The Effect Of Corporate Social Responsibility On The Firm's Financial Performance

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Abstract

The objective of this research is to investigate the relationship between the corporate social responsibility and the firm's financial performance. This relationship has been a very important issue and topic of great interest for researchers since from the origin of business entities. Therefore the aim of this study is to explore the nature of relationship between CSR and financial performance in the context of Egypt using a sample of 30 firms (firms listed on EGX 30) from 2007 to 2010. The sample was from a range of industrial sectors. We measured the corporate social responsibility by the S&P/EGX ESG Index, which is the only single source that offers published data regarding social corporate responsibility. The Corporate financial performance is measured by ROA and EPS. We find a positive and significant relation between corporate financial performance and the CSR. This result actually motivates organizations to think broadly about their obligations towards the society in which they operate rather than just maximizing their wealth.

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