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The Impact of Environmental, Social and Governance Dimensions of CSR on Corporate Sustainability within the Textile Industry of Punjab Pakistan

Afshan Ali, *Faculty of Management Sciences, University of South Asia, Lahore, Pakistan*
Syed Shahid Hussain, *Faculty of Business Administration, Lahore Leads University, Lahore, Pakistan*
Muhammad Imran Shah Qureshi, *COMSATS University Lahore, Pakistan*

Keywords	Abstract
Corporate Social Responsibility, Corporate Environmental Performance, Corporate Governance Practices, Corporate Sustainability.	*The first objective of this research is to find the relationship between Corporate Social Responsibility (CSR), Corporate Environmental Performance (CEP), Corporate Governance Practices (CGP) and Corporate Sustainability (CS) in the textile manufacturing industry in the Punjab region of Pakistan. In this case, the research narrows down to examine the role of the three fundamental dimensions of CSR governance and social and environmental responsibilities in improving corporate sustainability in this context. The research design became an explanatory design whereby primary data through a structured questionnaire was used to gather the information on 200 employees of managerial level in the textile companies in the state of Punjab. The analysis of the responses was done with SPSS (Statistical Package of Social Sciences), where the descriptive statistics, the reliability test, and the multiple regression analysis were made to find out the relationship between the variables. The findings find that there is a statistically significant and positive correlation between dimensions of CSR, especially corporate governance, social responsibility, and environmental performance and corporate sustainability. The discussion supports the fact that enhancement of CSR-related practices helps to strengthen sustainability performance in the textile industry. The results provide essential information to policymakers and people in businesses who are interested in improving the sustainability of the performance of the textile industry. The research gives the basis for creating better corporate strategies, policies, and governance systems that are in tandem with the environmental and social responsibilities. Also, it proposes that integration of sustainability principles in the mainstream business activities can facilitate long-term value generation and competitiveness in the industry.*

INTRODUCTION

The natural environment has emerged over the last twenty years as a major issue that has shaken the minds of people across the world, mainly because of the tremendously high rate of population increase and industrial growth that has enhanced the rate of environmental degradation. The contributors to pollution, deforestation, and resource loss are mainly the industrial and corporate sectors. Though the economic development of countries leads to growth, it has also caused extensive ecological destruction in the form of climate change, air and water

pollution, and biodiversity loss (Alvarez, 2012; Zhang et al., 2024). The concern of climate change, which has become increasingly popular in carbon emissions and unsustainable human practices, takes the first place in global policy agendas (Khan et al., 2023). Governments in turn have, in reaction, brought international guidelines such as the Paris Agreement and the Kyoto Protocol, as well as the price of carbon and emissions exchange systems, in order to reduce environmental harm (UNEP, 2023).

Akram et al. (2018) argue that competitive business strategies have incorporated the environmental considerations as part of institutional policy reforms. Nevertheless, although the relationship between corporate governance (CG) and transparency, control, and principal-agent issues has been investigated extensively, the impact of corporate governance on the development of environmental policies is underestimated (Ma et al., 2021; Qureshi et al., 2023). There is recent evidence that such CG mechanisms as board environmental committees and sustainability-oriented leadership are essential in facilitating environmental performance (Shah, 2021; Alawadhi et al., 2024). The literature confirms that the governance structure has an impactful role in determining the corporate environmental decisions and the standard of disclosure (Ali et al., 2024).

Corporate Social Responsibility (CSR) is yet another important dimension relating to an ethical and active involvement that a company has in the economic, environmental, and social welfare of the communities in which it conducts its activities (Suganthi, 2020; Naveenan et al., 2022). CSR takes a large scope of programmes, such as lowered carbon footprint, local development, and investments in sustainable business (Mocan et al., 2015; Ullah et al., 2023). CSR practices, simply put, are consistent with long-term organisational sustainability and expectations of the stakeholders.

Further, sound corporate governance leads to the development of sustainability reporting that promotes transparency and confidence in the stakeholders. Existing and emerging stakeholders would like companies to not only deliver financial results but also to share information about the environment and impacts on society (Khatri et al., 2023). Although the manufacturing sector might not cause as many total global emissions as the energy-intensive industries, its contribution towards global warming is substantial since it has operations that are resource intensive. Thus, the disclosure of sustainability in relation to the use of renewable materials, greenhouse emissions, and evaluations of environmental risks among suppliers is essential (Obiamaka et al., 2017; Hussain et al., 2023). The comprehensive economic, environmental, and social footprint of a company deserves an evaluation and disclosure in order to provide a precise understanding of the company's long-term financial results and validity.

Research Gap

Although many studies have investigated Corporate Governance (CG), Corporate Social Responsibility (CSR), and Corporate Environmental Performance (CEP) as independent determinants of sustainability, there is a sharp gap in the existing body of knowledge about the combination and interaction effects on Corporate Sustainability (CS), especially in less developed economies like Pakistan (Khan et al., 2023; Ullah et al., 2023). The manufacturing industry, as a significant contributor to the growth of the country and environmental degradation,

has not been adequately studied in terms of an integrated ESG (Environmental, Social, Governance) approach (Ali et al., 2024; Hussain et al., 2023).

Additionally, sustainability reporting as a mediation means by which CG and CSR affect quantifiable environmental and social impacts is under-theorised and empirically under-investigated in the framework of green finance. Despite the growing global attention to the concept of ESG integration, there is limited empirical data on its application and reporting in emerging markets according to their industries and, specifically, in the highly resource-intensive ones (Khatri et al., 2023; Alawadhi et al., 2024). Such a loose fit poses a major threat because a strong ESG disclosure has become an indispensable requirement for investor trust and compliance with government regulations of sustainable finance.

Contribution of the Study

This paper fills the above gap by establishing an all-encompassing framework that connects CSR, CG and CEP to corporate sustainability and considers the strategic role of sustainability reporting as the facilitator of the above relationships. By focusing on the textile, the study provides context-related information about the role of green in the manufacturing sector in Pakistan. ESG disclosure and finance practices have the potential to increase longer-term organisational resilience and legitimacy (Qureshi et al., 2023; Shah and Raza, 2024). On one hand, the study will be valuable to the development of theory, in that it expands the Legitimacy Theory to a multi-dimensional sustainability context, which demonstrates the way organisations use the CSR and governance strategies not only to symbolically comply but also to significantly increase credibility and trust by stakeholders regarding the environment (Bebbington et al., 2008; Zhang et al., 2024). It also gives practical data which proves integration of ESG components is off strategic planning, showing the practical value of sustainability reporting in coordinating the purpose of business along with developing market expectations.

Objective of the Study

Green funding and sustainable reporting are therefore connected. Businesses should experiment with economic, environmental and social indicators in their annual reports to add value to the information that they report. As a result, the gap that exists between the present situation in the industry and the future needs of the same is bridged by this research in giving a framework of the sustainability reporting in the green finance. This study aims at discussing the sustainability reports presented by the manufacturing sector.

RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

Theoretical Framework: Legitimacy Theory

The research is based on the Legitimacy Theory that assumes that organisations aim to adjust their operations to the existing principles and anticipations of the society in order to gain legitimacy (Suchman, 1995; Deegan, 2002). The concepts of corporate responsibilities, honesty, and trustworthy governance are becoming primary determinants of corporate legitimacy in modern business, especially in underdeveloped economies such as Pakistan (Khan et al., 2023; Shah and Raza, 2024). Companies are thereby forced towards the substantial adoption of

sustainability measures in order to earn, retain or regain stakeholder faith and social acceptance (Alawadhi et al., 2024).

The source of investment in the Corporate Social Responsibility (CSR), Environmental Performance (EP), and Corporate Governance (CG) surveys is also highlighted by the legitimacy theory as symbolic and substantive, indicating responsibility and meeting real needs of society (Bebbington et al., 2008; Zhang et al., 2024). Such alignment is crucial in the mitigation of reputational risk and institutional pressures, especially in resource-intensive industries such as textile manufacturing (Ullah et al., 2023).

Corporate Social Responsibility (CSR) and Corporate Sustainability

CSR is an expression of how a firm is willing to deal with its environmental and social effects. CSR as a strategic instrument under the Legitimacy Theory is used to fulfil the changing stakeholder needs and anticipations, especially those that are related to industries bearing strong environmental imprints (Rehman et al., 2020; Ahmad et al., 2021). Proactive CSR in the manufacturing industry of Pakistan improves and enhances the credibility of the firm, minimises the likelihood of risk, and adds to long-term viability (Ali et al., 2024). Current work supports this association. Khan et al. (2023) discovered that the CSR programmes have a significant impact. Enhanced South Asian firm operational efficiency and social capital. Likewise, Suganthi (2020) and Naveenan et al. (2022) found CSR practices to have a positive effect on internal corporate culture and interrelation with external stakeholders. Shahzad et al. (2020) also stated the importance of CSR in terms of innovation and accountable decision-making.

H1: The positive influence of corporate social responsibility on corporate sustainability exists.

Environmental Performance and Corporate Sustainability

According to Lopez-Rodriguez, Rance and Lopez-Rodriguez (2013), environmental performance (EP) is defined as the attempts of a firm to decrease emissions, allocate less waste, and implement green technologies. The motivation of the theory of legitimacy is that companies with a better environmental performance have a high chance of winning the support of stakeholders and institutions (Ma et al., 2021; Alawadhi et al., 2024). This relationship is emphasised by empirical evidence. Kraus et al. (2020) have discovered that environmentally friendly companies had greater efficiency in resources and competitiveness in the market. As Hussain et al. (2023) also observed, the practice of emission control and energy conservation is important towards sustainability reporting and investor confidence. Also, the latest piece of literature by Qureshi et al. (2023) affirms that green innovation is a direct contributor to environmental stewardship and firm resilience.

H2a: There is a positive impact of environmental performance on corporate sustainability.

Social Performance and Corporate Sustainability

Social performance includes the wellbeing of the workforce, fair treatment, health and safety, and participation in communities. The legitimacy theory presents the argument that organisations are becoming more assessed according to their capacity to render inclusive and

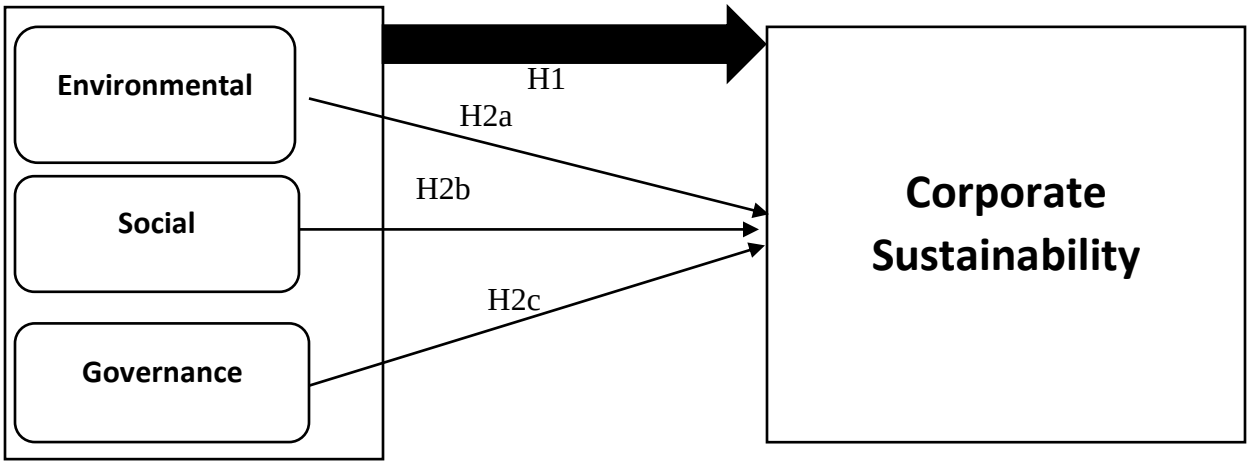
ethical results to all stakeholders (Kholaif et al., 2022; Shah and Raza, 2024). Wang et al. (2021) and Naveenan et al. (2022) have discovered that socially responsible companies have, as a result, greater employee satisfaction, trust in the local population, and client loyalty. Still more recently, Khan et al. (2023) underlined that social initiatives are a powerful way of enhancing organisational legitimacy and sustainable performance in the developing markets.

H2b: There is a positive impact on corporate sustainability of social performance.

Corporate Governance and Corporate Sustainability

Corporate Governance (CG) is made of accountability, transparency, strategic oversight and board effectiveness. According to the legitimacy view, good governance structures make sure that behavioural practices in the corporate affiliates are in balance with external demands and bolster ethical conduct (Shah, 2021; Zhang et al., 2024). This concurrence is empirically validated. Ma et al. (2021) also claim that companies with strong governance tend to incorporate environmental and social policies. Obiamaka et al. (2017) and Shah and Raza (2024) point out that an effective governance framework results in improved disclosure, trust, and sustainability.

H2c: Corporate governance impacts favourably on corporate sustainability.



RESEARCH METHODOLOGY

The following section describes the methodology of the data collection and analysis used to study the effects of corporate governance, corporate social responsibility (CSR), and corporate environmental performance (CEP) on corporate sustainability (CS) in the manufacturing industry, namely the textile industry in Punjab in particular. The research design is explanatory in nature, and it bases its design on primary data gathered by a structured survey involving managerial-level practitioners. These are people who have direct oversight on decision-making regarding finance, operations, policy and environment management.

Although several previous studies on corporate governance, CSR, and sustainability have relied on secondary data such as annual reports, sustainability disclosures, and stock exchange filings

(e.g., Khan et al., 2020; Michelon & Parbonetti, 2012), this study uses primary data for several reasons:

- **Access to Rich Managerial Insights**: In many emerging economies, including Pakistan, secondary data often lacks depth, standardisation, and real-time accuracy (Nadeem et al., 2020). By directly surveying finance, policy, and sustainability managers, this study captures perceptual and behavioural aspects of corporate practices that are not usually available in published documents.
- **Contextual Relevance**: The textile industry in Punjab operates within unique regulatory, environmental, and cultural frameworks. Secondary data may not reflect industry-specific nuances such as informal governance mechanisms or undocumented CSR activities (Ali et al., 2021). Primary data provides context-sensitive insights into how sustainability is practiced at the firm level.
- **Measurement of Latent Constructs**: Constructs such as corporate governance effectiveness, CSR engagement, and environmental performance involve latent variables that are often better measured using psychometric tools (Likert scales) administered via questionnaires (Hair et al., 2021). Primary data therefore makes more sense to the theoretical model that is being tested.
- **Poor availability of Environment Metrics**: In Pakistan most companies do not present greenhouse gas emissions, resource use and community development performance on a standardised, comprehensive or disaggregated basis. Consequently, using secondary data alone can cause an incomplete or partial analysis (Ahmed and Hossain, 2018).

Hence, by employing primary data, this study enhances the validity, contextual accuracy, and theoretical relevance of the analysis.

Research Design

Explanatory and cross-sectional research design was used to obtain and give reasons to support causal relationships among the important variables. Balaniuk and Borges-Andrade (2020) state that through explanatory research, a researcher is seeking cause-effect dynamics to establish the validity of a hypothesis using clearly defined variables. This design fits the purpose of the study that aims to verify empirically the role of CSR, CEP and governance in promoting corporate sustainability.

Target Population and Sampling

The target population of the study was the textile sector of Punjab because of the economic role of the industry in Pakistan and its high level of environmental impact. The growth in global scrutiny is making textile firms in this region increasingly encouraged to support environmentally and socially responsible practices. The respondents included middle- and senior-level managers who were employed in finance, operations, sustainability and compliance departments.

These people provide the firsthand information, and they can make the decisions; hence, their input is credible and valuable. To prevent selection bias and to be able to be representative of responses, a simple random sampling method was used. A total of 200 questionnaires were

distributed, and complete responses were obtained from all participants, resulting in a 100% usable response rate. The survey was administered either through email or by direct contact with the firms' head offices.

Questionnaire Structure

The questionnaire consisted of two sections:

1. Demographic and background data (i.e., job level, number of years of experience, department).
2. Core constructs based on a 6-point Likert scale, measuring:
    i. Corporate Social Responsibility (CSR)
    ii. Corporate Environmental Performance (CEP)
    iii. Corporate Governance (CG)
    iv. Corporate Sustainability (CS)

This scale enabled the researchers to capture attitudinal, perceptual, and behavioural dimensions of the variables. The use of a 6-point scale reduces central tendency bias and encourages more differentiated responses (Giao et al., 2020).

DATA ANALYSIS AND RESULTS

Responses obtained were coded and put in SPSS 23.0 to carry out analysis. The following analysis steps have been used:

i. Descriptive Statistical: Mean, standard deviation and frequency distributions were computed to summarise the broad pattern of the responses.
ii. Reliability Analysis: Cronbach's alpha was calculated on a scale-by-scale basis. A cut-off of 0.70 was deemed as acceptable, and it means that there was high internal consistency (Kim et al., 2018; De Clercq et al., 2021).
iii. Factor Analysis: Multi-item scales were tested by Principal Component Analysis (PCA) to test construct validity. Items with low factor loading (<0.5) were dropped to clean up the scales.
iv. OLS Regression: Ordinary Least Squares regression was applied to discuss the linear dependencies between independent variables (CSR, CEP, CG) and the dependent variable (CS). The intermediary effects of CSR and CEP were also tested using mediation analysis with the Baron and Kenny (1986) method.

Validity and Reliability

In order to achieve validity and measurement accuracy, content and construct validity were addressed:

- Content validity was ensured through expert review of the questionnaire.
- Construct validity was tested using exploratory factor analysis (EFA), which confirmed that items loaded onto their respective constructs with minimal cross-loadings.

Reliability of the Data

Cronbach's Alpha is used to check the reliability of the data which was collected from the respondents through a structured questionnaire by using the Statistical Package for Social Sciences (SPSS). The value of Cronbach's Alpha is 0.795, which is good, as the value of Cronbach's Alpha is acceptable in the range of 0.5 to 0.6 (Nunnally, 2010).

Table 1: Reliability of the Data

Variables	No. of Items	Cronbach's Alpha
CEP	4	0.470
CSR	4	0.700
CGP	3	0.545
CS	5	0.692

The above table shows the reliability analysis of each variable separately, and in the last overall reliability analysis has also been calculated. For CEP, the reliability value is 0.470, which is very close to 0.5. For CSR, the Cronbach's Alpha value is 0.700, which is good and greater than 0.6. For CGP, the value is 0.545, which is within the acceptable range, i.e., 0.5-0.6, and lastly, the value of the reliability test for CS is 0.692, which is greater than 0.6. The results of the Cronbach's Alpha test show that the data is reliable.

Correlation Matrix of the Variables

A correlation matrix is used to check the relationship of the variables used in the study, whether they are correlated or not. It is a very common method to check relationships. All the variables of the study were positively correlated with each other, and the results of the correlation test are mentioned in Table 12.

Table 2: Correlation Matrix of the variables

	CS	CSR	CGP	CEP
CS	1			
CSR	.439**	1		
CGP	.363**	.293**	1	
CEP	.477**	.694**	.324**	1

Table no. 2 describes the results of the Pearson correlation test. The value of the correlation of CS with CSR is 0.439**, with a significant value of 0.000, which means that the relationship between the variables is positive and significant, as the *p*-value is less than 0.05 and the correlation value is positive. The value of correlation between CGP and CS is 0.363**, and the *p*-value is 0.000, which states the relationship is positive but weak in nature, and the *p*-value is less than 0.05, which indicates that the relationship is significant. The correlation value of CS with CEP is .477**, and the *p*-value is 0.000, which indicates the relationship between variables is moderate and significant.

Multicollinearity (variance inflation factor, tolerance, correlation).

The correlation value of all the variables is below 0.7, which indicates that multicollinearity does not exist between the variables, and the *p*-value of Pearson two-tailed was positive and significant, as it is less than <0.05, i.e., 0.000, which confirms that there is a relationship among the variables in the correlation table. The multicollinearity only exists when the Pearson two-tailed value is equal to 0.8 or greater than >0.8.

Normality of Data (Skewness & Kurtosis)

To check the normality of the data, the skewness and kurtosis technique is applied by using descriptive statistics in the SPSS. If the value of skewness falls between -3 to +3 and the value of the kurtosis falls between -1 to +1, then we can say that our data is normal.

Table 3: Normality of Data

Variables	Skewness	Kurtosis
Corporate Sustainability	-.774	.738
Corporate Social responsibility	.087	-.524
Corporate Environmental Performance	-.587	.092
Corporate Governance Performance	-.141	-.430

The values of the skewness and kurtosis of the CS variable are -.774 and .738, respectively. The CSR variable has the values of skewness and kurtosis 0.087 and -.524, and for CEP the values are -0.587 and 0.092 for skewness and kurtosis, respectively, and for CGP the values are -.141 and -.430. All the values lie between the accepted ranges of skewness and kurtosis; we can say that our data is normal.

Instrument Reliability

The reliability of the research instrument used in the study for data collection is tested by applying the Cronbach's Alpha (α) technique in SPSS software. Internal consistency of the items is checked by using the value of the Cronbach's Alpha (α). According to George and Mallary (2003), the measuring instrument is excellent or reliable if the value of the Cronbach's Alpha value is near to "1.0", whereas the value equal to "0" describes the inconsistent measuring instrument. In our data set, two variables have a value of Cronbach's alpha greater than 0.7, and one has 0.470, which is very close to 0.5 and acceptable.

Content Validity

The content validity was also checked, including the spelling of words and structure of the questionnaire. In the panel were included faculty members and seniors who had expertise in research in the area of management sciences. The recommended changes were improved to develop an effective questionnaire before data collection from the target population of the study.

Hypotheses Testing

To test the effects of independent variables on dependent variables, linear regression techniques were used by using the SPSS. Findings are as under:

Table 4: Corporate Sustainability (CS) and Corporate Social Responsibility (CSR)

Model	R	R Square	B	*p*-value	ANOVA
1	.477	0.228	0.733	0.000	0.000[b]

Linear regression is used to test the hypothesis in which the R assumption is used to determine the linear autocorrelation between the CS and CSR. The R value is 0.477, which is <0.5 and very close to 0.5, which indicates that the linear relationship between CS and CSR is moderate. The value of R-square is about 0.228, which means that CS (DV) is 28.8% explained by the CSR (IV). The β-value is equal to 0.733, which shows that if we increase one unit in the independent variable (CSR), then -0.733 units will change in the dependent variable (CS). Lastly, the *p*-value is equal to 0.000, which is less than 0.05, and the ANOVA value is equal to 0.000, which means that our overall model is good. The value indicates that the relationship of CS and CSR is significant, which means that if any change occurs in the CSR, then the CS will change positively. Hence, our hypothesis is accepted that Corporate Social Responsibility (CSR) has a positive relationship with Corporate Sustainability (CS).

Table 5: Corporate Environmental Performance (CEP) and Corporate Sustainability (CS)

Model	R	R Square	B	*p*-value	ANOVA
1	.694	0.531	1.097	0.000	0.000[b]

Linear regression is used to test the hypothesis in which the R assumption is used to determine the linear autocorrelation between the CEP and CS. The R value is 0.694, which is >0.5 and indicates that the linear relationship between CEP and CS is good. The value of R-square is about 0.531, which means that 53.1% of CS (DV) is explained by the CEP (IV). The β-value is equal to 1.097, which shows that if we increase one unit in the independent variable (CEP), then 1.097 units will change in the dependent variable (CS).

Lastly, the *p*-value is equal to 0.000, which is less than 0.05, and the ANOVA value is equal to 0.000, which means that our overall model is good. The value indicates that the relationship of CEP and CS is significant, which means that if any change occurs in the CEP, then the CS will change positively. Hence, our hypothesis that CEP has a positive relationship with CS is accepted.

Table 6: Corporate Governance Performance (CGP) and Corporate Sustainability (CS)

Model	R	R Square	B	*p*-value	ANOVA
1	.794	0.651	1.087	0.000	0.000[b]

Linear regression is used to test the hypothesis in which the R assumption is used to determine the linear autocorrelation between the CGP and CS. The R value is 0.794, which is >0.5 and indicates that the linear relationship between CGP and CS is good. The value of R-square is

about 0.651, which means that 65.1% of CS (DV) is explained by the CGP (IV). The β-value is equal to 1.087, which shows that if we increase one unit in the independent variable (CGP), then 1.087 units will change in the dependent variable (CS).

Lastly, the *p*-value is equal to 0.000, which is less than 0.05, and the ANOVA value is equal to 0.000, which means that our overall model is good. The value indicates that the relationship of CGP and CS is significant, which means that if any change occurs in the CGP, then the CS will change positively. Hence, our hypothesis that CGP has a positive relationship with CS is accepted.

DISCUSSION

The paper has analyzed collaboration between Corporate Social Responsibility (CSR), Corporate Environmental Performance (CEP) and Corporate Governance Practices (CGP) with Corporate Sustainability (CS) in the textile production industry of Punjab, Pakistan. Although some former studies have handled the constructs individually or in partial form, the present research provides a global construct which captures multi-dimensional and mutually dependent characteristics of sustainability in developing economies. The empirical results support the positive and significant links that exist between CSR, CEP, CGP, and CS, which highlights their importance in contributing to strategic long-term organisational sustainability.

The findings show that CSR and CEP are no longer on peripheral but central to corporate strategy. The effective practice of socially and environmentally responsible behaviour increases the legitimacy and reputation of firms that need long-term survival and the confidence of the stakeholders (Deegan, 2002; Ahmad et al., 2021). All of these are supported by corporate governance practices, which, in particular, focus on transparency, accountability, and sustainability in the form of ethical oversight (Shah, 2021; Ma et al., 2021).

In line with the Legitimacy Theory, the study proposes that organisations with socio-politically sensitive and environmentally critical operations, including textiles, have to do more than just symbolic CSR or reporting. Rather, they have to incorporate sustainability into the fundamental business strategies to ensure the changing needs of the stakeholders, such as regulators, investors, consumers and civil society (Suchman, 1995; Bebbington et al., 2008). These findings confirm that legitimacy does not only revolve around perception control but is made through substantive environmental and social performance.

Theoretical Contribution

This paper is an important theoretical contribution because it goes beyond the application of the Legitimacy Theory to the developing economies, especially in the resource-intensive industries like the textile production sectors. Although the previous implementations of the Legitimacy Theory have mostly involved symbolic CSR practices or sustainability reporting (Deegan, 2002), this research indicates that the concept of legitimacy is dynamically developed with the participation of a triad of complementary practices, including the ethical governance, environmental responsibility and social engagement practices (Ali et al., 2024; Amran et al., 2023).

The research extends and enhances the contributions of the Legitimacy Theory, demonstrating that legitimacy as a social expectation can be viewed not only as one of the strategic organisational assets but also as a beneficial contributing factor to the sustainability of social approval and sustainability as a long-term business option, as well as the recent research by Qureshi et al. (2023), which explicitly states that sustainability-based governance practices contribute to increased stakeholder approval and long-term business viability. Besides, it assists Bebbington et al. (2008) in confirming the idea that firms could obtain, sustain or recover legitimacy through symbolic and substantive activities.

This study is also addressed by the fact that recent scholars insist on a more thorough theoretical connection of CSR, governance, and environmental performance (Khan et al., 2023; Alawadhi et al., 2024l). It also helps to fill a critical void in the literature concerning emerging markets, as it empirically confirms the explanatory power of the Legitimacy Theory in the situation where regulatory implementation and stakeholder pressure vary significantly compared to the Western context.

Therefore, the research is an extension of the Legitimacy Theory by replacing the disclosure-based approach with the performance-based model by providing a comprehensive approach to the reasons companies can build long-term legitimacy using responsible and transparent business conduct.

CONCLUSION

This paper discusses how the two concepts, Corporate Social Responsibility (CSR) and Corporate Governance Practices (CGP), and Corporate Environmental Performance (CEP) are interrelated in influencing the formulation of Corporate Sustainability (CS) in the textile production industry in Punjab, Pakistan. Based on the Legitimacy Theory, the study presents empirical evidence that proper execution of CSR and governance structures, as well as paying attention to the environmental performance, contributes greatly to the sustainability performance of the organisation.

The use of primary data and statistical analysis helps the study address a significant gap in literature, especially when considering the case of emerging economies where there is a dearth of data, and inconsistent disclosures tend to hamper a thorough analysis. The findings emphasise that sustainability is not an isolated corporate initiative but a multidimensional strategy rooted in ethical governance, environmental stewardship, and long-term stakeholder engagement.

Overall, this research contributes both theoretically and practically by extending the applicability of Legitimacy Theory in a corporate sustainability framework and offering actionable insights for policymakers, regulators, and business leaders aiming to improve sustainability practices in resource-intensive industries.

Practical Implications

This study offers actionable insights for corporate leaders and policymakers. Integrating CSR and environmental practices into governance strengthens both legitimacy and sustainability. Firms should embed these practices into core strategy, not treat them as add-ons. Policymakers must create clear ESG guidelines and enforce sustainability disclosures. The validated model can

assess sustainability readiness and guide interventions. In emerging markets like Pakistan, sustainability is shown to be a strategic path to long-term viability.

Future Research Directions

Future studies should examine moderating or mediating factors such as stakeholder pressure, board diversity, or environmental risk. Longitudinal research can capture changes in sustainability over time. Comparative studies across industries or regions can improve generalisability. Mixed methods and qualitative approaches (e.g., interviews, case studies) may provide deeper insights into organisational behaviour and stakeholder perceptions. Research on how institutional and cultural contexts influence CSR and CEP is also recommended.

Limitations of the Study

This study is limited to the textile sector in Punjab, Pakistan, restricting generalisability. The cross-sectional design prevents causal inference. Using primary data may introduce bias despite methodological care. Other relevant factors such as stakeholder pressure, firm size, or environmental risk were not examined. Measurement limitations may arise from self-reporting and the use of Likert scales. Lastly, the absence of qualitative insights limits the depth of understanding of organisational culture and motivations.

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