


Please cite the Published Version

Develay, Etienne , Giamporcaro, Stephanie and Wang, Yan (2022) CSR Contracting, Materiality, and Their Effects on Financial and Non-financial Performance. In: AOM 2022: Creating a Better World Together, 5 August 2022 - 9 August 2022, Seattle, Washington, USA.

DOI: <https://doi.org/10.5465/ambpp.2022.12151abstract>

Publisher: Academy of Management

Version: Published Version

Downloaded from: <https://e-space.mmu.ac.uk/633831/>

Usage rights:  [Creative Commons: Attribution-Noncommercial-No Derivative Works 3.0](https://creativecommons.org/licenses/by-nc-nd/3.0/)

Additional Information: This is a published abstract of a paper presented at AOM Conference 2022

Enquiries:

If you have questions about this document, contact openresearch@mmu.ac.uk. Please include the URL of the record in e-space. If you believe that your, or a third party's rights have been compromised through this document please see our Take Down policy (available from <https://www.mmu.ac.uk/library/using-the-library/policies-and-guidelines>)

[< back](#)

Academy of Management Annual Meeting *Proceedings* includes abstracts of all papers and symposia presented at the annual conference, plus 6-page abridged versions of the “Best Papers” accepted for inclusion in the program (approximately 10%). Papers published in the *Proceedings* are abridged because presenting papers at their full length could preclude subsequent journal publication. Please contact the author(s) directly for the full papers.

CSR Contracting, Materiality, and Their Effects on Financial and Non-financial Performance

Etienne Develay, Stephanie Giamporcaro and Yan Wang

Published Online: 6 Jul 2022 | <https://doi.org/10.5465/AMBPP.2022.12151abstract>

Abstract

Although the recent corporate governance initiative of tying environmental, social, and governance (ESG) targets to executive compensation is gaining popularity in developed economies, difficulties have been reported in their identification and selection due to a heterogeneity of stakeholder interests. Drawing on the agency and stakeholder theories, we apply the concept of materiality for the design of ESG targets in executive compensation and tests its effects on corporate financial and non-financial performance. By focusing on a unique sample of S&P 1,500 companies from 2011 to 2019, we find that material CSR contracting has a negative effect on market-based financial performance and a positive one on environmental performance. These results are robust to endogeneity and further tests suggest that this approach provide greater effects than simply adding general ESG targets in executive compensation. These findings imply a trade-off between corporate financial performance and corporate non-financial performance in the short-term which raises questions about the primary motivations of corporations and the soundness of shareholder-oriented materiality frameworks.

[< back](#)



ACADEMY OF Management

Academy of Management
555 Pleasantville Road, Suite N200
Briarcliff Manor, NY 10510-8020, USA
Phone: +1 (914) 326-1800
Fax: +1 (914) 326-1900

[Privacy Policy](#) [Logo Use](#)

© 2024 Academy of Management
Powered by [Atypon® Literatum](#)