

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE: Evidence from a Panel of Korea Listed Companies

Dong Seop Chung, Kyung Sung University, Busan, Korea

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ABSTRACT

Researchers have reported a positive, negative, and neutral impact of corporate social responsibility (CSR) on financial performance. The field of corporate social responsibility (CSR) has grown exponentially in the last decade. Nevertheless, there remains a protracted debate about the legitimacy and value of corporate responses to CSR concerns. There are different views of the role of the firm in society and disagreement as to whether wealth maximization should be the sole goal of a corporation. These studies estimate the effect of CSR by regressing firm performance on corporate social performance, and several control variables. Using Korean extensive data over a period of five years, this study explores and tests the sign of the relationship between corporate social responsibility and financial performance. The results indicate that the sign of the relationship is positive and statistically significant, supporting the view that socially responsible corporate performance can be associated with a series of financial performance benefits.

Keywords: *corporate social responsibility; firm performance, ROE, ROS, M/B*