Check for updates

Received: 22 January 2020 | Revised: 28 March 2020 | Accepted: 10 April 2020

DOI: 10.1002/csr.1953

RESEARCH ARTICLE

Corporate Social Responsibility and Environmental Management

WILEY

CSR permanency, family ownership, and firm value: Evidence from emerging economies

Sana Noor[1] | Abubakr Saeed[2] | Muhammad Saad Baloch[2] | Muhammad Awais[1]

[1]Faculty of Management Sciences, Department of Economics and Finance, Foundation University, Islamabad, Pakistan

[2]Department of Management Sciences, Comsats University Islamabad, Islamabad, Pakistan

Correspondence
Abubakr Saeed, Department of Management Sciences, Comsats University Islamabad, Park Road, Tarlai Kalan, Islamabad 45550, Pakistan.
Email: abubakr.saeed@comsats.edu.pk

Abstract

Prior research suggests that undertaking corporate social responsibility (CSR) activities affect firm value. We extend this line of research by considering CSR activities over a longer period (a consistent CSR behavior) and examine the impact of CSR permanency on firm value. Using a cross-country sample of 600 top-listed firms from four leading emerging economies, Brazil, Russia, India, and China (BRIC) over the period 2010–2018, we find that CSR permanency positively impacts firm value after controlling for various firm and country characteristics. This effect is observed more pronounced for family-owned firms. Additional analysis reveals that permanent CSR activities in both social and environmental dimensions positively influence firm value, however, CSR permanent activities in the social dimension exert a larger impact on firm value. Our results make important contributions to theory and practice.

KEYWORDS

BRIC, CSR permanency, family ownership, firm value, stakeholder relationships

1 | INTRODUCTION

Since the emergence of the issue of corporate social responsibility (CSR), considerable scholarly efforts have been devoted to examining the impact of CSR on firm value. Studies find both kinds of impacts on firm value. Proponents of CSR suggest that CSR activities create positive reputation or image which leads to strong relationships with stakeholders (Grougiou, Dedoulis, & Leventis, 2016; Hansen, Dunford, Boss, Boss, & Angermeier, 2011), consumer loyalty (T. J. Brown & Dacin, 1997; Currás-Pérez, Dolz-Dolz, Miquel-Romero, & Sánchez-García, 2018), reduces financing cost (El Ghoul et al., 2011), and attracts better human resources (Turban & Greening, 1997). In contrast, studies advocating the negative effect of CSR on firms' value accentuate the cost associated with corporate social activities. In particular, they argue that CSR activities can generate a disproportionally greater cost, while stock returns are insignificant (Brammer & Millington, 2008; Lima Crisóstomo, de Souza Freire, & Cortes de Vasconcellos, 2011; Nelling & Webb, 2009). One plausible reason for these mixed findings could be due to the time span considered to observe the value outcome of CSR engagements. The positive effects of CSR on corporate image, as shown in several prior works, more likely to take time to translate into financial performance. Additionally, firms certainly need to maintain such an image or legacy for a certain period to achieve positive firms' value as an outcome of CSR investment. In other words, the firm has to deploy resources for a longer period by undertaking CSR activities permanently to establish and maintain a favorable image and establish a strong relationship by sending an indication to outside stakeholders that the firm is concerned about a certain social issue. Moreover, the ability of a firm to harvest the gains from its stakeholder relationship depends on the influence capacity of its stakeholder which builds over time (Wang & Bansal, 2012). Thus, permanency is an important characteristic of CSR activities.

Despite the valuable contribution of earlier studies to enhance our understanding of the value consequences of CSR, the empirical investigation remain focused on developed countries (e.g., D'Amato & Falivena, 2020; Grougiou et al., 2016; Hansen et al., 2011; Turban & Greening, 1997; Wang & Bansal, 2012) and less attention is paid to emerging markets. The institutional environment of emerging markets is sharply different from the developed ones that include weak regulatory institutions, inefficient capital markets, active political interference, and concentrated ownership (Baloch et al., 2018; Rottig, 2016; Saeed, Belghitar, & Yousaf, 2016; Tracey & Phillips, 2011). Such fragile institutional settings are most likely to increase the uncertainty in a

 © 2020 ERP Environment and John Wiley & Sons Ltd.

business environment and lead firms to adopt a more conservative approach in corporate decisions which include short-term investment in CSR initiatives (Peng, Sun, & Luo, 2015; Zhao, Tan, & Park, 2014). However, simultaneously, globalization in emerging countries infused many non-traditional values and expectations—such as corporate socially responsible behavior—which are promulgated by non-governmental organizations, international investment companies, and international agencies such as the World Bank. So, the context of emerging markets can expand our knowledge by offering new insights into the value consequences of CSR activities.

Building upon these two possible reasons for the conflicting results, this study investigates the influence of CSR activities for a longer-time period on firm value in emerging economies. Using data on 600 top-listed firms from Brazil, Russia, India, and China (BRIC) during the period 2010–2018, this study finds that CSR permanency influences the market value positively. This relationship is observed more pronounced in family-owned firms. Further analysis reveals that permanent CSR activities in both social and environmental dimensions positively influence firm value, however, CSR permanent activities in the social dimension exert a larger impact on firm value.

The contribution of this study is three-folded. First, this study recognizes the importance of time-period in CSR research by considering permanent CSR activities of firms, rather than considering the effect of a single-year CSR activity. The permanency aspect enables us to capture the value outcome of CSR activities that build over a longer period. The notion of time-period has been almost non-existent in CSR research, although time-period has an influential role in CSR outcomes (Wang & Bansal, 2012). Further, we disintegrated CSR activity into social and environmental dimensions and examine the CSR permanency effect in these two dimensions on firm value. Second, we identify the condition under which CSR permanency is most influential on firm value. Particularly we identify family ownership as a new boundary condition that positively moderates the link between CSR permanency and firm value. Third, we frame this analysis of the association between CSR permanency and firm value in the context of emerging markets. Employing the context of emerging markets, particularly BRIC, is empirically and theoretically important as most of our understanding of value outcome of CSR initiatives comes from single market studies that emphasis on Western countries. So, this study generates deeper insights into how the institutional environment influences CSR outcomes. Importantly, our results offer added insights that should prove useful to managers contemplating whether and how to commit firm resources to socially responsible activities.

2 | THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1 | Stakeholder theory

Stakeholder theory emphasizes that the firm has an association with the number of constituent factions that have stakes in the firm and these stakeholders may have an effect on the firm or influenced by the actions of the firm (Freeman, 1984). This theory emerged as the major paradigm in the management literature that articulates the significance of considering stakeholders' interests for the success of a business. There are three main aspects of the theory that have been advanced in the literature descriptive, instrumental, and normative, these are interrelated and mutually supportive (Donaldson & Preston, 1995). Descriptive observation does not carry business implications, although it is true that firms have stakeholders. The instrumental perspective suggests a business case for the firm but does not justify the basis of the stakeholder theory standalone. It is widely believed that the normative validity of the association between a firm's social activities and firm value provides ultimate justification for the bases of stakeholder theory. Stakeholders have the potential to contribute to the firm's profit-making capability (Post, Preston, & Sauter-Sachs, 2002).

A firm may use CSR as a business strategy by converting intangible social issues into the tangible interests of the stakeholders (Clarkson, 1995). It helps firms to sustain positive relations with all stakeholders and making contributions to society (Simmons, 2004). Researchers fit the idea of CSR by viewing it through stakeholder's theory where the shareholders are not only stakeholders of business but all of its consumers, suppliers, regulatory authorities of that country, concerned groups, and overall society affected by its activities (Barnea & Rubin, 2010; Flammer, 2012). Thus, the convergence of instrumental (social) and normative (ethical) components of the stakeholder theory may help to explain that how managers may pursue social activities that work to create economic value for the firm (Jones & Wicks, 1999).

Stakeholders perceived favorably firms that act in a socially responsible manner (Du, Bhattacharya, & Sen, 2010). Corporate socially responsible behavior may help out to legitimize the business activities and build stakeholders' trust (Flammer, 2012), which may appear positively on various corporate outcomes (Jonker & Foster, 2002). CSR may include performing pro-social activities like donation of money, time or goods/services, and undertake environmentally friendly initiatives (Currás-Pérez et al., 2018; De Roeck & Delobbe, 2012; Green & Peloza, 2011). However, shareholders may perceive CSR activities as an unnecessary expense that decreases the firm value (Brammer and Millington, 2006; Barnea & Rubin, 2010).

2.2 | Related studies and hypotheses development

CSR research has witnessed an intense evolution in recent decades. Prior studies highlighted three basic motivations behind CSR arrangements (de Jong & van der Meer, 2017; Groza, Pronschinske, & Walker, 2011). First, intrinsic inspiration compelled by altruism and moral concern which is embedded in firm values to serve the public voluntarily (Graafland & Mazereeuw-van der Duijn Schouten, 2012). Second inspiration arises out of extrinsic benefits that CSR strategies can lead to enhanced firm's competitiveness and legitimacy in the market which translates into economic gains

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

(Arena, Azzone, & Mapelli, 2018; John, Qadeer, Shahzadi, & Jia, 2019; Xie, Jia, Meng, & Li, 2017). Third, CSR motivations are driven by demand from outside stakeholders such as the general public, NGOs, and government (Momin & Parker, 2013).

Focusing on economic value driven out of CSR activities, prior studies suggest that CSR activities generate economic returns by helping in establishing relationship with stakeholders, generating trust and incorporating CSR aspects in firm's product (Currás-Pérez et al., 2018; Godfrey, 2005; Hansen et al., 2011; Jo & Harjoto, 2012; Post et al., 2002). In this regard, CSR activities imply to stakeholders that a firm is a socially responsible corporate citizen, resultant in a positive corporate reputation (Wang & Bansal, 2012). A positive reputation enables firms to acquire sustainable legitimacy (Zheng, Luo, & Maksimov, 2015), customer loyalty (Bartikowski & Walsh, 2011), attract investors (Helm, 2007), and recruit and retain high quality employees (Collins & Han, 2004). A firm can also attract the customer base by using CSR-linked resources in its production process or by embodying the products with CSR characteristics (McWilliams & Siegel, 2001). In addition, CSR activities generate trust between the firm and stakeholder that acts as "insurance- like" protection against the unfavorable event and this protection contributes to shareholder wealth (Godfrey, 2005). According to Dhaliwal, Radhakrishnan, Tsang, and Yang (2012), CSR activities could lead to efficient production and minimize uncertainties about enterprise through reduction of the lawsuit. Lastly, CSR activities can employ as a tool to build effective communication between outsiders and insiders and consequently mitigates conflict of interest between stakeholders and managers which leads to an incremental effect on firm value (Jo & Harjoto, 2012).

Accompanied by these positive impacts, CSR activities can undercut economic returns through various channels (e.g., Barnea & Rubin, 2010; Coombs & Holladay, 2015; Laufer, 2003). For example, CSR activities require heavy investment and managers have the influence to invest on CSR related activities beyond an optimal level, which in result destroys firm's financial performance (Zamir & Saeed, 2020). CSR investment may also lead managers to misuse firm's resources, which has a negative influence on profitability and firm's value (Jensen, 2002; McGuire, Sundgren, & Schneeweis, 1988). Moreover, CSR activities have been blamed for being insincere and manipulative (Kramer, 2006), corporate spin (Laufer, 2003) and superficial (Jahdi & Acikdilli, 2009) without the real implementation of CSR activities. This type of green washing by the firm leads to reputational risk and destroy firm's value (Coombs & Holladay, 2015).

Extensive scholars empirically tested these mechanisms that may have any effect on firm value (e.g., Inoue & Lee, 2011; S. Y. Park & Lee, 2009; Youn, Hua, & Lee, 2015). Several studies indicated positive effect of CSR on firm's value (Edmans, 2012; Godfrey, 2005; Jo & Harjoto, 2012; Lev, Petrovits, & Radhakrishnan, 2010; Lins, Servaes, & Tamayo, 2017; Zamir & Saeed, 2020, etc.), whereas, some reported negative (Barnea & Rubin, 2010; Jahdi & Acikdilli, 2009; Jensen, 2002; Laufer, 2003) and few reported insignificant relationships (Orlitzky, Schmidt, & Rynes, 2003; Rhou, Singal, & Koh, 2016).

The study extends this line of research by arguing that mechanisms through which CSR activities may affect firm value, such as stakeholders' relationship, trust, and incorporation of environmental and social features into product features require CSR permanency. To begin with, CSR activities over a longer time may enhance the abilities of firms to gain the benefits from relationships of stakeholders and positive image arising from CSR activities. The positive impacts of CSR on corporate image more likely to take time to translate into positive economic return—for example, through employees', investors', and customers' loyalty. Additionally, the ability of a firm to create value from the ties of its stakeholders depends on its influence capacity which builds over time (Barnett, 2007; Wang & Bansal, 2012). The influence capacity of the stakeholders is the ability of a firm to detect, act on, and benefit from opportunities to increase relations with stakeholders through undertaking CSR (Barnett, 2007). The firm accrues stakeholder-influence capability by gathering knowledge about its important internal and external stakeholders, which is a time-consuming process, and devise strategies accordingly. Thus, through consistently performing CSR that aligns the interests of the firm with stakeholders, based on the gathered knowledge about stakeholders over the period, firms may strengthen stakeholder-influence capacity and reap the benefits from stakeholders' relationships. As it is exemplified by the quote in Barnett and Salomon (2012, p. 3): "it depends if it's [the firm's participation in CSR] part of the total picture and [if] they really go out of their way. Like Kroger, it isn't a one-time shot, they're always doing stuff for Egleston [Childers' Hospital]."

Relatedly, a persistent demonstration of good corporate citizen behavior develops trust among stakeholders and the firm. Trust is a key aspect of realizing insurance type benefits related to CSR activities (Godfrey, 2005). A firm undertaking CSR activities for an extended time often operate well beyond existing legal obligations, avoiding any negative publicity and builds a positive reputation which helps in fostering trust between firm and stakeholders. In this regard, investors' and customers' loyalty is an important indicator of stakeholders' trust. Mishra (2017) and Watson (2015) show that investors desire to invest in a firm that depicts a consistent responsible behavior because they perceive that consistent responsible behavior attracts loyal customers and employees and enhances legitimacy. Roberts and Dowling (2002) also reported that firms maintain a good reputation achieve positive evaluation from shareholders over a long period. Similarly, Nuryaman (2013) suggests that customer trust exerts a positive effect on their buying intention which makes profit function less elastic in the event of market downswing.

To establish business value through CSR activities, firms may also incorporate environmental and social aspects into product features (Narver, Slater, & MacLachlan, 2004). Such product development often requires devotion of resources for an extended period to materialize (e.g., research and development investment) and at the same time, it needs innovation capabilities which also develop over the years. Socially responsible activities through product safety and quality are observed to enhance customers' satisfaction which leads to patronage of firms' products and services that enhances sales or

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

decreases cost (Waddock & Graves, 1997). So, CSR permanency provides firms sufficient time to incorporate environmental and social innovations into a product feature. Based on the discussion, we hypothesize that:

H1 : CSR permanency is positively related with firms' financial performance.

We believe that CSR permanency effect is likely to be stronger in family firms. Our contention rests on the long-term orientation of family businesses. Long-term orientation is a special aspect of family firms that help them to accomplish financial and non-financial goals (Broccardo, Truant, & Zicari, 2019; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). To achieve financial objectives, the long-term orientation of family firms is particularly reflected in longer tenures of chief executive officers (Lansberg, 1999), usage of patient capital (Sirmon & Hitt, 2003), and longer time horizon for financial gains (Shahzad, Rehman, Nawaz, & Nawab, 2018; Zellweger, 2007). Beyond financial gains, family firms have non-financial objectives to preserve socio-emotional wealth (Gómez-Mejía et al., 2007; Laguir, Laguir, & Elbaz, 2016), and passing on the business to successive generations (Miller, Le Breton-Miller, & Scholnick, 2008). These non-financial goals compel family firms to maintain positive community image and legacy and integrate family values into corporate values (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010). The long-term orientation is particularly important to achieve these objectives as the planning, persistence, and determination required to realize them (Lumpkin & Brigham, 2011).

Owing to long-term orientation, family firms are mindful that the consequences of many of their decisions will be realized only in an extended time horizon (Lumpkin & Brigham, 2011). One such decision is CSR that requires a long-term perspective to achieve positive outcomes. In this respect, Miller et al. (2008) showed that due to the future prospects of their business, family-owned firms are more likely to invest in local communities and making long-term commitments to their stakeholders. Therefore, they are more likely to materialize the economic outcomes of CSR permanency. Similarly, Lumpkin and Brigham (2011) suggest that establishing a long-standing legacy and maintain goodwill is more important for family-owned firms. Thus, it is suggested that family firms are in a unique position as compared to non-family firms to pursue CSR in the long-term horizon and materialize its positive value implications that reflect the true aspiration of the family system— preservation of socio-emotional wealth.

Furthermore, managers of the non-family firm often do not realize the payoff associated with CSR investment and may have conflicting beliefs about what and how environmental and social problems should be addressed. Consequently, they may consider short-term performance goals at the cost of long-term value to increase their significance in the labor market (Godfrey, 2005). Unification of ownership and control in family firms reduces CSR related managerial distractions by aligning the motivations of management and owners (Berrone et al., 2010). Thus, on the basis on these accounts, we hypothesize that:

H2 : The positive impact of CSR permanency on firm value is stronger for family-owned firms.

3 | DATA AND MTHODOLOGY

3.1 | Data sources

To collect the required CSR information, we use the MSCI ESG database by following Jo and Na (2012), while for financial and non-financial firm-specific information, the Osiris database is used. MSCI ESG database provides detailed governance, social, and environmental ratings and relevant information of more than 7,000 firms worldwide. Specifically, the criteria used by MSCI ESG for inclusive corporate social rating includes the concerns ratings and strength ratings for product, environment, employee relations, diversity, and community. The concerns and strengths of the abovementioned dimensions are reported in MSCI ESG scores. The Osiris database provides firm-specific extensive financial and non-financial information for more than 75,000 global firms and we obtained all firm level information (except CSR) from Osiris. For country-level macro information, we use Transparency International, World Development Indicators, World Bank databases, and annual reports available on Environmental Performance Index and Reporters Without Borders websites.

We matched the availability of data across MSCI ESG and Osiris and target top 150 non-financial firms from each country. We restrict our sample to 150 firms as the coverage in Osiris in general and MSCI ESG, in particular, is higher for top-market firms and firms having low market capitalization are not covered in these databases. This pattern is particularly pronounced for emerging markets. Our total sample includes 600 firms, covering eight industries: agriculture (39), automobiles (96), chemicals (115), construction (38), oil and gas (118), pharmaceuticals (77), service (39), and textile (78) sectors. We exclude those firms whose key firm-level information is missing for more than 4 years, as our estimation model is dynamic in nature. To normalize the data by controlling the potential outliers, we winsorize firm specific financial variables at 1st and 99th percentiles. Thus, the final sample contains 4,800 firm-year observations for the period 2010–2017.

3.2 | Estimation model and methodology

To achieve the objective of this study, the following empirical model is used:

$$\begin{aligned}\text{TobinsQ}_{it} = {} & \alpha + \beta_1 \text{TobinsQ}_{it-1} + \beta_2 \text{CSRPerm}_{it} + \beta_3 \text{Fam_Own}_{it-1} \\ & + \beta_4 \text{CSRPerm}_{it} \times \text{Fam_Own}_{it-1} + \beta_5 \text{Ind_Dir}_{it-1} + \beta_6 \text{LEV}_{it-1} \\ & + \beta_7 \text{BMR}_{it-1} + \beta_8 \text{Size}_{it-1} + \beta_9 \text{Age}_{it} + \beta_{10} \text{GDP}_{ct-1} + \beta_{11} \text{CPI}_{ct-1} \\ & + \beta_{12} \text{Reg_Qual}_{ct} + \beta_{13} \text{Press_Free}_{ct-1} + \beta_{14} \text{EPI}_{ct-1} + \varepsilon_{it}. \end{aligned} \quad (1)$$

In the above model, "c" and "i" denote the country- and firm-level variables, respectively. "t" represents the time period. We use system

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

GMM with hierarchical modeling process to estimate the model 1. We select this technique after applying diagnostic tests (results are presented in Table A1 in the appendix section) which indicate the existence of endogeneity and heteroscedasticity in our empirical model. Endogeneity arises due to potential reverse causality between firm value and firm size. Heteroscedasticity arises due to the diverse nature of our sample. Therefore, we select system GMM as it tackles these problems effectively and yield efficient standard errors (Arellano & Bond, 1991). We also add probabilities of AR (2) and Hansen tests which show that there are no over-identification and autoregressive issues.

3.3 | Variables measurement

In line with related studies, we use Tobin's Q (*TobinsQ*) ratio to measure firm value (Harjoto & Jo, 2011, 2015; Taylor, Vithayathil, & Yim, 2018; Wahba, 2008). We measure Tobin's Q as the ratio of market value of firms divided by its replacement cost of assets (Lindenberg & Ross, 1981). Our main independent variable is CSR permanency. To measure the CSR permanency of a firm, first, we find CSR activity of each firm. For this purpose, we retrieve CSR scores in various dimensions, reported in MCSI ESG, and construct a CSR index (*CSR_Index*) by following Jo and Na (2012), Baron, Harjoto, and Jo (2011), and Hillman and Keim (2001). Subsequently, we calculate the CSR permanency by following the methodology proposed by Jeong, Jeong, Lee, and Bae (2018). In so doing, we first calculate the CSR industrial mean based on CSR index for each industry for each country. Second, following Jeong et al. (2018), DeBenedetti (2017), and H. Kim, Hoskisson, and Wan (2004), we create CSR permanency dummy (*CSRPerm*) which takes value 1 if CSR index of a firm is greater than its respective industrial CSR mean for 3 times or more in previous 4 years. We consider minimum three years to determine the firms' CSR permanency as DeBenedetti (2017) and H. Kim et al. (2004) explicitly suggest that to determine the consistency and trend of firm's policies and their impact on corporate outcomes, at least preceding three years should be considered. Thus, if a firm is doing CSR permanently based on the set criteria, then we take 1 for current year. We thoroughly check our sample and 406 firms are doing CSR permanency for greater than 5 years. For robustness, we also use an alternative measure of permanency of CSR as a continuous variable (*FreqCSR*) by interacting the *CSR_Index* and *CSRPerm* (results report in Table 5). To determine the influence of CSR permanency on firm value among family-owned firms, we first introduce individual term for family ownership (*Fam_Own*) as a percentage of equity own by the family members and then interact it with CSR permanency (*Fam_Own*×*CSRPerm*). We consider a firm as family owned if members of the founding family own the percentage of equity up to 20% and being the largest shareholder of a firm. This classification is widely used in prior studies such as López-González, Martínez-Ferrero, and García-Meca (2019), Briano-Turrent and Poletti-Hughes (2017), Ehrhardt and Nowak (2003), Campbell, Shrives, and Bohmbach-Saager (2001), and Matthews and Fialko (2001).

TABLE 1 Variables definition

Name	Description
TobinsQ	The market value of firms divided by its replacement cost of assets.
CSR_Index	Adopted CSR index from Jo and Na (2012), Baron et al. (2011), and Hillman and Keim (2001).
CSRPerm	Following Jeong et al., (2018), we first calculate the CSR industrial mean based on CSR index for each industry for each country. Second, we create CSR permanency dummy which takes value 1 if firm's CSR index is greater than its respective industrial CSR mean for 3 times in last 4 years.
Fam_Own	A firm is family owned if family members of one or more than one founding families own the percentage of equity up to 20%
Ind_Dir	Ratio of independent directors (non-executive) to total board size (total number of directors on board).
LEV	Natural logarithmic of book value of total debt divided by total assets.
BMR	Natural logarithmic of book value of equity divided by the market value of equity.
Size	Natural logarithmic of total asset.
Age	The difference between firm's founding year and current year.
GDP	GDP in current US$.
CPI	Corruption Perceptions Index adopted from Transparency International.
Reg_Qual	Regulatory Quality Indicator adopted from Worldwide Governance Indicators.
Press_Free	Press Freedom Index reported by Reporters Without Borders website.
EPI	Environmental Performance Index reported by Columbia University ("Center for International Earth Science Information Network") and Yale University ("Yale Center for Environmental Law and Policy") in collaboration with the "Joint Research Centre of the European Commission" and the "World Economic Forum."

To control the firm and country levels effect, we add various control variables. We measure independent director (*Ind_Dir*) variable as ratio of independent directors (non-executive) to total board size (Chan & Li, 2008; Mak & Kusnadi, 2005). Chan and Li (2008) argue that independent directors help firms to enhance its value. We measure leverage ratio (*LEV*) as natural logarithmic of book value of total debt divided by total assets (Aretz & Bartram, 2010; Berger & Ofek, 1995; López-González et al., 2019). Berger and Ofek (1995) indicate the positive influence of leverage on value of firm. To control growth opportunities, we use "book to market ratio" (*BMR*) measure as natural logarithmic of book value of equity divided by the market value of equity (L. D. Brown & Caylor, 2009). We measure firm size (*Size*) as natural logarithmic of total assets (López-González et al., 2019; Mak & Kusnadi, 2005). Firm's age (*Age*) is defined as the difference between founding year and the current year for a firm (Brookman & Thistle, 2009; N. K. Park, Mezias, & Song, 2004).

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

TABLE 2 Descriptive statistics

Variable	Description	Obs	Mean	*SD*	Min	Max
TobinsQ	Firm value	4,800	0.245	0.258	0.001	3.053
LagTQ		4,800	0.244	0.260	0.001	3.053
CSR_Index	CSR score index	4,800	0.384	0.212	0.012	0.962
CSRPerm	CSR permanency dummy	4,800	0.438	0.496	0.000	1.000
Fam_Own	Family ownership	4,800	0.357	0.288	0.200	0.600
Ind_Dir	Independent director	4,800	0.235	0.160	0.000	0.480
LEV	Leverage ratio	4,800	0.591	0.294	0.003	6.328
BMR	Book to market ratio	4,800	0.345	1.179	−7.872	5.639
Size	Firm size	4,800	14.007	1.825	7.033	19.766
Age	Firm age	4,800	25.696	21.206	3.000	152.000

For country-level control variables, we add Gross Domestic Product in terms of current US$ (*GDP*), Corruption in terms of Corruption Perception Index (*CPI*), Regulatory Quality Indicator adopted from Worldwide Governance Indicators (*Reg_Qual*), Press Freedom Index (*Press_free*), and Environmental Performance Index (*EPI*) by following previous studies (Blacconiere & Patten, 1994; El Ghoul, Guedhami, & Kim, 2017; Hassel, Nilsson, & Nyquist, 2005; J. B. Kim, Zhang, Li, & Tian, 2014; Martínez-Sola, García-Teruel, & Martínez-Solano, 2013; Plumlee, Brown, Hayes, & Marshall, 2015; Smith, 2016). It is argued that the country's institutional, governance, and environmental condition and policies significantly influence the corporate decisions and firm value (El Ghoul et al., 2017; J. B. Kim et al., 2014; Plumlee et al., 2015, Table 1).

4 | RESULTS

4.1 | Descriptive analysis

Table 2 reports the mean and standard deviation values of firm-level variables of interest. The mean value of *TobinsQ* is 0.24 while on average *CSR_Index* that reflects CSR activity of a firm is 0.38. On average firm involves in CSR permanency (*CSRPerm*) is 0.43. The mean of family ownership (*Fam_Own*) is 0.35 which indicates the significant control of the founding family on firm decisions.

Table 3 represents the correlation values of the key variables. There exists a moderate correlation among variables of interest, hence, there exists no issue of multicollinearity in our model. CSR permanency and Tobin's Q have a positive correlation though we cannot decide its significant cause and effect, therefore, we need regression analysis to find out.

4.2 | Regression results

Table 4 shows the results of system GMM regression. Column 1 (model 1) shows the results of our baseline model, that is, effect of CSR permanency on firm value along with control variables. Column 2 (model 2) represents the result of family ownership while column 3 (model 3) shows the result of impact of CSR permanency on firm value among family-owned firms. Insignificant probabilities of Hansen and AR (2) tests indicate that our findings are robust and there exist no issues of autoregressive and over-identification.

In Table 4, model 1 shows result of CSR permanency (*CSRPerm*) along with control variables. The coefficient of *CSRPerm* (β_2) is significantly positive at the level of 5%. It shows the positive influence of CSR permanency on firm value and supports the first hypothesis. It means that permanently performing CSR activities significantly enhance firm value. The finding shows that 1 unit increase in CSR permanency causes 7.8% increase in firm value. To determine the effect of CSR permanency on firm value among family-owned firms, we first added individual term (*Fam_Own*) for family ownership in model 2 and then interactive term (*Fam_Own*×*CSRPerm*) in model 3. The coefficient of *Fam_Own* (β_3) in model 2 is positively significant at 10% level, indicating the significant impact of family ownership on firm value. In model 3, the coefficient of *Fam_Own*×*CSRPerm* (β_4) is positively significant at 5% level. This finding supports the second hypothesis and indicates the more pronounced influence of CSR permanency on firm value among family-owned firms. It means that 1 unit increase in CSR permanency causes 14.7% increase in firm value among family-owned firms.

Among control variables, we achieved mixed results for control variables. The coefficient of *LagTQ* (β_1) is positively significant in all three models which suggests the significant dependence of current firm value on its previous values. The coefficient of independent director (β_5) has a negatively significant influence on firm value (consistent with Mak & Kusnadi, 2005). The firm value is positively and significantly dependent on firm's leverage ratio as its coefficient (β_6) is positively significant and consistent with Obradovich and Gill (2013). Book to market ratio (β_7) has negative and significant influence on firm value, suggesting a reversal (positive) impact of market to book ratio on Tobin's Q (in line with Bhabra, 2007). Firm size (β_8) positively and significantly determines the firm value, corroborates Rizqia and Sumiati (2013). There exists a positively significant association between firm's age (β_9) and firm value (consistent with Eisenberg, Sundgren, & Wells, 1998). For country-level variables, the impact of regulatory quality situation (β_{12}) in the country has a positively significant influence on firm value (consistent with Saona & San

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

TABLE 3 Correlation

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	TQ	1													
2	LagTQ	0.47	1												
3	CSRPerm	0.03	0.04	1											
4	Fam_Own	0.07	−0.08	−0.04	1										
5	Ind_Dir	0.00	0.01	0.00	0.02	1									
6	LEV	−0.02	−0.03	−0.01	0.04	0.01	1								
7	BMR	−0.03	−0.03	0.02	−0.02	0.04	−0.08	1							
8	Size	0.02	0.02	0.03	−0.01	0.01	0.08	−0.18	1						
9	Age	−0.01	−0.02	−0.02	−0.02	0.03	0.01	0.03	0.09	1					
10	GDP	0.03	0.02	0.10	0.04	−0.03	−0.05	−0.09	0.01	0.02	1				
11	CPI	0.03	0.03	0.06	0.00	0.00	0.05	−0.15	0.40	0.05	0.55	1			
12	Reg_Qual	0.02	0.02	0.12	0.04	−0.03	−0.10	0.00	−0.02	0.03	0.18	0.31	1		
13	Press_free	−0.02	−0.01	−0.09	−0.01	−0.01	0.09	−0.23	0.25	−0.07	0.09	0.32	−0.18	1	
14	EPI	0.02	0.02	0.06	0.04	−0.04	−0.07	−0.08	−0.11	0.00	0.18	0.34	0.17	0.09	1

Abbreviations: Age, firm size; BMR, book to market ratio; CPI, corruption perceptions index; CSRPerm, CSR permanency dummy; EPI, environmental performance index; Fam_Own, family ownership; GDP, gross domestic product; Ind_Dir, independent director; LagTQ, lagged Tobin's Q; LEV, leverage ratio; Press_free, press freedom index; Reg_Qual, regulatory quality indicator; Size, firm size; TQ, Tobin's Q.

TABLE 4 Regression result measuring impact of CSR permanency

VARIABLES	Model 1	Model 2	Model 3
LagTQ	0.466** (0.197)	0.629*** (0.106)	0.418** (0.177)
CSRPerm	0.078** (0.035)	0.045* (0.026)	0.053* (0.031)
Fam_Own		0.203* (0.110)	0.133* (0.081)
Fam_Own × CSRPerm			0.147** (0.081)
Ind_Dir	−1.820 (1.275)	−0.325 (0.431)	−1.863** (0.896)
LEV	0.959* (0.598)	0.365 (0.252)	0.397* (0.238)
BMR	−0.109* (0.067)	−0.026 (0.035)	−0.005 (0.041)
Size	0.004 (0.031)	0.010** (0.004)	0.009* (0.005)
Age	0.008* (0.005)	0.002* (0.001)	0.004* (0.002)
GDP	0.00001 (0.00001)	−0.00002 (0.00002)	0.00001 (0.00001)
CPI	−0.007 (0.006)	−0.0004 (0.0029)	−0.002 (0.003)
Reg_Qual	0.143* (0.087)	0.029 (0.065)	0.004 (0.077)
Press_Free	−0.0001 (0.0008)	−0.0002 (0.0004)	0.0009* (0.0005)
EPI	−0.001 (0.001)	0.0003 (0.0008)	0.0015* (0.0009)
Constant	0.114 (0.371)	−0.288* (0.158)	0.077 (0.301)
Observations	4,199	4,199	4,199
Number of id	600	600	600
AR (2)	0.123	0.105	0.138
Hansen test	0.139	0.126	0.174

Note: Standard errors in parentheses.
***$p < .01$. **$p < .05$. *$p < .1$.

Martín, 2016). There exists a positive association between the situation of press freedom (β_{13}) in the country and firm value (consistent with Chang, Shim, & Yi, 2019). Lastly, the impact of environmental performance index (β_{14}) has a positively significant effect on firm value (consistent with Dowell, Hart, & Yeung, 2000).

Taken combined, our findings support our hypotheses. Specifically, CSR permanency positively and significantly impacts firm value. This positive association is further strengthened among family-owned firms. To determine the robustness of our results, we perform additional tests. We use an alternative measure of CSR permanency, that

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

TABLE 5 Regression result of alternative measure of CSR permanency

VARIABLES	(1) Model	(2) Model	(3) Model
LagTQ	0.452** (0.192)	0.520*** (0.116)	0.430** (0.209)
FreqCSR	0.106** (0.052)	0.073* (0.042)	0.089* (0.053)
Fam_Own		0.298** (0.146)	−0.551 (0.615)
Fam_Own×FreqCSR			1.025* (0.608)
Ind_Dir	−1.750 (1.245)	−0.235 (0.538)	−2.101* (1.164)
LEV	0.857* (0.483)	0.564* (0.299)	0.189 (0.481)
BMR	−0.105* (0.064)	−0.056 (0.040)	−0.074* (0.044)
Size	0.006 (0.030)	−0.001 (0.016)	0.021* (0.012)
Age	0.007* (0.004)	0.002* (0.001)	0.014* (0.008)
GDP	−0.000001 (0.00002)	−0.00001 (0.000001)	0.000003 (0.00001)
CPI	−0.007 (0.006)	−0.0001 (0.003)	0.0004 (0.0032)
Reg_Qual	0.130 (0.141)	0.079 (0.075)	0.020 (0.112)
Press_Free	−0.0002 (0.0008)	−0.0001 (0.0005)	0.0015* (0.0008)
EPI	−0.001 (0.001)	0.00006 (0.00101)	0.001 (0.001)
Constant	0.138 (0.361)	−0.241 (0.192)	0.017 (0.427)
Observations	4,199	4,199	4,199
Number of id	600	600	600
AR (2)	0.124	0.106	0.155
Hansen test	0.114	0.194	0.159

Note: Standard errors in parentheses.
***$p < .01$. **$p < .05$. *$p < .1$.

is, *FreqCSR* which is a continuous variable and an interaction of *CSR_Index* and *CSRPerm*. *FreqCSR* contains values of *CSR_Index* when *CSRPerm* takes 1, else 0.

The results presented in Table 5 indicate the positive impact of CSR permanency (*FreqCSR*) on firm value, and this positive association is more pronounced for family firms. Findings remain consistent with our original results.

In an additional analysis, we split the CSR index into two dimensions: social and environmental and examine their impact on firm value. To measure the social aspect of CSR, this study follows Jayachandran, Kalaignanam, and Eilert (2013) and Babiak and Trendafilova (2011) and constructs a social CSR index. These studies explain social CSR as actions of firms to meet their responsibilities (social concerns) related to several stakeholders, for instance, shareholders, customers, employees, and society overall. Similarly, for environmental aspect of CSR, the study follows Torugsa, O'Donohue, and Hecker (2013) and Jayachandran et al. (2013) and constructs an environmental CSR index. Environmental CSR is explained as actions of firms to meet their environmental concerns, for instance, prevention of pollution, eco-efficiency, preserving the natural environment. The results presented in Table 6 show that the coefficients of social CSR (*Soc_CSR*) and environmental CSR (*Env_CSR*) are positively significant. This indicates the positive influence of both CSR dimensions on firm value. Moreover, the effect of social CSR is more pronounced compared to environmental CSR. Secondly, among family-owned firms, again social CSR has a stronger effect on firm value compared to environmental CSR. Hence, our results remain consistent with our original findings.

5 | DISCUSSION AND CONCLUDING REMARKS

This study investigates the impact of CSR permanency on firm value in emerging markets. The findings show that firm's permanent CSR activities have a positive significant influence in firm's value creation. This indicates that firms that undertake CSR activities permanently experience a positive assessment of investors. Moreover, the positive association between CSR permanency and firm value is stronger for family-owned firms. In additional analysis, we segregate the CSR activities into social and environmental activities. Our findings suggest that CSR permanency in both dimensions exert a positive influence on firm value. Though, magnitude of coefficients shows that permanently undertaking social activities have a more pronounced impact on firm value than environmental activities.

The first contribution of the study lies in considering the time horizon of CSR activities, as performing socially responsible activities for a longer period of time yield a positive effect on firm value. Our interpretation of the result is that it takes time to materialize the good reputation and stakeholders' relationship, so firms that undertake CSR activities over a longer term will benefit. It suggests that CSR activities take time to acknowledge and realize the economic returns from

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

TABLE 6 Results of social CSR and environmental CSR

	Social CSR effect			Environmental CSR effect		
VARIABLES	**1**	**2**	**3**	**4**	**5**	**6**
LagTQ	0.422** (0.207)	0.479*** (0.130)	0.379* (0.210)	0.452** (0.192)	0.490*** (0.126)	0.422*** (0.163)
Soc_CSR	0.241** (0.110)	0.153* (0.090)	0.172* (0.104)			
Env_CSR				0.222* (0.118)	0.140* (0.087)	0.164* (0.099)
Fam_Own		0.300* (0.175)	−0.707 (0.608)		0.305* (0.175)	−0.571 (0.441)
Fam_Own×Soc_CSR			3.809* (2.325)			
Fam_Own×Env_CSR						0.955* (0.572)
Ind_Dir	−2.061 (1.452)	−0.234 (0.635)	−2.568** (1.283)	−1.750 (1.245)	−0.373 (0.640)	−1.430* (0.765)
LEV	0.588 (0.772)	0.751** (0.371)	−0.081 (0.597)	0.857 (0.583)	0.608* (0.357)	0.122 (0.359)
BMR	−0.095 (0.071)	−0.066 (0.044)	−0.105* (0.064)	−0.105* (0.062)	−0.054 (0.043)	−0.054 (0.039)
Size	0.023 (0.039)	−0.005 (0.019)	0.010* (0.006)	0.006 (0.030)	0.003 (0.020)	0.016* (0.009)
Age	0.007 (0.006)	0.003* (0.001)	0.014* (0.008)	0.008* (0.005)	0.003 (0.002)	0.010* (0.005)
GDP	−0.00001 (0.00001)	−0.00001 (0.000001)	0.0000002 (0.00001)	−0.000001 (0.00001)	−0.00001 (0.000001)	0.0000002 (0.000001)
CPI	−0.007 (0.007)	−0.001 (0.003)	−0.002 (0.005)	−0.007 (0.006)	0.0002 (0.0037)	−0.00003 (0.003)
Reg_Qual	0.123 (0.155)	0.123 (0.088)	−0.142 (0.126)	0.130 (0.141)	0.089 (0.087)	−0.045 (0.083)
Press_Free	−0.001 (0.001)	−0.00007 (0.0006)	0.002** (0.001)	−0.0002 (0.0008)	−0.0001 (0.0005)	0.0020** (0.0006)
EPI	−0.0001 (0.0019)	−0.00001 (0.00110)	0.002 (0.001)	−0.001 (0.001)	0.000001 (0.001)	0.0011 (0.0009)
Constant	0.172 (0.418)	−0.264 (0.270)	0.51 (0.482)	0.139 (0.361)	−0.306 (0.251)	0.062 (0.308)
Observations	4,199	4,199	4,199	4,199	4,199	4,199
Number of id	600	600	600	600	600	600
AR (2)	0.142	0.108	0.157	0.125	0.110	0.127
Hansen test	0.138	0.240	0.152	0.115	0.107	0.232

Note: Standard errors in parentheses.
***$p < .01$.**$p < .05$.*$p < .1$.

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

complex stakeholder relationships and to gain other CSR-related benefits such as insurance-like protection. It implies that market value realization through one-year time period may lead to abandoning cross-over impacts and hence may draw a biased result of CSR's firm value impact. These results support the view that time-period matters to CSR activities (Wang & Bansal, 2012), a view that has been ignored in CSR research. These results also corroborate with Lins et al. (2017), Jo and Harjoto (2012), Edmans (2012), and Lev et al. (2010), who also indicate a positive effect of CSR arrangements on firm's value creation. This result may facilitate in reconciling the conflicting evidence on the value outcomes of CSR activities.

Second, we extend the current research by showing the moderating role of family ownership in the CSR-value link. The consideration of contingencies (together with permanency aspect) enables us to elaborate on earlier findings showing that corporate socially responsible activities are fruitless endeavors for increasing firm value. Hence, we expand the insights of contingent dynamics in the CSR-value relationship.

We then go on by adding to CSR literature by disentangling the CSR activities into social and environmental domains. Such differentiation in CSR activities is important as blending all CSR activities into one construct mask the potential differences between the real effects of each CSR type. We demonstrate that stakeholders are more compassionate about social activities therefore impact of CSR permanency on firm value is stronger in social dimensions. By showing this, we add to the literature that desegregated CSR activities such as Jayachandran et al. (2013) and Lenz, Wetzel, and Hammerschmidt (2017). With respect to theory, in line with the prediction of stakeholder theory, this work proposes that CSR types can have different potential to establish trust between firms and stakeholders. We identify two such CSR types (social and environmental) and show that social activities of CSR have large influences on firm value.

Lastly, larger effect of the social type of CSR activities indicates that investors are more concerned and reward social-centric initiatives. We may infer that the social concern for environmental protection is, arguably, far from being a foremost concern in emerging economies, rather people here are more concerned with material security (Globerman & Shapiro, 2009). Social CSR activities in emerging economies are largely focused on the creation of jobs, poverty elevation, education of poor children, and health services to the poor (Khan, Muttakin, & Siddiqui, 2013; Munro, 2013; Yin & Jamali, 2016). As customers and investors are also part of the society and their decisions are influenced by the prevalent social beliefs, therefore it is expected that customers and investors prefer to see materialistic contributions from organizations and regard environmental initiatives as less important.

Besides theoretical contributions, our findings also offer some useful implications for management. Practical evidence of CSR failures indicate that CSR activities may lead to unfavorable stakeholders' reaction as shown in earlier studies depicting the negative association between CSR and firm value (Lenz et al., 2017). So, management should not consider CSR activities as an isolated one-time activity because investors do not do so. Those who consider the immediate return of one-time CSR activity to justify investment are likely to disappoint. A long-term approach helps firms to profit from the CSR activities. Managers who take a moral approach to CSR often believe that pursuing CSR-activities is just the right thing to do (Wang & Bansal, 2012), however, they must bring-in the long-term orientation in their CSR approach that is a financially rewarding approach.

In terms of more actionable strategy for managers, our results suggest that managers should not allocate all resources into one class of CSR activities, rather classify their CSR initiatives into social and environmental dimensions as not all categories are equally rewarding. It is recommended that investment in social activities is particularly relevant in emerging markets' contexts and is more rewarding. Stakeholders are often skeptical about the firm's voluntary environmental initiatives. Hence, it is recommended that managers should consider the financial reward of each category separately and accordingly distribute CSR activities. Similarly, our results showing that the reward of social activities as compared to environment-related activities is even higher in family firms, indicating that investment in social activities is a promising investment in different contexts. So, depending upon the nature of the firm, managers certainly pursue social activities.

5.1 | Limitations and way forward

There are some caveats of this study, which, however, provide ways for future research. First, we are not measuring the channels through which CSR permanency affects firm value. There is some initial evidence exist that suggests that CSR reputation may decrease the cost of capital (Reverte, 2012), increase brand loyalty (He & Lai, 2014), provides insurance-like protection against unfavorable market conditions (Godfrey, 2005). All these outcomes may act as a channel that influences the firm value. Future studies can pursue this line of research and test these mechanisms more explicitly.

Second, this study is limited only to one moderating factor. Previous research such as Arora and Dharwadkar (2011) suggests that when a firm is perceived to be doing well, stakeholders place greater trust in firms' investment decisions, giving them greater latitude in investment decisions, which reflects positively in market valuation. So, following this intuition, future studies may examine the moderating role of profitability in the CSR and firm value relationship. Similarly, there is some evidence that poor advertising may make CSR efforts less effective (Luo & Bhattacharya, 2006). So, advertising expenditure as a moderating variable could be an interesting avenue for future research. Moreover, we focused only on one type of concentrated ownership, family ownership. Future studies may test the moderating role of state ownership given the fact that state ownership is a prevalent form of ownership in emerging markets.

Thirdly, an important research avenue could be to explore the ways firms choose their CSR activity type. Why does a firm prefer one type of CSR activity over another? This question can be answered by theoretically examining the extent of pressure each group of stakeholders is exerting on firm or it could be due to the implicit or explicit

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

connection the manager has with each group of stakeholders. Lastly, we use listed firms in this study, whereas a significant part of the BRIC economies is comprised of small- and medium-size firms (SMEs). Future studies can include SME's to examine how these firms respond to stakeholder pressure to achieve the best possible outcomes from CSR initiatives.

ORCID

Abubakr Saeed https://orcid.org/0000-0002-6863-9287
Muhammad Saad Baloch https://orcid.org/0000-0002-0630-3841

ENDNOTE

[1]For the detail of the construction of CSR Index, see Jo and Na (2012), Baron et al. (2011), and Hillman and Keim (2001).

REFERENCES

Arellano, M., & Bond, S. (1991). Some tests of specification for panel data: Monte Carlo evidence and an application to employment equations. *The Review of Economic Studies*, *58*(2), 277–297.

Arena, M., Azzone, G., & Mapelli, F. (2018). What drives the evolution of Corporate Social Responsibility strategies? An institutional logics perspective. *Journal of Cleaner Production*, *171*, 345–355.

Aretz, K., & Bartram, S. M. (2010). Corporate hedging and shareholder value. *Journal of Financial Research*, *33*(4), 317–371.

Arora, P., & Dharwadkar, R. (2011). Corporate governance and corporate social responsibility (CSR): The moderating roles of attainment discrepancy and organization slack. *Corporate Governance: An International Review*, *19*(2), 136–152.

Babiak, K., & Trendafilova, S. (2011). CSR and environmental responsibility: Motives and pressures to adopt green management practices. *Corporate Social Responsibility and Environmental Management*, *18*(1), 11–24.

Baloch, M. S., Saeed, A., Ahmed, I., Oláh, J., Popp, J., & Máté, D. (2018). Role of domestic financial reforms and internationalization of non-financial transnational firms: Evidence from the Chinese market. *Sustainability*, *10*(11), 3847.

Barnea, A., & Rubin, A. (2010). Corporate social responsibility as a conflict between shareholders. *Journal of Business Ethics*, *97*(1), 71–86.

Barnett, M. L. (2007). Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. *Academy of Management Review*, *32*(3), 794–816.

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, *33*(11), 1304–1320.

Baron, D. P., Harjoto, M. A., & Jo, H. (2011). The economics and politics of corporate social performance. *Business and Politics*, *13*(2), 1–46.

Bartikowski, B., & Walsh, G. (2011). Investigating mediators between corporate reputation and customer citizenship behaviors. *Journal of Business Research*, *64*(1), 39–44.

Berger, P. G., & Ofek, E. (1995). Diversification's effect on firm value. *Journal of Financial Economics*, *37*(1), 39–65.

Berrone, P., Cruz, C., Gomez-Mejia, L. R., & Larraza-Kintana, M. (2010). Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, *55*(1), 82–113.

Bhabra, G. S. (2007). Insider ownership and firm value in New Zealand. *Journal of Multinational Financial Management*, *17*(2), 142–154.

Blacconiere, W. G., & Patten, D. M. (1994). Environmental disclosures, regulatory costs, and changes in firm value. *Journal of Accounting and Economics*, *18*(3), 357–377.

Brammer, S., & Millington, A. (2006) Firm Size, Organizational Visibility and Corporate Philanthropy: An Empirical Analysis. *Business Ethics: A European Review*, *15*, 6–18.

Brammer, S., & Millington, A. (2008). Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal*, *29*(12), 1325–1343.

Briano-Turrent, G. C., & Poletti-Hughes, J. (2017). Corporate governance compliance of family and non-family listed firms in emerging markets: Evidence from Latin America. *Journal of Family Business Strategy*, *8*(4), 237–247.

Broccardo, L., Truant, E., & Zicari, A. (2019). Internal corporate sustainability drivers: What evidence from family firms? A literature review and research agenda. *Corporate Social Responsibility and Environmental Management*, *26*(1), 1–18.

Brookman, J., & Thistle, P. D. (2009). CEO tenure, the risk of termination and firm value. *Journal of Corporate Finance*, *15*(3), 331–344.

Brown, L. D., & Caylor, M. L. (2009). Corporate governance and firm operating performance. *Review of Quantitative Finance and Accounting*, *32*(2), 129–144.

Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, *61*(1), 68–84.

Campbell, D., Shrives, P., & Bohmbach-Saager, H. (2001). Voluntary disclosure of founding family ownership. *Journal of Corporate Finance*, *14* (2008), 431–445.

Chan, K. C., & Li, J. (2008). Audit committee and firm value: Evidence on outside top executives as expert-independent directors. *Corporate Governance: An International Review*, *16*(1), 16–31.

Chang, K., Shim, H., & Yi, T. D. (2019). Corporate social responsibility, media freedom, and firm value. *Finance Research Letters*, *30*, 1–7.

Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, *20* (1), 92–117.

Collins, C. J., & Han, J. (2004). Exploring applicant pool quantity and quality: The effects of early recruitment practice strategies, corporate advertising, and firm reputation. *Personnel Psychology*, *57*(3), 685–717.

Coombs, T., & Holladay, S. (2015). CSR as crisis risk: Expanding how we conceptualize the relationship. *Corporate Communications: An International Journal*, *20*(2), 144–162.

Currás-Pérez, R., Dolz-Dolz, C., Miquel-Romero, M. J., & Sánchez-García, I. (2018). How social, environmental, and economic CSR affects consumer-perceived value: Does perceived consumer effectiveness make a difference? *Corporate Social Responsibility and Environmental Management*, *25*(5), 733–747.

D'Amato, A., & Falivena, C. (2020). Corporate social responsibility and firm value: Do firm size and age matter? Empirical evidence from European listed companies. *Corporate Social Responsibility and Environmental Management*, *27*(2), 909–924.

de Jong, M. D., & van der Meer, M. (2017). How does it fit? Exploring the congruence between organizations and their corporate social responsibility (CSR) activities. *Journal of Business Ethics*, *143*(1), 71–83.

De Roeck, K., & Delobbe, N. (2012). Do environmental CSR initiatives serve organizations' legitimacy in the oil industry? Exploring employees' reactions through organizational identification theory. *Journal of Business Ethics*, *110*(4), 397–412.

DeBenedetti, J. (2017). *Why is it important for a business to compare its previous years' financial statements*? Retrieved from https://smallbusiness.chron.com/important-business-compare-its-previous-years-financial-statements-80717.html

Dhaliwal, D. S., Radhakrishnan, S., Tsang, A., & Yang, Y. G. (2012). Nonfinancial disclosure and analyst forecast accuracy: International evidence on corporate social responsibility disclosure. *The Accounting Review*, *87*(3), 723–759.

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, *20*(1), 65–91.

Dowell, G., Hart, S., & Yeung, B. (2000). Do corporate global environmental standards create or destroy market value? *Management Science*, *46* (8), 1059–1074.

Du, S., Bhattacharya, C. B., & Sen, S. (2010). Maximizing business returns to corporate social responsibility (CSR): The role of CSR communication. *International Journal of Management Reviews*, *12*(1), 8–19.

Edmans, A. (2012). The link between job satisfaction and firm value, with implications for corporate social responsibility. *Academy of Management Perspectives*, *26*(4), 1–19.

Ehrhardt, O., & Nowak, E. (2003). The effect of IPOs on German family-owned firms. *Journal of Small Business Management*, *41*(2), 222–232.

Eisenberg, T., Sundgren, S., & Wells, M. T. (1998). Larger board size and decreasing firm value in small firms. *Journal of Financial Economics*, *48* (1), 35–54.

El Ghoul, S., Guedhami, O., & Kim, Y. (2017). Country-level institutions, firm value, and the role of corporate social responsibility initiatives. *Journal of International Business Studies*, *48*(3), 360–385.

El Ghoul, S., Guedhami, O., Kwok, C. C., & Mishra, D. R. (2011). Does corporate social responsibility affect the cost of capital? *Journal of Banking & Finance*, *35*(9), 2388–2406.

Flammer, C. (2012, May). *Corporate social responsibility and stock prices: The environmental awareness of shareholders*. Paper presented at the Fourth Annual Research Conference, Yale University, USA (Vol. 16).

Freeman, R. (1984). *Edward: Strategic management*. New York, NY: A Stakeholder Approach.

Globerman, S., & Shapiro, D. (2009). Economic and strategic considerations surrounding Chinese FDI in the United States. *Asia Pacific Journal of Management*, *26*(1), 163–183.

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, *30*(4), 777–798.

Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, *52*(1), 106–137.

Graafland, J., & Mazereeuw-van der Duijn Schouten, C. (2012). Motives for corporate social responsibility. *De Economist*, *160*(4), 377–396.

Green, T., & Peloza, J. (2011). How does corporate social responsibility create value for consumers? *Journal of Consumer Marketing*, *28*(1), 48–56.

Grougiou, V., Dedoulis, E., & Leventis, S. (2016). Corporate social responsibility reporting and organizational stigma: The case of "sin" industries. *Journal of Business Research*, *69*(2), 905–914.

Groza, M. D., Pronschinske, M. R., & Walker, M. (2011). Perceived organizational motives and consumer responses to proactive and reactive CSR. *Journal of Business Ethics*, *102*(4), 639–652.

Hansen, S. D., Dunford, B. B., Boss, A. D., Boss, R. W., & Angermeier, I. (2011). Corporate social responsibility and the benefits of employee trust: A cross-disciplinary perspective. *Journal of Business Ethics*, *102* (1), 29–45.

Harjoto, M. A., & Jo, H. (2011). Corporate governance and CSR nexus. *Journal of Business Ethics*, *100*(1), 45–67.

Harjoto, M. A., & Jo, H. (2015). Legal vs. normative CSR: Differential impact on analyst dispersion, stock return volatility, cost of capital, and firm value. *Journal of Business Ethics*, *128*(1), 1–20.

Hassel, L., Nilsson, H., & Nyquist, S. (2005). The value relevance of environmental performance. *European Accounting Review*, *14*(1), 41–61.

He, Y., & Lai, K. K. (2014). The effect of corporate social responsibility on brand loyalty: The mediating role of brand image. *Total Quality Management & Business Excellence*, *25*(3-4), 249–263.

Helm, S. (2007). The role of corporate reputation in determining investor satisfaction and loyalty. *Corporate Reputation Review*, *10*(1), 22–37.

Hillman, A. J., & Keim, G. D. (2001). Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal*, *22*(2), 125–139.

Inoue, Y., & Lee, S. (2011). Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries. *Tourism Management*, *32*(4), 790–804.

Jahdi, K. S., & Acikdilli, G. (2009). Marketing communications and corporate social responsibility (CSR): Marriage of convenience or shotgun wedding? *Journal of Business Ethics*, *88*(1), 103–113.

Jayachandran, S., Kalaignanam, K., & Eilert, M. (2013). Product and environmental social performance: Varying effect on firm performance. *Strategic Management Journal*, *34*(10), 1255–1264.

Jensen, M. C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, *12*, 235–256.

Jeong, K. H., Jeong, S. W., Lee, W. J., & Bae, S. H. (2018). Permanency of CSR activities and firm value. *Journal of Business Ethics*, *152*(1), 207–223.

Jo, H., & Harjoto, M. A. (2012). The causal effect of corporate governance on corporate social responsibility. *Journal of Business Ethics*, *106*(1), 53–72.

Jo, H., & Na, H. (2012). Does CSR reduce firm risk? Evidence from controversial industry sectors. *Journal of Business Ethics*, *110*(4), 441–456.

John, A., Qadeer, F., Shahzadi, G., & Jia, F. (2019). Getting paid to be good: How and when employees respond to corporate social responsibility? *Journal of Cleaner Production*, *215*, 784–795.

Jones, T. M., & Wicks, A. C. (1999). Convergent stakeholder theory. *Academy of Management Review*, *24*(2), 206–221.

Jonker, J., & Foster, D. (2002). Stakeholder excellence: Framing the evolution and complexity of a stakeholder perspective of the firm. *Corporate Social Responsibility and Environmental Management*, *9*, 187–195.

Khan, A., Muttakin, M. B., & Siddiqui, J. (2013). Corporate governance and corporate social responsibility disclosures: Evidence from an emerging economy. *Journal of Business Ethics*, *114*(2), 207–223.

Kim, H., Hoskisson, R. E., & Wan, W. P. (2004). Power dependence, diversification strategy, and performance in keiretsu member firms. *Strategic Management Journal*, *25*(7), 613–636.

Kim, J. B., Zhang, H., Li, L., & Tian, G. (2014). Press freedom, externally-generated transparency, and stock price informativeness: International evidence. *Journal of Banking & Finance*, *46*, 299–310.

Kramer, M. P. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, *84*(12), 78–92.

Laguir, I., Laguir, L., & Elbaz, J. (2016). Are family small-and medium-sized enterprises more socially responsible than nonfamily small-and medium-sized enterprises? *Corporate Social Responsibility and Environmental Management*, *23*(6), 386–398.

Lansberg, I. (1999). *Succeeding generations: Realizing the dream of families in business*. USA: Harvard Business Review Press.

Laufer, W. S. (2003). Social accountability and corporate greenwashing. *Journal of Business Ethics*, *43*(3), 253–261.

Lenz, I., Wetzel, H. A., & Hammerschmidt, M. (2017). Can doing good lead to doing poorly? Firm value implications of CSR in the face of CSI. *Journal of the Academy of Marketing Science*, *45*(5), 677–697.

Lev, B., Petrovits, C., & Radhakrishnan, S. (2010). Is doing good good for you? How corporate charitable contributions enhance revenue growth. *Strategic Management Journal*, *31*(2), 182–200.

Lima Crisóstomo, V., de Souza Freire, F., & Cortes de Vasconcellos, F. (2011). Corporate social responsibility, firm value and financial performance in Brazil. *Social Responsibility Journal*, *7*(2), 295–309.

Lindenberg, E. B., & Ross, S. A. (1981). Tobin's q ratio and industrial organization. *Journal of Business*, *54*(1), 1–32.

Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance*, *72*(4), 1785–1824.

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

López-González, E., Martínez-Ferrero, J., & García-Meca, E. (2019). Does corporate social responsibility affect tax avoidance: Evidence from family firms. *Corporate Social Responsibility and Environmental Management*, *26*(4), 819–831.

Lumpkin, G. T., & Brigham, K. H. (2011). Long–term orientation and intertemporal choice in family firms. *Entrepreneurship Theory and Practice*, *35*(6), 1149–1169.

Luo, X., & Bhattacharya, C. B. (2006). Corporate social responsibility, customer satisfaction, and market value. *Journal of Marketing*, *70*(4), 1–18.

Mak, Y. T., & Kusnadi, Y. (2005). Size really matters: Further evidence on the negative relationship between board size and firm value. *Pacific-Basin Finance Journal*, *13*(3), 301–318.

Martínez-Sola, C., García-Teruel, P. J., & Martínez-Solano, P. (2013). Corporate cash holding and firm value. *Applied Economics*, *45*(2), 161–170.

Matthews, D. M. C., & Fialko, A. (2001). Founding family controlled firms: Efficiency, risk and value. *Journal of Small Business Management*, *39*(1), 31–49.

McGuire, J. B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management Journal*, *31*(4), 854–872.

McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, *26*(1), 117–127.

Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and non-family businesses. *Journal of Management Studies*, *45*(1), 51–78.

Mishra, D. R. (2017). Post-innovation CSR performance and firm value. *Journal of Business Ethics*, *140*(2), 285–306.

Momin, M. A., & Parker, L. D. (2013). Motivations for corporate social responsibility reporting by MNC subsidiaries in an emerging country: The case of Bangladesh. *The British Accounting Review*, *45*(3), 215–228.

Munro, V. (2013). Stakeholder preferences for particular Corporate Social Responsibility (CSR) activities and Social Initiatives (SIs): CSR initiatives to assist corporate strategy in emerging and frontier markets. *Journal of Corporate Citizenship*, *51*, 72–105.

Narver, J. C., Slater, S. F., & MacLachlan, D. L. (2004). Responsive and proactive market orientation and new-product success. *Journal of Product Innovation Management*, *21*(5), 334–347.

Nelling, E., & Webb, E. (2009). Corporate social responsibility and financial performance: The "virtuous circle" revisited. *Review of Quantitative Finance and Accounting*, *32*(2), 197–209.

Nuryaman, A. R. (2013). The effect of corporate social responsibility activities on profitability and stock prices. *Journal of Global Management*, *6*(1), 113–124.

Obradovich, J., & Gill, A. (2013). The impact of corporate governance and financial leverage on the value of American firms.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, *24*(3), 403–441.

Park, N. K., Mezias, J. M., & Song, J. (2004). A resource-based view of strategic alliances and firm value in the electronic marketplace. *Journal of Management*, *30*(1), 7–27.

Park, S. Y., & Lee, S. (2009). Financial rewards for social responsibility: A mixed picture for restaurant companies. *Cornell Hospitality Quarterly*, *50*(2), 168–179.

Peng, J., Sun, J., & Luo, R. (2015). Corporate voluntary carbon information disclosure: Evidence from China's listed companies. *The World Economy*, *38*(1), 91–109.

Plumlee, M., Brown, D., Hayes, R. M., & Marshall, R. S. (2015). Voluntary environmental disclosure quality and firm value: Further evidence. *Journal of Accounting and Public Policy*, *34*(4), 336–361.

Post, J. E., Preston, L. E., & Sauter-Sachs, S. (2002). *Redefining the corporation: Stakeholder management and organizational wealth*. USA: Stanford University Press.

Reverte, C. (2012). The impact of better corporate social responsibility disclosure on the cost of equity capital. *Corporate Social Responsibility and Environmental Management*, *19*(5), 253–272.

Rhou, Y., Singal, M., & Koh, Y. (2016). CSR and financial performance: The role of CSR awareness in the restaurant industry. *International Journal of Hospitality Management*, *57*, 30–39.

Rizqia, D. A., & Sumiati, S. A. (2013). Effect of managerial ownership, financial leverage, profitability, firm size, and investment opportunity on dividend policy and firm value. *Research Journal of Finance and Accounting*, *4*(11), 120–130.

Roberts, P. W., & Dowling, G. R. (2002). Corporate reputation and sustained superior financial performance. *Strategic Management Journal*, *23*(12), 1077–1093.

Rottig, D. (2016). Institutions and emerging markets: Effects and implications for multinational corporations. *International Journal of Emerging Markets*, *11*(1), 2–17.

Saeed, A., Belghitar, Y., & Yousaf, A. (2016). Firm-level determinants of gender diversity in the boardrooms: Evidence from some emerging markets. *International Business Review*, *25*(5), 1076–1088.

Saona, P., & San Martín, P. (2016). Country level governance variables and ownership concentration as determinants of firm value in Latin America. *International Review of Law and Economics*, *47*, 84–95.

Shahzad, F., Rehman, I. U., Nawaz, F., & Nawab, N. (2018). Does family control explain why corporate social responsibility affects investment efficiency? *Corporate Social Responsibility and Environmental Management*, *25*(5), 880–888.

Simmons, J. (2004). Managing in the post-managerialist era: Towards socially responsible corporate governance. *Management Decision*, *32*(3/4), 601–611.

Sirmon, D. G., & Hitt, M. A. (2003). Managing resources: Linking unique resources, management, and wealth creation in family firms. *Entrepreneurship Theory and Practice*, *27*(4), 339–358.

Smith, J. D. (2016). US political corruption and firm financial policies. *Journal of Financial Economics*, *121*(2), 350–367.

Taylor, J., Vithayathil, J., & Yim, D. (2018). Are corporate social responsibility (CSR) initiatives such as sustainable development and environmental policies value enhancing or window dressing? *Corporate Social Responsibility and Environmental Management*, *25*(5), 971–980.

Torugsa, N. A., O'Donohue, W., & Hecker, R. (2013). Proactive CSR: An empirical analysis of the role of its economic, social and environmental dimensions on the association between capabilities and performance. *Journal of Business Ethics*, *115*(2), 383–402.

Tracey, P., & Phillips, N. (2011). Entrepreneurship in emerging markets. *Management International Review*, *51*(1), 23–39.

Turban, D. B., & Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, *40*(3), 658–672.

Waddock, S. A., & Graves, S. B. (1997). The corporate social performance–financial performance link. *Strategic Management Journal*, *18*(4), 303–319.

Wahba, H. (2008). Does the market value corporate environmental responsibility? An empirical examination. *Corporate Social Responsibility and Environmental Management*, *15*(2), 89–99.

Wang, T., & Bansal, P. (2012). Social responsibility in new ventures: Profiting from a long-term orientation. *Strategic Management Journal*, *33*(10), 1135–1153.

Watson, L. (2015). Corporate social responsibility research in accounting. *Journal of Accounting Literature*, *34*, 1–16.

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Xie, X., Jia, Y., Meng, X., & Li, C. (2017). Corporate social responsibility, customer satisfaction, and financial performance: The moderating effect of the institutional environment in two transition economies. *Journal of Cleaner Production*, *150*, 26–39.

Yin, J., & Jamali, D. (2016). Strategic corporate social responsibility of multinational companies subsidiaries in emerging markets: Evidence from China. *Long Range Planning*, *49*(5), 541–558.

Youn, H., Hua, N., & Lee, S. (2015). Does size matter? Corporate social responsibility and firm performance in the restaurant industry. *International Journal of Hospitality Management*, *51*, 127–134.

Zamir, F., & Saeed, A. (2020). Location matters: Impact of geographical proximity to financial centers on corporate social responsibility (CSR) disclosure in emerging economies. *Asia Pacific Journal of Management*, *37*, 263–295.

Zellweger, T. (2007). Time horizon, costs of equity capital, and generic investment strategies of firms. *Family Business Review*, *20*(1), 1–15.

Zhao, M., Tan, J., & Park, S. H. (2014). From voids to sophistication: Institutional environment and MNC CSR crisis in emerging markets. *Journal of Business Ethics*, *122*(4), 655–674.

Zheng, Q., Luo, Y., & Maksimov, V. (2015). Achieving legitimacy through corporate social responsibility: The case of emerging economy firms. *Journal of World Business*, *50*(3), 389–403.

How to cite this article: Noor S, Saeed A, Baloch MS, Awais M. CSR permanency, family ownership, and firm value: Evidence from emerging economies. *Corp Soc Responsib Environ Manag*. 2020;27:2135–2149. https://doi.org/10.1002/csr.1953

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

APPENDIX A

TABLE A1 Robustness test

Heteroscedasticity test	
H0: sigma(i)^2 = sigma^2 for all i	
chi2 (600) =	1.20E+06
Prob>chi2 =	0.0000
Endogeneity Test (xtivreg2)	
-endog- option:	
Endogeneity test of endogenous regressors:	6.720
Chi-sq(1) *p*-val =	.0096

15353966, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/csr.1953 by Muhammad Saad Baloch - University Of Southampton , Wiley Online Library on [05/11/2025]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License