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Further Evidence of Corporate Social Responsibility and Firm Performance Linkage

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The empirical literature examining the performance benefits of Corporate Social Responsibility (CSR) has been decidedly equivocal, reporting positive relationships in many cases, while negative or null relationships in others. In this meta-analytic extension, we explored the financial and non-financial benefits that may result from business corporate social responsibility initiatives. Results provide further support for the positive linkage between corporate social responsibility and firm performance. The strongest support was obtained for the linkage with accounting based measures of performance such as profitability, return on assets, return on equity, and return on sales. Market-based measures such as Tobin Q and stock returns, however, were minimally associated with CSR. Overall, firms with a commitment to fulfilling their societal and environmental obligations appear to enjoy financial and non-financial benefits.

Fields of Research: Corporate Social Responsibility, Firm Performance, MetaAnalysis.