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The Impacts of Corporate Social Performance: a Systematic Literature Review

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Corporate social performance has been discussed in the literature for more than twenty-five years. This study attempts to identify the comprehensive impacts of corporate social performance through systematic literature review. The systematic literature study obtained 17 primary articles for further review. According to the reviewed articles, six impacts brought by corporate social performance were identified namely, organization reputation, corporate financial performance, high-social benefit innovation, institutional ownership, organizational attractiveness, and firm familiarity. Based on those variables, the model of corporate social performance and its impact was developed.

Keywords: *Corporate social performance, impact, systematic literature review*

1. Introduction

Nowadays, the business activities in an organization are required to integrate with social aims, known as Corporate Social Responsibilities (CSR)¹. That means an organization should meet its responsibilities even in protecting moral rights, fulfill the consumer, employee, and community expectation, and promoting welfare and goodwill in the term of ethical and philanthropic aspect². These responsibilities are measured using Corporate Social Performance (CSP). CSP is a construct to evaluate the degree of how well organizations have met their social responsibilities². Since the organization's stakeholders could obtain the information about the CSP easily through electronic media, newspaper, or the internet, many organizations become more and more active in engaging activities intended at doing good for society to improve their CSP^{1,3}. CSP in an organization is believed to bring impacts on the organization. Therefore, the objective of this study is to identify the comprehensive impacts of corporate social performance through systematic literature review. This study is organized in four sections. In the first section, the research background and the purpose of the study were identified. The second section provides a detailed description of systematic literature review method used in this study. The third section is the presentation of result and discussion, while the last section presents the conclusion of the study.

2. Method

The objective of this study is to identify the comprehensive impacts of corporate social performance through systematic literature review. The Systematic Literature Review (SLR) was applied in this study to identify the possible impact brought by corporate social performance. The literature review process in this study was conducted based on SLR scheme developed by Kitchenham (2007)⁴. The literature review process contains three main steps namely research identification and collection, studies selection based on criteria, and primary studies selection. The research identification and collection contain the process of initial search for primary studies. In this step, the search strategy was generated and the electronic sources for obtaining the articles were determined. The articles collected from three different electronic sources which are Science Direct, Google Scholar, and Emerald Insight and based on screening towards specific words or phrases such as "corporate social performance", "influence", "relationship", "impact", "affect", "effect", and "relation" in all possible years and constructed using Boolean AND and OR. The next step is studies selection based on criteria. This step is a process where all the articles obtained from the previous step were

reviewed to check whether they were matched with the criteria or not. The inclusion criteria are the article must be written in English and should discuss the impacts of CSP otherwise the articles will be excluded from this study. Finally, the last process of the literature review is primary studies selection. In this step, the primary articles that will be used in this study were chosen.

3. Results and Discussion

The summary of the literature reviewed can be seen in Table 1. The number of articles obtained in initial search from Science Direct, Google Scholar, and Emerald Insight database is 64, 983, and 28 respectively. From 64 articles found in Science Direct, 53 articles were excluded. There are two articles removed because it is not written in English while the other 51 articles were removed because it did not explicitly discuss the impact of the corporate social performance. From 984 articles found in Google Scholar, 901 articles were excluded. There are 85 articles removed because it is not written in English, 102 articles were found as duplicate articles, and 714 removed because it did not explicitly discuss the impact of the corporate social performance. Finally, from 28 articles found in Emerald Insight, 21 articles were excluded due to the same reason from the articles being removed in Science Direct and Google Scholar. 101 articles in total would be reviewed and screened to obtain primary articles. Finally, there were 17 articles selected as primary articles discuss the impact of the corporate social performance. All 17 articles obtained from the last step of systematic literature review process will be further reviewed.

Table 1. The Impact of Corporate Social Performance

| Author | CSP Impact | Object of Study |
|--|---|--|
| Huber, Meyer, Vogel, Vollman (2011) ¹ | - Reputation | 252 People |
| Albinger and Freeman (2000) ² | - Organizational Attractiveness | 25 Organizations |
| Wang and Berrens (2015) ³ | - Reputation - Corporate Financial Performance | Secondary data from COMPUSTAT, FAMA, Reputation Institute, KLD |
| José Allouche, Patrice Laroche (2014) ⁵ | - Corporate Financial Performance | Literature Studies |
| Brammer and Pavelin (2006) ⁶ | - Reputation | 210 UK PLCs |
| Graves and Waddock (1994) ⁷ | - Institutional Ownership | 430 firms from SandP 500 |
| Greening and Turban (2000) ⁸ | - Organizational Attractiveness | 292 University Students |
| Luce, Barber, and Hillman (2001) ⁹ | - Firm Familiarity - Organizational Attractiveness | 100 firm from SandP 500 |
| Mahoney and Roberts (2007) ¹⁰ | - Institutional Ownership - Corporate Financial Performance | 532 Canadian Firms |
| Orlitzky, Schmidt, and Rynes (2003) ¹¹ | - Corporate Financial Performance | Literature Studies |
| Ruf, Muralidhar, Brown, Janey, and Paul (2001) ¹² | - Corporate Financial Performance | Organization |
| Sadeghi, Arabsalehi, Hamavandi (2016) ¹³ | - Corporate Financial Performance | Manufacturing Companies |
| Simpson and Koher (2002) ¹⁴ | - Corporate Financial Performance | 385 National Bank |
| Turban and Greening (1996) ¹⁵ | - Reputation - Organizational Attractiveness - Firm Familiarity | Organizations |
| Beurden and Gössling (2008) ¹⁶ | - Corporate Financial Performance | Literature Studies |
| Waddock and Graves (1997) ¹⁷ | - Corporate Financial Performance | 469 Companies |
| Wagner (2010) ¹⁸ | - High Social Benefit Innovation | US Firms |

According to 17 articles identified, eight articles indicate the positive impact of CSP towards Corporate Financial Performance (CFP). Although the relationship between these two constructs has become a debate over decades since many researchers have hypothesized that there is a positive, neutral, or negative relationship between CSP and CFP, but more than 50% studies that examine the relationship between CSP and CFP shows a positive relationship¹³. Four articles indicate corporate social performance would affect firm's reputation. According to Allouche and Laroche⁵, CSP would enhance stakeholder satisfaction and firm's reputation which lead to better financial performance. Moreover, the corporate reputation or image will have implication in corporate value¹⁸. Out of 17 articles, there are two articles and four articles that indicate the effect of CSP towards firm familiarity and organizational attractiveness respectively. Firms that have better CSP were considered more attractive as an employer and more familiar^{9,15}. The familiarity of the firm would have an impact towards the attractiveness of the firm⁹. Furthermore, there are two articles indicate that CSP would affect institutional ownership and one article indicates that CSP would have an impact towards innovation. Finally, this study theoretically found that CSP has an impact on corporate financial performance, firm's reputation, high social benefit innovation, firm familiarity, and employer attractiveness that could lead to corporate sustainability. Thus, organizations are required to design and implement CSR program as well as possible to establish harmonious relationship between organization and stakeholders

4. Conclusion

In conclusion, this study identified six impacts of CSP namely, organization reputation, corporate financial performance, high social benefit innovation, institutional ownership, organizational attractiveness, and firm familiarity. Other than that, this study is still limited to three electronic sources which are google scholar, emerald insight, and science direct. The study can be improved by adding other reputable sources such as Springer, IEEEExplore, ACM digital library, etc. Moreover, the significance of the relationship between corporate social performance and six impacts identified in this study should be tested. Furthermore, further research should consider the commonly used control variable such as firm size and industry to identify there any different impact caused by corporate social performance to the firm size or industry differences.

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Figure Caption

Figure 1. Literature Review Flow Process

Figure 2. The Model of Corporate Social Performance Impacts

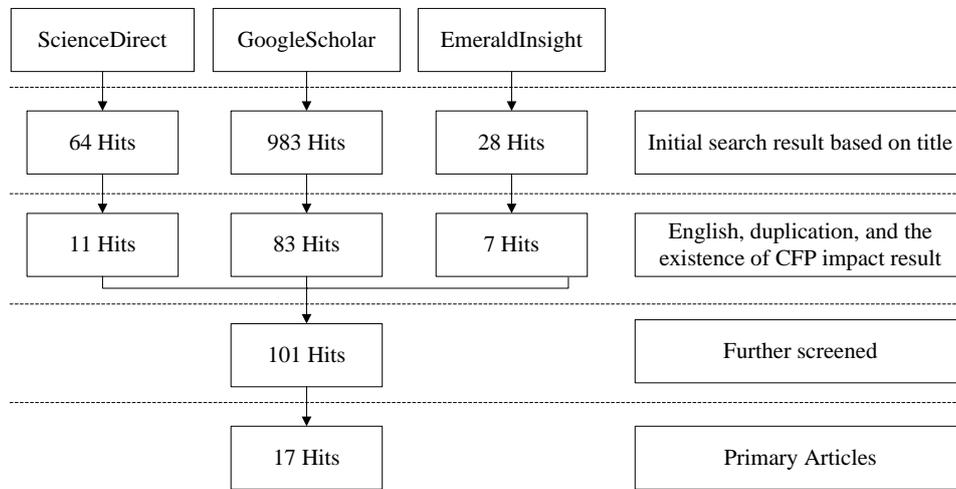


Figure 1. Kurniawati et al.

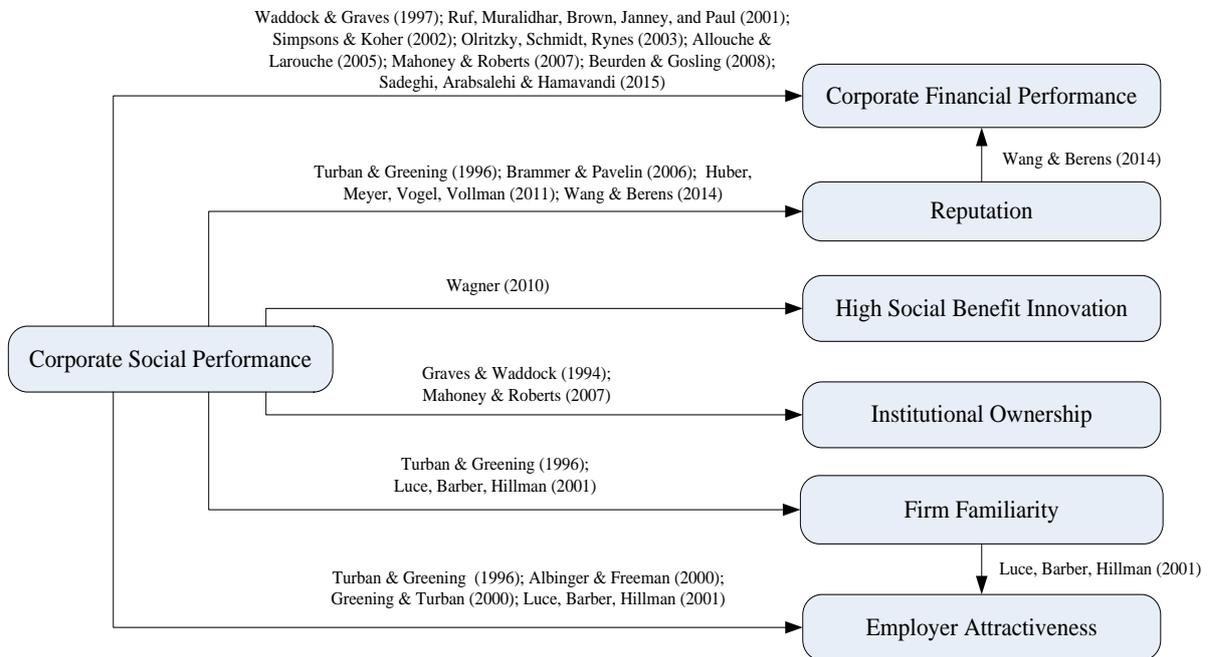


Figure 2. Kurniawati et al.