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Nexus between corporate social responsibility and corporate financial performance: developing - BRICS vs. developed - G7 countries

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Introdução
Despite a large number of studies in recent years on the corporate social responsibility (CSR)–corporate financial performance (CFP) nexus, the results remain inconclusive, with studies reporting a neutral, positive, and negative association. It is worth mentioning that most of the studies that investigated this relationship were conducted in developed countries. Moreover, it is fundamental to examine whether the impact of CSR on CFP is different in developed and developing nations.

Problema de Pesquisa e Objetivo
The interaction between CSR and CFP is complex. Studies about it formulate diverse hypotheses underpinned by different theories. This study aims to investigate the effect of CSR on the CFP of companies publicly traded in the major advanced economies or “Group of Seven” (G7) and BRICS countries.

Fundamentação Teórica
Different theories underpin studies about the CSR–CFP relationship. The negative effect of CSR on CFP is denominated “trade-off” hypothesis (Rodrigo et al., 2016). Firms that allocate resources to CSR initiatives increase their costs outweighing the benefits generated (Friedman, 2007). McWilliams & Siegel (2001) proposed the supply and demand model, in which CSR–CSP link is neutral. From this perspective, marginal costs and benefits of CSR should offset each other in equilibrium. Finally, the stakeholder theory suggests a positive association between CSR and CFP (Rodrigo et al., 2016).

Metodologia
The study used a regression model that hypothesizes the effect of CSR on CFP. The research sample contained data from 914 publicly traded companies from G7 and BRICS countries over eight years (2013-2020). The study’s hypotheses were tested using panel data analysis with a fixed effects approach.

Análise dos Resultados
The results suggest a positive relationship between CSR and CFP for firms from developed – G7 countries. On the other hand, CSR has no impact on CFP for firms from developing – BRICS countries.

Conclusão
Based on the panel data of 914 publicly traded companies from G7 and BRICS countries over eight years (2013-2020), this research uses the fixed-effects model to test the study’s hypotheses. The findings from the panel data analysis show that, on the one hand, CSR positively affects CFP for firms from G7 countries, corroborating the results presented in most previous studies. On the other hand, the CSR–CFP relationship is neutral for firms from BRICS countries which is in line with the supply and demand model.

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