ANALYSIS OF SOCIAL RESPONSIBILITY AND ITS RELATIONSHIP WITH THE FINANCIAL PERFORMANCE OF COMPANIES LOCATED IN COUNTRIES WITHEmerging Economies

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ABSTRACT

Objective: The objective of this research was to analyze the relationship between Corporate Social Responsibility and companies' financial performance, from the perspective of ESG scores.

Theoretical framework: Corporate social responsibility (CSR) and social and financial performance were conceptualized. The Legitimacy Theory consolidates CSR as a social contract, established between the company and society through actions that will be evaluated by their development and the results disclosed (Guthrie & Parker, 1989). Corporate social performance (DSC) represents the way in which the company meets and responds to the demands of social content, generating collective results (Boaventura, Silva & Bandeira-de-Melo, 2012).

Method: Explanatory, documentary and quantitative research with a sample composed of companies that are part of the BRICS and that made ESG scores available, from 2018 to 2022, through Thomson Reuters Eikon®.

Results and conclusion: The results confirm that there is a positive and significant relationship only for market performance when analyzing the RSCENV variable (CSR Environmental). The variable RSCGOV (CSR Governance) presented a non-significant result.

Research implications: The results show that the hypothesis tested that corporate social responsibility strategies have a positive relationship with financial performance was disregarded by the research data.

Originality/value: This study contributes to deepening the discussion about the impact of Corporate Social Responsibility practices on the performance of organizations, specifically aiming to contribute to the analysis of the impact of different aspects of sustainability (Environmental, Social and Governance) on operational and market performance.

Keywords: Corporate Social Responsibility (CSR), Social and Financial Performance (SFP), Sustainability, ESG, Indicators.
ANÁLISE DA RESPONSABILIDADE SOCIAL E SUA RELAÇÃO COM O DESEMPENHOFinanceiro de Empresas Situadas em Países de Economias Emergentes

RESUMO

Objetivo: O objetivo desta pesquisa foi analisar a relação entre Responsabilidade Social Corporativa e desempenho financeiro de empresas, sob o prisma dos scores ESG.

Referencial teórico: Fora realizada conceituação de Responsabilidade Social Corporativa (RSC) e Desempenho Social e Financeiro. A Teoria da Legitimidade consolida a RSC como um contrato social, estabelecido entre empresa e a sociedade por meio de ações que serão avaliadas pelo seu desenvolvimento e os resultados divulgados (Guthrie & Parker, 1989). O desempenho social corporativo (DSC) representa a forma como a empresa atende e responde às demandas de conteúdo social, gerando resultados coletivos (Boaventura, Silva & Bandeira-de-Melo, 2012).

Método: Pesquisa explicativa, documental e de abordagem quantitativa com amostra composta por empresas que fazem parte dos BRICS e que disponibilizaram as pontuações scores ESG, nos anos de 2018 a 2022, por meio da Thomson Reuters Eikon®.

Resultados e conclusão: Os resultados confirmam que há relação positiva e significante apenas para o desempenho de mercado quando analisada a variável RSCENV (RSC Ambiental). A variável RSCGOV (RSC Governança) apresentou resultado não significante.

Implicações da pesquisa: Os resultados denotam que a hipótese testada de que as estratégias de responsabilidade social corporativa têm relação direta e positiva com o desempenho financeiro não pôde ser confirmada pelos dados da pesquisa.

Originalidade/valor: Este estudo contribui para o aprofundamento na discussão acerca do impacto das práticas de Responsabilidade Social Corporativa no desempenho das organizações, visando contribuir especificamente com a análise do impacto dos diferentes aspectos da sustentabilidade (Ambiental, Social e Governança) no desempenho operacional e de mercado.

Palavras-chave: Responsabilidade Social Corporativa (RSC), Desempenho Social e Financeiro (DSC), Sustentabilidade, ESG, Indicadores.

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1 INTRODUCTION

Sustainable thinking and the legitimization of business practices incorporated issues focused on ethical and responsible behavior into decision-making. In this context, corporate social responsibility (CSR) has become a mediator of business practices and policies related to social and environmental benefits (Carrol, 2009; Belyaeva, Shams, Santoro & Grandhi, 2020) making the socially responsible behavior of implementing rules, creation of departments and codes (Armani, Petrini & Santos, 2020), become part of strategic processes (Lee & Lee, 2019).

The concept of CSR, although it was evidenced from 1950 onwards, continues to this day with ideas from periods prior to its theoretical construction (Carrol, 2009). For Carroll (1979), Corporate Social Responsibility is a process constituted by legal, economic, ethical and discretionary perspectives pre-established by society. In this process, the organization brings together elements of different natures in its main activity, considering the various parties involved and their respective interests (Knorringa & Nadvi, 2016). From Carroll's (1979) perspective, the term CSR describes the social and environmental contributions as a result of
business activity. Based on these initial concepts, this research adopts as its constitutive definition the following concept of CSR presented by Oliveira et al. (2003): it is a reflection of the commitment of a company's management, in carrying out activities that, even though they are not linked to its corporate purpose, are prioritized by the organization, with the aim of achieving an improvement in the quality of life of its employees and of society, as well as the continuity of the company itself.

Indicators of a non-financial nature, represented by social practices, gain space in the scope of investors' analyzes (Louro, 2018; Nardi, Armadi & Silva, 2019). Such practices are expressed through sustainability reports, governance and questionnaires (Soares, 2018) with the purpose of presenting the type of social responsibility practiced and the respective actions accompanied by the results achieved (Faria, 2017). In turn, indicators of a financial nature have in their composition indexes related to the market, accounting, and other metrics, which aim to present the performance of financial transactions (Pereira et al., 2020).

The literature related to social results metrics is not yet consolidated (Lee & Lee, 2019), given that the studies developed predominantly address the expenses incurred in the process to the detriment of observations on the efficiency of the social practices adopted (Abbot & Monsen, 1979; Aupperle, Carroll & Hatfield, 1985). The same occurs with the relationship between social and financial performance, which differs in relation to being positive or negative, and thus, some theories are applied with the aim of explaining this gap, such as that of stakeholders, costs of transaction, or even the resource-based view (Makni, Francoeur & Bellavance, 2008; Matten & Moon, 2008; Clarkson, 1995).

Considering the relevance of social responsibility practices and the search for better profitability, this research aims to answer the following question: what is the relationship between corporate social responsibility and the financial performance of companies? In order to answer the proposed question, this work aimed to test the relationship between corporate social responsibility and companies' financial performance. Based on the hypothesis that corporate social responsibility strategies have a positive relationship with financial performance, companies from Brics member countries (Brazil, Russia, India, China and South Africa) were selected. Data were extracted from the Thomson Reuters Eikon® database. Additionally, the sample was limited to companies whose information was available regarding ESG (Environmental, Social and Governance) for the period from 2018 to 2022 (Prodanov & Freitas, 2013).

This work is organized into sections, starting with the introduction, followed by the theoretical foundation, research methodology, data analysis and conclusion.

2 THEORETICAL FRAMEWORK

The perception of the scope of environmental problems led society to devote attention to preserving the environment and promoting social well-being. In the Brundtland Report in 1987, sustainability was addressed considering the three pillars of sustainable development, namely: Economic, Social and Environmental. The debates and meetings promoted over time led to the intertwining of such concepts, reflecting in turn, the conduct of management policies in the business environment (Nascimento, 2012; Gaio & Henriques, 2020). Some studies (Amorim, SMSS, Oliveira, MC, Ponte, VMR, & Abreu, MCS (2017). Dahlsrud, A. (2008). Orazalin, N. (2019) point out the evolution of the three pillars of sustainability to the concept of ESG (Environmental, Social and Governance). These authors define ESG as a significant part of the concept of Corporate Social Responsibility, which seeks to focus on business development and sustainability strategies in their relationship with the Environment (E-Environmental), with Social (S) and on management strategies. Corporate Governance (G) that they adopt.
The adoption of socially responsible standards caused companies to seek strategies that were capable of legitimizing business practices (Lugoboni, Zittei, Santos, Oliveira & Sanchez, 2018; Mendes, 2013; Salles et al, 2023). With regard to the legitimization of business practices, Carrol (2009) points out that corporate social responsibility is approached as a mediator of organizational practices and policies with regard to social and environmental benefits, working the interests of all interested parties (Belyaeva et al., 2020).

Dahlsrud (2008) points out that the objective of corporate social responsibility (CSR) is linked to the structuring of strategies, incorporating proposals for transparent results (Pereira et al., 2020; Katterbauer et al., 2022). For Scherer and Palazzo (2007), different contexts contributed to the construction of the theoretical framework on CSR, such as: compliance with legal obligations, voluntary honest behavior, business decisions based on ethical values and participation in economic evolution (Lugoboni et al., 2018).

The Legitimacy Theory consolidates CSR as a social contract, explicitly or not, between the company and society, encompassing actions that will be evaluated by their development and the results disclosed (Guthrie & Parker, 1989). For Boff (2007), the actions carried out through this contract are desirable, correct and appropriate, as long as they are within a system of norms, values and beliefs. The implementation of the legitimation proposed by CSR therefore considers governance strategies with more engagement or symbolic actions, which work on objective and emerging issues (Kim, Park & Wier, 2012; Mello & Mello, 2018).

In the classical economic view, the company is socially responsible when social and legal practices represent results aimed at partners. For the socioeconomic perspective, this attribute focuses on decisions that, together with results, promote social well-being (Ferreira et al., 2010). Working on sustainability with the support of management and profit strategies can reflect on the reduction of risks and lead to the production of results that go beyond shareholders, focusing attention on protecting the environment and quality of life (Basseto, 2010).

Considering the socioeconomic view, the Stakeholder Theory argues that companies have a shared, moral obligation to satisfy the interests of multiple constituencies (Barney & Harrison, 2020; Theodoulidis et al., 2017). This group has objectives, needs and preferences, which serve as guides for the processes of exploring sustainable innovation capabilities and CSR practices (González-Ramos, Guadamillas & Donate, 2023).

Therefore, it is clear that CSR functions as a mediator of the interests of all those involved in organizational processes, addressing issues related to social well-being and the environment, market strategies supported by governance issues, resulting in legitimization before society and other interested parties (Barney & Harrison, 2020; Theodoulidis et al., 2017; Kim, Park & Wier, 2012; Mello & Mello, 2018; Madime & Gonçalves, 2022).

The structuring of planning for decision making addresses factors of a financial or non-financial nature, such as: financial contributions, analysis of the needs of interested parties as well as the impacts of social and environmental issues. This means that the companies' results, in addition to being linked to the concept of shareholder profit and payment settlement capacity, are incorporated into the results mechanism for social and environmental performance (Pereira et al., 2020; Ortitzky, Schmidt & Rynes, 2003; Boaventura, Silva & Bandeira-de-Melo, 2012).

With regard to the performance of non-financial operations, corporate social performance (DSC) represents the way in which the company meets and responds to the demands of social content, generating collective results (Boaventura, Silva & Bandeira-de-Melo, 2012). In conceptual terms, DSC differs from CSR in that its scope addresses policies and practices aimed at the social, while CSR focuses on strategies and activities developed so that the company presents itself as socially responsible (Clarkson, 1995).

Since the DSC addresses how the company responds to social content demands, measurement mechanisms become part of the analysis framework. In this sense, research
indicates that the results of the DSC are a function of the expenses incurred in the implementation process and not the contribution of programs related to the social sphere with regard to the financial scenario (Lee & Lee, 2019; Abbot & Monsen, 1979; Aupperle, Carroll & Hatfield, 1985). Therefore, it is clear that there is a lack of a specific performance measure, different from financial performance, which can be measured by market measures, accounting measures and other types of measures (Pereira et al., 2020).

The relationship between DSC and CSR can be explained by some theories, such as stakeholders, transaction costs and the resource-based view (Makni, Françoise & Bellavance, 2008; Matten & Moon, 2008; Clarkson, 1995). Stakeholder theory states that when making investments of a social and environmental nature, the interests of all those involved must be incorporated into decisions (Ceretta et al., 2009). This theory considers profit maximization collectively, claiming that when making investments of a socio-environmental nature, the company obtains positive results by improving its relationship with stakeholders (Singh & Misra, 2021).

Ceretta et al. (2009) address the Transaction Cost Theory, as an explanation of the positive relationship, taking into account that good planning of expenses incurred in your social actions results in a better reputation in the market and lower costs with your stakeholders. Simpson and Kohers (2002), based on the argument of neoclassical economics, highlight that investment movements for the development of social performance cause an increase in costs, reducing profits and shareholder wealth.

It can be seen that the results of research on the relationships between financial performance linked to social practices are not yet consolidated, whether due to divergent theoretical views or variables related to measuring DSC that address different indicators (VELTE, 2017; MCWILLIAMS; SIEGEL, 2001). Through such findings in the literature, the following hypothesis emerges pertinent to company performance:

H1: Corporate Social Responsibility strategies have a positive relationship with Financial Performance.

3 METHODOLOGY

This study is characterized as explanatory, documentary and with a quantitative approach (Birochi, 2015; Prodanov & Freitas, 2013). The sample is made up of companies that are part of Brics and that made ESG scores available, from 2018 to 2022, through Thomson Reuters Eikon®. According to Araújo, Correia and Câmara (2022), this bank adopts a comprehensive methodology when it comes to evaluating the environmental, social and governance activities and results of companies, as it distinguishes the governance mechanisms and results related to CSR. Table 1 presents the variables that are part of the research analysis scope.

As can be seen in Table 1, the metric variables that make up the research, the dependent variables are of an accounting nature and, therefore, Tobin's Q (QT) and the operating return on assets (ROA) were adopted as variables representing the measures. market and operational. When addressing ESG, QT was used in view of its representativeness with regard to legitimation and the relationship with stakeholders. In turn, ROA, together with other accounting ratios, addresses the performance of management mechanisms and the development of executives. The independent variables are represented by the ESG score of each dimension provided by the database used in the research. The use of such metrics is justified as it results in a performance score that considers the three pillars of sustainable development.
The control variables are represented by the total logarithm of total assets, debt and revenue variation. The total logarithm of total assets will be considered since larger companies have a more noticeable inclination towards developing policies with an environmental and social content (Hillman & Keim, 2001; Surroca, Tribó & Waddock, 2010). The debt variable will be used considering its relationship with the attention of interested parties regarding the company's debt, a factor for commitment to actions aimed at social well-being and the environment. Finally, the variation in Revenue is considered because the growth of companies results in the need for working capital to sustain investments, which can affect profitability in the short term, making it difficult to implement corporate social responsibility.

The hypotheses were tested using regression models for panel data, with estimations using fixed and random models. The Hausman test, applied to all proposed models, indicated the fixed effects model as the result. Based on the pre-tests carried out with the collected data and in order to meet the objective of the study, the following econometric model was used:

\[ DES_{it} = \beta_1 RSCENV_{it} + \beta_2 RSCSOC_{it} + \beta_3 RSCGOV_{it} + \beta_4 \log AT_{it} + \beta_5 Endiv_{it} + \beta_6 REC_{it} + \epsilon_{it} \]  

(1)

On what:

\( DES_{it} \) - Company performance if for the year \( t \);
\( \beta_1 RSCENV_{it} \) - Environmental score of the company \( i \) for the year \( t \);
\( \beta_2 RSCSOC_{it} \) - Social score of the company \( i \) for the year \( t \);
\( \beta_3 RSCGOV_{it} \) - Company Governance Score \( i \) for the year \( t \);
\( \beta_4 \log AT_{it} \) - Natural Logarithm of the company’s Total Assets \( i \) in the year \( t \);
\( \beta_5 Endiv_{it} \) - Composition of the company’s debt \( i \) for the year \( t \);
\( \beta_6 REC_{it} \) - Variation in sales from year \( t-1 \) to year \( t \);
\( \epsilon_{it} \) - Regression error term.

Since this research addresses performance from an operational and market point of view, the above model will be worked in accordance with the control variables considering each of the dependent variables individually and later together. The model above will then be broken down into 3 other models, resulting in eight regression tests, as described below. To carry out testing of the proposed models, the software R was used.

- Equation 2 - Operational Performance - ROA
Analysis of Social Responsibility and its Relationship with the Financial Performance of Companies Located in Countries with Emerging Economies

\[ \text{ROA}_{it} = \beta_1 \text{RSCENV}_{it} + \beta_2 \text{RSCSOC}_{it} + \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]  

\[ \text{ROA}_{it} = \beta_1 \text{RSCENV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]  

\[ \text{ROA}_{it} = \beta_2 \text{RSCSOC}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]  

\[ \text{ROA}_{it} = \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ \text{ROA}_{it} = \beta_1 \text{RSCENV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ \text{ROA}_{it} = \beta_2 \text{RSCSOC}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ \text{ROA}_{it} = \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ \text{ROA}_{it} = \beta_1 \text{RSCENV}_{it} + \beta_2 \text{RSCSOC}_{it} + \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ Q_{iT} = \beta_1 \text{RSCENV}_{it} + \beta_2 \text{RSCSOC}_{it} + \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ Q_{iT} = \beta_1 \text{RSCENV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ Q_{iT} = \beta_2 \text{RSCSOC}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

\[ Q_{iT} = \beta_3 \text{RSCGOV}_{it} + \beta_4 \log \text{AT},_i + \beta_5 \text{Endiv},_i + \beta_6 \text{REC},_i + \epsilon_{it} \]

4 RESULTS AND DISCUSSION

This section consists of the following steps: initially, the composition of the sample and its important points are presented, subsequently descriptive analyzes of the variables used in the study were carried out. The correlation was then tested and the results obtained through the regressions were analyzed and discussed, using the panel data model. The total research sample is made up of 548 companies, shown in table 1 divided by countries. In the sample, China is the country with the highest representation, with a total of 253 companies and India, with 29 companies, has the lowest representation. Regarding the other countries in the sample, Russia has 99 companies, South Africa has 93 companies and Brazil is represented by 74 companies.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>93</td>
</tr>
<tr>
<td>Brazil</td>
<td>74</td>
</tr>
<tr>
<td>China</td>
<td>253</td>
</tr>
<tr>
<td>India</td>
<td>29</td>
</tr>
<tr>
<td>Russia</td>
<td>99</td>
</tr>
<tr>
<td>TOTAL</td>
<td>548</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023).

Chen et al. (2023) point out that China is representative in the number of companies compared to several other countries due to its global sustainable performance, since the Chinese government has been implementing actions to regulate and require companies to take responsibility for environmental protection, social responsibility and corporate governance. Chinese government actions related to CSR practices began in September 2006, when stock exchanges launched guidelines to encourage listed companies to engage in CSR practices, signaling an increase in the disclosure of sustainability reports, proving the strong relationship between government actions and environmental and social practices (Kao et al., 2018). As far as India is concerned, issues related to the social environment are not yet so evident, a fact that is related to the lack of studies that can prove the relationship between CSR practices and
In the descriptive statistics discussed in table 2, the Corporate Social Responsibility variable at the governance level (RSCGOV) has the highest average of 51.80, followed by the Corporate Social Responsibility variables (RSCSOC) which was 46.63 and the Responsibility variable corporate social at an environmental level (RSCENV) which was 42.75. In the variables representing operational performance metrics (ROA), a result of 0.06 was presented, being the lowest average in the sample; and in relation to Market Performance (QT), an average of 1.61 was observed. In this relationship, it is possible to notice that governance distances itself from financial content variables such as ROA and QT. In relation to the dispersion of data around the mean, it is noteworthy that the variables RSCENV, RSCSOC and RSCGOV behaved with the highest standard deviation coefficient, while the variable ROA was the one that presented the lowest dispersion index (0.09).

Table 2. Descriptive statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Average</th>
<th>Standard deviation</th>
<th>Minimum</th>
<th>Q1</th>
<th>Median</th>
<th>Q3</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>QT</td>
<td>1.61</td>
<td>2.79</td>
<td>0.00</td>
<td>0.31</td>
<td>0.67</td>
<td>1.67</td>
<td>27.53</td>
</tr>
<tr>
<td>ROA</td>
<td>0.06</td>
<td>0.09</td>
<td>-0.96</td>
<td>0.02</td>
<td>0.04</td>
<td>0.09</td>
<td>0.58</td>
</tr>
<tr>
<td>RSCENV</td>
<td>42.75</td>
<td>25.20</td>
<td>0.00</td>
<td>22.36</td>
<td>43.71</td>
<td>63.00</td>
<td>97.40</td>
</tr>
<tr>
<td>RSCSOC</td>
<td>51.80</td>
<td>21.29</td>
<td>0.29</td>
<td>34.45</td>
<td>52.10</td>
<td>69.34</td>
<td>97.18</td>
</tr>
<tr>
<td>RSCGOV</td>
<td>46.63</td>
<td>23.81</td>
<td>0.60</td>
<td>27.15</td>
<td>46.16</td>
<td>65.46</td>
<td>96.82</td>
</tr>
<tr>
<td>LOGATV</td>
<td>24.35</td>
<td>1.50</td>
<td>19.58</td>
<td>23.28</td>
<td>24.30</td>
<td>25.34</td>
<td>29.77</td>
</tr>
<tr>
<td>ENDIV</td>
<td>0.45</td>
<td>0.73</td>
<td>-10.14</td>
<td>0.40</td>
<td>0.61</td>
<td>0.78</td>
<td>3.08</td>
</tr>
<tr>
<td>REC</td>
<td>0.14</td>
<td>2.97</td>
<td>-146.33</td>
<td>0.02</td>
<td>0.17</td>
<td>0.32</td>
<td>15.06</td>
</tr>
</tbody>
</table>

Q1 => First quartile of data; Q3 => Third quartile of data; ROA => Operating Return on Assets; QT => Tobin's Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGAT => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue.

Source: Prepared by the authors (2023).

In table 3, the matrix showed a high correlation for ROA in relation to the RSCENV and RSCSOC variables, whereas for QT only when analyzed against the RSCSOC variable does it have a positive correlation of 0.03057. The results indicate that the application of factors related to environmental and social content is related to operational and market performance. In this scope Ferreira, Ávila and Faria (2010) point out that the perception on the part of consumers in relation to social practices is present in the construction of purchase intention, even if it leads to an increase in value, relating such issues to the reputation factor and competitiveness.
Table 3. Variable correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>ROA</th>
<th>QT</th>
<th>RSCENV</th>
<th>RSCGOV</th>
<th>RSCSOC</th>
<th>LOGATV</th>
<th>ENDIV</th>
<th>REC</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QT</td>
<td>0.4256</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSCENV</td>
<td>0.09218</td>
<td>-0.03401</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSCGOV</td>
<td>-0.01839</td>
<td>-0.03732</td>
<td>0.3462</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSCSOC</td>
<td>0.09259</td>
<td>0.03057</td>
<td>0.6669</td>
<td>0.3543</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>logATV</td>
<td>-0.1137</td>
<td>-0.306</td>
<td>0.236</td>
<td>0.07156</td>
<td>0.07266</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENDIV</td>
<td>-0.1527</td>
<td>-0.1683</td>
<td>0.06221</td>
<td>0.05184</td>
<td>0.07021</td>
<td>0.2238</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>REC</td>
<td>0.04038</td>
<td>0.02368</td>
<td>0.02768</td>
<td>-0.01713</td>
<td>0.02375</td>
<td>0.02423</td>
<td>0.0107</td>
<td>1</td>
</tr>
</tbody>
</table>

ROA => Operating Return on Assets; QT => Tobin's Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGATV => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue.

Source: Prepared by the authors (2023).

Table 4 presents the results obtained through the regression analyses, in which the performance indicators ROA in column 1 and QT in column 2 were used as dependent variables in relation to the environmental content variable (RSCENV) as the independent variable. In this model, only the market variable shown in column 2 showed a significance level of 1%.

This result remains in line with the view that environmental content issues improve the company's visibility and consequently its reputation among interested parties. From this result it is possible to understand that interested parties are linking their demands for information, which go beyond the content of economic and financial performance, to concerns of an environmental and social nature. This vision makes the accountability process more transparent, making companies realize the need to provide reports on the sustainability performance of their activities (Gaio & Henriques, 2020).

Table 4. Performance – ROA and QT measured by RSCENV

<table>
<thead>
<tr>
<th>ROA Performance (1)</th>
<th>QT Performance (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
<td><strong>Coefficient</strong></td>
</tr>
<tr>
<td>RSCENV</td>
<td>-0.00000187</td>
</tr>
<tr>
<td>LOGATV</td>
<td>-0.0035503</td>
</tr>
<tr>
<td>ENDIV</td>
<td>0.0044088</td>
</tr>
<tr>
<td>REC</td>
<td>0.0013653</td>
</tr>
</tbody>
</table>

P- Value = 0.0239
R² = 0.00578
Adjusted R² = -0.276

P- Value = 0.0000777
R² = 0.0123
Adjusted R² = -0.268

ROA => Operating Return on Assets; QT => Tobin's Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGATV => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue. *** significant at 1%; ** significant at 5%; * significant at 10%.

Source: Prepared by the authors (2023).

Regarding control variables, when approaching performance from the operational perspective presented in column 1, only the control variable REC showed a significance of 5%. However, when considering the market view, the control variables LogATV and ENDIVID show significance of 1% and 5%, respectively. The results indicate that environmental content issues improve market perception, leveraging the company’s growth and increase investors’ attention regarding the companies' debt (Hillman & Keim, 2001; Surroca et al., 2010; Ceretta et al., 2009).
Table 5. Performance – ROA and QT measured by RSCSOC

| Variable   | Coefficient | p>|z|* | Variable   | Coefficient | p>|z|* |
|------------|-------------|-----|------------|-------------|-----|
| RSCSOC     | -0.000122   | 0.4540 | RSCSOC     | 0.00293     | 0.2744 |
| LogATV     | -0.002306   | 0.6856 | LogATV     | -0.25666    | 0.0062 ** |
| ENDIV      | 0.004377    | 0.0600 | ENDIV      | 0.10474     | 0.0062 ** |
| REC        | 0.001374    | 0.0069 ** | REC        | 0.00263     | 0.7527 |

P- Value = 0.0189
R² = 0.00606
Adjusted R² = - 0.276

ROA => Operating Return on Assets; QT => Tobin’s Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGAT => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue. *** significant at 1%; ** significant at 5%; * significant at 10%.

Source: Prepared by the authors (2023).

In the performance panel model by ROA column 1 and by QT column 2 presented in table 5, when addressing the RSCSOC, no statistical significance was obtained in the relationships by both econometric models proposed. The results follow research that addresses the negative relationship between social practices and financial performance, based on the idea that analyzes take into account the costs incurred in the process and not the real contributions of social actions to company performance (Simpson & Kohers, 2002). Denu, Bentley and Duan (2023), point out that in emerging economies there is significant difficulty in understanding the contributions of social issues to financial performance, which can considerably reduce their application, especially as a market strategy.

Table 6. Performance – ROA and QT measured by RSCGOV

| Variable   | Coefficient | p>|z|* | Variable   | Coefficient | p>|z|* |
|------------|-------------|-----|------------|-------------|-----|
| RSCGOV     | -0.000202   | 0.1187 | RSCGOV     | -0.00127    | 0.5528 |
| LogATV     | -0.002158   | 0.6897 | LogATV     | -0.20794    | 0.0195 * |
| ENDIV      | 0.004425    | 0.0570 | ENDIV      | 0.10410     | 0.0066 *** |
| REC        | 0.001321    | 0.0094 ** | REC        | 0.00257     | 0.7589 |

P- Value = 0.00842
R² = 0.00702
Adjusted R² = -0.275

ROA => Operating Return on Assets; QT => Tobin’s Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGAT => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue. *** significant at 1%; ** significant at 5%; * significant at 10%.

Source: Prepared by the authors (2023).

In the control variables, when analyzing the operational performance issues in column 1, only the REC variable showed a significance of 1%. And in relation to column 2, representing market performance, the variables LogATV and ENDIV showed significance at 5%.

Considering the analysis of the mediating effect of ROA performance in column 1 and QT in column 2, through the variable RSCGOV as shown in table 6, the results do not indicate significance for the model. The absence of significant results for corporate governance issues may be related to cultural variables not foreseen in the models of this research. Mishra and Suar (2010), when addressing the relationship between financial performance and CSR in Indian companies, presents a subjective result that can be both negative and positive. Fonseka and Richardson (2023) and Cho, Chung and Young (2019), reinforce that there is a positive correlation between CSR and financial performance when adopting best corporate governance practices, but that the non-adoption of such practices does not necessarily change the relationship between these variables, CSR and financial performance.
Table 7. Performance – ROA and Total QT

| Variable  | Coefficient | p>|z|* | Variable  | Coefficient | p>|z|* |
|-----------|-------------|-----|-----------|-------------|-----|-----|
| RSCENV    | 0.0000921   | 0.5931 | RSCENV    | 0.01151     | 0.000048 *** |
| RSCSOC    | -0.0001202  | 0.5480 | RSCSOC    | -0.00369    | 0.26056 |
| RSCGOV    | -0.0001986  | 0.1410 | RSCGOV    | -0.00307    | 0.16438 |
| LogATV    | -0.0022751  | 0.7011 | LogATV    | -0.34998    | 0.00032 *** |
| ENDIV     | 0.0043906   | 0.0592 | ENDIV     | 0.10289     | 0.00701 ** |
| REC       | 0.0013273   | 0.0091 **| REC       | 0.00209     | 0.80159 |

P- Value = 0.0287  
R² = 0.00723  
Adjusted R² = -0.276  
P- Value = 0.000104  
R² = 0.0142  
Adjusted R² = -0.267

ROA => Operating Return on Assets; QT => Tobin's Q (Market Value of the firm); RSCENV => Environmental CSR (Environmental Score); RSCSOC => Social CSR (Social Score); RSCGOV => RSC Governance (Governance Score); LOGAT => Company Size (Natural Log of Total Assets); ENDIV => Firm’s debt; REC => Change in Net Revenue. *** significant at 1%; ** significant at 5%; * significant at 10%.

Source: Prepared by the authors (2023).

Finally, when analyzing the independent variables together and their reflection on performance through ROA and Market Performance, a different result is observed than that found when the analysis is done separately, pointing to the significance of only the model of market performance with regard to environmental content issues (RSCENV).

5 CONCLUSION

This study investigated the possible relationship between corporate social responsibility and the financial performance of companies located in countries participating in the BRICS economic group between 2018 and 2022. To achieve the objectives, the following specific objectives were outlined: analyze the business performance of economies emerging with regard to corporate social responsibility actions; raise the companies that are part of Brics, which disclose the ESG Score; verify the behavior of financial performance and its relationship with corporate social responsibility actions.

Regarding the sample of the total of 548 companies, China has the largest number of companies that adopt business practices with socio-environmental content, with 253 companies. South Africa continues with a smaller number, but has a certain representation in the sample, with 93 companies. India is the country with 29 companies, presenting the smallest number in the sample.

According to Denu, Bentley and Duan (2023), the low engagement in social issues in these types of economies is based on challenges related to clarifying what CSR is and how it can really contribute to financial performance. It is worth mentioning that some countries, such as China, go against this statement, as they are in the process of adopting significant measures to meet the requirements of sustainable development, working on issues such as: issuance of laws, regulations and rules that demand companies' commitment to responsibility for environmental and social protection and corporate governance (Chen et al., 2023).

In this study we sought to investigate the relationship between CSR practices and the performance of organizations, considering a priori a positive relationship between these variables. The results obtained showed a positive and significant association between the RSCENV variable, representing environmental content issues, and the firms' market performance. This result is in line with the theory of legitimacy, in which actions aimed at environmental sustainability project the company on the market with greater certainty about its conduct, instilling trust and reliability on the part of investors. This result is also in line with the Stakeholder Theory, since organizational practices aimed at conserving the environment in productive activity are of interest to various economic agents that interact with the firm and are
in line with society's expectations regarding development, sustainable business (Akporiaye, 2023).

In view of the results obtained and due to the lack of studies that address the participation of CSR in relation to financial performance in emerging economies, this study suggests for future research the deepening of financial performance through the exploration of the intersection between corporate governance and CSR, through other variables not used in this study, such as sustainability reports and business responses to national regulation. Due to new countries being included in the BRICS economic group, it is also suggested to expand the sample to include these new members in future analyses.

REFERENCES


