavior accorded by CSR meets flourishing ground in organizations where integrity and ethical working culture prevail (Treviño et al., 2014). Additionally, organizational inflexibility and flexibility of the company's organizational culture inspires the development of new business

sustainability and CSR practices making the organizational CSR effective (Aguinis & Glavas, 2012).

Link between corporate reporting and organization culture

The link between this paper's two key concepts, that is, corporate reporting and organizational culture, is therefore defined by how they together impact organizational performance when presenting information about the company. Annual and other special reports, both financial and non-financial, present an embodiment of organizational transparency, accountability, and the management of multi-stakeholder relationships. The overall format and information disclosure of corporate reports are directly connected with organizational culture.

Organizational culture refers to the system of ideologies through which organizational stakeholders within an organization's working environment perceive, interpret, and interact within an organizational setting. A closer look at the choice of values and business ethos in an organization reveals the extent to which ethical practices are valued in corporate reporting. An ethical culture where people are free to speak the truth is expected to encourage qualified reporting which in turn leads to the development of stakeholder trust (Denison, 1990).

However, it is noteworthy that the manner of communication deeply rooted in the organizational culture defines the tenor of corporate reports. A communication culture that would embrace preparation of reports with clear and concise language rather than the politically correct language would likely prepare reports which would not be complex or have ambiguous language. On the other hand, a hierarchical or secretive culture may come up with less transparent reports which may reduce stakeholder trust (Deal & Kennedy, 1982).

Not only is the gap between corporate reporting and organisational culture most apparent in reports themselves but in the processes as well. Integrated teams and all levels of a company are more inclined to contribute in the reporting process when the organizational culture is collaborative and inclusive (Cameron & Quinn, 2011).

The antecedent and mediating reflections of Organization culture on the relation between CSR and corporate reporting.

The mediating relationship of organizational culture between CSR activities and corporate reporting means there is a necessary connection between the internal business culture and the managerial practices that determine how an organisation reports on its CSR efforts. The adopted definition of reporting perhaps from a corporate perspective currently recognizes corporate reporting as a forward-looking and planned firm communication instrument designed to demonstrate corporate responsibility, environmental responsibility and responsible business. But CSR has an indirect impact on the corporate reporting practice filtered by the organizational culture.

Organizational culture plays the role of filter that helps to interpret, implement and disseminate CSR practices in corporate reports. Engagement of stakeholders in the development of a positive attitude towards CSR issues and practices creates a good background for the preparation of informative reports on the CSR programs. The

cultural values of required accountability, ethical behavior, and stakeholder communication shape how CSR affects the content and quality of corporate reporting (Brammer et al., 2007).

Furthermore, there is significant interconnectivity between organisational culture and the extent to which CSR is incorporated in corporate reporting. The nature of the culture in any society determines the extent to which CSR indicators will be integrated in the. Both financial and non-financial reports. Conversely, a culture that is not aligned to the CSR may lead to poorly integrated or even decoupled reporting (Jones et al., 2017).

The cases presented in the current study also demonstrate the mediating influence of the organisational culture regarding the CSR practices and their importation into the corporate perceptions and the organisational narratives, disclosures, and performance metrics reported in the organisations’ annual reports. This function acts as mediators between the company’s intending social responsibility policies and the external presentation of such policies and activities.

Consequently, the proposed mediating role of organizational culture linking CSR and corporate reporting highlights the significance of an appropriate internal context for sustainable business. What is more, the culture of the organization affects incorporation of CSR and development of the concern and way, the narrative and perception that stakeholders have to the disclosed information.

Following are the hypothesis of the study

- H1; There is positive correlation between CSR attributes, CRP and organization culture.
- H2; CSR attributes has significant impact over CRP
- H3; CSR attributes has significant impact over organization culture
- H4; Organization culture mediate the relationship between CSR attributes and CRP.

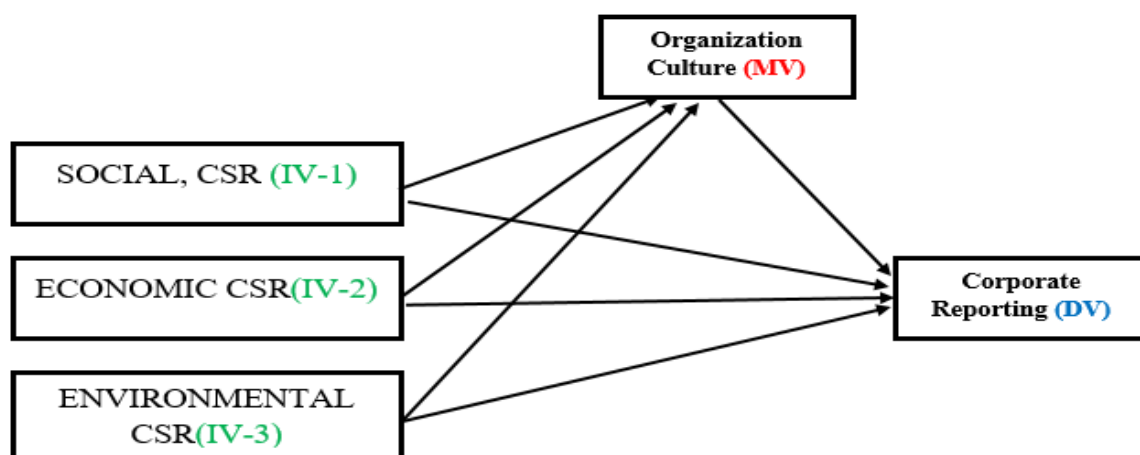


Fig 1. Conceptual Model
RESEARCH METHODOLOGY
Population and Sample

Quantitative research relies on the perspectives of respondents, who represent the study's population. The collected research data, obtained from a carefully selected sample, is then extrapolated to make generalizations about the broader population.

This methodological approach emphasizes numerical analysis and statistical techniques to draw valid and reliable conclusions. The goal is to derive insights that extend beyond the specific sample studied, contributing to a more comprehensive understanding of the entire population under investigation. The population for this research consists of employees from various banks in the southern region of Khyber Pakhtunkhwa, Pakistan, totaling 1132 individuals. The sample size of 296 was determined using a sampling formula. The convenient sampling technique was employed for participant selection, with a specific focus on using the simple random technique to ensure fair representation from the population. Consequently, 296 questionnaires were distributed among the selected participants, and a total of 276 completed questionnaires were collected and considered for subsequent analysis. This sampling approach allows for insights into the perceptions and experiences of a significant portion of the employee population in the banking sector of the specified region, offering valuable data for the study's objectives.

Table 3.1 Sample-Size Determination

Formula	E	N = 1132	Sample = 296
$n = N/1 + Ne^2$	0.05	$n = 1132/ (1+1132 (0.0025))$, $n = 295.56. 32$	Sample = 296

Questionnaire

In the current study adopted questionnaire were used to get the response from target sample. Participants' data for this study thus was obtained through adapted constructs from previous studies and included dimensions such as CSR, Corporate Reporting, and Organizational Culture. The Environmental CSR construct formulated to measure organizations CSR in form of environmental friendly practices and their influence on the service processes more so consisting of three items based on Li et al., (2018). The Social CSR was comprised of three items and it focused on measuring community engagement, stakeholder and corporate image based a on the studies of Farooq et al. (2021). In a like manner, the Economic CSR construct that comprises of three items, assesses the contribution made by organizations to; economic development, ethical supply chain and economic sustainability with reference to Porter & Kramer (2006). For Corporate Reporting, five items were included adapted from the checklist developed by the Global Reporting Initiative (GRI) guidelines to measure the extent of informative and accountable disclosure of the organizations' CSR related information (GRI, 2021). Last was the Organizational Culture construct that comprised of five items, which pertained to different aspects of culture by referencing Denison & Mishra (1995) namely, well-being of the employees, innovations, collaboration within the workplace, and also diversity. These adapted constructs enabled the examination of CSR practices and organisational practices in the broad manner.

Data Analysis

Once the data is procured, the next step involves a rigorous analysis using diverse statistical procedures. Correlation analysis through HTMT was employed to scrutinize the relationships between different variables, unveiling patterns and dependencies within the dataset.

Regression analysis through smart PLS was enable the identification of the strength and nature of associations between the independent and dependent variables. Additionally, the study was delve into the mediation aspect, exploring the mediating role of organizational culture in the relationship between CSR and corporate reporting. Mediation analysis was unravel the intricate interplay and mechanisms involved in this triadic relationship.

By using these analytical methodologies, the research proposes to identify insights, establish patterns, and correct hypothesized theories. While, the multifaceted analysis was not only improve the reliability of the findings but was also help in gaining better insights of the varied realities within the CSR, corporate reporting and organizational culture domains. The chosen methodological approach helps to achieve the objectives of the study and guarantee its reliability and validity due to following the guidelines of the systematic research (Khan, Khan, , Ullah, Saif, & Ullah, 2020).Additional data analysis was conducted using Smart PLS employing Structural Equation Modeling (SEM) since it is more suitable for models with latent variables and many numbers of constructs (Saif et al.,2024) addressing the complex dynamics within the realms of corporate social responsibility, corporate reporting, and organizational culture. The methodological approach chosen ensures a systematic and rigorous examination of the data, aligning with the objectives of the study and fostering confidence in the reliability and validity of the research outcomes.

Further data analysis was performed with the help of Smart PLS using Structural Equation Modeling (SEM) technique which is appropriate for models with latent variables and with a significant number of indicators (Abbas, Ali, Hayat, Saif, & Hussain, 2024). With regards to correcting internal consistency, validity of the constructs has been measured using Cronbach's Alpha and Composite Reliability (CR) and should be greater than 0.70% is acceptable (Hair et al., 2017). Moreover, using Fornell Larcker criterion, Average Variance Extracted (AVE) was calculated to check the degree of reality of the proposed latent variables regarding their indicators (Khan Al-Jabri, & Saif, 2021). The AVE results were coincident with the above criterion $AVE > 0.50$ rejected as an acceptable level of synchronization as stated by Fornell and Larcker (1981).

RESULT and Discussion

Table 4.1. Reliability Statistic

	COPR	ECSR	ENCSR	ORC	SCSR
COPR1	0.707				
COPR2	0.744				
COPR3	0.768				
COPR4	0.815				
COPR5	0.891				
ECSR1		0.875			
ECSR2		0.723			
ECSR3		0.867			
ECSR4		0.807			
ENCSR1			0.886		
ENCSR2			0.851		
ENCSR3			0.810		
ORC1				0.908	
ORC2				0.885	
ORC3				0.896	
ORC4				0.848	
ORC5				0.872	
SCSR1					0.918
SCSR2					0.882
SCSR3					0.882
SCSR4					0.411

ORC= Organization Culture, SCSR= Social Corporate Social Responsibility, ECSR= Economic Corporate Social Responsibility, ENCSR= Environmental Corporate Social Responsibility, COPR= Corporate Reporting

Table 4.1 shows the reliability statistics for the concept under study, namely, Corporate Reporting (COPR), Economic Corporate Social Responsibility (ECSR), Environmental Corporate Social Responsibility (ENCSR), Organizational Commitment (ORC), and Social Corporate Social Responsibility (SCSR). The table shows the loading of factors in relation to each item for each construct of the study as well. The most important measure of reliability is factor loadings which shows how much of an item is associated with the latent variable it is supposed to measure.

In the case of the COPR construct, the factor loadings lie between 0.707 and 0.891, thereby supporting the five items, COPR1 to COPR5, and their high significant level as recommended by Hair et al. (2014). This held the implication that the ten items of COPR reasonably and validly reflect the construct of corporate reporting.

Likewise, the ECSR construct down presents satisfactory reliability, as indicated by high factor loading ranging from 0.723, 0.846, 0.875 and 0.80 for the ECSR1 to ECSR4 items. The obtained values for these items suggest that they do indeed capture economic corporate social responsibility to a reasonable extent: As for more specific values, first, ECSR1 = 0.791, which, in terms of the evaluation criteria described by Chin (1998), can be unambiguously considered quite high.

The assessment of the construct reliability reveals the ENCSR has stronger reliability with ranges of item loading of 0.810 to 0.886. This implies that the three items under

the ENCSR are a sound measure of the environmental dimension of CSR. All items are above the cutoff point of 0.7 reflecting the reliability of the measures in assessing ENCSR (Kline, 2015).

For ORC, the loadings are all high for ORC1 to ORC5 being 0.848, 0.908 respectively. With reference to the findings, it may be concluded that these are valid and valid measures of organizational commitment and provide an adequate representation of the construct on its own (Hair et al., 2014).

All the constructs in this study apart from one have high loadings, the SCSR items range from 0.882 to 0.918, but SCSR4 only has a loading of 0.411. This implies that the SCSR4 is not actually capturing the same construct as the rest of the SCSR items and might have to be revisited for inclusion in subsequent analysis (Chin, 1998).

Thus, most of the items in this table have good reliability value, as well as, being valid measurements of their respective construct with the exception of SCSR4 whose low factor loading might make it a poor indicator. This finding implies that, even though most of the items in the model have high reliability, slight modifications may be required on some of the items under the SCSR scale to increase the model reliability.

Table (4.2). Reliability Analysis

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
COPR	0.849	0.890	0.620
ECSR	0.838	0.891	0.673
ENCSR	0.810	0.886	0.722
ORC	0.929	0.946	0.778
SCSR	0.791	0.870	0.642

Table 4.2 reports the Reliability Analysis of the constructs identified namely, Corporate Reporting (COPR), Economic Corporate Social Responsibility (ECSR), Environmental Corporate Social Responsibility (ENCSR), Organizational Commitment (ORC), and Social Corporate Social Responsibility (SCSR). The table includes three key indicators of reliability and validity (Saif, Goh, Ong, & Khan, 2023): Cronbach alpha, composite reliability coefficient and the average variance extracted.

From the table, the Cronbach's alpha coefficients are estimated ranging between 0.791 and 0.929 denoting internal consistency reliability for each of the construct. It is usually acceptable to have Cronbach's alpha of 0.7 or more (Hair et al., 2014). All of them have values higher than this threshold, meaning that all items in each construct are highly reliable and have substantial inter-correlations. Cronbach's alpha values indicate that ORC has the highest internal consistency stands at 0.929 (Saif, Goh, Rubin, Shaheen, & Murtaza, 2024) in favour of SCSR that recorded the lowest figure of 0.791 though within the acceptable satisfactory criterion recommended by Kline (2015).

Composite Reliability (CR) values that are more reliable than Cronbach's alpha, especially in conducting Structural Equation Modeling, vary from 0.870 to 0.946. As with Cronbach's alpha, CR needs to be higher than 0.7 in order to be acceptable (Chin, 1998). All the constructs are above the recommended threshold, and therefore this

means that this model has a desirable high composite reliability with ORC having the highest value at 0.946.

Average Variance Extracted (AVE) refers to the ratio between construct variance and measurement error in percent. Thus, an AVE of at least 0.5 is necessary for the constructs to be considered valid (Fornell & Larcker, 1981). In this analysis all constructs meet or exceed this threshold the AVE varies for this study being between 0.620 and 0.778. Regarding AVE, we found ENCSR with the highest AVE score of 0.722 proving indeed more than 72% of the total variability of the items to the construct, while COPR demonstrated the lowest level of AVE 0.620 yet above the acceptable threshold.

Summing up, the results of the reliability test prove that all the constructs have the internal consistence and the composite reliability are high, in addition, the variance that has been explained by all the constructs is satisfactorily high. Still, the AVE of COPR is slightly lower than the others, which means that despite being above the significant level, this construct might still require additional differentiation;

Table 4.3 Discriminant Validity. Fornel and Larker Criterion

	COPR	ECSR	ENCSR	ORC	SCSR
COPR	0.787				
ECSR	0.412	0.820			
ENCSR	0.495	0.570	0.850		
ORC	0.455	0.376	0.762	0.882	
SCSR	0.401	0.577	0.614	0.740	0.801

The Fornell and Larcker Criterion is used to assess discriminant validity, which determines whether a construct is distinct from other constructs in the model (Fornell & Larcker, 1981). According to this criterion, for a construct to demonstrate discriminant validity, the square root of the Average Variance Extracted (AVE) for each construct should be higher than the correlation between the construct and other constructs in the model.

In table, the diagonal values (in bold) represent the square roots of the AVE for each construct, while the off-diagonal values represent the correlations between constructs. A review of the results shows the following:

COPR (Corporate Reporting) has a square root of AVE value of 0.787, which is higher than its correlations with all other constructs. For instance, its correlation with ECSR (0.412) and ENCSR (0.495) is lower than 0.787, indicating good discriminant validity.

ECSR (Economic Corporate Social Responsibility) shows a square root of AVE of 0.820. The correlations with ENCSR (0.570) and ORC (0.376) are lower than 0.820, further supporting its discriminant validity.

ENCSR (Environmental Corporate Social Responsibility) has an AVE square root of 0.850, which exceeds its correlations with ORC (0.762) and SCSR (0.614). Although its correlation with ORC is relatively high (0.762), it still maintains discriminant validity as the square root of AVE is higher.

ORC (Organizational Commitment) has a square root of AVE of 0.882, which is higher than its correlations with SCSR (0.740) and ENCSR (0.762), indicating that it is distinct from these constructs.

SCSR (Social Corporate Social Responsibility) has a square root of AVE of 0.801, exceeding its correlation with ECSR (0.577) and ORC (0.740).

Overall, the results confirm that each construct exhibits discriminant validity, as the square root of the AVE for each construct is consistently higher than its correlations with other constructs, aligning with the Fornell and Larcker Criterion (Hair et al., 2014). This demonstrates that the constructs are adequately distinct from one another within the model, supporting the robustness of the measurement model.

Table 4.4. HTMT

	COPR	ECSR	ENCSR	ORC	SCSR
COPR					
ECSR	0.464				
ENCSR	0.564	0.710			
ORC	0.482	0.419	0.846		
SCSR	0.468	0.707	0.739	0.837	

Discriminant validity in structural equation modeling (SEM) can greatly be determined by the use of the HTMT (Heterotrait-Monotrait Ratio). While it dichotomizes measures by comparing the average correlations between different constructs, (heterotrait) to the average correlations of items within the same construct (monotrait). One assumption for the HTMT ratios is that a critical value of 0.85 is reasonable and acceptable; Henseler et al (2015) noted that values lower than this level suggest acceptable discriminant validity; the different constructs are indeed distinct from each other. For instance, in the HTMT table provided below, the value 0.464 through the ratio of COPR to ECSR shows that both these constructs are unrelated; the value is significantly low, less than .85. In the same line, the value of COPR to ENCSR is 0.564 and COPR to ORC is 0.482 also confirms good discriminant validity. It is possible that the values close to, or higher than 0.85, like the ratio of ENCSR to SCSR, should be investigated more as they sit right on the precipice of convergence. In total, these HTMT values affirm the concept that the constructs in the study are measuring distinct constructs, the discriminant validity is intact.

Table 4.5. Path coefficient. Hypothesis Testing

Hypothesis	Beta	T-value	P values	Decision
ECSR -> COPR	-0.062	1.869	0.062	Rejected
ENCSR -> COPR	0.137	2.097	0.036	Accepted
SCSR -> COPR	0.124	2.231	0.026	Accepted
SCSR -> ORC -> COPR	0.124	2.231	0.026	Accepted
ECSR -> ORC -> COPR	-0.062	1.869	0.062	Rejected
ENCSR -> ORC -> COPR	0.137	2.097	0.036	Accepted

Table 4.5 offers more specific information about the Hypothesis testing within a structural equation model which encompass the connection/between the various constructs and the probability value. Here's a more detailed explanation:

Hypothesis H1: ECSR -> COPR

This hypothesis relates to the linkage between Environmental Corporate Social Responsibility (ECSR) and Corporate Performance (COPR). According to the path coefficient of -0.062, ECSR has a relatively moderate negative influence on COPR. Therefore, the value of the T-test 1.869 reflect non-significant relationship while the p-value $0.062 < 0.05$ showing that this relationship transversely the conventional test. Thus, this outcome is not considered a statistically significant one and, as such, H1 is thereby dismissed. This means that for this averagely managed British firm in the Sampled Panel, ECSR does not influence COPR in this model.

Hypothesis H2: ENCSR -> COPR

The second hypothesis of the research examines the impact of ENCSR on COPR. The MizCM value of 0.075 shows that ENCSR has a positive role in determining COPR as pointed out by the positive path coefficient of 0.137. The T-value is 2.097 while the P-value is 0.036 which means this effect is statistically significant at a level of 0.05. Hence, H2 is supported indicating that ENCSR has a positive relationship with COPR and the environmental and social aspects should be adopted as key factors that can improve organisational performance.

Hypothesis H3: SCSR -> COPR

In Hypothesis H3, the relationship between the dependent variable of SCSR and the dependent variable COPR is tested. A positive effect of s SCSR has been found to be 0.124 with respect to COPR. The T-value computed as 2.231 and P-value computed as 0.026 systemize the importance of this relationship. Therefore, H3 is supported, and where identified, SCSR enhances COPR, which is important in underlining the part played by social responsibility initiatives for enhancing corporate results.

Hypothesis H4: SCSR -> ORC -> COPR

This hypothesis concerns whether or not there is mediated relationship between SCSR and COPR which is influenced by ORC. The test for maximum indirect effect is also favourable, with a path coefficient of 0.124, T-value of 2.231 and a P-value of 0.026. Thus, H4 is supported, mean that SCSR is positively related to COPR directly and the effect is also mediated by ORC. This is consistent with the mediating role of organizational commitment that was proposed in the hypothesised model linking SCSR and COPR.

Hypothesis H5: ECSR -> ORC -> COPR

Hypothesis H5 investigates the mediating role of ORC on the relationship between ECSR and COPR. He found that the path coefficient between technical efficiency and total technical efficiency on the one hand, and Technical Provincial Efficiency on the other hand is -0.062 and the T-value is 1.869, however, the result is not statistically significant (P-value = 0.062). Therefore, H5 is declined, indicating that ECSR has little influence on COPR through ORC in this model.

Hypothesis H6: ENCSR -> ORC -> COPR

Last but not the least, Hypothesis H6 tests whether ENCSR has an indirect influence on the level of COPR mediated by ORC. The estimated value of path coefficient for indirect effect was 0.137 supported by T statistics of 2.097 and p- value of 0.036 reveals significant positive way of indirect effect. Thus, H6 is supported; that ENCSR indirectly increases COPR through the boost of ORC. Consequently, this study has revealed the importance of organizational commitment in the middle of the ENCSR – COPR relationship.

Overall, the table provides a nuanced view of how various aspects of corporate social responsibility influence corporate performance, both directly and indirectly, through organizational commitment.

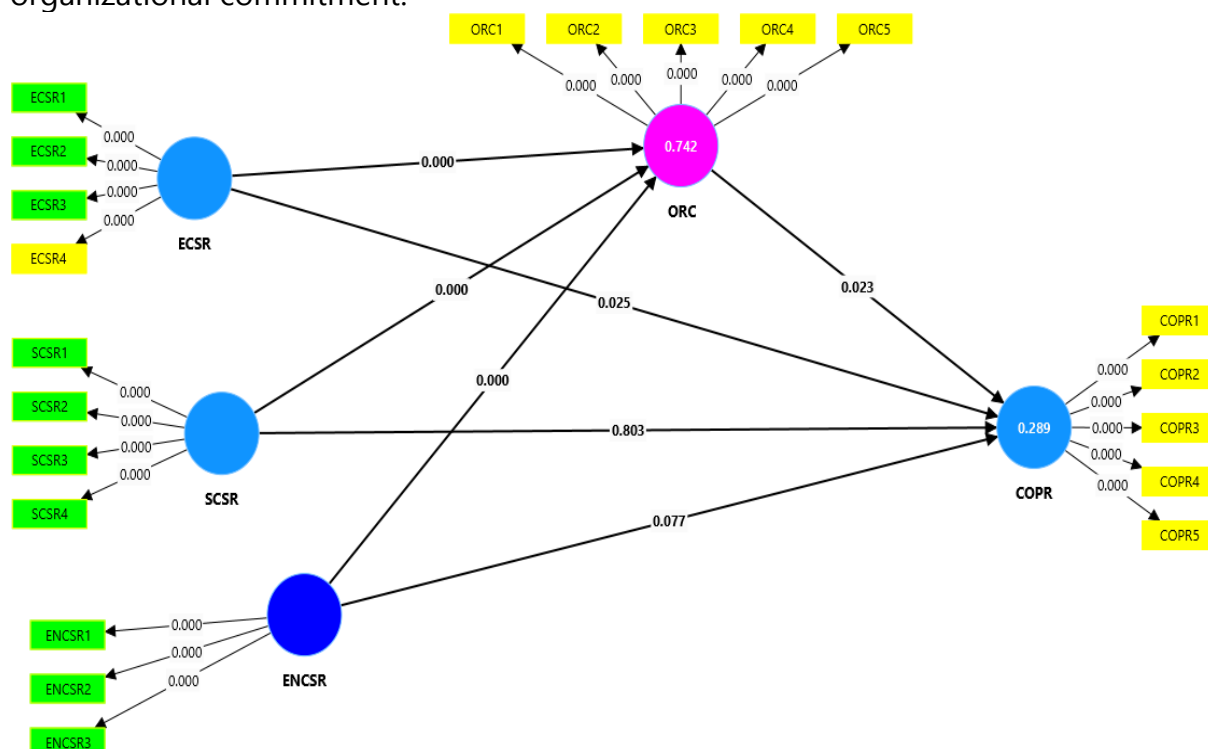


Fig 3. Hypothesis testing model via SEM

Conclusion

The evaluation of the hypotheses testing in Table 4.6 presents deeper understanding of the impact of the CSR dimensions and the COPR in the banking sector. The results therefore confirm that even though, Environmental CSR is not significantly related to COPR, the combined framework of; Environmental and Social Corporate Responsibility has positive relation with COPR as well as Social Corporate Social Responsibility. Positive correlation between ENCSR and corporate performance a direct effect alongside the direct and indirect impact of SCSR through ORC demonstrating the relevance of a multicomponent CSR strategy.

The findings of this research support the proposition that banks can obtain greater performance benefits by incorporating environmental and social responsibility initiatives as central strategic goals. In particular, the need to integrate both environmental sustainability and social responsibility in driving performance is evidenced by the positive impact of ENCSR. Likewise, the substantial magnitude of SCSR indicates the civilization of a socially resistive corporate culture for inflating

employee commitment and performance: enhanced ORC has been identified as a strong mediator of the relationship between SCSR and employees' performance.

The prominent intermediate status of ORC strengthens the notion that commitment represents the organisational mechanism whereby CSR programmes enhance their overall value. Another advantage of CSR is that a committed workforce not only backs up CSR initiatives, but also drives their effectiveness and turns them into productivity gains. This underlines the need for banks to attend to commitment construction and commitment strength in order to get the most utility from the corresponding CSR initiatives.

5.3. Future Recommendations

Develop Comprehensive CSR Strategies: Banks should realize that CSR should be an all-encompassing that encompasses both the environmental and social components of a company. This top down and bottom up approach of handling CSR means that stakeholder issues are dealt with in entirety therefore improving on the organizational reputation and performance. The updated list of CSR trends, which may include climate action and focus on community, can offer the banks competitive advantage (Wasiam & Hockerts, 2024).

Foster Organizational Commitment: Hence, efforts of ORC to moderate the relationship between SCSR and COPR mean that the banks should engage in programs that encourages employee participation and commitment (Saif, Ali & Shaheen, 2024). Supporting CSR initiatives, especially through the use of programs that help to connect the employee's personal values to the CSR initiatives of the organization and offering recognition to their CSR efforts can have a very positive impact on organizational commitment and on performance (Cameron & Quinn, 2023).

Evaluate Long-Term Impacts: There are limitations to the present research which should be examined in further studies, including examining the long-term effects of global CSR on firms' performance. It can be noted that short run consequences do not present the whole picture of CSR and if a long term viewpoint is taken further positive implications are observed (Saif et al., 2023). **Corporate Performance (COPR) within the banking sector.** The findings underscore that while Environmental Corporate Social Responsibility (ECSR) alone does not exhibit a statistically significant impact on COPR, Environmental and Social Corporate Responsibility (ENCSR) and Social Corporate Social Responsibility (SCSR) both demonstrate significant positive effects. ENCSR's direct positive influence on corporate performance, coupled with SCSR's direct and indirect effects mediated by Organizational Commitment (ORC), highlights the critical importance of adopting a multifaceted CSR approach.

It is recommended that it is possible for the banks to enhance their organizational performance by expanding its ideas on environmental and social responsibility. In particular, the success of ENCSR in increasing performance explains why CSR strategy should consider both environmental and social factors. Likewise, the effects of SCSR for AEW directly and on enhancing ORC also support the idea for the establishment of a socially responsible corporate tone that serves as means for attracting the employees' positive response and high performance.

The enhanced mediating effect of ORC, to the notion that organization commitment is an essential component that determines the potential for CSR to deliver its benefits. An engaged employee not only backs CSR programs but also the results of such programs in terms of organizational performance improvements. Thus, with regard to the findings of this research, it is critical for banks to pay proper attention to developing and sustaining high levels of organisational commitment to ensure the effectiveness of the overall CSR initiatives (Al-Jabri, Khan, Saif, Sabir, & Nadeem, 2022).

5.3. Future Recommendations

Develop Comprehensive CSR Strategies: CSR initiatives should therefore be a combination of social and environmental strategies that are well coordinated in a strategy that cuts across the different functions of the bank. Such a strategy also guarantees that CSR cuts across a wide range of stakeholder issues, thus positively influencing the organization's reputation and performance. The adoption of climate action and community development initiatives in CSR as adopted by banks in recent years can create a competitive advantage (Wasiams & Hockerts, 2024).

Foster Organizational Commitment: Since ORC is right in the middle of mediating the relationship between SCSR and COPR, it is suggested that banks should make special efforts and give special focus to programmes that would pre-empt and or foster interest and commitment among the employees. Ongoing programs that can make employee personal values reflect on the organizations CSR objectives should be adopted as well as acknowledging the contributions of the employees towards CSR can boost their organizational commitment and performance level (Cameron & Quinn, 2023).

Evaluate Long-Term Impacts: Future research should focus on assessing the long-term impacts of CSR initiatives on corporate performance. Short-term effects may not fully capture the benefits of CSR, and a long-term perspective can reveal more substantial impacts (Saif, Khan, Shaheen, & Rehman, 2023). There is merit in banking organizations developing ways in which to monitor change in CSR impacts for a given period, with the view of improving changes made for the next period (Lee & Cho, 2024).

Enhance Transparency and Reporting: The current study suggests that there is a need for banks to improve their CSR reporting by presenting specific and unambiguous disclosures of their CSR initiatives and their effectiveness. When the general public is informed and educated on CSR and its Meta, it fosters stakeholder trust and hence better reception of CSR efforts and stronger results (Johnson & Schwartz, 2024).

Invest in Employee Training and Development: Employee training in issues of CSR has also been recommended as a way of enhancing understanding as well as effectiveness of CSR initiatives in organizations. Ongoing or new training schemes should direct the attention to why, how and where employees can support CSR initiatives and goals and the advantages of doing so for the organisation and the rest of society during such a year as Adams & Bebbington, 2024 suggest.

Tailor CSR Efforts to Stakeholder Needs: CSR strategies should be communicated with stakeholders in order to devise programs that meet their needs and concerns, and these findings suggest that banks should do the same. If CSR initiatives are specially

designed to meet the needs of particular interested parties, they will gain more utility and enhancement, which will have a positive impact on improving company performance (Brown & Collins, 2023).

Conduct Regular Evaluations and Adjustments: It can also be seen that CSR strategies should be periodically assessed in order to enhance their effectiveness. Periodically, it is recommended for banks to evaluate the feasibility of various CSR dimensions and undertake changes if their performance indicator indicates otherwise. With this view, CSR strategies are applied by organisations in transition and in a flexible manner that maintains their relevance and effectiveness in the ever evolving market settings as shown by Miller & Edwards (2024).

By practicing all these recommendations, the banks can improved CSR initiative that will lead to increased organisational commitment and thus better performance. Subsequent studies should further elaborate the relations between the CSR dimensions and corporate performance to elucidate appropriate mechanisms for CSR management in the banking industry.

REFERENCES

- Abbas, M., Ali, S., Hayat, Q., Saif, N., & Hussain, M. M. (2024). Socially responsible human resource management and employees' entrepreneurial behaviour: social exchange perspective. *International Journal of Entrepreneurial Venturing*, 16(3), 317-336.
- Al Sakkaf, S. Y., Farouk, S., & Abu Elanain, H. M. (2023). Corporate social responsibility towards education and corporation performance in the UAE: the mediating role of corporation reputation. *Social Responsibility Journal*, 19(2), 305-327.
- Al-Jabri, Q., Khan, M. T., Saif, N., Sabir, A. A., & Nadeem, M. (2022). Women pathway to the board, director's interlock, and its implications for corporate financial performance. *Indian Journal of Economics and Business*, 21(2).
- Awuah, B., Yazdifar, H., & Elbardan, H. (2024). Corporate reporting on the Sustainable Development Goals: A structured literature review and research agenda. *Journal of Accounting & Organizational Change*, 20(4), 617-646.
- Bilal, H., & Saif, N. (2022). The Dynamic Relationship Between Corporate Social Responsibility, Ethical Citizenship and Organization Culture to Determine the Firm Reputation. *Journal of Social Research Development*, 3(1), 70-85.
- Farooq, U., Saif, N., & Shaheen, I. (2022). Mediating Role of Transformational & Transactional Leadership in Understanding Mclean & Delone Information System. *Journal of Social Research Development*, 3(1), 9-21.
- Hai Yen, T. T., Wong, W. K., Ali Al-Abyadh, M. H., Muda, I., Julca-Guerrero, F., Hishan, S. S., & Islam, M. M. (2023). The impact of ecological innovation and corporate social responsibilities on the sustainable development: Moderating role of environmental ethics. *Economic research-Ekonomska istraživanja*, 36(3).
- Idowu, S. O., Idowu, M. T., & Idowu, A. O. (Eds.). (2023). *Corporate Social Responsibility in the Health Sector: CSR and COVID-19 in Global Health Service Institutions*. Springer Nature.

- Khan, M. A., Kamal, S., & Saif, N. (2018). Analyzing the factors that impede MSMEs access to finance in Khyber Pakhtunkhwa: Case of Peshawar and Bannu. *Abasyn University Journal of Social Sciences*, 11 (2).
- Khan, M. T., Al-Jabri, Q. M., & Saif, N. (2021). Dynamic relationship between corporate board structure and firm performance: Evidence from Malaysia. *International Journal of Finance & Economics*, 26(1), 644-661.
- Khan, S. U., Khan, I. U., Ullah, I., Saif, N., & Ullah, I. (2020). A review of airport dual energy X-ray baggage inspection techniques: image enhancement and noise reduction. *Journal of X-ray Science and Technology*, 28(3), 481-505.
- Saif, N., & Khan, S. (2020). Impact of job insecurity on general strain issues of employees through moderated meditation analysis. *SMART Journal of Business Management Studies*, 16(1), 80-89.
- Saif, N., & Shaheen, I. (2022). Investigating the Relationship between the Big Five Personality Traits model and Selfie Posting behavior with the moderating role of Culture and Marital status among University Students. *Journal of Innovative Research in Management Sciences*, 1-15.
- Saif, N., Ali, S., & Shaheen, I. (2024). Navigating the entrepreneurial landscape: The interplay of government support and self-efficacy in entrepreneurial education. *The International Journal of Management Education*, 22(3), 101044.
- Saif, N., Goh, G. G. G., Ong, J. W., & Khan, I. U. (2023). Green transformational and transactional leadership in fostering green creativity among university students. *Global Journal of Environmental Science and Management*, 9(3), 577-588.
- Saif, N., Goh, G. G. G., Rubin, A., Shaheen, I., & Murtaza, M. (2024). Influence of transformational leadership on innovative work behavior and task performance of individuals: The mediating role of knowledge sharing. *Heliyon*, 10(11).
- Saif, N., Khan, M. T., & Ali, S. (2019). Laohavichien Model of Leadership and Quality for Pakistan. What it is and why it's Important for SME's. *IBT Journal of Business Studies (JBS)*, 2(2).
- Saif, N., Khan, M. T., Khan, I. U., & Adnan, M. (2022). Designing and validating customer loyalty construct for the banking sector (evidence from Pakistan). *International Journal of Business Excellence*, 28(3), 397-418.
- Saif, N., Khan, M. T., Shaheen, I., & Rehman, H. (2023). Knowledge toward employee's behaviour during job insecurity: evidence from four different sectors of developing country context. *International Journal of Knowledge and Learning*, 16(2), 111-133.
- Saif, N., Khan, S. U., Shaheen, I., ALotaibi, F. A., Alnfai, M. M., & Arif, M. (2024). Chat-GPT; validating Technology Acceptance Model (TAM) in education sector via ubiquitous learning mechanism. *Computers in Human Behavior*, 154, 108097.
- Saif, N., Saqib, N. A., Arshad, J., Javed, A., & Khan, S. U. (2018). The role of EI as a mediator between leadership styles and its effectiveness among the employees of banking sector. *Sarhad Journal of Management Sciences*, 4(1), 72-96.
- Saif, N., Shaheen, I., Khan, S. U., Khan, F., Lee, Y., & Khan, J. (2023). Investigating the dynamic relationship between stigma of fear, discrimination and employees

performance among healthcare workers during Covid-19 pandemic. *Cognition, Technology & Work*, 25(4), 385-395.

Shah, A. N., Saif, N., Khan, M. T., & Khan, I. U. (2022). Demographics impact on management capabilities through the lens of transactional and transformational leadership. *International Journal of Services and Operations Management*, 43(3), 338-358.

Tahira, B., Saif, N., Haroon, M., & Ali, S. (2019). Relationship between big five personality model and abusive supervision. *Abasyn University Journal of Social Sciences*, 12(2), 265-276.

Wirba, A. V. (2023). Corporate social responsibility (CSR): The role of government in promoting CSR. *Journal of the Knowledge Economy*, 1-27.

Yousaf, H. Q., Munawar, S., Ahmed, M., & Rehman, S. (2023). Environmental culture, green human resource management, green innovation, and environmental performance: the moderating role of corporate social responsibility. *Journal of Environmental Planning and Management*, 1-23.