Received: 12 May 2022 | Revised: 15 December 2022 | Accepted: 1 January 2023

DOI: 10.1002/csr.2446

REVIEW ARTICLE

Corporate Social Responsibility and Environmental Management

WILEY

The impact of social responsibility on corporate financial performance: A systematic literature review

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Abstract

Although corporate social responsibility (CSR) has been gaining relevance in the academic, business, and political worlds, the relationship between CSR and performance remains unclear. This study provides a better understanding of the relationship between companies' financial performance and CSR activities. In other words, can the allocation of company resources to address social, environmental, and governance issues be a source of synergy to increase business value and improve financial performance for the benefit of the company and its stakeholders? To shed new light on this issue, we mapped this topic via a systematic review and content analysis of 53 articles identified in the confluence between CSR and financial performance from 1984 to 2021. Our study suggests that CSR directly impacts a company's financial performance, and this impact becomes more significant as the company's environmental, social, and governance (ESG) scores improve. Moreover, we must note that this is a comprehensive study whose results include analyses of companies from the world's largest stock market indices, mutual funds, sustainable portfolios, non-sustainable portfolios, regions, asset classes for ESG investing, emerging markets, developed and developing countries, among others. Additionally, this study provides a path for future research.

KEYWORDS

environmental management, financial performance, social responsibility, sustainable development

1 | INTRODUCTION

Since Bowen's (1953) first work, the relationship between corporate social responsibility (CSR) and financial performance in the business context has become a topic of significant relevance. The idea and perception of CSR change from company to company, between managers, and in different societies (Lau, Hulpke, To and Kelly, 2007). However, a common aspect exists: instead of companies channelling their resources to maximise profits and shareholder wealth, managers focus on stakeholder welfare (Becchetti & Trovato, 2011). In this context, we can affirm that the mind-sets of managers and shareholders are changing. Managers are becoming increasingly aware of using social responsibility to get ahead of their competition. Companies have begun to develop CSR business strategies to gain competitive advantages (Carroll, 2008). Many companies prioritise CSR activities on their agendas (Maretno, 2018). They implement these activities in their strategy and use their resources to enhance or correct their social and environmental impacts as they improve the communities around them. Environmental, social, and governance (ESG) activities are the three pillars of sustainability (Staub-Bisang, 2012). However, these developments in social responsibility have caused managers to wonder how improving the performance of CSR activities is fruitful in the long run. In other words, can allocating company resources to address ESG issues increase business value and improve financial performance to benefit a company and its shareholders? This question is relevant, as commitment to social responsibility is costly and requires companies to spend limited resources that could be invested in other, more profitable projects (Maretno, 2018). Therefore, it is incumbent on managers to know whether such initiatives will be valuable for investments in this area (Kurucz et al., 2008).

Given the significance of this topic, we conducted a literature review to systematise and examine the impact of social responsibility on companies' financial performance. Thus far, only two literature reviews have been identified (Table 1).

The first review by Huang (2021) explained why companies undertake ESG activities. According to this author, despite the substantial and growing body of literature, it remains underdeveloped, and there are significant theoretical gaps related to attempts to build an explanatory theory on ESG metrics and financial performance based on Friedman's (1970) seminal study. Regardless of the interest in this relationship, the author further demonstrates that there is still no consensus on its nature, intensity, and direction. ESG activities occur in an institutional context and are characterised by different organisational constraints and individual decision makers (Huang, 2021). Thus, there is a window of opportunity for a theory relative to external motivations for ESG activities and their internal drivers.

In the second literature review, Cunha et al. (2021) assert that the literature on sustainable finance is excessively fragmented, making it difficult to identify its scope and, most importantly, differentiate it from traditional finance. Despite extensive academic production, the authors note that several questions remain unanswered and succinctly indicate three major challenges: an under-theorization of the concept of sustainable finance and investment (SFI), the persistence of traditional short-term financial logic, and a lack of evidence of the impacts of SFIs on society and the environment. For Cunha et al. (2021), SFIs are key to promoting sustainable global development. Thus, they asked the following research question: What is the difference between SFIs and traditional finance? Understanding this difference is fundamental to the effectiveness of the SFIs. Based on the systematic review, the authors identified four groups of players within SFIs:(1) providers (investors and financial institutions), (2) recipients (companies that present a good financial performance by adopting sustainability and CSR practices), (3) supporters (governments, NGOs, and consulting groups), and (4) beneficiaries (society and the planet/environment enjoy positive impacts, thereby legitimising further action with SFIs).

CSR has been gaining relevance in the academic, business, and political worlds; however, there are gaps in the literature regarding the nature, intensity, and direction of the relationship between CSR and financial performance. This study aimed to answer the following research question: What is the relationship between CSR and companies' financial performance? To this end, we conducted a systematic literature review using the Web of Science database, followed by bibliometric and content analyses using the VOSviewer tool to generate clusters of co-citations of cited references. Fifty-three articles were included in the analysis based on the eligibility criteria, and the 53 articles were considered for the analysis. This study suggests that social responsibility directly and positively affects financial performance, and this impact increases as a company's ESG scores improve.

This study makes an immediate contribution to the literature as some authors (Lu et al., 2014) argue that the true relationship between CSR and financial performance has not yet been determined. Simultaneously, it discusses the most current research on this relationship, which creates the possibility of new empirical studies. Practically, this study succinctly and objectively describes the benefits of engaging in social responsibility practices and how managers and shareholders can integrate them into corporate strategies. Social responsibility is a highly relevant factor in investment and funding decisions and it is essential to determine its contribution to a company's future financial performance. In short, social responsibility should be viewed as an investment opportunity rather than a cost for companies to contribute positively to a more sustainable world while achieving better financial results.

This paper is organised into five sections. Section 2 discusses the methodological procedures applied to this systematic literature review, and Section 2.1 presents the bibliometric analysis. Section 3 reveals topical groups and the main concepts related to social responsibility. In Section 4, we conduct a content analysis and present the main results of this systematic review and an integrated framework of the topic. Section 4 presents the research agenda based on potential future research directions.

TABLE 1 Literature review overview

Authors and year	Title	Source	Key contributions
Huang (2021)	An integrated theory of the firm approach to environmental, social, and governance performance	Accounting & Finance	ESG factors are a major element of company strategy with regard to developing and maintaining the company's social licence, managing and mitigating risks, and building competitive advantage
Cunha et al. (2021)	Sustainable finance and investment: Review and research agenda	Business Strategy and the Environment	A conceptual model with the ESG players' (Providers, Recipients, Supporters, Beneficiaries) profiles and strategy, who act together to promote global development through sustainable finance and investment

Finally, Section 5 discusses conclusions, limitations, and theoretical and practical implications.

2 | RESEARCH METHOD

This systematic literature review includes bibliometric and content analyses. Bibliometric studies have gained importance given the growing number of scientific publications and their capacity to use techniques to quantify the process of written communication (Ikpaahindi, 1985). Simultaneously, citation analysis can be used to identify influential scientific articles and their relationships (Chai & Xiao, 2012). Combining content analysis with bibliometric analysis is a way to identify the trends, topics, and fields discussed most frequently in the literature, and the gaps that may exist (Carvalho et al., 2013). A research protocol (Figure 1) suited to the methodological rigour required in a systematic literature review was developed to map and analyse relevant studies to meet the proposed objective. Based on Tranfield et al. (2003), the systematisation of the protocol encompasses three stages: planning the review, conducting the review, and disseminating knowledge.

In the first stage, we formulate the following research question: What is the relationship between CSR and companies' financial performance? Next, we searched the Web of Science (Clarivate Analytics™) for scientific articles and extracted those, which contained the following keywords: Strateg* (Topic) and ESG (Topic) and Corporate OR Firm (Topic) and "Financ* Performance" (Topic). We then utilised the advanced search mechanism and applied the following filters: types of documents: articles, review articles, or early access; web of science (WoS) categories: business finance, business, management, or economics; and language: English.

For a deeper analysis, we performed a co-citation network analysis of cited references using the VOSviewer tool (van Eck & Waltman, 2019). A co-citation network of cited references is a bibliometric model that defines coherent research problem areas by

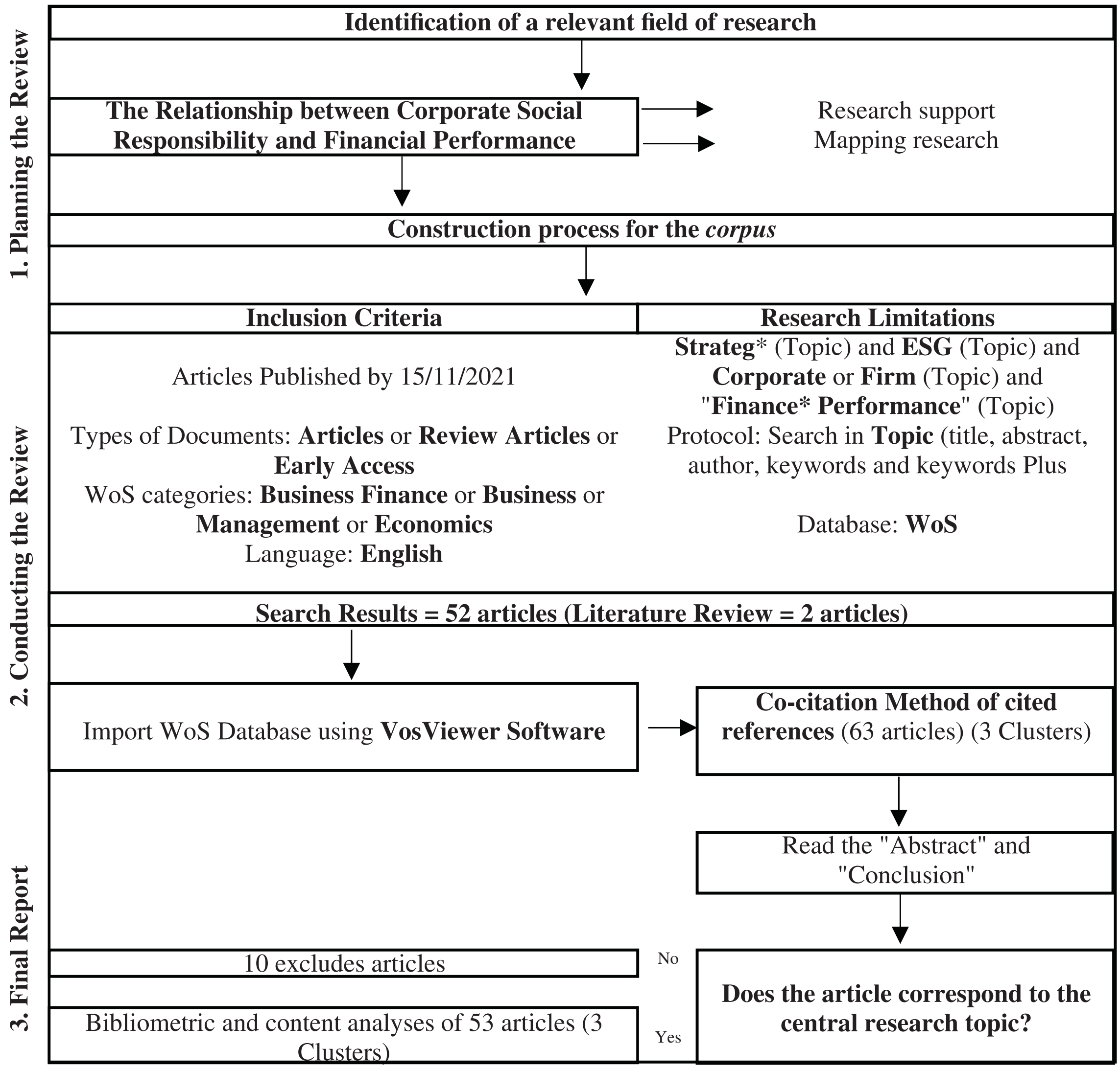

FIGURE 1 Research protocol

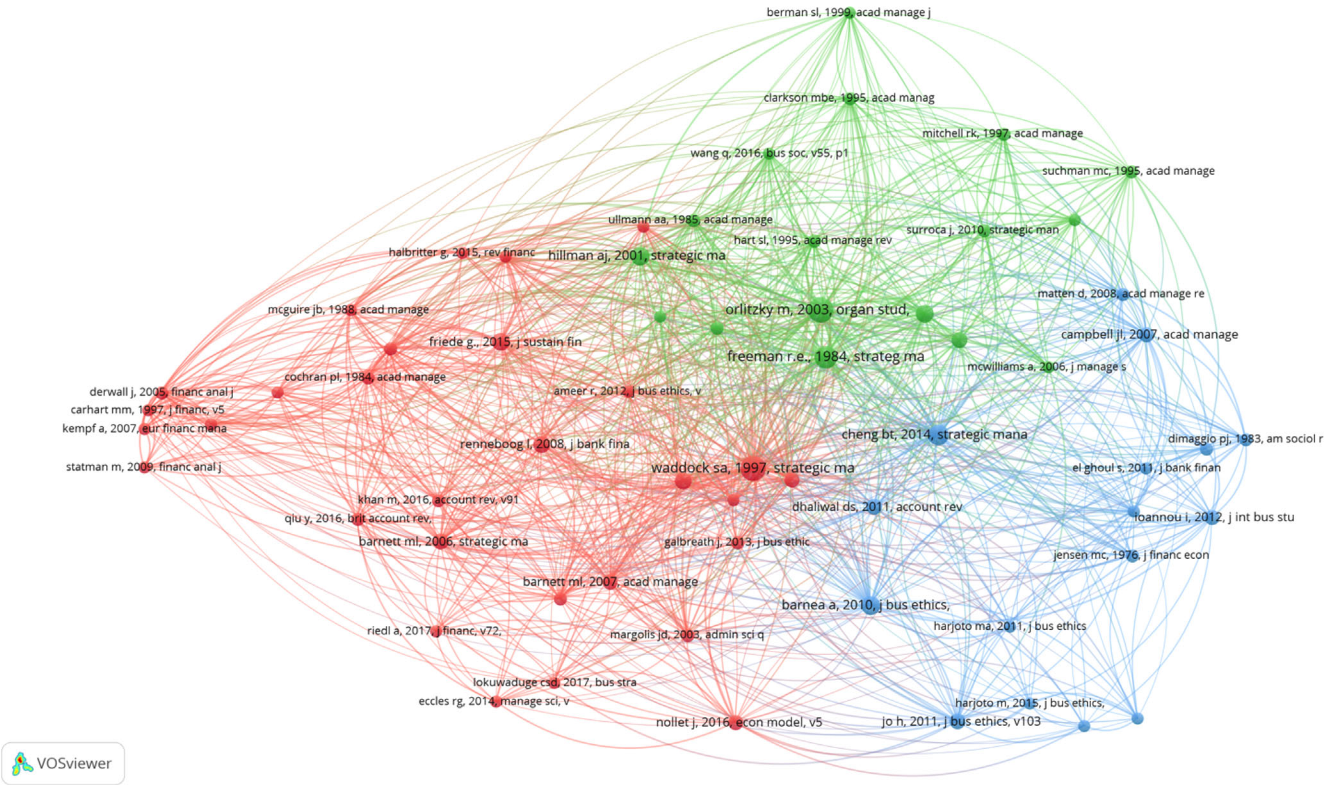

FIGURE 2 Co-citation network of authors with 'nodes' which were determined by the number of citations [Colour figure can be viewed at wileyonlinelibrary.com]

classifying and grouping scientific articles by the common references cited in a document (Griffith et al., 1974).

Finally, each article was individually read during the third stage. Articles that did not correspond to the central research topic ($N = 10$) were excluded. The bibliometric and content analyses included 53 articles that constituted the sample for this study. Based on these analyses, we present and discuss our results and conclusions.

2.1 | Research profile

This section applies bibliometric search (Zupic and Cater, 2014) and network analysis (Newman, 2009; Van Eck and Waltman, 2019) based on the co-citations of cited references. We generated a co-citation network by selecting the "co-citation" type for analysis. The unit of analysis was the "cited reference," and we used the "full counting" method. We defined a minimum number of five citations for each cited reference. This configuration provided the best view of the network, resulting in three clusters and 3158 relational links of simultaneously cited references (63 articles in total). Figure 2 shows the formation of three clusters: blue, red, and green. The lines establish the interaction of co-citations between the authors, and the thickness of the "nodes" is proportional to the number of citations of each author.

Subsequently, the analyses we performed were supported by three classic bibliometric laws: Lotka (1926), which considers the authors' productivity; Bradford (1953), which measures the journals' productivity; and Zipf (1949), which assesses the frequency of occurrence and co-occurrence of certain words in a text. We conducted a bibliometric analysis of the 53 articles selected using the co-citation methodology of cited references, which comprised our sample, including 24 journals and 117 authors and co-authors.

TABLE 2 Main journals in the sample (no. of publications)

Journals	Frequency	Total
Academy of Management Review	17.0%	9
Journal of Business Ethics	15.1%	8
Strategic Management Journal	11.3%	6
Academy of Management Journal	7.5%	4
The Accounting Review	3.8%	2
Business & Society	3.8%	2
Financial Analysts Journal	3.8%	2
Journal of Banking & Finance	3.8%	2
The British Accounting Review	3.8%	2
Harvard Business School	3.8%	2

Table 2 lists the journals with the highest number of published articles on the topic addressed in this systematic literature review. Notably, 51% of the articles in the sample were concentrated in four journals, particularly the *Academy of Management Review*, with nine publications and the *Journal of Business Ethics*, with eight publications. Most of the journals in the sample focused on economic and business science and ethics, reinforcing the topic's relevance to the area.

Socially responsible companies have a greater tendency to adopt ethical leadership, and this relationship has a positive impact on financial performance (Saha et al., 2020).

In 1998, Elkington (1998) developed a “Triple Bottom Line” concept and assumed that sustainable development encompassed three categories: environmental, social, and economic. In the mid-2000 s, the United Nations Global Compact, proposed by the United Nations, was launched to encourage companies to adopt social responsibility and sustainable development practices. In 2015, CSR Europe launched the Enterprise 2020 Manifest, which aimed to provide orientation to companies on social responsibility issues and play a key role in developing and strengthening an inclusive, sustainable economy.

Table 3 shows the publications of the articles in our sample over the years in terms of quantity and methodology. The first article in our sample (the oldest), entitled “CSR and financial performance”, was written by Cochran and Wood (1984). They used the Fortune Reputation Index to categorise companies based on their CSR practices. The authors concluded that companies with old tangible assets have lower CSR classifications (strong correlation). However, even when they controlled for the age of the tangible assets, there was still a connection between social responsibility and financial performance. By exploring, reading, and analysing the articles in the sample, we noted their chronology and the predominant trend in using quantitative methods for data exploration. Thirty-six (68%) articles were published after 2005. In 2010, 2015, and 2016, 15 articles (28%) were published, with five articles each year, indicating the importance of the topic. Of the 53 articles, 41 employed quantitative methods (primarily regression econometrics). Nevertheless, the theory around the stakeholders throughout the research is one of the most emphasised theoretical pillars that supports the conclusions reached.

Table 4 presents the most co-cited authors in our sample, representing 50% of the citations of the 53 articles (368 citations). We note

TABLE 3 Number of articles by period and research method

Period Research method	1984–2000	2001–2005	2006–2010	2011–2015	2016–2020
Empirical	7	2	9	11	5
Theoretical-conceptual	4	1	4		1
Meta-analysis	1	2		2	1
Survey					1
Literature review					2
	12	5	13	13	10

TABLE 4 List of the most cited authors in the sample (+7 citations)

Author (year)	Title	Journal	Citation	Cluster
Orlitzky et al. (2003)	Corporate social and environmental responsibility: A meta-analysis	Organisational Studies	21	2
Waddock and Graves (1997)	The corporate social performance–financial performance link	Strategic Management Journal	21	1
Cheng et al. (2014)	Corporate social responsibility and access to finance	Strategic Management Journal	14	3
Barnea and Rubin (2010)	Corporate social responsibility as a conflict between shareholders	Journal of Business Ethics	11	3
Hillman and Keim (2001)	Shareholder value, stakeholder management, and social issues: what's the bottom line?	Strategic Management Journal	11	2
Friede et al. (2015)	ESG and financial performance: aggregated evidence from more than 2000 empirical studies	Sustainable Finance & Investment	10	1
McWilliams and Siegel (2000)	Corporate social responsibility and financial performance: correlation or misspecification?	Strategic Management Journal	9	1
Renneboog et al. (2008)	Socially responsible investments: Institutional aspects, performance, and investor behaviour	Journal of Banking & Finance	9	1
Barnett and Salomon (2006)	Beyond dichotomy: The curvilinear relationship between social responsibility and financial performance	Strategic Management Journal	8	1
Dhaliwal et al. (2011)	Voluntary nonfinancial disclosure and the cost of equity capital: The corporate social responsibility reporting	The Accounting Review	8	3
Jo and Harjoto (2011)	Corporate governance and firm value: The impact of corporate social responsibility	Journal of Business Ethics	8	3
McWilliams & Siegel (2001)	Corporate social responsibility: A theory of the firm perspective	Academy of Management Review	8	2

the articles by Waddock and Graves (1997), with 21 citations and a total link strength of 234 in the red cluster (1); Orlitzky et al. (2003), with 21 citations and a total link strength of 214 in the green cluster (2); and Cheng et al. (2014), with 14 citations and a total link strength of 149 in the blue cluster (3).

In their meta-analysis of 53 studies and 34,000 observations, Orlitzky et al. (2003) concluded that CSR positively correlates with financial performance. Additionally, the authors underscored that CSR measured in financial performance by the organisational reputation index has a stronger correlation with accounting indicators than market indicators. Waddock and Graves (1997) set out to understand how CSR impacts financial performance and how financial performance might impact CSR. The study's final sample consisted of 469 companies belonging to the S&P 500 index. These authors concluded that a positive relationship exists in both directions. As measured by KLD Stats, CSR depends on financial performance since companies with more available resources can apply these resources to social responsibility activities. At the same time, companies with better CSR have better financial performance.

Therefore, CSR is seen as a competitive advantage for companies. In their study on the impact of CSR on companies' access to funding from 2002 to 2009, Cheng et al. (2014) concluded that companies with better CSR performance, as measured by Thomson Reuters ESG Scores, have fewer restrictions on access to funding. This is primarily justified by lower agency costs, as all stakeholders are actively engaged, and increased transparency generates decreased information asymmetry.

Although we did not analyse the institutional/geographical affiliation of the 117 authors and co-authors of the 53 articles selected by the co-citation methodology of cited references, many authors argue that the United States can develop more CSR policies but falls behind other countries (Camilleri, 2017). Moreover, Sotorrío and Sánchez (2008) demonstrate that European companies have a higher level of CSR than American companies. The great challenge in implementing CSR policies in Europe relates to the differences in culture and economic development experienced by various European countries, which lead to diverse ways of interpreting the concept of CSR (Welford, 2004). In this context, Europe approaches this issue in a more regulated manner. European authorities view this concept as part of the company's competitive strategy, which impels European companies to have a more significant commitment to this issue and be more transparent about publishing information on social responsibility activities than North American companies.

To complement our research, we constructed a co-occurrence network of the keywords. We performed a co-occurrence analysis of the keywords using the VOSviewer tool to extract them from the WoS database. With a minimum of one occurrence for each pair of keywords plus, we constructed a co-occurrence network with 199 "nodes" and three clusters (Figure 3).

The number of co-occurrence of two keywords corresponds to the number of publications in which the keywords occur together in the keyword list (Van Eck and Waltman, 2019). The terms "financial performance" and "CSR" were used to define our bibliographic search and are naturally more prominent in this network, with 30 occurrences, a total link strength of 225 and 12 occurrences, and a total link

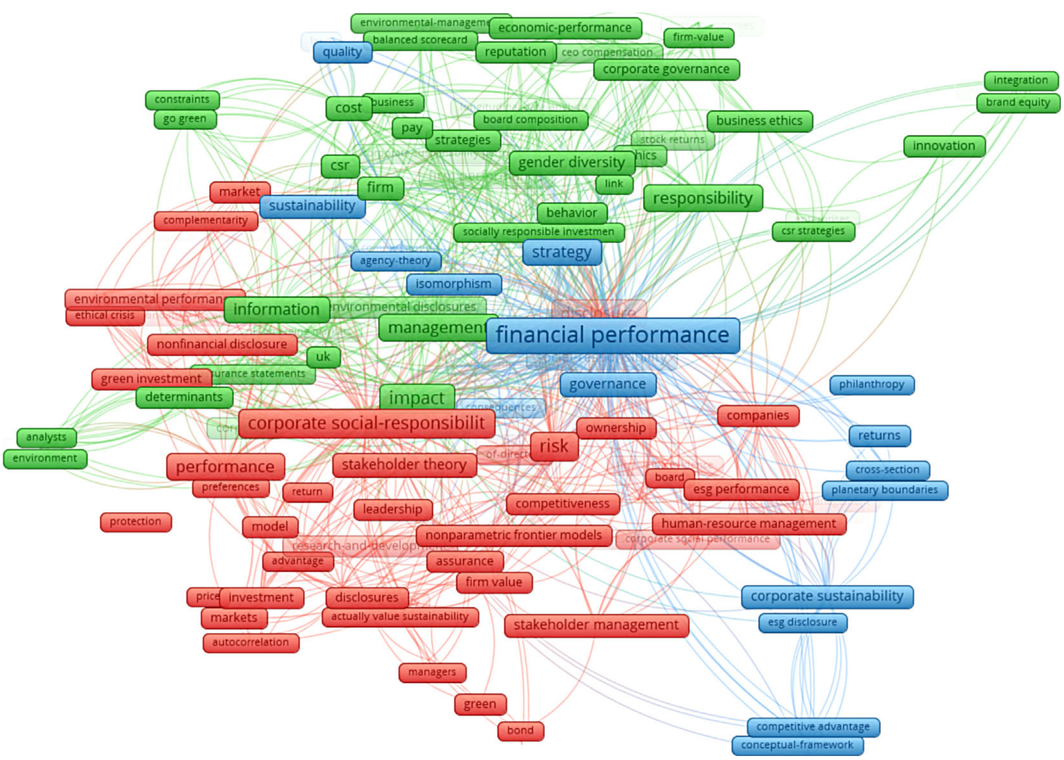

FIGURE 3 Co-occurrence network of keywords plus [Colour figure can be viewed at wileyonlinelibrary.com]

strength of 93, respectively. Other noteworthy keywords in the network included impact, risk, management, disclosure, governance, stakeholder theory, strategy, gender diversity, sustainability, and ownership.

3 | SOCIAL RESPONSIBILITY ON CORPORATE FINANCIAL PERFORMANCE: THEMATIC GROUPS

Based on the authors' co-citation network results illustrated above, we characterised each thematic group (cluster) identified in Figure 4: social responsibility, stakeholder capitalism, and implications for companies.

3.1 | Social responsibility and financial performance (cluster 1)

Table 5 summarises the main characteristics of the studies in this group. Although CSR is widely studied, there is still no consensus on the scope of its definition (Crane et al., 2008). However, there are common aspects of this concept. One such characteristic is that CSR includes economic, social, and environmental elements (Škare & Golja, 2012). Social responsibility is defined as activities that companies voluntarily conduct for the benefit of society, not for legal purposes.

Jo and Harjoto (2011) suggest that a company is socially responsible when it positively serves people and communities in a way that goes beyond what is legally required. Hirigoyen and Poulain-Rehm (2015) gathered all of these characteristics and posited that social responsibility refers to companies voluntarily developing civic and social responsibility by integrating environmental, social, and economic concerns into their activities and relationships with stakeholders. Carroll (1999), a reference in the study of CSR, states that social responsibility should be viewed as a process rather than an outcome since the concept is vague. In 1984, Drucker, 1984 claimed that a company's profits and social responsibility were compatible and that companies could convert their social responsibility activities into business opportunities.

Since it is a vast concept, one way to quantify a company's social responsibility is to analyse its ESG scores. To generates these scores, various indicators are used to assess a company's performance in three dimensions: ("E") Environmental (e.g., climate change, energy and water use, carbon emissions); ("S") Social (e.g., fair trade principles, human rights, product safety, gender equality, health and safety); and ("G") governance (e.g., board independence, issues related to corruption, bribery, code of ethics, voluntary reporting and disclosure, shareholder protection). These scores are subsequently disclosed through sustainability indices and by rating agencies.

The older studies in our sample, such as those by Cochran and Wood (1984) and McGuire et al. (1988), utilised the Fortune Reputation Index to categorise companies based on their CSR practices. Subsequently, this systematic literature review mentioned other indices with greater representativeness.

3.2 | Stakeholder capitalism and CSR (cluster 2)

Table 6 synthesises the main characteristics of the studies in this topical group. Friedman (1970) suggested that the main objective of companies is to maximise profits and defend shareholders' interests. On the other hand, Freeman (1984) pointed to the importance of paying attention to all stakeholders, not only to shareholders, reflecting the Stakeholder Theory's relevant contribution to this concept.

A strong ESG alignment is receiving more recognition as good business sense in the last decade (Wilmshurst & Frost, 2000; Clark & Hebb, 2005; Willard, 2012). Sustainable companies appear to have a lower risk factor and potentially offer better long-term investment strategies (MSCI, 2017; Della Croce, Stewart, and Yermo, 2011; Clark & Hebb, 2004). Guenster et al. (2011) argue that companies with better material performance in social responsibility and sustainability are less risky because they are perceived as more sustainable and more stable in the long term. Disclosure of ESG scores is also

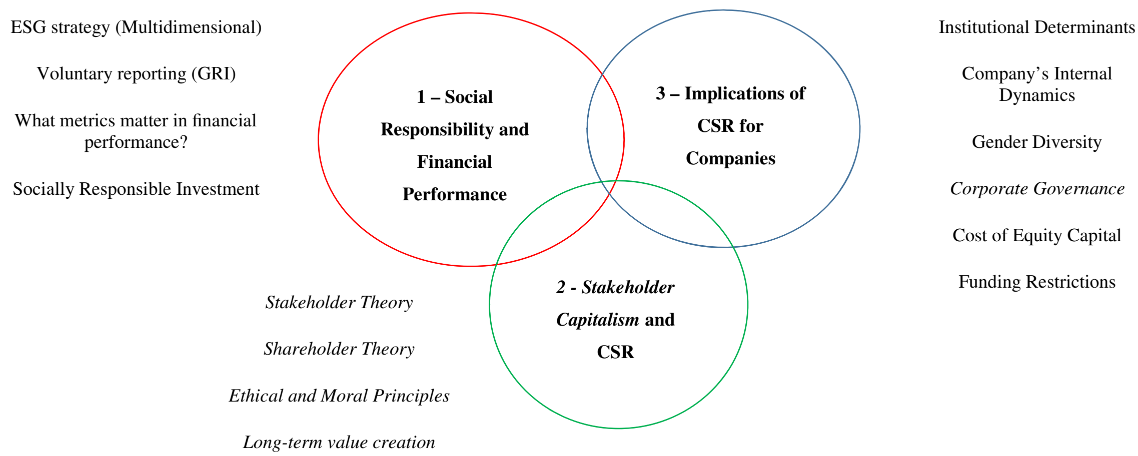

FIGURE 4 Thematic groups [Colour figure can be viewed at wileyonlinelibrary.com]

TABLE 5 Analysis of cluster 1–social responsibility and financial performance

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Cochran and Wood (1984)	The influence of tangible assets age on the relationship between CSR and financial performance of 61 US companies from 1970 to 1979	E	Fortune Reputation Index	Operating earnings/assets, Operating earnings/sales, Excess value, Asset age, Asset turnover	Positive relationship: Even when controlling for the age of tangible assets, there is a positive link between companies' social and financial performance.
McGuire et al. (1988)	The impact of CSR on the financial performance of 131 Fortune 500 companies from 1983 to 1985	E	Fortune Reputation Index	ROA, Average assets, Operating income growth, Sales growth, Asset growth, Alpha, Total return, Debt-to-assets ratio, Operating leverage, Standard deviation of operating income, Beta, Standard deviation of total return	Bidirectional relationship: Previous financial performance is positively related to CSR. Reducing corporate risk is seen as an important benefit of CSR.
Russo and Fouts (1997)	The impact of environmental performance on the financial performance of 243 FRDC companies from 1991 to 1992	E	Franklin Research & Development Corporation - Environmental rating	ROA, Firm growth rate, Advertising intensity, Log sales, Capital intensity, Industry concentration and growth rate	Positive relationship: Environmental and economic performance have a positive correlation. Results indicate that "it pays to be green" and that this relationship strengthens with industry growth.
Waddock and Graves (1997)	The impact of CSR on the financial performance of 469 S&P 500 companies from 1989 to 1990	E	KLD (Employee, Product, Community, Environment, Diversity, Nuclear power, Military contracts, South Africa)	ROA, ROE, ROS, Debt-to-assets ratio, Log sales, Log assets, No. of employees	Bidirectional relationship: CSR positively associated with previous financial performance, which supports the theory that Cash and CSR are positively related. CSR also has a positive association with long-term financial performance.
Griffin and Mahon (1997)	The impact of CSR on the financial performance of the 6 worldwide largest chemical companies, 1992	E	KLD, Fortune, TRI (toxic waste treatment), Corporate Philanthropy	ROA, ROE, ROS-5y, Log assets, Asset age	Different measures predetermine the relationship between CSR and financial performance. The Fortune and KLD indices follow each other. The TRI and Philanthropy indices diverge at the CSR level and do not correlate with financial performance.
McWilliams and Siegel (2000)	The influence of I&D and advertising on the relationship between CSR and financial performance of 524 companies from 1991 to 1995	E	KLD (military, nuclear power, gambling, tobacco, alcohol, community, diversity, employee, environment, product quality (innovation/R&D), environment, labour relations)	Accounting profits, Debt-to-assets ratio, Size proxy, R&D expenditures/sales, Advertising intensity	Indirect relationship: CSR and R&D have a strong correlation. The company informs consumers of its social responsibility through advertising, leading to better financial performance.

TABLE 5 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Margolis and Walsh (2001)	The impact of CSR on financial performance, 127 studies from 1972 to 2002	MA			Positive relationship: A simple compilation of the results suggests a positive association and certainly very little evidence of a negative association between CSR and financial performance.
Derwall et al. (2005)	The impact of corporate eco-efficiency on the performance of two US equity portfolios from 1995 to 2003	E	Innovest - Corporate Eco-Efficiency	Portfolio returns, four-factor model (MKT, SMB, HML, MOM)	Positive relationship: The portfolio labelled "high-ranked eco-efficient companies" considerably outperformed the portfolio labelled "low-ranked eco-efficient companies".
Barnett and Salomon (2006)	The impact of CSR on the financial performance of 61 Mutual Funds SRI from 1972 to 2000	E	Weisenberger and ICDI (Environment, Labour relations, Employment/equality, Community investment, Community relations)	Risk-adjusted performance (RAP) adjusted by the fund's specific beta, Fund age, Total assets, Percent Stocks versus Percent Bonds (CAPM model)	A curvilinear relationship exists between social and financial performance. The "Environment" and "Labour" variables reduce financial performance, while the "Community investment" and "Community relations" variables enhance financial performance.
Brammer et al. (2006)	The impact of CSR on the stock returns of 451 UK companies from 2002 to 2004	E	Ethical Investment Research Service (Community, Environment, Employee)	Stock returns: Market capitalisation, Price-to-book ratio, Year's return, (CAPM model)	Negative relationship: The "environment" and "employment" variables are negatively related to stock returns; the "community" variable has a weak positive relationship. Investment in CSR is destructive in terms of shareholder value.
Barnett (2007)	The influence of stakeholders on the relationship between CSR and financial performance	TC			The financial merits of CSR cannot be amply demonstrated. Financial returns from CSR initiatives vary from company to company and over time.
Kempf and Osthoff (2007)	The impact of SRI issues on the stock trading of S&P 500 and DS 400 indices from 1992 to 2004	E	KLD (community, diversity, employee relations, environment, human rights, and product characteristics)	Portfolio returns: four-factor model (MKT, SMB, HML, MOM)	Positive relationship: Buying stocks with high socially responsible investment (SRI) and selling stocks with low SRI leads to returns of 8.7% per year. Maximum returns are attained when investors employ the best combination of SRI variables.
Renneboog et al. (2008)	The impact of SRI issues on the financial performance	LR			The study suggests that SRI investors are willing to accept a sub-optimal financial return to meet social and ethical metrics.

(Continues)

TABLE 5 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Statman and Glushkov (2009)	The impact of CSR on the stock returns of S&P 500 and DS400 indices from 1992 to 2007	E	KLD (community, corporate governance, diversity, employee relations, environment, human rights, and product characteristics)	Portfolio returns: three-factor model, four-factor model and CAPM model	Neutral relationship: CSR does not affect stock returns; however, the advantages of including CSR criteria are outweighed by the disadvantages of their absence.
Lee and Faff (2009)	The impact of sustainability on the performance of two portfolios with companies from 34 countries from 1998 to 2002	E	Dow Jones Sustainability (corporate sustainability industry ranking)	Portfolio returns: six-factor model (MKT, SMB, HML, MOM, Industry, Country)	Neutral relationship: Leading companies in sustainability do not underperform, discount SRI, while lagging companies outperform the market portfolio due to higher idiosyncratic risk.
Ameer and Othman (2012)	The impact of sustainability practices on the financial performance of 3.000 global companies from 2006 to 2010	E	Corporate Knights Research Group (Energy, Carbon, Water, Waste, Leadership diversity, CEO-worker pay, Tax pay, Sustainability leadership and pay link, Innovation capacity)	Sales growth, ROA, Profit before tax, Cash from operating activities	Bidirectional relationship: The financial performance of the most sustainable companies improved and remained the same over the period. There is a bidirectional relationship between sustainable practices and financial performance.
Eccles et al. (2012)	The impact of sustainability practices on the financial performance of 180 US companies from 1993 to 2009	E	Thomson Reuters and Bloomberg ESG (Time Horizon, Stakeholder Engagement, Corporate Governance)	Four-factor model (MKT, SMB, HML, MOM); Total assets, ROA, ROE, Sales/total assets, liabilities/total assets, MTB	Positive relationship: High-sustainability companies (HSC) significantly outperform low-sustainability companies (LSC) over the long term both in market value and accounting-wise.
Galbreath (2013)	The Australian evidence between ESG issues and ASX 300 companies from 2002 to 2009	E	KLD (ESG Dimension)	Log (total assets), Log (sales revenue), ROA, Cash (Slack resources)	Bidirectional relationship: “High-impact” companies improved their ESG performance (available cash). The governance dimension improved at a higher rate than environmental or social performance.
Friede et al. (2015)	The impact of ESG issues on the financial performance, 2.200 studies (portfolio, non-portfolio, regions, asset classes, emerging markets, corporate and real estate)	MA			Positive relationship: 90% of the studies found a non-negative relationship between ESG and financial performance. The vast majority of studies report positive results. The positive impact of ESG on financial performance appears stable over time.

TABLE 5 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Dorfleitner and Halbritter (2015)	The impact of ESG issues on the financial performance of US companies ASSET4 from 1991 to 2012	E	KLD (ESG); Bloomberg (ESG); Thomson Reuters (ASSET4) (ESG, ECN - firm's economic sustainability)	Portfolio returns: Four-factor model (MKT, SMB, HML, MOM)	Positive relationship: The Fama-MacBeth (1973) regression suggests a significant influence of some ESG variables on financial performance. However, investors should not expect abnormal returns for trading companies' portfolios with high or low ESG factors.
Revelli and Viviani (2015)	The impact of SRI issues on financial performance, 85 studies	MA			Neutral relationship: CSR in equity portfolios is neither a weakness nor a strength. Performance depends on methodological choices and the ability of SRI fund managers.
Jones (2016)	Stakeholders, ethics and financial performance	TC			Relationships between companies and stakeholders should be based on trust and cooperation to resolve opportunism. Opportunistic costs are significant, and companies that contract based on trust and cooperation will have a competitive advantage.
Khan et al. (2016)	The impact of sustainability practices on the financial performance of 3.000 US companies from 1991 to 2012	E	KLD and SASB (Materiality and Immateriality Sustainability Issues Index)	ROA, Leverage, MTB, Log Market cap, R&D expenditures/sales, Advertising intensity expenditures/sales, Institutional Ownership, Capex, SG&A expenses/sales	Positive relationship: Companies with strong ratings in materially relevant sustainability issues have better long-term financial performance than companies with lower ratings.
Nollet et al. (2016)	The impact of CSR on the financial performance of S&P 500 companies from 2007 to 2011	E	Bloomberg (Environment, Social, and Governmental disclosures Dimensions)	ROA, ROC, Excess stock market returns, Leverage (risk), Sales revenue, R&D expenditures	Positive relationship: The effects of CSR on financial performance are positive in the long run. Companies that integrate CRS into their strategic planning add value to their products and will have better financial performance.
Qiu et al. (2016)	The influence of voluntary disclosures on the relationship between CSR and financial performance of FTSE 350 companies from 2005 to 2009	E	Bloomberg (Environment and Social disclosures Dimensions)	Slack (Log cash, short term invest & receivables), ROE, ROA, ROS, Log sales, Log No. Employees, Debt/Total assets, ratio of net proceeds from sales/common and/or preferred stock issue/total assets, Strategic holdings (5%), R&D expenditures, BVPS, EPS, Price	Bidirectional relationship: Companies with better financial performance disclose more information. The "social dimension" appears to be the most important for investors and the one that supports greater real economic benefits.

(Continues)

TABLE 5 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Lokuwaduge and Heenetigala (2017)	The disclosure of ESG issues in the Australian Mining Sector, Top 30 ASX companies, 2013	E	Global Reporting Index (GRI)		ESG is a critical variable for a successful strategy. Stakeholder engagement is key to defining a sustainable development policy. ESG reporting is also influenced by regulation.
Riedl and Smeets (2017)	Survey of 3.382 SRI investors (35.000 investors) on the returns on their equity portfolios, 2011	S			Socially responsible investors expect lower returns on their portfolios. They are willing to forgo stock returns to invest in CSR criteria.
Daugaard (2020)	The ESG costs and motivations in Australia	SLR			They demonstrate the potential impact of the absence of ESG factors on funding costs (e.g., polluting companies) and corporate behaviour. ESG alone may not be sufficient to generate good corporate behaviour.

Abbreviations: E, empirical; LR, literature review; MA, meta-analysis; SLR, systematic literature review; TC, theoretical/conceptual.

TABLE 6 Analysis of cluster 2–stakeholder capitalism and CSR

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Ullmann (1985)	The impact of CSR on the corporate financial performance, 24 studies	MA			Positive relationship: In 13 studies on social performance versus economic performance, 8 found a positive correlation. In 11 studies on economic performance versus social disclosure, 7 found a positive correlation
Clarkson (1995)	A stakeholder's framework, analysis and evaluation of CSR	TC			A company's economic and social objective is to create and distribute value to all stakeholders. Value is not defined only in share price, dividends, or profits. Ethical and moral principles among stakeholders are strategically important
Donaldson (1995)	The stakeholder theory: concepts, evidence and corporate implications	TC			The Stakeholder Theory is "managerial". It recommends attitudes and practices that together constitute the stakeholders' philosophy
Hart (1995)	A competitive advantage model based on the company's relationship with the "Natural Environment"	TC			The company should be concerned with a long-term vision through a model of sustainable competitive advantage based on its relationship with the natural environment.
Mitchell et al. (1997)	A stakeholder theory: identification and salience of who and what really matters	TC			The Stakeholder Theory should take "power", "urgency", and "legitimacy" into account. Managers must consider power and urgency when serving legitimate stakeholders' legal and moral interests
Kotha and Jones (1999)	The impact of strategic stakeholder management on the relationship between CRS and financial performance of 81 Fortune 500 companies from 1991 to 1996	E	KLD (Stakeholder relationships: Employees, Product safety/quality, Diversity, Natural environment, Community)	ROA, Strategy: GS&A expenses/net sales, Net capital expenditures/net sales, Cost of goods sold/net sales, Total assets/number of employees	Curvilinear relationship: Only two (employees and product quality) of five variables tested exhibit a strong effect on financial performance (stakeholders: employees and customers)
McWilliams and Siegel (2001)	The theory of the firm perspective: the "ideal" level of CSR	TC			There is an "ideal" level of CSR depending on the following variables, which managers determine by a cost–benefit analysis: size, diversification, R&D, advertising, public and private revenue, labour market, business life cycle
Hillman and Keim (2001)	The impact of strategic stakeholder management on the relationship between CRS and shareholder value of 308 S&P 500 companies from 1995 to 1996	E	KLD Stats (Social Issue participation, Stakeholder relationship)	Market-to-Book Assets, Market value Added, ROA, ROE, Net sales (Size), Net Income (Size), BETA (Risk).	Curvilinear relationship: The relationship with stakeholders (community) can lead to greater shareholder value; however, social issues do not contribute to maximising shareholder value

(Continues)

TABLE 6 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Orlitzky et al. (2003)	The impact of CSR on the financial performance, 53 studies (33,878 observations)	MA			Positive relationship: CSR (reputation index) positively correlates with financial performance. CSR has a stronger correlation with accounting measures than with market measures
McWilliams et al. (2006)	The impact of CSR on the corporate financial performance: strategic implications	TC			Despite the mounting evidence of a positive relationship between CSR and financial performance, some authors question this evidence and point to the methodologies' incorrect specifications and sample quality.
Bénabou and Tirole (2010)	Individual and Corporate Social Responsibility	TC			There are three views of CSR: a long-term perspective, stakeholder philanthropy, and insider-initiated philanthropy. The last two refer to individual social responsibility. The first two are consistent in terms of CSR and value maximisation
Surroca et al. (2010)	The influence of intangibles (innovation, human capital, reputation and organisational culture) on the relationship between CSR and financial performance of 599 companies in 28 countries from 2002 to 2004	E	Sustainalytics Platform (CSR: employees, customers, suppliers, community, and environment)	Tobin's Q, Log number employees (Size), Firm's beta (Risk)	Indirect relationship: There is no direct relationship between CSR and financial performance. There is an indirect relationship that depends on the mediating effect of the company's intangible resources
Krüger (2015)	The influence of "events" (KLD newsletters) on the relationship between CSR and shareholder value of 745 US companies from 2001 to 2007	E	KLD (Community, Diversity, Employee relations, Environment, Human rights, Product)	Employees, Log Market cap, Log Assets, Book leverage, Liquidity, S&P issuer credit rating	Curvilinear relationship: News about CSR, such as the communities and the environment, generate a very pronounced reaction from investors. If key stakeholders suffer damage, the shareholder's value decreases
Wang et al. (2016)	The impact of CSR on the financial performance, 42 studies	MA			Positive relationship: The relationship between CSR and financial performance is positive and significant. This relationship is stronger for companies in advanced economies than in developing economies

Abbreviations: E, empirical; LR, literature review; MA, meta-analysis; SLR, systematic literature review; TC, theoretical/conceptual.

critical in ethical and moral issues related to socially responsible investments (Richardson 2009).

Globalisation has increased the pressure on companies to develop ethical and socially responsible behaviours (Mishra & Schmidt, 2018). In turn, companies that practice ethical and responsible leadership contribute to more CSR initiatives and practices and set themselves apart from competitors (Luque & Herrero-García, 2019). According to Hood (2003), when leaders have strong, positive personal values, such as honesty, integrity, and altruism, they promote leadership by taking ethical practices in the organisation into account, which turns into trust and boosts productivity. Ethical leadership and social responsibility are two important factors that can help companies gain competitiveness and build brand image (Schinzel, 2018).

3.3 | The implications of CSR for companies (cluster 3)

Table 7 synthesises the main characteristics of the studies in this topical group. ESG scores are also considered key performance indicators that

TABLE 7 Analysis of cluster 3–implications of CSR for companies

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
Campbell (2007)	Why would companies behave in a socially responsible way? An institutional theory	TC			A sick economy and weak financial performance by companies reduce CSR. Corporate competition has a curvilinear effect on CSR. Public and private regulation and dialogue among stakeholders encourage CSR
Barnea and Rubin (2010)	The influence of an agenda between managers and different shareholders on the development of CSR of 2.650 companies from S&P500 and Nasdaq	E	KLD (employee benefits, community donations, and environment)	Turnover, Firm age, Return shares volatility, Market-to-book, Leverage, Log total assets, Ownership (5%), Control (25%), HHI, Public pension funds, Insiders (non) managers, CEO duality	Positive relationship: CSR promotes an agenda that aligns social and business goals between managers and different shareholders. Excessive investment in CSR (or its absence) by managers can potentially reduce (or increase) the company's value
Ioannou and Serafeim (2010)	The influence of institutional determinants on the development of CSR of 42 countries from 1997 to 2007	E	Thomson Reuters (ASSET4) (ESG Scores)	Log Market cap, ROA, Stock return volatility, Market-to-book ratio, R&D expenses/sales, Log total assets, Industry HHI, Analyst coverage, Leverage, Strategic holdings (5%)	Indirect relationship: Political systems, labour, education, and culture are the institutional categories of a country that have the most positive impact on its companies' CSR.
Jackson and Apostolakou (2010)	The influence of institutional determinants on the relationship between CSR and financial performance of 274 western European companies from 1997 to 2007	E	Sustainable Asset Management (SAM) (Economic, Social, Environmental)	ROA, Log Turnover	Bidirectional relationship: Companies in more liberal economies (Anglo-Saxon) have a better level of CSR. Better CSR performance is positively related to better financial performance and vice versa
Dhaliwal, et al. (2011)	The impact of CSR on the cost of equity of 294 US companies from 1993 to 2007	E	KLD (community, corporate governance, diversity, employee relations, environment, human rights, and product characteristics)	Implied cost of equity capital, Log market value of equity, ROA, HHI, Leverage ratio, Tobin's Q, Ratio of the number of shares traded in year, debt or equity capital raised by the firm scaled by total assets, indicator of litigation industry, absolute value of abnormal accruals estimated, earnings forecast	Positive relationship: Companies that voluntarily disclose (IR) CSR have a lower cost of equity capital and attract more institutional investors and analyst coverage
El Ghoul et al. (2011)	The impact of CSR on the cost of equity of 12.915 US companies from 1992 to 2007	E	KLD (community, corporate governance, diversity, employee relations, environment,	Implied cost of equity capital, BETA, Log total assets, BVM, Leverage, Long-term growth	Positive relationship: Companies with better CSR scores have a lower cost of equity capital

(Continues)

TABLE 7 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
			human rights, and product characteristics, Alcohol, Gambling, Tobacco, Firearms, Military, Nuclear power)	forecast reported, Dispersion of analyst forecasts, Compound stock returns, Log institutional investors, CEO's total compensation, Anti-takeover provisions, Log analysts following the firm, KZ - Index of financial constraints	and higher market valuation and present less risk
Harjoto and Jo (2011)	The impact of governance on the value of 2.952 S&P500, Domini400 and Russell2000 companies from 1993 to 2004	E	KLD (community, diversity, employee relations, environment, and product characteristics) and Investor Responsibility Research Centre (IRRC) (Corporate Governance)	Industry-adjusted Tobin's Q, Industry-adjusted ROA, Log total assets, Debt/total assets, R&D expenditures ratio, Advertising exp. Ratio, Capital expenditures ratio, Sales growth, Dividend/book equity, Deviation of stock returns, Industry HHI	Positive relationship: As a CSR practice, good governance reduces conflicts of interest between managers and stakeholders. In turn, CSR positively influences the company's operational performance and valuation.
Jo and Harjoto (2011)	The impact of governance on the value of 2.952 S&P 500, Domini 400 and Russell 2000 companies from 1993 to 2004	E	KLD (community, diversity, employee relations, environment, and product characteristics) and Investor Responsibility Research Centre (IRRC) (Corporate Governance)	ROA, Change ROA, Log total assets, Debt/total assets, R&D expenditures ratio, Capital expenditures ratio, Advertising exp. ratio, Tobin's Q; Industry-adjusted Tobin's Q, Firm age, Sales growth, Dividend/book equity, Ownership (5%), Log N. ° of Analysts	Positive relationship: CSR has a positive association with internal (ownership and board independence) and external governance mechanisms (analyst coverage*) and the variables (employees and product quality). In turn, CSR has a positive influence on business value
Cheng et al. (2014)	The impact of CSR on the financing access of ASSET4 companies from 2002 to 2009	E	ESG Scores - Thomson Reuters (ASSET4)	The KZ index of capital constraints = cash flow to total capital, market-to-book ratio, debt/total capital, dividends/total capital, cash holdings/capital	Positive relationship: Companies with better CSR performance are less restricted in their access to funding: lower agency costs due to stakeholder engagement and less information asymmetry due to greater transparency
Liao et al. (2015)	The influence of board diversity on the relationship between CSR and financial performance of 329 UK companies from 2010 to 2011	E	Carbon Disclosure Project (Gender diversity, Board independence, Environmental committee)	Log of total assets, Total debt/total assets, ROA	Indirect relationship: A diverse Board can balance out a company's financial and non-financial objectives and moderate conflicting expectations by stakeholders
Harjoto et al. (2019)	The influence of board diversity on the relationship between	E	KLD (community, corporate governance, diversity, employee	Log total assets, Log net sales, ROA, Total debt/total assets, Advertising	Indirect relationship: Board diversity positively correlates

TABLE 7 (Continued)

Authors	Study and sample	Method	CSR performance	Variables used to measure financial performance	Key results
	CSR and financial performance of 1.489 US companies from 1999 to 2011		relations, environment, human rights, and product characteristics)	expenses/ net sales, Capital expenditures/ net sales, R&D/ net sales, Market Competition (HHI), Firm Age, Standard deviation of stock returns	with CSR in B2C companies and competitive sectors. In turn, larger, more profitable companies promote more CSR activities (more available cash)

Abbreviations: E, empirical; LR, literature review; MA, meta-analysis; SLR, systematic literature review; TC, theoretical/conceptual.

monitor and assess managers and management quality, risk mitigation, and non-financial performance (Boerner, 2011; Kiernan, 2007; Yegnasubramanian, 2008). Corporate action around ESG has increased dramatically (Murray, 2012; PWC, 2010) under the UN Global Compact launched in 2000. Over 14,000 companies from 160 countries have adopted CSR and sustainability policies.

In the business context, sustainability is defined as the degree of company commitment to issues such as economic prosperity, social equality, and environmental integration Bansal (2005); Brammer and Pavelin (2008); Mirvis et al. (2010). Thus, companies are key to initiating changes on a global scale (Becker-Olsen et al., 2006; Clark & Hebb, 2005; Porter & Kramer, 2006) and have the potential to affect productivity levels and national competitiveness.

ESG strategies developed by multinational companies can raise international sustainability levels by implementing standards above and beyond local means (Angel & Rock, 2005). Socially responsible companies are rewarded in several ways. Weber (2008) stated that social responsibility activities positively affect a company's image, reputation, and human capital. According to Barnett and Salomon (2012), these activities facilitate fundraising, attract more customers, and provide a significant source of competitive advantage. The CSR contributes to a better image and greater consumer satisfaction, positively impacting financial performance (Ali et al., 2020). There is a relationship between the readability of the CSR communication and firm financial performance (Attamimi & Ameer, 2010). Despite all the advantages related to this topic, social responsibility also entails costs and may compromise the company's everyday operations. According to D'Amato and Falivena (2020), CSR can be detrimental to the financial performance of new and small companies. In this context, we ask how social responsibility influences a company's financial performance and how the organisation's different characteristics moderate this influence.

4 | DISCUSSION, FRAMEWORK AND RESEARCH AGENDA

One of the questions that companies must evaluate is whether CSR contributes positively or negatively to their financial performance. Despite the current interest in this topic, there is no consensus in the literature on this relationship. In this section, we divide the articles into those that analyse this relationship directly and those that study it indirectly, and consider that other variables influence the impact of CSR on financial performance. Additionally, we present the main results of the respective studies (Table 8).

Based on our analysis, more articles refer to a direct positive relationship and a bidirectional positive relationship in Cluster 1: social responsibility and financial performance. The strongest consensus in Cluster 2–stakeholder capitalism and CSR–is that a direct, positive relationship exists, and ties between stakeholders are important. Cluster 3: The implications of CSR for companies exhibit a preponderance of direct and indirect positive relationships. As verified by the content analysis of each article, the relationship between CSR and financial performance has been examined from different perspectives in the literature.

This variety of results offers the opportunity to further investigate this topic, overcome some limitations, and contribute to new developments in this field.

To summarise the study and its results, we built an integrative framework (Figure 5) that shows the impact of social responsibility on corporate financial performance. Some authors (Daugaard, 2020; Griffin & Mahon, 1997; Lee & Faff, 2009; Revelli & Viviani, 2015) conclude that there is no relationship between CSR and financial performance; in other words, they present a neutral relationship.

Even with this evidence, Riedl and Smeets (2017) and Renneboog et al. (2008) show that socially responsible investors are willing to accept a financial return that is not "ideal" to meet social and ethical metrics. Statman and Glushkov (2009) stress, "Doing well while doing good". Even if financial performance has not improved significantly, there is evidence of concerns regarding sustainability awareness.

We did not assess the methodological quality of the included studies as it was not relevant for a systematic review. Nevertheless, we should mention some limitations, such as the absence of an objective measurement of CSR or very broad samples in short periods, to inform future primary studies or systematic reviews. Therefore, we offer suggestions for future research (Table 9).

5 | CONCLUSIONS AND IMPLICATIONS

In the business context, social responsibility is recognised by all stakeholders as a relevant issue, and companies are beginning to channel efforts to receive recognition as being socially responsible. This study examined the impact of social responsibility on companies' financial

TABLE 8 Type of relationship and results per cluster

Clusters	Relationship	Key results	Authors
Cluster 1: Social responsibility and financial performance	Direct and positive	There is a direct, positive relationship between the company's aggregate CSR indicators and financial performance. Russo and Fouts (1997) and Derwall et al. (2005) also report a significant positive correlation between CSR and financial performance. However, they only explored the competitive advantages separately through environmental performance and corporate eco-efficiency	Cochran and Wood (1984); Russo and Fouts (1997); Margolis and Walsh (2001); Derwall et al. (2005); Kempf and Osthoff (2007); Eccles et al. (2012); Friede et al. (2015); Dorfleitner and Halbritter (2015); Khan et al. (2016); Nollet et al. (2016)
	Bidirectional and Positive	There is a positive relationship in both directions. In other words, CSR depends on financial performance since companies with more available resources may choose to apply these resources in social responsibility activities. At the same time, companies with better CSR have better financial performance. Thus, CSR is seen as a competitive advantage for companies. For Qiu et al. (2016), since social responsibility is an important aspect for companies, how they disclose information about the activities they conduct in this area matters. CSR leads to better financial performance when this information is shared transparently and takes legal guidelines into account. Rating agencies determine ESG scores based on companies' voluntarily disclosure of public information or information. When information on CSR activities is properly disclosed, this positively affects their financial performance	McGuire et al. (1988); Waddock and Graves (1997) and Ameer and Othman (2012); Galbreath (2013); Qiu et al. (2016)
	Curvilinear	There is a curvilinear relationship between social and financial performance. The environment and labour variables reduce financial performance, while the community variables (relations and investments in the local community) boost financial performance.	Barnett and Salomon (2006)
	Indirect and positive	McWilliams and Siegel (2000) indicate research and development (R&D) and advertising as two crucial variables to examine in this relationship. To demonstrate their concern for society and the environment to consumers, companies go through innovation in terms of both products and production processes. To make consumers aware of this product differentiation and to win over those who value intangible assets such as reputation and integrity, they place their CSR strategies in their marketing and advertising campaigns. The authors conclude that CSR performance is positively related to R&D	McWilliams and Siegel (2000)

TABLE 8 (Continued)

Clusters	Relationship	Key results	Authors
		activities, which eventually leads to better financial performance for these companies.	
	Neutral	There is no relationship between CSR and financial performance (no effect). Nonetheless, Riedl and Smeets (2017) report that SRI investors are willing to accept a sub-optimal financial return to meet social and ethical metrics. Statman and Glushkov (2009) assert, "Doing well while doing good." Barnett (2007) shows that the financial performance of CSR initiatives varies from company to company and over time. It is somewhat circumstantial; thus, cannot be demonstrated widely	Griffin and Mahon (1997); Barnett (2007); Renneboog et al. (2008); Statman and Glushkov (2009); Lee and Faff (2009); Revelli and Viviani (2015); Riedl and Smeets (2017); Daugaard (2020)
	Negative	Based on a "disaggregated" reading of social indicators, the authors suggest that the "environment" and "employment" variables have a negative correlation with financial performance and that "community" has a weak positive correlation. Therefore, they conclude that CSR is destructive in shareholder value (company).	Brammer et al. (2006)
	Stakeholders	The authors report that companies should respond to the interests of other groups in society, not only the shareholders' interests. ESG is a critical variable in defining a successful business strategy and in engaging stakeholders based on trust and cooperation. It is key to defining a sustainable development policy, and it is a source of competitive advantage.	Jones (2016), Lokuwaduge and Heenetigala (2017)
Cluster 2: Stakeholder capitalism and CSR	Direct and positive	These authors found a direct, positive relationship between the company's aggregate CSR indicators and financial performance. Wang et al. (2016) indicate that this direct, positive relationship is stronger for companies in advanced economies than in developing economies. Hart (1995) analyses only the relationship with the natural environment and notes that it can be a source of competitive advantage	Ullmann (1985); Hart (1995); Orlitzky et al. (2003); McWilliams et al. (2006); Wang et al. (2016)
	Curvilinear	Kotha and Jones (1999) suggest that only two (stakeholders: employees and customers (products)) out of five variables tested exhibit a strong effect on financial performance. Hillman and Keim (2001) demonstrate that only the relationship with stakeholders (community) can lead to higher business value. Krüger (2015) affirms that news	Kotha and Jones (1999), Hillman and Keim (2001), Krüger (2015)

(Continues)

TABLE 8 (Continued)

Clusters	Relationship	Key results	Authors
		about CSR, such as the communities and the environment, generates a more pronounced reaction from investors	
	Indirect and positive	There is a direct relationship between CSR and the company's market value. However, this relationship is influenced by some intangible assets: innovation, human capital, reputation, and culture. CSR activities contribute to a positive impact on intangible assets, which eventually leads to better financial performance. According to the authors, when financial performance contributes positively to the progress of these intangible assets, corporate social responsibility grows. McWilliams and Siegel (2001) suggest that an "ideal" level of CSR exists as a function of a set of variables about the company, such as the dimension and life cycle it finds itself, R&D activities, investments in advertising, in addition to others. The authors conclude that CSR performance is positively related to R&D activities, leading to better financial performance	Surroca et al. (2010); McWilliams and Siegel (2001)
	Stakeholders	Clarkson (1995) argues that the world is too complex for companies to have only one objective defined in terms of share price, dividends, or profits. The company's economic and social purpose should be to create and distribute value to all stakeholders. Donaldson (1995) emphasises that the notion that stakeholder management contributes to successful economic performance is insufficient. Stakeholder Theory is "managerial"; it recommends attitudes and practices that constitute the stakeholders' philosophy. For Mitchell et al. (1997), managers must take "power", "urgency", and "legitimacy" into account when serving the legal and moral interests of legitimate stakeholders. Bénabou and Tirole (2010) reiterate that a long-term perspective and stakeholder management are consistent in CSR and value maximisation	Clarkson (1995); Donaldson (1995); Mitchell et al. (1997); Bénabou and Tirole (2010)
Cluster 3: Implications of CSR for companies	Direct and positive	The authors report that companies with better CSR performance have a lower cost of equity, attract more institutional investors and greater analyst coverage, and present lower risk and higher market valuation as a consequence. Simultaneously, these companies have less restricted access to funding due	Barnea and Rubin (2010); Dhaliwal et al. (2011); El Ghoul et al. (2011); Harjoto and Jo (2011); Jo and Harjoto (2011); Cheng et al. (2014)

TABLE 8 (Continued)

Clusters	Relationship	Key results	Authors
		to lower agency costs and less information asymmetry. The authors also underscore that companies positively affect their financial performance when they correctly disclose information on CSR activities. According to Harjoto and Jo (2011), as a CSR practise, governance mechanisms positively influence the company's operational performance and valuation. Finally, Barnea and Rubin (2010) assert that CSR promotes an agenda that aligns social and business goals between managers and different shareholders	
	Bidirectional and Positive	For these authors, better CSR performance is positively related to better financial performance and vice versa. They indicate that companies in more liberal economies (Anglo-Saxon) have a better level of CSR	Jackson and Apostolakou (2010)
	Indirect and Positive	Liao et al. (2015) and Harjoto, Laksmana, and Yang (2019) note that larger, more profitable companies (more available Cash) have a diversified Board that is positively associated with CSR, namely, in balancing financial and non-financial objectives and moderating conflicting expectations among stakeholders. From another perspective, Campbell (2007) and Ioannou and Serafeim (2010) suggest that political systems, labour, education, and culture are the institutional determinants of a country that positively impacts its companies' CSR. Simultaneously, developed economies, moderate levels of competition, and public and private regulation encourage social responsibility	Campbell (2007); Ioannou and Serafeim (2010); Liao et al. (2015); Harjoto et al. (2019)

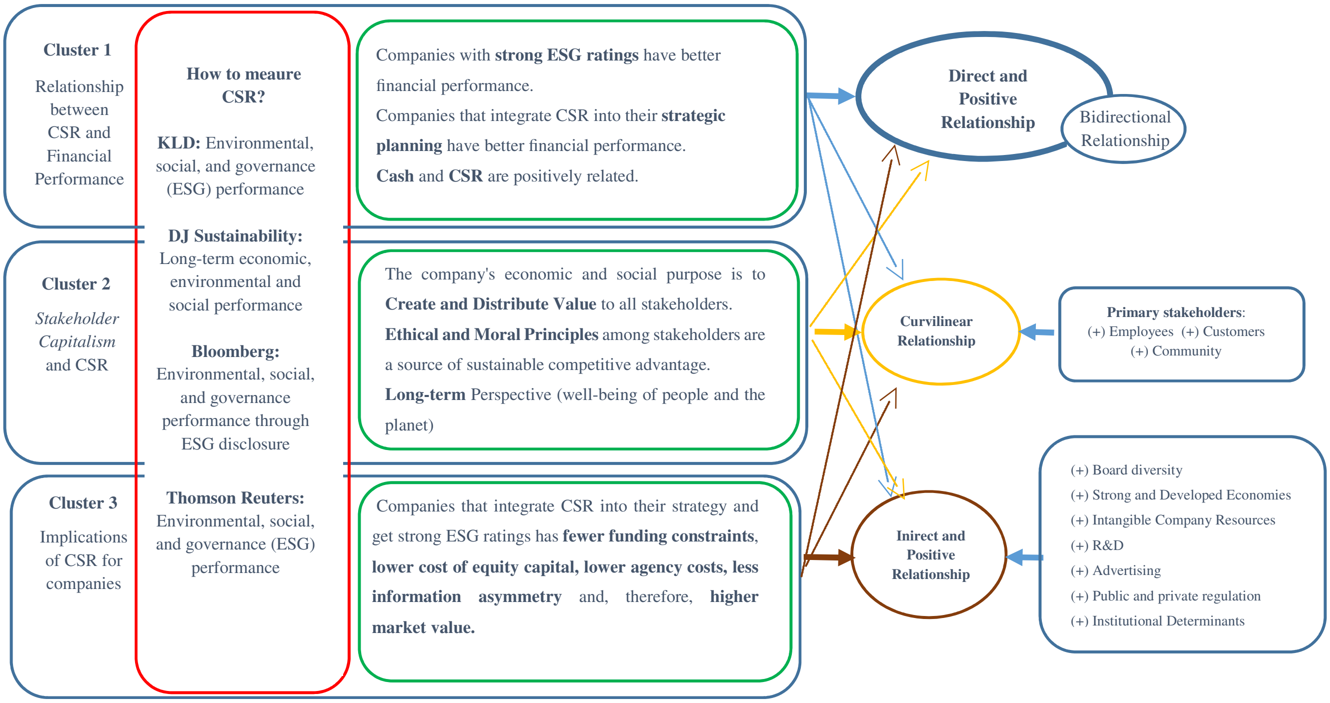

FIGURE 5 Framework–conceptual structure [Colour figure can be viewed at wileyonlinelibrary.com]

TABLE 9 Research agenda

Clusters	Future lines of research
Cluster 1–Social Responsibility and Financial performance	To assess the relationship between CSR and corporate performance over long periods To study the effects of ESG practices between companies in different geographies and regulatory structures To analyse the impact on stock prices resulting from a change in the CSR policy profile To study idiosyncratic risk, stock returns, future asset pricing models and ESG factors
Cluster 2–stakeholder capitalism and CSR	To study the relationships between stakeholders and company performance To study social moderators like religion, traditions, and morality on a multinational company To analyse the integration of sustainability into corporate strategy and its effective impact on long term value creation
Cluster 3–implications of CSR for companies	To study cross-country and cross-industry variations in the relationship between CSR, funding constraints, cost of capital and sustainable financing instruments. How do financial community perceive, evaluate, and reward companies that commit to CSR practices? To study CSR from an international business perspective: what are the roles of "host country" and "home country" institutions? To study the institutional forces and the internal dynamics of the company and the construction of "push-pull" scenarios in the diffusion of CSR practices

performance. Therefore, we conducted a systematic literature review using the WoS database. Subsequently, we performed a bibliometric and content analysis using the VOSviewer tool to generate clusters of co-citations of cited references.

Our descriptive analysis of the sample found that 51% of the particles were concentrated in four journals: the Academy of Management Review (nine publications) and the Journal of Business Ethics (eight publications). Of the 53 articles, 41 reported on quantitative research methods. Nevertheless, stakeholder theory is one of this study's central theoretical and conceptual pillars. The sample comprised 117 authors and co-authors, and the most cited were Waddock and Graves (1997); Orlitzky et al. (2003); and Cheng et al. (2014). As for the co-occurrence of keywords, the terms "financial performance" and "CSR" naturally stand out.

The content analysis results suggest mounting evidence, supported by the largest number of authors under analysis, that social responsibility, as measured by ESG performance indicators, has a direct positive impact on companies' financial performance. The second largest group of authors indicates that this relationship is positive and curvilinear; in other words, the positive relationship is maximised or optimised as the company pays more attention to its primary stakeholders: employees, customers, and the community. The third group of authors points to a positive, indirect relationship driven by institutions in strong, developed economies, the company's intangible resources, or investments in R&D and advertising activities. The way companies disclose information on CSR is no less important and always present in this relationship. CSR leads to better financial performance when this information is shared transparently and legal guidelines are considered.

This study makes four major contributions to the literature: First, it presents a range of theoretical and methodological approaches to the object of study, enabling the possibility of new empirical studies. Second, it discusses current research on the impact of social responsibility on companies' financial performance, serving as an aid and guide for future research. Third, the main results and implications of this research topic are presented. Finally, it integrates and organises concepts within a conceptual framework. It proposed a research agenda driven by the most urgent questions to optimise efforts during new academic research.

The results of this study have several practical implications. This systematic review describes the benefits of engaging in CSR practices for managers and shareholders, such as integrating sustainability and ESG metrics into corporate strategy. This suggests that social responsibility should be seen as an opportunity for companies to contribute positively to a more sustainable world for the "well-being of people and the planet" as they attain better financial results. When companies engage in sustainable and social practices, they gain more trust and credibility with key stakeholders such as the community, employees, and customers, and are likely to improve their financial performance. In short, social responsibility in the business context should not be viewed as a cost but as an investment that contributes to a more sustainable world and better financial health.

The most significant limitation of our review of various articles related to our study is the absence of an objective, convergent, and robust measurement of CSR. In parallel, we highly recommend examining the long-term consistency of a company's CSR cycles. Another limitation concerns using very broadly defined samples that do not consider specificities, such as the company's dimension (associated regulation) and type of economic system (market-based: United Kingdom and United States, or banked-based: France, Germany, and Japan). Different institutional determinants and social moderators characterise other countries, and these factors are relevant in the study of CSR. We suggest examining specific industry clusters and cross-country and cross-cultural variations in the relationship between CSR and financial performance for future empirical research. At the same time, it would be significant to assess whether institutional pressures or the company's internal dynamics are more important and which of the two structures has more weight in disseminating CSR practices.

FUNDING INFORMATION

No funds, grants, or other support was received.

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How to cite this article: Coelho, R., Jayantilal, S., & Ferreira, J. J. (2023). The impact of social responsibility on corporate financial performance: A systematic literature review. *Corporate Social Responsibility and Environmental Management*, 1–26. https://doi.org/10.1002/csr.2446