



The Impact Of CSR On Firm Financial Performance And Mediating Role Of Innovation

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Abstract

The aim of this study is to examine the effect of corporate social responsibility (CSR) of the firm on its financial performance (FP) and evaluate the mediating role of innovation in the relationship between CSR and FP in the local, international and multinational firms working Pakistan. An electronic structured Questionnaire has been used to collect data from 150 middle-level, low-level and top-level managers and owners of local, international and multinational companies operating locally already doing some CSR activities in Lahore, Pakistan. The study's hypotheses were tested using a statistical programmed for the social sciences and analysis of moment structures to examine the data's reliability and validity, as well as confirmatory factor analysis and structural equation modeling. According to the hypothesis results of study is positive. According to the current study CSR perform a significant positive effect in influencing the firm's FP. In addition, innovation has been shown to be an important mediator between CSR and FP. The key contribution of this study to the literature is that it is the first to check the mediation of innovation in the association between CSR and FP. In practice, the findings of present research will contribute in developing of better strategies for the firms for implementing CSR, promoting innovation, and improving financial performance.

Keywords: *CSR perceptions, Human Values, Technology Orientation, Innovation and Firm Performance, Structure equation model, Confirmatory factor analysis*

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1) INTRODUCTION

The concept of CSR has existed from the inception with different religions teaching us the ethics of business and to do good for the society. The increased awareness, internet, media coverage and technology have increased the level of concern for the people to make sure whether the business despite abiding laws are contributing to the society in any manner. CSR now has developed into an enormous measurement which itself is an innovation that CSR is clearly another component to be joined with the greater part of the current components. So by definition it is innovation, another blend on the grounds that CSR touches each part of Business together (Lekkerkerk, 2012). The broadly referenced definition of CSR through Carroll (1991) mainly focuses on 4 interrelated classes of commitments that every organization has in the direction of society. These classes encompass the economic, legal, moral and philanthropic expectancies from firm by society (Carroll, 1991). The concept that firm has societal expectancies isn't new (Smith, 2003). However, the overall use of CSR as an umbrella time period for debating the position of enterprise in the society is an experience of the final decades. In the previous few years, the enchantment of idea has crossed to rising economies (OECD, 2005; Malini, 2006). The unpredictable and changing nature of innovation and company social responsibility (CSR) are in all likelihood going to be interrelated.

As mentioned earlier CSR itself is an innovation which is dynamic in nature and it usually has fruitful results on the financial aspects of the business. As 7838 organizations around the globe distributed CSR reports in 2017 with an expansion of 30% since 2010 as indicated by corporateregister.com, an online catalog of CSR detailing. (Gilbert, 2015). On the other side, there is divergence among previous researchers as to whether CSR makes a meaningful impact to financial performance (FP). As a result, the current study's initial goal is to examine the impact of CSR on FP. (Zardini and Cantele, 2018; Dartey-Baah and Amoako, 2020).

1.1) AN OVERVIEW OF THE TOPIC

The dynamic approach of CSR and wide acceptability has led to innovate in CSR as to how they could improve, differentiate or economize their CSR work and get noticed by the market and reap the fruitful benefits out of it. Previous studies shows the effects of CSR on environment or its direct performance, however CSR being such a wide topic of discussion has not been categorized under the three important facets of social, economic and environmental and the individual impact on the financial performance. This study will unveil the impact of CSR and mediating role of innovation and influence of CSR on financial performance of the firms in the Pakistani context. There are very few studies on directly CSR impact on financial performance however, The previous researches measuring the performance of the company has not incorporated human values which is an intrinsic motivational aspect of doing CSR which does not necessarily lead to higher profits or better financial performance, it is an innate motivation to do good for the society. However the ultimate purpose of doing business is higher profits, growth and expansion. It will also prove how CSR and technology get along and affect the performance of the company and the mediating impact of innovation on the overall company. The study concentrates on one of the most important and interconnected phenomena

of our time, namely, innovation as mediators in the relationship between CSR and FP. As a result, structural equation modeling is used to examine the effect of CSR's on FP, as well as the innovation effect as a mediator through Structural equation model (SEM).

2) LITERATURE REVIEW

Organizations are dependent on the employees therefore the backbone of any organization is your human resource. When any organization is dependent on humans which indirectly means that the organization is dependent on human values and the values shapes and sets the culture of the organization, hence these are a vital building obstruct for some authoritative issues in the scholastic writing. (Schwartz and Bardi, 2001).

Taking part in CSR is due to constantly by self-motivation and hence can be argued (Moon, 2001). It doesn't matter regardless of whether the action is deliberately determined by business purposes alone, or whether it is likewise somewhat determined by what shows up in any event externally, as selfless concern (Rollingson, 2002). CSR in firms must be done at management level or as an impression of person's close to personal values (Hemingway and Maclagan, 2004). If we analyze the CSR activities they can be further classified into financial, social and environmental activities. The country information likewise recommend varieties over the three measurements of CSR dissected, after the triple main concern – financial, social and ecological (Rodri'guez et al., 2015). Thinking about these three CSR measurements enables firms to strengthen their financial performance, in this manner supporting their corporate methodology and expanding their upper hand (Gold et al., 2013).

H1: Innovation mediates the relationship between human values and Financial Performance and is expected to have a positive relationship.

CSR can be comprehensively characterized as an 'organization's activities and position identified with its apparent societal or stakeholder responsibilities' (Luo and Bhattacharya, 2006). The hypothesis of CSR is established in the acknowledgment that 'enterprises have obligation to basic meetings in the community arena not stockholders and past that endorsed by law or union contact' (Jones, 2000). Varadarajan and Menon (1988) prove that CSR is actually a company's actions related to its social and shareholder responsibilities. Dahlsrud (2008) express his own views on this topic, gave new direction that CSR has actually rules including the normative and theoretical issues that how company benefit the society. Like, Hemingway and Maclagan (2004) had argued that the CSR of firms is not applicable by law, suppose that firms are already ethical and lawful. CSR is assumed to be a two-way perception: If we relate CSR to stakeholders' perceptions then in corporate sector which is related to consumers' expectations and the firm's profit (Rodri'guez et al., 2015). The study by Marrewijk (2003) defines CSR as the firm's object that must operate CSR into their business operations.

CSR is a crucial aspect in the business sphere, according to a detailed assessment of the literature, because it considers the interests of various clusters of stakeholders,

such as consumers, the public, employees, the surroundings, dealers, and so on (Cantele and Zardini, 2018 ;Park and Park, 2015). According to the study relationship between stakeholders and organization is very strong. When it comes to CSR. Funds contributed to corporate social responsibility initiatives are more likely to achieve greater effects outside of the firm than within it. As a result, the CSR outlined above aids in the modification and strengthening of investor-firm relationships over longer periods of time. (Cantele and Zardini, 2018; Canh et al., 2019).

In a study by Rodri'guez et al. (2015) the survey was organized into three segments with the goals to recognize the qualities which are right now seen as measurements of CSR and to break down the impact of individual qualities on impression of CSR. Buyers were asked to what degree the social capable practices completed by firms (financial, social, environmental) impact their consumer purchase decision making.

H2: Innovation mediates the relationship between CSR perceptions and Financial Performance and is expected to have a positive relationship.

Technology orientation, 'for innovation of new items technological foundation must be powerful and can be achieved by strong will and capacity'. By Technology orientation a few firms develop more innovation abilities than others (Gatignon and Xuereb, 2007). Technology orientation, firms are actually capable and adaptable, encouraging the modification of existing technologies to use technologies endeavors to address more extensive stakeholders ' issues (Hillebrand and Driessen, 2013). Technological firms become progressively proficient and effective about their technical field over a timeframe with increase experience , and will utilize their knowledge to accomplish immediate gain through product refinement at higher level(exploitation)at lower costs (Hortinha et al., 2011). Innovation portion depends on licenses claimed, specialized work force, and manufacturing expertise toward standards it has characterized as essential. For CSR-aware firms, specialize workers refine the specialized learning and skills the firm as of now has toward regions of social responsibility (Driessen and Hillebrand, 2013). This prompts items that might be like customary ones (exploitative) yet have been re-designed to agree to set up CSR standards. Technology plays an important role in structuring economical new items and Costa et al. (2015) tested the relationship and trusted it to be a positive relationship between technological orientation and innovation capacities, however more grounded in exporters with CSR standards. The example included exporters working in multiple technological industries and utilized SEM method to check the outcomes. The outcomes support to believe that technology orientation strongly affects technology in firms with CSR standards as it was estimated.

In the field of finance, this idea similarly amplify to the public conduct of the dealers who discover CSRA as an mechanism for the gain of society and the general welfare. In numerous studies, it is found that the relationship among CSRA and FP is positive. For example Karyawati et al. (2020) emphasis that CSR shares a Positive relationship with the FP of the firm, which may also rely on positive organizational factors, Environmental factor of country, different types of CSR, measurements of CSR and FP, etc.

H3: Innovation mediates the relationship between Technology Orientation and Financial Performance and is expected to have a positive relationship.

The efforts to introduce new products , mechanism and structural changes are caused by innovation .innovation will help them to introduce new high quality products and improved administration techniques, which eventually leads on the way to the increase of their profit (Chaudhry et al., 2019).

In the most recent literature innovation has been divided into two parts which includes the exploitative innovation and exploratory innovation (Costa et al., 2015). The increasing costs and adding a new element to the business might pose conflicting demands for multiple stakeholders, moreover the competitors can quickly copy incremental innovations, along these lines leaving the firm with a brief span outline (assuming any) and receiving rewards of their investment which they can made in business (Bouquet and Deutsch, 2008).Costa et al. (2015) studied Portuguese producer exporters working in numerous innovative businesses for whom exporting is a means to survive and to remain competitive; they need to innovate. Structural questioning model (SEM) was used in the research which showed that CSR standards don't upgrade the effect of innovation introduction on exploitative development. CSR does improve the relationship between technology and innovation. likewise, some previous studies, Kankam-Kwarteng et al. (2019),Przychodzen (2015), Bigliardi (2013), and Zanjirchi et al. (2019) also recommended that to achieve goals of organization innovation can play very important role , it and also play role in achieving the firms FP. It seems that innovation mediate relationship between CSR and FP. But studies are limited on this topic in past.

H4: Innovation has a positive Mediating relationship with the financial perspective and other element of the firm.

The financial point of view ought to contain procedures that expansion benefit and strategies for observing profitability so as to connection the viewpoint to the vision. The efficient use of resources is the cornerstone of successful company (Payne and Talbott, 2007). American public can change their purchasing decision according to ethics of organization and also in UK 70 percent people shows buying behavior change due to CSR of firm (Kitzmueller and Shimshack, 2012).

The company's overall objective is to maximize the profit and with the increase in technology the consumers are becoming more aware of what is happening around them (Vitezić et al., 2012). There is an opportunity cost between maximizing profits and dealing with negative externalities caused by the firms working under the jurisdiction. To improve the image of the company and brand certain actions are required to enhance what they are doing for the society instead of what they are reaping from the society. These actions could be triggered by many reasons which might be due to the social pressure, human values, culture, etc.

3) METHODOLOGY

Descriptive research is performed by using an online electronically formed structured questionnaire to study the impact of CSR on firms FP and mediating role of innovation. The data for study is collected from the managers and the proprietors of the companies which are small and medium level enterprises and multinational companies, Lahore, Pakistan.

3.1 Data collection and Sample Size

The present study conducted to examine the role of CSR in increasing the FP of the firm through mediating role of innovation, including of local, international and multinational companies operating locally in Lahore, Pakistan. The information is gathered from companies already doing CSR activities and is operating at local, international and multi-national level within Lahore, Pakistan. Targeted Population of present study are middle level, low level and top level managers and owners of these above mentioned companies. The sampling technique is snowball used in this study; therefore, the middle-level, low-level and top-level managers and owners of firms makeup the sample for present study. I used snowball technique because here's enough population to form my sample frame to test the hypotheses of study, a sample size of 150 respondents was selected for SEM. An electronically formed online structured questionnaire was circulated among 150 managers of firms, out of which only 102 filled questionnaires were received back. As Pakistan is developing country; therefore, received very limited response rate of electronic questionnaires.

3.2) RESEARCH HYPOTHESIS

There are a total of four research hypothesis and they are as follows:

H1: Innovation mediates the relationship between human values and Financial Performance and is expected to have a positive relationship.

H2: Innovation mediates the relationship between CSR perceptions and Financial Performance and is expected to have a positive relationship.

H3: Innovation mediates the relationship between Technology Orientation and Financial Performance and is expected to have a positive relationship.

H4: Innovation has a positive Mediating relationship with the financial perspective and other elements of the firm.

3.3) THEORETICAL FRAMEWORK

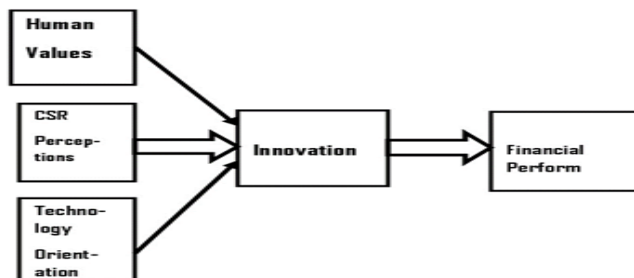


Figure 1

3.4) Measurement of Variables

To measure the five significant variables of present study, the questionnaire designed for this research included questions from previous researches as there was limited time to develop our own questionnaire there for questions which already existed in the previous researches. The current study using questionnaire by adapting scale from previous studies and developed by previous questionnaire by using five-point Likert scale on which 1 indicates “strongly disagree” and 5 indicate “strongly agree. “The questions for human values and CSR perceptions were driven from Bagchi et al., (2015). Items for technology orientation and innovation were used from Karabulut (2009). Financial performance items were chosen from Moorman and Rust, (2010).

4) ANALYSIS OF DATA

The collection of data is done through the form of closed-ended responses through the questionnaire. Quantitative software is used to examine the questionnaire, i.e. statistical package for the social sciences (SPSS) and analysis of moment structures (AMOS). To check the reliability and validity of data SPSS software is used. For further in-depth analysis and checking model fitness, the current investigators to test hypotheses run SEM and confirmatory factor analysis (CFA) through AMOS.

4.1) Population and sample size consideration

The data is collected from the managers and the proprietors of the companies which are small and medium level enterprises and multinational companies who thinks CSR plays a significant role in conducting the business. There was no restriction in the age or gender of the sample who are doing business or are related to any MNC. The data and sample was majorly from Lahore, Pakistan because of the increasing trend of CSR in Pakistan and Lahore being one of the major cities of Pakistan. The questionnaire was circulated within Lahore to the mentioned research representatives and a sample of 150 questionnaires was floated to test our hypothesis. The number of finalized sample was 102; with a response rate of 68%. The sampling done was through a non-probability sampling technique. Snowball

technique was used in order to reach the companies already practicing CSR as done in the study by Vitezić et al., 2012.

Demographics

Table No. 01

Demographics	Percentage
Gender	
Male	61.8%
Female	38.2%
Level of management l	
Low level	9.8%
Middle level	43.1%
Top level	47.1%
Industry in which your firm operates	
Education	26.30%
Finance	7%
Wholesale	6.60%
Retail	11.30%
Health Care	6.10%
Construction	3.80%
Insurance	0%
Manufacturing	27.2
Other	11.70%

4.2) Work and respondents profile

The questionnaires were distributed online and hence a link is forwarded to the sample. There were 48% of the companies which were operating locally, 29% were international and 23% were multinational in nature. 45% of the respondents were from middle management of the firms, 46% were from top management and 10% were from lower management.

4.3) Tests of significance of regression, parameters

Cronbach's alpha is a measure of internal consistency; high alpha demonstrates that the things measure an inert build. The bench mark for the cronbach alpha is 0.7 (Costa et al., 2015) or above and the cronbach alpha for my research is 0.814 of all the variables. Individually each and every variable has a cronbach alpha greater than 0.7 as shown in the table below. This means that the research is reliable (Table 2).

Cronbach's alpha**Table No. 2**

Variable	No of Items	Cronbach Alpha
Human Values	7	0.821
Technology Orientation	6	0.747
Innovation	7	0.810
CSR Perceptions	3	0.765
Financial Performance	4	0.836

In research two methods currently used for SEM, which consist of path analysis (PA) and confirmatory factor analysis (CFA). In order to analyze the impact of CSR perceptions on financial performance, a structured equation modeling (SEM) technique was used to perform a confirmatory factor analysis (CFA). To check the validity of the relationship between the variables CFA was used. This is done by evaluating the factor loading and reliability of the constructs present in the study. The constructs were initially loaded on SPSS software and then on AMOS. All the variables were loaded on the software to test their factor loadings. Figure 6 shows the confirmatory factor analysis diagram.

Factor loadings for the variables**Table No. 03**

Variables	Number of Items	Factor Loadings						
		Item 1	Item2	Item3	Item4	Item5	Item6	Item7
Human Values	7	0.94	0.57	0.78	1.0	0.9	0.53	0.52
CSR Perception	3	0.92	0.64	0.82				
Technology Orientation	6	0.91	0.88	0.94	0.75	0.67	0.55	
Innovation	7	0.93	1.4	0.79	1.23	1.64	0.62	1.0
Financial performance	4	0.92	0.7	0.89	0.81			

Once all the factor loadings were reported for all the constructs individually on the basis of each and every item, the items less than the benchmark of 0.5 were excluded from the analysis.

4.4) Model Fits CFA Test

The confirmatory factor analysis also comprises of model fits. Model fit were analyzed through CMIN/DF, base line measure and RMSEA. Table 4 provided with the models for the analysis. The benchmark for CMIN/DF is less than 2, however; a value between 3 and 5 is considered ok fit for the study. The Table 4 provide with a value of 2.080. Table 4 shows the values for baseline comparisons. These include CFI and TLI. The significance criteria of the model to be above 0.90. The estimations of the benchmark correlations are; CFI=0.706 and TLI=0.673.

The value as shown in Table 4 of RMSEA is 0.0103. The values are acceptable as studied by Segars and Grovers (1998) and Venkatran and Grant (1986). The last measure utilized for model fit is RMSEA. The estimation of RMSEA ought to be under 0.05 for the best fit. The value as appeared in Table 4 is 0.0103. This is likewise worthy as expressed by Hair (2006) as indicated by whom the value to under 0.10 to be fit for the concentrated model. Therefore, every one of the measures decide a moderate model fit for this study.

Table 4: Model Fits CFA

	Model	CMIN	Baseline Comparisons			RMSEA	
		CMIN/D	NFI	IFI	TLI	CFI	RMSEA
Modification Indices	Default model	2.080	0.764	0.714	0.673	0.706	0.0103

4.5) REGRESSION SUMMARY

Regression for this specific theoretical framework is done in AMOS. Path analysis (PA) models decide instances of directional and non-directional associations around all factors of study. Path analysis accommodates the testing of structural links around the dependent and independent variables. Path analysis is used to reject or accept the hypothesis of the research and to test the model fits of the studies.

There are two sorts of model fits which incorporate standalone indices and incremental indices. Standalone indices include the estimation of CMIN/d.f., Goodness of fit (GFI) and some other parameters, whereas incremental indices report Normed fit index (NFI), Comparative fit index (CFI), Incremental fit index (IFI) and TLI. Testing the hypothesis of the research we have analyzed the regression weights of each variable

The constructs were initially loaded on SPSS software as they were loaded in CFA and then on AMOS. All the variables were loaded on the software to test the hypothesis and the model fits after the CFA analysis. The path analysis is shown in Table 4.

The first hypothesis states that CSR perceptions mediate the relationship between human values and technology orientation and was expected to have a positive relationship. The hypothesis is rejected as there is no effect of mediation. The relationship between human values and CSR perceptions was positive and significant with three stars before and after the mediation was run. The estimates stated 1.044 without mediation between CSR and human values with the three star significance and 1.007 with mediation CSR and human values after the mediation are rejected as shown in the table 5 below. This shows that the variables have high significance in the framework but the mediation is not possible, hence we can conclude that human values has a positive relationship with CSR perceptions and CSR perceptions has a positive relationship with technology orientation. The table below shows the relationship and the estimates for the hypothesis.

Table 5: H1With and Without Mediation

				With Mediation		Without Mediation		
WITHOUT MEDIATION				Estimate	Prob.	Estimate	Prob.	
H ₁	CSR	←	H-values	1.007	0.06	1.044	0.000	Mediation Rejected
	Tech. Oriented	←	H-values	0.901	0.12	1.042	0.000	Mediation Rejected

H1 With mediation rejected and without mediation is accepted

The second hypothesis stated that technology orientation mediates the relationship between CSR perceptions and innovation and is expected to have a positive relationship. The estimate without mediation shows the positive results with three stars, which means that the relationship is highly significant. The results with mediation show higher values of betas that is not significance hence second hypothesis (H2) is also rejected. Estimates and significance is shown in the table below.

Table 5.1: H2With and Without Mediation

				With Mediation		Without Mediation		
WITHOUT MEDIATION				Estimate	Prob.	Estimate	Prob.	
H ₂	INNO	←	CSR	1.009	0.09	0.553	0.00	Mediation Rejected
	TECH. ORIENTED	←	CSR	0.900	0.1	1.055	0.001	Mediation Rejected
	INNOVATION	←	TECH. ORIE	0.749	0.5	1.043	0.0023	Mediation Rejected

H2 With mediation rejected and without mediation is accepted

The third hypothesis stated that technology orientation has a positive relationship with innovation. The beta value of 0.749 and a significant p-value with three stars shows that this hypothesis is accepted and shows positive values significance as shown in Table below. This means that the relationship is highly significant with three stars.

Table 5.2: H3With and Without Mediation

		Estimate	S.E.	C.R.	Prob.	Label	
H₃	Innovation	←	Tech. Orient	0.749	0.000	4.195	***

The final hypothesis of this research states that innovation has a positive relationship with the financial perspective of the firm. This hypothesis holds true as the estimates shows a value of 1.442 with three star level of significance. This shows that the two variables are highly dependent on each other. The table below shows the values of estimates and P-value.

Table 5.3: H4With and Without Mediation

	Estimate	S.E.	C.R.	Prob.	Label	
Financial Performance	←	Innovation	1.442	0.000	4.530	***

Table 6: Result of Path Analysis

			Estimate	P-Value	Accept/Reject
CSR	←	H-Values	1.007	0.06	Reject
Tech orientation	←	CSR	0.900	0.1	Reject
Innovation	←	Tech orientation	0.749	0.000	Accept
Financial performance	←	Innovation	1.442	0.000	Accept

Table 6 sums up the hypothesis and the results of path analysis with its respective betas and p values.

4.6) RESULTS OF PARAMETER TESTS OF SIGNIFICANCE

Number of items of each variable remains the same as it is discussed in CFA. Human values have 7 items, CSR perceptions were measured through 3 items, technology orientation was measured through 6 items, innovation was measured through 7 items and financial performance was measured through 4 items.

The results were analyzed through two types of model fits in this case as well the stand alone and the incremental indices. The CMIN/d.f. shows value of 2.146, 3 or less is bench mark for this therefore it is a normal good outcome the degree of CMIN to degrees of freedom (CMIN/d.f.) is enlightening on the grounds that it redresses for model size (Goldstein 2006). The value of RMSEA has the 0.10. For the best fit the value of RMSEA should be less than 0.05. This is acceptable as stated by Hair (2006) according to whom to be fit for the studied model the value should be less than 0.11. Thus, for the present study all the measures determine a moderate model fit.

The incremental indices which includes normed fit index (NFI) and comparative fit index (CFI). Incremental fit measures contrast the model under study with two reference models: (1) a worst case or invalid model, and (2) a perfect demonstrate that splendidly speaks to the demonstrated phenomena in the contemplated populace. While there are numerous incremental fit lists, the absolute most famous are normed fit index (NFI), non-normed fit index (NNFI or TLI) (Goldstein 2006). The values of CFI, NFI and TLI are shown in the Table 7.

The bench mark for CFI, NFI, IFI and TLI is 0.9 or more which means that the model fits don't hit the bench mark however value of 0.65 of NFI is used by Kushner (1994).

Table 7: Model Fits, Path Analysis

Stand-alone Indices	Values
CMIN/d.f	2.146
RMSEA	0.107
Incremental Indices	Values
CFI	0.690
TLI	0.653
IFI	0.700

R squared was also tested on the path analysis and the latent variable which is financial performance as shown in figure 7 shows 67% of variance explained by the model. This means that financial performance has 67% explanatory power in the model which is quite significant as it shows that financial performance success is highly important for the whole research.

4.7) DESCRIPTIVES OF VARIABLES

Descriptive Statistics

Table 8

	N	Minimu	Maximu	Mean	Std.	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std.
AVG_TO	102	2.00	5.00	3.8415	.58978	-.777	.239
AVG_HV	102	1.86	5.00	3.6849	.72908	-.700	.239
AVG_INN	102	1.43	5.00	3.5980	.69630	-.622	.239
AVG_FP	102	2.00	5.00	4.0294	.68424	-.675	.239
AVG_CSR	102	2.00	5.00	3.9771	.71486	-.794	.239
Valid N	102						

Statistics

Table 8.1

		AVG_TO	AVG_HV	AVG_INN	AVG_FP	AVG_CSR
N	Valid	102	102	102	102	102
	Missing	0	0	0	0	0
Mean		3.8415	3.6849	3.5980	4.0294	3.9771
Mode		4.17	4.00	3.57 ^a	4.00	4.00
Std. Deviation		.58978	.72908	.69630	.68424	.71486
Skewness		-.777	-.700	-.622	-.675	-.794
Std. Error of Skewness		.239	.239	.239	.239	.239
Minimum		2.00	1.86	1.43	2.00	2.00

a. Multiple modes exist. The smallest value is shown.

5) ESTIMATION, ANALYSIS AND CONCLUSION ESTIMATION RESULTS

Out of 102 respondents 62% of the population was male and 38% were female, 47.1% of the population who filled the questionnaires belongs to the top management of the company, 43.1% belongs to the middle level of management and 9.8% belongs to the lower level of management. The respondents were from diverse sectors of business majorly from trade, manufacturing, and wholesale.

5.1) Discussion

This study's outcomes reveal that firms have a section of whole facts about their responsibilities about growth. The Financial value of the firm is being impacted by CSR. First, with a p-value < 0.05 proved that there is significant positive relationship between CSR and FP. According to many past studies these results are reliable (Al-Shuaibi, 2016; Branco and Rodrigues, 2006; Karyawati et al., 2020) described in a very effective way CSR can effect by both ways directly or indirectly the profitability and overall performance of the firm. Hypothesis of the present study H1, H2, H3 has been respond. The results of CSR and FP and role of innovation as mediator among them shows positive result for this mediation. On the basis of current findings these hypothesis are accepted. CSR has a positive effect on innovation with a p-value < 0.05 , and this will increase the company's FP by positive result of innovation. The result are positive like few previous studies (Wagner, 2010; Al-Shuaibi, 2016; Chaudhry et al., 2019P; rzychodzen and Przychodzen, 2015) that proved that innovation role is important in firm to determine the FP of the organization. Consequently, it is recommended that Innovation as a mediator among CSR and the FP of the firm is very important factor for growth of firm. Therefore, all current findings are theoretically and practically justified. The outcomes of the study assist that CSR perceptions has an effect over financial performance of the firm. The relationships among the elements that have an effect on financial performance have been analyzed through structural equation model (SEM) and through path analysis (PA). This has helped to just accept or reject the previously said hypothesis in the study.

5.2) Conclusion:

The goal of paper is to examine the effect of CSR on the FP of local, International and Multinational firms locally working in a Lahore, Pakistan. It particularly focuses on the Lahore because the data has been collected from 150 middle level, low level managers and proprietors of firms operating locally in Lahore, Pakistan. The current outcomes and discussion of the study, CSR and FP have a direct and positive relationship between them. The Innovation work as mediator between them has been checked by analysis. According to study it is found that role of innovation as a mediator between CSR and FP. The role of innovation has a positive in this association among CSRA and FP. According to current study firms in Lahore have different perceptions related to CSR. Although CSR is a new element for the developing country still, firms are moving towards CSR to achieve overall outcomes in shape of Financial Performance .Without participating in CSR they cannot compete in current era. According to the Current outcomes, firms need to maximize their involvement in CSR to enhance the profit goals and overall performance. CSR is a positive factor and help firms to achieve the innovation in many areas. Innovation will be improved by the help of CSR.

Additionally, CSR have a tendency to allow the firm to act accordingly to the desires of stakeholders and behave them in a good way better than its competitors due to the fact that firms being involved in CSR are greater concerned about the choices and interests of their stakeholders. Thus, CSR can help the firm in accomplishing

their financial goals. Therefore, CSR is main variable that can help to improve other variables innovations and FP. By improving CSR will help firms to enhance their FP and innovation. The current study is precise as it fills the literature gap approximately mainly focus on the CSR and FP and role of innovation as mediator. The current study fills the theoretical gape existing in the literature concerning the empirical examination of innovation mediating role between CSR and FP in a combined study, in particular in Lahore, Pakistan. Hence it is new study in the literature. In evidential literature of CSR, innovation and FP this study will be a valuable addition. This study will also help strategy makers to make organizational goals by implementing CSR to gain maximum output of innovation results and in addition to sustainable company goals, which can help to contribution in achieving maximum FP. The policymakers also can use the consequences and guidelines of the current study to understand the a part of CSR in the basic achievement and boom of the business so, and they will be higher capable of expand appropriate guide lines regarding CSR for the firms so that, the final contribution towards the economy and society can be enhanced of the world.

Despite valuable contribution, the current study has many limitations. This study is limited by the respondents that are simply from Lahore and the respondents have been selected the usage of snowball approach as it become tough to find potential members for this study. The collection of data was restricted by the time constraints and lack of financial resources. The present study offers the researchers the path to carrying out this study in the different precise area to enhance the findings and concept. Furthermore, cross-area, in addition to Comparisons of different types of firms and different countries, also can be done due to the fact the function of CSR in the boom and Performance of firms might also additionally range from country to country and area to area. Second, the Current study used objective measures for FP, whilst future researchers might also additionally enhance the findings by the usage of subjective measures and secondary data for FP. It moreover has guidelines for organization and management that firm should achieve financial goals with the help of using an investment more in technology and innovation.

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