The relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) has long been a central and contentious debate in the literature. However, prior empirical studies provide indefinite conclusions. The purpose of this study is to review systematically and quantify the CSR–CFP link in a meta-analytic framework. Based on 119 effect sizes from 42 studies, this study estimates that the overall effect size of the CSR–CFP relationship is positive and significant, thus endorsing the argument that CSR does enhance financial performance. Furthermore, this work sheds light on the causal relationship between CSR and CFP. Subsequent financial performance is associated with prior social responsibility, while the reverse direction is not supported. This finding supports the instrumental stakeholder theory. As predicted, the meta-analysis results indicate that the measurement strategies of the two key constructs of CSR and CFP explain some variations of the CSR–CFP relationship. Last, this study examines the moderating effect of the environmental context on the CSR–CFP link. This work proposes that CSR in the developed world, with a relatively mature institutional system and efficient market mechanism, will be more visible than CSR in the developing world. The results show that the CSR–CFP relationship is stronger for firms from advanced economies than for firms from developing economies.

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