

Social Responsibility and Bank performance: Evidence from ESG-Indexed Firms in an Emerging Market

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Abstract. This article presents an analysis of the impact of the social pillar of CSR on the financial performance of Moroccan banks listed in the stock exchange and indexed by MASI ESG. The research results aim to provide empirical insight on a relationship that is still debated in the literature within an emerging and highly regulated context. The methodology adopted is based on a quantitative approach using an econometric model on unbalanced panel data covering a seven-years period from 2018-2024. Financial performance is measured by accounting indicators (ROA, ROE) and a stock market indicator (MBV), while the social pillar is measured by a score constructed from social indicators published in the extra-financial reports of the sample studied. The empirical results highlight a positive and statistically significant impact of the social pillar on stock market performance, as measured by the MBV, suggesting that the stock market values banks' social commitments. However, no significant effect is observed on accounting performance, as reflected by ROE and ROA. These results confirm the existence of differentiated effects of the social pillar depending on the nature of the financial performance indicators used. This study contributes to the literature by providing empirical results from the emerging context and highlighting the importance of the social pillar in the creation of value perceived by financial markets.

Keywords: Social Pillar, CSR, Financial performance, Panel data, Quantitative approach, ROE, ROA, MBV.

1 Introduction

The emergence of the concept of CSR has prompted companies in various sectors to implement appropriate strategies that take social, environmental, and governance requirements into account. Its evolution as a major strategic lever highlights its role as a potential factor in value creation, through the improvement of reputation, legitimacy, and trust among various stakeholders. In financial markets, the emergence of CSR has led to the integration of stock market indices containing ESG (Environmental, Social, Governance) criteria, such as the MASI ESG in Morocco. The aim of this index is to guide investment decisions towards companies deemed to be socially responsible. As a result, several studies have been conducted to examine the impact of CSR, through its ESG criteria, on financial performance. Our article focuses on studying the impact of the social pillar, measured by social performance, on financial performance. However, despite growing interest in social performance, the question of its impact remains widely debated both theoretically and empirically. International empirical literature studying the impact of social performance on financial performance highlights contrasting results, oscillating from positive to negative, and/or non-linear relationships. At the national level, existing research largely converges on the existence of a mixed, or even insignificant, relationship between the two dimensions. This encourages us to continue our investigation in specific sectoral and temporal contexts. Along the same lines, the context of our article focuses on the banking sector as a relevant field of analysis. As a central player in the financial system, banks play a key role in financing the economy and promoting responsible practices. Furthermore, their high exposure to investors makes stock market performance sensitive to signals sent out in terms of social responsibility. This is the context for the present study, which aims to analyze the impact of the social pillar of CSR on the financial and stock market performance of Moroccan banks indexed in the MASI ESG over a period from 2018 to 2024. Using an econometric approach based on panel data, this study seeks to shed empirical light on the ability of social performance to create value, distinguishing its effects on accounting performance and stock market performance. Hence, the central question of our article is: How does the social pillar of corporate social responsibility affect the financial performance of Moroccan banks listed in the MASI ESG index?

The article answers this question using the following structure. The first section presents a review of the literature on basic concepts such as CSR, the social pillar, and social performance, as well as the theories used and the research hypothesis. The second section presents the research methodology, including a description of the sample, the econometric model, the variables selected, and the results of the study and their interpretations. Finally, the last part of the article concludes by highlighting the main findings as well as the various limitations and avenues for future research.

2 Corporate social responsibility and the social pillar.

2.1 Theoretical presentation of CSR

Corporate social responsibility (CSR) has been the subject of several interpretations and definitions, without reaching a consensus. This concept originated in the Anglo-American world and emerged in the United States in 1950. In 1953, Howard Bowen established a definition based on a survey of CSR practices in his book "Social Responsibility of the Businessman," considered to be the first book to address the concept of CSR in academia. According to him, CSR refers to the obligation for business people to implement policies, make decisions, and follow guidelines that meet the objectives and values considered desirable in our (*Social Responsibilities of the Businessman - Howard R. Bowen - Google Livres*, s. d.) Several researchers have examined the concept of CSR, each providing their own perspective-based definition. According to (Carroll, 1991) CSR is presented in the form of a four-level pyramid, showing that economic responsibility is the basis and prerequisite for any CSR approach, as it encompasses all other social responsibilities (legal, ethical, and philanthropic). The idea is that the main role of companies is to make profits and generate benefits, since only companies that make profits can operate at higher levels of responsibility. Jones.T (1980) defines CSR as a corporate obligation towards societal stakeholders other than shareholders and beyond legal and contractual requirements. Cazal (2006) considers the concept of CSR to be: "Protean, polysemic, vague, imprecise, confusing-all adjectives frequently used to describe the notion of CSR. However, although the concept undoubtedly has scientific origins, it has spread far beyond academic circles to the general public, becoming a secular concept as well." Campbell (2007) states that the relationship between business activity and society creates an obligation for organizations to respond to societal values that go beyond the interests of owners. Dahlsrud (2008) follows the same line of reasoning and considers CSR to be a concept used to describe corporate responsibility towards society, comprising various dimensions (economic, legal, ethical, discretionary). In addition, many international organizations attach great importance to corporate social responsibility (CSR). Each of them offers a distinct definition based on its own perspective. In 2001, the European Commission defined the concept of CSR in its Green Paper as "the voluntary integration by companies of social and environmental concerns into their business activities and their relationships with their stakeholders." This implies going beyond legal obligations to invest in human capital, the environment, and stakeholder relations. The World Business Council on Sustainable Development (1998) considered CSR to be a company's commitment to contributing to sustainable development by working with its employees, their families, the local community, and society as a whole to improve quality of life. In 2000, Business for Social Responsibility defined CSR as a company behaving in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of companies. In 2006, the French Standardization Association (AFNOR) defined CSR as an organization's responsibility for the impacts of its decisions and activities on society and the environment, resulting in ethical and transparent behavior that

contributes to sustainable development, health, and well-being of society, taking into account the expectations of stakeholders, complying with applicable laws, and adhering to international standards of behavior. Corporate social responsibility has gradually established itself as a normative and voluntary framework aimed at integrating social, environmental, and ethical concerns into corporate strategies. However, this concept faces several limitations, including the difficulty of measuring and comparing it and taking it into account by financial markets. Hence, a conceptual shift has taken place towards the ESG (Environmental, Social, and Governance) approach. This approach is characterized by a more operational and quantitative logic, facilitating the assessment of non-financial performance by investors, rating agencies, and regulators. As a result, ESG does not replace CSR, but rather constitutes a financial and measurable translation that strengthens the link between social responsibility and economic performance. Following on from this general presentation of CSR, attention now shifts to the social pillar of the ESG approach, a core element of corporate social practices.

2.2 Definition of the social pillar of CSR.

The social pillar of CSR is a theoretical concept that represents all of a company's social commitments and practices, such as working conditions, social dialogue, training, respect for human rights, employee well-being, etc. Overall, the social pillar answers the question, "What is the company doing to fulfill its social responsibilities?" Therefore, to make the concept of the social pillar operational and quantifiable, social performance is used to measure the social commitments that have actually been fulfilled. In other words, social performance can be considered an indicator of the social pillar of CSR. Social performance is part of the conceptual frameworks of corporate social responsibility (CSR) as articulated by several leading researchers. Carroll (1979) is one of the pioneers in the conceptualization of CSR. He associates responsibilities with a broader understanding of corporate performance beyond purely financial criteria, thus integrating a social dimension into the overall assessment of organizational behavior. From a complementary perspective, Wood (1991) enriched and expanded this approach by developing the corporate social performance (CSP) model. According to him, social performance is considered to be an organizational configuration that integrates CSR principles, social sensitivity processes, and observable policies, programs, and results related to the company's societal relations. Brammer, Millington, and Rayton (2007) show that social responsibility practices influence employees' perceptions of the organization, which translates into increased organizational commitment. Their approach is to link socially responsible behaviors to positive internal attitudes, such as employee attachment to the organization, thus emphasizing the internal behavioral and social dimension, which is an essential component of social performance. Finally, Gond et al. (2017) emphasize the importance of individual psychological mechanisms in evaluating CSR initiatives, suggesting that employees' perceptions and reactions are key elements in understanding the social performance of organizations.

At the national level, several authors have conceptualized the notion of social performance in order to measure the results of social commitments beyond economic performance alone. According to Moutassim Lahmini (2020), corporate social performance refers to all of an organization's social achievements, including employee well-being, working conditions, the satisfaction of internal and external stakeholders, and the social management mechanisms put in place as part of CSR.

From a more integrative perspective, Ou-Mellal et al. (2025) define social performance as an essential dimension of organizational performance that transcends purely financial approaches to include concerns related to well-being, working conditions, and corporate social responsibilities. They show that this performance encompasses not only the processes implemented, but also the tangible results of social actions in terms of their impact on employees and other stakeholders. Furthermore, empirical review work such as that of Raja Chakra (2024) highlights that CSR engagement contributes significantly to social performance, particularly through brand enhancement, strengthened stakeholder relationships, and the company's ability to create sustainable value. Overall, these contributions allow us to consider social performance not only as an operational result of social practices, but also as a key indicator of the social pillar of CSR, reflecting how companies respond to social expectations and integrate these dimensions into their overall strategies.

3 Theoretical foundations of the link between the social pillar and financial performance

3.1 Theories used

Several fundamental theories are used to explain the impact of the social pillar of corporate social responsibility (CSR) on the financial performance of Moroccan banks indexed by MASI ESG. Stakeholder theory has gradually established itself as a reference framework for CSR-focused research aimed at identifying the groups towards which the company exercises or should exercise its responsibilities and finding solutions to combat certain dysfunctions. According to Freeman (1984), the company must be able to identify, understand, and effectively manage its stakeholders in order to ensure sustainable overall performance. He supports the idea that sustainable value creation depends on the ability of companies to meet the expectations of all their stakeholders. Social initiatives, such as employee training, workplace well-being, community engagement, and others, enable banks to strengthen loyalty, trust, and image among internal and external stakeholders, which can translate into better financial performance. The Resource-Based View (Barney 1991) focuses on a company's internal resources and capabilities as the main sources of sustainable competitive advantage. According to this theory, companies can achieve superior performance if they possess and exploit resources and capabilities that are unique, valuable, rare, inimitable, and non-substitutable. This involves considering certain intangible resources, such as human capital and internal social capital, social reputation, and responsible image, as sources of sustainable competitive advantage. The social practices integrated into the social pillar represent strategic resources that enhance banks' ability to generate long-term value.

Furthermore, agency theory (Jensen & Meckling, 1976) shows that transparent and responsible social practices can reduce conflicts of interest between management and shareholder, thereby strengthening investor confidence and indirectly contributing to financial performance.

By drawing on these theories, the study provides a solid framework for understanding the mechanisms through which the social pillar of CSR can influence the financial performance of banks, and justifies the choice of explanatory variables and the structure of the econometric model.

3.2 Empirical literature review

Empirical studies analyzing the impact of the social pillar of CSR on financial performance show mixed results. Several studies highlight a positive impact of social performance on financial performance, such as the seminal work of Orlitzky Schmidt and Rynes (2003), through a meta-analysis, demonstrating that better social performance, via relationships with employees and stakeholders, is generally associated with improved accounting and stock market performance. Similarly, Brammer, Millington, and Rayton (2007) emphasize that social practices strengthen employee organizational commitment, which can indirectly improve the company's financial performance.

However, other studies show mixed or insignificant results. McWilliams and Siegel (2000) show that, once control variables are taken into account, the impact of social performance on financial performance becomes statistically neutral, suggesting that social benefits may be offset by associated costs. Similarly, Margolis and Walsh (2001) conclude, based on an extensive review of the literature, that there is no clear empirical consensus, with results varying across sectors, financial performance indicators, and institutional contexts.

More recent work provides a more nuanced interpretation of the link between social performance and financial performance. Aguinis and Glavas (2012) emphasize that the impact of the social pillar depends heavily on internal organizational mechanisms, such as the social climate, employee motivation, and the credibility of the practices implemented. More recently, Gond et al. (2017) highlight the contextual nature of social performance, showing that its effects on financial performance vary according to the institutional framework, the sector of activity, and the degree of maturity of CSR initiatives. Recent findings suggest that the effects of the social pillar of CSR depend heavily on the context (country, sector,

regulations, etc.), which explains the mixed results of studies, thus requiring specific analyses. At the national level, several empirical studies have produced convergent results, suggesting the existence of a mixed, mixed or even insignificant relationship between financial performance and social performance. Taji et al. (2020) study the impact of the social performance of publicly traded companies, measured using a dichotomous variable based on Vigeo's "Top Performers" ranking, on financial performance, illustrated by calculating ROE, ROI, and PER ratios. Their results reveal no causal link and indicate that the influence of social performance on financial performance is statistically insignificant.

Similarly, Benlhaj and Oumari (2021) examine the relationship between social performance and financial performance in a sample of 39 companies operating in various sectors, including banking. The results of their study show no causal relationship, either unidirectional or bidirectional, between financial performance, measured by PER, ROE, BPR, and EPS, and social performance, assessed using a scoring method. By the same token, Hoummani (2024) explored a sample of 46 Moroccan companies listed on the stock exchange to study the impact of social performance, measured by the CGEM's CSR label, on financial performance, measured by ROE, ROA, and PER. The results show that no significant link was identified under the various measures taken into consideration.

Following on from this empirical work carried out on the Moroccan market, the present study aims to propose a targeted analysis of the banking sector. More specifically, it examines the impact of the social pillar of CSR on the financial performance of Moroccan banks indexed by MASI ESG over a period from 2018 to 2024. This choice of sample and time frame allows us to understand the link studied in a context marked by the rise of ESG practices and growing attention to the social dimensions of corporate performance.

In light of the theoretical and empirical literature review, the following research hypothesis is formulated:

→H1: *The social pillar of CSR has a significant impact on the financial performance of Moroccan banks indexed by MASI ESG.*

4 Empirical analysis

4.1 Methodology

In order to verify the impact of CSR on the financial performance of Moroccan companies listed on the stock exchange, a hypothetical-deductive approach was used to empirically test the hypotheses derived from the literature review using an econometric panel data model of Moroccan companies listed on the MASI ESG index. The panel is unbalanced due to the entry and exit of Moroccan companies from the index throughout the study period, which reflects the dynamic nature of ESG indexing and not a lack of data. We focused our model on the banking sector in order to limit sectoral heterogeneity and ensure better comparability of the companies studied. This sector is characterized by social issues, which makes it particularly necessary and relevant to examine the social pillar of CSR. As a result, the study sample consists of six listed and indexed Moroccan banks, covering a study period from 2018 to 2024. The data is collected from the financial statements of these companies published on the stock exchange website or on the company's own website. The empirical methodology used is panel data econometrics over a seven-year time horizon. The choice between the fixed effects model and the random effects model is based primarily on the Hausman test to assess the existence of a correlation between unobserved individual effects and explanatory variables. To account for potential heteroscedasticity and correlation within the period, robust standard errors are calculated using White's cross-section (period cluster) approach.

The dependent variable in this study, namely corporate financial performance, is operationalized by three performance measures: stock market performance, economic profitability, and financial profitability.

Thus, the independent variable, representing corporate social responsibility, is measured using the social pillar score, normalized between 0 and 1, constructed from social indicators actually implemented during the year and derived from their non-financial reports. The choice of this pillar's with the specific nature of the banking sector, which is characterized by its high relational intensity and increased dependence on stakeholder trust. The control variable in the statistical sense was added to the model so that all components that could influence the company's performance could be taken into account. The company size variable was introduced to take into account the effects of scale that may influence financial performance. It was introduced and materialized by the natural logarithm of each company's revenue, in accordance with common practice in empirical literature. Based on the selected variables, the following econometric model is specified to examine the impact of the social pillar of corporate social responsibility (CSR) on financial performance:

Financial Performance_{it} = β₀ + β₁ Social Performance (it) + β₂ Size (it) + ε (it) With:

- Financial performance: measured by ROA, ROE and MBV
- Social Performance: measured by the Social Score
- Size: measured by Ln_Revenue

Table 1.: Summary of model variables

Dependent Variable	Financial performance	Stock Market performance (MBV), Economic performance (ROA) Financial performance (ROE)
Independent variable	CSR	Score Social
Control variable	Size	Log (Revenue)

Source: Authors' own elaboration

4.2 Descriptive statistics and correlation matrix

To provide an initial overview of the data set and verify the variability of the indicators, the table below shows the descriptive statistics for the

	Financial Performance	Economic Performance	Market Performance	Social Score	LN_Revenue
Mean	0.083515	0.006603	1.472059	0.592941	8.946512
Median	0.090650	0.006200	1.450000	0.630000	8.758260
Maximum	0.152200	0.013100	2.060000	0.810000	10.20537
Minimum	0.020400	0.002200	0.650000	0.290000	7.981733
Std. Dev.	0.034098	0.002791	0.299432	0.152246	0.768387

performance measures (ROA, ROE, MBV) and the non-centered social score.

Table 2. Descriptive statistics

Source: Authors' own elaboration- Extract from Eviews13

According to the descriptive statistics table above, the results indicate that financial performance shows an average of 8.35% and a median of 9.06%, suggesting a relatively balanced distribution among the banking institutions studied. The standard deviation is moderate (3.41%), reflecting a limited dispersion of financial performance, which indicates a certain homogeneity in profitability levels within the Moroccan banking sector. Furthermore, economic performance reflects an average of 0.066% with a median close to this value (0.062%) and a low standard deviation of 0.028%. These results demonstrate the stability of the economic performance of the banks in the sample. This variability is consistent with the nature of the banking sector, where profit margins are generally tight and closely monitored. In contrast, market performance is characterized by greater variability. The average is 1.472, with minimum and maximum values ranging from 0.65 to 2.06, respectively, and a

standard deviation of 0.299. This greater dispersion suggests that the stock market differentiates between the banks in the sample to a greater extent than the accounting indicators do. This can be explained by differences in investor perception, particularly with regard to governance, reputation, and non-financial practices. The average social score is 5.93%, with a median of 6.3%, indicating a generally high level of social engagement among the banks studied. However, the relatively large standard deviation (1.52%) and the range between the minimum value (2.9%) and the maximum value (8.1%) highlight a significant heterogeneity in social practices, despite the fact that the institutions all belong to an ESG index. The control variable measured by the logarithm of turnover has an average of 8.94% and a median of 8.76%, indicating a relatively homogeneous size of the banks in the sample. The values observed range from 7.981 to 10.205, reflecting the existence of differences in size between the banking institutions studied. The standard deviation of 7.68% suggests the existence of moderate dispersion, consistent with the structure of the banking sector, characterized by the coexistence of different sizes but operating within a common institutional and regulatory framework. Overall, these descriptive statistics show that while the economic performance of banks appears relatively homogeneous, there are more marked variations in market performance and social engagement levels. These findings provide a relevant empirical framework for subsequent econometric analysis aimed at examining the linear effect of the social pillar of CSR on the financial performance of Moroccan banks indexed by MASI ESG.

The table below shows the Pearson correlation matrix established to examine the linear relationships between the model variables, namely economic profitability (ROA), financial profitability (ROE), and stock market profitability (MBV), company size measured by the logarithm of sales (Ln_Revenue), and social score.

Table 3. Correlation matrix of the variables studied

	ROA	ROE	Social Score	MBV	LN_Revenue
ROA	1				
ROE	0.8654	1			
Social Score	-0.3242	-0.3478	1		
MBV	0.5687	0.6998	-0.3039	1	
LN_CA	0.4949	0.5339	-0.7656	0.6464	1

Source: Authors' own elaboration- Extract from Eviews13

According to the correlation matrix, there is a very strong positive correlation between ROE and ROA (0.8654), reflecting the conceptual similarity between these two accounting indicators of financial performance and confirming their internal consistency. The moderate correlation between ROA and MBV (0.5687), as well as between ROE and MBV (0.6998), suggests that stock market performance is partially aligned with accounting indicators, but that it incorporates additional factors, such as market perception and the valuation of CSR practices.

The social score shows moderate negative correlations with ROA (-0.3242), ROE (-0.3478), and company size (-0.7656). This reflects the fact that social commitments can generate short-term costs, which can weigh on accounting performance, and that large companies often invest more in social issues, explaining the strong negative correlation with Ln_Revenue.

Finally, company size is positively correlated with MBV (0.6464) and the accounting performance indicators ROA (0.4949) and ROE (0.5339), which is consistent with the idea that large banks benefit from greater operational efficiency and higher stock market valuations.

Overall, the correlation coefficients observed remain below the critical thresholds for multicollinearity (=0.8 for explanatory variables). These results indicate that the linear relationships between the variables are moderate, allowing panel econometric estimates to be made with confidence, while highlighting the importance of interpreting the effects of the social score with caution given its interactions with company size.

4.3 Results

In this section, we present the empirical results for our study. Three models are estimated, corresponding to each of the financial performance measures, using panel data econometrics, adapted to a sample of Moroccan Banks indexed by MASI ESG.

Table 4. Results of regressions testing the impact of the social pillar on the financial performance of Moroccan banks indexed by MASI ESG

	Model 1	Model 2	Model 3
Dependent Variable	Economic profitability ROA	Market profitability MBV	Financial profitability ROE
Independent Variable			
Constant	-0,014159 (0.0111)	-1,545003 (0.994)	-0,186755 (0.117)
Social Score	0,00185 (0.0019)	0,790491** (0.303)	0,016571 (0.0202)
Size	0,002237 (0.0012)	0,285427 (0.086)	0,029623 (0.014)
R2	0,095225	0,21034	0,123433
Adjusted R2	0,03685	0,159394	0,06688
F Test	1,6313	4,1286	2,182618
Prob (F-statistic)	0,212	0,025723**	0,129769
Durbin and Watson	1,328	1,77	1,3239
N	34	34	34

Source: Authors' own elaboration- Extract from Eviews13

Asterisks indicate statistical significance levels: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Values in parentheses correspond to standard errors

The three models examine the research hypothesis stipulating the existence of a direct influence of the social pillar of corporate social responsibility on the financial performance of Moroccan banks indexed by MASI ESG. Financial performance is measured by a different variable, in each model: ROA, ROE, and MBV, corresponding respectively to the dependent variables of the econometric model. According to the results of the first model, the social pillar of corporate social responsibility has a positive effect (B=0.00185) on the economic profitability of Moroccan banks indexed by MASI ESG. However, this effect remains statistically insignificant because the probability associated with the overall test of the model is (Prob F-statistic=0.212). This result suggests that social commitments, although geared towards improving working conditions, human capital, and stakeholder relations, do not translate into an immediate improvement in operational efficiency as measured by ROA. As a result, the economic benefits of social practices seem to be part of a long-term dynamic that is difficult to capture with short-term accounting indicators. The third model, which analyzes the impact of the social pillar of CSR on financial profitability as measured by ROE, shows a positive coefficient for the social score (B=0.016571). However, this positive effect remains statistically insignificant with an F-statistic probability of 0.130, indicating that banks' social commitment does not directly influence short-term return on equity. The results of the third

model can be explained by the fact that banks' social commitments do not have an immediate impact on expected financial gains. Indeed, the social pillar of CSR does not primarily aim to maximize short-term shareholder profitability, but rather to consolidate the financial stability and sustainability of banking institutions. On the other hand, the second model reveals a positive ($B=0.790491$) and statistically significant impact of the social pillar of CSR on the stock market profitability of banks, as measured by the MBV. The estimated coefficient of the social score is high, and the overall test of the model is significant at the 5% threshold (Prob F-statistic=0.026), reflecting the favorable valuation of the social commitments of Moroccan banks indexed by MASI ESG by the financial market. According to the results of the second model, it is suggested that investors perceive the social pillar as a credible signal of good management, social risk reduction, and sustainable value creation, which is directly reflected in stock market valuation.

4.4 Validity of statistical tests

In order to ensure the reliability of the econometric results obtained, several statistical tests were used to verify the validity of the classical assumptions of the panel data regression model. The Durbin-Watson test was used to detect the possible presence of error autocorrelation. The results of this test show a weak or even negligible correlation ($DW=1.77$) in the second model, where financial performance is measured by MBV, while for the rest, the test shows a positive correlation of residuals when financial performance is measured by ROA ($DW=1.328$) and ROE ($DW=1.3239$). In addition, potential problems of heteroscedasticity were identified, which is common in unbalanced panels. Therefore, in order to correct these biases and ensure the robustness of the estimated coefficients, robust standard errors were adopted. The objective of this correction is to obtain reliable test statistics, even in the presence of heteroscedasticity and/or residual autocorrelation.

All of these checks thus reinforce the econometric validity of the estimated models and the credibility of the conclusions regarding the impact of the social pillar of CSR on the financial performance of Moroccan banks indexed by MASI ESG.

4.5 Discussion

The objective of this article is to highlight the effect of CSR on corporate financial performance. We have proposed an operationalization aimed at measuring the impact of the social pillar of CSR on Moroccan banks indexed by MASI ESG, using three models in which the dependent variable is calculated either by economic, financial, and/or stock market profitability.

Taken together, the results of the three models highlight a certain heterogeneity in the impact of the social pillar of CSR depending on the financial performance measure used. While internal accounting indicators, such as ROA and ROE, reveal a positive effect, they do not allow for a significant short-term effect to be extracted. On the other hand, the results relating to stock market performance measured by the MBV highlight a positive and statistically significant impact of the social score. This shows that the financial market values the social commitment of banks indexed in the MASI ESG. Investors seem to interpret social practices as a sign of good management, organizational strength, and control of non-financial risks. Based on these results, it should be emphasized that the social pillar of CSR acts more as a lever for reputation in the market than as an immediate factor in improving internal financial performance. This confirms that the value creation linked to social CSR is mainly expressed through investor perception and is part of a long-term approach. Thus, the hypothesis postulating a positive impact of social performance on stock market performance is confirmed, while those relating to accounting financial performance are not validated.

5 Conclusion

The objective of this study is to examine the impact of the social pillar of CSR on the financial performance of Moroccan banks listed on the stock exchange and indexed in the MASI ESG index. The methodology used is based on a quantitative approach using an econometric model of unbalanced panel data over the study period, which spans seven years from 2018 to 2024. The empirical results indicate that the social pillar of CSR has a positive and statistically significant impact on stock market performance as measured by the market-to-book value (MBV) ratio. However, no significant effect was found on accounting measures of financial performance, namely ROA and ROE. Our research makes several contributions to the existing literature. On the one hand, it enriches the body of work on the relationship between CSR and financial performance in the context of emerging countries, which is still relatively unexplored. On the other hand, it highlights the specific role of the social pillar of CSR in the banking sector, showing that its impact is more noticeable in terms of stock market valuation than in terms of accounting performance. However, despite its contributions, this study has certain limitations, notably the small sample size and the use of an aggregate measure of the social pillar, which may not capture the full complexity of the social practices implemented by banks. The study period is considered short, marked by major exogenous shocks such as the COVID-19 health crisis, which does not allow for the long-term impact to be assessed and makes it more difficult to identify specific effects.

Future research could expand the sample to other sectors, incorporate other pillars of CSR, use other econometric methods, or even explore the existence of a nonlinear relationship between CSR and financial performance.

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