DOES IT PAY TO BE GOOD?
A META-ANALYSIS AND REDIRECTION OF RESEARCH ON THE RELATIONSHIP BETWEEN CORPORATE SOCIAL AND FINANCIAL PERFORMANCE

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Abstract

The empirical link between corporate social performance (CSP) and corporate financial performance (CFP) has been steadily investigated for 35 years. We conduct a meta-analysis of 192 effects revealed in 167 studies. The overall effect is positive but small (mean r=.13, median r=.08). Looking deeper, we analyze these effects across nine categories of CSP. We find that the association is strongest for the analysis of the specific dimensions of charitable contributions, revealed misdeeds, and environmental performance and when CSP is assessed more broadly through observer perceptions and self-reported social performance. The association is weakest for the specific dimensions of corporate policies and transparency and when CSP is assessed more broadly through third-party audits and mutual fund screens. Although the results suggest no financial penalty for CSP, they indicate at least as strong a link from prior CFP to subsequent CSP as the reverse. We conclude that if future research on the link persists, it should meet a number of minimum standards. Ideally, though, efforts to find a link should be redirected to better understand why companies pursue CSP, the mechanisms connecting prior CFP to subsequent CSP, and how companies manage the process of pursuing both CSP and CFP simultaneously.

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Figures and Tables: 25 pages
References: 19 pages

It's 8:30am on a Friday in July, and Carol B. Tomé is starting to sweat. The chief financial officer of Home Depot Inc. isn't getting ready to face a firing squad of investors or unveil troubled accounting at the home improvement giant. Instead, she and 200 other Home Depot employees are helping to build a playground replete with swings, slides, and a jungle gym at a local girls' club in hardscrabble Marietta, Ga. … Is this any way to build shareholder value at Home Depot, where the stock has been stuck near $43, down 35% from its all-time high? (*Business Week*, 2005)

Can a corporation create wealth and do it in a way that does not harm society, and, in the best of all worlds, even redress social ills? The question of whether "doing good and doing well" converge has waxed and waned over the past century (Morrissey, 1989; Wells, 2002), and it has preoccupied thinkers for nearly 2000 years (Avi-Yonah, 2005). Some theories of the firm emphasize reaching beyond a single-minded focus on wealth creation to attend broadly to society's needs, but the theory that now dominates legal and economic scholarship does not (Allen, 1992; 1993). Commonly known as the "nexus of contracts" theory, it sees the firm as "a legal fiction which serves as a focus for a complex process in which the conflicting objectives of individuals (some of whom may 'represent' other organizations) are brought into equilibrium within a framework of contractual relation" (Jensen and Meckling, 1976: 311). Even as competing models of the firm gain influence, they must contend with this prevailing view (Blair & Stout, 2006; Freeman, Wicks, & Parmar 2004), which may well continue to shape assumptions about the firm for the foreseeable future (Hansmann & Kraakman, 2001).

Anyone who argues that the ultimate purpose of a firm involves anything more than enhancing shareholder value must come to terms with this dominant theory. Attempts to mitigate a firm's ill effects on society or to fund projects that might directly benefit society are subjected to a rigorous financial analysis. Indeed, the prevailing theory argues that society is best served if these attempts can clear such a financial hurdle. In his appraisal of the longstanding controversy regarding the purpose of the firm, Jensen (2002: 239) argued that "200 years' worth of work in economics and finance indicate that social welfare is maximized when all firms in an economy maximize total firm value." It is a tidy logic that puts the onus on corporate critics and social advocates alike to show how a corporation's social investment must benefit its shareholders. *Business Week*'s (2005) skepticism about Home Depot's community investment practices certainly reflects this orientation.

This theory may be so influential now because it allows managers and regulators alike the freedom to (relatively easily) restructure the firm's assets to best meet the demands of global competition. The globalization of the firms' factor and product markets, and its implications for management and corporate governance, is by now a very familiar story (Bradley, Schipani, Sundaram, & Walsh, 1999; Jensen, 1993; Parker, 1996). As globalization ushered in a period of hypercompetitive business practices (D'Aveni, 1994), companies have struggled to survive, well enough thrive. To see the firm as a bundle of contracts facilitates change. After all, contracts can be renegotiated, even if the social costs are high (Shleifer and Summers, 1988; Uchitelle, Battenberg and Kochan, 2007). And the changes driven by this economic logic have been enormous. The conglomerate merger wave of the 1960s was unraveled in the 1980s (Shleifer & Vishny, 1991), as firms shed their unrelated business units (Comment & Jarrell, 1995) and learned to leverage their "core competencies" (Prahalad and Hamel, 1990) to meet their new competitive realities. Then in the 1990s and early 2000s companies combined anew, searching for the scale economies and competitive advantages considered essential to prosper in a global marketplace – even though the economic benefits have sometimes proven elusive (Moeller, Schlingemann & Stulz, 2005).

Seen in this context, it is no surprise to discover that performance, and especially corporate financial performance, became the dominant dependent variable in organizational research over the past thirty years (Walsh, Weber, & Margolis, 2003). Even if performance was ancillary to the topic at hand, it served to legitimate the work as academically credible and practically relevant (Staw, 1984). Indeed, the study of organizations is marked by all manner of attempts to link management practices to corporate financial performance. Work on strategy (McGahan & Porter, 1997), research and development (Wieser, 2005) and human resource management (Delery & Doty, 1996; Huselid, 1995), to name just a few, attempt to establish a connection between corporate practices and their financial results. The work on corporate social performance is no exception.

Scholars have been searching for a link between corporate social performance (CSP) and corporate financial performance (CFP) for thirty-five years. If only doing good could be connected to doing well, then companies might be persuaded to act more conscientiously, whether in cleaning up their own questionable conduct (Campbell, 2006) or in redressing societal ills (Porter & Kramer, 2006). A positive link between social and financial performance would

legitimize corporate social performance on economic grounds, grounds that matter so much these days (Useem, 1996). It would license companies to pursue the good—even incurring additional costs—in order to enhance their bottom line and at the same time contribute more broadly to the well-being of society.

The influence of this economic reasoning was apparent in the very first empirical CSP-CFP study. Bragdon and Marlin (1972) motivated their research by examining whether or not virtue must be its own reward. They looked at this question from both a manager's and an investor's perspective:

> Proponents [of what they called the orthodox economic logic] argue that corporate managers can either control pollution or maximize profits but that the former can be accomplished only at the expense of the latter. From the investor's perspective, this in turn implies that he can either invest in a profitable company or a "good" company (which protects its environment) but that no company is likely to be both. (Bragdon & Marlin, 1972: 9).

These words were written on the heels of Friedman's (1970) well-known criticism of a firm's corporate social responsibility initiatives. Friedman took direct aim at any firm that contemplated such activity, considering such investments to be theft and political subversion. In his view, executives were taking money that would otherwise go to the firm's owners in order to pursue objectives that the executives, under the sway of a minority of voices, selected in a manner beyond the reach of accepted democratic political processes. But when Bragdon and Marlin (1972: 17) found a positive CSP-CFP relationship, they could comfortably remove any conflict by concluding, "[W]e hope that we have made a step in the direction of laying to rest the economic model that poses the alternative." If they only knew. Thirty-five years later, Nakao, Amano, Matsumura, Genba, and Nakano (2007:107) were still investigating this very same question: "to examine, by multiple linear regression analysis, whether environmental performance has a significantly positive effect on financial performance." One hundred and sixty seven studies, investigating 192 CSP-CFP effects, have been conducted since 1972. Figure 1 profiles this steady research activity. Our goal is to take stock of this research stream and with a meta-analysis, see if we can answer the question of whether it pays to be good.

Insert Figure 1 about Here

We are not the first to distill this longstanding line of research. It is a testimony to the power of the question that sixteen reviews of CSP-CFP research have already assessed whether doing good pays. The first review was published nineteen years ago (Aldag & Bartol, 1978). Since then, another twelve appraisals and three formal meta-analyses have appeared in print. They all try to keep pace with the heavy volume of work investigating the relationship between CSP and CFP. Table 1 captures the reviews as they appeared through time, the number of CSP-CFP studies each review examined, and the citations each has garnered over the years.

Insert Table 1 about Here

Taken together, scholars have turned to these reviews 1,445 times for guidance. The value of a review is a function of the breadth of extant work considered and the insights the authors bring to its evaluation. The rigor of the analysis certainly matters too. Today, both consumers of literature reviews (Bies, Bartunek, Fort, & Zald, 2007) and research methodologists (Rosenthal, 1991) see formal meta-analyses as more valuable than a scholar's idiosyncratic reading of a literature. Indeed, later views of the CSP-CFP literature criticize earlier reviews on just this point (e.g., Orlitzky, Schmidt, & Rynes, 2003). Not surprisingly, the three most recent reviews of this literature have employed meta-analysis: Orlitzky, et al. (2003) analyzed 52 CSP-CFP studies; two years later Allouche and Laroche (2005) analyzed 82 CSP-CFP studies; and most recently, Wu (2006) analyzed 121 studies, with 39 of them focused on the CSP-CFP relationship. Our goal is to expand and deepen these efforts in two ways. First, we offer a comprehensive appraisal of the 167 studies conducted to date and, second, we draw implications both for the CSP-CFP relationship and for future research.

Our paper proceeds in five steps. First, we provide a backdrop to our meta-analysis, describing theoretical approaches to CSP and the CSP-CFP connection. Second, we lay out the methodology for our meta-analysis. Third, we present the results in two forms, in the aggregate and then by the type of study. Fourth, we assess the implications of these results, interpreting what the results do and do not indicate about the relationship between CSP and CFP. And fifth, we identify two paths for future research, and suggest that a new one—rather than the well-traveled familiar one—will best honor the enduring motivation and prodigious efforts behind prior research.

Corporate Social Performance and the Quest for a Link to Corporate Financial Performance

Despite years of theoretical and empirical attention, researchers have encountered significant challenges in both specifying and operationally defining the CSP construct (Barnett, 2007; Clarkson, 1995; Frederick, 2006; McWilliams, Siegel & Wright, 2006; Wood, 1991; Wood & Jones, 1995). Prior reviews of the CSP-CFP work often decry a range of theoretical and methodological faults and, in so doing, promote a continuing research stream that might rectify the problems.

To date, corporate social performance has been theoretically defined in two basic ways. One approach casts social performance as a multidimensional construct, encompassing a company's efforts to fulfill multiple responsibilities — economic, legal, ethical, and discretionary (Carroll, 1979, 1999) — or encompassing a company's principles, processes of response to rising issues, and observable practices and outcomes (Wartick & Cochran, 1985; Wood, 1991). A second approach casts social performance as a function of how a company treats its stakeholders (Campbell, 2007; Clarkson, 1995; Cooper, 2004; Post, Preston, & Sachs, 2002). Although theorists attempt to distinguish corporate social performance from corporate social responsibility (CSR), sometimes subsuming CSP under the umbrella of CSR and sometimes the reverse (Barnett, 2007; Carroll, 1979, 1999; Wood, 1991), the terms corporate social performance and corporate social responsibility (CSR)—or "socially responsible behavior"—are often used interchangeably in empirical studies. Despite extensive theoretical development, researchers have encountered significant challenges operationally defining the theoretical construct of corporate social performance (Clarkson, 1995; Wood & Jones, 1995). As a result, indicators and measures of CSP vary widely and tend to capture either a single specific dimension, such as philanthropic contributions or pollution control, or broad appraisals of CSP as a whole. The increasing influence of stakeholder theory on the study of CSP has corresponded with increased use of Kinder Lydenberg Domini's Socrates database, which rates companies across dimensions that reflect attention to different stakeholder groups (http://www.kld.com/research/socrates/index.html).

Just as theoretical elaboration of the CSP construct has coalesced around two main models, so too have theoretical accounts of the link between CSP and CFP (Jones, 1995; Preston & O'Bannon, 1997). One model treats CSP as a distinctive resource—a way of treating others,

for example, or a way of running the company's operations—that substantively generates benefits or reduces costs, both of which improve financial performance. Heightened benefits may include employee effort that emerges from treating them well, or innovative products and access to markets that emerge from aiding non-profit enterprises. Decreased costs may include the avoidance of potential penalties and regulation as a result of clean and safe operations, less contracting friction with stakeholders as a result of honest dealing, or lower material costs from reduced levels of pollution and waste. For theories that fall within this first broad model, the mechanism that turns CSP into CFP is the value-creating impact of the efforts to do good. Those efforts have the effect of reducing costs or increasing revenues.

In contrast, another set of theoretical accounts suggests that the appeal of CSP, rather than its substantive impact, generates financial returns. Independent of the actual effects of efforts to do good, the second model suggests that the appearance of doing good (or the perception among key stakeholders that a company is doing good) generates demand for and commitment to the company's stock, jobs, or products. The value-creating mechanism is the appearance of CSP. That appearance increases demand and commitment, directly driving up the stock price, for example, or indirectly reducing hiring costs by intensifying employee commitment, or indirectly generating revenue by increasing the likelihood that consumers will purchase the company's products.

Although the mechanisms that connect CSP to CFP may both be at work, and thus the two models may well overlap, the underlying mechanisms do indeed differ. Consider two ways in which helping non-profit organizations might contribute to a company's financial performance. The first model suggests that when a company collaborates with non-profits, the company may strike upon unforeseen markets or innovative products, which open new sources of revenue (Kanter, 1999). The second model suggests that by collaborating with non-profits, a company gains because the public develops a general impression that the company is a good citizen, which makes people more likely to pursue the company's products and jobs, or to permit the company to expand without extensive oversight.

Theories of how CSP and CFP are connected, as well as the evolving definition of CSP (Carroll, 1999), both help explain why studies of the CSP-CFP link have proliferated (see Figure 1). With multiple dimensions and many stakeholders treated as indicators of CSP, and with evolving specifications of their link to CFP, each new study can promise to contribute to a

definitive assessment of the CSP-CFP relationship. Each new study promises to isolate a different dimension of CSP, or to reflect an improved conceptualization of the construct or its theoretical connection to CFP. The diversity of CSP variables suggests that it may be inappropriate to lump all studies and their effects together. As a result, we also analyze CSP-CFP effects across nine categories of CSP.

METHODS

Study Selection and Inclusion

Our review of research on corporate social and financial performance encompasses studies from 1972 through 2007. We selected studies to include in the meta-analysis in five ways. First, we collected articles covered in the sixteen prior reviews of the literature that are listed in Table 1. Second, we searched the ABI/Inform, JSTOR, and EBSCO databases using the keywords "social performance," "social responsibility," "socially responsible," "charitable," "philanthropy," and "environment." Third, we manually checked the table of contents of seven of the top journals in the management field (*Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of Management*, *Journal of Organizational Behavior*, *Organization Science*, *Organizational Studies*, and *Strategic Management Journal*). Fourth, we learned of some papers through informal efforts, such as inquiries with colleagues, suggestions from seminar participants where we presented related work, and papers mentioned by colleagues. Fifth, we identified articles that were referenced by studies found using the four earlier methods.

To be included in this review, a study had to satisfy the following three criteria. First, the manuscript had to include a measure of CSP for individual firms. Because CSP has traditionally been defined broadly and operationally defined in many different ways, we considered any empirical research that fit past conceptualizations. Second, the manuscript had to include a measure of CFP for individual firms, usually an accounting rate of return or a market measure of performance. Third, the manuscript had to report an effect size for the association between CSP and CFP at the firm level or provide enough information for us to calculate an equivalent effect size for this association. A total of 167 studies satisfied these criteria.

Because the majority of studies reported a zero-order correlation as the relationship between CSP and CFP, in the other cases we converted the reported effects into the equivalent of an effect size *r* (Rosenthal & Rosnow, 1991). In the case of multivariate analyses, we used standardized regression *beta*s if reported, or calculated the effect size *r* if a *t*-test, *F*-test, or *Z*-test

statistic was provided.[1] In such cases, the resulting effect size *r* is the equivalent of a partial correlation that accounts for the influence of any control variables that were used in the original analysis. In the case of *t*-tests that compared groups differing in their levels of CSP, or when authors provided information on means, standard deviations, and sample sizes that could be used together to calculate a *t*-statistic, we also converted such effects into an effect size *r*. All values were coded so that positive effects represent a financial benefit for high CSP and negative effects represent a financial cost for high CSP. Thus, the studies that were included could be summarized in terms of a single indicator of effect size, which enabled us to make direct comparisons across different studies.[2] In order to be conservative with respect to estimating the CSP-CFP association, some studies were included if the text mentioned that the association was tested but not statistically significant, in which case the effect size was presumed to be zero. All effect sizes were computed by the second author, or computed by a doctoral student in finance and checked by the second author, with an inter-coder reliability of .95.

Coding Procedure

We attempted to code the primary attributes of the empirical studies that the original authors of the empirical studies consistently reported. Either the second author or a doctoral student in finance coded each study, and both coded a subset of 50 studies in order to confirm sufficient inter-rater reliability for continuous measures and inter-rater agreement for categorical measures. The following five characteristics of each study were coded.

Type of CSP. Studies vary in the indicator used to measure CSP, sometimes opting to examine a specific dimension of CSP and sometimes opting for a broad appraisal of CSP. We sorted the collection of studies into one of the nine categories below, with the first five representing specific dimensions of CSP and the last four representing different approaches for capturing CSP broadly. If a single study reported results using measures that fell into different categories, we sorted each separate result into its most appropriate category, resulting in a total of 192 effects in 167 studies. However, we did not double-count by sorting any effect into more than one category. Inter-rater agreement for categorizing the type of CSP was .96. These are the nine categories, with the first five representing specific dimensions of CSP and the last four

[1] We used the formula *r* = sqrt [*F*/(*F*+df)] when *F*-test statistics were reported, *r* = sqrt [*t*^2/(*t*^2+df)] when *t*-test statistics were reported, and *r* = sqrt [*Z*^2/N] when *Z*-test statistics were reported (Rosenthal & Rosnow, 1991).

[2] Because it was necessary to express the results of each study using a common statistic, we unfortunately had to exclude 12 articles that reported effects using unstandardized coefficients, in cases when these coefficients could not be converted into an effect size *r* based on other reported information.

representing different approaches for appraising CSP more broadly.

(1) *Charitable contributions*. This included cash donations or the establishment of a philanthropic foundation. When the authors provided specific information, we excluded in-kind donations, given that these often serve instrumental purposes such as marketing or the disposal of obsolete inventory (Seifert, Morris, & Bartkus, 2003).

(2) *Corporate policies*. These studies examine a range of corporate policies, such as companies that divested from apartheid South Africa, firms that did business in apartheid South Africa and signed the Sullivan Principles for fair treatment of citizens, banks that offered low income loans, and defense contractors that agreed to a code of ethics.

(3) *Environmental performance*. This category includes measures of impact on the environment, whether objective or self-reported. We coded as objective any information indicative of corporate environmental practices assessed by or reported to third parties, such as the toxic release inventory, fines paid, and energy reduction expenditures. Objective data includes self-reported data that is under regulatory oversight by third parties (e.g., Superfund site liabilities). Self-reported data includes company insiders' subjective perceptions of their environmental performance. If a misdeed involved environmental practices, we included the effect in this category rather than in category four below. So too, if self-reported data referred to environmental performance, we included the effect in this category rather than in category six below.

(4) *Revealed misdeeds*. This includes the public announcement of arrests, fines, guilty verdicts in lawsuits, involuntary recalls, and other actions that indicate socially irresponsible behavior.

(5) *Transparency*. The release of information by a company itself in publicly available documents, such as annual reports, is used as an indicator of a company's CSP. This category includes all studies that use the disclosure itself—rather than the substance of what is being discussed in the disclosure—as the indicator of social performance. The underlying aim of these studies is to determine whether transparency pays. When researchers treated the specific content disclosed as the indicator of CSP, the study was coded in one of the above categories capturing that specific content (such as a misdeed).

Four categories reflect different ways researchers attempt to capture companies' CSP more broadly, rather than specific dimensions of the construct. These four forms of broad

appraisal include:

(6) *Self-reported social performance*. One method for capturing a company's social performance more broadly used surveys that ask companies to report their own conduct in response to journalists' or researchers' inquiries. The difference between this and the previous category, transparency, is that the present category involves a researcher or media outlet approaching the company for its self-report, rather than a voluntary and active decision on the part of the company to release information. For example, companies are asked to rate the importance of social responsibility and philanthropy (Goll & Rasheed, 2004). Self-reported social performance related to the environment is included only in the environmental performance category above.

(7) *Observers' perceptions*. Two methods of assessing corporate social performance rely on external observers. The first method relies upon observers' intuitive impressions of a company's CSP. Observers include industry insiders, executives at other companies, business school faculty members, and undergraduate business students. The most common form of observer perceptions involves ratings from the *Fortune* magazine database of most admired companies (60.0%).

(8) *Third-party audits.* The second method that uses observers to assess corporate social performance involves the systematic assessment of data by investigators who evaluate a company along a set of criteria. We refer to these as third-party audits. The most common examples are the Kinder Lydenberg Domini (KLD) index, which evaluates companies on eight dimensions, its precursor developed by the Council on Economic Priorities (CEP), and equivalent organizations in other countries. Other examples include the U.S. Department of Labor and *Working Woman* magazine, which both award recognition for companies whose labor policies are deemed especially progressive. We also include the assessments of investment fund managers, except in the case of assessments that yield a marketed investment vehicle, which we categorize instead as screened mutual funds. In the case of audits that reported results about one distinct category of CSP already listed above, notably the environment, we included those studies only within the distinct category.

(9) *Screened mutual funds*. A growing number of studies examine the performance of mutual funds that use screens to limit the companies included in the funds to those meeting certain criteria of social performance. These screens are considered indicators of included

companies' general CSP. We excluded those papers that tracked companies screened on the basis of their industry membership (e.g., gambling, tobacco) rather than on a company-level basis. We include those studies that compare entire stock performance indices, such as those comparing the Domini 400 versus the Standard & Poor's 500.

Type of CFP. We list the specific measures of financial performance examined by the original authors. Further, we coded measures into two broad categories: accounting-based measures of financial returns (e.g., Return on Assets, Return on Equity) versus market-based measures of financial value (e.g., stock returns, market/book value ratio). A small number of studies used measures of financial performance that did not fit this dichotomy (e.g., bond returns in D'Antonio, Johnsen, & Hutton, 1997; observer ratings of "economic performance" in Clarkson, 1988; dividend yields in Greening, 1995) and these were included in overall effects but not listed in the breakdown by category. Inter-rater agreement for categorizing CFP measures was .97.

Number of firms included. We recorded the total number of firms that were included in a study's sample. For two sets of studies, this was not always possible. First, for studies of the stock market reaction to specific events, the authors often reported the number of events rather than firms, and a given firm could generate more than one of the events. Second, studies of screened mutual funds rarely listed the number of underlying securities. However, some studies compared a specific portfolio of companies to a benchmark consisting of an entire marketplace, in which case we noted as the number of firms the specific portfolio that the authors described. Inter-rater reliability for determining the number of included firms was 1.00.

Timing of CSP and CFP measurements. We recorded the year or range of years for both the CSP and CFP measures. Although many studies had a stated goal of examining the influence of CSP on CFP (indicating a particular direction of causality), there are three main choices regarding the timing of these measures: the measure of CSP precedes the measure of CFP; the measure of CFP precedes the measure of CSP; or they are measured concurrently (operationally defined as occurring within 12 months of each other). Event studies—in which researchers observe the stock market reaction to discrete news announcements—were coded as having the CSP measurement preceding CFP because the timing of both CSP and CFP were specified precisely in such studies. We coded as concurrent those studies in which the measurement of CSP and CFP were nested. For example, Alexander and Buchholz (1978)

measured CSP in 1971-1972 and CFP for the period 1970-1974. We also coded as concurrent any studies of screened mutual funds that were actively managed, with the logic that fund managers continually monitor the current social performance of firms included in their portfolios. However, we coded CFP to precede CSP in those studies in which researchers conducted retrospective analyses of the financial performance of stocks that were later included in screened funds. Inter-rater agreement for the timing of CSP and CFP measures was .94.

Control variables. We noted whether control variables were incorporated into the estimate of the CSP-CFP effect size. We coded for the most common control variables of industry, firm size, and risk. Some studies are coded as having no control variables even though the authors did include controls in the study because the effect size for the CSP-CFP value was taken from a zero-order correlation matrix that did not account for the effect of control variables. In addition, we coded the methodological attribute of whether effect sizes resulted from event studies. These effects are coded as including all control variables because, in event studies, each company serves as its own matched control when its stock price is compared before versus after a news announcement.

Industries can vary in their social responsibility practices. Some industries may be considered more "dirty" than others, such as heavy manufacturing or chemicals; some industries may be growing versus declining; and stakeholders may vary in the degree of regulation and scrutiny to which they subject different industries (Bowman & Haire, 1975; Griffin & Mahon, 1997; Spencer & Taylor, 1987). Reporting rules that apply to entire industries can promote responsible behavior, but can also constrain it (i.e., mandating strict itemization for charitable donations). We considered industry to be controlled either when it was explicitly entered as a control variable in the authors' original analyses, when it was incorporated into the research design using samples matched on industry, or when the study sampled from within a single industry.

Firm size is a worthwhile control variable because larger firms may have greater resources for social investments, attract greater pressure to engage in CSP or—just the opposite—succumb to a diffusion of responsibility (Wu, 2006). Wu's (2006) recent review regarding firm size indicated a small positive relationship between firm size and CSP and between firm size and some measures of CFP. We considered firm size to be controlled either when it was explicitly controlled in the original analyses or when the study sampled from firms

of similar sizes (e.g., the *Fortune* 500 focus on revenues, or assets, or the total number of employees).

Firm risk is also an important factor to control because stable firms with lower risk generally appear more likely to engage in CSP (Alexander & Buchholz, 1978; Brown & Perry, 1994; Chen and Metcalf, 1980; Cochran & Wood, 1984). Moreover, CSP has been linked to the risk profile of firms (Orlitzky & Benjamin, 2001). Indeed, given the strong relationship between risk and financial returns, O'Neill, Saunders, & McCarthy (1989) found that their CSP-CFP correlations disappeared for risk-adjusted financial performance measures. We considered risk to be controlled when it was included in the model explicitly as a control variable (e.g., regression models or the CAPM financial model), when authors used a risk-adjusted measure of CFP or, in the case of portfolio analyses, when the authors or mutual fund managers who constructed the portfolio selected companies based on risk levels equivalent to a control sample or the larger stock market.

Finally, we coded whether effect sizes resulted from "event studies"—in which the stock price of a given company is observed before and after a specific event or announcement—regardless of which of the nine specific types of CSP was represented by the event. These studies are unique in that they are unusually precise because companies serve as their own matched control and, when done correctly (McWilliams & Siegel, 1997), confounding events are excluded. Event studies also isolate a specific mechanism for any association between CSP and CFP, namely, the stock market's reaction to news regarding a firm's CSP. Inter-rater agreement across all controls was .92.

RESULTS

Table 2 lists the studies included in this meta-analysis, the key attributes of each study, and the effect size *r* for the CSP-CFP association. Table 3 summarizes the results of our analyses, including the effect size overall, by timing of the CSP and CFP measures, and by type of CFP measure, with all of these listed for all studies and separately for each CSP category. Table 3 also lists the number of studies and total number of companies in each category of study, the significance test for the size of the CSP-CFP effect (Rosenthal, 1991), and the results of a heterogeneity analysis that indicates whether there are substantial differences in effect sizes across the various studies (Hedges & Olkin, 1985; Rosenthal, 1991).

Insert Tables 2 and 3 about here

The diversity of CSP indicators and measures raises questions about whether these all capture a single underlying construct. However, because of the widespread interest in corporate efforts to do good and the contention that all indicators and measures of CSP capture, in some way, the underlying propensity of a company to do good, we did calculate a single, cumulative effect for all 192 effects. This analysis reveals a mean effect size of r=.132. As described above, in the case of studies reporting the results of multivariate analyses, these effects are the equivalent of a partial correlation that accounts for the effects of control variables. The median effect size (r=.082) and weighted average effect size (r=.101), which accounts for the size of each study, were lower than the mean effect size. That suggests that the overall mean is inflated by large effect sizes from a small number of studies that used relatively smaller samples of companies. When effect sizes are compared across the types of CFP measures, CSP generally appears to predict accounting-based measures (r=.180) better than market-based measures (r=.104). That said, market-based measures may be more appropriate for gauging the impact on shareholder wealth (Mackey, Mackey, & Barney, 2007).

To examine the potential influence of moderator variables, we conducted additional analyses. For results aggregated across all types of CSP, we did not find an influence on effect sizes from including (or excluding) control variables, nor were there large aggregate differences between studies in which the timing of CSP measures preceded, followed, or concurred with measures of CFP. However, for each of the four studies that included all three types of timing (Boyle, Higgins, & Rhee, 1997; McGuire, Sundgren, & Schneeweis, 1988; Preston & O'Bannon, 1997; Seifert, Morris, & Bartkus, 2003)—which arguably offer the most precise comparison—there is a monotonic fall in the effect size from CFP→CSP (average r=.275) to concurrent (average r=.120) to CSP→CFP (average r=.080). All four studies revealed this same pattern. A binomial probability test suggests that this ordering of responses from the highest to lowest CSP-CFP effect size is unlikely to occur by chance alone. Given that there are six different ways to place the three types of timing in order from the highest to lowest, the chance of each study showing this pattern is 1/6. The probability that all four studies would conform randomly to this pattern is less than eight in ten thousand.

Event studies—which map precisely the stock market effects of releasing news regarding CSP—appeared to have slightly larger effect sizes than those of conventional studies (r=.175 versus r=.118; median effects r=.189 versus r=.067). In event studies, the impact of a company's social performance is measured through a comparison of the stock market's valuation of that company's stock preceding and following the announcement of positive or negative news. The use of event-study methodology in research on the link between CSP and CFP has been criticized (McWilliams & Siegel, 1997), most notably because these studies have used long event windows, introducing the possibility that other events account for stock price movement, and because, indeed, these studies have not adequately controlled for other confounding events that could account for abnormal returns. Nonetheless, the consistency of our results for event studies suggests that the market may read the announcement as new information indicating future financial performance. The market may infer the company's social performance to be an indicator of the quality of management, to augur consumer demand for the firm's products and services as a result of the company's social performance, to promise higher or lower costs incurred from other stakeholders, or to provide greater insurance against damaging events (Freedman & Stagliano, 1991; Peloza, 2006). Social performance may also attract demand for the stock among investors with strong preferences for social responsibility (Mackey, et al., 2007) or among market investors in general who believe that other investors will adjust their demand for a firm's shares, for example if the company is now worthy of inclusion or exclusion from socially screened funds. Alternatively, the market may simply assume that doing good generates financial gains through some unspecified mechanism.

To investigate the relationship between CSP and CFP with greater precision, we sorted studies into the nine categories described above and analyzed the cumulative effect within each category. Effect sizes differed significantly across these categories, $F(8, 183) = 4.12$, $p<.001$. We summarize the results by category in Table 3 and below, reporting the overall effects as well as any noteworthy influence of moderator variables for those analyses with sufficient power to warrant them.

Charitable Contributions

Thirteen studies examined the effect of corporate financial performance upon charitable contributions. The average r was. 239. The effect was stronger when CFP was measured prior to the philanthropy (r=.332) or after (r=.292) than when the two were measured concurrently

(*r*=.198). Studies using accounting measures of financial performance showed larger effects (mean *r*=.281, median *r*=.203) than those using market-based measures (mean *r*=.147, median *r*=.055). Taken together, these findings suggest that slack resources promote generosity towards charitable endeavors (Seifert, et al., 2003). Companies are more able or willing, or they face stiffer pressure, to donate when they do well.

Corporate Policies

Corporate policies are the one form of social responsibility without a significant association to financial performance (*r*=.019, *ns*, weighted *r*=.038, median *r*=.005). However, there is a trend in which prior financial performance does predict future socially responsible policies (*r*=.111), but concurrent (*r*=.-.031) and CSP→CFP (*r*=.011) studies do not reveal any meaningful trends.

Environmental Performance

A large sample of 44 studies examined environmental impact, including objective measures such as the toxic release inventory, fines paid, and energy reduction expenditures, as well as subjective perceptions of environmental performance. Effect sizes were larger for self-reported (*r*=.190) than for objective environmental measures (*r*=.095).

Revealed Misdeeds

Announcements of negative events, such as regulatory violations, lawsuits, and fraud, were the topic of 16 studies, generating an average *r* of .223, with a smaller *r*=.104 average when weighted by sample size, due largely to the result of one outlier (Jarrell & Peltzman, 1985; *r*=.563, *N*=22). These findings are consistent with Frooman's (1997) earlier meta-analysis, finding that the stock market reacts negatively to news announcements that a company has done something socially irresponsible. Although companies are punished at the time misdeeds are exposed (*r*=.227) and afterward (*r*=.239), a company's financial performance—whether good or bad—does not predict future revealed misdeeds (*r*=-.004). When misdeeds are revealed, the market may interpret them as an indicator that the firm will incur greater costs from penalties or from stakeholders less willing to cooperate, or will suffer lower revenues due to reduced future demand for the firm's products and services resulting from the company's damaged reputation in consumers' eyes. Exposed misdeeds may also be read by the market as an indicator of poor judgment among top managers, or of imminent decline in demand for the stock as investors with a preference for responsible companies shy away from it.

Of course, this effect only captures the wealth effects for those caught doing some misdeed. The wages of unrecognized sin may be quite handsome. Further, the effect is larger for market-based measures (r=.239) versus accounting-based measures (r=.113), suggesting that the mechanism for this effect is more likely to be the reaction of investors, rather than revealed information about the health of corporate operations. This weak link to an accounting performance measure is consistent with Staw and Szwajkowski's (1975) work. They found that the influence of having a munificent environment on corporate crime was related to the munificence of the industry environment, rather than that of the individual firm.

Transparency

Fourteen studies examined the influence of transparency. The average effect size r was .078 and median was r=.024. Effect sizes are larger for those studies that control for firm size (r=.102 versus r=.034), but smaller for those studies that control for industry (r=.046 versus r=.156). The slight positive trend in the mean but not median value can be attributed largely to two studies (Anderson & Frankle, 1980; Verschoor, 1998) that did not control for industry. Results were stronger for CSP measured before CFP (r=.191) than for CFP measured before CSP (r=.079) or concurrent measurement (r=.029). Taken together, these results suggest that the market reacts positively to company disclosures regarding socially responsible behavior.

Self-reported Social Performance

For nine studies using self-reported social performance, the average r was .210 (weighted r=.128). The largest effects were found in one study in which executives were asked to report both social and financial performance of the company in a single survey (Reimann, 1975, r = .570, N=19) and in one study analyzing the relationship between responses of rank-and-file employees and the company's financial performance of the previous five years (Hansen & Wernerfelt, 1989, r=.482, N=60). Effect sizes were smaller for studies that controlled for risk (r=.039 versus r=.292), but larger for studies that controlled for industry (r=.312 versus r=.076). The three of these studies that controlled for risk (Aupperle, Carroll, & Hatfield, 1985; O'Neill et al., 1989; Starik, 1990) together reveal an average effect of r =.039. There did not appear to be an overall influence based on timing, given that the CSP→CFP association of r=.272 was based on a single study, versus r=.200 for CFP→CSP and r=.171 for concurrent measurement.

Observers' Perceptions

For the 25 studies that use observers' perceptions, the average *r* is .287. Studies using accounting measures of financial performance reveal a stronger relationship (*r*=.320) than those using market-based stock performance (*r*=.190). The effect size is smaller for studies that control for risk (*r*=.167 versus *r*=.316), but larger for studies that control for industry (*r*=.440 versus *r*=.131). When analyzed according to timing, the findings reveal a stronger relationship between CFP that was measured prior to CSP (*r*=.328) than either concurrent CFP and CSP (*r*=.279) or CSP measured prior to CFP (*r*=.157). In general, these studies show that there is a reasonably sized relationship between corporate social performance, as measured by observers' perceptions, and corporate financial performance. However, the results suggest that the strongest direction of causality goes from CFP to CSP, which is consistent with the possibility that observer perceptions are biased by a company's recent financial performance (Brown & Perry, 1994).

Third-party Audits

The 28 studies that rely on third-party audits to assess CSP reveal an average *r* of .080 and an average *r* weighted by sample size of .037. Studies that used accounting measures of financial performance had an average *r* of .114 versus .059 for those using market-based measures of financial performance. When analyzed according to temporal direction, the findings reveal a stronger relationship when CFP was measured prior to CSP (*r*=.142) compared to concurrent measurement (*r*=.041) or measuring CSP prior to CFP (*r*=.096). Taken together, these 28 studies suggest a mild relationship between CSP and CFP, but this link is unduly influenced by large effect sizes among studies with smaller samples (e.g., Shank, Manullang, & Hill, 2005; *r*=.261, *N*=11) and appears to flow primarily from CFP to CSP, rather than the other way around.

Screened Mutual Funds

A growing number of studies examine the performance of mutual funds that use screens to limit the companies included in the funds to those that meet certain criteria of social performance. The increasing number and sophistication of these studies warrant a detailed review by financial economists. Our analysis of 29 studies in this category reveals an average *r* of .024 (median *r*=.021). Within this group of studies most effects were negligible, but there were also several outliers showing gains for socially screened mutual funds relative to other funds (e.g., Luck & Pilotte, 1993; *r*=.324) and others showing losses for screened funds relative to comparative benchmarks (Schroder, 2003; *r*=-.515). Because the number of underlying

companies included in these funds was typically not reported, we could not conduct significance testing nor calculate weighted means.

Summary Patterns

A formal meta-analysis like ours is preferred to a simple count of the positive, negative and non-significant effects (Hunter & Schmidt, 1990). Nevertheless, when taken together, it is interesting to observe that across all of the effects we coded from these studies, 58% are a non-significant relationship, 27% a positive relationship, and 2% a negative relationship between CSP and CFP. An additional 13% did not report sample size, so it was not possible to test for significance. The meta-analytic results and the results of the vote counting procedure corroborate each other in this instance—companies do not appear to suffer financially for their socially responsible investments.

Critics of meta-analysis have argued that biases in the publication criteria of editors are reflected in biased samples of studies used by meta-analytic researchers. In particular, statistically significant results are more likely to be published (see Rosenthal, 1991). We address this "file drawer problem" in two different ways. First, we gathered unpublished manuscripts through informal efforts, as described above, in order to access studies from researchers' file drawers. Second, we computed a sensitivity analysis to measure just how many items must languish in file drawers before the results of this meta-analysis would be affected. Using Rosenthal's (1991) formulas, we found that it would take at least 15,767 studies with an average effect size of zero for the CSP-CFP association to no longer be statistically significant at p=.05. That is, it would require over 82 times more null effects than we have here to render the current results non-significant.

The sensitivity analysis gives us some confidence in these results. However, the absolute size of this overall CSP-CFP effect is considered to be "small": "small" effects are defined as those around r=.10; effects are considered to be "medium" if they are about r=.30 and "large" if they are greater than r=.50 (Rosenthal & Rosnow, 1991: 446). We did a second sensitivity analysis to address the number of studies that would need to languish in file drawers to bring the average effect up to the "medium" level. It would take at least 321 additional studies with a medium-to-large average effect size of r=.40 for the overall CSP-CFP association to reach the criterion for a medium effect size of r=.30. The 321 medium-to-large effects needed to boost the present small effect to just barely medium-sized would amount to 1.67 times more effects than

the total body of 192 currently included. Using a more liberal criterion, it would take at least 130 additional effects with r=.40 to reach a moderate effect size of r=.24, or 68% more studies than the current pool of available research from the last 35 years. To underscore just how unlikely this might be, only 18 of 192 effects (9.4%) in our current dataset reach r=.40 or above.

DISCUSSION

After thirty-five years of research, the preponderance of evidence indicates a mildly positive relationship between corporate social performance and corporate financial performance. The overall average effect of r=.132 across all studies is statistically significant but, on an absolute basis, it is small (Rosenthal & Rosnow, 1991), particularly considering the weighted average of r=.101 and the median value of r=.082. These meta-analytic results lead to four broad sets of implications.

Financial Impact of CSP

Companies do not seem to be richly rewarded for engaging in CSP. Friedman's (1970) concern about theft, however, may be misplaced: companies are not overtly penalized for CSP investments. Penalties only accrue to firms that do wrong and perhaps only if they are caught. In sum, the financial implications of CSP can be best understood as an interrelated set of three findings.

First and most clear, revealed corporate misdeeds are costly to companies. Our analysis of the financial impact of wrongdoing in 16 studies echoes Frooman's (1997) earlier meta-analytic result. Although the anecdotal evidence about recent scandals highlights just how grave the consequences can be for companies and their executives who are caught doing wrong, it is very difficult to estimate the likelihood that these kinds of misdeeds will be unearthed (Schnatterly, 2003). Dubious firms may risk these sanctions because crime just might pay.

Second, on the other side of the ledger—doing good—our findings indicate that CSP does not systematically destroy shareholder value. The overall effect of CSP on CFP is positive. Only 2% of the individual studies reported a significant negative effect. Across our analyses by CSP type, the average effects were nearly always positive and the occasional negative values were negligible. There may well be less affirmative support for CSP's positive financial impact than there is for the negative financial impact of doing wrong, but managers who dedicate corporate resources to social performance do not seem to be imposing a direct cost on their shareholders. Companies can do good *and* do well, even if companies do not always do well *by*

doing good. This result provides some legitimacy for CSP when high-status public figures, such as Kofi Annan (2001), so publicly call for CSP investments (Walsh, 2005).

Third, our findings suggest that CFP would seem to be an unlikely rationale or justification for pursuing CSP. The small overall relationship between prior CSP and subsequent CFP, the varied results across categories of CSP, and questions about causal direction all suggest that more lucrative financial impact might attend investments other than CSP, providing better returns on the next marginal dollar of corporate spending. Given these relatively low returns on investment, unearthing alternative motivations for CSP warrants systematic inquiry, as we suggest below.

Variation

CSP has come to encompass multiple dimensions, both in its theoretical specification and in its empirical operational definition. Our findings indicate that those dimensions bear different relationships to CFP. Relative to the overall effect size, the association is stronger for charitable contributions, revealed misdeeds, self-reported social performance, and observer perceptions. The CSP-CFP relationship is weaker for corporate policies, transparency, third-party audits, and screened mutual funds.

Stronger results. In the case of charitable contributions, firms that performed well—and particularly those with strong accounting performance—tended in the future to donate more money and create more philanthropic foundations. For revealed misdeeds, we found no evidence that poorly performing companies are more likely to engage in disreputable behavior. However, when disreputable behavior is revealed to the public, it results in current and future penalties in financial performance, particularly by the stock market. In the case of self-reported social performance and observer perceptions, the CSP-CFP relationship may reflect a vulnerability to halo biases such that CSP assessments are consistent with financial performance (Brown & Perry, 1994).

Weaker results. Socially responsible corporate policies appear to be somewhat more likely for companies that enjoy past financial success, but the presence of those policies does not predict current or future financial success. Transparency appears to be valued by the market, but third-party audits and screened mutual funds reveal effects of small magnitude, in particular when CSP is measured first.

Signal in the noise. This mixed set of effects reveals just how complex the reality of the CSP-CFP relationship may be, and just how difficult it is to measure and assess that relationship. The complex reality emerges when results are considered in terms of the causal mechanisms they suggest. Effects showing a positive relationship linking prior charitable contributions, revealed misdeeds, and transparency to subsequent CFP suggest that it is the appearance of CSP, rather than its substantive impact on a company's operations, that affects subsequent financial performance. Yet the larger effect sizes for observer perceptions and self-reported social performance, compared to those for third-party audits and mutual fund screens, indicate that appearances can be deceiving. Reporters and observers alike may succumb to biases that confound CSP with CFP. The impact of environmental performance on CFP may result from the attractiveness of the company to shareholders, customers, and employees, but it may also be a function of the substantive reduction in costs produced by environmental performance. Moving in the other causal direction, effects showing a positive relationship between prior financial performance and subsequent charitable contributions and corporate polices suggest that wealthier firms have the slack resources to engage in these practices, or that they encounter greater pressure to do so. So too the link between prior CFP and self-reported social performance and third-party audits suggests that more prosperous firms do more—or perceive that they do more—–of what third-party auditors are likely to monitor.

The variation in results across types and measures of CSP may itself be the most important signal to emerge from the 35 years of research on the connection between CSP and CFP. That variation tells us how complex the relationship might be to unravel, which carries important implications for how future research might make progress in wrestling with that complexity. We turn to those implications below.

Direction of Causality

We find relatively consistent evidence that the link is as strong, if not stronger, when CFP predicts subsequent CSP than the reverse causality, particularly for those studies including all three types of measurements, and for the areas of charitable contributions, observer perceptions, and third-party audits. While these results reinforce findings from two prior meta-analyses (Allouche & Laroche, 2005; Orlitzky, et al., 2003), these findings tend to get overlooked. Motivation for studying the link may revolve around efforts to establish the positive financial effects of CSP, but the evidence of an association should direct our attention equally to

understanding how CFP ultimately gives rise to CSP, and not just the reverse. Although accounts exist of *why* CFP makes subsequent CSP possible—slack resources or opportunism (Preston & O'Bannon, 1997)—little has been written about the mechanics of *how* companies with strong CFP end up engaging in greater CSP. That too has implications for future research, which we elaborate below.

Assessing CSP

Beyond the relationship between CSP and CFP, our meta-analysis permits assessment of CSP along three dimensions: its legitimacy, its value, and its effectiveness. First, is CSP legitimate—is it a legitimate activity for society's economic institutions? Despite some normative opposition to the use of corporate resources to advance social purposes, our results indicate that no damage is done to the purported owners of those resources. This means that CSP cannot be delegitimized on economic grounds. Our findings may stop short of offering economic grounds for a heavy investment in social performance, but by revealing no systematic negative effects on CFP, our findings do suggest that it is not economically illegitimate for companies to engage in CSP. It would seem that on economic grounds, the positive findings of this meta-analysis—however mild and attenuated those findings might be—support the legitimacy of CSP.

Second, is CSP of value for companies? Is it worth their effort and investment? While CSP may not transgress economic duties, it is open to question whether or not valuable benefits accrue to companies that engage in CSP. The mild effect sizes for CSP open the possibility that other areas of corporate activity are likely to have larger effects on financial performance. For example, Wieser's (2005) meta-analysis of research and development found an average 29% return on research and development, with a lower bound of 7%. Nonetheless, we suspect that well performing firms ignore CSP at their peril. Failure to invest in CSP can leave a company hampered. As just one example, consider Wal-Mart's late awakening to CSP. It has generated enough opponents to stall its efforts to buy a bank and launch a credit card business (Leonhardt, 2006). Post, et al. (2002) spoke at length about how a firm needs society's license to operate. Given the positive CFP→CSP link, it may be that wealthy companies risk their "operator's license" if they avoid such investments (Campbell, 2007).

Third, is CSP effective? It may be legitimate for companies to concern themselves with CSP, and the returns to companies may make some level of commitment worthwhile, but are corporate efforts in social performance effective in achieving benefits for society? Here,

unfortunately, research remains meager, and CSP-CFP studies say little, leaving perhaps the most fundamental questions unexplored: for whom are corporate efforts to do good effective and for what purposes are company efforts effective?

In all, CSP proponents and opponents alike will find evidence for both joy and concern in the implications of the results reported here. For proponents, the positive relationship found across most categories of studies, no matter its magnitude, provides an economic defense for CSP. Even CSP mavens are excited by the financial implications of these results. In an article entitled "Holy Grail Found: Absolute, Definite Proof CSR Pays Off," Kelly (2004:5) took stock of the earlier findings (Orlitzky et al., 2003) and declared that socially responsible investors can cash in on this knowledge: "Knowing that responsible companies outperform, savvy investors have a head start in locating future winners before the broad market does." Yet the results are not strong and, across the nine categories, they often recede even further when the proper controls are put in place or when only the effect of CSP upon subsequent CFP is examined. Rather than a salubrious convergence of doing good and doing well, our meta-analytic results may indicate that CSP advances neither objective. A mild effect size may be the product of corporate efforts to do just enough CSP to avoid running afoul of social critics but not enough CSP to incur significant costs that would incite economic critics.

For opponents, the small effect sizes place CSP investments in a suspect light. The stronger relationship between preceding CFP and subsequent CSP, when combined with the weak CSP→CFP result, suggests that such investments might be a waste of free cash flow. These monies might be put to other more productive uses or returned to the shareholders if no other positive Net Present Value investments are available. On the other hand, it may be that in this era of intense corporate scrutiny, CSP investments do provide some latitude for the firm to pursue its wealth objectives.

Ironically, 167 studies later, managers may be exactly where they were in 1972: seeking criteria to judge when CSP makes sense and guidance about how to advance both CSP and CFP, if they are both worthy of pursuit but not entirely consistent. The continuing quest to substantiate or repudiate a link between CSP and CFP may be of little value. While the quest is seductive, it may be time to let this particular question rest. There may be other aspects of the CSP-CFP relationship that are now more important to investigate.

FUTURE DIRECTIONS

If fundamental tensions persist and major questions linger, what are the implications for subsequent research? One option would be to drop the topic altogether. If CSP contributes little economically, then those caught in the zeitgeist of investor capitalism might argue that it is no longer worthy of attention. However, the mere fact of CSP should puzzle these proponents (see Esrock & Leichty (2000) and Maignan & Ralston (2002) for documentation of companies' CSP activities). If CSP has limited financial impact, what explains companies' investments in it? In addition, some scholars will challenge the premise that CSP has limited economic value (Barnett, 2007; Orlitzky et al., 2003). They might argue that if only the relationship were better specified and operationally defined, then stronger results would emerge or understanding would develop regarding contingencies moderating the relationship. Therefore, we see two paths forward. The well-traveled one may yield some additional insight, but we fear it will exact a high opportunity cost. After all, there are only so many people who investigate these questions. It may be time to take the path less traveled. This other path invites researchers to examine broader questions, prompted by our meta-analytic results, about the relationship between the corporation and society. We consider each path in turn.

The Well-Worn Path of Refinement

Virtually all past reviews of the CSP-CFP relationship call for more and better research into the CSP → CFP relationship (Margolis & Walsh, 2001:20-24). We will not make that call but we acknowledge that other scholars may be drawn to continue the quest. Future efforts to examine the link should endeavor to do it well. Anyone who hopes to publish the 168th study must meet four criteria. First, their data about CSP should consist of behavioral measures, such as quantifiable outputs or third-party audits, and the assessment process for those must be clear and open to validation. We suggest that researchers find alternatives to the convenient yet difficult to validate measures such as the *Fortune* ratings of admired companies and company insiders' self-reported impressions. Second, the study must control for at least industry, risk and size, if not R&D spending and advertising expenditures (McWilliams & Siegel, 2000). Third, researchers need to assess CSP and CFP at different time periods; the direction of causality must be theoretically articulated and empirically assessed. In our data, only 34% of effects (66 of 192) featured measures of CSP that temporally preceded measures of CFP, surprisingly low if the aspiration has been to establish a sequential link. Fourth, the CSP→CFP causal mechanisms need to be articulated and tested. Too many studies speculate about mechanisms that explain

results or end with a call to investigate them. It is time to study mechanisms systematically. CSP investments might help to recruit a high quality workforce (Backhaus, Stone, & Heiner, 2002), attract a unique customer base (Sen & Bhattacharya, 2001), or provide insurance against some unforeseen crisis (Schnietz & Epstein, 2005). CSP might bear upon CFP in some other way as well. Although it is important to test the conditions under which CSP is more likely to contribute to CFP (Barnett, 2007; Mackey et al., 2007; Rowley & Berman, 2000), it is as essential to document the causal chain of connection. No matter how well measured the constructs, research must move beyond simply assessing the magnitude of the CSP-CFP relationship. Research must now show how CSP comes to bear upon CFP.

With these minimum standards in place, research on the link between CSP and CFP should improve. But toward what end? Some scholars (Orlitzky et al., 2003) see merit in further studies, especially those that examine the conditions under which CSP will influence CFP (Barnett, 2007; Rowley & Berman, 2000). In contrast, we wonder whether ongoing research efforts might be better devoted to other questions. Another set of CSP-CFP studies is unlikely to change the general trend reported here, as our sensitivity analyses indicate, let alone convince the opponents of the value of CSP (Tetlock, 2000).

A New Path of Exploration

Perhaps Bragdon and Marlin's (1972) hope to stop sparring with economics can be realized these 35 years later. The core dilemma may no longer be how to pursue social good when it is seen to come at the expense of doing well. Globalization has turned up the competitive heat on firms, but it has also brought them face-to-face with human misery of all kinds. Corporations face public pressure to redress far-reaching societal problems (Margolis & Walsh, 2003) while keeping pace with market pressures to produce competitive products and financial pressures to reduce costs and improve returns. The contemporary challenge facing managers and scholars alike is therefore to learn how companies can navigate in a world that demands a firm do good *and* do well. Understanding how companies endeavor to do both, side-by-side, might best command scholarly attention in the years ahead. If the fundamental objective is to understand the coexistence of CSP and CFP, then three compelling questions deserve as much attention as any effort to determine if and when CSP pays: (1) Why do firms pursue CSP? (2) How do companies pursue CSP? (3) How do firms pursue CSP and CFP simultaneously?

Why do firms pursue CSP? Consistent with past meta-analyses, we find that companies with superior CFP are more likely to engage in CSP (Allouche & Laroche, 2005; Orlitzky et al., 2003). What motivates these companies to engage in CSP? By understanding why and how the firms more likely to engage in CSP—those high in CFP—do so and what benefits arise (for them and for their intended beneficiaries), researchers may generate insight into why and how companies in general should engage in CSP.

Research could begin by examining what propels companies that do well to attempt to do good, perhaps even comparing them to other successful companies that do not do as much. At least four motivations seem plausible: risk mitigation, external expectations, generalized reciprocity, and guilt. As firms get bigger or more prosperous, reputation risks are more costly. CSP may be a means of reducing risk—a means of buying reputation insurance (Peloza, 2006). Indeed, well-known companies often find themselves to be targeted by social activists (Spar & LaMure, 2003). Second, as firms become more prosperous and thus more prominent, external expectations of their generosity may escalate, leading to an increase in appeals and pressure to give. The CFP→CSP results we found also suggest that society may not be inclined to turn to struggling firms for help. A firm's first order of business is to create a high quality good or service and sell it at a fair and profitable price. Only successful firms may be asked for additional social investments (Campbell, 2007). Third, executives within a financially successful firm may initiate CSP due to a sense of reciprocity. Much as successful individuals begin to assume they owe something to those around them, so too may those who run successful companies (Frank, 2007). A fourth motivation puts a harder edge on reciprocity. Guilt, rather than gracious reciprocity, may also propel companies that do well to endeavor to do good. Guilt has been shown to arise from distress over inequity—when people "benefit more than others do" and feel unduly rewarded—and it motivates efforts to reduce those inequities (Baumeister, Stillwell, & Heatherton, 1994: 260). Guilt about reaping rewards without compensating others equitably may trigger managers at firms high on CFP to engage in CSP.

As managers' motivations gain attention from researchers, there is bound to be variance. Why do some companies in an industry lead (e.g., Target) and others follow (e.g., Wal-Mart)? Some firms resist these pressures altogether. Why do companies in an industry shy away from these investments (e.g., ExxonMobil), while others trumpet their investments so loudly (e.g., BP and Shell)? Much remains to be learned.

How do firms pursue CSP? Beyond the motivations to pursue CSP, systematic understanding of how companies pursue CSP is essential. A first vein of research would investigate how companies establish a general commitment to CSP. How does CSP gain traction within companies? What rationale within the company do managers use first to "sell" (Andersson & Bateman, 2000; Bansal, 2003) and subsequently to explain (Sonenshein, 2006) their involvement in CSP? A second vein of research would examine the specific commitments that companies make. Descriptive research needs to be done to catalogue the sorts of activities and initiatives in which companies engage, documenting the methods companies use to engage in CSP and unearthing the factors that may account for variance in corporate activities and practices. Esrock and Leichty's (2000) and Maignan and Ralston's (2002) look at firms' self-presentations on their web pages is just a start. This descriptive research effort would set up theory-building research into how companies pursue their CSP investments, augmenting the early work that points to geographical and network influences on CSP choices (Galaskiewicz, 1997; Marquis, Glynn, & Davis, 2007).

Doing good and doing well. The mechanics of how companies engage in CSP implicate important and often overlooked managerial questions. Thirty years ago, Merton (1976: 88) wondered, "Does the successful business try first to profit or to serve?" It is a question, he observed, that "must at one time or another plague every corporate executive." The simple answer "do both," Merton recognized, "escapes the dilemma by swift flight from it," begging the question of "*how* to do both in appropriate scale." The challenge for companies lies in doing well and doing good (Margolis & Walsh, 2003; Paine, 2002; Porter & Kramer, 2006; Vogel, 2006), whether it is finding ways for the two to converge or finding ways to manage the tensions, real or only apparent, that managers experience in trying to do both.

It is essential for future research on CSP to investigate how organizations and managers do both. What are the structures, strategies, processes, and practices that companies and the individuals within them use that enable them to do both? Akin to research on ambidexterity (Tushman & O'Reilly, 1997), which explores how companies pursue multiple and sometimes competing objectives, future research can identify the organizational conditions and practices that prove most effective for facilitating coexistence of efforts to do good and do well, and which organizational attributes impede those endeavors. What matters are the organizational practices that advance the impact of CSP investments not only upon the company itself (Bartel, 2001;

Porter & Kramer, 2006) but also upon the intended beneficiaries of those investments (Margolis & Walsh, 2003). Research that investigates how to do good and do well can accomplish so much more than simply extending the 35-year quest for a link between the two.

LIMITATIONS

Although we have tried to provide the most comprehensive review to date of empirical research reporting on the relationship between CSP and CFP, several factors limit the conclusions that we can draw. First, the meta-analysis is limited to the collection of studies that are available for inclusion. That is, we can only examine what is and not what should be. Our findings are qualified by all of the same limitations of the underlying empirical work that it incorporates. We would have welcomed research with better measures, more control variables, and a greater sensitivity to temporal sequencing. They just do not exist. We are also limited by the possibility that our collection of studies excludes unpublished work, although our efforts to obtain such work and the results of our sensitivity analysis mitigate this concern. Second, as we discussed above, some studies had to be excluded from our analysis because it was not possible to summarize their results in terms of a consistent effect size *r*. Third, we were prevented from including significance tests on the influence of measurement timing or type of financial variable, given the inconsistent overlapping nature of these variables. That is, in the case of financial variables, some studies included only market measures, some included only accounting measures, and some included both types. This made straightforward comparisons non-independent and thus statistically problematic.

A further limitation of our study is also related to the statistical independence of data. We were unable to include a number of advanced meta-analytic techniques—such as controlling for unreliability in the effect size estimates—because many studies sampled from the same underlying pool of companies. For example, large U.S. firms such as Johnson & Johnson or IBM may have been included within dozens of our studies. Many studies used exactly the same data sets, such as the *Fortune* 500 or Domini 400 firms. Some previous meta-analytic reviews of this research area have even exacerbated this problem by including multiple effect sizes within a single article as if they were separate studies, for example counting a study with five years of data and three types of accounting measures as if it were 15 studies (Orlitzky et al., 2003; Wu, 2006). We did this only in the case of studies reporting distinct types of CSP, in which case we reported studies as if they contained two effects or, at most, four (i.e., Griffin & Mahon (1997)

included charitable contributions, environmental performance, observers' perceptions, and third-party audits). Strictly speaking, meta-analysis assumes that each study represents an independent sample (Judge, Thoresen, Bono, & Patton, 2001; Rosenthal, 1991) and, as such, the results of the present paper—as well as other reviews of this topic—should be considered approximate and descriptive rather than precise statistical tests. Fortunately, although violations of statistical independence make significance tests highly suspect, the effect sizes themselves remain unbiased estimates of the true CSP-CFP relationship (Rosenthal, 1991). The main goal of the present study was to examine the absolute size of estimated effects rather than dwell on their relative significance levels.

CONCLUSION

The sustained pursuit of a link between CSP and CFP may well reflect a deeper and intensifying quest for meaning. That quest for meaning, Robert Merton (1976) observed, becomes particularly fierce as societies achieve material security and organizations are asked to deliver more than material welfare. Merton (1976: 88) suggested that members of society begin to ask "affluence for what? and for whom, and what beyond affluence?" and business leaders feel the repercussions:

> The leaders of business in the morally more sensitive society of our time are coming to recognize that they must pay the price of a growing commitment to the moral purposes of the larger society. Acting in terms of an authentic moral commitment is not cost-free (Merton, 1976: 86).

The steady flow of studies of the CSP-CFP relationship, even while sustaining a bridge to the economic logic that has come to dominate the study of organizations, may also constitute a response to two symptoms of the quest for meaning that Merton identified: the practical symptom of business leaders' need to justify the cost of "an authentic moral commitment" and the scholarly symptom of researchers' thirst for the deeper purpose that business serves for society. Much as research on the financial impact of CSP may have been a harbinger of broader efforts to identify the financial impact of other organizational practices, so too an underlying quest for purpose and meaning beyond economic profitability—a quest that is now finding its way into organizational scholarship broadly considered (Sandelands, 2003) and in such specific areas as leadership (Podolny, Khurana, & Hill-Popper, 2005)—may have manifested itself first in research on CSP. Efforts to identify the impact of CSP on CFP are, at least in part, efforts to

legitimize CSP and thereby create space for broader purposes in business activity—to establish that business can be about doing good, not just doing well.

Whatever accounts for vigorous interest in the connection between CSP and CFP, the justification of CSP rests on a range of considerations beyond CFP. The contribution any corporate practice makes to economic welfare cannot alone justify that practice. Principles of justice indicate that advancing economic welfare cannot justify the suspension or violation of other rights and duties (Rawls, 1974), which have as strong a moral claim upon corporate conduct as does the pursuit of its financial objectives. Ultimately, the merits of CSP, even merits that transcend the link to financial performance, must be weighed.

The impact that organizations have on our lives, along with the meaningful purposes that people (employees, customers, citizens, and investors) seek to pursue through them, implicates a much larger question confronting organizational scholars. How do we live with organizations that shape the distribution of costs and benefits, advantages and burdens within society? How do we live with organizations that infuse our lives with meaning, or fail to? These kinds of compelling questions might orient (some say must orient) future research on organizations (Walsh, Meyer, & Schoonhoven, 2006). Demands for organizations with which we can live—organizations that do well and do good—call not for the facile dismissal of companies' economic function. Rather, they call for careful inquiry into what companies do and can do to manage these multiple demands. The demands and the challenge of meeting them will not recede with a simple correlation between CSP and CFP, no matter its magnitude.

FIGURE 1
CSP-CFP Studies 1972-2007

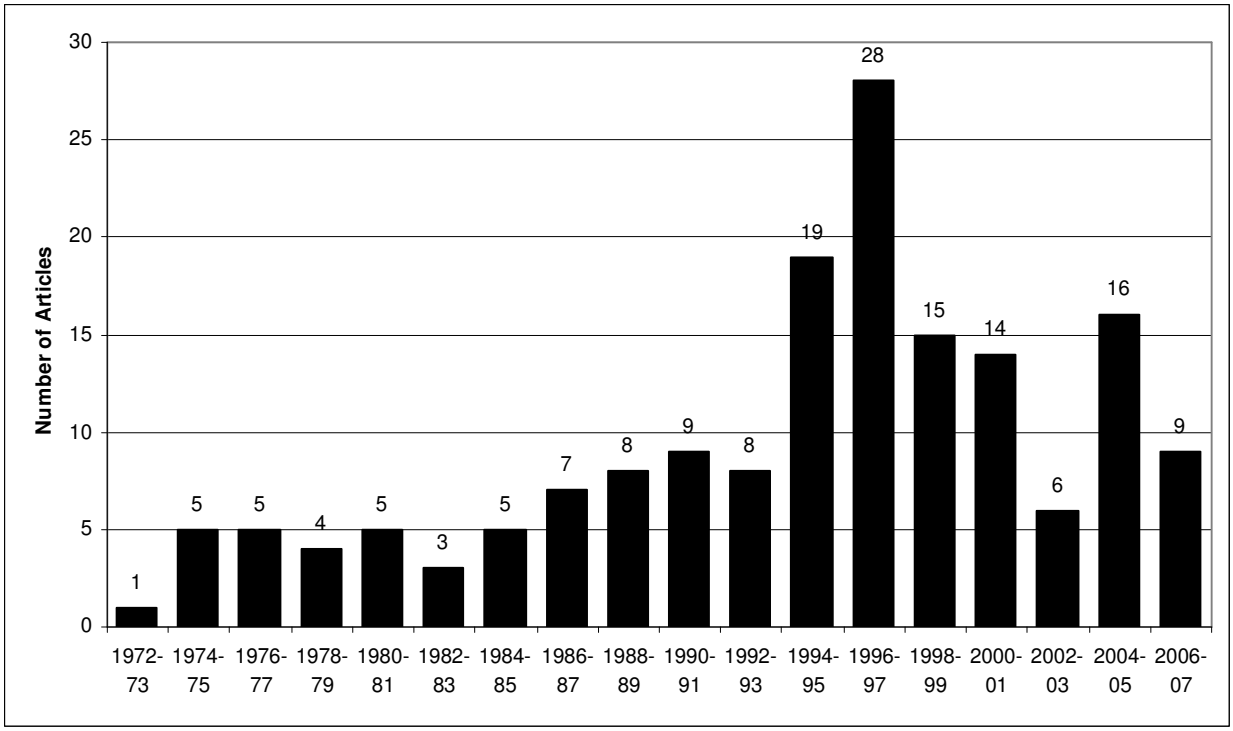

TABLE 1
Prior Reviews of the CSP-CFP Relationship

Authors (Year)	Number of Articles Reviewed	Number of Times Cited by Others*
Aldag and Bartol (1978)	10	14
Arlow and Gannon (1982)	7	57
Cochran and Wood (1984)	14	146
Aupperle, Carroll, and Hatfield (1985)	10	205
Wokutch and McKinney (1991)	20	13
Wood and Jones (1995)	34	150
Pava and Krausz (1996)	21	98
Griffin and Mahon (1997)	51	232
Preston and O'Bannon (1997)	8	66
Richardson, Welker, and Hutchinson (1999)	14	8
Roman, Hayibor, and Agle (1999)	46	82
Margolis and Walsh (2001)	95	96
Margolis and Walsh (2003)	127	134
Orlitzky, Schmidt, and Rynes (2003)	52	155
Allouche and Laroche (2005)	82	0
Wu (2006)	39	2

*Citation counts assessed using Google Scholar on July 26, 2007

TABLE 2

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Effect Size				Type of CFP		Event Study	Control Variables
										Timing of CSP measure						
									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
1	Alexander and Buchholz (1978)	40	Observer perceptions	Surveys of students and business people (data from Vance, 1975)	Risk-adjusted stock returns	Large national corporations (Fortune 100 equivalent)	1971-2	1970-4	.078		.078			.078	No	Risk, Size
2	Anderson and Frankle (1980)	314	Transparency	Beresford's Social Involvement Disclosure scale: Content analysis of annual reports, i.e., self-reported disclosures, dichotomized into those who did vs. did not make disclosures in 1972	Stock returns	Fortune 500 companies listed on the NYSE with financial data available for fiscal years ending 12/31	1972	1972-3	.297		.297			.297	No	Risk, Size
3	Asmundson and Foerster (2001)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	Socially responsible equity mutual funds of Canadian equities with 5-year (4 total) and 10-year (2 total) histories	1990-1999	1990-1999	.038		.038			.038	No	Risk
4	Aupperle et al. (1985)	192	Self-report	Forced-choice self-report survey based on Carroll's (1979) concept of concern for society	Risk-adjusted ROA	Large firms in the Forbes 1981 directory whose CEOs responded to self-report survey	1982	1977-82	.120	.120			.120		No	Risk, Size
5	Aupperle et al. (1985)	171	Corporate policies	Use of social forecasting, having a CSR committee on the corporate board	Risk-adjusted ROA	Large firms in the Forbes 1981 directory whose CEOs responded to self-report survey	1982	1977-82	.044	.044			.044		No	Risk, Size
6	Bagozzi, Epstein and Wisner (2001)	215	Environment (self-report)	Survey to rate own company relative to others in the industry on compliance with environmental regulations, limiting environmental impact beyond compliance, and preventing and mitigating environmental crises (data from Judge & Douglas, 1998)	Self-reported ROI and earnings growth relative to others in industry	Questionnaire sent to 725 U.S. firms from the 1992 World Environmental Directory, randomly chosen among those with a corporate environmental officer listed. 30% response rate, primarily from large firms	Survey around 1992-1995	Survey around 1992-1995	.244		.244		.244		No	Size, Industry
7	Barnett & Salomon (2006)	N/A	Screened mutual funds	Varies by fund	Fund returns	67 Funds tracked by the Social Investment Forum	1972-2000	1972-2000	-.009		-.009			-.009	No	Risk
8	Barth and McNichols (1995)	850	Environment (objective)	Estimates of firm cost due to liabilities of Superfund sites	Stock returns	Firms with Superfund site data from EPA filings and Environmental Data Resources Inc.	1982-1991	1982-1991	.091		.091			.091	No	Size
9	Bauer, Derwall and Otten (2007)	88-130	Screened mutual funds	Varies by fund	Fund returns	Canadian ethical and conventional mutual funds of Canadian equities	1/94-1/03	1/94-1/03	-.025		-.025			-.025	No	Risk, Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
10	Bauer, Koedijk and Otten (2005)	N/A	Screened mutual funds	Varies by fund	Fund returns	103 ethical mutual equity funds in U.S., U.K. and Germany, each matched to 3 conventional funds by fund age and size. Effect "not significant", presumed zero.	1/90-3/01	1/90-3/01	.000		.000			.000	No	Risk, Size
11	Belkaoui (1976)	100	Transparency	Whether pollution expenditures were disclosed in the Annual Report	Risk-adjusted stock returns	50 firms voluntarily reporting pollution control information in 1970 annual reports, with 50 matched firms not reporting	1970	1969-71, month -12 to -1	-.044	-.095		.007		-.044	No	Size, Industry, Risk
12	Belkaoui and Karpik (1989)	23	Transparency	Reputational scale (among business people) on social performance from Business and Society Review's "Industry Rates Itself", 1972	ROA, stock returns	Leading corporations surveyed both by Business and Society Review's 1972 "Industry Rates Itself" and Ernst and Ernst 1973 survey of social responsibility disclosure	1972 report release	ROA 1973, Returns %□1970-1974	.168		-.104	.417	.417	-.104	No	Size
13	Belkaoui and Karpik (1989)	23	Observer perceptions	Reputational scale (among business people) on social performance from Business and Society Review's "Industry Rates Itself", 1972	ROA, stock returns	Leading corporations surveyed both by Business and Society Review's 1972 "Industry Rates Itself" and Ernst and Ernst 1973 survey of social responsibility disclosure	1972 report release	ROA 1973, Returns %□1970-1974	.072		-.225	.356	.356	-.225	No	Size
14	Bello (2005)	N/A	Screened mutual funds	Varies by fund	Fund returns	Socially repsonsible domestic equity funds in Morningstar database, each matched with two conventional funds by net asset size	1/1994 - 3/2001	1/1994 - 3/2001	.060		.060			.060	No	Risk, Size
15	Berman, Wicks, Kotha, Jones (1999)	81	Third-party audit	KLD ratings in 5 categories: employee relations, diversity, local communities, environment, product safety/quality	ROA	Top 100 firms on the 1996 Fortune 500 list that were publicly traded 1991-1996	1991-1996	1991-1996	.089		.089		.089		No	Size
16	Blacconiere and Northcut (1997)	72	Environment (self-report)	Annual Report disclosures related to five aspects of environmental performance	Stock returns	Chemical firms (defined by 2-digit SIC code) with available EPA Superfund data (liability related to hazardous waste sites)	1983-4 Annual Reports	Events 1985 to 1986 day -1 to +1	.189			.189		.189	Yes	Company is its own control
17	Blacconiere and Northcut (1997)	72	Environment (objective)	Estimate of firm cost liabilities for Superfund sites	Stock returns	Chemical firms (defined by 2-digit SIC code) with available EPA Superfund data (liability related to hazardous waste sites)	1983-4 EPA reports	Events 1985 to 1986 day -1 to +1	.260			.260		.260	Yes	Company is its own control

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Effect Size				Type of CFP		Event Study	Control Variables
										Timing of CSP measure						
									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
18	Blacconiere and Patten (1994)	47	Environment (self-report)	Annual Report disclosures related to five aspects of environmental performance	Stock returns	Impact after Union Carbide Bhopal accident on similar companies (NYSE/ASE firms with one of the same 4-digit chemical SICs as Union Carbide and at least 10% of their revenues in chemical and industrial gases)	firm 10K report prior to day 0	day 0 (12/3/84) to +4	.233		.233			.233	Yes	Company is its own control
19	Blackburn el al. (1994)	88	Third-party audit	Council of Economic Priorities ratings of consumer product firms	ROA, stock returns	Consumer product firms examined by the Council on Economic Priorities (1989)	1989	1989	-.014		-.014		-.045	.047	No	
20	Bollen and Cohen (2004)	416	Screened mutual funds	Varies by fund	Fund returns	Equity mutual funds in the CRSP U.S. Mutual Fund Database with at least 2 years of data, identified by a list from the Social Investment Forum	1961-2002	1961-2002	.021		.021			.021	No	Risk, Size
21	Bosch and Lee (1994)	<= 121	Revealed misdeeds	FDA disciplinary actions: recalls of existing products, bans of products, warnings, investigations, product withdrawals, allegations of false advertising	Stock returns	Food and drug firms with FDA decisions announced in the Wall Street Journal	1962-1989	day -5 to +5	.141			.141		.141	Yes	Company is its own control
22	Bowman (1978)	46	Transparency	Mention of CSP in Annual Reports	ROS	Computer industry, firms doing business in only one SIC code	1974	1972-4	.190	.190			.190		No	Industry
23	Bowman and Haire (1975)	82	Transparency	Content analysis of annual reports	ROE	1973 Moody's list of firms in food processing industry	1973	1969-73	.351	.351			.351		No	Industry, Size
24	Boyle, Higgins and Rhee (1997)	61	Corporate policies	Defense contractor signing of Packard Commission agreement to define a code of ethics for the defense industry to exclude defective pricing, kickbacks, false claims	Stock returns	Top 100 defense contracting organizations (in terms of contract dollars awarded). Contractors not publicly traded or with confounding news announcements dropped from sample. Companies listed in Appendix	7/3/1986	day -2 to +2	-.041	.178	-.116	-.184		-.041	Yes	Industry, Risk
25	Bragdon and Marlin (1972)	17	Environment (objective)	Pollution control indices	EPS growth, ROE, ROC	Pulp and paper companies studied by CEP	1970	1965-70	.211	.217	.203		.211		No	Industry
26	Brammer and Millington (2004)	315	Charitable donations	Corporate charitable contributions	ROS	Publicly listed UK manufacturing and service companies (finance companies excluded)	1989-1990, 1998-1999	1989-1990, 1998-1999	.485		.485		.485		Yes	Industry, Size
27	Brammer, Brooks, & Pavelin (2006)	451	Environment (objective)	Ethical Investment Research Service (EIRIS) audit of environmental performance	Stock returns	Firms appearing in the UK FTSE All-share Index weighted index for which data were available, excluding investment trusts	2002	2002-2005	-.076			-.076		-.076	No	

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
28	Brammer, Brooks, & Pavelin (2006)	451	Third-party audit	Ethical Investment Research Service (EIRIS) audit of environmental performance	Stock returns	Firms appearing in the UK FTSE All-share Index weighted index for which data were available, excluding investment trusts	2002	2002-2005	.002			.002		.002	No	
29	Brown (1997)	108	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment", controlling for "halo effect" of past financial performance; comparison of top vs. bottom quartile of ratings	Stock returns	Fortune annual survey. Survey data adjusted by Brown and Perry (1994)	1982-1991 average	1982-1992 pooled	.046		.046			.046	No	Size
30	Brown (1998)	> 149	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment", controlling for "halo effect" of past financial performance; comparison of top vs. bottom quartile of ratings	Stock returns	Fortune annual survey for >4 years from 1982-1991. Survey data adjusted by Brown and Perry (1994)	firm average 1982-1991	1984-1996 pooled	.054		.054			.054	No	Size
31	Brown and Perry (1994)	234	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment", controlling for "halo effect" of past financial performance; comparison of top vs. bottom quartile of ratings	ROA, ratio of market / book value	Firms rated by Fortune	1991	1988-91	.440	.440			.420	.460	No	
32	Brown, Helland, & Smith (2006)	701	Charitable donations	Whether a firm has a charitable foundation	Net income	Large firms listed in the Corporate Giving Directory	1999	1999	.125		.125		.125		No	Industry, Size
33	Buehler and Shetty (1976)	232	Self-report	Questionnaire reported of a structural change in CSR, defined as change in corporate policy (mission statement) or organization (i.e. develop group within firm to manage CSR) in terms of urban affairs (urban renewal, hiring of minorities, etc.), consumer affairs (warranties, labeling, quality, safety, etc.), or the environment.	ROA	Fortune 1250 largest US firms (19% response rate); Note authors list results as "not significant" so coded as zero.	N/L, presumably late 1960s-1972	%□1967-1972	.000		.000		.000		No	
34	Chauvin and Guthrie (1994)	62	Third-party audit	Announcement that firm is on the annual list of 'Best Companies for Working Mothers'	Stock returns	Publicly traded firms on Working Mother magazine's list of 'best' employers	1986-1991	day -2 to +2	.317			.317		.317	Yes	Company is its own control

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
									Timing of CSP measure			Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
35	Chen and Metcalf (1980)	18	Environment (objective)	CEP measures of environmental performance	ROE, P/E ratio	Pulp and paper industry firms reviewed by CEP	1970	1968-73	.069				.158	-.021	No	Industry, Size
36	Clarkson (1988)	32	Observer perceptions	Evaluation by MBA students of firm's Social Orientation, categorized into 4 groups: reactive, defensive, accommodative, proactive	Observer-rated "economic performance" relative to industry during last 5 years: loss, below average, average or above average	Large Canadian firms	1983-1985	1983-1985	.874		.874				No	Size, industry
37	Clemens (2006)	76	Environment (self-report)	Survey completed by high-ranking executive about environmental performance, investments, and consciousness	Self-reported profitability, growth, and ROA	Small private firms from a 2003 survey of steel industry scrap yards (46% response rate)	2003-2004	2003-2004	.400		.400				No	Industry, Size
38	Cochran and Wood (1984)	39	Observer perceptions	Company ratings of social responsiveness made by business journalist Moskowitz (1972)	Earnings/assets, earnings/sales, excess market valuation	US industrial firms	Composite from 1972-5	1970-4, 1975-9	.303		.296	.310	.181	.517	No	Industry
39	Conine and Madden (1986)	163	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	Observer-rated "value as a long-term investment"	10 largest companies in each industry included in Fortune ratings	1983-5 (but correlations are within year)	1983-5 (but correlations are within year)	.715		.715			.715	No	Size, industry
40	Cowen et al. (1987)	95	Transparency	Number of Annual Report disclosures, assessed by Ernst & Whinney survey	ROE	Fortune 500 companies from ten industries	1978	1976-78	-.060	-.060			-.060		No	Industry, Size
41	D'Antonio, Johnsen and Hutton (1997)	140	Screened mutual funds	Domini 400 Social Stock Index firms compared to firms in Lehman Brothers Corporate Bond Index	Difference in bond returns	Domini 400 Social Stock Index firms with bond issues listed in the University of Wisconsin's Fixed Income Database	5/90-3/96	5/90-3/96	.277		.277				No	
42	Davidson and Worrell (1988)	96	Revealed misdeeds	Event of 5 types of corporate crimes: bribery, criminal fraud, tax evasion, illegal political contributions or antritrust violations of price-fixing and bid-rigging. Event day is the Wall Street Journal announcement	Stock returns	Fortune's list of 800 largest corporations	1970-1988	day -5 to +5	.028			.028		.028	Yes	Company is its own control
43	Davidson and Worrell (1992)	31	Revealed misdeeds	Comparison of impact for product recalls that were government-mandated vs. voluntary	Stock returns	Firms in non-automotive industries making product recall announcements in the Wall Street Journal	-90 to 90 days, between 1968-1987	-90 to 90 days	.406			.406		.406	Yes	Company is its own control

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Effect Size				Type of CFP		Event Study	Control Variables
										Timing of CSP measure						
									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
44	Davidson, Worrell and Cheng (1994)	<= 47	Revealed misdeeds	Announcement of OSHA (Occupational Safety and Health Administration) penalty	Stock returns	Firms with reported OSHA violations in Wall Street Journal, New York Times, Washington Post and Los Angeles Times	1979-1989	day -1 to +1	.194			.194		.194	Yes	Company is its own control
45	Derwall and Koedijk (2005)	306	Screened mutual funds	Varies by fund	Bond returns	Eight U.S. bond mutual funds labelled by the Social Investment Forum as being socially responsible. Each fund is matched to 5 conventional funds in the CRSP Mutual Fund database.	9/87-3/03	9/87-3/03	.054		.054				No	Risk
46	Derwall, Gunster, Bauer and Koedijk (2005)	62	Environment (objective)	Environmental ratings by Innovest Strategic Value Advisors	Stock returns	U.S. companies in Innovest database (database rates 1200 firms globally)	7/95-12/03	7/95-12/03	.217		.217			.217	No	Industry, Risk, Size
47	DiBartolomeo and Kurtz (1999)	650	Screened mutual funds	Domini 400 Social stock index	Stock returns	Domini 400 Social stock index compared to S&P 500	5/90-1/99	5/90-1/99	.000		.000			.000	No	Industry, Risk
48	Diltz (1995)	159	Environment (objective)	Ratings by the CEP regarding environmental performance; portfolio pair constructed of good vs. poor ratings	Stock returns	All firms evaluated by Council on Economic Priorities in 1991.	1991 report release	1989-1991	.258		.258			.258	No	Size, risk
49	Diltz (1995)	159	Charitable donations	Ratings by the CEP regarding charitable giving; portfolio pair constructed of good vs. poor ratings	Stock returns	All firms evaluated by Council on Economic Priorities in 1991.	1991 report release	1989-1991	.022		.022			.022	No	Size, risk
50	Diltz (1995)	159	Third-party audit	Ratings by the CEP in 9 categories: status of women in management, status of minority members in management, animal testing, information disclosure, community outreach, South Africa, family benefits, military, nuclear safety; 9 portfolio pairs constructed of good vs. poor ratings	Stock returns	All firms evaluated by Council on Economic Priorities in 1991.	1991 report release	1989-1991	-.003		-.003			-.003	No	Size, risk
51	Dooley and Lerner (1994)	86	Self-report	CEO self-reported orientation towards employees, community, and government	ROA	Fortune 500 industrial and service firms for which EPA pollution data was available and CEO completed survey	1989	N/L	.124				.124		No	Industry, Size
52	Dooley and Lerner (1994)	86	Environment (objective)	EPA data on total toxic pollution release	ROA	Fortune 500 industrial and service firms for which EPA pollution data was available and CEO completed survey	1989	N/L	-.330				-.330		No	Industry, Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
53	Dowell, Hart and Yeung (2000)	89	Environment (self-report)	Investor Responsibility Research Center survey of multinational environmental policy into 3 categories: local (the corporation adheres to local standards only), U.S. (applies U.S. standards wherever it does business), or stringent global (firm's internal standards higher than any national standard)	Tobin's q - market value over replacement cost of tangible assets	S&P 500 multinational corporations - with manufacturing or mining SIC codes, and operations in countries with GDP per capita below $8000	1994-1997 panel data	1994-1997 panel data	.062		.062			.062	No	Industry, Size
54	Fogler and Nutt (1975)	9	Objective environment		P/E ratio, Stock returns	9 of the 12 pulp and paper companies studied by Bradgon & Marlin (1972)	1970 (year preceding 1971 CEP report)	P/E ratios 1971-2, stock returns 0 days before vs. 10 days after 1971 article release	-.053			-.053	.000	-.105	No	Industry
55	Fombrun and Shanley (1990)	154	Charitable donations	Data on charitable giving and existence of a foundation	ROIC, market-to-book value ratio, dividend yield	Companies from Fortune's 1985 corporate reputation survey with data available on charitable giving and other factors (154 of the 292 firms)	1984	1984-5	.055		.055		.085	.010	No	Industry, Size
56	Freedman and Jaggi (1982)	109	Transparency	Extent of environmental self-report disclosures in Annual Report, regardless of valence	ROA and ROE, 2 operating ratios	Firms from high polluting industries, excluding utilities - chemical, oil refining, steel, paper and pulp	1973	1973-4	-.194		-.194		-.194		No	Industry
57	Freedman and Jaggi (1986)	56	Transparency	Extent of environmental self-report disclosures in Annual Report, dichotomized into low (not zero) vs. high disclosure	Stock returns	Firms from high polluting industries, excluding utilities - chemical, oil refining, steel, paper and pulp	Annual report 1973-1974	Same annual report	.023		.023			.023	No	Industry

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
58	Freedman and Stagliano (1991)	27	Transparency	Annual Report disclosure in firm's 10K report regarding potential costs of stricter OSHA standards for safety and health of work environment into 4 categories: disclosed that standard would have little impact on operations, disclosed only non-quantitative data about effects, disclosed quantitative data about estimated costs, and no disclosure	Stock returns	Firms in Cotton Textile Mill (SIC 2200) and Knitting Mill (SIC 2250) industries	Annual reports presumably around year of article	day 0 to +3	.129			.129		.129	Yes	Company is its own control
59	Fry and Hock (1976)	135	Transparency	Analysis of Annual Reports, where a photograph relating to CSR receives 0.5 points and each paragraph 1 point, normalized by total pages.	ROI	Firms from 15 different industry groups with sales from $2M to over $1B. Results listed as "not significant", presumed zero.	Annual reports presumably around year of article	Annual reports presumably around year of article	.000		.000		.000		No	
60	Galaskiewicz (1997)	40	Charitable donations	Corporate charitable contributions	Firm's financial performance quartile ranking based on ROS, ROA, ROE relative to industry	Companies in Minneapolis-St Paul metropolitan area with >= 200 employees	1979-1981, 1987-1989	1979-1981, 1987-1989	.363		.363		.363		No	Industry, Size
61	Galbreath (2006)	38	Third-party audit	Audit by Australian firm Reputation Measurement regarding employee treatment and social impact	ROA, ROE, Mean value-added	Australian top-100 companies with financial data available	2000	2001	.014			.014	.056	-.069	No	Size
62	Galbreath (2006)	38	Environmental (objective)	Audit by Australian firm Reputation Measurement regarding environmental performance	ROA, ROE, Mean value-added	Australian top-100 companies with financial data available	2000	2001	-.052			-.052	.076	-.310	No	Size
63	Goll and Rasheed (2004)	171	Self-report	Response to three survey questions adapted from Aupperle (1984), regarding the importance they place on three dimensions of "discretionary social responsibility"	ROA, ROS	645 largest manufacturing firms in Business Week's top 1000 companies (1985) surveyed with a 25% response rate. Subsample analyzed had 70% or more of total sales in one 4-digit SIC.	1985-1986	1985-1986	.221		.221		.221		No	
64	Graves and Waddock (1994)	430	Third-party audit	Kinder, Lydenberg, Domini (KLD) social audit	ROA, ROE	S&P 500, for which institutional ownership and CSP data available	1990	1990	.090		.090		.090		No	Size

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Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
65	Graves and Waddock (2000)	22	Observer perceptions	Collins and Porras identify 18 firms from CEO surveys that have reputation of being "highly visionary", and matched to other firms in the same industry with the same founding date.	ROE, ROA, ROS, Stock returns	Companies from sample used in book "Built to Last" by Collins and Porras, they are identified as result of CEO surveys and all founded before 1950, so they are likely all large firms.	N/L	1989-1996	.417				.412	.433	No	Industry, Size
66	Greening (1995)	102	Environment (objective)	US department of energy data on programs to manage energy savings; Survey of expert stakeholders, including regulators and public and private-funded environmental and consumer groups	ROA, EPS, dividend yield	Utility companies for which government data available on energy management activities, and for which stakeholders responded to a reputational survey	Energy data 1990-91, survey 1992	1992	.094		.104	.083	.130		No	Industry
67	Gregory, Matatko and Luther (1997)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	18 UK ethical mutual funds matched to non-ethics screened funds by fund type, age and size	1986-1994	1986-1994	-.004		-.004			-.004	No	Risk, Size
68	Griffin and Mahon (1997)	7	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	ROS, ROE, ROA	Large US firms in the chemical industry	1992	1992	.198	.458	.072		.198		No	Industry, Size
69	Griffin and Mahon (1997)	7	Charitable donations	Corporate philanthropy	ROS, ROE, ROA	Large US firms in the chemical industry	1992	1992	.165	.533	-.017		-.017		No	Industry, Size
70	Griffin and Mahon (1997)	7	Third-party audit	Kinder, Lydenberg, Domini (KLD) social audit	ROS, ROE, ROA	Large US firms in the chemical industry	1992	1992	.041	.164	-.020				No	Industry, Size
71	Griffin and Mahon (1997)	7	Environment (objective)	Toxics Release Inventory (reverse-coded)	ROS, ROE, ROA	Large US firms in the chemical industry	1992	1992	-.451	-.679	-.306				No	Industry, Size
72	Grossman and Sharpe (1986)	N/A	Corporate policies	Firms on the 1984 IRRC list of divesting from South Africa versus those doing business in South Africa	Stock returns	All firms listed on NYSE. Note effect sizes become positive for 1976-1983, perhaps reflecting changing political views	Data published in 1984, presumed continuous over time	1960-1983	-.101		-.101			-.101	No	Risk, Size
73	Guerard (1997a)	1300	Third-party audit	Kinder, Lydenberg, Domini (KLD) social audit dichotomized into firms satisfying KLD versus unscreened stocks (criteria are military, nuclear power, alcohol, tobacco, gambling and environment).		Vantage Global Advisors' database. Results listed as "not significant", presumed zero.	1987-1994	1987-1994	.000		.000			.000	No	

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Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
74	Guerard (1997b)	1200	Third-party audit	Kinder, Lydenberg, Domini (KLD) social audit dichotomized into firms satisfying KLD versus unscreened stocks (criteria are military, nuclear power, alcohol, tobacco, gambling and environment).		Vantage Global Advisors' database. Results listed as "not significant", presumed zero.	1987-1996	1987-1996	.000		.000			.000	No	
75	Gunthorpe (1997)	60	Revealed misdeeds	Announcement in the Wall Street Journal of illegal or unethical behavior: that the firm or it's senior management is under investigation, the object of a law suit, or that an indictment has been issued	Stock returns	Firms reported on in Wall Street Journal	1988-1992	day -5 to +5	.087			.087		.087	Yes	Company is its own control
76	Hall and Rieck (1998)	<= 27	Charitable donations	Article in the Wall Street Journal that firm announces a voluntary charitable donation	Stock returns	Firms reported on in Wall Street Journal - confounding events deleted from sample	1982-1995	day -5 to +5	.444			.444		.444	Yes	Company is its own control
77	Hall and Rieck (1998)	<= 40	Environment (objective)	Article in the Wall Street Journal that firm announces a voluntary action to benefit the environment	Stock returns	Firms reported on in Wall Street Journal - confounding events deleted from sample	1982-1995	day -5 to +5	-.067			-.067		-.067	Yes	Company is its own control
78	Hall and Rieck (1998)	<= 32	Corporate policies	Article in the Wall Street Journal that firm announces a voluntary social action such as sanctioning women's rights, offering child-care services, etc.	Stock returns	Firms reported on in Wall Street Journal - confounding events deleted from sample	1982-1995	day -5 to +5	-.116			-.116		-.116	Yes	Company is its own control
79	Hamilton (1995)	50	Environment (objective)	Media coverage on Toxic Release Inventory (TRI) pollution data	Stock returns	Firms in EPA's first Toxic Release Inventory (TRI) data release of June 19, 1989 - we use in calculations only a subset of this sample - those firms who received media coverage on TRI data during 1989	6/19/1989	day 0 to +5	.351			.351		.351	Yes	Company is its own control
80	Hamilton, Jo and Statman (1993)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	Socially responsible equity mutual funds (32 total) identified by Lipper Analytical Services as of December 1990 compared to 320 randomly selected non-SRI mutual funds in Lipper database	1/81-12/90	1/81-12/90	.000		.000			.000	No	Risk

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Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
81	Hansen and Wernerfelt (1989)	60	Self-report	Survey Of Organizations (SOO) survey items of employee perceptions of welfare and working conditions	ROA	Fortune 1000 firms across industries	Varies, during 1970s-80s	5 years preceding	.482	.482			.482		No	Industry, Size
82	Harper and Adams (1996)	<= 1307	Environment (objective)	Notification that a firm is a Potentially Responsible Party (PRP) for a Superfund site	Stock returns	Publicly traded firms named by the EPA as responsible Superfund parties. Effect listed as "not significant", presumed zero.	1980 - 1989	day -5 to +5	.000			.000		.000	Yes	Company is its own control
83	Hart and Ahuja (1996)	127	Objective environment	Percentage change in emissions efficiency index (ratio of reported emissions in pounds to company revenues) reported by the toxic release inventory (TRI).	ROA, ROE, ROS	S&P 500 firms in manufacturing, mining or production. Concurrent effect listed as "not significant", presumed zero. CSP-CFP effect listed as "positive and significant".	1988-1989	1989	.000		.000	"positive and significant "		.000	No	Industry, Size
84	Heinze (1976)	28	Observer perceptions	Ratings by the National Affiliation of Concerned Business Students (NACBS)	ROS, ROA	28 large US corporations that had been selected for ratings by the NACBS	1972	1972	.057		.057		.057		No	Size
85	Herremans et al. (1993)	76	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	Stock returns	Large US manufacturing firms rated by Fortune that had consistent ratings over 5 year period; matched pairs good and poor reputation in same industry	1982-7	1982-7	.229		.229			.229	No	Industry, Risk, Size
86	Hersch (1991)	<= 123	Revealed misdeeds	Lawsuit filing that charges firm with violating equal employment opportunity law	Stock returns	Firms reported on in Wall Street Journal	1964-1986	day -2 to +1	.022			.022		.022	Yes	Company is its own control
87	Hickman, Teets and Kohls (1999)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	Six socially responsible equity mutual funds in Morningstar database with at least 4 years of data	12/91-11/95	12/91-11/95	-.050		-.050			-.050	No	
88	Hill, Ainscough, Shank, & Manullang (2007)	33	Third-party audit	Companies appearing in at least 2-3 screened mutual funds	Stock returns	Companies later held in screened mutual funds in the US, Asia, and Europe, compared with market benchmarks	N/L, presumably approx 2005	1995-2005	.075	.075				.075	No	Risk, Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

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Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
89	Hillman and Keim (2001)	308	Third-party audit	KLD ratings across 9 categories, separates categories into categories representing CSR to primary stakeholders (employee relations, diversity issues, product issues, community relations, and environment) and representing social issues (alcohol/tobacco/gambling, military, nuclear power, international)	Market Value Added (minus debt and invested equity)	Firms rated by KLD, which are primarily from the S&P 500	1994	1995-1996	.001			.001		.001	No	Industry, Risk, Size
90	Hoffer, Pruitt and Reilly (1988)	3	Revealed misdeeds	Automobile safety recalls	Stock returns	Big 3 auto firms	1975-1981	day -5 to +5	.286			.286		.286	Yes	Company is its own control
91	Hylton (1992)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	"Better-known" social investment mutual funds, with data provided by the Social Investment Forum	1987-1992	1987-1992	-.027		-.027			-.027	No	Risk
92	Ingram (1978)	287	Transparency	Disclosures across five topic areas in Annual Reports	Stock returns	Large US firms in the Fortune 500 from 1970-76	1970-76	1970-76	.025		.025			.025	No	Industry, Risk, Size
93	Ingram and Frazier (1983)	27	Transparency	Prevalence of discussion of environmental quality control in the President's letter of the Annual Report	ROI	Firms from metal manufacturing and fabricating industry. Effect listed as "not significant", presumed zero.	1978	1978	.000		.000		.000		No	Industry, Risk, Size
94	Jarrell and Peltzman (1985)	22	Revealed misdeeds	Product recall announcements, which are major safety recalls in the case of automobile companies	Stock returns	Drug firms, Big three auto firms (GM, Ford, Chrysler)	1974-1982 (drugs), 1967-1981 (auto)	day -4/-5 to +5	.563			.563		.563	Yes	Company is its own control
95	Johnson and Greening (1999)	252	Third-party audit	KLD ratings of responsible behavior towards communities, women and minorities, employee relations, and product quality	ROA, ROE, ROS	A random sample of firms from KLD database (mostly Fortune 1000 firms) - with managerial, institutional ownership data	1993	1991-1992	.098	.098			.098		No	Industry, Size
96	Johnson and Greening (1999)	252	Environment (objective)	KLD ratings of environmental performance	ROA, ROE, ROS	A random sample of firms from KLD database (mostly Fortune 1000 firms) - with managerial, institutional ownership data	1993	1991-1992	.133	.133			.133		No	Industry, Size

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Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
97	Jones and Murrell (2001)	51	Third-party audit	Inclusion in Working Mother list, selected according to following criteria: salaries in relation to competitors, advancement opportunities available to women, on-site child care, familiy benefits such as maternity leave, job sharing, flextime	Stock returns	Firms that made Working Mother magazine's list of the top family-friendly companies for the first time between 1989-1994	1989-1994	day -1 to +1	.217			.217		.217	Yes	Company is its own control
98	Jones and Rubin (2001)	<= 73	Objective environment	Report of a negative environmental incident, excluding events that directly hurt the customer were excluded	Stock returns	Oil and electric utility firms reported on in the Wall Street Journal	1970-1992	day -1 to 0	.049			.049		.049	Yes	Company is its own control
99	Judge and Douglas (1998)	170	Environment (self-report)	Self-report measures of environmental management: functional coverage, amount of resources provided, integration into strategic planning, environmental performance	Self-reported ROI, earnings growth, and change in market share relative to others in industry	Questionnaire sent to 725 U.S. firms from the 1992 World Environmental Directory, randomly chosen among those with a corporate environmental officer listed. 30% response rate, primarily from large firms	Survey around 1992-1995	Survey around 1992-1995	.173		.173		.173		No	Size, Industry
100	Karpoff and Lott (1993)	71	Revealed misdeeds	Announcement of corporate crimes or fraud (against customers, suppliers, employees or investors) reported by the Wall Street Journal	Stock returns	Firms reported on in Wall Street Journal	1978-1987	day -1 to 0	.266			.266		.266	Yes	Company is its own control
101	Karpoff, Lee and Vendrzyk (1999)	98	Revealed misdeeds	News announcement that firm is suspected or convicted of committing procurement fraud	Stock returns	U.S. defense contractors (mostly large firms)	1983-1995	day -1 to 0	.207			.207		.207	Yes	Company is its own control
102	Karpoff, Lott and Wehrly (2005)	<= 423	Environment (objective)	Announcement in the Wall Street Journal that a firm is being investigated, accused or has settled charges of an environmental violation	Stock returns	Firms reported on in Wall Street Journal	1980-2000	day -1 to 0	.252			.252		.252	Yes	Company is its own control
103	Kedia and Kuntz (1981)	30	Charitable donations	Charitable donations as % of NI	ROA	Commercial banking firms	1977	1977	-.288		-.288				No	Industry
104	Kedia and Kuntz (1981)	30	Corporate policies	Banks issuing low income loans and minority enterprise loans	ROA	Commercial banking firms	1977	1977	.005		.005				No	Industry
105	Khanna, Quimio and Bojilova (1998)	91	Environment (objective)	Improvement over time in Toxic Releases Inventory (TRI) emissions data	Stock returns	U.S. chemical industry	report release 1989-1994	day 0 to +1	-.209			-.209		-.209	Yes	Company is its own control

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										Timing of CSP measure						
									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
106	King and Lenox (2001)	652	Environment (objective)	Measures of manufacturing emissions from the EPA 's Toxic Release Inventory (TRI) data	Tobin's q (market value over replacement cost of tangible assets)	Publicly traded U.S. manufacturing firms	1987-1996	1988-1997	.037			.037		.037	No	Industry, Size
107	King and Lenox (2002)	614	Environment (objective)	Total facility emissions of toxic chemicals from EPA 's Toxic Release Inventory (TRI) data; note that measure is by facility, not firm	ROA, Tobin's q (market value over replacement cost of tangible assets)	Publicly traded U.S. manufacturing firms	1991-1996	1992-1997	.056			.056	.048	.063	No	Industry, Size
108	Klassen and McLaughlin (1996)	<=98	Environment (objective)	NEXIS newswire search of environmental events, separated into positive events (e.g., international news media environmental award) and negative events (e.g., crises identifed with the keywords "oil", "chemical", "gas leak", "explosion" along with words "spill" and "environment")	Stock returns	NYSE/AMEX firms (see Notes on CSR Measure). Observations with "confounding events" dropped.	1985 - 1991	day -1 to +1	.438			.438		.438	Yes	Company is its own control
109	Konar and Cohen (1997)	128	Environment (objective)	Whether first toxic emissions data release during July 1989 resulted in a media report	Stock returns	Manufacturing firms subject to reporting requirements of toxic emissions	7/19/1989	0 to 5 days	.264			.264		.264	Yes	Company is its own control
110	Konar and Cohen (2001)	233	Environment (objective)	Two measures provided by Investor Responsibility Research Center, the pounds of toxic chemicals emitted per dollar revenue of firm (TRI data) and number of environmental lawsuits pending in 1989	Tobin's q (market value over replacement cost of tangible assets)	S&P 500 companies in polluting industries, mostly manufacturing	1988-1989	1989	.240		.240			.240	Yes	Industry, Size
111	Kreander, Gray, Power and Sinclair (2002)	N/A	Screened mutual funds	Ethical vs. non-ethical mutual funds	Fund returns	40 European ethical investment funds matched to 40 conventional funds by age, country, size and geographic investment universe	1996-1998	1996-1998	.010		.010			.010	No	Risk, Size
112	Kreander, Gray, Power, & Sinclair (2005)	N/A	Screened mutual funds	Varies by fund	Fund returns	30 ethical mutual funds compared with 30 matched conventional funds	1995-2001	1995-2001	.000		.000			.000	No	Risk
113	Kumar, Lamb and Wokutch (2002)	87	Corporate policies	Doing business in South Africa upon the lifting of investment sanctions	Stock returns	KLD listing of firms with equity interests in South Africa at the time of lifting sanctions	9/24/1993	-30 to 50 days	.168			.168		.168	Yes	Company is its own control
114	Kurtz and DiBartolomeo (1996)	650	Third-party audit	Domini 400 Social stock index	Stock returns	Domini 400 Social stock index compared to S&P 500	5/90-9/93	5/90-9/93	.000		.000			.000	No	Industry, Risk, Size

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									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
115	Laplante and Lanoie (1994)	<=21	Environment (objective)	Announcements of environmental actions against firms: violation of environmental regulation for which it is likely that regulator will undertake legal action, or announcement that legal action has been undertaken	Stock returns	Environmental events published in Canadian newspapers, typically firms in pulp and paper, mining, petroleum and chemical industries	1982-1991	day -30 to +30	-.026			-.026		-.026	Yes	Company is its own control
116	Lashgari and Gant (1989)	99	Corporate policies	Compliance with the Sullivan principles code of conduct for fair labor practices developed for U.S. businesses operating in South Africa	ROI, ROE	Large, well-established firms monitored for compliance by Arthur D. Little, Inc.with respect to the Sullivan principles.	1977-1983	1977-1983	.036		.036		.036		No	
117	Levy and Shatto (1980)	55	Charitable donations	Corporate gift giving	Net Income (not a financial ratio)	Large public utility firms	1976	1976	.720		.720		.720		No	
118	Luck and Pilotte (1993)	643	Screened mutual funds	Domini 400 Social stock index	Stock returns	Domini 400 Social stock index compared to S&P 500	5/90-9/92	5/90-9/92	.324		.324			.324	No	Industry, Risk, Size
119	Luo & Bhattacharya (2006)	113	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	ROA, Stock returns, Tobin's q	Companies rated by Fortune that also have marketing data available from ASCI.	2001-2003	2002-2004	.153		.153		.190	.135	No	Size
120	Luther and Matatko (1994)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	UK open-ended ethical-screened mutual funds with 32 months history, with at least 80% of their equity portfolio invested in the UK	8/89 - 3/92	8/89 - 3/92	.314		.314			.314	No	Risk, Size
121	Luther, Matatko and Corner (1992)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	UK open-ended mutual funds identified by Ethical Investment Research Service in May 1990 with at least 2 years of return data	5/88-6/90	5/88-6/90	-.084		-.084			.000	No	Risk
122	Mahoney and Roberts (2004)	214	Environment (objective)	Canadian Social Investment Database (CSID) ratings of environmental performance, designed to mirror the KLD Ratings	ROA, ROE, ROS	Firms in Toronto Stock Exchange 300	1995-1999	1995-1999	.063		.063		.063		No	
123	Mahoney and Roberts (2004)	214	Third-party audit	Canadian Social Investment Database (CSID) ratings of social responsibility designed to mirror the KLD ratings, along the dimensions of community, diversity, employee relations, international, product and business practices	ROA, ROE, ROS	Firms in Toronto Stock Exchange 300	1995-1999	1995-1999	.012		.012		.012		No	

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124	Mallin, Saadouni and Briston (1995)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	UK ethical funds identified by Finstat, each matched to a non-ethical fund with same establishment date and fund size	1986-1993 Funds have varying sample periods	1986-1993 Funds have varying sample periods	-.232		-.232			-.232	No	Risk
125	McGuire et al. (1988)	98	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	Stock returns, ROA, and growth in sales, assets, and income	Fortune 500 firms	1982, 1983, 1983-5 (reported)	1982-5	.107	.225	.056	.039	.160	.000	No	Risk, Size
126	McGuire, Schneeweis and Branch (1990)	131	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	Stock returns, ROA	Fortune 500 firms	1982	1977-1981/2, 1982-1984/5	.319				.503	.109	No	Risk, Size
127	McWilliams and Siegel (1997)	22	Third-party audit	U.S. Department of Labor presents annual award to firm with high-quality affirmative action policy (around 6 firms receive awards per year)	Stock returns	Firms receiving award from the U.S. Department of labor	1986-1992	-10 to +10 days	-.211			-.211		-.211	Yes	Company is its own control
128	McWilliams and Siegel (1997)	21	Revealed misdeeds	Major settlement announcement by firm found guilty of discrimination against underrepresented minority employees	Stock returns	Large U.S. firms	1986-1992	-10 to +10 days	.021			.021		.021	Yes	Company is its own control
129	McWilliams and Siegel (2000)	524	Screened mutual funds	Domini 400 Social stock Index	Stock returns	Firms in the S&P 500 and Domini 400 Social stock Index	1991-1996	1991-1996	.043		.043			.043	No	Industry, Risk, Size
130	Menguc & Ozanne (2005)	140	Environment (self-report)	Survey based on 10 Valdez Principles of environmental management and commitment to the natural environment	Earnings	Large Australian manufacturing firms whose CEO or equivalent executive responded to survey (29% response rate).	N/L	1999	.131				.131		No	Industry, Size
131	Meznar, Nigh and Kwok (1994)	39	Corporate policies	Corporate divestiture from South Africa	Stock returns	U.S. corporations who publicly announced withdrawal from South Africa	1985-1989	day -30 to +10	-.413			-.413		-.413	Yes	Company is its own control
132	Mill (2006)	N/A	Screened mutual funds	Range of ethical screening criteria	Fund returns	Family Charities Ethical Fund in the UK after adopting social screening versus 3 conventional control funds	3/1996-3/2004	3/1996-3/2004	.063		.063			.063	No	Size
133	Muoghalu, Robison and Glascock (1990)	<=202	Environment (objective)	Lawsuit or case settlement involving toxic or hazardous waste materials mismanagement	Stock returns	Firms with environmental cases announced in the Wall Street Journal	1977-1986	day -5 to +5	.077			.077		.077	Yes	Company is its own control

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
134	Nakao, Amano, Matsumura, Genba, & Nakano (2007)	278	Environmental (self-report)	Nikkei Environmental Management Survey, including planning, disclosure, education, and management of waste and energy	Tobin's q-1, ROA	Large Japanese manufacturing companies, excluding energy and construction. Compares top 30 vs. bottom 30 firms.	1999-2003	1999-2003	.068	.070		.065	.063	.072	No	Industry, Size
135	Nehrt (1996)	50	Environment (objective)	Timing and intensity of environmentally beneficial investments in paper manufacturing to reduce chlorine content	Growth in net income	Producers of chemical bleached paper pulp in 8 countries, listed in Pulp and Paper International's 1992 annual review of the largest 150 paper companies in the world. The sample of 50 were chemical paper pulp manufacturers with at least 70% of their revenues in the paper industry. 19 are from the US.	1984-1991	1983-1991	.105		.105		.105		No	Industry, Size
136	Newgren et al. (1985)	50	Self-report	Survey of whether there is a concerted effort to identify and analyze the social and political environment	P/E ratio	Largest corporations in five industrial and five nonindustrial classifications	1975	1975-80	.272			.272		.272	No	Industry, Size
137	O'Neill et al. (1989)	<=157	Self-report	Self-report measure using forced-choice response to rank priorities	ROA	Companies from list of Fortune magazine's most admired companies. Note that multiple directors may have responded from the same firm, so the total number of firms <=157.	N/L, presume 1985	N/L, presume 1985	-.043	-.038	-.047				No	Risk, Size
138	Patten (1990)	54	Corporate policies	Signing of the Sullivan Principles for divestment from South Africa	Stock returns	37 firms whose signing of Sullivan principles about South Africa was disclosed	1977	Day -4 to +2	.053			.053		.053	Yes	Company is its own control
139	Patten (1991)	156	Transparency	Annual report disclosures in 7 categories: Environment, energy, fair business practices, human resources, community involvement, products, and other	ROA, ROE	Sample drawn from 8 industry classifications of Fortune 500 (petroleum refining, chemical, forest and paper products, electronics, industrial and farm machinery, metal products, computer, and rubber products)	1985	1980-5	.023	-.009	.056		.023		No	Industry, Size
140	Pava and Krausz (1996)	106	Third-party audit	Council for Economic Priorities report	Market return, P/E ratio, market-to-book value, ROA, ROE, EPS	Firms rated by the CEP along with matched control firms	1991 report	1985-8, 1989-91	.224				.357	.081	No	Industry, Size
141	Peltzman (1981)	<= 23	Revealed misdeeds	Event is an initial complaint by FTC of false advertising	Stock returns	Consumer goods firms with major FTC cases concerning false advertising	1962-1975	day -3 to +1	.669			.669		.669	Yes	Company is its own control

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Effect Size				Type of CFP		Event Study	Control Variables
										Timing of CSP measure						
									Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market		
142	Posnikoff (1997)	40	Corporate policies	Announcement of disinvestment in South Africa	Stock returns	Companies who announced disinvestment in South Africa between 1980-1991, as announced in the Wall Street Journal and New York Times	1980-1991	day -1 to +1	.541			.541		.541	Yes	Company is its own control
143	Preston and O'Bannon (1997)	67	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	ROA	Fortune annual survey, included companies that have been rated in every survey 1982-1992	1982-1992	1982-1992	.370	.407	.373	.330	.370		No	Size
144	Preston and Sapienza (1990)	108	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	Stock returns	10 largest companies in industries surveyed by Fortune. Only companies surveyed in all five years 1982 to 1986 included.	1982-1986	1977-1986	.190		.190			.190	No	Size
145	Reichert, Lockett and Rao (1996)	83	Revealed misdeeds	Announcement that formal indictment has been filed against firm for major corporate crimes	Stock returns	Firms reported on in Wall Street Journal	1980-1990	day -10 to +10	.064			.064		.064	Yes	Company is its own control
146	Reimann (1975)	19	Self-report	Self-report of value of seven different constituencies	Self-reported survey of goal achievement in comparison to other organizations along eight dimensions	American manufacturers from multiple industries, varying from 200 to 4,000 employees	1970	1974	.570		.570				No	Industry
147	Rennings, Schroder and Ziegler (2003)	153	Third-party audit	Swiss bank's evaluations of European corporations on social and environmental performance. Evaluations are both by industry sector as a whole, and individual firms relative to their industries	Stock returns	300 European corporations whose social and environmental sustainability has been evaluated by the Swiss bank Sarasin & Cie. Effect "not significant", presumed zero.	data released 2001	1/1996 - 8/2001	.000	.000				.000	No	Industry, Risk, Size
148	Rey & Nguyen (2005)	N/A	Screened mutual funds	AMP Capital's Sustainable Future Australian Share Fund inclusion, based on stakeholder relationships with employees, customers, shareholders, environment	Fund returns	Australian publicly traded companies	11/2001-2004	1995-2004	.097		.097			.097	No	Industry, Risk, Size
149	Reyes and Grieb (1998)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	Fifteen socially responsible mutual funds from Wilson Associates Capital Asset Management System Database, matched by investment type to control funds	1986-1995	1986-1995	.034		.034			.034	No	Industry, Risk, Size
150	Roberts (1992)	80	Charitable donations	Existence of a funded foundation	ROE	Large Fortune 500 companies profiled by the CEP	1983-4	1981-84	.161	.161			.161		No	Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
151	Roberts (1992)	80	Third-party audit	Council on Economic Priorities (CEP) ratings	ROE	Large Fortune 500 companies profiled by the CEP	1984-6	1981-84	.203	.203			.203		No	Size
152	Rockness, Schlachter and Rockness (1986)	21	Environment (objective)	Government verifiable self-reported environmental data on total cumulative tonnage of waste disposed of at on-premise sites and number of EPA Superfund sites at which company has dumped waste, both normalized by company asset size and number of plants.	ROS, ROA, ROE, excess market value	Chemical firms (if at least 40% of sales were chemical) who participated in a self-reported congressional "Site Survey" conducted in 1979 Firms listed Table 1	1979	1969, 1979	.174		.174		.227	.008	No	Industry
153	Ruf, Muralidhar, Brown, Janney and Paul (2001)	488	Third-party audit	KLD ratings	ROE, ROS	KLD database	1990-1991	1990-1991	.043		-.015	.100			No	
154	Russo and Fouts (1997)	243	Environment (objective)	Data on environmental performance	ROA, growth in sales	Large US firms rated by the Franklin Research and Development Corporation (FRDC) on environmental performance	1991, 1992	1991, 1992	.145		.145		.145		No	Industry
155	Sauer (1997)	N/A	Screened mutual funds	Domini 400 Social stock index	Stock returns	S&P 500 firms, and firms in Domini 400 Social stock index	1986-1994	1986-1994	.086		.086			.086	No	Risk, Size
156	Schroder (2003)	N/A	Screened mutual funds	Varies by fund	Fund returns	46 major SRI investment funds from 10 SRI indices in the U.S., Germany and Switzerland with at least 30 months history	1990 - 9/2002	1990 - 9/2002	-.515		-.515			-.515	No	Risk, Size
157	Seifert, Morris, & Bartkus (2003)	82	Charitable donations	Charitable giving data from the Foundation Center	Cash flow, ROA, ROE, ROS, market-to-book ratio, stock returns	US publicly held firms with charity information available from the Foundation Center, with matched pair of high ($5M+) versus low donors	N/L	Year -1, 0, +1	.144	.280	.150	.125	.128	.172	No	Industry, Size
158	Seifert, Morris, & Bartkus (2004)	157	Charitable donations	Corporate philanthropy in yearly cash and total yearly charity via foundations	Stock returns	Fortune 1000 firms with consistent charity data in the Taft Corporate Giving Directory and Foundation Center's Foundation Directory in 1997 or 1998, excluding financial services and utilities	1997-1998	1997-1998	.151		.151		.245	.055	No	Industry
159	Shane and Spicer (1983)	72	Environment (objective)	CEP reports on environmental performance distinguishing low vs. high polluters	Stock returns	Industrial companies studied by the CEP	1970-1977	day 0 to +1	.213			.213		.213	Yes	Company is its own control
160	Shank (2005)	11	Third-party audit	Companies appear in at least 1/3 of screened mutual funds	Stock returns	Large companies appearing in screened mutual funds, compared to the NYSE	2003	1993-2003	.261	.261				.261	No	Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

									Effect Size							
										Timing of CSP measure			Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
161	Shank (2005)	N/A	Screened mutual funds	Varies by fund	Fund returns	Five large-cap mutual funds listed by the Social Investment Forum with 10-year history, compared to the NYSE	1993-2003	1993-2003	.067						No	Size
162	Simerly (1994)	110	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment", dichotomized into high vs. low	EPS, share price, market value, ROE, sales/equity, ROI, sales rate	Fortune 500 firms within select industries experiencing growth in 86-88 and decline in 89-90	1988	1986-88	.233	.210		.255	.199	.315	No	Industry, Size
163	Simerly (1995)	84	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment", dichotomized into high vs. low	ROE	Fortune 500 firms, 42 pairs matched within industries for high and low CSR	1988	1988-90	.265			.265	.265		No	Industry, Size
164	Spencer and Taylor (1987)	120	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	ROA, ROS	Fortune 500 firms in manufacturing industries	1982	1978-1982	.149	.196	-.043				No	Industry, Size
165	Spicer (1978)	17	Environment (objective)	Council on Economic Priorities (CEP) ratings of environmental performance	ROE, P/E ratio	Pulp and paper industry firms reviewed by CEP	1970, 72	1968-73	.515		.515		.437	.586	No	
166	Starik (1990)	N/L	Self-report	Survey measure of stakeholder communication management strategies	ROI, Revenue	US investor-owned electrical utility companies	1979-1988	1979-1988	.039		.039		.039		No	Industry, Risk, Size
167	Starik (1990)	N/L	Observer perceptions	Survey measure of stakeholder communication management strategies; Reputation of utility as rated by regulators, consumer, utility industry members, and other respondents	ROI, Revenue	US investor-owned electrical utility companies	1979-1988	1979-1988	.095		.095		.095		No	Industry, Risk, Size
168	Statman (2000)	N/A	Screened mutual funds	Inclusion in the Domini Social Index	Stock returns	Domini Social Index and S&P 500 firms, and socially responsible equity mutual funds (31 total) on Morningstar's list as of September 1998 matched to 62 conventional mutual funds by asset size	5/90-9/98	5/90-9/98	.127		.127			.127	No	Industry, Risk, Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
										Timing of CSP measure		Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
169	Staw & Szwajkowski (1975)	500	Revealed misdeeds	Violations of antitrust laws and the Federal Trade Commission Act	ROE, ROS	Fortune 500 companies with convictions or merit found to trade litigation vs. others. CFP aggregated for 5 years preceding the trade complaint. Positive relationship without industry control variable.	1968-1972	1954-1971	-.004	-.004			-.004		No	Industry, Size
170	Stevens (1984)	48	Environment (objective)	CEP estimates of required pollution abatement costs	Stock returns	Largest firms in four industries among the five most polluting: pulp and paper, pertroleum refining, steel, electrical utilities	CEP data release dates 1972-1977	-11 to 0 months	.490			.490		.490	Yes	Industry, Risk, Size
171	Sturdivant and Ginter (1977)	28	Observer perceptions	Company ratings of social responsiveness made by business journalist Moskowitz (1972)	EPS	Large US firms rated by Moskowitz (1973), which were in industries in which there was variance in Moskowitz ratings	1972-4	1964-74	.455		.455		.455		No	Industry, Size
172	Teoh, Welch and Wazzan (1999)	46	Corporate policies	Divestiture from South Africa	Stock returns	Dow Jones News Retrieval announcements of firms divesting from South Africa	1983-1989	-1 to 1 days	-.002			-.002		-.002	Yes	Company is its own control
173	Tichy, McGill, St. Clair (1997)	10	Observer perceptions	Fortune magazine ratings of "responsibility to community and environment"	ROE	Fortune annual survey companies rated in top 3 of firms at least once 1983-1996, compared to S&P 500	1983-1996	1983-1996	.758		.758		.758		No	Industry, Size
174	Travers (1997)	N/A	Screened mutual funds	Varies depending on the fund	Fund returns	Sample of international socially responsible equity funds matched with unrestricted funds with the same fund manager. Effect "not significant", presumed zero.	7/92-6/97	7/92-6/97	.000		.000			.000	No	N/L
175	Turban and Greening (1996)	161	Observer perceptions	Rating of corporate reputation by undergraduate management students	ROA	Large US firms rated both by KLD and Fortune, excluding those firms whose reputation and attractiveness was not well known to pilot test undergraduate management students and faculty	1993-94	N/L, presume concurrent	.250		.250		.250		No	
176	Turban and Greening (1996)	161	Environment (objective)	KLD ratings of environmental performance	ROA	Large US firms rated both by KLD and Fortune, excluding those firms whose reputation and attractiveness was not well known to pilot test undergraduate management students and faculty	1993-94	N/L, presume concurrent	-.020		-.020		-.020		No	

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

								Effect Size							
									Timing of CSP measure			Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
177	Turban and Greening (1996)	160	Third-party audit	KLD ratings of community relations, employee relations, product quality, and treatment of women and minorities	ROA	Large US firms rated both by KLD and Fortune, excluding those firms whose reputation and attractiveness was not well known to pilot test undergraduate management students and faculty	1993-94	N/L, presume concurrent	.085		.085		.085		No	
178	Van de Velde, Vermeir, & Corten (2005)	N/A	Third-party audit	CSP scores from the European agency Vigeo regarding treatment of human resources, the environment, customers and suppliers, community and society, and corporate governance	Stock returns	Companies rated on CSP by Vigeo, compared to the European market index MSCI EMU. Effect "not significant", presumed zero.	2000-2003	2000-2003	.000		.000			.000	No	Risk, Size
179	Vance (1975)	49	Observer perceptions	Ratings by urban-affairs and public-affairs corporate staff members and business students in the National Affiliation of Concerned Business Students	Stock returns	Large national corporations (Fortune 100 equivalent)	1972	1974	-.460			-.460		-.460	No	Size
180	Verschoor (1998)	376	Transparency	Indication in an Annual Report of a commitment to ethics or describes the importance of an ethics standard or code of conduct	Business Week ranking on financial performance, based on acounting measures	S&P 500	1996	1996	.151		.151		.151		No	
181	Waddock and Graves (1997)	469	Third-party audit	Kinder, Lydenberg & Domini (KLD) ratings	ROA, ROE, ROS	S&P 500	1990	1989	.124	.100		.147			No	Size
182	Waddock, Graves and Gorski (2000)	483	Third-party audit	KLD screening of socially responsible companies	ROA, ROE	S&P 500 companies high vs. low in KLD screens	1996	1996	.017		.017		.017		No	Size
183	Waddock, Graves and Gorski (2000)	483	Screened mutual funds	S&P 500 firms that have passed KLD screens vs. S&P 500 firms that haven't	Stock returns	Companies meeting vs. not meeting inclusion criteria for KLD screening	1996	1987-1996	.053	.053				.053	No	Size
184	Waldman, Siegel and Javidan (2004)	56	Third-party audit	KLD ratings along 8 categories separated into two factors of "social" and "strategic" using factor analysis (excluding alcohol, tobacco, gambling categories as they were not available the entire sample period)	ROE	95 U.S and 55 Canadian firms randomly sampled from publicly traded firms with Sales above $1B and CEOs with at least 2 years tenure, with 28% response rate to a survey on a different topic	1991-1992	1991-1992	.274	.225	.320		.274		No	Industry, Size

Attributes of 192 Effects from 167 Studies Included in Meta-Analyses of Association Between Corporate Social Performance and Corporate Financial Performance

									Effect Size							
										Timing of CSP measure			Type of CFP			
Study #	Study	N Firms	CSP Type	CSP Measure	CFP Measure	Sample of Companies and Other Notes	Years for CSP	Years for CFP	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Event Study	Control Variables
185	Wartick (1988)	252	Corporate policies	Membership in the Issues Management Association representing a concerted effort to identify and analyze the social and political environment	Survey rating of CFP: long-term investment value, soundness of financial position, and wise use of corporation assets	Large US firms rated by Fortune magazine	1986	1986	.023		.023				No	Industry, Size
186	Wokutch and Spencer (1987)	74	Charitable donations	Archival data on charitable giving	ROA, ROS	Large manufacturing firms rated by Fortune, for which charitable and financial information available	1982-84	1978-82	.323	.323			.323		No	Industry, Size
187	Wokutch and Spencer (1987)	39	Revealed misdeeds	Archival data on anti-trust corporate crimes	ROA, ROS	Large manufacturing firms rated by Fortune, for which charitable and financial information available	1980-3	1978-82	.227		.227		.227		No	Industry, Size
188	Wright and Ferris (1997)	31	Corporate policies	Firm divestment from South Africa as reported by the Investor Responsibility Research Center	Stock returns	Firms on IRRC South Africa divestment list. Firms dropped from sample if they did not have good Sullivan ratings prior to divestment. Firms listed Table 1	1984-1990	day -10 to +10	.005			.005		.005	Yes	Company is its own control
189	Wright, Ferris, Hiller and Kroll (1995)	34	Third-party audit	U.S. Department of Labor presents annual award to firm with high-quality affirmative action policy (around 6 firms receive awards per year)	Stock returns	Department of Labor news releases reported by the Wall Street Journal Index and Dow Jones News Retrieval Service	1986-1992	day -10 to +10	.259			.259		.259	Yes	Company is its own control
190	Wright, Ferris, Hiller and Kroll (1995)	35	Revealed misdeeds	Major settlement announcement by firm found guilty of discrimination against underrepresented minority employees	Stock returns	Department of Labor news releases reported by the Wall Street Journal Index and Dow Jones News Retrieval Service	1986-1992	day -10 to +10	.189			.189		.189	Yes	Company is its own control
191	Yamashita, Sen and Roberts (1999)	49	Environment (objective)	Fortune ratings of firms on 20 environmental categories. Compares firms cited as "10 Leaders" and "10 Most Improved" vs. "10 Laggards"	Stock returns	130 of America's largest manufacturing companies whose environmental performance ranking was reported on by Fortune	Event day 7/12/93, data cover 1987-1993	day -24 to +24	-.113			-.113		-.113	Yes	Company is its own control
192	Yamashita, Sen and Roberts (1999)	49	Environment (objective)	1995 Council for Economic Priorities (CEP) rankings of environmental performance	Stock returns, earnings	49 companies rated both by the CEP "Better Investment Guide" (1991) and the CEP Screen Service (1995)	1995	1986-1995	-.023	.145	-.090		-.090	.145	No	Size

TABLE 3
Summary of Results from Meta-Analyses of 167 Studies of the Association Between Corporate Social Performance and Corporate Financial Performance

	Effect Size											
		Timing of CSP Measure			Type of CFP		Significance Test			Heterogeneity Test		
CSP Type	Overall	CFP --> CSP	Concurrent	CSP --> CFP	Accounting	Market	Companies	Z	p-value	chi-square	Df	p-value
Mean Values												
Overall	.132	.148	.115	.140	.180	.104	27,848	16.07	<.001	742.26	166	<.001
N	(192)	(35)	(110)	(66)	(75)	(125)						
Charitable contributions	.239	.332	.198	.292	.281	.147	1,881	6.97	<.001	83.99	12	<.001
N	(13)	(4)	(10)	(2)	(10)	(5)						
Corporate policies	.019	.111	-.031	.011	.040	.015	942	.96	.17	23.22	11	.02
N	(13)	(2)	(5)	(8)	(2)	(9)						
Environmental performance	.112	-.051	.145	.106	.102	.121	8,195	8.15	<.001	140.16	44	<.001
N	(45)	(5)	(20)	(22)	(19)	(32)						
Objective	.095	-.081	.117	.104	.088	.118	7,108	6.38	<.001	126.59	36	<.001
N	(37)	(4)	(15)	(20)	(15)	(28)						
Self-reported	.190	.070	.225	.127	.153	.140	1,087	5.60	<.001	13.58	7	.06
N	(8)	(1)	(5)	(2)	(4)	(4)						
Observer perceptions	.287	.328	.279	.157	.320	.190	2,000	9.44	<.001	161.02	23	<.001
N	(25)	(6)	(19)	(7)	(16)	(15)						
Revealed misdeeds	.223	-.004	.227	.239	.113	.239	1,373	5.02	<.001	51.58	15	<.001
N	(16)	(1)	(1)	(14)	(2)	(14)						
Screened mutual funds	.024	.053	.021	-	-	.014	3,271	-	-	-	-	-
N	(29)	(1)	(27)	(0)	(0)	(26)						
Self-reported performance	.210	.200	.171	.272	.171	.272	967	4.78	<.001	38.94	7	<.001
N	(9)	(3)	(5)	(1)	(6)	(1)						
Third-party audit	.080	.142	.041	.096	.114	.059	7,386	4.12	<.001	41.23	26	<.001
N	(28)	(8)	(14)	(9)	(11)	(17)						
Transparency	.078	.079	.029	.191	.102	.056	1,833	3.12	<.001	39.19	13	<.001
N	(14)	(5)	(9)	(3)	(9)	(6)						
Median												
Overall	.082	.164	.055	.112	.133	.053						
Charitable contributions	.161	.302	.137	.284	.203	.055						
Corporate policies	.005	.111	.005	.002	.040	-.002						
Environmental performance	.094	.133	.159	.060	.130	.075						
Objective	.077	.139	.105	.052	.105	.070						
Self-reported	.181	.070	.233	.127	.152	.130						
Observer perceptions	.229	.316	.153	.265	.258	.135						
Revealed misdeeds	.192	-.004	.227	.192	.111	.192						
Screened mutual funds	.021	.053	.010	-	-	.005						
Self-reported performance	.124	.120	.039	.272	.122	.272						
Third-party audit	.042	.132	.000	.100	.089	.001						
Transparency	.024	-.009	.023	.129	.023	.024						
Weighted Mean												
Overall	.101	.120	.102	.085	.140	.086						
Charitable contributions	.220	.273	.213	.215	.254	.071						
Corporate policies	.038	.080	.006	.026	.041	.049						
Environmental performance	.090	.099	.137	.066	.088	.083						
Objective	.078	.124	.114	.064	.062	.081						
Self-reported	.169	.071	.223	.091	.149	.104						
Observer perceptions	.296	.338	.267	.162	.332	.267						
Revealed misdeeds	.104	-.004	.237	.165	.012	.165						
Screened mutual funds	-	-	-	-	-	-						
Self-reported performance	.128	.119	.075	.285	.141	.285						
Third-party audit	.037	.102	.015	.081	.083	.011						
Transparency	.099	.047	.100	.096	.079	.127						

Note: Weighted means, significance and heterogeneity tests include only those studies reporting the number of companies sampled.

Insufficient numbers of screened mutual fund studies provided data regarding number of companies.

Values in parentheses are the number of effects on which the above coefficient is based. Total effects = 192.

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