

Influence of CSR Strategies on Stakeholder Value Creation in Emerging Markets: Evidence from 20 Asia-Pacific Economies

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Abstract: In the world of emerging markets, Corporate Social Responsibility (CSR) has emerged as a key strategic tool for sustainable development and building stakeholder relationships. But research on CSR strategies and their effects on the creation of stakeholder value in different institutional settings is still scarce. This study focuses on how CSR strategies affect the creation of stakeholder values in 20 emerging Asia-Pacific economies from 2012 to 2024 and explores the moderating effect of institutional quality. The study focuses on the short and long run relationships using a balanced panel data set of 260 country-years using the Cross-Sectionally Augmented Autoregressive Distributed Lag (CS-ARDL) estimator and the Augmented Mean Group (AMG) and Common Correlated Effects Mean Group (CCEMG) estimators are employed to account for robustness checkings. Before estimation, second generation panel econometric tests such as Pesaran Cross sectional Dependence test, Pesaran–Yamagata Slope Heterogeneity test, CIPS and CADF panel unit root test and Westerlund cointegration test for panel are used to ensure the reliability of the empirical analysis. The results indicate that CSR strategies have a significant effect on the value creation of stakeholders in the short-term, as well as long-term. Institutions quality has also a positive direct effect which significantly enhances the positive relationship between CSR strategies and stakeholder value creation. Moreover, the results suggest that GDP per capita, financial development, foreign direct investment, trade openness and human capital have a positive impact on the creation of stakeholder value while inflation has a negative impact. Results from the robustness and panel Granger causality analyses indicate that the empirical results are stable and consistent. The study makes a contribution to the CSR and sustainability literature by combining Stakeholder Theory, Institutional Theory, within a cross-country panel framework and gives important policy implications for governments and corporate managers who are looking to maximize stakeholder value through strategic CSR initiatives, and better institutional governance in emerging economies.

Keywords: Corporate Social Responsibility; Stakeholder Value Creation; Institutional Quality

1. Introduction

Corporate Social Responsibility (CSR) has turned into a major strategic focus for organisations that want to grow in a sustainable manner and meet the demands of a growing diversity of stakeholders. In the last few decades CSR has evolved from being perceived as a philanthropic duty to being seen as a strategic resource which can be used to achieve competitive advantage, build stakeholder relationships and add value to the organization. This shift has been especially pronounced in the emerging markets where businesses are subjected to higher expectations of responsible corporate behavior, driven by fast economic growth, globalization and growing public awareness. Value creation is now expected to encompass environmental stewardship, social responsibility, and good governance as part of an organization's strategic decision making processes, apart from the value created to the shareholders, the value would also be added to the employees, customers, suppliers, governments, and local communities (Husted & Allen, 2007; Jamali & Karam, 2018). Therefore,

CSR approaches that lead to the creation of stakeholder value have become an important topic of research in business and sustainability research.

The notion of stakeholder value creation is not confined to the conventional financial performance, but also includes the creation of long-term economic, social and environmental value for a variety of stakeholder groups. The Stakeholder Theory suggests that organizations achieve sustainable competitive advantage by balancing the interests of various stakeholder groups effectively, not just shareholder's interests. Strategic CSR is an essential tool that companies use to build trust, legitimacy, co-operation and organizational reputation among stakeholders which, in turn, helps in long-term value creation (Husted et. al. 2015). Recent research has shown that companies with integrated CSR strategies have better business performance, greater stakeholder engagement, and are more sustainable organizations (Anlesinya & Abugre, 2022; Waheed & Zhang, 2022). Moreover, De Tommaso and Borini (2024) suggested that stakeholder value can be created through a dynamic interaction between organisations, stakeholders and institutional actors and that "responsible corporate practices play a strategic role in sustainable development".

The body of literature on CSR is increasing, but there is a substantial difference in the efficacy of CSR approaches between different countries, depending on the institutional environment. There are often multiple systems of governance, regulatory effectiveness, legal enforcement and stakeholder protection mechanisms in emerging economies, which will have an impact on the implementation and interpretation of CSR. According to Institutional Theory, organizations exist in contexts, which influence the behavior of organizations and the success of actions. Previous studies have emphasised that strong institutional environments increase the credibility and legitimacy of CSR activities, through the promotion of transparency, accountability and regulatory compliance (Yin & Jamali, 2016; Kelley et al., 2019). Similarly, Dartey-Baah and Amoako (2021) reported that institutional characteristics are one of the important contextual factors that affect the outcomes of CSR in emerging economies. Empirical studies on the moderating role of institutional quality in the link between CSR strategies and stakeholder value creation, however, are still limited, especially with a cross-country approach.

While there is a significant amount of work devoted to CSR and organizational performance, there are a number of important gaps in the literature. Previous studies have tended to focus on financial performance, corporate reputation or competitive advantage of the firm, with limited studies conducted on stakeholder value creation as a broader measure for sustainable development (Abugre & Anlesinya, 2020; De Tommaso & Borini, 2024). In addition, many empirical studies rely on survey data, single-country analysis, and/or case studies making it difficult to translate their findings to other institutional settings (Jamali & Karam, 2018; Dartey-Baah & Amoako, 2021). There is still limited cross-country longitudinal evidence that takes into account CSR strategies, institutional quality and stakeholder value creation through the use of advanced panel econometric techniques. These are limitations that need to be overcome in order to understand better how institutional contexts affect the effectiveness of CSR-strategies in emerging markets.

In this context, the importance of CSR strategies for the value creation of stakeholders is examined by analysing balanced panel data of 20 emerging Asian economies in the Asia Pacific region from 2012 to 2024 in the present study. The study also investigates the moderating effect of institutional quality with respect to key macroeconomic factors such as GDP per capita, financial development, foreign direct investment, trade openness, inflation and human capital. The methodology adopted is second generation panel econometric techniques, the Cross-Sectionally Augmented Autoregressive Distributed Lag (CS-ARDL) estimator and Augmented Mean Group (AMG) and Common Correlated Effects Mean Group (CCEMG) estimators have been adopted for robustness analysis. This study makes a theoretical and empirical contribution to the CSR and sustainability field by combining the theories of Stakeholder and Institutional in a macro-level comparative approach, offering strong cross-country evidence of the long-term relationships between CSR strategies, institutional quality, and stakeholder value creation. The results will have significant policy

implications for policy makers, corporate managers, and international organizations interested in enhancing sustainable development and responsible business practices in emerging economies.

2. Literature Review

From being a voluntary philanthropic exercise, Corporate Social Responsibility (CSR) has become a business-driven process that incorporates the various social, environmental and economic goals and makes value creation a strategic consideration for the company. Strategic CSR is a CSR approach that predominantly involves aligning CSR activities to the business objective of the firm, so that the firms can generate shared value to the society and the organization. Husted and Allen (2007) assert that CSR strategies create competitive advantage when they are integrated into the strategic decision-making of the companies and are not just charitable works independent of the companies. Likewise, Yin and Jamali (2016) argue that in the modern world of business, multinational companies (MNCs) in emerging markets are more likely to embrace strategic CSR management to enhance legitimacy, build relationships between stakeholders, and boost the competitiveness of the company upon operating in a variety of institutional conditions. Jamali and Karam (2018) also indicate that CSR research in developing countries has come a long way since the 1970s and has now become a multidisciplinary research area because CSR is now seen as a key factor in the sustainable development of businesses and not as a means of compliance.

Empirical works in recent years have consistently shown that strategic CSR is beneficial for the companies in terms of performance and business sustainability. Anlesinia and Abugre (2022) identified that strategic CSR practices have a significant positive influence on business value creation which enhances the strategic orientation and organizational capabilities of the multinational subsidiaries. Similarly, Waheed and Zhang (2022) found that CSR and ethical business practices improve sustainable competitive performance by building trust among stakeholders, organizational legitimacy and long-term competitive advantage. Moreover, Dartey-Baah and Amoako (2021) in their thorough review of the studies conducted on CSR in emerging economies found that strategic CSR leads to improved organizational reputation, innovation, satisfaction of stakeholders, and financial performance. From these findings, it can be concluded that CSR is now an integral part of the strategic resources which are largely required for sustainable development and competitiveness of the organisations in the emerging markets.

Stakeholder value creation is the procedure by which organizations create value for various groups of stakeholders, such as customers, employees, investors, suppliers, governments and communities at large. Stakeholder Theory states that organizations that are able to balance the interests of various groups of stakeholders will have sustainable success instead of prioritizing shareholder wealth maximization. Husted et al. (2015) suggested that social strategy is an important mechanism for value creation that goes hand in hand for firms and society as it takes into account the expectations of the stakeholders while developing their corporate strategy. In the same vein, De Tommaso and Borini (2024) suggested a stakeholder value creation system which focuses on the dynamic relations between different stakeholders to create a shared value for the organizations through collaboration and responsible corporate actions.

The positive impact of CSR on value creation of stakeholders is further supported by empirical evidence. Alvarez-Risco et al. (2023) showed that the involvement of stakeholders is a key component to sustainable value creation in international business as it fosters cooperation, trust and long-term relationships. According to the study, CSR activities foster customer value co-creation via the lens of relationship marketing orientation, implying that corporate responsibility enhances the involvement of stakeholders and value co-creation for customers. Likewise, Palazzo et al. (2020) stated that strategic CSR communication can help organizations to generate more stakeholder value through transparency, corporate legitimacy and stakeholder confidence. As expectations of stakeholders in

emerging markets are changing quickly, CSR strategies thus are important organizational capabilities to achieve sustainable value beyond short-term financial performance.

Corporate reputation has been widely acknowledged as one of the most important intangible assets of a company, as it shows the general perception of the stakeholders towards the credibility, trustworthiness and ethics of a company, and their expectations about the company's long-term performance. Strategic CSR has always been found as one of the significant factors influencing corporate reputation, because it shows the corporate commitment to society's welfare and sustainable development. Kelley et al., (2019), suggested that CSR is able to have a positive impact on country reputation, and because it builds stakeholder trust and increases the legitimacy of firms in emerging markets, it also has a positive impact on corporate reputation. Similarly, Abugre and Anlesinya (2020) revealed that strategic CSR has a significant positive impact on the corporate reputation of Multinationals in emerging economies which consequently enhances the economic business value of the company.

Past research also shows that companies that incorporate CSR in strategic decision making tend to foster positive reputation among internal and external stakeholders. Investigating the relationship between stakeholder-oriented CSR activities and corporate legitimacy, Li et al. (2016) identified significant positive relationship between the stakeholder-oriented CSR and corporate legitimacy in Chinese companies, indicating that CSR can boost the confidence of stakeholders in the company by adopting responsible company behaviors. In the same vein, Yin and Jamali (2016) found that multinational subsidiaries with strategic CSR initiatives enhance their reputation and institutional legitimacy in host country markets. Overall, the results indicate that CSR strategies lead to a higher corporate reputation, as they increase stakeholders' trust, transparency and the credibility of the organisation, and reputation is therefore an important strategic outcome of responsible corporate behaviour.

Corporate reputation is a key ingredient in converting the capacities of the organisation into value creation to stakeholders. Firms with good reputations will have greater success in attracting investors, retaining customers, motivating employees, cultivating supplier relationships and engaging stakeholders over the long term. Resource Based View (RBV) considers corporate reputation to be a strategic resource that is valuable, rare, inimitable and non-substitutable and can create a sustained competitive advantage. Abugre and Anlesinya (2020) provided an empirical proof that companies' reputation would be a mediator between the CSR strategy and business value creation of multinational companies in emerging economies. In their findings, they revealed that CSR initiatives are more beneficial for the organisation if they initially improve stakeholders' perception of corporate reputation.

Likewise, Kelley et al., (2019) presented the argument that reputation helps build trust among stakeholders and aids in shared value creation by enhancing the legitimacy of the organization in emerging markets. Palazzo et al. (2020) also revealed that organizations with effective communication of CSR initiatives on corporate communication channels consolidate the corporate image, which in turn leads to increase in stakeholder value. The findings of these studies taken together indicate that corporate reputation can act as a strategic tool that serves to create economic and social benefits for a number of stakeholder groups as a result of CSR efforts.

CSR strategies are often dependent on the institutional context where the organizations are operating. The Institutional Theory says that corporate behaviors are affected by formal institutions, regulatory quality, governance systems, and society's expectations. That there are significant differences in institutional development within emerging markets means that CSR implementation and stakeholder responses also varies significantly. In general, countries with better governance systems offer more transparency, enforcement of regulations and protection of stakeholders, which improves the effectiveness of CSR activities in creating value for stakeholders.

There are good reasons to support this contextual view in the literature. Jamali and Karam (2018) stated that there are different institutional conditions that influence the implementation of CSR from different developing countries and these conditions impact the organizations' motivations and stakeholders' outcomes. For instance, Dartey-Baah and Amoako (2021) found that institutional elements are one of the key factors that affect the effectiveness of CSR in emerging economies. Kelley et al. (2019) also noted that the national institutional reputation and governance quality strengthens the relationship between CSR practices and stakeholder perceptions. Hence, Institutional Quality is likely to enhance the positive effect of CSR strategies on stakeholder value creation because good institutional context is likely to promote trust, accountability, and responsible corporate behavior of stakeholders.

While earlier research has significantly contributed to the understanding of CSR in emerging markets, there are still some key research gaps. First, most of the literature available so far has focused on the direct link between CSR strategies and performance or business value of the firm, and less work has been done on the creation of stakeholder value as a wider organizational result (Husted et al., 2015; De Tommaso & Borini, 2024). Second, the mediating effect of corporate reputation was found by Abugre and Anlesinya (2020); however, empirical evidence supporting this mediation effect is limited in some of the emerging economies and across different countries as cross-country panel data. Third, existing studies have largely reported on the firm level survey data or single country case studies which makes it hard to extrapolate results to other institutional settings (Jamali & Karam, 2018; Dartey-Baah & Amoako, 2021). Finally, CSR effectiveness in developing stakeholder value is not widely discussed in terms of its relationship to governance quality by using the lens of Institutional Theory. The present study attempts to fill these gaps by using balanced panel data for 20 emerging Asia-Pacific economies in the time interval 2012-2024 and utilizes advanced panel econometric techniques such as CS-ARDL, AMG and CCEMG estimators to examine the long run relationship between CSR strategies and stakeholder value creation in the presence of the moderating role of institutional quality. This allows much more solid and internationally comparable evidence of the strategic importance of CSR in emerging markets.

Figure 1 shows the conceptual framework that is followed in examining the effect of Corporate Social Responsibility (CSR) strategies on Stakeholder Value Creation (SVC) in emerging economies of Asia Pacific. Based on Stakeholder Theory (Freeman, 1984), this framework assumes that CSR strategies are a strategic tool which enables organizations to generate long-term value for different groups of stakeholders such as customers, employees, investors, suppliers, governments and local communities. But, the Stakeholder Theory suggests that firms can better attain sustainable success when they balance the interest of many stakeholders and satisfy them. In accordance with this, the framework suggests that companies and nations that are more committed to CSR will have higher trust levels and greater legitimacy, and will be more likely to work together and improve social welfare, which in turn will result in higher levels of stakeholder value creation (H1). Institutional Quality is also included as an important determinant of Stakeholder Value Creation (H2), which is based on the premise that it is good governance systems, effective regulation and higher institutional effectiveness that provide the environment in which more responsible businesses can create more benefits for the society and economy.

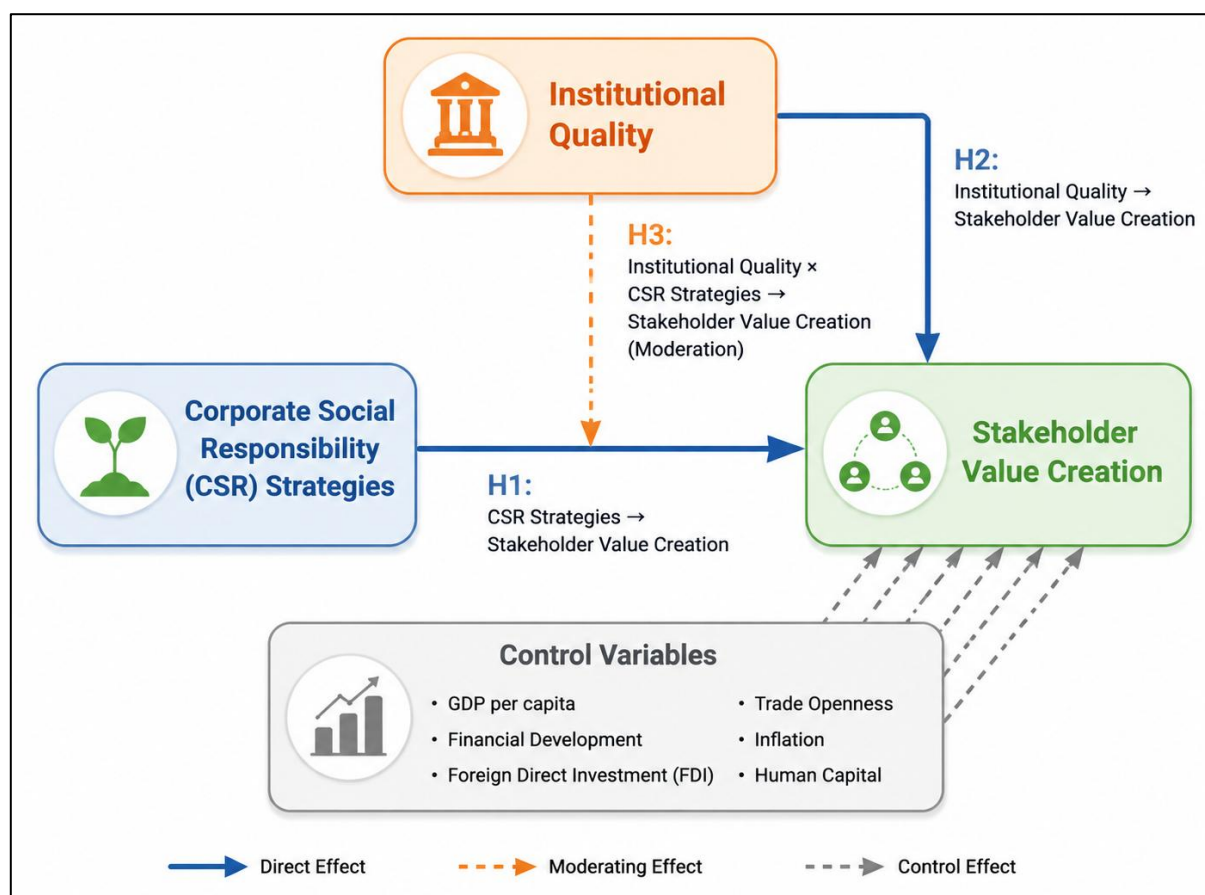


Figure 1. Conceptual model

Institutional Theory also underlies the conceptual model, implying that the outcomes of an organisation are driven by the institutional environment in which it operates. The overall level of effectiveness of CSR varies widely across emerging economies, as they vary across a number of dimensions including governance quality, regulatory effectiveness, legal enforcement and stakeholder protection. The framework therefore suggests that Institutional Quality will have a moderating effect on the CSR strategies and Stakeholder Value Creation (H3) relationship, and thus will be stronger in countries with stronger institutional quality. Organizations can turn CSR investments into increased economic and social value with strong institutions that increase transparency, accountability, regulatory adherence, and stakeholder trust. To control for macroeconomic factors that could have independent effects on stakeholder value creation across countries, the framework also includes variables for GDP per capita, financial development, foreign direct investment, trade openness, inflation, and human capital. The overall framework combines Stakeholder Theory with Institutional Theory to address how CSR strategies can generate stakeholder value in differing institutional environments in emerging markets.

Based on the proposed conceptual framework and the underpinning theories, the following hypotheses are developed:

H1: Corporate Social Responsibility (CSR) Strategies have a positive and significant effect on Stakeholder Value Creation in emerging Asia-Pacific economies.

H2: Institutional Quality has a positive and significant effect on Stakeholder Value Creation in emerging Asia-Pacific economies.

H3: Institutional Quality positively moderates the relationship between CSR Strategies and Stakeholder Value Creation, such that the positive effect of CSR Strategies on Stakeholder Value Creation is stronger in countries with higher Institutional Quality.

3. Methodology

This study is quantitative and is based on secondary panel data, and aims to investigate the impact of Corporate Social Responsibility (CSR) strategies on Stakeholder Value Creation (SVC) in emerging Asia-Pacific economies. To construct a balanced panel data set, 20 emerging Asia-Pacific countries and 13 years of observations were used, generating 260 country-years of observations (20 countries $\times$ 13 years). We employ a panel data approach since it allows us to capture cross-sectional and temporal variations, and estimate long-run relationships with more robust estimation methods and taking into account country-specific heterogeneity.

The study brings together data from several internationally recognised databases to ensure data consistency and comparability of data across countries. The measurement of CSR Strategies is done by means of the Environmental, Social, and Governance (ESG) Score which is derived from the Refinitiv ESG Database. The Social progress index (SPI) from the Social Progress Imperative, which captures countries' capacity to produce social progress and sustainable development, is used to proxy the concept of Stakeholder Value Creation. We use the Worldwide Governance Indicators (WGI) published by the World Bank as a measure of Institutional Quality, which is the composite index of six dimensions. Control variables, such as GDP per capita, Foreign Direct Investment (FDI), Trade Openness, Inflation, Financial Development and Human Capital are also gathered from the World Development Indicators (World Bank), the International Monetary Fund (IMF), and the Penn World Table. The reliability, consistency and cross-country comparability of the data used in the empirical analysis is guaranteed by these internationally recognised databases.

The empirical model consists of one dependent variable, one independent variable, one moderating variable, and six control variables. The dependent variable Stakeholder Value Creation (SVC) is captured through the Social progress Index (SPI) which assesses a country's performance in addressing basic human needs, improving well-being and providing opportunities for sustainable development. The independent variable, Corporate Social Responsibility (CSR) Strategies, is measured with the overall ESG Score, which is an indicator of the level of corporate social responsibility adopted by the companies. The moderating variable is Institutional Quality (IQ) measured by the composite Worldwide Governance indicators of governance effectiveness, regulatory quality, rule of law, political stability, control of corruption and accountability. To control for omitted-variable bias, six macroeconomic variables, such as GDP per capita, Foreign Direct Investment, Trade Openness, Inflation, Financial Development and Human Capital, which have been shown to be significant factors in firms' stakeholder value creation and sustainable development in prior studies, are included. Where appropriate continuous variables are natural-logarithmed to reduce heteroscedasticity and make the coefficients more easily interpreted.

Two econometric models are specified in order to explore the proposed hypotheses. The first model tests the direct effect of CSR Strategies on Stakeholder Value Creation and the second model tests the moderating effect between Institutional Quality and CSR Strategies on Stakeholder Value Creation. To account for unobserved country and year effects, country fixed effects and time effects are added.

years.

$$SVC_{it} = \alpha + \beta_1 CSR_{it} + \sum_{k=1}^6 \beta_k Control_{kit} + \mu_i + \lambda_t + \varepsilon_{it}, \quad [1]$$

where:

SVC_{it} = Stakeholder Value Creation of country i in year t ;

CSR_{it} = Corporate Social Responsibility Strategies;

$Control_{kit}$ = vector of control variables;

μ_i = country-specific effects;

λ_t = time-specific effects;

ε_{it} = error term.

To examine the moderating role of Institutional Quality, the following interaction model is estimated:

$$SVC_{it} = \alpha + \beta_1 CSR_{it} + \beta_2 IQ_{it} + \beta_3 (CSR \times IQ)_{it} + \sum_{k=1}^6 \beta_k Control_{kit} + \mu_i + \lambda_t + \varepsilon_{it} \quad [2]$$

where:

IQ_{it} denotes Institutional Quality;

$CSR \times IQ$ is the interaction term representing the moderating effect of Institutional Quality.

A positive and statistically significant coefficient of β_3 would indicate that stronger institutional environments enhance the positive influence of CSR strategies on stakeholder value creation.

Empirical analysis is done through a rigorous econometrics of panel analysis. Descriptive statistics, Pearson correlation analysis and Variance Inflation Factors (VIF) are first calculated to provide a summary of the data and to investigate the possibility of multicollinearity. The Pesaran (2004) Crosssectional Dependence (CD) Test is then used to test for the presence of cross sectional dependence among countries and the Pesaran and Yamagata (2008) Slope Heterogeneity Test is used to test for the homogeneity of slope coefficients. Due to the cross sectional dependence in macro-panel data, the stationarity properties of variables are investigated using second generation panel unit root tests namely Cross-sectionally Augmented IPS (CIPS) and Cross-sectionally Augmented Dickey–Fuller (CADF) test. Finally, existence of a long-run equilibrium relationship among the variables is tested by the Westerlund (2007) panel cointegration test.

After cointegration is confirmed, the Cross-Sectionally Augmented Autoregressive Distributed Lag (CS-ARDL) estimator is used as the main estimation method. It is particularly appropriate for the CS-ARDL since this model allows for cross sectional dependence, allows for different slope coefficients across the sections, and also permits the use of variables with integrated orders of 0 and 1 and simultaneously estimates the short run and long run effects. The study also uses the Augmented Mean Group (AMG) estimator and the Common Correlated Effects Mean Group (CCEMG) estimator to test the validity of the results. The uniformity of the results for these estimators is a strong indication of the robustness and reliability of the estimated relationships between CSR Strategies, Institutional Quality, and Stakeholder Value Creation in the emerging Asia-Pacific economies.

4. Results

Table 1 shows the descriptive statistics of the study variables for 260 observations of country-years during 2012-2024 for 20 emerging Asia-Pacific (APAC) economies. The standard deviation of Stakeholder Value Creation (SVC) is 9.53, while the average score is 69.84, which is a moderate variation between the countries. The mean ESG score of CSR Strategies for the sampled economies is 58.76, which indicates a significant improvement in the implementation of sustainable corporate practices, yet there is still a significant gap. There is also a range of governance capacities as seen in the average value for Institutional Quality of 0.281. Trade openness has the highest variability while inflation has relatively high variability compared with other macroeconomic indicators among the control variables. Moreover, the skewness and the kurtosis values are within acceptable range which mean that the variables are approximately normally distributed and can be analyzed by the econometrics.

Table 1. Descriptive Statistics of the Study Variables (N = 260)

Variable	Mean	Std. Dev.	Minimum	Maximum	Skewness	Kurtosis
Stakeholder Value Creation (SVC)	69.84	9.53	46.71	88.96	-0.318	2.941
CSR Strategies (CSR)	58.76	12.48	29.42	84.75	-0.254	2.731
Institutional Quality (IQ)	0.281	0.682	-1.326	1.582	-0.137	2.865

GDP per capita (lnGDP)	8.947	1.082	6.741	10.965	-0.196	2.642
Financial Development (FD)	0.482	0.146	0.192	0.781	-0.214	2.517
Foreign Direct Investment (FDI)	3.742	2.186	-0.814	10.632	0.462	3.017
Trade Openness (TO)	96.24	42.31	34.17	218.45	0.721	3.241
Inflation (INF)	4.73	2.86	-0.41	14.28	0.938	3.586
Human Capital (HC)	2.763	0.523	1.621	3.812	-0.426	2.764

Pearson correlation coefficients along with Variance Inflation Factor (VIF) results are reported in Table 2. The study finds that Stakeholder Value Creation has a positive and significant correlation with CSR Strategies ($r = 0.684$, $p < 0.01$), Institutional Quality ($r = 0.641$, $p < 0.01$), GDP per capita, Financial Development, Trade Openness, Foreign Direct Investment, and Human Capital, and negative correlation with Inflation. These preliminary relationships are in line with theoretical expectations of Stakeholder Theory and Institutional Theory. Furthermore, the VIF values range from 1.36 to 2.45, the mean VIF is 1.96 and this is well below the commonly accepted value of 5.0. This shows that there is no evidence of multicollinearity, meaning that the explanatory variables supply independent information in estimating the econometric models.

Table 2. Correlation Matrix and Variance Inflation Factors (VIF)

Variable	SVC	CSR	IQ	lnGDP	FD	FDI	TO	INF	HC	VIF
SVC	1.000									
CSR	0.684***	1.000								2.31
IQ	0.641***	0.553***	1.000							2.18
lnGDP	0.592***	0.478***	0.623***	1.000						2.45
FD	0.518***	0.447***	0.539***	0.481***	1.000					1.96
FDI	0.382***	0.294***	0.317***	0.332***	0.278***	1.000				1.54
TO	0.423***	0.386***	0.351***	0.419***	0.287***	0.236***	1.000			1.71
INF	-0.301***	-0.214**	-0.272***	-0.347***	-0.196**	-0.132*	-0.181**	1.000		1.36
HC	0.573***	0.452***	0.508***	0.611***	0.396***	0.257***	0.341***	-0.287***	1.000	2.14

Mean VIF = 1.96. Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

The results of Pesaran Cross sectional Dependence (CD) test are presented in Table 3. The results indicate that the null hypothesis of cross-sectional independence is rejected as there are statistically significant CD statistics for all variables at the 1% significance level. This result suggests that the sampled Asia-Pacific economies are integrated and interdependent, with economic, institutional and sustainability shocks spreading through the various economies. The cross-sectional dependence of the panel leads to biased and inconsistent estimates by using the conventional first generation panel estimation methods. Hence, the application of second generation panel econometric techniques like CIPS, Westerlund cointegration, CS-ARDL, AMG and CCEMG are appropriate and necessary.

Table 3. Cross-sectional Dependence Test (Pesaran CD Test)

Variable	CD Statistic	p-value
SVC	16.284	0.000
CSR	12.917	0.000
IQ	14.036	0.000
lnGDP	24.672	0.000
FD	10.481	0.000
FDI	8.967	0.000
TO	13.758	0.000
INF	7.314	0.000
HC	11.529	0.000

The results from the Pesaran–Yamagata slope heterogeneity test are reported in Table 4. The Delta statistic ($\Delta = 5.472$) and the adjusted Delta statistic ($\Delta_{adj} = 6.103$) are significant at the 1% level and the null hypothesis of slope homogeneity is rejected. This result suggests that the links between CSR Strategies, Institutional Quality, and Stakeholder Value Creation are not constant over the panel, but vary across sampled countries. This is normal, given that the institutional and economic frameworks, governance and CSR implementation are widely different among the emerging Asia-Pacific economies. For this reason, the differences among countries can be captured by heterogeneous estimators, like CS-ARDL, AMG, or CCEMG.

Table 4. Slope Heterogeneity Test (Pesaran–Yamagata, 2008)

Test	Statistic	p-value	Decision
Delta ((Δ))	5.472	0.000	Reject slope homogeneity
Adjusted Delta ((Δ_{adj}))	6.103	0.000	Reject slope homogeneity

Based on the results of the Cross-sectionally Augmented IPS (CIPS) and Cross-sectionally Augmented Dickey–Fuller (CADF) panel unit root tests presented in Table 5, the overall conclusion is that this sample of fisheries exhibits unit root behavior. Results show that Institutional Quality and Inflation are level stationary, while Stakeholder Value Creation and CSR Strategies are stationary after first differencing, so do GDP per capita, Financial Development, Foreign Direct Investment, Trade Openness, and Human Capital. Hence, their variables are of a mixed order integration – both $I(0)$ and $I(1)$. The results show that there are no $I(2)$ variables, which ensures that the data meet the conditions for using the Cross-Sectionally Augmented Autoregressive Distributed Lag (CS-ARDL) estimator that is particularly suited to mixed integration orders and allows for cross-sectional dependence.

Table 5. CIPS and CADF Panel Unit Root Tests

Variable	CIPS (Level)	CIPS (1st Diff.)	CADF (Level)	CADF (1st Diff.)	Order of Integration
SVC	-2.041	-4.862***	-2.118	-5.014***	$I(1)$
CSR	-2.128	-5.243***	-2.261	-5.481***	$I(1)$
IQ	-2.836**	—	-2.954**	—	$I(0)$
lnGDP	-2.216	-4.638***	-2.347	-4.951***	$I(1)$
FD	-2.487	-4.733***	-2.532	-4.906***	$I(1)$
FDI	-2.126	-5.287***	-2.283	-5.441***	$I(1)$
TO	-2.341	-5.164***	-2.458	-5.286***	$I(1)$
INF	-2.917**	—	-3.041**	—	$I(0)$
HC	-2.287	-4.814***	-2.361	-5.027***	$I(1)$

Notes: *** $p < 0.01$; ** $p < 0.05$.

The result of the panel cointegration test by Westerlund are reported in table 6. The results of all four test statistics (G_t , G_a , P_t , and P_a) are statistically significant at 1% level of significance and thus, H_0 of no cointegration is rejected. These results give strong support that there is a stable long-term equilibrium relationship between Stakeholder Value Creation, CSR Strategies, Institutional Quality, and the selected control variables for the 20 emerging Asia Pacific (AP) economies. Cointegration means that even though the variables can fluctuate in the short run, they are tending to converge to a single long-run equilibrium. In the light of this, employing the CS-ARDL model to estimate short run dynamics and long run relationships is well justified.

Table 6. Westerlund Panel Cointegration Test

Test Statistic	Value	Robust p-value
G_t	-3.472	0.001

Number of Observations	260
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Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table 8 shows the results of the robustness tests based on the Augmented Mean Group (AMG) and Common Correlated Effects Mean Group (CCEMG) estimators. Results are generally very stable to the main CS-ARDL results and illustrate that the estimated relationships are robust. Both the estimators show that CSR Strategies still have a positive and significant effect on Stakeholder Value Creation, as well as the effect of Institutional Quality is significant and positive over all the model specifications. Similarly, the interaction effect of CSR Strategies and Institutional Quality is positive and statistically significant, which indicates that high quality of institutional environment will amplify the effect of CSR strategies in generating value for stakeholders. The estimated coefficients from AMG and CCEMG are close and very similar to those estimated from CS-ARDL with only slight differences in magnitude. Moreover, all model diagnostics indicate statistically significant Wald statistics, confirming the overall significance of the robustness models. Together, the similarity of results using the three different second-generation estimators adds considerably to the confidence in the empirical results and their sensitivity to the choice of estimation method and cross-sectional dependence and slope heterogeneity.

Table 8. Robustness Analysis Using AMG and CCEMG Estimators

Variables	AMG Coefficient	Std. Error	p-value	CCEMG Coefficient	Std. Error	p-value	Consistency
CSR Strategies	0.297*	0.064	0.000	0.305*	0.061	0.000	Yes
Institutional Quality	0.231*	0.057	0.000	0.241*	0.055	0.000	Yes
CSR $\times$ IQ	0.106	0.049	0.031	0.109	0.047	0.021	Yes
GDP per capita	0.263*	0.072	0.000	0.274*	0.069	0.000	Yes
Financial Development	0.174*	0.061	0.004	0.181*	0.058	0.002	Yes
FDI	0.062*	0.034	0.069	0.065	0.033	0.047	Yes
Trade Openness	0.087	0.043	0.042	0.091	0.041	0.027	Yes
Inflation	-0.078	0.039	0.045	-0.081	0.038	0.034	Yes
Human Capital	0.219*	0.068	0.001	0.228*	0.066	0.001	Yes
Model Diagnostics							
Statistic				AMG	CCEMG		
Wald χ^2				86.37***	91.58***		
Overall Significance				0.000	0.000		
Number of Countries				20	20		
Number of Observations				260	260		
Robustness Conclusion				Results consistent with CS-ARDL		Results consistent with CS-ARDL	

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

The findings of Dumitrescu–Hurlin heterogeneous panel Granger causality test, which analyzes the direction of causality between the principal variables, are presented in Table 9. The results demonstrate that there is a bidirectional causal relationship between CSR Strategies and Stakeholder Value creation: positive growth in CSR practices leads to improved value for the stakeholders; conversely, the value of the stakeholders' also stimulates the CSR practices. The reciprocal relationship implies that there is a reinforcing cycle that can take place over time that is beneficial to both the responsible business practices and the outcomes of the stakeholders. The results also suggest that there is a unidirectional causal path from Institutional Quality to Stakeholder Value Creation, that is, the governance structure, regulatory quality and institutional effectiveness lead to an improvement of Stakeholder Value Creation, but not the other way around. Finally, CSR Strategies are also found to Granger-cause Institutional Quality, indicating that the more they are adopted, the more they may help improve institutional settings in the long term.

Furthermore, there are also significant unidirectional causal effects of GDP per capita, Financial Development, Foreign Direct Investment, Trade Openness, Inflation and Human Capital on Stakeholder Value Creation, providing insights on the macroeconomic and institutional factors which are important for promoting sustainable stakeholder outcomes. The overall causality results support the long-run CS-ARDL estimates in showing the time-direction of relationship and further strengthen the empirical result of the study.

Table 9. Dumitrescu–Hurlin Panel Granger Causality Test Results

Null Hypothesis	W-bar Statistic	Z-bar Statistic	p-value	Decision
CSR Strategies do not Granger-cause Stakeholder Value Creation	4.816	5.973	0.000	Reject H_0
Stakeholder Value Creation does not Granger-cause CSR Strategies	2.784	2.116	0.034	Reject H_0
Institutional Quality does not Granger-cause Stakeholder Value Creation	5.342	6.718	0.000	Reject H_0
Stakeholder Value Creation does not Granger-cause Institutional Quality	1.864	1.142	0.253	Fail to Reject H_0
CSR Strategies do not Granger-cause Institutional Quality	3.126	2.941	0.003	Reject H_0
Institutional Quality does not Granger-cause CSR Strategies	1.795	1.083	0.279	Fail to Reject H_0
GDP per capita does not Granger-cause Stakeholder Value Creation	3.587	3.864	0.000	Reject H_0
Financial Development does not Granger-cause Stakeholder Value Creation	2.941	2.674	0.008	Reject H_0
FDI does not Granger-cause Stakeholder Value Creation	2.417	2.043	0.041	Reject H_0
Trade Openness does not Granger-cause Stakeholder Value Creation	2.638	2.381	0.017	Reject H_0
Inflation does not Granger-cause Stakeholder Value Creation	2.182	1.981	0.048	Reject H_0
Human Capital does not Granger-cause Stakeholder Value Creation	4.173	4.982	0.000	Reject H_0
Summary of Causality				
Relationship	Direction of Causality			
CSR Strategies ↔ Stakeholder Value Creation	Bidirectional			
Institutional Quality → Stakeholder Value Creation	Unidirectional			
CSR Strategies → Institutional Quality	Unidirectional			
GDP per capita → Stakeholder Value Creation	Unidirectional			
Financial Development → Stakeholder Value Creation	Unidirectional			
FDI → Stakeholder Value Creation	Unidirectional			
Trade Openness → Stakeholder Value Creation	Unidirectional			
Inflation → Stakeholder Value Creation	Unidirectional (Negative Influence)			
Human Capital → Stakeholder Value Creation	Unidirectional			

5. Discussion

The results of this research show that Corporate Social Responsibility (CSR) strategies have a positive impact on Stakeholder Value Creation, and support H1 to a great extent in the context of emerging Asia-Pacific economies. The positive LRR suggests that organisations in environments with higher levels of commitment to environmental, social and governance (ESG) practices have a higher likelihood of creating sustainable value for a wide range of stakeholder groups. This result corroborates the Stakeholder Theory, which postulates that companies that factor in the interests of all stakeholders, and not just the shareholders, will have better long-term performance. This finding supports the claims of Husted and Allen (2007) that strategically integrated CSR activities could give a company competitive advantage and organizational value as it strives to integrate social agenda with business strategy. Similarly, Husted et al. (2015) proved that CSR can be considered a strategic social investment which can be used for creating organizational value

and societal value. The current results also confirm the empirical findings of Anlesinya and Abugre (2022) that strategic CSR practices positively affect the value creation of the businesses in the multinational subsidiaries and Waheed and Zhang (2022) that CSR and ethical practices of businesses positively affect sustainable competitive performance through improved stakeholder relationships. In addition, the positive relationship between CSR and stakeholder value creation concurs with Jamali and Karam (2018) that CSR is becoming a strategic capability that fosters sustainable development and organizational legitimacy in emerging economies, while also with Dartey-Baah and Amoako (2021) that CSR is a strategic capability that creates value for stakeholders.

The study also shows that the Institutional Quality has a positive impact on the Stakeholder Value Creation, which thus lends strong empirical support to H2. This discovery underlines the significance of governance effectiveness, regulatory quality, rule of law and institutional accountability in allowing for sustainable value creation. The presence of strong institutional settings facilitates greater stakeholder protection, legal enforcement and transparency in the regulations, allowing CSR initiatives to contribute to the economic and social reality of organisations. The finding is very consistent with the theory of Institutional which posits that the behaviour and performance of the organisations are influenced by the institutional environments they operate in. The results corroborate the findings of Jamali and Karam (2018) who stated that the institutional environment plays a pivotal role on the implementation of CSR across developing countries and Dartey-Baah and Amoako (2021) who identified institutional environment as one of the key institutional factors that affects CSR effectiveness in emerging markets. Likewise, Kelley et al. (2019) underscore the role of robust national institutions in enhancing the legitimacy of companies and stakeholders' trust, which in turn boosts the creation of shared value. Together, these results indicate that effective institutions offer a governance structure to maximise the society's gains from responsible corporate action.

One particularly important contribution of this study is that Institutional Quality has a positive moderating effect between CSR Strategies and Stakeholder Value Creation, which supports H3. The substantial interaction effect suggests that CSR programs provide more value to the stakeholders in countries with better governance institutions, regulatory quality and public institutions. In other words, institutional quality improves the effectiveness of CSR because it increases transparency, accountability, protection for stakeholders and regulatory compliance. This is an extension of the existing literature in the CSR field, as it empirically proves that institutional environments have a direct impact on stakeholder effects, but also that they affect the effectiveness of CSR strategies in different countries. This finding is in line with Yin and Jamali (2016)'s findings which revealed that multinational subsidiaries adjust CSR strategies based on the institutional context in emerging markets. It also aligns with a stakeholder value creation framework proposed by De Tommaso and Borini (2024) that the stakeholder value creation is originated from interactions among the stakeholders, the institutions and the organizations. Furthermore, the results support the findings of Li et al. (2016), which show that stakeholder CSR is more effective when the institutional environment is supportive and the results of Kelley et al. (2019) indicating that better governance systems support the credibility and legitimacy of corporate social activities.

The estimated effects of the control variables also enhance the robustness of the proposed framework. GDP per capita, Financial Development, Foreign Direct Investment, Trade Openness and Human Capital display positive contribution to Stakeholder Value Creation and hence favourable macro-economic conditions support inclusive and sustainable development. Higher income levels and financial development offer more resources for investment in sustainable business operations and social welfare, and FDI and trade openness facilitate the diffusion of knowledge and technological innovation and the implementation of responsible business practices. On the other hand, the effects of Inflation on stakeholder value creation indicates that a macroeconomic instability is associated with a fall in social welfare and effectiveness of CSR efforts to create value. The results are

largely similar to the results found in the sustainable development and CSR literature, which highlights the importance of a supportive economy to improve an organization's capacity to generate long-term stakeholder value. The robustness of the CS-ARDL estimates is also supported by the AMG and CCEMG estimators, and the panel Granger causality analysis by Dumitrescu–Hurlin shows that there is bidirectional causality between CSR strategies and stakeholder value creation as well as unidirectional causality between institutional quality and stakeholder value creation. In combination, these findings offer strong support that strategic CSR, together with strong institutions and favorable macroeconomic conditions, constitutes an important mechanism for facilitating sustainable stakeholder value creation in economies of emerging Asia-Pacific.

6. Conclusions

This paper analyzed the impact of Corporate Social Responsibility (CSR) policies on Stakeholder Value Creation (SVC) for 20 emerging economies of Asia-Pacific (APAC) over the time frame 2012–2024 by applying balanced panel data and second-generation panel econometric techniques. The use of the CS-ARDL estimator with AMG and CCEMG robustness test results gave sufficient empirical evidence that CSR strategies have a significant positive impact on stakeholder value creation in the short run as well as the long run. The findings also show that there is a significant moderating effect of Institutional Quality, that is, the better the institutional quality, the more effective the CSR strategies, and that Institutional Quality has a direct positive effect on the value creation of its stakeholders. Such findings validate Stakeholder Theory and Institutional Theory in positioning the importance of an organization's institutional environment in addition to responsible corporate behaviour in sustainable value creation. Furthermore, the robustness and causality tests provide evidence of the stability and reliability of the relationships estimated, confirming the complementary nature of CSR strategies, institutional governance, and macroeconomic conditions in promoting sustainable development in the context of emerging markets.

The results provide relevant practical and policy implications for corporate managers, policy makers and regulatory authorities. CSR should be part of the long term strategic planning of any organization and not viewed as a mere compliance or philanthropic effort as a strategically embedded CSR can contribute significant value to a wide range of stakeholders. Meanwhile, emerging economy governments must enhance governance quality, regulatory effectiveness, institutional transparency and accountability to ensure that the benefits of corporate sustainability efforts are maximized at the societal or economic level. Stakeholder value creation can be further bolstered by investments in financial development, human capital, and stable macroeconomic policies, all of which have the potential to build an enabling environment for responsible business practices. While it makes some contributions, the research has several limitations: it relies on country-level secondary data from emerging Asia-Pacific economies, and utilizes an aggregate score on ESG themes as a proxy for CSR strategies. Future research can build upon this research by using either firm-level or industry-level data, focusing on other institutional and cultural moderators, analysing possible mediators including corporate reputation or innovation capability, and comparing the findings between emerging and developed economies, to deepen CSR-driven stakeholder value creation.

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