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Impact of Social Responsibility on Organizational Performance: Mediating Role of Innovation & Productivity

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ABSTRACT

This study has explored the potential hurdles in practicing SR in project-based organisation. It is aimed to determine the impact of social responsibility (SR) on the performance of public sector organisation in the presence of innovation and productivity as mediating variables. The findings encourage stakeholders to think seriously about it. This study has used onion model to elaborate Research Methodology and methods. It is deductive research in term of approach. Data is collected through Close ended questionnaire survey. Five-point Likert scale is used to measure the response of respondents. It has conducted 'Mono-Method' research method. The population comprises of employees of "Pakhtunkhwa Energy Development Organisation (PEDO). The social responsibility and innovation relationship shows a fair degree of significant relationship. Similarly, the innovation and organisational performance relationship was a fairly significant relationship. However, the significance of direct relationship of social responsibility and organisational performance was substantially low. The weak significant relationship provides legitimacy to innovation as an intervening variable but the SR-Performance relationship is not mediated by productivity. The significance of relationship between organisational social responsibility and productivity is far below the acceptance level. However, the relationship between Productivity and Organisational Performance is significant which shows that productivity can act as a separate standalone predictor variable rather intermediating variable. Thus, the true intermediating variable is 'innovation' only. Productivity variable does not meet the criteria of intermediating variable. Thus, there is a need to consider other variables for mediating purpose.

Keyword: Social Responsibility, Organizational Behaviour, Role of Innovation and Productivity

INTRODUCTION

The concept of Social Responsibility has been worked out to a very large extent in the developed countries of the world, however in underdeveloped countries like Pakistan this concept is yet to be practiced. This research will point out the hurdles in practicing SR and will help to initialize its impact on Organisational Performance. The research will benefit the stakeholders to enhance their knowledge about the impact of SR on project Performance of an organisation through mediating variables of innovation and productivity.

The aim of this research is to determine the impact of social responsibility (SR) on the performance of public sector organisation in the presence of innovation and productivity as mediating variables.

Though the topic of Social Responsibility is not new for the developed countries of world however this concept is not very widespread in Pakistan. SR got fame in the mid of twentieth century and still it is getting more and more acceptance but in Pakistan it is rarely practiced. The underlying research on 'SR and its impact on project performance of an organisation will

play a crucial role in introducing this concept in public and private sector organisation. It will highlight the advantages of implementing this concept. It will also point out the obstacles and barriers in the path of SR practices. The findings of this research will help to determine the costs and benefits associated with its implementation. It will encourage stakeholders of project-based organisations to think seriously about it. Underlying research findings will also serve as a mile stone for upcoming academic and professional researchers. This study will be a bench mark in the field. Apart from it, this research will cover the research gaps i.e. intervening variables namely 'innovation' and 'productivity'. Previously these intervening variables were rarely researched especially in the context of Pakistan. There exists a theoretical gap pertaining to the mediating role of productivity and innovation between SR and organisational performance. Only a few researchers have worked on this track. This study will bridge the theoretical gap.

REVIEW OF LITERATURE:

THE CONCEPT OF CSR IN PAKISTAN

The research conducted by SDPI (Sustainable Development Policy Institute) in 2012 discloses that CSR is not incorporated in the very business philosophy of Pakistani Business concerns instead it is enforced by regulatory authorities. NGOs, advocacy groups and pressure groups play their role to pressurize the regulatory authorities to make the corporations implement CSR. The attitude of business community towards CSR is not very proactive. Short term investments in CSR contributing to the perception & goodwill of organisation are preferred even by multinational corporations doing business in Pakistan (Sustainable Development Policy Institute, 2012).

According to a SECP (Securities & Exchange Commission of Pakistan) report in Pakistan firms focus mainly on legal compliances rather social wellbeing. Their policies are short term & situational rather sustainable. CSR is not taken as an on-going strategic process and it is absent from the core of majority business organisations (SECP, 2015). As compared to domestic organisations, MNCs (Multi-National Companies) are more likely to develop and implement CSR activities in Pakistan by mean of sustainable practices, recycling, energy conservation, waste management and environmental protection. However, employees are less focused. Providing subsidies on food and corruption control are less common. Formation of unions for the rights of labour & employees is discouraged (Yunis et al., 2017).

Research conducted by PCP (Pakistan Centre of Philanthropy) on listed companies it is revealed that mostly companies consider donation is the major source of CSR or philanthropic activity. The real concept of CSR is not fully understood and practiced in Pakistan. These donations are mainly given based on religious inspiration and it helps them to get tax rebates, good will and marketing advantage. Mostly these philanthropic activities are neither organized nor documented therefore their advantage & benefits are not felt properly (Pakistan Centre of Philanthropy, 2015)

Underlying research has selected two intervening variables in SR-OP relationship namely 'Innovation' and 'Productivity'. This relationship is elaborated in figure no.1 in chapter no.1. A very short review of usefulness of CSR has been produced in last chapter. However, a more detailed discussion is included in this chapter i.e. Literature Review. It is already mentioned in introductory section that there exist opponent views about CSR. Researchers are not united over the definition and usefulness of CSR. There are several indicators like financial performance to measure the performance of an organisation who has adopted CSR but at first place, company performance in general term will be discussed.

IMPACT OF CSR/SR ON ORGANISATIONAL PERFORMANCE

Among all performance indicators, financial performance is the most important indicator of an organisation's performance. According to the conventional view SR is a costly practice which require additional resources to exhibit social responsibility e.g. community sponsorship, donations, benefits to employees and pollution reduction. These additional expenses undermine the profitability and cause competitive disadvantage (Alexander & Buchholz, 1978). Contrary to it 'Stakeholder Theory' states that products & services not fulfilling the satisfaction level of customers reduces its ability to earn 'premium' price and eventually it deteriorates the future of a company (Clarkson, 1995). Thus, SR is inevitable for organisation to secure its bottom line (Epstein & Rejc Buhovac, 2014). Not only shareholders but all the related persons should be taken as stakeholders (Ruf et al., 2001). SR, at first place enhances the satisfaction of stakeholders and then it leads to enhanced financial performance (Aver & Cadez, 2009). A satisfied employee is more likely to be more productive, a satisfied customer is more likely to make repeated purchases and a satisfied supplier provides supplies on discount rate and on extended credit (Galant & Cadez, 2017). Theoretical discussion shows equally strong arguments from the advocates and opponents of SR. Many researchers have identified a positive relationship between CSR and financial performance. If it is true then investment for social issues and society exerts a positive impact on shareholder value (Moser & Martin, 2012).

The opponent school of research finds a negative relationship between SR and financial performance of an organisation. These findings are aligned with the thought that SR expenses enhance the cost and reduce the profitability. According to Friedman (1985) socially responsible behavior is unnecessary for business concerns & organisations because their sole purpose is profit earning for their shareholders. Welfare work does not match with their sole purpose. But thinking has been changed with the passage of time. Now becoming a good corporate citizen is considered as a virtue even at the cost of shareholders (Moser & Martin, 2012). Shareholders are becoming more and more ethical as they are appreciating the ethical and socially responsible practices done by corporate management even at the cost of reduced profitability (Mackey et al., 2007).

When we talk about organisational performance then the best way to determine it is to measure its financial performance. Financial & economic performance is indicative of organisational performance. It shows the market equity of organisation, its sale volume, its profitability and the trust of customers on it. Underlying research is agreed with the majority opinion that SR is a tool of gaining organisational performance. Several contemporary researchers have researched on the relationship of SR and financial performance. Mittal et al., (2008) find a relationship between social responsibility and organisation's perception. However meager evidence was found that organisations practicing SR are more likely to create Market Value Addition (MVA) and Economic Value Addition (EVA) as compared to those without SR.

SR & ORGANISATION'S COMPETITIVENESS

Majority of studies conducted on the relationship of SR and competitive advantage find a positive association between them. According to Filhao et al., (2010) there is a strong positive correlation between SR and competitive advantage. It means that SR practices enable the organisations to gain cutting edge over competitors. Shuili et al., (2007) opined that SR moderately helps the organisations that incorporate social initiative, in gaining competitive advantage. The same study also states that social responsibility also attracts the customers, ensures the repeated sale and long-term loyalty. It is also found by the study that SR initiatives do not results in equal benefits instead it varies from industry to industry. An organisation positioning itself on social responsibility, when integrate SR practices with its core business strategy is more likely to get better response and advantage as compared to those who merely

incorporate SR. Implementing SR results in competitive advantage but deviation from it results in financial and economic catastrophe. According to Fernandez-Feijo., (2008) absence of social responsibility results in financial and economic crises. This research concludes that SR serves as a tool to overcome these crises.

SR helps in increasing the positive perception of an organisation. Ghoul et al., (2011) found that SR helps organisation to gain equity financing easily. The corporations abiding by the laws & regulations related to environment, community, employees and product standards are more likely to attract the equity investment. It substantially decreases the 'cost of capital' for an organisation. Cheaper capital is inevitable for smooth operations of an organization.

Thus, based on all the discussion in above it is hypothesized that

H0: *In an organisation Innovation positively affects the organisational performance (OP)*

H1: *In an organisation Innovation do not positively affect the organisational performance (OP)*

ROLE OF MEDIATING VARIABLES IN SR ORGANISATIONS PERFORMANCE RELATIONSHIP

A vast majority of research on SR and organisational performance confirms the positive association between the two variables but in reality, this relationship is mediated through certain intervening variables. SR has a positive impact on the human capital of an organisation. It boosts up their productivity by introducing a smart culture. The research conducted by Miles and Mile (2016) revealed the strong mediating role of productivity between SR and organisational performance. It implies that SR affects the organisational performance by increasing its productivity. The research of Al-Shuaibi (2016) explored the mediating role of productivity and innovation between SR and organisational performance. This research confirms the mediational effect of innovation & productivity. Based on the work of Al-Shuaibi (2016) a conceptual framework has been developed for further testing

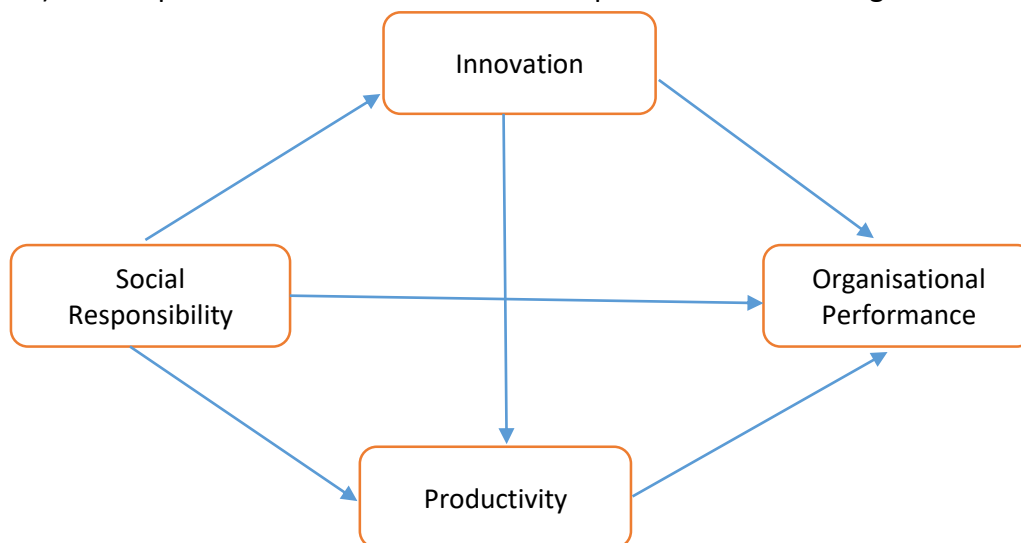


Figure 1: Conceptual/ Theoretical Model

Source: Author's Own Construct based on Al-Shuaibi (2016)

ROLE OF INNOVATION & PRODUCTIVITY AS A MEDIATOR

According to Sharman and Vredenburg (1998) SR give rise to some type of competitive advantage and this competitive advantage positively affects the performance. This finding affirms the role of innovation as a mediating variable between SR and performance. McWilliams and Siegel (2001) opined that overlooking of mediating variables between SR and Performance gives rise to the inconsistency in the findings. In literature the role of 'innovation' as a mediating variable has been acknowledged but practically very few studies have endeavor to measure the mediating effect of innovation in SR & performance relationship. Surroca et al.,

(2010) confirms the mediational role of Innovation and productivity in SR and financial performance relationship. Despite existing literature, the concept of SR and organisational performance through mediating role of innovation and productivity is in the state of gradual emergence (Al-Shuaibi, 2016). By selecting these intervening variables, underlying study will strive to bridge the gap. Porter and Linde (1998) are of the view that the cost incurred in adopting SR is compensated by the innovation developed during the adoption process. Several other researchers also found the SR boosts up innovation (McWilliams et al., 2006; Moon and Choi, 2014; Spencer, 2016; Cegarra-Navarro et al., 2016). Similarly, a number of studies have found a positive relationship between SR and innovation & productivity (Stuebs and Sun, 2010; Tewari and Nambudiri, 2012; Norris et al., 2012). There is a shortcoming in these studies that they do partial theoretical contribution. A complete theoretical model incorporating all the above discussed variables is absent in previous research. Also, this model is neither developed nor tested empirically. Certainly, there exists a research gap which is comprises of all these variables. Based on this research gap, a theoretical framework is developed (Figure 1) which will be analyzed using qualitative method.

Thus, based on above discussion following five hypotheses are developed

- H0: *In an organisation Social Responsibility (SR) positively affects the innovation (I)*
H1: *In an organisation Social Responsibility (SR) do not positively affect the innovation (I)*
H0: *In an organisation Innovation positively affects the organisational performance (OP)*
H1: *In an organisation Innovation do not positively affects the organisational performance (OP)*
H0: *In an organisation Social Responsibility (SR) positively affects the productivity (P)*
H1: *In an organisation Social Responsibility (SR) do not positively affect the productivity (P)*
H0: *In an organisation productivity (P) positively affects the organisational performance (OP)*
H1: *In an organisation productivity (P) does not positively affect the organisational performance (OP)*
H0: *In an organisation Innovation (I) positively affects the productivity (P)*
H1: *In an organisation Innovation (I) do not positively affects the productivity (P)*

RESEARCH DESIGN & METHOD

Using famous 'Research Onion' model of Saunders et al., (2003) this research will explain its underpinning research philosophies and chosen research methods

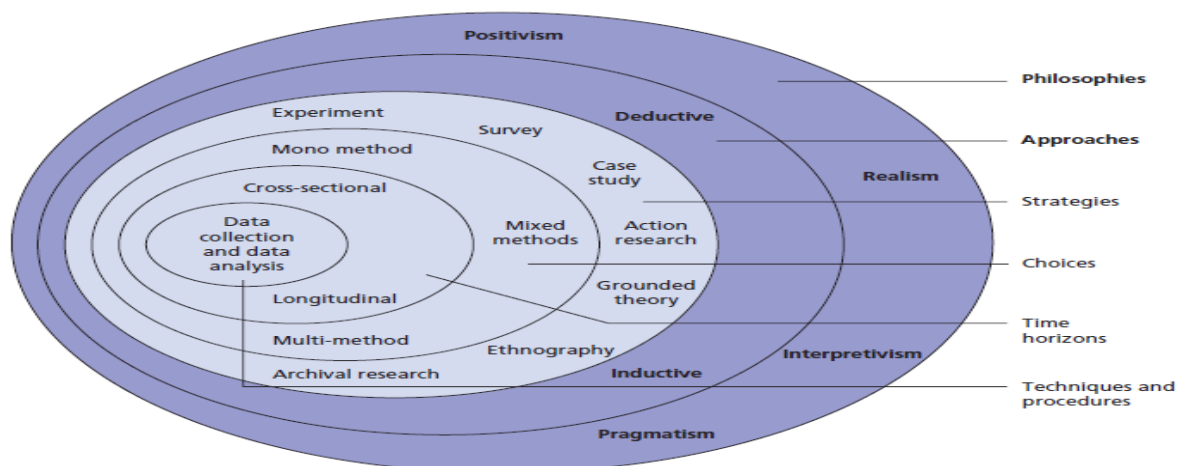


Figure 2: Research Onion

Source: Saunders et al., (2003)

The outer most core of onion model comprises of philosophies i.e. Positivism and Interpretivism. Positivism is more liked by the pure science researchers as it believes that reality is independent of social actors. Interpretivism is quite opposite to it as it believes that reality is not independent of social actors. It is more like by social and business researchers.

However underlying research is an attempt to establish relationship between independent (social responsibility) and dependent factors (organisational performance) therefore it will adopt 'Positivism'.

Keeping the convenience and merits of various research strategies it is decided to use 'Survey'. It is cost effective and time saving technique (Zikmund, 2011). The research strategy that suits best with the purpose of this study is 'Survey' which is a deductive approach. It is equally beneficial for descriptive or exploratory research. It has facilitated to collect a large data in an economical manner. The findings of survey are easy to understand and explainable. Hence underlying research was intended to collect quantitative data therefore 'Survey' strategy has enabled to meet this objective efficiently.

Questionnaire survey takes two forms namely close-ended and open-ended survey. Close ended questionnaire survey will be used to collect data. Five-point Likert scale will be used to measure the response of respondents. Underlying research will conduct 'Mono-Method' research method. Some researchers use a combination of two methods (Sekaren, 2003) but in this research work only one method will be used i.e. close-ended questionnaire technique. The sample questionnaire is present in Appendix-I.

POPULATION OF STUDY

The population of this study will be comprises of employees of 'Pakhtunkhawa Energy Development Organisation' commonly known as PEDO. The entire population comprises of roughly fifteen hundred employees only. It has operations across the whole hilly areas of KPK province. Its main office is in KPK and sub-offices are in Malakund Division, Kohistan and Chitral. Operational units and customer care offices of PEDO are located in these areas.

SAMPLE SIZE

The sample size is comprises of around fifty employees depending upon the availability of employees for survey. The sample size is relatively small because of time and resource constraints faced by academic researchers. It may introduce an element of biasness in the findings. Utmost care is observed to ensure that sample truly represent the characteristics of whole population.

INSTRUMENT

An instrument has a very significant role in measuring the construct. It elaborates how key variable is conceptualized and measured. The underlying research has developed its own instrument to measure the concept of CSR/SR, Organisational performance (OP), organisational Innovation (I) and Organisational Productivity (OP). Instead of adopting an already developed research instrument of some previous researcher, this study has preferred to develop its own instrument that could cater the particular needs of underlying research. However, it has added selected items or questions of previous studies which has added up to the features of this instrument. Each concept is measured through five-point rating scale in which 1= Strongly Disagree, 2= Disagree, 3= Undecided, 4= Agree, 5= Strongly Agree. The construct of SR was measured through two sub factors 'Operational Responsibility' and 'Internal Stakeholder Responsibility'. Eight items are used to conceptualize and measure the main construct and its sub factors adopted from Maignan and Ferrell (2000), Perez et al., (2013), , Pitzer College (2009), Vazquez *et al.*, (2014), D'Aprile & Talo (2014), Lee *et al.*, (2016) and Alvarado-Herrera *et al.*, (2017). Similarly, the construct of Organisational Innovation (OI) had three sub factors

namely Technical Innovation, Administrative Innovation and Encouraging Innovation. OI was measured using five items adopted from the study of Kuo (2011). The Construct of Organisational Productivity (OP) was taped through five items adopted from the study of Al-Shuaibi (2016). Both intermediating variables have equal number of items and it was a deliberate attempt to ensure equal weighting. The dependent variable Organisational Performance (OP) was allocated with ten determinants or sub factors namely Product or Service Quality, Employee Attraction, Employee Retention, Customer Satisfaction, Management/Employee Relation, Employee Relation, Financial Performance, Efficiency, Human Resource Development and Future Planning. It was also measured with the help of ten items adopted from the study of Kuo (2011), Maltz et al. (2003), Germain et al., (2001), Chakravarthy (1986), Kaplan & Norton (1996) and Fliaster, (2004) respectively.

DATA ANALYSIS & RESULTS:

SAMPLE DESCRIPTIVE STATISTICS

As it is aforementioned that employees of Pakhtunkhawa Energy Development Organisation (PEDO) serve as the population of this study which is 1500 hundred in total. The sample size is determined using 'Morgan's Table' for sample size. When confidence level was considered 95%, and Error Margin was considered 5%, then the sample size was determined as 306 individuals. The three hundred & six questionnaires were distributed among employees of PEDO appointed across various stations of Chitral, Malakand and Kohistan. The respondents were selected using 'Convenient Sampling' technique which is previously mentioned in last chapter. The utmost care was observed to ensure that respondents were the employees which could understand the concept of Social Responsibility (SR) and were affected by SR policies. The respondents were asked about their gender. Digit 1 shows the male and digit 2 indicates the female. The response shows that males are more than females. Out of 306 respondents 235 were male and make the 77% of total sample size. Females were 71 out of 306 and make 23% of sample size. Below given pie chart no.1 shows the proportion of gender of sample

Chart no.1: Percentage of Males and Females

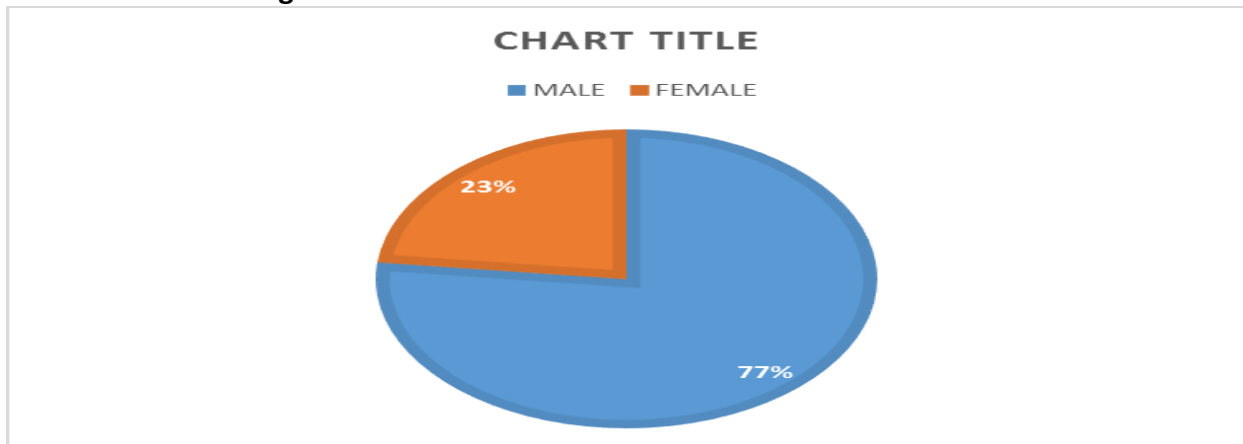


Chart no.2: Age of Respondents

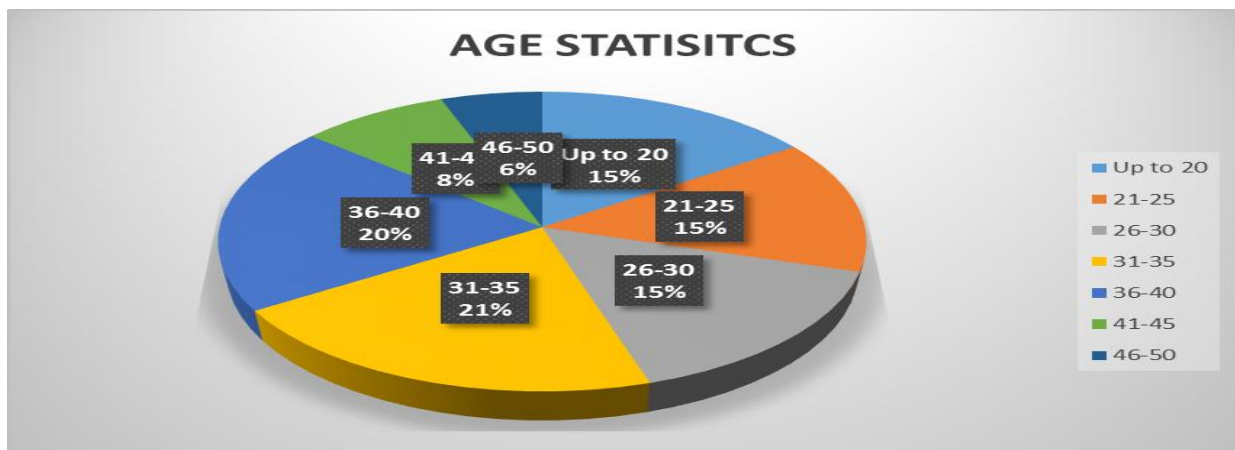


Chart no.2: Education of Respondents

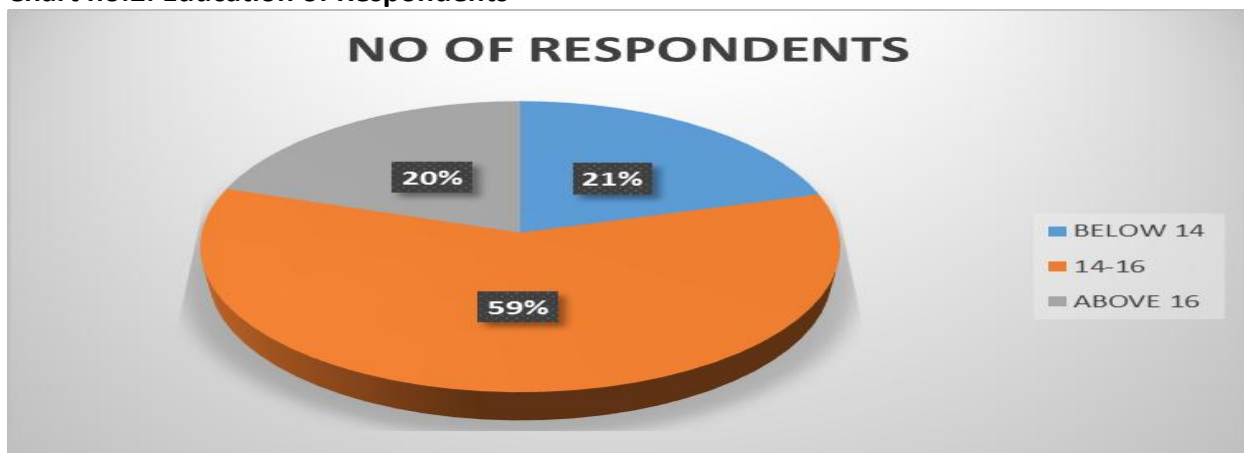


Chart no.3: Experience of Employees (in Years)

Table 1: Summary of Descriptive Statistics

Demographic Variables	Codes	Frequency (f)	% of Total Sample	Mean	St. Deviation	Skewness	Kurtosis
Gender	Male	235	77	1.22	0.4	1.3	-0.32
	Female	71	23				
Age (in Years)	Upto 20	47	15.36				
	21-25	44	14.38				
	26-30	47	15.36	29.31	7.37	-0.01	-1.42
	31-35	64	20.9				
	36-40	62	20.26				
	41-45	25	8.17				
	46-50	17	5.56				
Education (in Years)	Below 14	63	20.59				
	14-16	182	59.48	14.84	2.06	-0.34	-0.62
	Above 16	61	19.93				
Experience (in Years)	up to 1 year	35	11.44				
	2-3 Year	89	29.08	4.11	1.93	-0.1	-1.2
	4-5 Year	95	31.05				
	6-7 Year	87	28.43				

REGRESSION ANALYSIS

Following is the interpretation & explanation of regression analysis performed on various variables

SOCIAL RESPONSIBILITY-INNOVATION RELATIONSHIP**Table 2: SR & Innovation Relationship**

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.0410895							
R Square	0.00168835							
Adjusted R Square	-0.4974675							
Standard Error	0.07688954							
Observations	4							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	1.99968E-05	1.99968E-05	0.003382404	0.958910503			
Residual	2	0.011824003	0.005912002					
Total	3	0.011844						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	4.46590176	7.168482365	0.622991246	0.596861714	-26.37758846	35.30939198	-26.37758846	35.30939198
4.033	-0.1036103	1.781517061	-0.05815844	0.958910503	-7.768859499	7.561638992	-7.768859499	7.561638992

The Correlation Coefficient (Multiple R) outcome was 0.041. It indicates the strength of linear relationship of two variables. Their value ranges from 0 to 1. Zero indicates no relationship and

1 indicates perfect relationship. Thus in this case it is 0.041 which shows that there exists a relationship between SR and Innovation. However, this relationship is neither very strong nor very weak. On other hand the Coefficient of Determination (R Square) shows the points falling on regression line. In this case only 0.16% falls on regression line. It means only a very meager change i.e. 16% in Y-value (Innovation) is explained by x-values (Social Responsibility). After that here comes the Standard Error or Standard Error of Regression which is indicated by "S". It is also known as standard error of estimate. It shows the precision that regression coefficient measures. In this case $S=0.076$ which is significantly low. The t-stat value is 0.622. A t-stat value equals to zero indicates that sample results are exactly equal to null hypothesis. A high t-stat value shows a big difference in sample results and null hypothesis. Hence in this analysis this value is 0.622 which slightly higher than 0. It means the analytical outcomes shows a weak relationship between Social Responsibility and Innovation. The P-value of this relationship analysis is 0.596. P value indicates the probability of observed results assuming that null hypothesis is correct. It is also indicative of marginal significance which shows the probability of occurrence of a given event. Higher P-value means that Null hypothesis is true and a low P-value means alternate hypothesis is true or rejection of null hypothesis. The range of P-value is between 0 and 1. P-Value less than or equal to 0.05 provides strong evidence for the rejection of null hypothesis. Hence in this case P-value=0.59 which is many times higher than 0.05 and it indicates that there exists a relationship between Organisational Social Responsibility and Innovation but this relationship is reasonably significant. This result is in line with the findings of Coefficient of Determinant which was only 0.16% discussed in previous lines.

INNOVATION – ORGANISATIONAL PERFORMANCE RELATIONSHIP

An analysis as tabulated below has been performed on the relationship of Innovation and Organizational Performance.

Table 3: Innovation & OP Relationship

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.385612952							
R Square	0.148697349							
Adjusted R Square	-0.276953977							
Standard Error	0.052950593							
Observations	4							
ANOVA								
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.000979469	0.000979469	0.349340739	0.614387048			
Residual	2	0.005607531	0.002803765					
Total	3	0.006587						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>

Intercept	5.162878 082	1.970192 311	2.620494 483	0.119974 802	- 3.314175 243	13.63993 141	- 3.3141752 43	13.63993 141
4.052	- 0.287571 766	0.486543 447	- 0.591050 539	0.614387 048	- 2.380999 256	1.805855 723	- 2.3809992 56	1.805855 723

The value of Multiple R or Correlation Coefficient is 0.385. Correlation Coefficient having value 0 means no relationship but, in this case, it is not zero instead it is 0.385 which shows the existence of week relationship. Similarly, the R Square/Coefficient of Determinant Value is 0.148 which indicates that 14.8% values fall on regression line. Alternately explaining it can be said that only 14.8% changes in Organisational Performance is explained by the Innovation. Again, it indicates towards a meager relationship between Innovation & Performance. The t-stat value is 2.62 which show a slightly higher difference between the means of two variables i.e. innovation and organisation performance. Hence the relationship is existed but insignificant. The P value of this relationship analysis is 0.11 which is above the rejection region i.e. 0.05. Hence there exists a relationship between Innovation and organisational performance. Summing up the discussion in paragraph 4.3.1 and 4.3.2, it has confirmed the intermediating role of 'Innovation' in between SR-Organisational Performance relationship. Thus the null hypothesis is accepted and alternate hypothesis is rejected.

SOCIAL RESPONSIBILITY – ORGANISATIONAL PERFORMANCE

Following is the statistical analysis performed on SR-Organizational Performance relationship.

Table 4: SR & OP Relationship

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.222818 779							
R Square	0.049648 208							
Adjusted R Square	- 0.425527 688							
Standard Error	0.055946 257							
Observations	4							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.000327 033	0.000327 033	0.104483 852	0.777181 221			
Residual	2	0.006259 967	0.003129 984					
Total	3	0.006587						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	5.684467 991	5.215920 726	1.089830 212	0.389594 995	- 16.75782 756	28.12676 354	- 16.75782 756	28.12676 354
4.033	- 0.419004	1.296264 856	- 0.323239	0.777181 221	- 5.996381	5.158373 362	- 5.996381	5.158373 362

	161		621		683		683	
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In this relationship the Multiple R/Correlation Coefficient is 0.22 which is much higher than 0 but significantly lower than 1. Thus, both variables are correlated but the relationship strength is not very good. The R Square / Coefficient of Determinant value is 0.049 which indicates that only 4.9% values fall on regression line. In other words, only 4.9% changes in organisational performance are caused by the social responsibility variable. The standard Error 'S' has a value of 0.055 which shows that 95% of observations fall within ± 2 on either side of regression line. Hence the standard error of precision is minimal. The data is distributed in normal range. The t-stat value is 1.08 which shows a slight difference between the means of independent and dependent variable. The means of both are not perfectly matched. The p-value is 0.389 which is greater than 0.05. Thus the null hypothesis is accepted. Hence this research has found that Social Responsibility is positively associated with Organisational Performance.

SOCIAL RESPONSIBILITY-PRODUCTIVITY RELATIONSHIP

The other relationship analysis was performed on Social Responsibility and Productivity.

Table 5: SR & Productivity Relationship

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.966590542							
R Square	0.934297275							
Adjusted R Square	0.901445913							
Standard Error	0.011671958							
Observations	4							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.003874531	0.003874531	28.44013796	0.033409458			
Residual	2	0.000272469	0.000136235					
Total	3	0.004147						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	9.806642867	1.088187315	9.01190699	0.012090228	5.124550747	14.48873499	5.124550747	14.48873499
4.033	-1.44222252	0.270437195	-5.332929585	0.033409458	-2.605819858	-0.278625183	-2.605819858	-0.278625183

The Multiple R or Correlation Coefficient is 0.966 which is approximately equals to 1. Its value equal to 1 shows a perfect relationship or perfect correlation of two variables. The R Square or Coefficient of Determinant value is 0.93. It means that 93% values fall on regression line or in other words 93% changes in 'Productivity' caused by 'Social Responsibility' variable. Standard Error 'S' is 0.011 which is in sanctioned region of ± 2 . However, these statistics are not enough

to predict the relationship of variables. The t-stat value is 9.011 which is very high and shows a big difference between the means of two variables. The p-value is 0.012 which is below 0.05 which is a rejection region. It means that the relationship is insignificant. Though this relationship is perfectly correlated but it is failed to prove causality. Hence the null hypothesis is rejected and alternate hypothesis is accepted.

PRODUCTIVITY – ORGANISATIONAL PERFORMANCE RELATIONSHIP

Following is the outcomes of regression analysis done on productivity-organizational performance relationship.

Table 6: Productivity & OP Relationship

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.36946							
	3402							
R Square	0.13650							
	3205							
Adjusted R Square	-							
	0.29524							
	5192							
Standard Error	0.05332							
	8479							
Observations	4							
<i>ANOVA</i>								
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.00089	0.00089	0.31616	0.63053			
		9147	9147	3779	6598			
Residual	2	0.00568	0.00284					
		7853	3927					
Total	3	0.00658						
		7						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.13431	3.31547	0.64374	0.58570	-	16.3996	-	16.3996
	9026	7305	4122	6537	12.1310	665	12.1310	665
					2845		2845	
4.016	0.46563	0.82811	0.56228	0.63053	-	4.02874	-	4.02874
	781	7917	4429	6598	3.09746	1627	3.09746	1627
					6007		6007	

The Multiple R or Correlation Coefficient value is 0.369 which shows a fair degree of correlation between the two variables. The R Square or Coefficient of Determinant value is 0.136 which shows that 13.6% values fall on regression line. It also shows that 13.6% changes in organisational performance are caused by Productivity variable. A Standard Error value is 0.053 and falls in sanctioned region of ± 2 . The t-stat value is 0.643 which is substantially low and shows a slight difference between the means of productivity and organisational performance. The p-value is 0.58 which is much higher than 0.05. The resultant value of analysis also indicates the significant relationship. Hence the p-value shows that null hypothesis is accepted and productivity is positively associated organisational performance.

INNOVATION-PRODUCTIVITY RELATIONSHIP

Table 7: Innovation & Productivity Relationship

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.208608094							
R Square	0.043517337							
Adjusted R Square	-0.434723995							
Standard Error	0.044533884							
Observations	4							
ANOVA								
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.000180466	0.000180466	0.090994513	0.791391906			
Residual	2	0.003966534	0.001983267					
Total	3	0.004147						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	4.503300574	1.657022342	2.717706612	0.11291766	-2.626291127	11.63289228	-2.626291127	11.63289228
4.052	-0.123438028	0.409205415	-0.301652968	0.791391906	-1.884106822	1.637230767	-1.884106822	1.637230767

The value of Multiple R/Correlation Coefficient was 0.208 which proves that both are correlated with one another. The R Square/ coefficient of Determinant value is 0.043. It shows that 4.3% changes in productivity can be traced back to innovation. The standard Error value is also in normal range i.e. 0.044 which quite low. The t-stat value is higher than 0 i.e. 2.71 but it is still in normal range. The mean of both variables is slightly different from one another but they are not in sharp contrast. The p-value is 0.11 which do not fall in rejection region. Hence null hypothesis is accepted which states that innovation is positively associated with productivity. The relationship is not very strong but it is in acceptable region.

CONCLUSION

From statistical analysis it is concluded that organisational social responsibility and organisational performance relationship do not exists directly. Instead, underlying research has fetched strong evidences from data that there exist two intervening variables namely innovation and productivity. The social responsibility and innovation relationship shows a fair degree of significant relationship. Similarly, the innovation and organisational performance relationship was a fairly significant relationship. However, the significance of direct relationship

of social responsibility and organisational performance was substantially low. The weak significant relationship provides legitimacy to innovation as an intervening variable.

It is also concluded that SR-Performance relationship is not mediated by productivity. The significance of relationship between organisational social responsibility and productivity is far below the acceptance level. However, the relationship between Productivity and organisational performance is significant which shows that productivity can act as a separate standalone predictor variable rather intermediating variable. Thus, the true intermediating variable is 'innovation' only. Productivity variable does not meet the criteria of intermediating variable. Thus, there is a need to consider other variables for mediating purpose. Alternatively speaking, it could be concluded that the findings of underlying research has challenged the findings of all previous research which confirms the role of 'productivity' in this relationship.

DISCUSSION

The relationship of social responsibility and organisational performance is not too much in lime light especially in public sector organisation but the outcomes of this study are eye opener. It has proved that the concept of Social Responsibility (SR) holds a very significant position in performance of departments like PEDO. It should not be overlooked as a fancy concept imported from Europe or Modern world. The scope of this study was limited to a couple of mediating variables innovation and productivity. Innovation has become a proven intermediating variable but productivity could not prove its intermediating role. The public departments should not confine themselves to a few variables instead all the possible number of intermediating variables should be considered to enhance the performance of public departments which is in accordance with the aim & objective of current government. The findings are not only applicable to PEDO but also to SBP, SECP and other institutes whose major focus is on law & regulation enforcement rather CSR. Though MNCs are practicing it but the findings of study suggest a massive expansion in the practices. In light of reports of Pakistan Centre of Philanthropy (PCP), it is need of hour that instead of getting tax rebates through religious charity, the organisation should focus on proper CSR/SR activities. The situation trend of philanthropy should be replaced with sustainable practices of CSR. It is evident from current study that the major outcome of SR is performance which is much need and demand thing for a public sector government especially now a day when the entire country is under intense social, economic and political pressure. The bad performance of public departments of KPK provincial government is providing opportunities of criticism to political counterparts. Beyond the political affiliation, every citizen of KPK is looking forward for better performance of public departments and institutes. KPK Government can bring sustainable changes in the performance by introducing SR practices in other public departments as well. The findings of this study confirms that the beneficiary employees of SR activities find innovative ways of doing their job which adds up to their performance and eventually provides an immediate relief to the households.

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