

There are no translations available.

This study adds two new perspectives to the long-running debate regarding the linkage between corporate social performance (CSP) and corporate financial performance (CFP): First, we add the aspect of issue materiality and suggest research to put more emphasis on the question of how individual CSP issues can be assumed to systematically influence the business environment from a theoretical point of view. Second, we highlight the measurement level of the underlying data screens as an important determinant of the actual effects of CSP on CFP. Focusing on climate change, we developed a set of questions that cover a firm's carbon emissions and carbon management strategies. These questions were included in a questionnaire sent out annually to the 2,500 largest companies by market cap within the Dow Jones Global Index by an independent Swiss-based asset management firm. Our results show that when using carbon emissions as an outcome-based measurement, corporate environmental performance pays off. Conversely, when using carbon management as a process-based measurement, we find a negative relationship between corporate environmental performance and CFP.

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