Corporate Social and Financial Performance: Empirical Evidence from American Companies

By:
Hasan Fauzi[1]
Sebelas Maret University-Indonesia
hfauzi2003@indo.net.id

ABSTRACT

The objective of this study is to address the issue of the relationship between corporate social and financial performance by moderating company size and financial leverage.with the use of type of industry as control variable. The Corporate social performance (CSP/CSR) is measured using seven item developed initially by Michael Jantzi Research Associate, Inc and used by Mahoney and Robert (2007). To attaint main research objective, the measure of CSP composite is used. Furthermore, company size, financial leverage, and type ofindustry are measured by total asset, degree of intermal and external source to finance the company's assets, and dummy variable (0 for non manufacture and 1 for manufacture), respectively. A moderated multiple regression model is used in the present study. Four models are developed in the study basedon the theory of slack resiurce and good management. The result of the present study is that corporate social performance (CSP/CSR) has no effect on corporate financial performance (CFP) under slack resource and good management theory it is also shown that only financial leverage could moderate the interaction between CSP/CSR and financial performance (CSP). However, based on the overall analysis, it may be reasonable to come to conclusion that the relationship between CSP and financial performance is spurious as Orlitzki (2000) concluded.

Key Words: *Corporate social performance, corporate social responsibility, financial performance, good management theory, stakeholder, and slack resource theory*.

INTRODUCTION

Since a notion of TBL had been coined by Elkington (1987) and the trend of business considering the interest of stakeholder groups had been

---

[1] Hasan Fauzi is Director of Indonesian Center for Social and Environmental Accounting Research and Development (ICSEARD) at Faculty of Economics of Sebelas Maret University

increasingly common, the term of corporate or organization performance is extended to include not only financial aspect, but also social and environmental one. Simply, the basic principle underlying the concept of TBL is easy to understand. That is to accommodate the interest of stakeholder groups including not only shareholder group. However, there are some people questioning the idea as the one having unsound theoretical and practical ground (see for example McDonald and Norman, 2004 and 2007; Pava, 2007). In addition, the Triple bottom line itself basically has two root phrases: financial or economic and social performance in which environmental aspect is a part of the last phrase. The two phrases have been the area of debate for last three decades for their relationship.

Some studies have been done to investigate the relationship between corporate social performance (CSP) and corporate financial performance (CFP) or between corporate environmental performance (CEP) and financial performance for some decades ago producing conflicting results, although the number of the research findings indicated the positive link (see for examples Worrell et.al., 1991; Preston & O'Bannon, 1997; Froman, 1997; Roman et.al., 1999; Orlitzky & Benjamin, 2001; Murphy et.al, 2002; and Simpson & Kohers, 2002). According to some previous researchers (Wagner, 2001; Husted, 2001; Orlitzky, 2003), the conflicting results had been caused by two main factors: theoretical ground and methodological aspect. To resolve the theoretical ground, Wagner (2001), Husted (2001) and Orlitzky (2003) have proposed the contingency theory of corporate social performance.

Simplistic views of relationship between corporate social responsibility or performance and economic (financial) performance have led to ambiguity in result in prior studies. Nevertheless, problems emerge because the views did not take account on whether some variables may moderate the effect of corporate social performance on corporate financial performance. To overcome partially the problems, this study examines the following some variables: company size and financial leverage that may influence the relationship between corporate social performance and corporate economic performance.

2

HYPOTHESIS DEVELOPMENT

There are two key constructs for this study: Corporate social responsibility/performance (CSR/CSP) and corporate economic/financial performance (CFP) to be discussed in this section.

Corporate Social Responsibility (CSR)

One question raises regarding which one between corporate social performance and financial performance come first. Waddock and Graves (1997) and Dean (1999) put forward two theories to explain the question: Slack resource theory and good management theory. Under the slack resource theory, a company should have a good financial position to contribute to the corporate social performance. Conducting the social performance needs some fund resulting from the success of financial performance. According to this theory, financial performance comes first. A good management theory holds that social performance come fist. Based on the theory, a company perceived by its stakeholders as having a good reputation will make the company easier (through market mechanism) to get a good financial position.

Unlike the financial performance, the social performance is hard to measure. That is why some previous studies on the relationship between corporate social performance and corporate economic/financial performance used different approaches to corporate social performance. Some approaches used include: eight attributes of reputation (often called Fortune measure), Five aspect on focusing on key stakeholders and three pressure variables (often called KLD measure), quantitative measure of environmental aspect (often called TRI measure), quantitative aspect of company philanthropy (often called Corporate philanthropy measure), and return and six social measure on customer, employee, community, environment, minority, and non US stakeholder (often called best corporate citizen). For some approaches it may be possible to use similar measurement but, with different judge or evaluator, the overall CSR measurement result in different perspective

In their study on social and environment performance and their relation to financial and institutional ownership, Mahoney and Roberts (2007) used

the measures of social performance initially developed by Michael Jantzi Research Associate, Inc. They include the following variables: community issues, diversity in workplace, employee relation, environmental performance, international issues, product and business practices, and other variables concerning compensation, confidentiality, and ownership in other companies.

Some researchers have tried to use social disclosure contained in Corporate Annual Report (CAR) as proxy of CSR measure (Waddock & Graves, 1997 and Itkonen, 2003). In an effort to investigate the pattern of environment reporting, Thomas and Kenny (2001), O'Donovan and Gibson (2000) used environment index resulting from environment disclosure in CAR. Specifically, Mangos and O'Brien (2000) also used the CSR index (environmental aspect included) in their attempt to relate this index to economic performance. With respect of the use and role of CAR as object of investigation to evaluate the transparency of management as implementation of a good corporate governance principle, Beattie, McInnes, and Fearnly (2002) reported amount and quality of disclosure practiced by the sampled companies. Disclosure amount was determined based on the number of text unit of certain thematic contained in CAR. Furthermore, Stanton and Stanton (2002) explored and examined in more detail the role of CAR as object of investigation in studies for 1900 onward using CARs as investigation object for disclosure.

Iu and Clowes (2001) also supported the importance of using disclosure of accounting by using a method called texture index. The texture index is part of content analysis, a research methodology originally developed in communication science.   Studies on CSR conducted by the researchers mentioned by Itkonen (2003) adopted the content analysis to determine the CSR index.

The current study uses the approach to measurement of corporate social responsibility (CSR) as used by Mahoney and Roberts (2002) and applies each component of the CSR to determine the index of CSRs disclosure contained in the CARs.

Financial Performance

There are many measures used to represent the financial performance. They are able to be divided into three categories: ROA and ROE (Waddock and Graves, 1997; Mahoney and Roberts, 2007; and Tsoutsoura, 2004); profitability in absolute term (Cowen, Ferrari, and Parker, 1987 in Stanwick and Stanwick, 1998); and multiple accounting based measure with the overall index using the score of 0 –10 (Moore, 2001). This study uses the measure used by Mahoney and Roberts (2007). The use of the measure for financial performance is based on the thought that the measure can indicate an entity's performance that is not affected by the difference of company size. The ROA measures not only profit aspect but also that related to assets employed to generate the profit. If the ROA is broken down, there will be important two measures: profitability ratio (profit margin) and asset turnover ratio. For ROE (return on equity), there will be one more measure of financial leverage in addition to having the two measures.

Relationship between CSP/CSR and CFP

Based on the literature review, the relationship between CSP and CFP could be positive, neutral, and negative. Griffin and Mahon (1997) reviewed studies discussing the relationship between CSP and CFP for period of the 1970s (16 studies), the 1980s (27 studies), and the 1990s (8 studies) with total of 51 articles. The Griffin and Mahon's work (1997) had mapped the issue of direction of the relationship between CSP and CFP for the periods. In the 1970s, there were 16 studies reviewed with 12 of which was positive direction of the relationship. For the 1980s and 1990s, the positive direction had been accounted for 14 of 27 studies and 7 of the 8 studies, respectively. Negative results were supported by 1 study in the 1970s, 17 studies in the 1980s, and 3 studies in the 1990s. Inconclusive findings were provided by 4 studies in the 1970s, 5 studies in the 1980s, and no finding in the 1990s. It should be noted that one or more studies could have one or more finding in the work of Griffin and Mahon (1997).

In addition, the work of Griffin and Mahon (1997) is not all inclusive. There are some studies contributing to the direction of the CSP-CFP relation in the 1990s. In the period, positive direction of the relationship had also been

provided by Worrell, Davidson III, and Sharma (1991), Preston and O'Bannon (1997), Waddock and Graves (1997), Froman (1997), Roman et.al.(1999). Negative result was supported by Wright and Ferris (1997). Furthermore, in the 2000s, there are some researchers adding the fire of the debate on the CSP-CFP link with different perspectives of methodology. The positive result had been indicated by the works of Orlizky (2001), Orlitzky and Benjamin (2001), Ruf at.al. (2001), Konar and Cohen (2001), Murphy (2002), Simpson and Kohers (2002), Orlitzky et.al. (2003), and Wu (2006). Paten (2002) found the negative relation. Researchers such as McWilliams and Siegel (2000), McWilliams and Siegel (2001), and Moore (2001) had supported the inconclusive result.

In addition to providing the different investigation result of the relationship direction from the one of Griffin and Mahon (1997) based mainly and solely on the existing studies published in that periods, Roman et.al (1999) corrected the table in the Griffin and Mahon's work (1997) for erroneous conclusion from moving negative to positive result and moving from positive or negative direction to inconclusive result and for invalidity of CSP or CFP measure used by authors of studies reviewed by Griffin and Mahon (1997). The correction might be due to the invalidity of research result included in the list of Griffin and Mahon (1997) supplanted by later research. For those generalized erroneously by Griffin and Mahon (1997), Roman et. al. (1999) reclassified Griffin and Mahon's list from negative to positive direction and from positive or negative to inconclusive result. In their new table summarizing the direction of CSP-CFP relation, Roman et.al (1999) removed articles with problems of invalidity of measurement mentioned above and replaced with the new studies for those supplanted by later studies from the table of Griffin and Mahon (1997). Articles reviewed by Roman et.al (1999) totaled 46 studies comprising 51 research results with 33 of which are positive direction.

In their more recent work, Margolis and Walsh (2003) had also mapped studies investigating the CSP-CFP relation as did by Griffin and Mahon (1997) using wider span of period (1972 – 2002) and 127 published studies for that period. Of the studies, 70 studies (55%) reported positive direction, while only 7 studies showed negative direction, 28 studies supported inconclusive result,

and 24 studied found in both directions. Gray (2006), in his review of studies investigating the relationship between CSP and CFP, had argued to lead to the inconclusive result. This argument is also supported by Murray et.el (2006) in their cross section data analysis. However, using the longitudinal data analysis, they found different result. In the most recently study, Hill et.al. (2007) investigated the effect of corporate social responsibility on financial performance in terms of market-based measure and provided the positive result in the long-term horizon

Moderating Variable Consideration

Any studies on stakeholders tried initially to relate social and financial performance in a simple way (Warrel, Davidson III, and Sharma, 1991; Preston and O'Bannon, 1997). Furthermore, some researchers improved the relationship by inserting some controlling variables to moderate the result of the study. The variables could be firm size (Orlizki, 2001 and Itkonen, 2003), Industry (Griffin et.al., 1997; Moore, 2001; Simpson and Koher, 2002 and Itkonen, 2003); firm size and industry (Ruf. el., 2002); firm size, industry and risk (Waddock and Graves, 1997 and Itkonen, 2003); and investment in R&D (McWilliam and Siegel, 2000 and Itkonen, 2003).

To this point it is apparent based on the library study of Itkonen (2003) that relation between corporate social responsibility and corporate financial performance can be affected by the four variables. Mahoney and Roberts (2007) developed new model relationship between CSP and institutional ownership and created additional controlling variable: financial leverage. The result of their study controlled by financial leverage variable indicated that the relationship was significantly positive for environment, while for CSP was not significant. This study uses the variable of company size and financial leverage as moderating variables to determine the relationship of CSR/CSP and CFP.

Based on the literature review, some hypothesis can be developed as follows:

H1 : The number of CSR disclosure in corporate annual report (CAR) does not lead to increased corporate financial Performance under slack resour and good management theory .

H2   : Company size does not moderate the effect of CSR disclosure in CAR on corporate financial performance under slack resource and good management theory

H3   : Financial leverage does not moderate the effect of CSR disclosure in CAR on corporate financial performance under slack resource and good management theory

RESEARCH METHODOLOGY

Data and Sample Selection

Data for this study are Corporate's Annual Report of the companies listed in New York Stock Exchange (NYSE). The can be obtained through Annual Report service, a provider providing us on line with access of annual report of more than 3000 companies listed in the NYSE. Some Criteria are used to select the annual report:

1. They represent types of industry
2. They include the completed financial statement for 2004-2006.

Measure of CSP

As discussed above, this study uses the approach to measurement of corporate social responsibility/performance (CSR/CSP) used by Mahoney and Roberts (2007) and applies each component of the CSR to determine the index of CSRs disclosure contained in the CARs. This variable includes the following components: community issues, diversity in workplace, employee relation, environmental performance, international issues, product and business practices, and other variables concerning compensation, confidentiality, and ownership in other companies. The dimension of CSR is represented in Table 1.

The method to collect this data is using content analysis. Unit analysis to be used is sentences. Procedures include: each annual report was traced for the sentences on each component of the CSR. The number of sentences for each annual report is then calculated for each component and for total to get the CSR index (composite).

The procedures used to have the CSR measure followed the ones conducted by Mahoney and Robert (2007) and Fauzi et al. (2007). Using the

guideline as indicated in Table 1 CARs were assessed on a scale of zero to two for both strength and weakness for each dimension. A -2 rating for any dimension indicates major concern, -1 indicates a notable concern, 0 indicates no notable or major strength and concern, +1 indicates a notable strength and +2 indicates a major strength . The CSP index was then calculated by summing all dimensions scores for each company. The ratings were conducted by one research assistant and verified by researcher.

Table 1

Corporate Social Performance Measures of Michael Jantzi Research Associates, Inc.

Dimension	Strength	Concern
Community Issues	-Generous Giving -Innovating Giving -Community consultation/ Engagement -Strong aboriginal Relationship	-Lack of Consultation/ Engagement -Breach of Covenant -Weak aboriginal relation
Diversity Workplace	-Strong Employment Equity Program -Woman on board of directors -Women in senor management -Work/family benefit -Minority/women Contracting	-Lack of employment equity initiative -Employment equity Controversies
Employee relations	-Positive union relation -Exceptional benefit -Workforce management policies -Cash profit sharing -Employee ownership/ Involvement	-Poor union relation -Safety problem -Workforce reduction -Inadequate benefits
Environmental Performance	-Environmental management strength -Exceptional environment planning and impact assessment -Environmentally sound resource use -Environmental impact	-Environment management concern -Inadequate environmental planning or impact assessment -Unsound resource use -Poor compliance record -Substantial emissions/

	reduction -Beneficial product and service	discharges -Negative impact of operation -Negative impact of Products
International	-Community relations -Employee relations -Environment -Sourcing practice	-Poor community relations -Poor employee relations -Poor environmental management/performance -Human rights -Burma -Sourcing practice
Product and Business Practice	-Beneficial products and services -Ethical Business Practice	-Product safety -Pornography -Marketing practices -Illegal business practices
Other	-Limited compensation -Confidential proxy voting -Ownership in companies Have	-Excessive compensation -Dual-class share structure -Ownership in other Companies

Measure of Financial Performance

Measures used to measure this variable are the one used by Mahoney and Roberts (2007): ROA and ROE. ROA is defined as the ratio of net income after tax to total asset and ROE is defined as ratio of net income after tax to outstanding shares. This data was obtained from information provided by MorningStar Analyst provider through online basis.

Measure of Company Size, and Financial Leverage and Industry Type

The company size is measured by total asset as stated in financial statement for the sampled companies.   Financial leverage is measured by the degree of financial leverage (DFL) defined as the change in earning per share (EPS) resulting from the change in earning before tax and interest (EBIT). The measure is little different from the one used by Mahoney and Roberts (2007) defining the financial leverage using one of the leverages: debt to equity ratio (DER). The higher the DFL, the more the impact of EBIT will be on the EPS. For the DEA measure, the higher the DER, the more the proportion of a company's assets is financed by external fund.   Beside the reason of availability of data provided by Morningstar, the use of the DFL measure is more comprehensive one for financial leverage variable. Industry

type is measured by using code of each industry and treats the variable as dummy variable in analytical model as used by Mahoney and Roberts (2007) and Waddock and Graves (1997). In this study, the dummy of 1 for manufacturing and of 0 for non manufacturing are used.

Analytical Model

Analytical model used to test the hypotheses is moderated regression model. The regression model is as follows:

$$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + + \beta_4 X_4 + \beta_5 (X_1 * X_2) + \beta_6 (X_1 * X_3)$$

Where:

    Y   corporate financial performance as measured by ROA or ROE

    X1   corporate social responsibility as measured by total Index of CSR disclosure

    X2   company size as measured by the logged total assets

    X3   financial leverage as measured by ratio total long-term debt to total assets

    X4   industry type as measured by code of1for manufacturing and 0 for non manufacturing

(X1*X2) the interaction effect between CSR and company size (under good management theory) or between CFP and company size (under slack resource theory)

(X1*X3) the interaction effect between CSR and financial leverage (under good management theory) or between CFP and financial leverage (under slack resource theory)

RESULT AND DISCUSSION

The corporate annual reports (CARs) of 120, finally had been collected by downloading from annualreportservice.com. After considering other factors, among others: the availability of other data and outlier, only 101 data on CSR are eligible for analysis.

The mean of ROA and ROE are 5.48% and 15.06%, respectively, with standard deviation of 5,28 and 35,42, respectively. This finding is similar to other researchers. Wardock and Graves (1997) reported mean of ROA and

ROA: 5.50% and 13.90% with standard 0.058 and 0.238, respectively. Mean of ROA and ROE reported by Mahoney and Roberts (2007) was lower than with the one of this study: 1,69% and 4,98% and with standard deviation of 12,81 and 40,31, respectively.

Based on a measure initially developed by Michael Jaunts Research Associate, Inc and then used by Mahoney and Roberts (2007), CSR/CSP measure consists of 7 items as indicated in Table 1. The mean and standard deviation for SCR composite (overall) are as follow: 10.02 and 3.48, respectively. Unlike Mahoney and Roberts (2007) did, in this study CSR composite is computed by adding up the seven items (CSR dimensions) based on the content analysis of Corporate Annual report each sampled companies using the sentence as its unit analysis. Mahoney and Robert (2002) used the same measure but based on the external rating prepared by Jatntzi Research Associate, Inc. The mean and standard deviation findings of Mahoney and Robert (2007) are as follows: 1.03 and 2.29, respectively.

The mean and standard deviation of total assets of the sampled companies are US$ 23.36 billion and US$ 53.34 billion, respectively. The study of Mahoney and Robert (2007) had mean of $ 12,5 billion and standard deviation of $ 42, 14 billion, while Wardcok and Graves (1997 study had a mean of $ 11.44 billion and standard deviation of $ 23.60 billion.

Financial leverage is degree of proportion of external capital and internal capital use to finance the company's assets. The mean and standard devition of financial leverage of the sampled companies were 3.289 and 3.099, respectively. Other studies using the measure of DER provided the following finding. The study of Wardock and Grave (1997) had mean of 20.30% and standard deviation of 0,174, while Mahoney and Robert (2007) had mean of 22,4% and standard deviation of 0.18.

There are two group of industry used in this study: manufacturing and non manufacturing. The sample was 120 companies consisting of the following sectors:

A.   Manufacturer coded by 1:
- Mining, construction
- Food, textile, apparel
- Forest, paper

- ▪ Refining, rubber, plastic
- ▪ Steel, heavy manufacturing

B. Service coded by 0

- ▪ Bank, Financial service
- ▪ Hotel, entertainment

The model of this study tests the direct effect of CSR and financial performance under slack resource and good management theory using variables of company size, financial leverage, and type of industry as controng variable (H_1). The model also provides the test of the moderating effect of company size and financial leverage under slack resource and good management theory. The moderating effect is measured by the interactive factor of the model. For overall models developed based on the slack resource and good management theory, they have passed tests of classical assumptions for normality, linearity, homecedaticity, and multicollonearity. As indicated in Table 2, all models are significant (except for model 4) at α less than 0.05.

Based on the table 2, testing the hypothesis H1 indicates that under the slack resource and good management theory, there is no efect of CFP for both ROA (β= -9.063, p(sig)=0.261) and ROE (β=-3.695, p(sig)=0.254) on CSR under both slack resource theory and under good management theory. The findings are not consistent with the study of Wadock and Graves (1997) supporting the positive relationship between CSR and CFP. However, the result of test in present study is consistent with the study of Mahoney and Roberts, (2007), implicitely based on good management theory, for ROA and ROE model. When the environmental aspect was separated from the CSR variable, becoming the environment variable stand alone, the study of Mahoney and Roberts (2007) supported the relationship of CSP and enviroment for both ROA and ROE. In this study, CSR is treated as the single variable including envirpnment aspect. Therefore, the hypothesis H1 is accepted, suggesting that the number of CSR disclosure in corporate annual report (CAR) does not lead to decreased corporate financial performance.

As indicated in table 2, the result of test of interaction of ROA and total asset (β=4.679, p(sig)=0.749) and ROE and total asset (β=0.669, p(sig)=0.482) indicates that company size does not moderate the effect of

CSR disclosure in CAR on corporate financial performance under both the slack resource and good management theory. The compnay size (total asset) variable stand alne (β=0.890, p(sig)=0.037 for ROA measurement and β=0.885, p(sig)=0.037 for ROE measurement) contributed significantly to the variability of CSR. No comparison with the previous studies can be made because they did not use the moderating effect (interaction term) into the model. Accordingly, the hypothesis H2 is accepted, suggesting that the company size does not moderate the effect disclosure in CAR on corporate financial performance.

Table 2

Summary of Regression Result

Regression Model	Model 1	Model 2	Model 3	Model 4
Dependent Variables	CSR	CSR	ROA	ROE
R^2 -Adjusted	0.079	0.098	0.080	0.038
F-value	2.380 0.035*	2.765 0.016*	2.407 0.033*	0.038 0.591
Company SIZE (TA)	0.890 0.037*	0.885 0.037*	0.002 0.785	0.020 0.178
Financial Leverage (FL)	0.359 0.055**	0.277 0.016*	0.007 0.002*	-0.001 0.843
Type of Industry	1.080 0.128	0.985 0.155	-0.009 0.429	0.024 0.335
CSR			-0.002 0.185	-0.002 0.524
ROA	-9.063 0.261			
ROE		-3.695 0.254		
CSRxTA			0.000 0.965	0.001 0.880
CSRcxFL			0.001 0.586	-0.001 0.708
ROAxTA	4.679 0.749			
ROAxFL	2.746 0.529			
ROExTA		0.669 0.482		
ROExFL		2.051		

		0.234		

The test of hipothesis (H3), as shown in the interection of ROA and financial leverage (β=2.746, p(sig)=0.529), ROE and financial leverage (β=2.051, p(sig)=0.234, CSR and financial leverage-ROA (β=0.001, p(sig)=0.880), and CSR and financial leverage-ROE (β=-0.001, p(sig)=0.708), indicates that the financial leverage moderates the relationship between CSR and CFP under both the slack resource and good management theory. The test result also provides us with the finding that the financial leverage variable stand alone (β=0.359, p=0.0.055 for model 1, (β=0.277, p(sig)=0.016 for model 2, and β=0.007, p=0.002 for model 3, can contributed significantly to the variabiity of CSR under the slack resource and good management theory. The finding of Mahoney and Roborts, explicitely using good management theory, provide the conflicting result.

Conclusion

Overall, the result of present study can be concluded that corporate social responsibility/performance (CSP) has no effect on financial performance CFP) under slack resource and good management theory. In addition, it was also shown that only financial leverage could moderate the interaction between CSP and financial performance. However, based on the overall analysis, it may be reasonable to come to conclusion that the relationship between CSP and financial performance is spurious as Orlitzki (2000) concluded.

There are some limitations of this study. The first limitation is the relatively low of sampled companies and their coverage of period compared to the previous studies such as Wardock and Graves (1997) and Mahoney and Roberts (2007) using more 300 companies and period coverage of 4 years. The period coverage is important because the characteristic of CSR and financial performance is discretionary, that is, CSR as input and financial performance as output has no direct relationship. As a result, there is a need a time lag to understand the relationship.

With respect to the use of content analysis in the present study, there is no specific software as Iu and Clowes (2001) used to compute the

sentence as unit analysis containing the CSR dimension as classified by Michael Jantzi Research Associate,Inc.

References:

Beattie, V., McInnes, B., Fearnley, S. (2002), "Narrative reporting by listed UK companies: a comparative within-sector topic analysis", **University of Stirling, Stirling: Working pape**r.

Dean, L. K..(1997).   The Chicken and The Egg Revisited: Ties Between Corporate Social Performance and the Financial Bottom Line*"* **Journal of Applied Psychology*, (**vol**.** 82)

Elkington, John. 1994. "Towards the sustainable corporation: Win-win-win business strategies for Sustainable Corporation:Win-Win-Win Business Strategies for Sustainable Development" **California Management Review.** 36 (2)

Fauzi, H., Mahoney, L., and Rahman, A.A.,(2007). "Institutional Ownership and Corporate Social Performance" **Issues in Social and Environmental Accounting**, Vol. 1, No. 2 (Pp 334-347)

Frooman, J. 1997. "Socially Irresponsible and Illegal Behavior and Shareholder Wealth". ***Business and Society***, 36(3):221-249.

Griffin, J.J. and Mahon, J.F. (1997). "The Corporate Social Performance and Corporate Financial Performance Debate: Twenty-Five Years of Incomparable Research". **Business and Society**, 36(1):5-31.

Gray, R. (2006). "Does Sustainability Reporting Improve Corporate Behavior?: Wrong Question? Right Time?". **Accounting and Business Research*,** 36:65-88.

Hill, R.P., Ainscough, T., Shank, T., and Manullang, D. (2007). "Corporate Social Responsibility and Socially Responsible Investing: A Global Perspective". **Journal of Business Ethics**, 70(2):165–174

Husted, B.W., (2000)**. "** contingency theory of corporate social performance". **Business and Society** Vol. 39, 1

Itkonen, L. (2003). "Corporate Social Responsibility and Financial Performance". **Hilsinki: Institute of Strategy and International Business**.

Iu, Justin and Clowes, Courtney. (2001)." An Approach to Evaluating Accounting Narratives: a Corporate Social Responsibility Perspective", A Paper presented in **Governance and corporate social responsibility in the new millennium: Governance and Social Responsibility Conference : proceedings of the 2001 conference**, 26th & 27th November 2001

Konar, S. and Cohen, M.A. 2001. "Does the Market Value Environmental Performance?". **The Review of Economics and Statistics**, 83(2): 281-289.

Mahoney, L.S. and Roberts, R.W. (2007). "Corporate Social Performance, Financial Performance and Institutional Ownership in Canadian Firms". **Accounting Forum,** 31(3): 233-253.

Mangos, Nicholas and O'Brien, P.(2000). "Investigating Social Responsibility Reporting Practices of Global Australian firms and how those Practices enhance Economic Success"**, Paper presented at International Society of Business, Economics and Ethics' Second World Congress of Business, Economics and Ethics July 19-23, 2000**

Margolis. J.D. and Walsh. J.P. (2003). "Misery Loves Companies: Rethinking Social Initiatives by Business". **Administrative Science Quarterly**,48(2):268-305.

McWilliams, A., & Siegel, D. 2000. Corporate Social Responsibility and Financial Performance: Correlation or Misspecification?. **Strategic Management Journal**, 21:603-609.

McWilliams, A., & Siegel, D. 2001. Corporate Social Responsibility: A Theory of the Firm Perspective. **Academy of Management Review**, 26:117-127.

Moore, Geoff. 2001. "Corporate Social and Financial Performance: An Investigation in the UK Supermarket Industry". **Journal of Business Ethics** (vol 34: 299-315).

Murphy, E. 2002. Best Corporate Citizens Have Better Financial Performance. **Strategic Finance**, 83 (7):20-21.

Murray, A., Sinclair, D., Power, D., and Gray, R.(2006)**. "**Do Financial Markets Care about Social and Environmental Disclosure? Further Evidence and Exploration from the UK**". Accounting, Auditing & Accountability Journal**, l9(2):228-255.

Norman, W and MacDonald, C., (2004l). Getting to the Bottom of Triple
Bottom Line. **Business Ethics Quarterly. (Vol14,2)**

Norman, W and MacDonald, C., (2007). "Rescuing the Baby From
the Triple Bottom Line. Bathwather: A Reply to Pava"**. Business
Ethics Quarterly. 17:1.**

O'Donovan, G. And Gibson, K., (2000). Environmental Disclosures in the
Corporate Annual Report: a Longitudinal Australian Study., **Paper
presented at 6th International Interdisciplinary Conference on the
Environment, June 21-14 Montreal, 2000.**

Orlitzky, M. 2001. "Does Firm Size Confound the Relationship Between
Corporate Social Performance and Firm Financial Performance?".
Journal of Business Ethics, 33(2):167-180.

_____M., & Benjamin, J.D. 2001. Corporate Social Performance and
Firm Risk: A Meta-Analytic Review. *Business & Society*, 40:369-
396.

Orlitzky, M., Schmidt, F. L., and Rynes, S.L. 2003. "Corporate Social and
Financial Performance: A Meta Analysis". **Organization
Studies,**24(3):403-441.

Patten, D.M. 2002. "The Relation Between Environmental Performance and
Environmental Disclosure: A Research Note". **Accounting
Organizations and Society**, 27(8):763.

Pava, M.L.(2007)." A Response to Getting to the Bottom of 'Triple Bottom
Line'". **Business Ethics Quaterly,** 17 (1): 105-110

Preston, L.E., & O'Bannon, D.P. 1997. The Corporate Social-Financial
Performance Relationship: A Typology and Analysis. **Business &
Society**, 36:419-429.

Roman, R.M., Hayibor, S., Agle, B.R. 1999. The Relationship between Social
and Financial Performance: Repainting a Portrait. **Business &
Society,** 38:109-125.

Ruf, B.M., Muralidhar, K., Brown, R.M., Janney, J.J., & Paul, K. 2001. An
Empirical Investigation of the Relationship between Change in
Corporate Social Performance and Financial Performance: A
Stakeholder Theory Perspective. **Journal of Business Ethics**, 32:
143-156.

Simpson, W.G., & Kohers, T. 2002. The Link between Social and Financial
Performance: Evidence from the Banking Industry. **Journal of
Business Ethics**, 35:97-109.

Stanton, P. And Stanton, J.(2002)."Corporate Annual Reports: Research Perspective Used" **Accounting, Auditing, Accountability Journal**, 15(4): 478-500

Stanwick, Peter A. and Sarah Stanwick. "The Relationship Between Corporate Social Performance, and Organizational Size, Financial Performance, and Environmental Performance: An Empirical Examination" **Journal *of Business Ethics***, 17:195-204

Tsoutsoura, Margarita. 2004. CorporateSocialResponsibility and FinancialPerformance. **University of California, Berkeley: Working Paper Series**

Thomas, P.B., York Kenny, S. (2001), "Environmental reporting: a comparison of annual report disclosures and popular financial press commentary", **working paper, IIIEE, Lund**

Waddock, S. A., and S. M. Graves. (1997). The corporate social performance Financial performance link. **Strategic Management Journal** 18 (4): 303-   319.

Wagner, M.(2001). "A Review of Empirical Studies Concerning the Relationship Between Environmental and Economic Performance***",* Liineburg: Center for Sustainability Management,** August

Worrell, D.L., Davidson III, W.N., & Sharma, V.M. (1991). Layoff Announcements and Stockholder Wealth. **Academy of Management Journal**, 34:662-678.

Wright, P., & Ferris, S.P. 1997. Agency Conflict and Corporate Strategy: The Effect of Divestment on Corporate Value. **Strategic Management Journal**, 18:77-83.

Wu, M.-L. (2006). Corporate Social Performance, Corporate Financial Performance, and Firm Size: A Meta-Analysis. **Journal of American Academy of Business***,* Cambridge*, 8*(1), 163.