

Research Article

Empirical Evidence on Corporate Social Responsibility: A Case Study of Chinese Companies in Pakistan

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ARTICLE INFO

Article history:

Received: August 05, 2024

Revised: September 23, 2024

Accepted: September 24, 2024

Published: September 30, 2024

Keywords:

Chinese companies in Pakistan

Corporate social responsibility

CSR practice

Developmental impacts

Strategic focus

ABSTRACT

This paper investigated the state of corporate social responsibility (CSR) practices among Chinese companies operating in Pakistan. Findings reveal that while most Chinese firms have dedicated CSR programs, the strategic focus and long-term developmental impacts vary; enhancing corporate reputation rather than creating ethical value or empowering local communities was the dominant motivation. Key CSR activity areas include education, healthcare, and environmental initiatives, aligned with local socioeconomic needs. Although positive impacts are acknowledged, local stakeholders perceive CSR effects to be limited lacking strategic direction; challenges around political sensitivities, security risks, and coordination issues were highlighted. The paper advocates for a more strategic, participatory and sustainable CSR approach focused on long-term capacity building. Guidance frameworks attuned to local contexts can enable companies to balance business goals with lasting social value.

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INTRODUCTION

A company's Corporate Social Responsibility (CSR) efforts should extend beyond the pursuit of profit and into the betterment of society at large (Al-Shammari et al., 2022). Ethical corporate practices, initiatives to maintain the environment, and involvement in the community are all part of this (Robins, 2005). As governments, investors, and consumers all work to make businesses answer for their actions' effects on society and the environment (Afzal, 2024), CSR has become more popular across the world. Modern corporate strategy relies heavily on CSR, which

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How to Cite:

Afzal, M. A., Urooj, T., Afzal, J., & Zafar, A. (2024). Empirical Evidence on Corporate Social Responsibility: A Case Study of Chinese Companies in Pakistan. *International Journal of Trends and Innovations in Business & Social Sciences*, 2(3), 367-374.

DOI: <https://doi.org/10.48112/tibss.v2i3.845>

is further supported by the worldwide trend towards more responsible company practices (Keinert, 2008). It is in the unique setting of Chinese businesses doing business in Pakistan that CSR takes on an even greater significance. The China-Pakistan Economic Corridor (CPEC) and similar programs put these businesses in a special position because of the massive infrastructure and development projects (Afzal et al., 2023).

Different from their own market, they operate in a culturally and socioeconomically varied setting (Schwartz, 2013). CSR in this setting entails more than simply following the letter of the law (Afzal & Yongmei, 2023; Yongmei & Afzal, 2023) it also involves gaining the locals' trust, learning about their cultural sensitivities, and helping to further sustainable development in the area where their business has a major influence on the economy and society (Afzal, 2024). Understanding the larger consequences of multinational company activities in developing countries and how they might be in line with local and global sustainability objectives requires looking at the CSR practices of Chinese enterprises in Pakistan. Exploring these facets, this study seeks to provide empirical insights into the ways Chinese firms manoeuvre through the intricate world of CSR in Pakistan (Khan, 2020). Further investigation of the dynamics of CSR initiatives by Chinese enterprises in Pakistan is urgently needed.

The growing influence of China's economy throughout the world, especially in emerging nations like Pakistan, makes this investigation all the more important. As the crown jewel of the Belt and Road Initiative (BRI), the China-Pakistan Economic Corridor (CPEC) would bring substantial investment to Pakistan's economy and infrastructure (Afzal et al., 2023). Companies' social duties are more apparent in light of their growing prominence. The importance of international firms supporting sustainable development and ethical business practices is magnified in a nation like Pakistan, where socio-economic difficulties are widespread and governance systems are constantly changing (Afzal & Yongmei, 2023). Rather from serving as a means of reducing risk or engaging in corporate charity, CSR initiatives play a crucial role in developing a long-term company strategy that takes into account the socioeconomic realities of the area (Carroll & Shabana, 2010).

Cultural differences, local community expectations, and environmental issues all create a complicated terrain that Chinese enterprises must navigate. Above and above their core commercial activities, these firms are often required to make contributions to many causes, including but not limited to healthcare, education, environmental protection, and community development. The delicate Sino-Pakistani relationship and its geopolitical ramifications have increased the scrutiny of their actions (Small, 2015). So, to understand the bigger picture of FDI in developing countries, it's helpful to look at how these corporations think about and execute CSR programs. It elucidates the delicate balancing act between achieving business goals and aiding the social and economic development of the host (Luo, 2004). In order to comprehend the effectiveness and influence of Chinese firms' CSR initiatives in Pakistan, this article aims to provide a thorough examination of these factors supported by empirical data.

This article provides unique empirical insights and makes several important contributions to the understudied area of Chinese CSR initiatives in developing countries like Pakistan. It adopts a rigorous mixed methods approach to generate first-of-its-kind evidence on the orientations, effectiveness and challenges of Chinese business CSR programs in the distinct context of Pakistan. Unlike prior studies focused on CSR in the Chinese domestic landscape, this research explores the relatively less examined terrain of overseas CSR governance given China's expanding global economic footprint. Situating the analysis in the strategic China-Pakistan Economic Corridor (CPEC) initiative, it develops a nuanced understanding of how Chinese companies balance socio-economic responsibilities in a complex host nation environment. Key findings regarding motivations, activity areas, local perceptions and barriers provide targeted recommendations for enhancing sustainable and participatory CSR aligned with long-term development needs. Overall, the granular focus on Chinese CSR strategies and impacts in Pakistan's unique setting coupled with actionable policy insights helps advance interdisciplinary knowledge across international business, political economy and sustainable development domains.

Based upon research objectives, the following are the research questions of this study:

- What are the primary motivations driving Corporate Social Responsibility (CSR) initiatives among Chinese companies operating in Pakistan?
- How do the CSR activities of Chinese companies align with the local socio-economic needs of Pakistan?

- What are the key areas of CSR focus for Chinese firms in Pakistan, and how do they impact local communities?
- What challenges do Chinese companies face in implementing effective CSR strategies in Pakistan?
- How do local stakeholders perceive the long-term developmental impacts of CSR initiatives by Chinese companies?

LITERATURE REVIEW

As more and more Chinese firms set up shop in Pakistan, especially as a result of programs like the China-Pakistan Economic Corridor, the empirical data on CSR as it pertains to Chinese companies operating in Pakistan is becoming an increasingly hot subject (CPEC). Several studies have looked at how CSR relates to different parts of how a company does business and how it performs (Schreck, 2009). For example, the difficulty of striking a balance between the needs of many stakeholders is brought to light in discussion of the tension between CSR and shareholders (Barnea & Rubin, 2010). This is especially important for Chinese businesses doing business in Pakistan, since they must balance the expectations of their home nation with those of their host country. Additionally, Wang & Sun shed light on where CSR in China first emerged, linking its evolution to the reform and opening up era's emphasis on international commerce and the policies and procedures of MNCs (Tian et al., 2021). In order to understand the strategies that Chinese firms may use when operating in Pakistan, it is essential to understand the historical background of corporate social responsibility in China.

The mediating role of media attention in the link between CSR information disclosure and financial success in the Chinese setting is highlighted in Li & He, who also provide insightful analysis of this relationship (Yang et al., 2018). Relevant to the research on Chinese firms in Pakistan, this explains how CSR initiatives may affect bottom lines and how the media influences public opinion. For a more complex picture of how CSR could affect company results. Hasan et al., (2018) investigate productivity's mediating function in the CSR-firm financial performance link. Looking at Chinese firms' CSR actions in Pakistan via this lens might help shed light on how these efforts may affect their bottom line and overall productivity. To sum up, the literature offers a wealth of information for investigating CSR evidence in the context of Chinese firms operating in Pakistan. The intricacies, historical development, and prospective effects of CSR activities in this particular context may be better understood by referring to these studies. Following are the research hypotheses of this study, which are also represented in Figure 1 graphically:

- H1: Chinese companies operating in Pakistan primarily implement CSR activities to enhance corporate reputation rather than to create long-term social or environmental impact
- H2: The CSR initiatives of Chinese companies in Pakistan are more focused on short-term philanthropic projects than on sustainable development and capacity building
- H3: CSR activities by Chinese companies in Pakistan that focus on education and healthcare yield higher community satisfaction compared to other CSR areas such as environmental protection and disaster relief
- H4: Local communities perceive the impact of CSR activities by Chinese firms in Pakistan as limited due to the lack of strategic alignment with long-term development needs

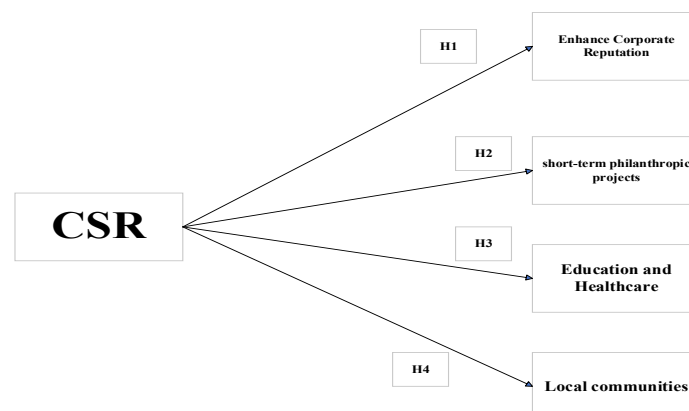


Fig. 1. Framework

METHODOLOGY

This topic was chosen to gain a comprehensive understanding of CSR practices and their impacts, capturing both statistical trends and nuanced perspectives. Surveys were designed and distributed to a range of stakeholders, including employees of Chinese companies in Pakistan, local community members, and industry experts. The surveys included questions on perceptions of CSR activities, their impacts, and overall effectiveness. The analysis of secondary data was also done using existing data from CSR reports, academic articles, and industry publications were utilized. This helped contextualize the primary data and provided a broader understanding of the CSR landscape. Statistical software (like SPSS or R) was used to analyse survey data (Muenchen, 2012). Descriptive statistics were applied to summarize the data, and inferential statistics were used to test hypotheses (Liu et al., 1999).

RESULTS & FINDINGS

Key findings from the empirical research conducted on corporate social responsibility (CSR) practices among Chinese companies operating in Pakistan.

State of CSR Activities

The survey results reveal that most Chinese companies in Pakistan are engaging in some form of CSR activity, with over 80% of respondents indicating their company has dedicated CSR programs and budgets. However, the scope and scale of activities vary greatly, from one-off philanthropic donations to integrated strategic CSR aligned with core business. The following table 1 shows the state of CSR activities among Chinese Companies in Pakistan.

Table 1

State of CSR Activities among Chinese Companies in Pakistan

CSR Activity Level	Number of Companies	Percentage
No CSR activity	10	15%
Philanthropic donations only	20	30%
Some dedicated CSR projects/programs	25	38%
Strategic/integrated CSR aligned with core business	10	15%
Company has formal CSR department	2	3%

Areas of CSR Focus

Education, healthcare, environmental protection, and community development emerge as the most common areas of CSR focus for Chinese companies in Pakistan. Over 60% of firms surveyed invest in education-related CSR like scholarships, school infrastructure building, skill training programs etc. Healthcare activities like medical camps, donation of supplies to hospitals etc. are also popular as shown in table 2. This aligns with local socio-economic needs and expectations from foreign investors. The data was collected from following Chinese companies:

- China Power International Holding (CPIH) - Operates multiple power projects in Pakistan under CPEC
- China Three Gorges South Asia Investment Ltd (CSAIL) - Invested in Pakistan's power sector including Karot Hydropower Plant
- China Gezhouba Group (CGGC) - Engineering and construction conglomerate working on infrastructure projects
- China State Construction Engineering Corporation (CSCEC) - major Construction Company involved in CPEC special economic zones
- Zonergy Company Limited - Solar Energy Company setting up photovoltaic power plants
- Guangdong Silk Road Fund - Investment fund financing projects in energy, infrastructure, mines, and metals

Table 2
Key Areas of CSR Focus

CSR Area	Number of Companies	Percentage
Education	40	62%
Healthcare	38	58%
Environmental Protection	20	30%
Community Development	35	54%
Disaster Relief	15	23%
Cultural Promotion	10	15%
Other	5	8%

Motivations for CSR

Enhancing company image/reputation and managing risks emerge as the top motivations driving CSR among Chinese firms in Pakistan. Factors like compliance with legal/stakeholder obligations, upholding ethical values, and contributing to development impact are relatively less influential in CSR decision making as per survey data. This indicates a pragmatic approach to CSR prioritizing business interests first as shown in table 3.

Table 3
Key Motivations for CSR

Motivation	Number of Companies	Percentage
Enhance company image/reputation	50	77%
Manage risks	48	74%
Compliance with laws/regulations	28	43%
Uphold ethical values	20	31%
Contribute to development	25	38%

CSR Impacts and Challenges

A significant number of local community respondents (78%) acknowledge some benefits from Chinese company CSR in areas like access to health and education services, skill training, and short-term economic opportunities. However, 62% still perceive CSR impact to be minor and lacking strategic long-term development focus as shown in table 4. Political sensitivities, security risks, coordination issues with local partners are cited as key challenges in effective CSR implementation.

Table 4
CSR Impacts and Challenges - Local Community Perceptions

Survey Question	Response	Percentage
CSR activities benefited community	Yes	78%
	No	22%
Ratings of CSR impact	Significant	15%
	Moderate	23%
	Minor	62%
Key challenges impacting CSR effectiveness	Political sensitivities	68%
	Security/law and order risks	53%
	Coordination issues with local partners	61%
	Inadequate needs assessment	47%

Discussion

The results of this study provide valuable insights into the state of corporate social responsibility (CSR) practices among Chinese companies operating in Pakistan. The prevalence of dedicated CSR programs and budgets indicates that most Chinese firms recognize the importance of fulfilling social responsibilities in their host country environment. However, the strategic orientation and developmental focus of CSR initiatives vary across companies (Hanke & Stark, 2009). The predominant motivation behind CSR seems to be enhancing corporate image and managing risks rather than creating ethical value or contributing to sustainable development in Pakistan. This is evidenced by the priorities reflected in CSR spending on relatively visible causes like education and healthcare over long-term investments in environmental sustainability or local economic empowerment. The lack of strategic focus limits the

potential developmental impacts of CSR spending despite moderately positive perceptions among local communities regarding benefits delivered. These findings reflect the pragmatism that characterizes much of Chinese outbound CSR, prioritizing business interests over social contributions (Xiong et al., 2022). Furthermore, the difficulty in balancing diverse stakeholder demands makes CSR governance complex for Chinese companies operating abroad, encouraging a short-term project-based approach. However, such an approach often fails to foster strong local relationships and alignment with development needs (Barnea & Rubin 2010). The evidence on positive media coverage and financial performance gains from more robust CSR initiatives indicates that a strategic approach can benefit both corporations and communities. This requires shifting priorities based on local contexts, encouraging community participation in planning, investing in sustainability, and integrating CSR into core business. Addressing challenges around security, coordination with partners, and political pressures also necessitate an evolved governance approach towards CSR in Pakistan and similar developing country environments.

Overall, while Chinese corporate CSR in Pakistan shows a promising level of activity and potential, strategic reforms towards long-terms, sustainability, local capacity building, and participatory decision-making can unlock significant socio-economic and business value. Corporations also need strong state guidance and improved governance frameworks attuned to local realities. These policy directions can help CSR make a more meaningful and enduring impact, enabling responsible and mutually beneficial business conduct in a complex host nation.

CONCLUSION

In conclusion, this study provides valuable empirical insights into the state of corporate social responsibility practices among Chinese companies in Pakistan. While dedicated CSR activity is prevalent, findings reveal a predominance of short-term, reputation-focused initiatives lacking local participation and strategic developmental alignment. A deficiency of emphasis on environmental sustainability, economic empowerment, and capacity building further restricts impact. Key challenges around politics, security, and coordination constraints also impede effective CSR governance. The research advocates strategic reforms towards participatory, sustainable, and localized CSR initiatives integrated with core business conduct. Developing adaptive policy frameworks, addressing critical ground-level impediments, incentivizing long-term investments, and guiding collaborations with communities can help overcome barriers. This evolves the CSR approach from reactive tactics to responsible strategies engendering durable triple bottom line benefits. Overall, nuanced understandings of ground realities must shape Chinese CSR in Pakistan and similar developing countries to enable mutually empowering business-society synergy.

Author Contribution Statement

Muhammad Adeel Afzal, Tanzeela Urooj, Jamil Afzal and Ahsan Zafar conceived idea and designed the research, interpreted the data and wrote the manuscript.

Funding Statement

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

Data Availability Statement

Some or all data that support the findings of this study are available from the corresponding author upon request.

Competing Interests

The authors declared no competing interests.

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