Summary

This paper aims at analyzing the relationship between corporate social responsibility, CSR and financial performance of European companies, looking for a causal relationship between both dimensions. Most of the studies on the field have not reached uniform results due to several reasons, which have been tackled in this paper by applying statistical models in order to select the variables that represent both performances, introducing a three years' time lag to measure the relationship between CSR and financial performance (several authors argue that CSR impact on financial performance just is medium term) and isolating the analysis of industries whose behavior (from CSR point of view) is either homogeneous or heterogeneous (many scholars highlight industry is a very important moderating variable).

In this paper a goal programming model is used to analyze the relationships between social and financial performance, generating unique measures of social behavior and financial performance. These values are compared to with various economic and financial variables, which represent the yields and the size of the companies analyzed. Then, a correlation analysis between both groups of variables is carried out. We conclude that CSR and financial performance are not correlated, but we verified that stakeholder's variables are correlated with several economic and financial variables. Stakeholders is the factor which explains the higher variability of the social behavior of companies' variance in the factor analysis and also is one of the most important variables according to Goal Programming model.

According to these results, the analysis focuses on this dimension (Stakeholders) in order to determine whether there is a causal relationship between Stakeholders dimension and Financial Performance of the analyzed companies, according to several authors who put forward that Stakeholders is the dimension of CSR with the greatest influence on the company's performance. To do this, we used a structural equations model (SEM). It is thus determined whether the factor Stakeholders keep a causal relationship to the company's financial performance in both the homogeneous and heterogeneous sectors, keeping the time lag of three years. In this case, only one of the Stakeholders factors (employees) cause, with a significance level of 95%, the yields factor of the analyzed companies from Homogeneous industries, taking into account the three years' time lag. When Heterogeneous sectors are analyzed, the SEM shows no causal relationship with a significance level of 95%. This way one cause of the results' disparity is validated to assess the impact of CSR on financial performance: the mix of companies from different industries.

The results of this research are very important from a managerial perspective because they show how to maximize the impact of CSR on financial performance, providing evidence based on SEM: giving a higher weight to the CSR's factors which cause financial performance.