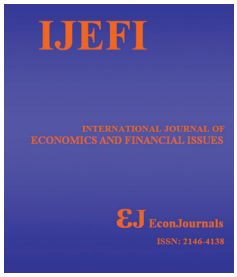

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Financial Determinants of Corporate Social Performance: Empirical Evidence from Panel Data on Moroccan Listed Firms (2018-2023)

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ABSTRACT

This study examines the financial determinants of corporate social performance (CSP) among firms listed on the Casablanca Stock Exchange over the period 2018-2023. Using balanced panel data and applying both Probit and Logit models, the analysis investigates whether profitability, financing capacity, firm size, and market valuation influence the likelihood of CSR engagement. The results reveal that return on equity (ROE) and return on sales (ROS) are consistently significant and positive drivers of CSP, while financial cash flows (CFF) also exert a positive influence in the Logit specification. Net income (RN) shows a marginal positive effect, suggesting that overall profitability supports CSR adoption, although less robustly. Conversely, earnings per share (EPS), return on assets (ROA), sales revenue (CA), and price-to-book ratio (P/B) do not significantly affect CSP in the Moroccan context. These findings highlight the central role of financial profitability and liquidity in enabling firms to allocate resources toward social responsibility. The study contributes to the literature by providing new evidence from an emerging economy, underscoring that in contexts where CSR practices are still developing, financial strength remains the key driver of responsible business conduct.

Keywords: Corporate Social Performance, Financial Performance, Probit Model, Logit Model, Morocco
JEL Classifications: M14, G30, L25

1. INTRODUCTION

Corporate social responsibility (CSR) – often termed corporate social performance – has become a prominent concern for businesses and scholars worldwide. As companies face growing pressure from stakeholders and regulators to operate responsibly, the potential link between a firm's social performance and its financial outcomes has attracted extensive research attention (Orazayeva and Arslan, 2025). Indeed, numerous studies over the past decades have examined whether engaging in CSR yields tangible financial benefits. However, the evidence remains mixed and sometimes paradoxical: some findings report a positive impact of CSR on corporate financial performance, while others find a negative or negligible relationship (El Badri et al., 2025). This ongoing debate in the global literature underscores the need for further investigation, particularly in varied economic contexts, to clarify how and when socially responsible initiatives translate into improved financial metrics.

According to stakeholder theory (Freeman, 1984), a socially responsible firm simultaneously considers the interests of all relevant stakeholders. The relationship between corporate social responsibility (CSR) and financial performance strengthens when investors and other key stakeholders reward companies that are responsive to their concerns. This study examines how investors respond to firms with a strong reputation across four CSR dimensions: governance, community, employees, and

environment. The analysis uses data from the CSRHub database for companies listed in Taiwan.

Emerging markets provide a distinct context to explore the CSR–financial performance nexus. In many developing economies, CSR practices are still maturing and less institutionalized compared to advanced economies. Morocco is a case in point, where corporate social responsibility is gaining momentum but remains at a relatively early stage of development. For example, the General Confederation of Moroccan Enterprises (CGEM) introduced a national CSR label in 2007 to encourage responsible practices, yet widespread adoption has been gradual. However, CSR implementation in Morocco often remains partial and sometimes symbolic, as highlighted by Tebini (2013). Cultural norms of solidarity and recent economic openness (e.g. free trade with more sustainability-conscious countries) are gradually nudging Moroccan companies toward greater social and environmental engagement. Moreover, Moroccan firms are increasingly pressed by stakeholders to be transparent about their social and environmental commitments. This emerging commitment to CSR in Morocco raises an important question: do firm financial performance enhance these social performance efforts actually in an emerging-market setting?

Given this background, the objective of the present study is to identify and evaluate the financial determinants of corporate social performance (CSR) in the context of Moroccan listed firms. In doing so, the research addresses the noted contextual gap by providing evidence from an emerging economy where CSR practices are still developing. The study is motivated by both practical and academic considerations. Practically, understanding the CSR–financial performance relationship in Morocco can inform corporate decision-makers and investors about the potential payoffs (or costs) of engaging in CSR initiatives. This is crucial for firms operating in resource-constrained environments, as they must justify socially responsible investments in terms of financial returns or value creation. Academically, the study seeks to fill a regional void in the literature and to contribute new insights into how CSR functions in a North African emerging market, thereby extending existing CSR theory beyond the well-researched Western settings.

The paper is structured as follows: it begins with a literature review outlining key theories, previous studies, and research gaps, followed by the methodology describing data, models, and analytical techniques. The results and discussion section presents and interprets the findings, and the paper ends with a conclusion summarizing contributions and implications.

2. LITERATURE REVIEW

2.1. Performance: A Concept with Shifting Boundaries

The notion of performance has long been a central object of research in management sciences, without ever reaching a consensus on its definition. As Marmuse (1989) points out, it has no tangible existence and should be understood more as an intellectual construct aimed at evaluating the outcomes of organizational action. Berland and Essid (2009) view it as the expression of a success or a remarkable achievement, thus highlighting its relative and contextual nature. Two main perspectives dominate the literature. The first, financially oriented, emphasizes profitability and the achievement of economic objectives, generally measured by turnover, market share, or return on investment. A company is therefore considered high-performing when it ensures the sustainability of its activities and the remuneration of invested capital. The second approach adopts a broader perspective, integrating social and environmental dimensions. Here, performance is no longer seen solely as a profit indicator, but rather as a multidimensional contribution that addresses the expectations of stakeholders and society. This evolution reflects a broadening of the analytical framework but also makes the concept more complex to grasp.

Financial performance nevertheless remains a central axis of evaluation. It is traditionally measured by accounting indicators such as return on assets (ROA), return on equity (ROE), or return on invested capital (ROI), complemented by market ratios such as the Price-Earnings Ratio (PER) or Market Value Added (MVA). As Lebas (1995) reminds us, a meaningful reading of performance cannot be limited to a snapshot: it must be assessed over time, since only the recurrence of positive results reflects true economic solidity.

2.2. The Emergence of Societal Performance

In parallel, academic literature has gradually expanded its scope of analysis to the societal dimension of performance. Originating in the Business and Society literature as early as the late 1970s, this notion has emerged as an alternative to Corporate Social Responsibility (CSR), sometimes considered too normative and difficult to operationalize. Societal performance (SP) places greater emphasis on measurable practices and on the concrete impact of firms on their social and ecological environment (Igalens and Joras, 2002; Gond, 2010). Wood (1991) proposed a definition that remains a reference, identifying SP as a configuration of principles, processes, and programs structuring the relationship between business and society. This conceptualization is consistent with Carroll (1979), who formalized corporate social performance as the integration of economic, legal, ethical, and philanthropic responsibilities. This perspective illustrates its multidimensional and strategic nature. The literature distinguishes two main forms of evaluation: functionalist measures (pollution indices, philanthropy, reputation) and socially constructed measures, based on stakeholder perceptions and expectations. This shift toward a more pragmatic conception reflects the desire to anchor social responsibility in concrete management tools.

2.3. Theories Linking Financial Performance and Social Performance

The relationship between financial performance and societal performance is one of the richest and most debated topics in the literature. In line with Shapero (1982), organizational engagement in social practices depends on the perceived desirability and feasibility of such actions within the firm's environment. Two main theoretical hypotheses structure the research.

The first, known as the social impact hypothesis, falls within stakeholder theory. It holds that investments in social and environmental initiatives enhance the reputation and legitimacy of the firm, which indirectly improves its financial results (Waddock and Graves, 1997; Allouche and Laroche, 2005). Conversely, neglecting

social responsibility exposes the organization to reputational costs and risks of conflict with stakeholders (Cornell and Shapiro, 1987).

The second, known as the available resources hypothesis, draws on resource-based theory. It suggests that only firms with strong financial performance can devote sufficient resources to social projects. In this perspective, causality is reversed: it is not social performance that generates profitability, but profitability that enables the organization to engage in socially responsible actions (Allouche and Laroche, 2005).

2.4. Empirical Evidence

The empirical literature on the link between financial performance and corporate social performance (CSP) tends to show an overall positive relationship, although nuanced depending on the indicators used. Among these, return on assets (ROA) remains one of the most studied. Waddock and Graves (1997) were among the first to demonstrate that companies with higher asset profitability invest more in social initiatives. This finding, confirmed by Rodríguez-Fernández (2015) in the Spanish context, suggests that operational profitability constitutes a key lever for supporting societal commitments. More recent research, such as Zhao and Murrell (2016) and Ying et al. (2021), confirms this dynamic and highlights that firms with a high ROA are more inclined to develop socially responsible practices, thereby strengthening their reputation and legitimacy with stakeholders.

Return on equity (ROE) has also been analyzed, though its effects generally appear less pronounced than those of ROA. Several studies, including Choi et al. (2018) and Taji et al. (2020), show that profitable equity allows companies to finance more ambitious CSR programs. Similarly, Rodríguez-Fernández (2015) observed that firms with a high ROE have a greater capacity to allocate resources to social activities, a finding confirmed by Orlitzky et al. (2003) meta-analysis. These results suggest that while ROE may not always exert as direct an effect as ROA, it remains a relevant indicator for assessing organizational social commitment.

Return on sales (ROS) is another frequently used indicator. The works of Zhao and Murrell (2016), Dumitru Miron and Ana-Maria Petrache (2012), and Ying et al. (2021) converge in showing that high profit margins foster social investment. The study conducted in Ethiopia by Ying et al. (2021) further reveals that firms performing best in terms of sales are also those most actively involved in CSR initiatives. These observations align with Rodríguez-Fernández (2015) and Orlitzky et al.'s (2003) meta-analysis, confirming that commercial profitability can serve as a driver for societal engagement.

Other financial indicators also enrich the analysis. Positive cash flows, for example, are regularly associated with a greater capacity for social investment. Borghesi et al. (2014) argue that cash flow strength allows firms to undertake CSR activities proactively rather than defensively. Orlitzky et al. (2003) reached the same conclusion, showing that effective liquidity management is a key lever for ensuring the continuity and credibility of societal commitments.

Stock market valuation, measured notably through the Market-to-Book Value (MBV) ratio, also appears as an explanatory factor of social performance. Waddock and Graves (1997) as well as Zhao and Murrell (2016) observe that firms with high MBV are more likely to invest in social initiatives, which tends to enhance their reputational capital. Orlitzky et al. (2003) confirm that financial market recognition generally fosters better societal performance by offering companies greater room for maneuver to meet stakeholder expectations.

Finally, earnings per share (EPS) is often used as a shareholder profitability indicator and is also positively correlated with social performance. Batra and Bahri (2018) show that companies with high EPS tend to engage more readily in social actions, strengthening their image and embedding them in a sustainability-oriented logic. These results are corroborated by Orlitzky et al. (2003), who emphasize that earnings per share is not only a signal of economic strength but also a lever for societal engagement.

Following this literature, these hypotheses were developed.

Indicator	Formula	Hypothesis	References
ROA (Return on Assets)	Operating Income/Total Assets	Better financial performance, measured by ROA, leads to a significant improvement in corporate social performance (CSP).	Rodríguez-Fernández (2015), Boaventura et al. (2012), Ying et al. (2021), Zhao and Murrell (2016), Waddock and Graves (1997), Orlitzky et al. (2003)
ROE (Return on Equity)	Net Income/ Equity	Better financial performance, measured by ROE, leads to a significant improvement in CSP.	Choi et al. (2018), Taji et al. (2020), Rodríguez-Fernández (2015), Orlitzky et al. (2003)
ROS (Return on Sales)	Net Income/ Sales	Better financial performance, measured by ROS, leads to a significant improvement in CSP.	Ying et al. (2021), Zhao and Murrell (2016), Dumitru Miron and Ana-Maria Petrache (2012)
Cash Flow	(Cash Inflows – Cash Outflows)	Positive cash flows have a positive impact on CSP.	Borghesi et al. (2014), Orlitzky et al. (2003)
MBV (Market-to-Book Value)	Market Value/Book Value	MBV impacts CSP.	Waddock and Graves (1997), Zhao and Murrell (2016), Orlitzky et al. (2003)
EPS (Earnings Per Share)	Net Income/ Number of Shares	Higher EPS has a positive impact on CSP.	Batra and Bahri (2018), Orlitzky et al. (2003)

3. RESEARCH METHODOLOGY

3.1. Data and Sample

The analysis is based on a balanced panel of 72 companies listed on the Casablanca Stock Exchange, including both firms certified with the CSR label by the CGEM and others without the label, over the period 2018-2023. This framework generates a total of 432 annual observations (72 companies across 6 years), thus providing a robust and homogeneous database.

The focus on listed companies is justified by the availability and transparency of financial information, as they are legally required to publish annual reports (Khlif, 2015). This regulatory constraint ensures the reliability of the data and facilitates the construction of a rigorous empirical corpus. Moreover, research on the relationship between financial performance and social performance remains scarce in the Moroccan context, particularly for listed firms, which gives this study an innovative character.

The distinction between labeled and non-labeled companies also allows for a comparative assessment and the identification of potential differences linked to CSR certification. Data collection was carried out with great care to ensure the validity of the results. The list of CSR-labeled firms was obtained from the official CGEM website, while financial information was collected from reliable sources such as the CDG Capital Bourse database, AMMC publications, the Casablanca Stock Exchange website, and the official reports of the companies themselves. The combination of these different sources, recognized for their reliability (Fraser et al., 2006), strengthens the solidity of the database and supports the relevance of the empirical analyses conducted.

3.2. Methodological Approach

In this research, we employed panel logit and probit models to identify the financial determinants of social performance among Moroccan listed companies. Logistic regression, a reference statistical tool for the analysis of binary variables, estimates the probability that a company achieves a high level of social performance (Hosmer and Lemeshow, 2000). It has the advantage of providing easily interpretable results through odds ratios and is particularly suitable for studies on corporate social responsibility (Menard, 2002).

The probit model, based on a normal distribution function, complements this approach by testing the robustness of the results and offering an alternative perspective. The combined use of these two models, applied to balanced panel data, makes it possible to exploit the temporal dimension, control for unobserved individual heterogeneities, and ensure greater stability of the estimated coefficients.

This methodological framework, which integrates both explanatory and predictive logics, thus proves particularly relevant for capturing the complex relationships between financial performance and social performance.

To empirically assess the link between financial performance and social performance of Moroccan listed companies, we rely on panel data econometrics with binary dependent variables. The social performance (CSP) indicator is coded as a dichotomous variable, taking the value 1 when the firm demonstrates high social performance (e.g., holding a CSR label or meeting defined CSR standards) and 0 otherwise.

Given the binary nature of the dependent variable, linear regression (OLS) would be inappropriate as it may lead to biased and inconsistent estimates. Instead, we employ logit and probit panel models, which are specifically designed to model the probability of an event occurring:

$$CSP_{it} = \begin{cases} 1 & \text{if firm } i \text{ achieves high social performance in year } t, \\ 0 & \text{otherwise.} \end{cases}$$

The logit specification assumes that the probability of high social performance follows a logistic distribution:

$$P(CSP_{it} = 1 \mid X_{it}) = \frac{\exp(\beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \cdots + \beta_k X_{kit})}{1 + \exp(\beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \cdots + \beta_k X_{kit})}$$

Where:

- CSP_{it}: is the binary outcome for firm i at time t
- X_{kit}: represents the vector of financial indicators (ROA, ROE, ROS, Cash Flow, MBV, EPS)
- β_j: are the parameters to be estimated.

The explanatory variables were selected based on a theoretical foundation and a rigorous review of the empirical literature. They include:

- Sales revenue (CA): A proxy for firm size and economic scale.
- Return on assets (ROA): A measure of economic profitability.
- Return on equity (ROE): A measure of financial profitability.
- Financing cash flows (CFF): Reflecting the firm's financial strategy and liquidity.
- Earnings per share (EPS/BPA): An indicator of profitability from a shareholder perspective.
- Net income (RN): A measure of overall financial performance.
- Return on sales (ROS): An indicator of operational profitability.
- Price-to-book ratio (P/B): A measure of market valuation.

The coefficients are interpreted through odds ratios, which express the change in the odds of achieving high CSP for a one-unit increase in the predictor.

Since the dataset includes 72 firms over 6 years (2018-2023), we use balanced panel estimators to account for both the temporal dimension (t) and the individual heterogeneity (i).

The generic model is expressed as:

$$CSP_{it}^{*} = \alpha_i + \beta_1 X_{1it} + \beta_2 X_{2it} + \cdots + \beta_k X_{kit} + \varepsilon_{it}$$

Where:

- CSP_{it}^{*}: as the latent (unobserved) continuous propensity for social performance,

- α_i: capturing unobserved firm-specific effects,
- ε_{it}: the random error term.

The observed binary outcome is defined as:

$$CSP_{it} = \begin{cases} 1 & if\ CSP_{it}^{*} > 0, \\ 0 & if\ CSP_{it}^{*} \le 0. \end{cases}$$

The Hosmer-Lemeshow test is a global goodness-of-fit test specific to logistic regression models. It groups observations into several classes based on the predicted probabilities (typically 10 decile groups of estimated risk) and compares, for each group, the number of observed positive outcomes with the number expected according to the model. The null hypothesis is that the model fits well, meaning that the observed and expected frequencies are close within each risk class. A high P-value (>0.05) indicates that the null hypothesis cannot be rejected, suggesting no significant difference between observed and predicted values—this is desirable.

The Andrews test of goodness-of-fit, proposed by Andrews (1988), is an alternative to the Hosmer-Lemeshow test. Like the HL test, it relies on a chi-squared statistic that measures the discrepancy between observed and predicted values of the logit model. As with Hosmer-Lemeshow, a high P-value indicates that the model is not rejected. The Andrews test is sometimes considered more powerful or more stable than the HL test in certain situations (e.g., with large samples or high predictive accuracy), as it avoids the strict decile binning process.

4. RESULTS

4.1. Descriptive Statistics

Before turning to the regression analysis, we first review the descriptive statistics of the variables. Table 1 presents the descriptive statistics for the dependent and explanatory variables. The dependent variable, corporate social performance (PSE), has a mean of 0.33 and a median of 0.00, indicating that only a minority of firms are socially engaged. The dispersion (Std. Dev. = 0.47) is consistent with its binary nature, and normality is rejected (JB test P = 0.00).

Among explanatory variables, earnings per share (BPA) (mean = 6.45) shows extreme variation, with negative skewness and high kurtosis reflecting outliers linked to firms in loss situations. Sales revenue (CA) is highly skewed (mean = 1,885.75 vs. median = 476.55), confirming that a small number of very large firms dominate the sample. Similarly, financial cash flows (CFF) display extreme negative values and strong asymmetry, pointing to liquidity stress in certain companies.

The price-to-book ratio (P/B) averages 2.07, but skewness and heavy tails highlight significant disparities in market valuation. Profitability indicators are also volatile: ROA (mean = 2.66) is negatively skewed, while ROE (mean = 8.84) shows wide dispersion with very high kurtosis. ROS stands out with extreme variability (−138.69 to 1.63), producing highly non-normal distributional properties. Net income (RN) is positively skewed (mean = 178.37, median = 24.35), reflecting a small number of highly profitable firms.

4.2. Logistic Regression Results

To identify the financial determinants of corporate social performance (CSP), both Probit and Logit regressions were estimated using a balanced panel of 72 listed firms over the period 2018-2023. Employing these two binary choice models provides complementary perspectives and strengthens the robustness of the findings. Table 2 displays the estimates from the Probit model, whereas Table 3 summarizes the corresponding Logit regression results.

The results from both models converge on several key insights. First, return on equity (ROE) consistently shows a positive and statistically significant impact (P < 0.05), indicating that firms delivering higher returns to shareholders are more likely to engage in socially responsible initiatives. Similarly, return on sales (ROS) is positive and significant across specifications, confirming that firms with stronger commercial profitability tend to allocate resources toward CSR activities. In both models, net income (RN) is marginally significant (P < 0.10), suggesting a weaker but still positive link between overall profitability and social engagement.

The Logit model additionally highlights financial cash flows (CFF) as a significant determinant (P < 0.05). This finding implies that firms with greater financing capacity—through borrowing or other external resources—are better positioned to undertake socially responsible initiatives, which often require substantial investment.

Conversely, earnings per share (EPS), return on assets (ROA), sales revenue (CA), and the price-to-book ratio (P/B) show no statistically significant relationship with CSP in either model. While EPS and ROA display negative coefficients, these effects are not significant, and may reflect firms prioritizing shareholder or asset profitability at the expense of social commitments. Overall, the findings emphasize that profitability indicators,

Table 1: Descriptive statistics

Variables	PSE	BPA	CA	CFF	P_B	ROA	ROE	ROS	RN
Mean	0.33	6.45	1,885.75	−64.49	2.07	2.66	8.84	−0.38	178.37
Median	0.00	5.89	476.55	0.00	1.70	1.66	7.97	0.06	24.35
Maximum	1.00	105.62	20,303.82	6,363.33	15.02	23.08	164.67	1.63	3,009.00
Minimum	0.00	−179.84	0.00	−8,448.65	0.00	−44.76	−113.83	−138.69	−205.34
Std. Dev.	0.47	42.50	3,450.78	959.66	2.16	7.03	20.17	6.71	506.69
Skewness	0.73	−1.89	3.14	−2.72	3.13	−1.75	1.32	−19.47	4.55
Kurtosis	1.53	10.10	13.47	42.99	18.14	13.08	24.90	398.14	24.50
Prob. JB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 2: Probit model results

Variable	Coefficient	Std. Error	z-Statistic	Prob.
BPA	−0.002870	0.002027	−1.415898	0.1568
CA	4.81E-05	4.32E-05	1.114127	0.2652
CFF	9.58E-05	9.02E-05	1.062231	0.2881
P_B	0.057982	0.056367	1.028645	0.3036
RN	0.000880	0.000481	1.830372	0.0672
ROA	−0.021006	0.016170	−1.299073	0.1939
ROE	0.021594	0.009160	2.357331	0.0184
ROS	0.214962	0.100172	1.263205	0.0319
C	−0.899200	0.110338	−8.149485	0.0000
McFadden R-squared	0.143798	Mean dependent var		0.328947
S.D. dependent var	0.470347	S.E. of regression		0.432690
Akaike info criterion	1.124163	Sum squared resid		83.68763
Schwarz criterion	1.205528	Log likelihood		−247.3091
Hannan-Quinn criter.	1.156214	Deviance		494.6181
Restr. deviance	577.6888	Restr. log likelihood		−288.8444
LR statistic	83.07064	Avg. log likelihood		−0.542344
Prob (LR statistic)	0.000000			

Table 3: Logit model results

Variable	Coefficient	Std. Error	z-Statistic	Prob.
BPA	−0.004610	0.003322	−1.387486	0.1653
CA	7.47E-05	7.20E-05	1.037510	0.2995
CFF	0.000355	0.000145	2.448276	0.0144
P_B	0.095307	0.095955	0.993250	0.3206
RN	0.001494	0.000782	1.909710	0.0562
ROA	−0.034023	0.026836	−1.267849	0.2049
ROE	0.036535	0.015630	2.337563	0.0194
ROS	0.370796	0.184305	2.011861	0.0443
C	−1.488966	0.191084	−7.792199	0.0000
McFadden R-squared	0.143193	Mean dependent var		0.328947
S.D. dependent var	0.470347	S.E. of regression		0.432526
Akaike info criterion	1.124929	Sum squared resid		83.62426
Schwarz criterion	1.206294	Log likelihood		−247.4838
Hannan-Quinn criter.	1.156980	Deviance		494.9675
Restr. deviance	577.6888	Restr. log likelihood		−288.8444
LR statistic	82.72127	Avg. log likelihood		−0.542728
Prob (LR statistic)	0.000000			

particularly ROE and ROS, are the most reliable predictors of social performance, while scale and market valuation appear less relevant in the Moroccan context.

The overall explanatory power of the models is satisfactory. Both Probit and Logit estimations yield a McFadden pseudo-R^2 around 0.14, which is considered acceptable for binary choice models. The likelihood ratio tests are highly significant ($P < 0.001$), confirming that the inclusion of financial variables substantially improves the explanatory capacity of the models compared to null specifications.

To further assess calibration, the Hosmer-Lemeshow (HL) and Andrews tests were applied. For the Probit model, the HL statistic is 6.66 ($P = 0.574$) and the Andrews statistic is 11.06 ($P = 0.353$). For the Logit model, the HL statistic is 5.57 ($P = 0.695$) and the Andrews statistic is 9.36 ($P = 0.498$). In all cases, the P-values are well above the 0.05 threshold, meaning that the null hypothesis of good model fit cannot be rejected.

4.3. Discussion

The results of this study show that financial profitability (ROE and ROS) exerts a significant positive effect on corporate social performance (CSP), are consistent with the majority of empirical studies that report a direct and positive relationship between CSR and financial performance. Russo and Fouts (1997) and Derwall et al. (2005), among others, emphasize that CSR contributes to competitive advantage, which in turn enhances profitability. Similarly, our findings suggest that firms with higher returns on equity and stronger operational margins are more likely to allocate resources toward CSR initiatives, thereby reinforcing the view that financial strength is a prerequisite for sustained social engagement.

In addition, our evidence partially supports the bidirectional hypothesis advanced by Waddock and Graves (1997) and Qiu et al. (2016). On the one hand, profitability indicators (ROE and ROS) drive CSR, as in our results. On the other hand, these studies argue that CSR itself can enhance financial outcomes through improved reputation and stakeholder trust. While the present study did not test reverse causality explicitly, the significant role of profitability in enabling CSR aligns with the idea that the relationship may be mutually reinforcing in the Moroccan context.

The results also resonate with studies emphasizing the indirect role of financial resources. McWilliams and Siegel (2000) highlight R&D and marketing as mediators between CSR and financial success. Similarly, our finding that cash flow financing (CFF) positively influences CSR supports the argument that resource availability—whether through internal profitability or external financing—enables firms to pursue socially responsible initiatives. This highlights that CSR is not only linked to performance but also contingent upon the firm's capacity to mobilize resources.

However, our findings diverge from studies that identify neutral or negative effects. For instance, Brammer et al. (2006) report that environmental and employment dimensions of CSR may reduce shareholder value, while Griffin and Mahon (1997) and Revelli and Viviani (2015) suggest that CSR has no consistent financial impact. In contrast, the Moroccan firms in our sample show no evidence of CSR destroying value; instead, profitability-related variables remain the most consistent drivers. This divergence may reflect contextual differences: in emerging markets where CSR is still developing, financially stronger firms are better positioned to adopt it as part of a competitive strategy, while weaker firms may not prioritize it.

Finally, our findings also echo the stakeholder perspective (Jones, 2016; Lokuwaduge and Heenetigala, 2017), which emphasizes that firms benefit when they align financial success with broader societal expectations. The significance of ROE and ROS in predicting CSR in our sample suggests that Moroccan listed companies use financial strength not only to maximize shareholder returns but also to respond to stakeholder demands for responsible business conduct. This dual alignment strengthens both corporate legitimacy and long-term competitiveness. This perspective is in line with Porter and Kramer (2006), who argue that CSR can generate shared value by reinforcing both competitive advantage and societal well-being.

5. CONCLUSION

This study set out to investigate the financial determinants of corporate social performance (CSP) among firms listed on the

Casablanca Stock Exchange over the period 2018-2023. By employing Probit and Logit panel models, we examined the extent to which profitability, size, financing capacity, and market valuation influence the likelihood of firms engaging in socially responsible practices.

The results provide clear evidence that profitability indicators, particularly return on equity (ROE) and return on sales (ROS), are significant drivers of CSP. These findings highlight that firms with stronger financial performance are more likely to allocate resources to social initiatives, thereby reinforcing the view that financial strength underpins sustainable social engagement. Net income (RN) also displayed a marginal positive effect, suggesting that overall profitability contributes to CSR, although less robustly. The significance of financial cash flows (CFF) in the Logit model further underscores the role of resource availability, showing that firms with greater financing capacity are better positioned to undertake socially responsible initiatives.

By contrast, variables such as earnings per share (EPS), return on assets (ROA), sales revenue (CA), and price-to-book ratio (P/B) were not found to have a statistically significant influence on CSP in the Moroccan context. This suggests that market valuation and firm size are less important than profitability and liquidity in shaping CSR behavior among listed companies.

Overall, the findings align with much of the international literature that identifies a positive link between financial performance and CSR, while also contributing new evidence from an emerging economy. In Morocco, where CSR practices are still evolving, financial strength appears to be a key enabler of social responsibility. This highlights the importance of profitability not only for shareholder value creation but also for meeting stakeholder expectations and enhancing corporate legitimacy.

From a practical perspective, the results suggest that policymakers and business leaders should view financial health and CSR as complementary rather than competing objectives. Firms with stronger profitability are better placed to integrate CSR into their strategic agenda, while regulators and investors can encourage disclosure and accountability mechanisms that ensure these practices translate into long-term sustainable development.

Future research could extend this work by exploring sectoral differences in CSR adoption, testing for reverse causality between CSR and financial performance, and incorporating non-financial determinants such as governance or institutional quality. Such extensions would enrich our understanding of how CSR evolves in emerging markets and further clarify its role in shaping both corporate strategy and societal outcomes.

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