

THE MEDIATING ROLE OF CORPORATE SOCIAL PERFORMANCE BETWEEN OWNERSHIP STRUCTURE AND FIRM PERFORMANCE

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ABSTRACT

This study investigates the impact of the firm ownership structure and financial performance (FP) on mediating role of corporate social performance (CSP). This study develops a model to examine the intervening role of CSP between ownership structure elements (family ownership, managerial ownership, institutional ownership and concentrated ownership) and FP. The EGLS model was used on a panel data sample of 296 non-financial firms listed at the Pakistan Stock Exchange (PSX) during 2011-2020. Research findings indicate that CSP enhances the performance of concentrated, institutional, managerial and family ownership but varies according to performance measures. The study findings contain functional implications for practicing corporate governance (CG) in emerging economies. Non-financial firms in emerging countries can enhance their financial performance by investing in effective public policies (CSP). In addition, emerging economies should adopt effective public policies (CSP).

Keywords: Ownership structure, corporate social performance, firm performance, corporate governance

INTRODUCTION

Firms' financial performance (FP) has been extensively studied in the context of corporate social performance (CSP) in emerging and developed countries (Cordeiro et al., 2018; Mughal et al., 2020; Pava & Krausz, 1996; Lin, Yang and Liou, 2009; Mishra and Suar, 2010; Asogwa et al., 2020). Similarly, corporate governance studies tested the ownership relation with firm performance (Duc Nam Phung, 2015; Frijns et al., 2008; Ting et al., 2016; R. Zhang, 2004). The results of these studies assert that FP varies with the change in ownership structure. Empirical studies reveal that ownership of firms invests in CSP to enhance their shareholding value (Asogwa et al., 2020; Ehsan, 2018; Yu et al., 2015). However, there is limited evidence about the mediating role of CSP in ownership-performance. The researchers find that different ownership structures vary in strategic performance with the support of CSP. Here, one stream is socioemotional wealth which supports family owners to invest in CSP to enhance the firm's value, family image, reputation and prestige. In comparison, the second stream is based on the agency theory that family owners stick with their interests with minority shareholders. It shows the negative association of family firms with CSP. Empirical findings reveal the negative association of family firms with CSP (Kim & Lee, 2018), which is consistent with the second-stream view. The Investigation conducted by Shahzad et al., (2018) in the emerging market of Pakistan found that family firms preferably engaged with CSP investment to enhance their firm performance, while non-family firms are less likely to engage in CSP to improve their performance. His research results support to socioemotional wealth view.

An extant literature review determines the need to search for; how differences in ownership structure influence the firm performance and how different owners of firms used CSP to achieve a competitive advantage in emerging markets. The objective of the investigation is to examine ownership structure effects on FP and CSP mediating effect on ownership structure performance. This study establishes an investigation based on the firm's resource-based view (RBV) theory, information asymmetry theory, and agency theory. These theories recognize intangible resources of a firm that are rare and not easily imitable by competitors, as earlier used theories by (J. Diéguez-Soto et al., 2019; Padget & Galan, 2010).

This study adopts a panel data technique for research analysis using the emerging market data of non-financial firms listed on the Pakistan Stock Exchange (PSX) from 2011-2020. In Pakistan, CSP was recognized by the Securities and Exchange Commission of Pakistan in 2009, and yet CSP is at the initial stage (Mughal et al., 2020). This paper contributes to the CG body by exploring the CSP mediating effects between different ownership structures and firm performance. It is helpful for policymakers to consider the impact of CSP on fostering business activities and promoting CSP in Pakistan.

REVIEW OF LITERATURE

Several studies theoretically and empirically examine the relationship between ownership structure, CSP, and firm performance.

Family Ownership and Firm Performance

Family ownership is the percentage significant shareholding of firm's shares (Yu et al., 2015). In family ownership, family members show their emotional involvement in business activities. Emotional engagement converts to emotional investment because the family name is used for products and services. Family members are more conscious about any tarnished from employees, society, customers, and the government. The socio-emotional wealth of family business derives from the collective strives of members for wealth (Yu et al., 2015). US-based Investigation analyzed with review technique found in high-quality liberal market family ownership firm outperformed non-family firm (Van Essen et al., 2015).

Second, as long as the long-term association of family members, the firm strives for long-term investment decisions in business. Owing to the association's longevity, they participate in employees' social, legal, and welfare and incentives to their creditors and investors. Research carried out in Pakistan, which took 60-non financial firms' data from 2003-2008 to determine the effect of different ownership structures on firm performance, found that family ownership is positively associated with FP (Bano et al., 2018). He argues that family firms demonstrate firm control and mitigate agency problems. So, based on the literature review, this study emphasized that:

Ha1: Family ownership is positively associated with firm performance.

Concentrated Ownership and Firm Performance

Concentrated ownership refers to a significant portion of the firm's share in a few hands. Empirical studies found that in Pakistan, firm ownership has been concentrated (Bano et al., 2018). Concentrated ownership has its own cost, and the dominant board plays an active role in the strategic decision and always tries to deprive the minority shareholders. Secondly, concentrated ownership capital cost is higher as compared to dispersed ownership. Thirdly, it decreased the opportunities for external investors. Significant shareholding diffuses the control over the management (Bano et al., 2018). The effect of ownership concentration on FP varies according to the identity of a significant shareholder, which includes; family, foreign, financial institutions and individuals. Bano et al., (2018) empirically discovered that most firms are under ownership concentration in Pakistan. He performed panel data analysis on 60 non-financial firms listed in Pakistan. He found that ownership concentration in family and foreign ownership significantly positively impacts FP measured by ROA, ROE and Tobin's Q. The families minimize agency problems and play an active role in strategic decisions. Further, he found that financial institutions and individuals did not impact FP if ownership concentration was identical. Another empirical study on 175 Greeks listed the firm's data; concentrated ownership positively correlates with FP measured as Tobin's Q (Nielsen & Hus, 2010).

Ha2: Concentrated ownership is positively associated with firm performance.

Institutional Ownership and Firm Performance

Institutional ownership refers to the controlling share in firm by institutions. Many researchers posited that institutional investors strongly influence firm strategic decisions (Soetedjo & Amu, 2019). They argue that institutional owners have substantial voting power and have an asymmetric information advantage over other owners. Both things made them more attentive to the firm's decision than non-institutional owners. Financial institutions furnished finance to the firm in this conjecture. Joint ownership of debts and equity by large intuitions in firms asserts their influence on management. It strengthens management controlling and cognitive decisions to raise the market value and FP (Bano et al., 2018).

Moreover, the institutional owner manages and contains the key performance drivers: internal capability of the firm, firm performance, innovation activities, and other activities in line with sustainable development (Chen et al., 2020). Empirically found in India, institutional ownership positively correlates with the firm's value measures with Tobin's Q (Singh et al., 2018). Contrary to this, in Pakistan, institutional ownership is negatively related to FP and argued that institutes deploy their manager as nominee directors. Still, they do not perform actions to enhance their performance (Bano et al., 2018).

Lower FP in institutes-owned firms argues that institutional owners do not represent all firms' shareholders. Therefore, its impact on firm profitability is not significant. With these arguments, a study conducted in Hong Kong with the data of 433 publicly listed firms found that institutional ownership negatively affects FP (Li et al., 2006). Based on prior literature, it hypothesized that:

Ha₃: Institutional ownership is negatively associated with firm performance

Managerial ownership and Firm Performance

Managerial ownership refers to whether management purchases company share by cash at a discount or benefits. The manager-owned stock has voting rights. Agency theory implies that stock ownership to managers aligns with the interest of principals and management. Managers who own substantial stock strive for effective decisions to maximize the shareholder's wealth (Soetedjo & Amu, 2019). Empirical results of Greek-listed firms posited that managerial request positively relates to FP (Nielsen & Huse, 2010). Empirical findings from Budapest Stock Exchange-listed firms indicate that managerial ownership is effectively only in dispersed firm ownership (Earle, Kucsera, & Telegdy, 2005). Bano et al., (2018) find that in Pakistan, managers with strong incentives to manage the matters of firms effectively and generate wealth for their fortunes are tied to enhancing the firm's performance and market value. In managerial ownership, rights of the firm's properties are vested with owners, encouraging them to invest in profitable projects and greater participation in decisions and monitoring of the firms.

Furthermore, owing to rights on assets of the firm focused on growth. Bano et al., (2018) explored by using 60 non-financial firms' data of Pakistani firms that managerial ownership positively correlates with firm value. They have strong incentives to control the firm wealth and their benefits tied to the performance firm. Based on the literature review and empirical studies, we emphasized that:

Ha₄: Managerial ownership is positively associated with firm performance.

Resource-Based-View Theory and Firm Performance

The firms with valuable and rare resources reap competitive advantage and superior returns—the complex resources to imitable guarantee outstanding FP (Padgett & Galan, 2016). Grant (1991), Branco & Rodrigues (2006); Nair & Bhattacharyya (2019); Padgett & Galan (2016) recognized that CSP gives rise to intangible resources and the means to avail super FP and competitive advantage. Nair and Bhattacharyya (2019) empirically found that the CSP activities as R&D intensity and advertisement as resource capital in the resource-based view have a positive relationship with firm performance.

Mediating Role of Corporate Social Performance between Equity Owners and Firm Performance

CSP is defined as: "*CSP is the voluntary actions that a corporation implements as it pursues its mission and fulfils its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole*" (Branco & Rodrigues, 2006; Coombs & Holladay, 2012). Sustainable development is conferred in the definition of CSP, which are economic, environmental, and social sustainability factors (Branco & Rodrigues, 2006; Coombs & Holladay, 2012).

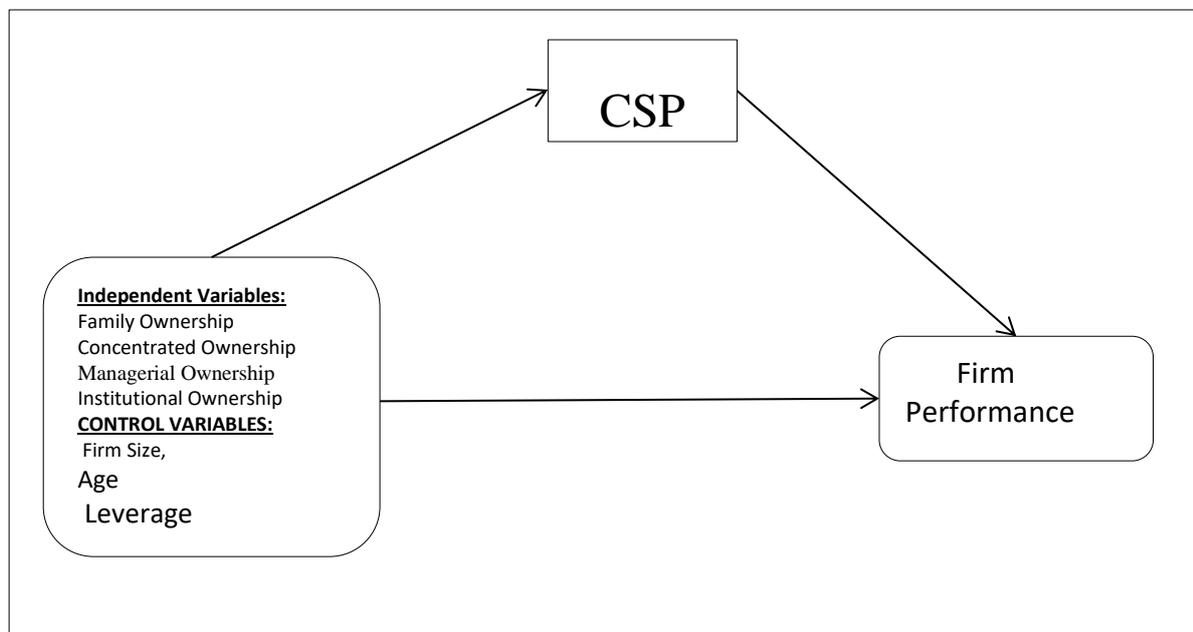
Researchers investigate a direct relationship between CSP and performance (Shahbaz et al., 2020; Chen, Dong, & Lin, 2020; Boakye et al., 2020; Cho, Chung, & Young, 2019). Previous literature describes that ownership affects CSP differently and varies across countries (Sahasranamam, Arya, & Sud, 2021, Soetedjo, & Amu, 2019). An investigation in Korea posited that family firms are associated with CSP, as socio-emotional wealth views interlinked family firms and CSP. More, he explained that family owners are more proactive in firm reputation. Therefore, they invest in CSP activities to get a reputation and harvest the benefits associated with reputation, but empirical findings revealed lower with CSP and positive with FP (Kim, & Lee, 2018). Contrary to this, an international study of 23902 firm-year observations of 46 countries from 2002 to 2012 investigates that family-owned firms significantly negatively affect CSP activities (Rees, & Rodionova, 2015).

There are two approaches to explain the relationship between concentrated ownership and CSP. Stakeholder theory asserts that concentrated owners focus on investing in CSP for long-term survival and getting a reputation. Furthermore, the second approach is agency theory and information asymmetry, which argues that the management's dispersed ownership priorities spend and report on CSP. At the same time, concentrated ownership focused on profit maximization and not interest in CSP. The concentrated shareholder has less information than dispersed ownership about CSP activities and associated concerns (Crifo et al., 2016). It concluded that when an institution has full access to all necessary information about CSP, FP does not relate to CSP (Zaid et al., 2020).

Moreover, in the presence of more independent directors, institutional ownership positively influences CSP (Zaid et al., 2020). Institutional shareholding intensity influences the management decisions to invest in CSP dimensions like community, diversity, environment and products. Chen, Dong, and Lin (2020) argue that weaker CG increased distraction with management decrease the investment level in CSP. In managerial ownership, shares possession assures them a guarantee for employment and enjoying the benefits at shareholders' cost. They see CSP activities as a drain on their profit share. Therefore, they are not proactively involved in CSP activities (Jia & Zhang, 2013). Based on prior empirical findings, it emphasizes that:

Has: Corporate social performance mediates between ownership structure and firm performance.

Figure 1: Conceptual Research Framework



RESEARCH METHODOLOGY

Population and Samples

We established the selection of firms listed on the Pakistan Stock Exchange (PSX) over ten years from 2011 to 2020. Initially, the total sample consisted of 518 firms. First, we exclude the sample of 97-financial sector firms and 125 firms missing data samples. Finally, 296 firms retain for analysis of the study. We follow Panel data techniques for regression analysis. The data was collected from annual reports of firms.

Variables Measurement

Table 1 provides the variable definition used in the study.

Table No. 1: Variable Measurement

Variables	Measurement	Reference
Family Ownership	20% or more shares held by family members or directors	
Managerial Ownership	Number of shares held with directors and executives of firm divided by the total number of shares	(Cheng et al., 2012)
Institutional Ownership	The proportion of shares held with institutions scaled to total number of shares	(Dam & Scholtens, 2012)
Concentrated Ownership	The top five shareholdings are used as a proxy	(Bano et al., 2018)
Corporate social performance	Social Contribution Value Per Share (SCV) SCV=EPS+(Staff Expenses+ Taxes+ Interest + Social Contribution +Donation +Social Cost)/Outstanding Shares	(Carlos Noronha and Guan, 2018); NORONHA & SAMMI, 2015), Javeed & Lefen (2019)
Firm Performance	ROA, ROE, and TOBIN'S Q	(Bano et al., 2018; Q. Zhang et al., 2014)
Firm Size	Natural log of total assets	(Liu, Lei, and Buttner, 2020)
Leverage	Total debt to total assets	(Liu, Lei, and Buttner, 2020)

Analysis Model and Estimated Methods

We followed the prior researcher, Tang et al. (2018) to analyze the effect of ownership structure on firm performance.

$$FP_{I,T} = \alpha + \beta_1 Mang_Own_{I,T} + \beta_2 Inst_Own_{I,T} + \beta_3 Con_Own_{I,T} + \beta_4 Family_Own_{I,T} + \beta_5 AGE_{I,T} + \beta_6 Leverage_{I,T} + \beta_7 Firm\ Size_{I,T} + \epsilon_{I,T} \quad (1)$$

Where FP is financial performance measured by ROA, ROE and Tobin's Q. Mang-own is managerial ownership, inst-own is institutional ownership, con-own is concentrated ownership, family-own is family ownership, age is firm age in years, leverage is for debt burden of firm, firm size is the size of firm to assets.

The Equation for CSP mediating role between ownership and firm performance

Following Baron and Kenny (1986) and Erawati *et al.*, (2021) following equation is used for mediation analysis.

$$FP_{I,T} = \alpha + \beta_1 Mang_Own_{I,T} + \beta_2 Inst_Own_{I,T} + \beta_3 Con_Own_{I,T} + \beta_4 Family_Own_{I,T} + \beta_5 AGE_{I,T} + \beta_6 Leverage_{I,T} + \beta_7 Firm\ Size_{I,T} + \epsilon_{I,T} \quad (2)$$

$$CSP_{I,T} = \alpha + \beta_1 Mang_Own_{I,T} + \beta_2 Inst_Own_{I,T} + \beta_3 Con_Own_{I,T} + \beta_4 Family_Own_{I,T} + \beta_5 AGE_{I,T} + \beta_6 Leverage_{I,T} + \beta_7 Firm\ Size_{I,T} + \epsilon_{I,T} \quad (3)$$

$$FP_{I,T} = \alpha + \beta_1 Mang_Own_{I,T} + \beta_2 Inst_Own_{I,T} + \beta_3 Con_Own_{I,T} + \beta_4 Family_Own_{I,T} + \beta_5 AGE_{I,T} + \beta_6 Leverage_{I,T} + \beta_7 Firm\ Size_{I,T} + \beta_8 \sum INDUSTRY + \beta_9 \sum Year + \beta_{10} CSP_{I,T} + \epsilon_{I,T} \quad (4)$$

Analysis Strategy

The statistics shown in Table 2 are descriptive statistics.

Table No. 2: Descriptive Statistics

	Mean	Median	Max.	Min.	Std. Dev.	N
ROA	8.927	7.535	217.309	-71.236	15.013	2960
ROE	9.464	8.846	270.157	-226.463	33.797	2960
Tobin's Q	1.679	1.213	25.591	-4.507	1.658	2960
CSP	76.948	31.453	3064.054	-13.973	170.004	2960
Con_Own	66.102	68.750	99.853	0.000	20.908	2960
Fam_Own	0.524	1.000	1.000	0.000	0.500	2960
Inst_Own	15.135	8.367	98.787	0.000	19.351	2960
Mang_Own	28.701	20.637	98.852	0.000	29.274	2960
AGE	38.311	35.000	108.000	5.000	16.011	2960
Firm Size	15.358	15.309	20.574	8.785	1.685	2960
Leverage	0.630	0.572	6.894	0.000	0.479	2960

Note: Table 2 indicates the mean, standard deviation, maximum, and minimum. The analysis was performed on 296 firms' data from 2011 to 2020, containing 2960 observations.

Table No. 3 Correlation Analysis

	1	2	3	4	5	6	7	8	9	10	11
ROA	1.000										
ROE	0.537 ***	1.000									
TQ	0.425 ***	0.306 ***	1.000								
CSP	0.201 ***	0.180 ***	0.189 ***	1.000							
CO WN	0.079 ***	0.091 ***	0.111 ***	0.112 ***	1.000						
FO WN	- 0.134 ***	- 0.120 ***	- 0.228 ***	-0.008 0.179 ***	- 0.179 ***	1.000					
IOW N	0.043 **	0.017	- 0.065 ***	-0.028	-0.025	- 0.192 ***	1.000				
MO WN	- 0.110 ***	- 0.107 ***	- 0.215 ***	0.032 *	0.081 ***	0.773 ***	- 0.220 ***	1.000			
AGE	-0.016	-0.013	0.065 ***	0.204 ***	0.122 ***	- 0.080 ***	0.044 **	- 0.117 ***	1.000		
FSIZ E	0.173 ***	0.143 ***	0.171 ***	0.134 ***	0.099 ***	- 0.335 ***	0.076 ***	- 0.267 ***	0.08* **4	1.0 00	
LEV A	- 0.209 ***	-0.009	0.068 ***	- 0.082 ***	-0.020	- 0.066 ***	0.013	- 0.057 ***	- 0.068 ***	- 0.0 00	1.0 00

Note: Table 3 performed the correlation analysis by using 296 non-financial firms' data listed on the Pakistan stock exchange for the period 2011- 2020, and in total, 2960 observations are used. Correlation analysis reports the strength, direction and significance of all study variables. *10%, **5%, ***1% show significance level.

Values of correlation lie between -1 and +1; the numeric number shows the strength of relationships, the ± sign indicates the direction of the relation (Mughal et al., 2020).

Following the Anser, Zhang and Kanwal (2018), normality was performed with the Shapiro-Wilk test and found Prob>Z 0.000 of all variables. Wooldridge test for autocorrelation. The test results are F (1, 59) =19.862 and Prob.>F=0.000; therefore, the null hypothesis is not rejected. Breusch-Pagan / Cook-Weisberg test was performed for heteroscedasticity to reject the null hypothesis i-e zero variance across the entities. The result indicates chi2 (1) =71.51 and Prob>chi2=0.000, showing heteroscedasticity in data. The Variance inflation factor analysis (VIF) was used to determine the multicollinearity among explanatory variables. VIF analysis result reveals that values are between 2.38 to 1.09, and the mean VIF is 1.56, which means that multicollinearity is absent in the data. CSD, Pesaran's test is applied, and results show cross-sectional independence = 10.145, Pr = 0.00. The test result indicates that cross-section independence does not exist in current data. Based on the findings, this study used an EGLS model.

Table No. 4: Regression analysis of ownership structure impact on firm performance

Variable	MODEL 1	MODEL 2	MODEL 3
	ROA	ROE	TOBIN'S Q
Constant	-5.434 (-0.904)	-25.727*** (-3.612)	3.776*** (2.754)
Con_Own	0.149*** (4.613)	0.238*** (10.017)	-0.001*** (-2.994)
Fam_Own	5.190*** (3.575)	4.235*** (2.797)	-0.152*** (-4.742)
Inst_Own	0.161*** (2.298)	0.232*** (4.436)	-0.0004 (-0.239)
Mang_Own	-0.149*** (-3.187)	-0.144*** (-3.672)	0.001*** (6.001)
AGE	-0.103*** (-2.588)	-0.123*** (-2.937)	-0.004 (-1.605)
Firm Size	0.670 (1.540)	1.495*** (3.709)	-0.111*** (-6.378)
Leverage	-7.423*** (-6.955)	-2.544*** (-6.758)	0.592*** (5.667)
AR(1)	0.680***	0.556***	0.893***
Industry Fixed Effect	Yes	yes	yes
R-squared	0.564	0.500	0.795
F-statistic	621.350***	406.470***	300.253***
Observation	2664	2664	2664

Note: Table 4 Regression analyses performed with Panel Two-Stage EGLS on 296 non-financial firm data from 2011 to 2020 with 2664 observations. Further, the regression includes the autoregressive term AR (1) to control autocorrelation. EGLS regression is performed by selecting a Cross-section by weight and the White cross-section coefficient covariance method to control heteroscedasticity. *10%, **5%, ***1% significance level.

Table No. 5 Regression for Intervening Role of CSP between ownership and Firm Performance

Variable	MODEL 4	MODEL 5	MODEL 6
	ROA	CSP	ROA
Constant	-5.434 (-0.904)	-1.364** (-2.118)	65.510*** (11.800)
Con_Own	0.149*** (4.613)	0.009** (2.101)	0.007 (1.628)
Fam_Own	5.190*** (3.575)	-0.418 (-1.649)	-0.006 (-0.407)
Inst_Own	0.161*** (2.298)	0.007* (1.708)	0.006 (1.168)
Mang_Own	-0.149*** (-3.187)	-0.002 (-0.326)	0.020*** (2.532)
AGE	-0.103*** (-2.588)	-0.012*** (-3.047)	-0.222** (-2.056)
Firm Size	0.670 (1.540)	0.123*** (3.334)	-3.407*** (-8.459)
Leverage	-7.423*** (-6.955)	-0.096 (-0.664)	-7.569*** (-7.581)
CSP			0.036*** (10.880)
AR(1)	0.680***	-0.098***	0.327***
Industry Fixed Effect	Yes	YES	YES
R-squared	0.564	0.931	0.813
F-statistic	621.350***	3965.061***	33.756***
Observation	2664	2664	2664

Note: Table 5 Regression analyses performed to examine the intervening role of CSP between ownership structure and FP measured by return on assets (ROA) by using Panel EGLS over the 296 non-financial firm's data for the period from 2011 to 2020 with 2664 observations. Regression analysis was performed using the autoregressive term AR (1) to control autocorrelation. Cross-section weight with the white cross-section coefficient covariance method was used to control heteroscedasticity. *10%, **5%, ***1% significance level.

Table No. 6: Regression for Intervening Role of CSP between ownership and Firm Performance

Variable	MODEL 7	MODEL 8	MODEL 9
	ROE	CSP	ROE
Constant	-25.727*** (-3.612)	-1.364** (-2.118)	-21.413*** (-3.046)
Con_Own	0.238*** (10.017)	0.009** (2.101)	0.225*** (9.947)
Fam_Own	4.235***	-0.418	3.592***

	(2.797)	(-1.649)	(2.560)
Inst_Own	0.232***	0.007*	0.213***
	(4.436)	(1.708)	(4.350)
Mang_Own	-0.144***	-0.002	-0.152***
	(-3.672)	(-0.326)	(-4.360)
AGE	-0.123***	-0.012***	-0.144***
	(-2.937)	(-3.047)	(-3.840)
Firm Size	1.495***	0.123***	1.323***
	(3.709)	(3.334)	(3.447)
Leverage	-2.544***	-0.096	-2.715
	(-6.758)	(-0.664)	(-7.320)
CSP			0.017***
			(8.463)
AR(1)	0.556***	-0.098***	0.553***
Industry Fixed Effect	YES	YES	
R-squared	0.500	0.931	0.567
F-statistic	406.470***	3965.061***	421.404***
Observation	2664	2664	2664

Note: Table 6 presents the regression analyses performed using Panel EGLS to mediate CSP role between ownership structure and FP (ROE). It has performed on 296 non-financial firms' data for 2011-2020, with 2664 observations. The autoregressive term AR (1) is used to control autocorrelation. A Cross Section weight and cross-section coefficient covariance method was used to control heteroscedasticity in data.

Table No. 7: Regression for Intervening Role of CSP between ownership and Firm Performance

Variable	MODEL 10 TOBIN'S Q	MODEL 11 CSP	MODEL 12 TOBIN'S Q
Constant	3.776*** (2.754)	-3.992*** (-3.126)	0.2824*** (2.8162)
Con_Own	-0.001*** (-2.994)	0.005 (1.442)	0.0003 (1.4478)
Fam_Own	-0.152*** (-4.742)	-0.718*** (-3.086)	-0.0234* (-2.045)
Inst_Own	-0.0004 (-0.239)	0.003 (0.358)	0.0002 (0.995)
Mang_Own	0.001*** (6.001)	0.013*** (3.218)	0.0002 (0.937)
AGE	-0.004 (-1.605)	-0.020*** (-3.013)	-0.0008** (-2.356)
Firm Size	-0.111*** (-6.378)	0.291*** (4.112)	0.004** (1.989)
Leverage	0.592***	-0.037	0.0226

CSP	(5.667)	(-0.136)	(0.6959)
			0.0001***
			(11.4458)
AR(1)	0.893***	-0.105***	0.0001
Industry Fixed Effect	Yes	YES	YES
R-squared	0.795	0.934	0.785
F-statistic	300.253***	941.850***	236.609***
Observation	2664	2664	2664

Note: Table 7 presents the regression analyses performed by using EGLS for mediating the role of CSP between ownership structure and firm performance measured by Tobin's Q. 296 firms data used over the period 2011-2020 with 2664 observation Auto regressive term AR(1) used to control autocorrelation. Cross Section weight and cross-section coefficient covariance methods were used to control heteroscedasticity in data.

The mediation effect is analyzed by the casual step approach of Baron and Kenny (1986), as previously used by (Ararat et al., 2015). Results in Table-5, 6& 7 reported CSP's intervening role between ownership structure and firm performance.

RESULTS AND DISCUSSION

Ha1-4 Table 4, Models 1,2 and 3 report results for predicting FP accounting measure ROA and ROE and market performance measure Tobin's Q. Results confirm that family ownership, concentrated ownership and institutional ownership have a significant positive association with ROA and ROE. This finding supports the study hypotheses Ha1, Ha2, except Ha3. The results are complemented by previous findings by (Bano et al., 2018); Chatterjee & Bhattacharjee, 2020; Singal & Singal, 2011; Manzanque, 2019). They argued that family and concentrated ownership bring better governance and control over management. Concentrated and family ownership mitigate agency conflict between shareholders and managers. They have an entrepreneurship orientation which leads to a firm outer performance. Besides this, both have longer investment horizons, leading to effective investment efficiency.

Contrary to the above, family and concentrated ownership have a significant negative relation with Tobin's Q's market performance measure. The results complement Javed and Iqbal (2007), who found that family-owned firms negatively associate a firm market value in Pakistan. He argues that concentrated shareholdings and board independence do not relate to good performance. The assumption of agency theory does not apply where alignment of ownership and control is tight and needs outside directors. Institutional ownership does not show any significant effect a firm's market performance measured by Tobin's Q. This result agrees with Bano et al., (2018) that nominees on the board are typically bureaucrats and army officers with nominal expertise in corporate matters. Second, they do not have strong incentives for effective monitoring as their career is not affected by these firms' performance in which institutes have an investment portfolio. Concentrated ownership's positive association with FP is not consistent with the findings of Alkurdi et al., (2021) who conduct research in Jordan using listed firm data 2012 to 2018.

Results report that managerial ownership positively correlates with the firm's market value measured by Tobin's Q. Result supports the study hypothesis Ha4. Findings are consistent with Bano et al. (2018) argument that managers have a strong incentive to manage matters effectively and generate wealth for the firm's well-being where their fortunes are ties. Results reveal that managerial ownership has a significant negative association with ROA and ROE, concluding that insider ownership at a higher level has adverse effects like complacency, entrenchment and appropriative behavior. Study findings results for managerial ownership and FP are in contrast to Alkurdi et al., (2021), who find a negative relation with performance in using Jordan listing firms data. In weak legal protection to investors, systems favour concentrated ownership mechanisms for effective control and promoted FP (Singal & Singal, 2011).

Ha5: CSP intervenes in the relationship of the firm's ownership structure to firm performance. Results in table-5 to 7 and models 4 to 12 indicate that CSP fully mediates between institutional,

concentrated ownership on FP measured by ROA. Furthermore, partially mediate between institutional, concentrated ownership on FP measured by ROE. Moreover, CSP completely mediated between managerial ownership on firm market performance. The mediation analysis found the CSP partial mediation between family ownership on the market performance of the firm measured by Tobin's Q. CSP as an independent variable reveals a positive association with FP measured by ROA, ROE and Tobin's Q. The findings are consistent with Maqbool and Hurrah (2020) and support the study hypothesis. Results are consistent with (Hou et al. 2016; Oh, Chang and Martynov 2011, Chen, Dong, & Lin, 2020), who concluded that CSP mediating performance reduces information asymmetry, facilitating investors to evaluate the firm efficiently. Second, CSP signals for unobserved attributes of a firm like CSR attitude and stakeholders influences capacity to Govt. supplier, customers and other stakeholders. Chen et al. (2020) argued that institutional shareholding intensity influences the CSP. He empirically found that when institutional intensity is vigorous and distraction from management is weaker, management tends to invest in CSR activities related to community, diversity, environment, and product. He also argues that institutional shareholding in weaker CG tends to increase distraction with management which causes to decrease in investment in CSP. CSP does not mediate family ownership on FP (ROA, ROE). According to Jia and Zhang (2013), family owners lead firms in both ways, responsible and irresponsible to CSP activities about the community. Our results in Tables 5, 6 and 7 reveal that CSP does not mediate between family ownership and FP measured by ROA, or ROE. Moreover, partial mediation reported on Tobin's Q. Findings supported by socioemotional wealth theory (SEW) that families are more attentive to their reputation and services.

CONCLUSION

This study examined CSP mediation in ownership structure-performance relationships. The results confirmed that ownership structure-performance relation varies with the change in P measures, and CSP positively mediates between institutional and concentrated ownership-FP relationship measure ROA and ROE. Managerial-FP measure Tobin's Q. CSP negatively mediates between family ownership and FP because of agency cost, not separation of control as managers are from family and relatives. The possible heteroscedasticity and serial correlation tackled the EGLS model with the cross-section weight and coefficient method. All regression analyses confirm robustness using industry fixed effect and lagged dependent variables. Results document that CSP builds investors' confidence as a resource-based view (RBV) approach for achieving high FP and enhancing the firm's market value.

The study findings contain functional implications for policymakers, investors, and practitioners to enhance a firm's return and market value by investing in CSP. The study's findings imply that in Pakistan, institutional protection for the investor is not strong and in weak legal environment system support concentrated ownership behaviour to promote the firm performance. The researchers should acknowledge that the study sample is only from Pakistani-listed firms. Its generalization needs caution. There is crucial to explore more factors mediating the shareholder's relationship and firm performance.

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