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Corporate Social Responsibility and Financial Performance: A Relationship Mediated by Stakeholder Satisfaction

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Abstract: Research work on the relationship between Corporate Social Responsibility and financial performance has been going on for seven decades. Even when the prevailing studies are those that found a positive influence of social responsibility on financial performance, strong conclusive results are still unavailable. Some explanations for this situation are based, among other reasons, on the fact that the variables have a relation mediated by multiple factors. Additionally, it is still unknown whether the results obtained can be extrapolated to all types of companies since the majority of studies have focused on large companies listed on the stock exchange. This research studied how one of those factors (stakeholder satisfaction) mediated in companies of different sizes (including SMEs) and different types of companies (publicly listed companies or private ownership companies). A questionnaire was used, including indices relative to (1) the degree of development of the company's social responsibility policies, (2) the changes in the satisfaction of four key stakeholders (employees, customers, suppliers, and shareholders) and financial performance (sales and profitability). Findings show the existence of a correlation between social responsibility and financial performance and also that such a relationship is mediated by the satisfaction of stakeholders. That relationship was also found to be independent of company sizes and the type of company This research work is intended to be a contribution towards that field of study, as it has detected a relationship between variables in medium-sized and private ownership companies.

Keywords: corporate social responsibility; financial performance; mediation; stakeholder satisfaction; type of capital; company size

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1. Introduction

The question of whether the application of Corporate Social Responsibility (CSR) has an effect on a firm's financial outcome has been part of academic discussions since the initial considerations of CSR (Cochran and Wood 1984; Quazi and Richardson 2012). In the 80s, different groups (customers, employees, suppliers, community and environmental organisations, governments, and even shareholders) started demanding or encouraging companies to make additional investments in CSR (McWilliams and Siegel 2000). Since some companies undertook this challenge, investment funds were created in relation to companies that stood out due to their CSR practices, in addition to the definition of stock market indices that were useful to these new investors (Herremans et al. 1993). Consequently, during the 1990s, the Domini 400 Social Index was created in the U.S.A. for companies with social responsibility and ethical behaviour profiles. The index included performance measurements regarding employment, human relations, product safety, environmental safety and corporate governance. However, these novel ideas were resisted by most managers who deemed the additional investment implied by CSR non-compatible with their aim to maximise gains. As a consequence of this, such dispute led academics to do research on the relationship between CSR and financial performance (McWilliams and Siegel 2000).

Meanwhile, in the academic field, the resounded questioning by Milton Friedman (1970) relative to CSR urged the need to demonstrate its positive effects on financial performance. According to Griffin and Mahon (1997), Friedman's arguments "added fire and intellectual challenge to the debate and triggered additional interest in either proving or disproving the relationship between social performance and financial performance" (p. 5). The new idea about CSR gave way to a new field of research on management, where the study of the relationship between CSR and financial performance became an issue of significance because academicians, as well as managers and practitioners, "would like to see a business case to justify their commitment to CSR" (Quazi and Richardson 2012, p. 242).

This interest led to an extensive production of research work that started in the 1970s and has been on the rise in recent years. Despite the prevailing research indicating a positive relationship between social responsibility and financial performance, some studies did not detect that. In that sense, some authors have pointed out that research results evidence several problems (Jones and Wicks 1999b; Roman et al. 1999; McWilliams and Siegel 2000; Orlitzky et al. 2003). Jones and Wicks (1999b) indicated that empirical work on this aspect is abundant, though most of it is non-theoretical, and, as a whole, results are not conclusive. Orlitzky et al. (2003) pointed out that, throughout decades of empirical research on this relationship, researchers have become involved in a futile search for stable causal patterns. Along this line, Wood and Jones (1995) pointed at the absence of solid results, while Ullmann (1985) mentioned the inconsistency of the results obtained, and Rowley and Berman (2000) considered those results contradictory and ambiguous. There are also authors who have adopted a pessimistic stance, requesting an extension of the research on the relationship between CSR and financial performance (Orlitzky et al. 2003).

Amidst the discussion about these diverse results, mention has been made of the possibility that the relationship between both variables might be mediated by other factors. In that sense, McWilliams and Siegel (2000) made a reference to the mediating role of research and development (R&D), entry barriers and product differentiation. Other authors mentioned the need to consider the industry type (Arian et al. 2023) or the specific demands of stakeholders (Yoon and Chung 2018). Additionally, others have questioned the possible influence of the company's size (Parket and Eilbirt 1975), more efficient management (Parket and Eilbirt 1975), the rotation and seniority of corporate assets (Cochran and Wood 1984), and each market's specific productivity and cultural aspects. The research questions have also focused on the possible influence of the personal attributes, such as gender, of managers and directors, and studies have been carried out on the mediating role of gender in the relationship between CSR and financial performance (Kahloul et al. 2022).

Based on the above considerations, this document includes a study of the relationship between CSR and financial performance that takes stakeholder satisfaction as a possible variable affecting that relationship. The main purpose of this research study was to assess whether that relationship is mediated by the satisfaction of four key stakeholders (employees, customers, suppliers and shareholders). Moreover, this study eluded one of the great limitations that affect research in this field of study: the almost exclusive focus on large-size publicly listed companies that are subject to the legal obligation of publishing their financial performance. To that end, a research strategy was designed to allow the collection of reliable information about companies of different sizes and types (public and private). A non-probabilistic sample of companies with varied profiles was selected, where the aspect in common was their public statements as to having included CSR in their activity. The questionnaire was answered by an individual appointed by the directors of each company. Answers were not the personal opinions of those who replied but rather the evaluation made by the company. A theoretical definition of the CSR concept (aligned with the definition proposed in Guide ISO 26000) (ISO 2011) was adopted, and a series of CSR indices consistent with that definition were compiled. For each index, measurements were taken of the level of application of specific CSR policies. Additionally, indices were compiled to measure the companies' financial performance and the satisfaction of the four groups of stakeholders mentioned before. The companies assessed the changes in those indices for the three years immediately prior, indicating whether they had decreased or increased.

The findings showed that there is a positive correlation between a company's social responsibility and its financial performance and that the relationship is mediated by the satisfaction of employees, suppliers and shareholders but not by customer satisfaction. Consequently, the conclusion is that the relationship between CSR and financial performance is a complex one and that, for CSR to generate a positive financial outcome, companies must first ensure that the relationship with those stakeholders proves satisfactory to them. It was also found that the relationship between CSR and financial performance occurs independently of the size of the companies and whether they are public or private companies. This represents another contribution of this study, for most of the studies only verified this relationship in large-size, public companies. The findings of this work showed that this relationship is also present in medium-sized companies and in private companies.

Section 2 of this document includes a review of the bibliography that guided the research. In this section, four issues are considered. Firstly, a review of the arguments that support the relationship between CSR and financial performance is carried out. Secondly, the concept of CSR is discussed since there is no consensus on this concept among academics. Thirdly, a review is made of the different ways of measuring CSR and financial performance, which is present in the literature that studies the relationship between CSR and financial performance. Fourthly, a brief review of research that considers the mediation of various factors of the relationship between CSR and financial performance is presented. The next three sections include, respectively, a description of the methodology used, a description and analysis of the results, and a synthesis with the main conclusions.

2. Theoretical Framework

2.1. Arguments That Substantiate the Relationship between CSR and FP

Different arguments have been brought up to establish that the inclusion of CSR has a positive effect on the financial performance of companies. McGuire et al. (1988) indicated that the explicit costs of CSR are minimal, and companies may benefit from it in terms of productivity, employee motivation, greater customer acceptance of their products and access to sources of capital that seek secure investments. Regarding the positive effects on human capital, the opinion of Quazi and Richardson (2012) was that companies that apply CSR generate greater motivation, reserves available and higher commitment in employees, all of which end up having a positive effect on financial performance. Arguments have also affirmed that CSR improves public relations (Parket and Eilbirt 1975) while also allowing the construction of a distinctive corporate image that might generate competitive advantages (Porter and Kramer 2006).

In line with this argument, Herremans et al. (1993) pointed out that putting a proactive CSR in practice necessarily requires superior management, so, for that reason, companies with higher CSR should show signs of higher management skills. In this regard, Moskowitz (1972) indicated that corporations acting with social responsibility develop a special sensitivity that enables them to beat competitors.

There have also been opinions as to the cost of socially responsible actions being compensated by a reduction in other corporate costs (McGuire et al. 1988). In that sense, Quazi and Richardson (2012) pointed out that CSR enables reduced legal costs due to rejected products or employment compensations derived from non-responsible practices. Additionally, CSR is an aid in preventing stakeholder doubts about the company's capacity to fulfil their demands, as is the case of companies that do not take the viewpoint of stakeholders into account (McGuire et al. 1988). Another fact that has been mentioned is that adopting socially responsible behaviour entails the possibility of being one step ahead of constrictive regulations to be set forth in the future. In this regard, Parket and Eilbirt (1975) suggested that expenses undertaken willingly are significantly preferable to harsher measures that those who are critical might lead the authorities to impose.

However, opinions have also been put forward as to whether such effects are negative or neutral. Different authors have shown that the additional costs generated by CSR practices imply disadvantages for the companies practising them as compared to the competitors that do not (Vance 1975; Aupperle et al. 1985; Ullmann 1985; Preston and O'Bannon 1997). McGuire et al. (1988) mentioned examples of some of such additional costs, such as making significant contributions to charities, promoting community development programmes, maintaining industrial plants in venues of depressed economies, or defining environmental protection procedures. Moreover, some of those practices may imply limitations to strategic alternatives, as in the case of relocated industrial plants, or the fact of giving up the development of specific lines of products. In sum, those who are pessimistic about the positive financial effects of CSR explain that CSR implies additional costs and lost opportunities for possible gains (Herremans et al. 1993). Some authors who are less pessimistic have suggested that there is a mutual compensation between costs and gains deriving from CSR, which thus generates a neutral effect on profitability (Moskowitz 1972; Parket and Eilbirt 1975).

Three theories are used to support the positive relationship between CSR and financial performance: value creation theory, stakeholder theory and Resources Based View. The theory of value creation proposes that the incorporation of CSR reduces risks (lawsuits, restrictive legislation, etc.) and promotes the creation of long-term value (Yu and Zhao 2015). Stakeholder theory (Freeman and Reed 1983) states that satisfying social and environmental demands generates reciprocal behaviours in stakeholders (employee commitment, supplier loyalty, community permission to operate, etc.), which have a positive impact on economic performance. The theory of the resource-based view (Barney 1991) is used to argue that if companies appropriately apply their resources (tangible and intangible) to CSR, they will surely minimise the associated costs, resulting in a better financial performance for the company (Haffar and Searcy 2017; Khan et al. 2022).

2.2. Definition of CSR

More than seven decades after the first mention of the concept of Corporate Social Responsibility, the expression still lacks a consensual definition (Franco 2022; Licandro et al. 2023). Different authors have pointed out that there is no agreement as to the domains of CSR (Hayat et al. 2022), let alone the specific responsibilities contained within the abstract concept of CSR (Holmes 1976). Some have described the term CSR as being ambiguous (Pedersen 2006; Montiel 2008; Sheehy 2015), chameleon-like (Sarkar and Searcy 2016) and refuted (Okoye 2009). Some have also affirmed that the definition of the CSR concept has evolved over time as a consequence of changes in society and within corporations (Latapí Agudelo et al. 2019). All of this explains the wide variety of indices used in measuring CSR while questioning the comparability of the measurements recorded. It is for this reason that the definition of CSR is still under discussion (Okoye 2009). In general, everyone agrees that the expression CSR "has a meaning, though not always the same meaning to all" (Votaw 1972, p. 25). In the opinion of González-Pérez (2013), the expression CSR has different meanings for different publics because it "is inexplicit, indefinite, multidimensional and changing". (p. 2). Eilbert and Parket (1973) indicated that establishing a precise definition of CSR is not easy due to the wide variety of its possible contents and the boundaries between what is CSR and what is not. Okoye (2009) was quite pessimistic about the possibility of agreeing upon a universal definition of CSR.

The lack of a common theoretical definition of CSR prevents the advancement of research on the relationship between CSR and financial performance because the outcome of every study implies serious difficulties when it comes to comparison and extrapolating instances (Rowley and Berman 2000). These complications had already been mentioned in the initial studies that revolved around this subject. Rowley and Berman (2000) stated that CSR "has not developed into a viable theoretical or operational construct" (p. 397) because the measurements involved depend on each company's operational environment. According to Blackburn et al. (1994, p. 195), "Efforts to investigate social responsibility and its relationship to corporate performance have been frustrated by a lack of adequate operationalisations and measures of social responsibility". Their opinion is that CSR "continues to be a poorly defined as well as difficult to measure concept" (Blackburn et al. 1994, p. 195). Several authors who have studied the relationship between CSR and financial performance have indicated that CSR is hard to measure consistently (Carroll 1991; Aupperle et al. 1985; Wood 1991; Graves and Waddock 1994). Griffin (2000) stated that, in the absence of a solid theory to substantiate the lists of indices used in measuring CSR, empirical studies of the relationship between CSR and economic performance end up not contributing towards a better comprehension of the phenomenon.

Moreover, there are three easily detectable situations found in publications relative to CSR and financial performance: (1) research studies whose authors do not explicitly state the definition of CSR on which they base their indices, (2) studies that show no consistency between theoretical considerations about CSR and indices used, and (3) studies that resort to ancillary data with no considerations by the authors as to the theoretical bases that substantiate the way in which CSR was measured to obtain that data.

Given those three situations and the existing confusion about the concept of CSR, this study set forth a definition of CSR, which was later used to design the indices with which the concept was measured. The definition proposed by Licandro et al. (2023) is the one adopted herein, that is: "CSR is a management philosophy that establishes that the management of companies must seek to minimise the operational externalities on stakeholders, society in general, and the environment, as well as generating positive externalities on them" (p. 10). This definition aligns with the definition included in ISO 26.000 (ISO 2011) and is founded on the considerations of classical authors (Davis and Blomstrom 1966; Davis 1967; Fitch 1976; Eilbert and Parket 1973; Frederick et al. 1992; Reder 1994), as well as contemporary authors (Gaete 2010; García et al. 2013). Though different terms are used to refer to externalities, all the authors mentioned share the conception that CSR is the responsible management of the consequences derived from the decisions and actions of companies in relation to stakeholders, society and the environment.

2.3. CSR Measurements in Studies about the Relationship between CSR and Economic Performance

Studies about the relationship between CSR and financial performance include a variety of instruments used to measure CSR, which may be divided into four groups. The first group includes indices or rankings resulting from assessments by a group of independent experts (professionals, executives, etc.). Among the initial indices applied at the beginning of research studies carried out on this subject, there is Fortune 500's annual ranking of corporate reputation (McGuire et al. 1988; Herremans et al. 1993; Griffin and Mahon 1997), which is still applicable (Lin et al. 2018). Another widely used index is KLD, created by the consulting firm Kinder, Lydenberg, Domini & Co., Inc. (Cambridge, MA, USA). This index entails the assessment by a group of experts of the companies included in the Fortune 500. Initially, the KLD took eight attributes into account (namely, relationship with the community, relationship with employees, environment, the product, treatment towards women and minorities, military contracts, nuclear energy, and South Africa), which were updated later. More recently, the KLD index has been replaced by the MSCI (Morgan Stanley Capital International) index. A significant portion of research studies carried out on the relationship between CSR and financial performance have applied it (Graves and Waddock 1994; Griffin and Mahon 1997; McWilliams and Siegel 2000; Lioui and Sharma 2012; Theodoulidis et al. 2017; Yoon and Chung 2018; Hasan et al. 2018). Other indices based on the judgment of experts are one created by the US Council on Economic

Priorities in 1988 and 1989 (Blackburn et al. 1994); the ESG by Thomson Reuters (Chollet and Sandwidib 2018; Gonçalves et al. 2021; Kahloul et al. 2022) and the KEJI, which Is used for the yearly analysis of the CSR performance of approximately 400 companies in Korea (Oh and Park 2015).

The second group comprises indices or rankings founded on the review of documents published by companies and, more specifically, corporate reports and sustainability reports. Some of the older ones include the SID Scale, used by Abbot and Monsen (1979), and the one defined by Ernst and Whinney in 1978, which was used by Cowen et al. (1987). Among the indices created in the 21st century, there is the Bloomberg index (applied by Arian et al. 2023), the SER (Standard Ethics Rating), which was used by Tenuta and Cambrea (2022), and the Hexum index, a portal on financial information used in China (used by Huang 2022).

The third group comprises questionnaires designed by academics in order to measure the opinion or the perception of different public (employees, students, customers, etc.). Sometimes, they are used exactly as they were designed, and sometimes they are previously adapted. Either implicitly or explicitly, each of these questionnaires relates to a theoretical framework of CSR. Some are questionnaires designed for research on other subjects, such as the one developed by Maignan and Ferrell (2000, 2001). This questionnaire was used by Saeidi et al. (2015) and Saeidi et al. (2021). However, other questionnaires were especially designed to study the relationship between CSR and financial performance. Two of the most referenced questionnaires are those developed by Vance (1975), used by Alexander and Buchholz (1978) and Aupperle et al. (1985) and later applied by O'Neill et al. (1989), among others.

The last and fourth group consists of questionnaires designed to assess CSR by means of data provided by the companies. These questionnaires are filled in by the higher management or by a representative appointed by each company. However, some of those questionnaires were designed for different purposes, such as the questionnaire by Muthury and Gilbert (2011), which was later used by Bokhari et al. (2023). Nevertheless, most questionnaires are defined ad hoc for each research study (Xie et al. 2017; Atmeh et al. 2020; Otero-González et al. 2021; Ortiz-Martínez et al. 2023). This research study applies the questionnaire type referenced above.

All the instruments mentioned have both strengths and weaknesses. The main strengths of the first two groups are the fact that each company is assessed by experts who are not related to the firms (in accordance with specific objective criteria common to all) and they are consistently applied to all companies, with the possibility of replication (Graves and Waddock 1994). However, both instruments have limitations: (1) they may only be used to study the small group of companies included in the indices (generally large-size, public companies), (2) the researcher must adapt his/her theoretical framework to the dimensions of the CSR considered in each of them and (3) in general, all CSR dimensions have the same relative weight (Griffin and Mahon 1997). Additionally, in the case of indices based on the companies' public information, there is a high dependence on the thoroughness of information and on the purposes for which they were created (Graves and Waddock 1994). Compared with these indices, an advantage of these two groups of questionnaires is that they may be consistently created with the authors' theoretical framework, although they are exposed to biases, inconsistencies and the subjectivity of those who fill in the questionnaires. Furthermore, in the case of the fourth group, they are also exposed to receiving false or exorbitant information.

2.4. Measurements of Financial Performance

Blackburn et al. (1994) pointed out that selecting the financial performance measures is an easier decision than selecting indices to measure CSR because it comes down to conventional financial measures (Jones and Wicks 1999a). These measures are divided into two types: those based on accounting (accounting performance) and others based on the stock market (investors' performance).

Cochran and Wood (1984) pointed at the lack of agreement as to which of the two is the type of measure most adequate to study the relationship between CSR and financial performance. The idea backing the position of those who prefer the market measures is that performance should be measured from the viewpoint of investors, while those who prefer the accounting-type measures deem them to allow a better assessment of the role of managerial decisions in relation to financial performance (Cochran and Wood 1984). McGuire et al. (1988) indicated that the types of measures used might have an effect on the results of research work because the two "focus on different aspects of performance, and each is subject to specific biases" (p. 859). A warning by Griffin and Mahon (1997) was that one or several measures have been used inconsistently, apparently based on convenience aspects for the researcher and on the ease of obtaining data for analysis.

Both groups of indices imply advantages and disadvantages, and, in general, the advantages in one case are disadvantages in the other case. Those who advocate the use of measurements based on accounting affirm that they are (1) easier to work with, (2) based on the actual historical behaviour of companies rather than on future expectations and (3) are significant for most stakeholders (and not just for investors). On the other hand, those keen on using stock market indices have stated that those strengths also imply weaknesses because (1) expectations about future performance are also important, especially in the case of investors (McGuire et al. 1988; Blackburn et al. 1994), (2) accounting measurements might bear the influence of differences existing in the accounting procedures and could lead to difficulties in the comparison (McGuire et al. 1988), (3) such measurements are liable of being manipulated by managers, and (4) they do not comprise the effects of risks (Blackburn et al. 1994).

Considering the advantages and the disadvantages of each group of measurements, some authors recommend using a combination thereof (McGuire et al. 1988; Blackburn et al. 1994). Certain authors noted that the comparison based on the price of stock shares must be combined with the income due to dividends (Cochran and Wood 1984). Others insist on using the profits of stock shares along with risk indices (Alexander and Buchholz 1978; Cochran and Wood 1984). The viewpoint of Alexander and Buchholz (1978) is based on the fact that "it is generally accepted that higher risk securities should have higher returns than lower risk securities" (p. 480). Table 1 illustrates by means of examples the ample and diversified universe of studies that have been published on this topic. Such studies are classified in accordance with the type of instrument used in measuring CSR and the type of financial performance measurement selected.

Table 1. Examples of studies classified according to the type of instrument used in measuring CSR and the type of financial performance indices.

CSR Measuring Instrument	Type of Financial Performance Indices	Authors
Assessments based on the judgement of experts	Accounting	Graves and Waddock (1994) Griffin and Mahon (1997) McWilliams and Siegel (2000) Huang (2022) Tenuta and Cambrea (2022)
	Capital market	Chollet and Sandwidib (2018) Hasan et al. (2018)
	Both	McGuire et al. (1988) Herremans et al. (1993) Lioui and Sharma (2012) Theodoulidis et al. (2017) Yoon and Chung (2018). Arian et al. (2023) Kahloul et al. (2022)

Table 1. *Cont.*

CSR Measuring Instrument	Type of Financial Performance Indices	Authors
Assessments based on the analysis of the contents of corporate discourse	Accounting	Bowman and Haire (1975) Cowen et al. (1987) Valls Martínez (2019) Ellili and Nobanee (2023)
	Both	Cochran and Wood (1984)
Questionnaires used in surveys among different publics	Accounting	O'Neill et al. (1989)
	Capital markets	Vance (1975) Alexander and Buchholz (1978)
	Both	Aupperle et al. (1985) Blackburn et al. (1994)
Questionnaires disclosing data supplied by companies (including managers' opinions)	Accounting	Saeidi et al. (2015) Xie et al. (2017) Atmeh et al. (2020) Otero-González et al. (2021) Ortiz-Martínez et al. (2023) Bokhari et al. (2023)
Other	Accounting	Parket and Eilbirt (1975) Martínez-Campillo et al. (2013) Akben-Selcuk (2019)
	Capital market	Moskowitz (1972)
	Both	Rodríguez Fernández (2016)

2.5. Factors Mediating in the Relationship between CSR and Financial Performance

McWilliams and Siegel (2000) pointed out the importance of taking into consideration factors that intervene in or might have an influence on the relationship between CSR and financial performance. Their warning in this regard is to distrust "models that claim to "explain" firm performance, but do not include important strategic variables" (p. 608). Notwithstanding this alert formulated two decades ago, most research work in this field of study does not take into account the occasional influence that other factors may have when considering the relationship between CSR and financial performance.

Only a few studies focused on the mediating role of stakeholders within this relationship. According to Orlitzky et al. (2003), CSR increases competitive advantage as it aids in better addressing and evaluating the claims of different stakeholders "in a fair, rational manner." (p. 405). Arian et al. (2023) detected that the stakeholders of companies that operate in consumer markets tend to be more rewarding in relation to CSR practices than the stakeholders of companies in industrial markets. Yoon and Chung (2018) showed that internal CSR practices (aimed at employees) have positive effects on the company's operational profitability, while CSR practices aimed at external stakeholders generate the opposite effect. It has also been demonstrated that social considerations of key stakeholders temper the relationship between CSR and financial performance (Hasan et al. 2018), and the rotation of employees has negative effects on that relationship (Chang et al. 2021).

Some authors take company size into account. Parket and Eilbirt (1975) indicated that the company's size relates positively to CSR efforts, so such a variable has an influence on the relationship between CSR and financial performance. Abbot and Monsen (1979) found that, when controlling for company size, CSR has only a very slight effect on FP. More recently, Ortiz-Martínez et al. (2023) revealed that the relationship between CSR and financial performance also occurs in SMEs.

Different authors suggested that the "industry" factor be the one considered. Arian et al. (2023) found that the positive relationship between CSR and financial performance functions well in mass consumption industries (travel, tourism, hotel, food and so on) but not in companies from the area of industrial markets. McWilliams and Siegel (2000) pointed out the need to take this determinant into account since it accounts for a significant percentage of profitability variations between companies. Specifically, they discarded two aspects of such factors: the degree of product differentiation and barriers to access.

Other variables considered as mediating factors between CSR and financial performance are (1) ownership concentration, defined by the percentage of stock shares owned by the majority shareholder (Akben-Selcuk 2019); (2) management efficiency (Parket and Eilbirt 1975); (3) rotation and seniority of corporate assets (Cochran and Wood 1984); (4) research and development (R&D) (McWilliams and Siegel 2000); (5) law enforcement (Bokhari et al. 2023); and (6) compliance and ethical management (Bokhari et al. 2023).

3. Hypotheses

As already mentioned in Section 2.1, there is abundant literature that has studied the relationship between CSR and financial performance. The articles included in Table 1 address this issue. Most research found that there is a positive relationship between both variables, but some studies have not been able to verify this relationship. Furthermore, the three theories already mentioned (value creation theory, stakeholder theory and Resources Based View) allow this relationship to be argued. Consequently, in this work the validity of the following hypothesis is studied:

Hypothesis 1. *There is a positive relationship between the degree of development of CSR policies and the companies' financial performance.*

According to the definition of the concept undertaken in this study, CSR is exercised in the specific relationship of a company with each of its stakeholders and the environment. The accumulated research on the relationship between CSR and financial performance considers only global CSR, but this research does not study the impact of CSR directed specifically toward each stakeholder. Consequently, it is unknown whether the impact of CSR on financial performance requires the application of specific CSR practices towards all stakeholders or if it is enough to apply CSR practices towards some of them. Given that shareholders, employees, customers and suppliers constitute the core stakeholders with the most direct relationship with all types of companies, Hypothesis 2 focuses on them. This is the reason why Hypothesis 1 will be complemented with this other hypothesis:

Hypothesis 2. *There is a positive relationship between the degree of development of specific CSR policies for each stakeholder and the companies' financial performance.*

This hypothesis can be divided into four sub-hypotheses:

Hypothesis 2a. *There is a positive relationship between the degree of development of specific CSR policies towards shareholders and the companies' financial performance.*

Hypothesis 2b. *There is a positive relationship between the degree of development of specific CSR policies towards employees and the companies' financial performance.*

Hypothesis 2c. *There is a positive relationship between the degree of development of specific CSR policies towards suppliers and the companies' financial performance.*

Hypothesis 2d. *There is a positive relationship between the degree of development of specific CSR policies towards clients and the companies' financial performance.*

The central objective of this work is to evaluate whether stakeholder satisfaction mediates the relationship between CSR and financial performance. As already noted in Section 2.5, little research has been conducted on the factors that mediate this relationship. In particular, we have not found works that consider stakeholder satisfaction as a mediating factor. Grewatsch and Kleindienst (2017) published an interesting bibliographic review of articles that study the moderating and mediating factors in the relationship between CSR and financial performance. This work does not mention any research that considers stakeholder satisfaction as a mediating factor. Therefore, the following hypothesis addresses an issue for which there is no precedent.

Hypothesis 3. *The relationship between the development of CSR policies and the companies' financial performance is mediated by the satisfaction of their stakeholders.*

Like Hypothesis 1, Hypothesis 3 considers the relationship between the variables for the set of stakeholders. Therefore, it is interesting to analyse whether this relationship also occurs at the level of each specific stakeholder. This is the reason why the following hypothesis is evaluated in this work.

Hypothesis 4. *The relationship between the degree of development of specific CSR policies for each stakeholder and the company's financial performance is mediated by the satisfaction of that stakeholder.*

This hypothesis can be divided into four sub-hypotheses:

Hypothesis 4a. *The relationship between the degree of development of specific CSR policies for shareholders and the company's financial performance is mediated by shareholders' satisfaction.*

Hypothesis 4b. *The relationship between the degree of development of specific CSR policies for employees and the company's financial performance is mediated by employee satisfaction.*

Hypothesis 4c. *The relationship between the degree of development of specific CSR policies for suppliers and the company's financial performance is mediated by supplier satisfaction.*

Hypothesis 4d. *The relationship between the degree of development of specific CSR policies for clients and the company's financial performance is mediated by client satisfaction.*

Most research on the relationship between CSR and financial performance has been carried out on large and public companies. Therefore, it is necessary to evaluate whether the size of the companies and the type of capital (private or social) influence this relationship. Unlike most previous works, this work included medium-sized companies and privately held companies. This allows us to evaluate the following hypotheses:

Hypothesis 5. *The relationship between the development of CSR policies and the companies' financial performance is independent of company size.*

Hypothesis 6. *The relationship between the development of CSR policies and the companies' financial performance is independent of company type (public or private).*

4. Method

Universe and sample. The universe or population comprised the companies with relevant activity towards the inclusion of CSR in Uruguay, making it known to the public. Additionally, such companies are part of organisations whose mission is to promote CSR in Uruguay or otherwise take part in activities led by those organisations. It was a small universe, with an exact number still unknown, though it probably involved not more than 500 (it should be borne in mind that Uruguay is a small country with a population of just three and a half million). This universe includes companies of various sizes (large and medium), company types (public or private), origins of capital (domestic or international), fields of activity, etc. Through a publication by the institution carrying out the research, a public invitation was sent to those interested in participating. This invitation was sent by e-mail to a base of companies that have a relationship with the institution. In addition, the study was disseminated through the institution's website. The sample comprises the 41 companies that replied affirmatively to the invitation. The information was collected in 2019. The sampling technique is thus non-probabilistic.

Data compilation technique. The tool applied was a questionnaire meant to be self-administered. The questionnaire sent to every company that agreed to take part was to be filled out by the company's managing directors (each company had to appoint an individual responsible to that end). Therefore, the purpose of the questionnaire was to collect information about the companies rather than the personal opinion of those who filled it out. This is a feature that makes this study different from most research work conducted in relation to the same topic: it resorted to primary data provided by each participating company. As revealed, the majority of these research studies are based on ancillary information (indices based on the opinion of experts and others based on the analysis of reports) or on the opinion of those who answer the questions in each survey. Because the size of the universe is not accurately defined, and neither is the number of companies that received the invitation to participate, it is not possible to calculate a response rate.

Variables and indices. The questionnaire included close-ended questions for each of the indices through which variables and constructs were operationalised. CSR was operationalised by means of 107 indices, each of which corresponds to a company externality regarding one out of seven stakeholders (shareholders, customers, employees, suppliers, State, competitors and community) and the environment. The questionnaire thus enables an assessment of the overall CSR and of the specific CSR regarding each of such stakeholders and the environment. Indices were evaluated using a six-value scale, where the lowest value, 1, corresponds to the situation where the company does not carry out any actions to manage the externality referred to in the index, value 2 corresponds to the situation where only isolated actions are carried out but in the absence of a policy, value 3 refers to the situation where a policy is in the process of being formulated, value 4 corresponds to the situation where the company has formulated policies but it is still in the process of making them known internally, value 5 corresponds to the situation where the company is undergoing an advanced process for aligning its operations with its policies, and the highest value, 6, corresponds to the situation where the company has policies incorporated in its strategy for managing the externality referred to in the index. Consequently, this study measures the degree of development of specific policies for managing 107 externalities over seven stakeholders and the environment. Appendix A includes a detailed list of such indices.

A variable was also included to measure the relative importance that each company assigns to each of those stakeholders and to the environment. This information was used to create a weighted CSR index in order to avoid one of the objections made by Griffin and Mahon (1997) to the CSR indices commonly used: all CSR dimensions in those indices have the same relative weight.

Financial performance was operationalised by means of two accounting-type indices: sales and profitability. This decision was made because we share the idea of the authors who argue that accounting indicators are better than stock-market indices for studying the relationship between CSR and financial performance. Since most companies in the sample do not normally reveal their financial data (in Uruguay, there are no regulations that oblige companies to do so), and because there is no favourable inclination in that sense, it was decided to resort to indices based on a qualitative assessment of sales and profitability. The following question was asked: "We ask you to indicate your perception of the evolution of some of the company's results over the LAST THREE YEARS. For each indicator there are seven response alternatives, as seen in the first line of the table. The expression INCREASE (DECREASE) can be taken as a synonym for MEJORÓ (WORSE)". In order to measure these, a Likert-type scale with seven values was applied to assess their respective progress during the three previous years, where value 1 corresponds to "decreased significantly", value 7 corresponds to "increased significantly" and the intermediate value 4 corresponds to "remained unchanged". It was decided to measure the changes in these variables instead of their situation in a given year in order to take into account the time factor, as suggested by some authors. Since sales and profitability measure different aspects of financial performance, a variable was defined to combine the effects of both under the name of Financial Performance (FP). This decision is in line with the decision by Parket and Eilbirt (1975), who used the profitability index as a percentage of sales so as to mitigate the bias of large-size companies.

To measure stakeholder satisfaction, it was decided to focus on the four stakeholders more directly related to the company, namely shareholders, employees, customers and suppliers, for they are the ones with greater exposure to the externalities that generate satisfaction or dissatisfaction. The same question was used for the financial performance indicators. In this case, the term company's results referred to the satisfaction of each of these stakeholders. An index was defined for the satisfaction of each of them. These indices were evaluated with the same scale used for both profitability and sales. Data were also included concerning some of the companies' segmentation variables, such as company type (public or private), origin of capital (domestic or international), size, field of activity, and years in the market.

The profile of companies was defined as follows: (1) 30 companies comprise national capitals, and 11 represent international capitals; (2) 9 are public companies, while 32 are private companies; (3) 14 companies employ less than 100 people, while 7 of them have between 100 and 500 employees, and 20 employ over 500 people (it should be mentioned that, due to Uruguay's small population, there are only a few companies with more than 500 employees); (4) 7 companies are industries, 29 are service companies, and 5 belong to the commerce area); (5) 9 companies started operating in Uruguay before the year 1950, 7 companies started in the period from 1950 to 1979, and 19 started between 1980 and 1999, while 4 started in 2000, and 2 did not provide any information.

5. Results

With the combination of the 107 indices of the degree of development of CSR policies, an index was defined for operationalising the CSR construct. The value of the Cronbach's Alpha obtained is adequate for validating the reliability of the scale: 0.925 (refer to Table 2). A weighted CSR index was also calculated in relation to the relative importance conveyed by each company to each of the seven stakeholders and to the environment. Table 2 includes the descriptive statistics of the weighted and the non-weighted CSR indices, where it is possible to see that the values of the weighted index are slightly higher. The values of the two indices indicate that most companies in the sample have CSR policies in place to manage the wide range of externalities included in the questionnaire.

Additionally, four indices were defined for operationalising constructs: CSR for shareholders (SHARCSR), CSR for employees (EMPCSR), CSR for customers (CUSTCSR) and CSR for suppliers (SUPPCSR). These indices were obtained by combining the specific management indices of externalities for each of them (refer to Appendix A). In the four cases, Cronbach's Alpha validates scale reliability. Table 2 includes descriptive statistics for such indices. Their values indicate that policies aimed at suppliers and shareholders are the ones showing a higher level of development, while employee-aimed policies show an intermediate level, and the lower level of development corresponds to customer-aimed policies.

Regarding financial performance indices, Table 2 shows that 40% of companies reported increased profitability during the three previous years, and 57.5% showed an increase in sales. The highly dispersed answers explain that the values of the mean and the median are between 4 (remained unchanged) and 5 (increased slightly). The mean and the median of the FP index, which combines profitability and sales, are also between 4 and 5. Meanwhile, the indices on the evolution of changes in stakeholder satisfaction show an increase in the satisfaction of the four stakeholders, though in varied degrees: shareholders and customers showed the highest increase in satisfaction, while employees were at an intermediate level, and shareholders were the stakeholders with the lowest increase in satisfaction. Such dispersion of answers is more significant in the case of the satisfaction of shareholders and employees. By combining those four indices, an overall index was defined for stakeholder satisfaction (STAKESAT). The value of Cronbach's Alpha (0.777) is slightly below the minimum recommended by the statistician (0.800), thus leading to the assumption that the index is a relatively reliable scale. In this case, the mean and the median meet at a point closer to 5 than 4, indicating that the overall satisfaction of these stakeholders went up during the past three years.

Table 2. Descriptive statistics of economic performance indices and the relation with stakeholders.

Indices	Mean	Median	% Increase	Standard Deviation	Cronbach's Alpha
Profitability (1 to 6)	4.15	4.00	40.0%	1.29199	N/A
Sales (1 to 6)	4.55	5.00	57.5%	1.28002	N/A
Financial performance (FP) (1 to 6)	4.35	4.50	N/A	1.04514	N/A
SHARHSAT (1 to 6)	5.08	5.00	73.7%	1.30242	N/A
EMPSAT (1 to 6)	4.78	5.00	55.0%	1.20868	N/A
CUSTSAT (1 to 6)	4.75	5.00	65.0%	0.98058	N/A
SUPPSAT (1 to 6)	4.43	4.00	40.0%	0.84391	N/A
STAKESAT (1 to 6)	4.74	4.75	N/A	0.85520	0.777
CSR (1 to 6)	4.77	4.94	N/A	0.89433	0.925
WEIGHCSR (1 to 6)	4.85	5.05	N/A	0.86364	0.925
SHARCSR (1 to 6)	5.24	5.57	N/A	0.94095	0.951
EMPCSR (1 to 6)	4.76	5.00	N/A	0.95378	0.955
CUSTCSR (1 to 6)	4.64	4.73	N/A	1.08763	0.926
SUPPCSR (1 to 6)	5.52	5.81	N/A	0.81999	0.920

In order to test Hypothesis 1, correlation coefficients between the two CSR indices (weighted and non-weighted) and the three financial performance indices (sales, profitability and FP) were calculated. Table 3 indicates that the three cases show positive correlation but with correlations of varied strength. The strongest correlation was the case of the index created for financial performance (0.354 with non-weighted CSR and 0.369 with weighted CSR), while the lowest value was found in the case of the profitability index (0.268 and 0.287), and sales showed an intermediate value (0.308 and 0.313). Consequently, the results obtained validate Hypothesis 1, whereby there is a positive relationship between the degree of development of CSR policies and the companies' financial performance. This result is in line with the results obtained in most research studies regarding the relationship between CSR and the financial performance of companies.

Table 3 also includes the correlation coefficients of the three economic performance indices with each of the CSR-specific indices to each of the four stakeholders (SHARCSR, EMPCSR, CUSTCSR and SUPPCSR). When the sales index was considered, an existing correlation was revealed with three of those indices (there is no correlation with the CSR index for shareholders). When the profitability index was used, the correlation was verified only with the CSR indices for shareholders and suppliers. However, when the index used was the one defined with the average of profitability and sales (FP), then the correlation existed with the CSR indices for the four stakeholders. The correlation is considerably stronger in the case of the CSR index for suppliers (0.513), while it acquires an intermediate value in relation to the CSR index for employees (0.366) and a lower value in the case of the other two indices (0.297 and 0.286). Because this index is deemed (for the purpose of this study) a better indication of the changes in financial performance than the other indices, then Hypotheses 2a, 2b, 2c and 2d are validated. This result contributes to the research on the relationship between CSR and financial performance since most studies have only considered CSR in general instead of the specific CSR aimed at specific groups of stakeholders.

Table 3. Correlation coefficients between CSR indices and economic performance indices.

	FACT	FP	STAKE SATCHG	CSR	WEIGHCSR	SHARCSR	EMPCSR	CUSTCSR	SUPPCSR
Profitability	0.321 **	0.815 ***	0.386 **	0.268 *	0.287 *	0.315 **	0.249	0.155	0.409 ***
Sales	1	0.811 ***	0.426 ***	0.308 *	0.313 **	0.168	0.346 **	0.311 *	0.426 ***
FP		1	0.506 ***	0.354 **	0.369 **	0.297 *	0.366 **	0.286 *	0.513 ***
STAKESATCHG			1	0.405 **	0.408 **	0.385 **	0.394 **	0.252	0.542 ***
CSR				1	0.996 ***	0.781 ***	0.932 ***	0.834 ***	0.853 ***
WEIGHCSR					1	0.821 ***	0.925 ***	0.859 ***	0.848 ***
SHARCSR						1	0.761 ***	0.770 ***	0.613 ***
EMPCSR							1	0.794 ***	0.734 ***
CUSTCSR								1	0.695 **
PROVCSR									1

* The correlation is significant at level 0.10 (2-tailed test). ** The correlation is significant at level 0.05 (2-tailed test). *** The correlation is significant at level 0.01 (2-tailed test).

Table 3 also shows another interesting result: the correlation between stakeholder satisfaction (STAKESAT) and financial performance (FP) is greater than the correlation between CSR and FP (0.506 as compared to 0.354 or 0.369). This outcome indicates that stakeholder satisfaction must be having some effect on the relationship between CSR and financial performance. This confirms the importance of assessing Hypothesis 3. In order to analyse that possible mediating influence, the partial correlation between CSR and FP was calculated, taking stakeholder satisfaction (STAKESAT) as the control variable. As shown in Table 4, when stakeholder satisfaction is introduced as the control variable, the relationship between CSR and FP disappears. This indicates that stakeholder satisfaction has an effect on that relationship, thus leading to the validation of Hypothesis 3, whereby the relationship between the development of CSR policies and the companies' financial performance is mediated by the satisfaction of stakeholders. As no other research studying this issue was found, it is impossible to compare the results of this work.

Table 4. Correlation between the CSRI and the economic performance indicator controlled by the satisfaction of stakeholders.

		Corr Coeff
With no control		0.369 **
Controlled by	STAKESATCHG	0.219

** The correlation is significant at level 0.05 (2-tailed test).

Thus, to better understand these results, a linear regression was applied, where (1) FP is the dependent variable and (2) the weighted CSR index and the stakeholder satisfaction index (STAKESAT) operate as independent variables. The obtained results are shown in Table 5. The Durbin–Watson test shows a slightly negative auto-correlation between residues, which is admissible in this type of study (Hair et al. 1999). Since R is 0.540, the model explains that 29.2% variance in FP, which is an important percentage in this sort of statistical relationship. The analysis of variance (ANOVA) indicates the model's significance with a 99% reliability level. The test of significance for the coefficients in the regression equation is significant for the STAKESATCHG coefficient (99% reliability level), but that is not the case for either the CSR coefficient or the constant. This is an indication to treat the model's equation carefully and to refrain from using it for prediction purposes. In terms of the results, it should be noted that the data suggest that the variation of stakeholder satisfaction is more significant than that of CSR in relation to the variation in financial performance: 0.511 as compared to 0.239. Additionally, the model's correlation coefficient (0.540) was significantly higher than the correlation coefficient between WEIGHCSR and FP (0.369). This indicates that the positive effects of CSR on FP seem to depend strongly on the pre-existence of a significant level of stakeholder satisfaction. Given the level of significance for the CSR coefficient (0.193), it is concluded that the model is weak as a prediction instrument.

Table 5. Analysis of the regression for the dependent variable FN, with independent variables (WEIGHCSRI and STAKESAT).

Summary of Model [b]

Model	R	Square R	Adjusted Square R	Standard Error in Estimate	Durbin-Watson
1	0.540 [a]	0.291	0.251	0.89666	2.171

[a] Predictors: (Constant), STAKESAT, WEIGHCSRI
[b] Dependent variable: FP

Analysis of Variance [a]

Model	Sum of Squares	gl	Quadratic Mean	F	Sig.
Regression	11.571	2	5.785	7.196	0.002 [b]
Residue	28.140	35	0.804		
Total	39.711	37			

[a] Dependent variable: FP
[b] Predictors: (Constant), STAKESAT, WEIGHCSRI

Coefficients [a]

Model	Non-Standardised Coefficients		Standardised Coefficients	t	Sig.
	B	Standard Error	Beta		
(Constant)	0.733	0.975		0.752	0.457
CSR	0.239	0.180	0.207	1.326	0.193
STAKESAT	0.511	0.189	0.422	2.705	0.010

[a] Dependent variable: FP

The strong mediating role of stakeholder satisfaction is an indication of the importance of assessing Hypothesis 4. This hypothesis considers the mediating role of each stakeholder's satisfaction in relation to the specific CSR for each of them and the company's FP. In comparing this hypothesis, the following were taken into consideration: (1) the specific CSR indices for each of the four stakeholders (SHARCSR, EMPCSR, CUSTCSR and SUPPCSR), (2) the satisfaction indices of each of them (SHARSAT, EMPSAT, CUSTSAT and PROVSAT) and (3) the company's FP. A calculation was made of the coefficients relative to the partial correlation between the CSR indices for each stakeholder and the FP, controlled by the satisfaction of the same stakeholder. The results obtained are detailed in the fourth column of Table 6, which shows that (1) in the cases of shareholders and employees, the correlation between CSR and FP disappears; (2) in the case of suppliers, the correlation continues but with a decrease; and (3) in the case of customers, the correlation remains unchanged. This shows that the mediating role of satisfaction is different among stakeholders. Without shareholder satisfaction, CSR for that group ceases to have a positive effect on FP, and so is the case with the employees' group. Without supplier satisfaction, CSR for that group decreases its positive effect on FP. Moreover, in the case of customers, their satisfaction proves neutral in the relationship between CSR and FP. Based on these results, Hypothesis 4 is valid for shareholders (Hypothesis 4a), employees (Hypothesis 4b) and suppliers (Hypothesis 4c) but not for clients (Hypothesis 4d). The hypothesis proves valid for shareholders, employees and suppliers, though not for customers. These results, considered for each stakeholder, reinforce the overall results for all stakeholders.

Table 6. Correlation between CSR for each stakeholder and economic performance index, with stakeholder satisfaction controlled.

	Coefficients of Correlation between CSR for Each Stakeholder and FP		
		Controlled by Stakeholder Satisfaction	
Relation between	**Not Controlled by Shareholder Satisfaction**	**Stakeholder Satisfaction:**	**Partial Correlation Coefficient**
SHARCSR and FP	0.297 *	SHARSAT	0.157
EMPCSR and FP	0.366 **	EMPSAT	0.222
CUSTCSR and FP	0.286 *	CUSTSAT	0.284 *
SUPPCSR and FP	0.513 ***	SUPPSAT	0.423 ***

* The correlation is significant at level 0.10 (2-tailed test). ** The correlation is significant at level 0.05 (2-tailed test). *** The correlation is significant at level 0.01 (2-tailed test).

Hypotheses 5 and 6 refer to the mediating role of company size and company type (public or private). In order to evaluate these hypotheses, the technique applied was the partial correlation between the weighted CSR index (WEIGHCSR) and the FP, considering the size and type of capital as control variables. Table 7 shows that the correlation coefficient between WEIGHCSR and FP remains almost the same when controlled for size (0.355 as compared to 0.369) and type of capital (0.344 as compared to 0.369). Therefore, Hypotheses 5 and 6 are validated. These results imply a contribution of this study because they reinforce the validity of previous studies, where the relationship between CSR and FP was based exclusively on large-size public companies.

Table 7. Correlation between the CSRI and the economic performance index, controlled by segmentation variables of companies.

Not controlled		0.369 **
Controlled by	Company type (public or private)	0.355 **
	Size	0.344 **
	Field of activity (industrial, services, commerce)	0.364 **
	Origin of capital (domestic or international)	0.360 **
	Seniority in the market	0.366 **
	Gender of CEO	0.374 **

** The correlation is significant at level 0.05 (2-tailed test).

Table 7 also includes coefficients of the partial correlation between WEIGHCSR and FP, obtained by controlling the field of activity, origin of capital and the time in the market (age of companies) with other segmentation variables of the companies. For the three cases, the partial correlation coefficients differ only slightly from the correlation coefficient between WEIGHCSR and FP. When considering also that size and the type of capital have no incidence on the relationship between these two variables either, then it is valid to conclude that the relationship is independent of the company profiles. This is very important from a practical viewpoint, as it indicates that all company types are capable of generating financial benefits as a result of the application of CSR policies.

6. Conclusions

This study comprises several contributions to the theoretical development and empirical research in the field. Firstly, it is a confirmation of the results obtained in numerous studies carried out previously, which found a positive relationship between CSR and financial performance. An outstanding fact is that this study applied methods different from the usual methodology for measuring both CSR and financial performance. Secondly, the study reinforces the viewpoint of the authors, who suggested that the relationship between CSR and financial performance is mediated by other factors, especially those related to company management. In this case, the factor is stakeholder satisfaction. In line with this, the third contribution consists of reinforcing the importance of the Stakeholders Theory in conceptualising CSR. Fourthly, the work indicates the relevance of new research questions: Through which mechanisms does stakeholder satisfaction influence the relationship between CSR and financial performance? Does the satisfaction of each type of stakeholder have the same mediating power as the others? Yet another contribution of this study is the demonstration that the relationship between those variables may occur in all types of companies because this matter lacks extensive research.

Furthermore, this study is an aid to those who manage companies and to organisations that promote CSR. Firstly, it ratifies the argument that including CSR might prove profitable for companies. Secondly, it informs that such positive effects of CSR are not automatic, requiring companies to generate previously or simultaneously the satisfaction of their main stakeholders. This is a very important aspect, for it indicates that CSR is a management philosophy based on the proper functioning of the typical components of adequate management. Thirdly, demonstrating that the relation functions in all types of companies is very important because the corporate world tends to think that including CSR is only possible in large-size companies.

This study also entails different contributions of the methodological kind to research work in this study field. The first contribution is showing that proper research calls for due consistency between the conceptual framework (theoretical definition of CSR) and the applied method (indices selected for measuring CSR). The work of those academics who decided not to observe this yielded results quite difficult to comprehend. CSR was defined herein as the responsible management of the companies' externalities in relation to all stakeholders, society and the environment. Each index used to measure CSR relates to a specific externality associated with one of them. This allowed for the possibility of relating the specific CSR for each stakeholder with the respective satisfaction, which was useful for analysing results more in depth. As a second contribution, it should be noted that CSR was measured using a large number of indicators, which include the main stakeholders at each company as well as the environment, covering a wide range of the company's external factors related to them. A third contribution to methodology is the use of a CSR index weighted in accordance with the importance of each externality (with the weighing criteria being the relative importance of the aimed stakeholder). In general, the CSR indices used in research studies carried out in this field do not take into consideration the relative importance of each dimension comprised in CSR. The fourth methodological contribution is the use of information supplied by companies for measuring CSR. This implies a difference from most studies in this field, which are based on the assessment of external factors (the judgement of experts, report analyses or the opinion of stakeholders). A fifth aspect to mention is that this is one of the few studies that includes medium-size companies and private companies. Finally, we should point out that, as opposed to a significant number of previous studies, this research work assesses financial performance from a time perspective.

Notwithstanding all the positive aspects mentioned above, this study also includes a number of limitations, the first of which relates to the vague definition of the universe studied ("companies with relevant activity towards the inclusion of CSR in Uruguay, making it known to the public"). It is very difficult to precisely determine the companies that fulfil these conditions. The second limitation relates to the sampling type applied. Because the sampling is non-probabilistic, not all the assumptions required by the statistics techniques used to evaluate the relationship between variables are in place. This is a problem that is quite common among research studies made about CSR because it becomes difficult for researchers to have probabilistic samples available. The reduced size of the sample is the third limitation because that makes it very difficult to reach reliability levels of 95% or more, and it implies a restriction to the number of segments to be used in segmentation variables, such as size or the field of activity. Fourthly, it should be mentioned that the measurement of indices relative to CSR, financial performance and stakeholder satisfaction may have been affected by the subjectivity of those responsible for providing information in each company, as well as by the possibility of the provision of false data.

The fifth limitation relates to the fact that financial performance measurements were based only on two indices of the accounting type when it is recommended to use a combination of several indices of the accounting type and indices relative to the stock market. Additionally, measures of those variables were not based on quantitative information (amounts in a specific monetary unit) but rather on a qualitative assessment carried out by the companies. This implies a limitation to the possibility of measuring differences among companies appropriately, as is the case when invoiced amounts or profitability amounts are resorted to. The sixth limitation refers to the way in which the satisfaction of stakeholders was measured. To that end, only one index of overall satisfaction was applied, though recommendations point to using a series of indices capable of capturing the multi-dimensional aspect of satisfaction. Based on these limitations, this is a fragmentary work, the results of which cannot be considered definitive.

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Appendix A

Stakeholder	Code	Index
Shareholders	1	Align definitions of the company's Vision, Mission, and principles with its CSR approach.
	2	Have all personnel become aware of such definitions to behave accordingly.
	3	Have Corporate Governance mechanisms (rules, procedures, codes, etc.) in place to protect the interests of shareholders.
	4	Have mechanisms (rules, procedures, codes, etc.) in place for promoting ethical conduct in decision-making processes and in relating to internal and external stakeholders.
	5	Foresee and solve possible conflicts of interest that might occasionally take place.
	6	Inform shareholders, accurately and in due manner, about the company's financial situation and its economic outcome.
	7	Inform shareholders, accurately and in due manner, about decisions of strategic importance for the company, provided that the necessary confidentiality is not affected.
	8	Avoid the facilitation of privileged information that benefits certain shareholders, lessening the interest of others.
	9	Avoid all abuses of authority meant to obtain private advantages.
	10	Be knowledgeable about the opinions of shareholders.
	11	Guarantee rights of minority shareholders.
	12	Generate fair benefits for shareholders, following trends of the market in which the company operates.
	13	Prevent corporate decisions from needlessly putting the shareholders' investment (capital) at risk.
	14	Develop a management system (planning, investment decisions, cost management, quality improvement, risk management, etc.) oriented towards achieving the company's long-term sustainability.

Stakeholder	Code	Index
Employees	1	Avoid discrimination based on age, gender, race, religion, disability, political thinking, etc.
	2	Prevent moral, sexual, psychological, ideological, and all types of harassment from occurring.
	3	Allow employees required to report personal situations deemed unfair to have the necessary guarantees to express themselves.
	4	Transmit the company's principles to all employees.
	5	Inform employees in relation to relevant and significant issues that affect or might affect them.
	6	Duly inform employees about their rights and obligations.
	7	Control compliance with labour regulations by contractors providing staff services, including the necessary respect for the rights of workers.
	8	Preserve good relations and transparent dialogue with the workers' union.
	9	Prevent work-related accidents and professional illnesses beyond legal requirements.
	10	Provide training to employees with training on occupational health and security at the workplace.
	11	Offer employees the greatest job stability possible.
	12	Promote and facilitate professional education, training and development of employees of all levels.
	13	Allow development opportunities for a professional career in the company.
	14	Evaluate employee performance.
	15	Acknowledge and/or reward the employees' satisfactory performance.
	16	Promote teamwork, participation, involvement and the sense of belonging of employees.
	17	Assess employee satisfaction.
	18	Train and/or relocate employees within the company upon the inclusion of organisational or technological changes in order to minimise dismissals other negative effects on employees.
	19	Offer support to dismissed employees or those whose contracts are close to expiration to allow their reinsertion in the job market.
	20	Aid employees suffering from addictions (alcohol, tobacco, drugs, etc.)
	21	Promote healthy life habits among employees.
	22	Facilitate an appropriate balance between working life and family life for employees.
	23	Promote an adequate working environment of adequate relations within the company.
	24	Offer employees additional benefits and facilitate things beyond mandatory legal norms for those in the stages of pregnancy and maternity.
	25	Offer third-party employees certain benefits and/or training similar to those available to the company's employees.
	26	Pay salaries over the mandatory legal minimums.
	27	Offer employees participation in the company's profits.
	28	Offer health, education and access to housing benefits.
	29	Try to avoid dismissals and suspensions to enable cost reductions.
Suppliers	1	Demonstrate ethical and transparent conduct in the process implied in contracts with suppliers.
	2	Preserve permanent two-way communications with suppliers.
	3	Favour agreements with companies with proven ethical and socially responsible conduct.
	4	Prohibit and punish bribery in all its forms.

Stakeholder	Code	Index
Suppliers	5	Systematically survey the needs of suppliers.
	6	Regularly verify the levels of satisfaction of suppliers.
	7	Listen to and deal with claims and complaints by suppliers.
	8	Negotiate with suppliers, trying to reach stable and mutually beneficial agreements.
	9	Promote the entrepreneurial abilities of suppliers.
	10	Ensure fair and respectful treatment towards suppliers
	11	Seek to reconcile disputes with suppliers.
Customers	1	Inform actual features and quality of products and services in a clear and accurate manner.
	2	Inform prices, specifications and contract terms and conditions of products and services in a clear and accurate manner.
	3	Maintain ethical and transparent conduct in all sales processes with customers.
	4	Ensure that advertising and all other marketing communications are based on truthful information, respecting the country's principles and customs.
	5	Keep up permanent two-way communications with customers and consumers.
	6	Inquire customers before adding charges such as insurance, shipping costs, supplementary services and the like.
	7	Ensure the responsible management and confidentiality of customer data.
	8	Offer safe products with minimal health risks and customer and consumer safety.
	9	Provide the necessary information relative to the safety and health standards of products and services, as well as their recommended use.
	10	Regularly survey the needs of customers and consumers.
	11	Regularly verify levels of customer and consumer satisfaction.
	12	Listen to and deal with claims and complaints by customers and consumers.
	13	Negotiate with customers, seeking to reach stable and mutually beneficial agreements.
	14	Ensure fair and respectful treatment towards customers.
	15	Seek reconciliation in disputes with customers.
	16	Define prices in a fair, non-abusive manner.
	17	Guarantee balanced quality and price of products and services.
	18	Adequately compensate customers and consumers in case of errors or defective products or services.
Competitors	1	Prohibit and punish bribery in all its forms.
	2	Promote loyal competition.
	3	Promote, along with other companies, the dissemination of transparent and honest practices in the field of activity.
	4	Take part in agreements with competitors relative to cooperation and collaboration aimed at greater transparency in the markets.
Community	1	Identify both positive and negative impacts of decisions on society.
	2	Respect the way of life, health and common property of nearby residents of locations where the company's facilities are installed.
	3	Be aware of social issues and/or needs of the community where the company has operations as a way of input for its social actions.

Stakeholder	Code	Index
Community	4	Design and implement actions oriented at aiding in the solution of those social issues and/or needs.
	5	Preserve the stability of collaborative relations with State bodies and entities in civil society focused on satisfying those needs and/or solving those problems.
	6	Promote the active participation of directors and employees in civil society's organisations.
	7	Assess the impact of the company's social actions on the target population.
	8	Seek to hire individuals who face difficulties in their labour market insertion, like youth, the disabled, socially vulnerable individuals and others.
	9	Promote the purchase of goods or the contract of services from business ventures by low-income citizens (inclusive businesses).
	10	Support academic research activity of universities and other institutions aimed at producing knowledge that contributes towards the country's economic, social, or cultural development.
	11	Involve employees in the company's social actions.
State	1	Promote awareness and respect for applicable legal norms among all members of the community.
	2	Promote ethical behaviour of all company members in relations with the State (contracts, authorisations, permits, etc.)
	3	Ensure compliance with applicable laws and regulations by suppliers, distributors and strategic allies.
	4	Cooperate in State-promoted social and/or development projects.
Environment	1	Assess, monitor and control the environmental impact of the company's production and business activity.
	2	Reduce the polluting effects of the company's production and business activity.
	3	Minimise the use of hazardous and poisonous substances that prove harmful to human and animal health.
	4	Implement preventive measures aimed at preventing accidents implying contaminating and/or harmful effects on human and animal health.
	5	Offer clear and accurate information regarding the negative environmental effects of the company's production activity and in reference to the use of pollutants and hazardous materials proven harmful for human and animal health.
	6	Remedy and compensate for negative environmental impacts of the company's production and business activity.
	7	Carry out responsible management of waste material generated (including industrial waste and office material such as paper, electronic equipment and the like).
	8	Minimise the polluting effects of corporate equipment and vehicles.
	9	Minimise the use of energy, specifically energy based on the application of non-renewable resources.
	10	Make an efficient use of supplies and raw materials originating in production activities detrimental to the environment (plastics, plumb, etc.)
	11	Use recycled and recyclable materials and/or reuse water as much as possible.
	12	Adopt sustainable production systems.
	13	Develop environment-friendly products (goods and services).
	14	Promote the responsible consumption of their products (goods or services).
	15	Select suppliers with proven environmentally responsible conduct.
	16	Support, along with other companies, the dissemination of best practices relative to environmental management.

Stakeholder	Code	Index
Environment	17	Motivate and implement educational actions aimed at employees, consumers, students and other groups, always aimed at encouraging their environmental responsibility.
	18	Support initiatives by other institutional stakeholders (civil society organisations, State bodies, companies, etc.) oriented at environmental protection.

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