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A Meta-Analytic Review of Corporate Social Responsibility and Corporate Financial Performance: The Moderating Effect of Contextual Factors

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Abstract

The relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) has long been a central and contentious debate in the literature. However, prior empirical studies provide indefinite conclusions. The purpose of this study is to review systematically and quantify the CSR–CFP link in a meta-analytic framework. Based on 119 effect sizes from 42 studies, this study estimates that the overall effect size of the CSR–CFP relationship is positive and significant, thus endorsing the argument that CSR does enhance financial performance. Furthermore, this work sheds light on the causal relationship between CSR and CFP. Subsequent financial performance is associated with prior social responsibility, while the reverse direction is not supported. This finding supports the instrumental stakeholder theory. As predicted, the meta-analysis results indicate that the measurement strategies of the two key constructs of CSR and CFP explain some variations of the CSR–CFP relationship. Last, this study examines the moderating effect of the environmental context on the CSR–CFP link. This

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work proposes that CSR in the developed world, with a relatively mature institutional system and efficient market mechanism, will be more visible than CSR in the developing world. The results show that the CSR–CFP relationship is stronger for firms from advanced economies than for firms from developing economies.

Keywords
corporate social responsibility, financial performance, meta-analysis

Corporate social responsibility (CSR) has been a subject of great interest for more than 30 years among scholars from multiple management perspectives, including cost perspective, agency theory, instrumental stakeholder theory, resource-based view (RBV), and reputation theory (Friedman, 1970; Godfrey, Merrill, & Hansen, 2009; Muller & Kraussl, 2011). The existing empirical literature has largely focused on the precise nature of the relationship between CSR and corporate financial performance (CFP; Aupperle, Carroll, & Hatfield, 1985; Orlitzky, Schmidt, & Rynes, 2003; Ullmann, 1985). Since Bragdon and Marlin (1972) and Moskowitz (1972) published the first studies (Margolis & Walsh, 2003), more than 100 studies have empirically examined the relationship between CSR and CFP. However, the inconsistent findings for the linkage between CSR and CFP are still far from clear (Margolis & Walsh, 2003; Ullmann, 1985; Waddock & Graves, 1997). Some studies suggest that being socially responsible does increase a firm's performance (Lev, Petrovits, & Radhakrishnan, 2010; Surroca, Tribó, & Waddock, 2010); other studies suggest that it does not (Aupperle et al., 1985; Graves & Waddock, 2000). Moreover, recent empirical studies have explored nonlinear relationships and have argued that CSR cannot universally produce favorable returns for all firms all the time (Brammer & Millington, 2008; H. Wang, Choi, & Li, 2008).

Researchers have identified a number of reasons for the failure to reach a consensus on the implications of improved social performance for financial performance. At the theoretical level, there is concern about stakeholder mismatching (Wood & Jones, 1995), theoretical shortcomings and inadequate definitions of key terms (Ullmann, 1985), "the conceptual determinants of CSR, and consequently the theoretical expectations of the CSR-CFP relationships" (Brammer & Millington, 2008, p. 1326), and the boundaries of CSR (Barnett, 2007). At the same time, a variety of operational shortcomings are also attributed to the mixed findings, such as operationalization and methodological differences in the definitions of social and financial performance

(Griffin & Mahon, 1997): failure to control some other important variables that have been thought to have direct influence on firm performance, such as risk, industry affiliation, asset, age (Cochran & Wood, 1984), investment in research and development (R&D), and advertising expenditure (McWilliams & Siegel, 2000).

To figure out this inconsistent relationship, some scholars have used the method of meta-analysis to investigate the CSR–CFP linkage (Margolis & Walsh, 2003; Orlitzky & Benjamin, 2001; Orlitzky et al., 2003). Although these previous meta-analyses on CSR–CFP linkage have examined a variety of theoretical and methodology shortcomings mentioned above, to date there has been little meta-analysis focus on the moderating effects of contextual factors that can explain the heterogeneity of the CSR–CFP linkage. Given that the empirical research on CSR has provided evidence suggesting that contingency factors, such as the level of dynamism in firms' operational environment and industrial characteristics, may be the important factors in understanding the inconclusive results (H. Wang et al., 2008), it is surprising that the extant meta-analyses on CSR have not examined the moderating effects of the contextual contingency on the relationship between CSR and CFP. The present study seeks to fill this void in the CSR literature.

Moreover, dramatic changes have occurred in the global economy over the past several decades. Emerging economies, such as China and India, have realized a fast integration into the global economic system. But there is still a significant gap in the market development and institutional environment between developing and developed economies. Such market and institutional variations in the cross-national context may moderate the degree to which CSR can contribute to the bottom line. The authors argue here that CSR in the developed world, with a relatively mature institutional system and efficient market mechanism, will be more visible than CSR in the developing world. The authors would, therefore, expect more financial performance to be gained in developed countries than in developing countries. In recent studies, some scholars have appealed for more attention to the cross-national comparison (Campbell, 2007). But due to the shortage of multinational data, the comparative research based on different backgrounds is still rare. This article intends to fill the essential research gap that exists among CSR studies. The meta-analysis applied in this study can overcome these issues to a certain extent by integrating empirical results across diverse contexts.

The present study seeks to extend the CSR literature by addressing the moderating effect of contingency factors. The authors conducted a meta-analysis of 42 studies published from 2003 to 2012 to get a statistically aggregated result of the CSR–CFP relationship. Orlitzky et al. (2003) tested the linkage of CSR and CFP through a meta-analysis of 52 studies from 1970 to

2002, so the authors of this study searched for papers published during or after the year of 2003. In this study, the authors assume that the measurement strategy and environmental context may explain the heterogeneity of the CSR–CFP linkage. The intended objectives of this article are fourfold: (a) to provide a general relationship between CSR and CFP from accumulated research, (b) to investigate the direction of causality between CSR and CFP, (c) to examine the moderating effect of the operationalization of CSR and CFP on this linkage, and (d) to assess the moderating effect of contingency factors.

The reminder of the article comprises five additional sections. The "Theory and Hypotheses" section reviews the literature on the linkage between CSR and CFP. The role of measurement strategy and environmental context on this relationship are particularly highlighted, and with this review, the research hypotheses are proposed. The "Method" section describes the methodological approach and data for this study. The "Results" section presents the empirical results, whereas the "Discussion" section discusses and outlines the study's contributions and implications, as well as some limitations, and suggests avenues for further research. The "Conclusion" section summarizes and concludes.

Theory and Hypotheses

The CSR–CFP Linkage

CSR–CFP negative association. Those researchers arguing for a negative relationship between social and financial performance believe that firms that perform responsibly are at a competitive disadvantage compared with their unresponsive peers (Aupperle et al., 1985), because they impose a direct cost on the firm (Barnett & Salomon, 2006; Ullmann, 1985). This point of view is mainly supported by neoclassical economic theory.

Another dominant critique of business social involvement originates from the principal–agent paradigm, which suggests that the purpose of the firm is primarily for the profit of the stockholders. Friedman (1970), the well-known critic of CSR, supposed that in responding to calls for socially responsible practices, executives take money and resources that otherwise go to stockholders and dedicate those resources to enhance their personal benefits. According to agency theory, the agents (the top management team) and the principals (the shareholders) always show a conflict of interests and objectives. Therefore, managers may act in their own best interests, but at the expense of the firm's owners. As a result, the costs involved in agency relationships may be high and damage corporate value.

Although the enterprises may bear the direct cost and agency cost of social responsibility, they can also obtain benefits from CSR. In fact, both the academic and practical worlds have expressed more and more doubts about the point of maximization of shareholder wealth held by neoclassical economists. Recently, frequently exposed corporate scandals have gradually given rise to a wave of rethink and debate on the role of the firm to society. Especially following the global financial crisis, public concern, regulatory forces, media interest, reputation pursuit, consumer pressure, and intraindustry peer pressure have led to the prevalence of CSR on firms' top management agendas. Actually, the value of a firm depends on the cost not only of explicit claims from shareholders but also of implicit claims from other stakeholders (McGuire, Sundgren, & Schneeweis, 1988). Besides stockholders and bondholders, other stakeholders also have implicit contracts. If corporate management fails to respond to these implicit claims, parties to implicit contracts may attempt to transform these implicit agreements into explicit agreements that will, as a result, be more costly.

CSR–CFP positive association. Instrumental stakeholder theory, an important strand within stakeholder theory, supports the positive association between CSR and CFP. This theory suggests that firms view their stakeholders as part of an environment that must be managed to assure revenues, profits, and, ultimately, returns to shareholders (Berman, Wicks, Kotha, & Jones, 1999). Attention to stakeholder concerns may help a firm avoid decisions that might prompt stakeholders to undercut or thwart its objectives. This possibility arises because it is the stakeholders who control resources that can facilitate or enhance the implementation of corporate decisions (Salancik & Pfeffer, 1978). It has been demonstrated that employees show greater commitment to a firm that has a good public image in supplying human capital (Dutton, Dukerich, & Harquail, 1994). Moreover, such firms are often perceived as an attractive employer by job seekers (Backhaus, Stone, & Heiner, 2002; Greening & Turban, 2000). Customers may respond to positive social performance by increasing their demand for the firm's products or services, or by paying premium prices (Bhattacharya & Sen, 2003). Furthermore, some investors, particularly certain institutional ones, are more willing to invest in firms known for pursuing CSR (Barnett & Salomon, 2006; Graves & Waddock, 1994; Johnson & Greening, 1999).

Others have augmented stakeholder theory with aspects of RBV (Salancik & Pfeffer, 1978). Drawing upon the RBV, researchers claim that by developing close relationships with primary stakeholders, a firm can develop certain intangible resources such as innovation (Klassen & Whybark, 1999), human resources (Russo & Harrison, 2005), and organizational culture (Howard-Grenville, Hoffman, & Wirtenberg, 2003), which enable the most efficient and competitive

use of the firm's assets and help it acquire a competitive advantage over its rivals (Surroca et al., 2010). CSR can function as a means for firms to secure the acquisition of critical resources controlled by stakeholders (H. Wang et al., 2008) and help firms to reduce the risk of losing resources they already control (Barnett & Salomon, 2006; Brammer & Millington, 2004; Godfrey, 2005).

Strategy scholars have recently developed a construct of "moral reputation capital" that links CSR activities to shareholder value from the corporate reputation theory (Godfrey, 2005; Godfrey et al., 2009; Muller & Kraussl, 2011). The "insurance" perspective suggests that firms with strong reputations for CSR will be able to preserve firm value in times of crises better than firms with weak reputations for CSR (Godfrey et al., 2009; Schnietz & Epstein, 2005). When negative events occur, stakeholders will respond based on both the negative effects of the act and the perceived state of mind and intentions of the offender (Godfrey et al., 2009). Godfrey et al. (2009) argued that moral reputation capital derived from CSR would reduce the overall severity of sanctions, but firms with no CSR activity lack this form of buffering goodwill and stand exposed to potentially greater impacts.

So far the discussion suggests that the actual relationship between CSR and financial performance is generally positive from stakeholder theory, RBV, and reputation theory formulations.

Despite a long and contentious debate about the theory of CSR business case, the majority of results from prior empirical studies and meta-analyses have pointed to a positive relationship between CSR and CFP. Among the 109 published studies from 1972 to 2002 collected by Margolis and Walsh (2003), almost half of the studies (54) reported a positive relationship, only 7 studies found a negative relationship, and 28 results pointed to nonsignificant relationships. Based on previous findings, the present authors expect a generally positive association between CSR and CFP in this meta-analysis. If CSR contributes to CFP, then it rejects the idea that CSR is necessarily inconsistent with shareholder wealth maximization. If social responsibility contributes to CFP, then a firm's resources are being used to advance the interests of shareholders, the rightful claimants in the neoclassical economy (Margolis & Walsh, 2003).

Based on these assumptions, the authors assert the following hypothesis:

Hypothesis 1: CSR will have a positive impact on CFP.

Direction of Causality Between CSR and CFP

The authors further shed light on the causal relation between CSR and financial performance. Three views on the direction of causality between CSR

and CFP have been tested empirically: (a) the view that prior CSR positively influences CFP, (b) the view that prior CFP positively influences CSR, and (c) the view defining a recursive relationship between both constructs (Surroca et al., 2010).

The first research stream, related to instrumental stakeholder theory, RBV, and reputation theory, mentioned earlier, suggests that prior CSR positively influences subsequent CFP. This view was confirmed by many empirical studies conducted in different contexts, such as Barnett and Salomon (2006), Bhattacharya and Sen (2003), Brammer and Millington (2004), and Godfrey et al. (2009). The second strand of literature is supported by slack resources theory, which proposes that firms with available slack resources from high levels of financial performance may spend those resources on "doing good by doing well" and those resource allocations may result in improved CSR overall (Waddock & Graves, 1997). In contrast, firms that are in financial trouble may have little freedom to invest in CSR activities such as philanthropy. Some of the empirical evidence, particularly McGuire, Schneeweis, and Branch (1990) and Godfrey et al. (2009), provides support for the slack resources theory. These two previous streams of research were reconciled by Surroca et al. (2010), who argued that causation may run in both directions. That is, better CSR may lead to improved financial performance. Meanwhile, better financial performance may lead to improved CSR. This meta-analysis will test which theoretical hypothesis is right, or whether both of them are supported across the accumulated research. Based on prior studies and empirical findings (Orlitzky et al., 2003; Surroca et al., 2010; Waddock & Graves, 1997), the present authors assert that the basic theoretical underpinnings of these CSR–CFP links are correct, so that there is a positive association between social and financial outcomes in both directions. This assertion involves two hypotheses:

Hypothesis 2a: A higher level of prior CSR is associated with better subsequent financial performance.
Hypothesis 2b: A better prior financial performance is associated with improved subsequent CSR.

Measurement Strategy as a Moderator of the CSR–CFP Relationship

CSR is a multidimensional construct defined as the integration of the principles, processes, and policies related to social issues (Wartick & Cochran, 1985), so it is very difficult to identify and measure such a wide range of corporate social behavior. Because little clarity has been reached on the

measurement of CSR, some studies have argued that the measurement problem is one fundamental reason for the uncertainty about the relationship between CSR and CFP (Waddock & Graves, 1997). To test whether different measurement strategies lead to systematically different effect sizes across empirical studies, this meta-analysis will break down the whole samples into different CSR subsets based on different operationalizations of this construct.

In prior studies, five kinds of measurement strategies have been frequently used: (a) CSR reputation ratings (Donker, Poff, & Zahir, 2008; Soana, 2011), (b) content analysis (Aras, Aybars, & Kutlu, 2010; Karagiorgos, 2010), (c) surveys (Brik, Rettab, & Mellahi, 2011; Mishra & Suar, 2010), (d) social auditing database (J. Choi & Wang, 2009; Godfrey et al., 2009), and (e) a proxy variable such as corporate philanthropy (Muller & Kraussl, 2011; H. Wang et al., 2008).

Although these five operationalizations are commonly used in the area of CSR research, each of them has limitations. The first type of method uses expert evaluations of corporate policies, such as in Moskowitz (1972). The validity of this methodology depends, to a great extent, on the skills and qualifications of those experts making the assessments (Abbott & Monsen, 1979). To overcome this shortcoming, *Fortune* magazine gathered a large number of executives, outside directors, and corporate analysts to rate firms. *Fortune* has conducted the ranking each Fall since 1982 and published summary results each January. The ranking covers the largest firms in 20 to 25 industry groups, with the 10 largest companies in each industry being rated on eight attributes: financial soundness, long-term investment value, use of corporate assets, quality of management, innovativeness, quality of products or services, use of corporate talent, and community and environmental responsibility. *Fortune*'s reputation rating was popularly used since the 1980s, but this method is viewed as a measure of overall management of a firm rather than being specific to CSR (Waddock & Graves, 1997).

Other researchers have used content analysis of corporate publications such as annual reports, personal handbooks, employee newspapers, and so on. According to Abbott and Monsen (1979), content analysis is a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories to derive quantitative scales of varying levels of complexity. Abbott and Monsen used the Social Involvement Disclosure (SID) scale developed by Ernst and Ernst to code firms' activities for specific social involvement. Because the research costs are reasonably low in comparison with other forms of data collection, content analysis is widely used in CSR research. However, a reliability issue may emerge when

regarding corporate publications as a source of social involvement data. That is, whether the reported variation in social activities among firms is a reflection of real activities or is only an index of company policies on communicating activities to shareholders (Abbott & Monsen, 1979).

The survey, as one of the dominant research approaches in the social science area, is often used in measuring CSR. Drawing on Carroll's (1979) CSR construct, Aupperle et al. (1985) developed a forced-choice survey instrument to assess a corporate respondent's social-responsibility orientation. This forced-choice methodology is commonly used to minimize the social desirability of responses. But survey methodologies still have problems relating to return rates and a common method bias when testing the relationship between CSR and CFP.

To deal with the measurement problems noted above, the firm Kinder, Lydenberg, Domini (KLD) constructed an index of Corporate Social Performance (CSP) based on eight corporate social performance attributes rated consistently across the entire Standard and Poor's 500. As an independent rating service that focuses exclusively on assessment of corporate social performance across a range of dimensions related to stakeholder concerns, KLD exhibits robust construct validity around its underlying measures (see Hart & Sharfman, 2012) and has been used by a number of researchers in strategy (Waddock & Graves, 1997), human resources (Turban & Greening, 1997), business and society (Mattingly & Berman, 2006), and finance (Fisman, Heal, & Nair, 2005). The use of the KLD data set, however, is not without its critics. The most serious query is credulity problems, because the data can be and are often stretched to meet the objectives of individual researchers (Godfrey et al., 2009).

The one-dimensional proxy is another frequently used method (Lev et al., 2010; H. Wang et al., 2008). Pollution control investment and corporate philanthropy are usually employed as unidimensional proxy measures for CSR (Bowman & Haire, 1975; Brammer & Millington, 2005). The one-dimensional proxy variable is viewed as a highly visible and objective component with specific attributes that make it particularly amenable to empirical research. But it may not properly reflect the overall level of a company's CSR and may be difficult to apply consistently across the range of industries and companies that need to be studied (Waddock & Graves, 1997).

As noted, each measurement strategy has its advantages and disadvantages, so it is not easy to capture a truly representative CSR measure in the relevant social domains. Waddock and Graves (1997) suggested that the previous mixed findings on the relationship between profitability and corporate social performance may be partly caused by measurement difficulties. Consequently, the whole sample will be divided into five subsets to examine

whether CSR measurement strategies moderate the relationship between CSR and CFP. The authors posit the following hypothesis:

Hypothesis 3: Different CSR measurement strategies will lead to systematically different effect sizes across empirical studies.

Besides the different operationalizations of CSR, Wood and Jones (1995) were concerned about the stakeholder mismatching problem due to the different financial performance measures, which are focused on different aspects of performance with each one subject to particular biases. Three types of CFP measurement have been tested as dependent variables in previous studies: (a) accounting-based performance (Return on Assets [ROA] or Return on Equity [ROE]), (b) market-based performance (price to earnings ratio or Tobin's *Q*), and (c) perceptual measures, such as self-reported surveys of market share, growth, profitability, or size in comparison with other organizations. In this article, the moderate effects of CFP measurements are also examined as follows:

Hypothesis 4: Different CFP measurement strategies will lead to systematically different effect sizes across empirical studies.

Contingency Factors as Moderators of the CSR–CFP Relationship

The authors posit that CSR is positively related to firm financial performance. Furthermore, the authors expect the relationship between CSR and CFP to vary significantly among different operational environments. Some scholars have begun to notice that returns to CSR are contingent, not universal (Ullmann, 1985). Barnett (2007) argued that CSR cannot universally produce favorable returns for all firms all the time, so favorable findings will never be replicable across all data sets. Therefore, researchers should attempt to find contingency factors that explain heterogeneity in financial returns to CSR. Accordingly, two environmental contingency factors, namely, market development and institutional environment, are critical in determining the extent to which firms might benefit from charitable contributions (Doh & Guay, 2006; H. Wang & Qian, 2011).

As mentioned before, CSR contributes to the bottom line via its favorable influence on the firm's relationships with important stakeholders. The stakeholder relationship is the key mechanism through which firms can gain positive returns from CSR activities. Furthermore, firm visibility serves as a prerequisite for stakeholder response to firm actions (H. Wang & Qian, 2011).

Stakeholders need to have the information regarding firms' social behavior to make a reasonable response. Therefore, when visible firms can draw greater attention from their stakeholders, it will be easier for them to get positive responses from stakeholders. In contrast, firms may not benefit much from social involvement under a low firm visibility and stakeholder awareness, even if they have invested a lot in CSR. Obviously, a firm's visibility and stakeholder awareness vary significantly across different levels of development of the market in which the firm operates. Due to the various information channels and effective market supervision, business information will be more symmetric and valid in a developed market. Then, the stakeholders can obtain information about firms' social behavior more efficiently and make responses more accurately. Subsequently, those responses for CSR will turn into positive financial gains. But the situation is different in a developing market. Short of advanced media exposure and efficient market supervision, the active and initiative social efforts of firms competing in less developed markets will be less noticed and gain unequal financial gains compared with those in well-developed markets.

Aside from the market environment, the institutional environments are also different between developed and developing economies, and such institutional variations in a cross-national context may moderate the degree to which stakeholders can influence managers (Campbell, 2007). Campbell (2007) has argued that the relationship between socially responsible corporate behavior and economic conditions is moderated by several institutional factors, such as public and private regulations, the presence of nongovernmental and other independent organizations that monitor corporate behavior, institutionalized norms regarding appropriate corporate behavior, associative behavior among corporations themselves, and organized dialogues among corporations and their stakeholders. In a developed market, the local government will publish specific policies to encourage firms to take social responsibility. For example, local communities may provide a philanthropic firm with tax breaks or favorable terms for using local infrastructure (H. Wang et al., 2008). Then firms may decrease costs and increase income via CSR thereby increasing CFP. But in a less developed market, firms cannot gain such positive returns without well-forced institutional systems. Under a loose and ineffective governmental regulation, corporations would act in more socially irresponsible ways and would not worry about the potential risk of regulatory sanctions. Thus, those socially unresponsive firms incur fewer direct costs and, ceteris paribus, reap higher profits than socially responsive firms. In that sense, socially responsive companies are at a competitive disadvantage compared with their unresponsive peers. This competitive disadvantage is particularly serious in an era of increased globalization, because the capacity for

firms to move investments and productions from one regulatory regime to another has increased. To retain local investment, production, jobs, and tax revenues, some national governments would ease business regulations that help militate against socially irresponsible corporate behavior (Campbell, 2007). Thus, corporations may not be able to gain competitive advantages from socially responsible behavior. So based on the above logic, the authors posit the following hypothesis:

> **Hypothesis 5:** The relationship between CSR and CFP is stronger for firms from developed economies than from developing economies.

Method

Data Collection

To ensure the representativeness and completeness of the study database, a three-stage sampling procedure was conducted to identify literature to be included in the meta-analysis (Barnett, 2007; Godfrey, 2005; Margolis & Walsh, 2003). In the first stage, the authors searched the ABI/INFORM database for studies published from 2003 to 2012 with the following search terms: corporate social responsibility, corporate social performance, environmental performance, and financial performance. Second, a manual search of several relevant journals (*Academy of Management Journal, Administrative Science Quarterly, Strategic Management Journal, Organizational Studies*, and *Journal of Business Ethics*) was also conducted.[1] Third, the authors examined the reference sections of all major reviews of research previously published on the topic to identify any studies overlooked in the previous two stages. Studies were selected for inclusion in the meta-analysis on the basis of three criteria. First, the meta-analysis included only those empirical studies that reported sample sizes and an outcome statistic (r, univariate F, t, χ^2) that allowed the computation of a correlation coefficient with the formulas provided by Hunter and Schmidt (2004). Results that only reported multivariate models were excluded. Second, only those studies that measured constructs at the firm level were included. Third, studies were considered independent only when they reported correlation coefficients from different samples. So the results based on data used in other studies that were already included were excluded. Upon completion of the literature retrieval procedures, the authors obtained a total of 119 effect sizes reported in 42 studies. The complete collection of studies is summarized in the appendix.

To reduce coding error, the authors prepared a coding protocol specifying the information to be extracted from each study. The coding form was prepared

for coders who recorded the extracted data on the variables of interest, including effect size, sample size, and study characteristics. Two of the authors coded each study. The interrater coefficient was more than 90%, suggesting an acceptable reliability of the coding process. Remaining discrepancies were resolved through discussion and consensus reached.

Data Analysis

The authors conducted this meta-analysis according to the guidelines provided by Hunter and Schmidt (2004). First of all, we converted the reported statistics into a common effect size. To account for the skewness of the distribution of sample correlation coefficients, we transformed the correlation into Fisher's z coefficients with the formula $y_i = 0.5 \times \log(1 + r_i / 1 - r_i)$. Then the authors averaged and weighted the z coefficients by the formula $V_i = 1/N - 3$.

There are two general models: the fixed-effects model and the random-effects model. The fixed-effects meta-analysis assumes the population effect sizes are equal for all studies, so the differences on the observed effect sizes are due to sampling error. As for the random-effects model, the population effect sizes can be different across studies (Hedges & Vevea, 1998). The differences on the observed effect sizes are due to a combination of true difference (variance component) and sampling error. It is usually preferred methodologically. The authors conducted a homogeneity test with the R package to determine whether a fixed- or random-effects model should be used. Under the assumption of homogeneity (H0:$\beta = \beta_1 = \beta_2 = \ldots \beta_k$), the test statistic Q has a chi-square distribution with df = (No. of studies − 1). In the authors' database, Q is equal to 275.3655 (df = 118, $p < .001$); thus, we rejected the null hypothesis that all effect sizes are equal. For this reason, the authors chose the random-effects model to conduct this meta-analysis.

Table 1 summarizes the number of effect sizes, cumulative sample sizes, corrected correlations, standard errors, and 95% confidence intervals around the corrected correlations for each pairwise relationship. Providing support for Hypothesis 1, the authors obtained a significant, positive correlation for the relationship between CSR and CFP (r = .0587, $p < .001$). In addition, the results report the I^2 index, which is interpreted as the proportion of total variation due to heterogeneity between studies (Higgins & Thompson, 2002). As a rule of thumb, I^2 of 25%, 50%, and 75% can be considered as low, moderate, and high heterogeneity. In the study database, I^2 is equal to 73.65%, which means that a high degree of heterogeneity exists among the conclusions on the relationships between CSR and CFP. A further investigation on the moderating effects on this relationship will be discussed in detail in the subsequent sections.

Table 1. The Random-Effects Model Results of the Meta-Analysis.

Relationships	Number of effect sizes (*k*)	Total sample size (*N*)	Corrected *r*	*SE*	*z* value	95% CI	File drawer analysis
Overall CSR and CFP	119	150,706	.0587***	0.0069	8.4517	[0.05, 0.07]	7,369
CSR → CFP	27	39,913	.0319***	0.0094	3.3949	[0.01, 0.05]	262
CFP → CSR	10	9,423	.0096	0.021	0.458	[−0.03, 0.05]	—
Concurrent	94	125,085	.0678***	0.0084	8.0887	[0.05, 0.08]	5,218

Note. CI = confidence interval; CSR = corporate social responsibility; CFP = corporate financial performance.
*$p < .1$. **$p < .05$. ***$p < .01$.

Furthermore, the authors examined the causal direction between CSR and CFP. As shown in the second line of Table 1, the instrumental stakeholder theory is supported by the primary studies. The corrected coefficient between prior CSR and subsequent CFP is equal to .0319 ($p < .001$, $N = 39{,}913$), which means Hypothesis 2a is supported. However, the slack resources theory has not been supported. The positive association between prior CFP and subsequent CSR is not significant in this meta-analysis. Concurrent studies facilitate a positive corrected coefficient, which is equal to .0678 ($p < .001$, $N = 125{,}085$).

Sensitivity Analysis

Although the meta-analysis is very powerful, it is not without problems. The file drawer problem is known as a publication bias. Nonsignificant findings are less likely to be submitted and accepted for publication. So the published findings are more likely to be significant than unpublished findings. In this study, the authors conducted a file drawer analysis to get the number of unpublished papers with null effect required to neutralize the average effect. As shown in the last column of Table 1, it will require 7,369 unpublished studies with null effect to subvert the positive relationship between CSR and CFP. The cross-sectional result is also robust, which requires 5,218 unpublished studies to challenge the positive results. As suggested by Rosenthal (1991), the file drawer tolerance is set at $5X + 10$, where X = number of studies. Although the fail-safe number on the relationship between prior CSR and subsequent CFP is just 262, it is more than sufficient for the tolerance level (70).

Results

To investigate the moderating effect of different measurement strategies on the relationship between CSR and CFP, the authors divided all the samples into five subgroups based on the operationalizations of CSR and three subgroups based on the operationalizations of CFP. The authors followed the guidelines provided by Viechtbauer (2010) to conduct a QM test to examine the moderate effects. QM test based on the levels of a categorical moderator is a frequent practice in meta-analyses (Viechtbauer, 2010). The value of QM is equal to 151.1894 ($p < .0001$, $df = 5$), which indicates that the different types of operationalizations of CSR are significantly moderating the relationship between CSR and CFP. In other words, the relationships based on different measurement strategies of CSR are significantly different (see Table 2).

Table 2. Moderating Effects of Meta-Analysis of CSR Operationalization.

CSR operationalization	Number of effect sizes (*k*)	Total sample size (*N*)	Corrected *r*	*SE*	*z*	*p*	95% CI
1. Reputation ratings	25	15,190	.0251*	0.0132	1.9021	.0572	[0.00, 0.05]
2. Content analysis	20	2,350	.0181	0.0229	0.7904	.4293	[−0.03, 0.06]
3. Survey	32	6,850	.1427***	0.0135	10.5451	<.0001	[0.12, 0.17]
4. Social auditing	31	85,911	.0405***	0.0077	5.2966	<.0001	[0.03, 0.06]
5. Proxy variable	10	17,893	.0372***	0.0134	2.7737	.0055	[0.01, 0.06]

Note. CSR = corporate social responsibility; CI = confidence interval.
*$p < .1$. **$p < .05$. ***$p < .01$.

Specifically, for the 25 effect sizes that use reputation ratings, the corrected r is .0251 ($p = .0572$). Twenty effect sizes examined CSR by content analysis, but the corrected r is not significant ($r = .0181$, $p = .4293$). This result might be related to the problems of a methodological nature raised by Abbott and Monsen (1979). When content analysis is employed, it is necessary to formulate a set of categories and code the raw data in terms of the categories. Then, two types of problems are possible. First, the formulation of categories that do not reflect all the issues actually contained in the report. Second, the raw data maybe inaccurately coded in terms of the selected categories (Abbott & Monsen, 1975). These shortcomings of content analysis might cause the differences in CSR measurements and facilitate the heterogenic relationship between CSR and CFP.

For 32 effect sizes using surveys, the corrected r is .1427 ($p < .0001$). This result indicated that the relationship measured by surveys is the largest effect. On one hand, it is because this method has the advantage of construct validity. On the other hand, the authors cannot deny the problem of common method bias overestimating the relationship.

A growing number of studies examine CSR by using an independent social auditing database. The corrected r is equal to .0405 ($p < .0001$). The 10 effect sizes that rely on a proxy variable to assess CSR reveal a corrected r of .0372 ($p < .0001$). Taken together, these results suggest that the relationship between CSR and CFP is positive across all different kinds of measurement strategies.

Table 3 indicates that the association between CSR and CFP depends on the researchers' operational definition of CFP. Same as the procedure mentioned before, the authors conducted a QM test. The result shows a significant moderating effect of the CFP operationalization. QM = 115.4095 ($p < .0001$, $df = 3$) supports the view that differences in previous findings resulted from study manipulation. Across all the three measurement strategies, the relationship between CSR and CFP is significantly positive. Particularly, the perceptual measures ($r = .1852$, $p < .0001$) are more highly correlated with CSR than accounting and market-based CFP. Seventy-one effect sizes collected financial data based on the accounting measurement, and the corrected r is equal to .0489 ($p < .0001$), which is a little bit higher than the market-based measurement ($r = .0378$, $p < .0001$).

Hypothesis 5 stated that the relationship between CSR and CFP is stronger for firms from advanced economies than for firms from developing economies. To test this predication, the authors separated the original studies into two categories: studies based on data obtained from advanced economies and studies based on data from developing economies. The authors

Table 3. Moderating Effects of CFP Operationalization.

CFP operationalization	Number of effect sizes (*k*)	Total sample size (*N*)	Corrected *r*	*SE*	*z*	*p*	95% CI
1. Accounting CFP	71	78,661	.0489***	0.0072	6.7486	<.0001	[0.03, 0.06]
2. Market-based CFP	42	85,843	.0378***	0.0086	4.4145	<.0001	[0.02, 0.05]
3. Perceptual CFP	7	2,078	.1852***	0.0261	7.0978	<.0001	[0.13, 0.24]

Note. CFP = corporate financial performance; CI = confidence interval.
*$p < .1$. **$p < .05$. ***$p < .01$.

followed a UN classification for this categorization (Nachum, 2004). The QM is equal to 51.5369 ($p < .0001$), presenting a significant moderating effect for this contingency factor. The studies' results based on data from advanced economies yield stronger effect sizes than those obtained from developing economies ($r = .0404$ vs. $r = .0175$, respectively). Meanwhile, the statistical power is different between the developed and developing countries. For the studies based in the developing countries, the p value is significant at the level of .1. However, it is significant at the level of .001 for the samples from the developed countries. Therefore, Hypothesis 5 is supported (see Table 4).

Discussion

The relationship between CSR and CFP has been extensively studied in strategic and organizational management, yet the empirical findings on its importance have been noticeably mixed. The authors conducted a meta-analytic review to seek to clarify this issue. Drawing on several theoretical perspectives regarding instrumental stakeholder theory, RBV, and reputation theory, this study reviews the linkage of CSR–CFP at the organizational level and answers the following questions: (a) whether CSR is positively linked to financial performance; (b) and if so, in what direction does the causation run; and (c) whether methodological and contextual heterogeneities moderate CSR–CFP linkage.

The results of this study make several contributions to the literature on the value of CSR. First, based on 42 studies and 119 effect sizes, an integration correlation revealed a positive association of CSR–CFP linkage, thus answering positively the question: Do firms "do well by doing good"? This question has been invoked as the primary concern of the management literature on CSR (McWilliams, Siegel, & Wright 2006). Showing that a firm does well by doing good is often referred to as making the business case for CSR (McWilliams & Siegel, 2006). Therefore, understanding whether CSR is effective in facilitating organizational performance is not only important to researchers but also financially meaningful to practitioners who have been practicing or are being advised to practice social involvement. As a compilation of previous findings cannot produce a definitive conclusion, Margolis and Walsh (2003) argued that "the CSP-CFP empirical literature reinforces, rather than relieves the tension surrounding corporate responses to social misery" (p. 278). The findings drawn from this meta-analysis thus provide some indication that prior literature, in aggregate, indicates a positive relationship between CSR and CFP, which is supposed to be beneficial to clarifying the mystery.

Table 4. Moderating Effects of Environmental Context.

Context	Number of effect sizes (*k*)	Total sample size (*N*)	Corrected *r*	*SE*	*z*	*p*	95% CI
1. Developed economies	44	100,218	.0404***	0.0058	6.9692	<.0001	[0.03, 0.06]
2. Developing economies	30	20,904	.0175*	0.0101	1.7224	.0850	[0.00, 0.04]

Note. CI = confidence interval.
*$p < .1$. **$p < .05$. ***$p < .01$.

Second, this research adds to the existing concerns on the antecedents of CSR behavior. There are many factors, found in the past 30 years of research, potentially influencing a firm's social involvement. Without a comprehensive consideration of those factors, it may be hard to say that any one of them, such as financial performance, positively caused subsequent CSR. As stated above, the study results did not support the slack resource theory, which assumed that firms with good prior financial performance would be associated with a higher degree of subsequent social responsibility. The authors believe that this result may be related to the diverse and complex predictions determining companies' social responsibility. For the past 30 years of research, a great number of scholars have discussed, from exogenous and endogenous perspectives, the antecedents of CSR. Government requirements, nongovernmental organizations (NGOs), developing status, and social security are viewed as external antecedents of social-level factors. One source of endogenous influences are firm-level factors, such as CFP (Aupperle et al., 1985; McGuire et al., 1988; Moskowitz, 1972), firm strategy (Berman et al., 1999), business exposure (Miles, 1987), political participation level (Wu, 2006), and institutional ownership (Hansen & Hill, 1991). Another type of endogenous factor focuses on the individual factors, for instance, managers' demographic characteristics, managerial value, and CEO power (Hambrick & Finkelstein, 1987; Hambrick & Mason, 1984).

This viewpoint gets support to a certain extent from Mishina, Dykes, Block, and Pollock (2010). Arguing that "good firms do bad things," they found that high firm accounting performance is positively related to the likelihood that a firm engages in corporate illegality, and this likelihood being due to a lot of pressure to maintain high relative performance that may induce risk-seeking behaviors. Recent history illustrates the complexity of this issue. Many of the firms involved in corporate scandals, such as Arthur Andersen, Enron, Tyco, WorldCom, and several leading investment banks, were generally viewed as high-performing companies until their scandals were uncovered (Mishina et al., 2010).

Third, this study also contributes to the literature on CSR by demonstrating how measurement strategy and environmental context may explain the heterogeneity of CSR–CFP linkage. The meta-analytic correlations indicate that the association between CSR and CFP depends on the researcher's operational definition of each construct. Overall, the findings with respect to CSR operationalizations suggest that the relationship measured by surveys produces the strongest effect compared with the other four types of CSR measurements. Meanwhile, content analysis appears to have an insignificant impact on CFP. Market-based measures of CFP were less highly correlated

with CSR than accounting and perceptual measures. In that sense, two theoretical implications are noteworthy. On one hand, CSR is a multidimensional construct, which has yet to contribute a few pieces of puzzle in its definition and measurement among previous studies. As discussed above, many measures have been used in empirical research on CSR. The great disparity of CSR measures has made it very difficult for research to cumulate. As Wood and Jones (1995) pointed out,

> measures are developed for certain purposes—say, to test for a statistical link between corporate social responsibility and financial performance such as ROI—and they may not be readily transferrable to other purposes, such as the development of a general theory of corporate social performance. (p. 240)

The meta-analytic result of high correlation between CFP and CSR measured by survey is consistent with Wood and Jones's point. However, some scholars have begun to move toward a new theory of the firm—a stakeholder theory—that would permit a better understanding of CSR. According to Freeman (1984), the main founder of stakeholder theory, stakeholder indicates groups and organizations that are affected by or can affect a company's operations. Stakeholders are not unitary, which serve a single function for a firm; rather, they engage in many different behaviors with respect to the firm, while filling several critical roles. Within a stakeholder-based theoretical perspective, CSR is a way for firms to engage more fully in their societal relationships and duties (Wood & Jones, 1995). The insignificant integrated results based on content analysis, in this meta-analysis, also show that a comprehensive and complex framework is essential to evaluate CSR. Therefore, the authors suggest that stakeholder theory is the most relevant theoretical framework for assessing corporate social performance.

On the other hand, the meta-analytic outcomes support the view that differences in previous studies resulted from "stakeholder mismatching." As Wood and Jones (1995) argued, different stakeholders might differently set expectations, experience the effects, and evaluate the outcomes for a particular measure of corporate performance. Multiple stakeholders can be involved in different ways in a single instance of firm behavior. Hence, the ambiguous results are largely due to studies not choosing variables and predicting relationships that would be appropriate within a stakeholder/CSR framework. The meta-analysis supports the Orlitzky et al. (2003) suggestion that capital market participants dismiss certain concrete behavioral measures of CSR, because there is no theory to explain why stockholders would buy a company's stock for its high-level donation.

Moreover, incorporating multiple moderators allows for a comprehensive understanding of the contextual contingencies between CSR and CFP. In recent studies, scholars have argued that socially responsible corporate behavior varied across countries and appealed for more attention to a cross-national comparison (Campbell, 2007). But for the shortage of multinational data, the comparative research based on different background is still rare. However, meta-analysis can overcome this issue to a certain extent by integrating empirical results across diverse contexts. More specifically, by including market development and institutional environment as a contextual moderator, the authors found the relationship between CSR and CFP to vary significantly within different operational environments. This finding provides insight for cross-cultural research and practical implication for multinational firms.

Future studies should explore the macro-level and societal factors that may moderate this relationship. Macro-level variables, such as the munificence of natural resources, relative wealth, and the type of government and its stability, help vary the CSR–CFP link. Societal moderators, such as religion, historic traditions, and moral culture, also influence this relationship (Robertson & Crittenden, 2003). This meta-analysis result also provided some strategic implications for multinational firms. Corporate managers are mindful of the fact that business norms and standards, regulatory frameworks, and stakeholder demands for CSR can vary substantially across nations and regions (McWilliams, Siegel, & Wright, 2006). If multinational firms fail to concern about local ethical norms pursued by cross-cultural alliance partners, distributors, suppliers, customers, financiers, and foreign government agencies, they may come across public relations disasters.

The present study is also subject to a number of limitations. First, although the authors have conducted a file drawer analysis to examine the publication bias, the authors could not perfectly solve this problem. Among the 42 studies, most are from journals, and only 1 is a doctoral dissertation. The authors have done their best to search for studies with a wide range of resources, but the file drawer problem is still a key shortcoming of a meta-analysis. Second, as previous research mentioned, the relationship between CSR and CFP varies significantly with the different characteristics of firms and their operational environments (H. Wang & Qian, 2011). In this study, the authors have investigated the moderating effects of measurement strategies and environmental factors. But, for the shortage of relative data, firm-level moderators and other potential moderators, which might explain the variance across studies, have not been identified and examined, warranting further research in the future.

Conclusion

CSR studies have improved over time with stronger theoretical rationales, more relevant operationalizations, and more and better controls for previously omitted variables, "yet the improved rigor has only produced rigor mortis" (Barnett, 2007, p. 796). Even after three decades of research, differences in perspective have only accumulated, not dissipated, thereby further obscuring the big picture (Margolis & Walsh, 2003). The meta-analytic review, together with extensive discussions and future research suggestions, may furnish a reference for further theory development, research design, and empirical analysis in the field. The authors hope that this review clarifies and solidifies scholarly knowledge of CSR and its value in enhancing financial performance.

Synthesizing research findings of 42 empirical studies on the linkage between CSR and financial performance, this study endorses the prevalent argument that CSR enhances CFP. Furthermore, the authors explored the direction of the causation. The authors found that subsequent financial performance is positively associated with prior social responsibility, in support of the instrumental stakeholder theory. That theory suggests that firms can "do well by doing good." However, the reverse direction is not supported in this study. That is, the evidence suggests that prior high level of financial performance has virtually no significant effect on firms' subsequent social involvement.

The results of subgroup analyses confirmed the authors' propositions that the heterogeneity of the CSR and CFP relationship may result from the measurement strategies of the two key constructs of CSR and CFP. The empirical evidence implies that the relationship measured by surveys produces the strongest effect compared with the other four types of CSR measurements. Another subgroup analysis based on different operational measures of CFP shows that the perceptual measures are more highly correlated with CSR than accounting and market-based CFP. The final set analysis examined the moderating effects of environmental context on the CSR and CFP relationship. The results show that the relationship between CSR and CFP is stronger for firms from advanced economies than for firms from developing economies.

Appendix

List of 42 Studies Used for Meta-Analysis.

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
1	Barnett and Salomon (2006)	22,512	Screened mutual funds	Fund returns	−0.001		−0.001	
2	H. Wang, Choi, and Li (2008)	4,019	Corporate philanthropy	ROA (3 years following the giving year),	0.01		0.01	0.02
				Tobin's *Q* (subsequent 3 years)	0.03		0.03	0.03
3	J. Choi and Wang (2009)	4,113	KLD	ROA	0.067		0.067	0.048
				Tobin's *Q*	0.151		0.151	0.148
4	Godfrey, Merrill, and Hansen (2009)	178	KLD	Change of stock price	0.0219			0.0219
5	Lev, Petrovits, and Radhakrishnan (2010)	1,618	Corporate philanthropy	Sales growth	0.09	0.05		0.09
6	Surroca, Tribó, and Waddock (2010)	1,204	Sustainalytics platform rating (similar with KLD)	Tobin's Q	0.07		0.07	
7	Muller and Kraussl (2011)	354	Corporate philanthropy	CAR	0.04			
8	H. Wang and Qian (2011)	2,765	Corporate philanthropy	ROA	0.16	0.16		0.16
				Market-to-book ratio	−0.06	−0.1		−0.06

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
9	Goll and Rasheed (2004)	62	Discretionary social responsibility (Aupperle, Carroll, & Hatfield,1985, forced-choice survey)	ROA	0.24		0.24	
				ROS	0.21		0.21	
10	Brammer and Millington (2005)	240	Corporate philanthropy	Reputation (survey)	0.33		0.33	
11	Berrone, Surroca, and Tribó (2007)	398	Corporate ethical identity (SiRi Pro database)	ROA	−0.04		−0.04	
				MVA	0.08		0.08	
12	T. H. Choi and Jung (2008)	248	Ethical commitment index (survey)	ROA	−0.034		−0.034	
				ROE	0.105		0.105	
				P/E	0.175		0.175	
				P/B	0.286		0.286	
				Tobin's *Q*	0.316		0.316	
13	Donker, Poff, and Zahir (2008)	240	CV Index	ROA	0.144		0.144	
14	Patten (2008)	79	Corporate philanthropy	Cumulative abnormal return	0.145			0.145
15	Laan, Ees, and Witteloostuijn (2008)	3,000	KLD	ROA	0.07		0.07	
				EPS	0.02		0.02	

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
16	Makni, Francoeur, and Bellavance (2009)	179	CSP developed by MJRA	ROA	0.04	0.09		0.04
				ROE	0.12	0.17		0.12
				Market return	−0.04	−0.3		−0.04
17	Shen and Chang (2009)	2,560	Dummy variable (whether gain a CSR awarding)	ROA	0.0467			0.0467
				ROE	0.0206			0.0206
				RPTI (pretax income to net sales)	0.0111			0.0111
				RGM (gross profit to net sales)	0.0074			0.0074
				EPS	0.0535			0.0535
18	Garcia-Castro, Arino, and Canela (2010)	7,541	KLD	ROE	0.09		0.09	
				ROA	0.1		0.1	
				MVA	−0.01		−0.01	
				Tobin's *Q*	0.03		0.03	
19	Mishra and Suar (2010)	150	Survey	ROA (industry adjusted and average 3 years)	0.41		0.41	

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
20	Brik, Rettab, and Mellahi (2011)	280	Maignan and Ferrell's (2004) survey	Self-reported survey of market share, growth, profitability, and size, two items in comparison with other organizations	0.5		0.5	
21	C. H. Chang (2011)	106	Corporate environmental ethics	Self-reported survey of goal achievement in comparison with other organizations along six dimensions	0.321		0.321	
22	Boehe and Cruz (2010)	252	CSR product differentiation (survey)	Self-reported survey	0.19		0.19	
23	Jo and Harjoto (2011)	12,527	KLD	Industry-adjusted Tobin's *Q*	0.09		0.09	
				ROA	0.07		0.07	
24	Soana (2011)	21	CSP (global ethical rating by Ethibel)	ROAE	0.211		0.211	
				ROAA	−0.239		−0.239	
				Cost-to-income ratio	−0.065		−0.065	
				MTBV	−0.145		−0.145	
				PTBV	−0.25		−0.25	
				P/E ratio (adjusted; price/earning adjusted)	−0.518		−0.518	

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
		16	CSP (global ethical rating by Ethibel)	ROAE	0.052		0.052	
				ROAA	0.015		0.015	
				Cost-to-income ratio	0.105		0.105	
				MTBV	0.126		0.126	
				PTBV	−0.157		−0.157	
				P/E ratio (adjusted)	0.072		0.072	
25	Y. G. Wang (2011)	86	Rated by *Southern Weekend* with a CSR score	CAR	0.199		0.199	
				CANOF	0.11		0.11	
26	Brammer and Millington (2004)	416	Corporate philanthropy	ROP (pretax profits as a proportion of turnover in the current year)	0.51		0.51	
27	Lichtenstein, Drumwright, and Braig (2004)	508	Perception of CSR	Perceptual corporate benefits	0.4		0.4	
				Behavioral corporate benefits	0.38		0.38	
28	Brammer, Brooks, and Pavelin (2006)	451	CSP (EIRIS survey)	CAMP beta	−0.01			−0.01
				Price to book	0.04			0.04
				Market capital	0.54			0.54

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
29	Luo and Bhattacharya (2006)	452	FAMA ratings	Tobin's *Q*	0.13			0.13
				Stock return	0.14			0.14
				ROA	0.19			0.19
30	Magness (2006)	44	Environmental disclosure (content analysis)	ROA	−0.174		−0.174	
31	Mittal, Sinha, and Singh (2008)	31	Dummy variable (having a code of ethics)	EVA	−0.228		−0.228	
			Dummy variable (having a code of ethics)	MVA	0.16		0.16	
32	C. P. Chang (2009)	184	Survey	Survey	0.653		0.653	
33	Dunn and Sainty (2009)	174	Canadian Social Investment Database	ROE	−0.006		−0.006	
				EPS	0.132		0.132	
34	Nelling and Webb (2009)	2,800	KLD	ROA	0.066		0.066	
				Stock return	0.05		0.05	
35	Qu (2009)	143	Survey	sales growth	0.36		0.36	
				ROE	0.37		0.37	
				Overall performance	0.39		0.39	

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
36	Aras, Aybars, and Kutlu (2010)	40	Content analysis	ROA	0.114	0.143		0.114
				ROE	0.077	−0.128		0.077
				ROS	−0.066	0.082		−0.066
37	J. S. Choi, Kwak, and Choe (2010)	1,222	KEJI	ROA	0.167		0.167	
			(Equal weight)	ROE	0.088		0.088	
			(Equal weight)	Tobin's *Q*	0.038		0.038	
			Stakeholder weight	ROA	0.241		0.241	
			Stakeholder weight	ROE	0.193		0.193	
			Stakeholder weight	Tobin's *Q*	0.333		0.333	
38	Huang (2010)	297	Content analysis (CSP workers)	ROA	0.094		0.094	
			(CSP customers)		0.05		0.05	
			(CSP suppliers)		0.046		0.046	
			(CSP community)		0.054		0.054	
			(CSP environment)		0.006		0.006	
			(CSP society)		0.052		0.052	

(continued)

Appendix (continued)

	Study	*N*	CSP type	CFP measure	Overall	CFP → CSP	Concurrent	CSP → CFP
39	Karagiorgos (2010)	78	Content analysis on CSR annual reports	Stock return	−0.455		−0.455	
40	H. M. D. Wang (2010)	200	CSP rating from an independent evaluation agency	Brand value	0.2		0.2	
41	Melo and Galan (2011)	188	KLD database	Most valuable brands' report	0.155		0.155	
42	Oeyono, Samy, and Bampton (2011)	48	GRI guidelines	EBITDA (earnings excludes depreciation and/or amortization)	0.182		0.182	

Note. CFP = corporate financial performance; KLD = Kinder, Lydenberg, Domini; CAR = cumulative abnormal returns; MVA = market value added; P/E = price to earnings ratio; P/B = price to book value of equity; CV Index = Corporate Value Index; EPS = earnings per share; CSR = corporate social responsibility; ROAE = return on average equity; ROAA = return on average assets; MTBV = market to book value; PTBV = price to book value; CANOF = cumulative abnormal net order flow; FAMA = *Fortune* "America's Most Admired Corporation"; EVA = economic value added; KEJI = Korea Economic Justice Institute Index; ROS = Return on Sales; MJRA = Michael Jantzi Research Associates; CAMP = Capital Asset Pricing Model; GRI = Global Reporting Initiative; Earnings Before Interest, Taxes, Depreciation and Amortization.

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Note

1. These five journals are chosen for two reasons. They are either ranked as the top journals in the area of management or mainly focus on corporate social responsibility (CSR). The authors also tried to include *Business & Society* (*BAS*), which has a high impact factor (1.936 in 2012), but *BAS* focuses on relatively widespread topics besides CSR, such as corporate governance, and business–government relations. So the authors did not conduct a manual search on it, but some papers on CSR–CFP (corporate financial performance) from *BAS* are included in the meta-analysis.

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