

## Corporate Social and Financial Performance: A Meta-Analysis

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- **Subject:** Business ethics ; Correlation (Statistics) ; Economic aspects ; Environmental aspects ; Environmental management ; Finance ; Organizational behavior ; Organizational sociology ; Research ; Social responsibility of business
- **Description:** Most theorizing on the relationship between corporate social/environmental performance (CSP) and corporate financial performance (CFP) assumes that the current evidence is too fractured or too variable to draw any generalizable conclusions. With this integrative, quantitative study, we intend to show that the mainstream claim that we have little generalizable knowledge about CSP and CFP is built on shaky grounds. Providing a methodologically more rigorous review than previous efforts, we conduct a meta-analysis of 52 studies (which represent the population of prior quantitative inquiry) yielding a total sample size of 33,878 observations. The meta-analytic findings suggest that corporate virtue in the form of social responsibility and, to a lesser extent, environmental responsibility is likely to pay off, although the operationalizations of CSP and CFP also moderate the positive association. For example, CSP appears to be more highly correlated with accounting-based measures of CFP than with market-based indicators, and CSP reputation indices are more highly correlated with CFP than are other indicators of CSP. This meta-analysis establishes a greater degree of certainty with respect to the CSP-CFP relationship than is currently assumed to exist by many business scholars.
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