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CSR AND FIRM FINANCIAL PERFORMANCE: MODERATING EFFECT OF OWNERSHIP CONCENTRATION IN THE FRENCH CONTEXT

ABSTRACT

This study investigated the relationship between Corporate Social Responsibility (CSR) and Financial Performance (FP) and the moderating role of corporate governance. In particular, this paper aims to empirically examine the impact of ownership concentration on the relationship between CSR and financial performance. This study was based on a sample of 200 firms over 2010 /2021. The direct and moderating effects were tested by using multiple regression techniques. The empirical findings indicated that companies with higher levels of CSR reporting invested more effectively than companies with lower CSR reporting levels. The empirical analysis suggested two main findings: CSR has a significant effect on financial performance and this relationship depends on ownership concentration. This research presents new evidence that improves the discussion around CSR involvement and financial performance in French firms. Then, this research shows that ownership concentration positively moderates the impact of CSR on corporate financial performance.

Keywords: Corporate governance, corporate social responsibility, ownership concentration, financial performance, French firms.

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INTRODUCTION

The economic complexity has compelled every corporation to adopt Corporate Social Responsibility (CSR). CSR acts as a reaction to local and international regulatory frameworks for mitigating potential risks and being proactive not only operates for the benefit of shareholders, but also for the interests of the stakeholders in business practices (Widagdo and Rahmawati, 2021). Research on the effect of CSR on a company's financial performance has been conducted extensively. A study provided on a sample of firms listed in Bursa Malaysia during the period 1999-2005, research by (Saleh and Muhamad, 2011), concluded that the implementation of CSR has a significant and positive effect on financial performance. Therefore, better financial performance may lead to improved CSR (McGuire, J., Schneeweis, T., and Branch, B. 1990). In contrast to research (Mwangi and Jerotich, 2013), samples of manufacturing companies and construction listed on the Nairobi Stock Exchange during the period 2007-2011, stipulate that CSR does not affect the financial performance of the company. For this reason and because the inconsistency of previous research results prompted the researcher to use another variable that could moderate the relationship between CSR and a firm's financial performance. Because it influences financial performance's composition and CSR, corporate governance can be expected to moderate the relationship between financial performance and CSR (Chieh-Tse, 2018). The study is interested in re-examining the effect of CSR on financial performance by incorporating corporate governance as a moderator variable. CSR activity is often used by company managers as an entrenchment strategy in managing corporate profits (Noorlailie and Mayang, 2018). Based on the description that has been disclosed, the study is interested in examining the relationship between CSR on financial performance by incorporating dividend policy as a moderator variable of this relationship. However, there is a lack of empirical research examining how CSR and firm financial performance: the moderating effect of ownership concentration in the French context influences the relationship between financial performance variables and CSR engagement. This noticeable gap and limitation motivated us to investigate this issue. Further, this research examines the eventual moderating role of corporate governance. The study answers the following research question: How does ownership concentration moderate the relationship between financial performance and CSR?

To answer this question, this study compiled data that belonged to 200 French non-financial listed firms over the period 2010 to 2021. The results show that financial performance is significantly associated with CSR and that ownership concentration moderates this relationship. This study presents both theoretical and practical contributions. It extends the dynamic links between CSR and financial performance. Unlike previous studies that only looked at the direct relationship between financial performance and CSR, this study went further to investigate how ownership concentration influences this relationship. This paper will be followed by an overview of the literature review, research methods, results, discussion, and conclusions. More precisely, the structure of the paper is as follows. Section 2 presents the theoretical framework. Section 3 presents a review of the literature and the research hypotheses. Section 4 Research Methodology which takes into account a description of the sample, a definition of the variables, and the analyses used. Section 5 presents the main empirical results. Finally, concluding remarks are given in Section 6.

THEORETICAL FRAMEWORK

The relationship between corporate governance, CSR, and financial performance is explained by two economic-based theories: agency theory and signaling theory. CSR is partially the result of agency problems (Tops, 2017). (Carroll, 1979) defines CSR as corporate integrated responsibilities that encompass the economic, legal, ethical, and discretionary (or philanthropic) expectations that society has of organizations. The incentive for managers to invest in CSR is the first description of agency problems in the context of CSR that does not benefit shareholders due to different preferences, which becomes possible due to the separation of ownership and control in combination with incomplete contracts (Tops, 2017). Signaling theory focuses on information asymmetries between two parties where the sources of asymmetric information are primarily focused on information about quality or intent (Stiglitz, 2000). The use of this theory as an alternative theoretical lens can reveal how CSR contributes to corporate financial performance (Rama and Sakthi, 2022). (Karnani, 2011), stipulates that the relationship between CSR and financial performance has been controversial, causing a lot of debate. Although (Margolis, Elfenbein, and Walsh, 2009) provide the argument for a small but positive relationship between CSR and financial performance, (Orlitzky, 2011), in a document examining whether the empirical evidence on the relationship between corporate social performance (CSP) and corporate financial performance (CFP) show that mixed results are derived from

the distinct training of different disciplines. (Weichieh, Mike, Weiqiang, Yan, 2014) , propose that CSR practices could signal the unobserved qualities of firms to relevant stakeholders in a market that lacks well-developed institutions. Cennamo, (2009), provide the argument that CSR practices may also be considered agency costs because the link between CSR and corporate financial performance is so socially complex that CSR may be pursued by managers to improve their image, but it may not be beneficial to shareholders

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The relationship between CSR and financial performance

The relationship between CSR and financial performance has been the subject of a large and growing body of literature. Serious debate has been sparked by this relationship, which has been controversial (Karnani, 2011). The definition of CSR is logically followed at the beginning of this study (Van Marrewijk, 2003); corporate sustainability (CS) and CSR are exactly the same thing. (Bird, Francesco , Francesco , 2007) suggest that CSR practices influence firm value, and this influence differs based on the CSR type The term CSR implies that it encompasses environmental sustainability and governance, not only the social dimension. This concept also finds its expression in the term ESG (Environmental, Social, and Governance). ESG describes the three relevant input factors for measuring CSR corporate performance and disclosure (Stuart, Andrew, Laura, 2021). Along with the advent and rapid spread of environmental management, the importance of CSR is gradually increasing (Cho, Chune, Jason, 2019). Accordingly, in recent years, CSR activities have been recognized as a natural obligation of firms. As sustainable management has become much more important, firms have begun to recognize CSR internally as an important business strategy. Investors are also recognizing the importance of socially responsible investment (SRI), which involves investing in companies with outstanding CSR performance Financial performance of the firm is among the key areas of interest for managers, practitioners, and academics (Hunjra, 2018). According to (Didin, 2018), financial performance is the achievement of the firm's financial performance for a certain period covering the collection and allocation of finance measured by capital adequacy, liquidity, solvency, efficiency, leverage, and profitability. Financial performance is the company's ability to manage and control its resources. Cash-flow, balance sheet, profit loss, and capital change can be the basis of information for corporate managers to make decisions.

Jyoti and Khanna (2021), suggest that the Environmental score and Return on Assets (ROA) and Return on Capital Employed (ROCE) of the selected companies have a significant negative relationship. Zhao (2018), investigated the relationship between ESG performance and financial indicators in a study of China's listed power generation groups in the energy power market based on the panel regression model. According to this document, the sustainability performance of the noted large-listed power generation firms has a significant positive impact on their financial performance
Akben-Selcuk (2019), published a paper in which they found that CSR has a positive relationship with financial performance. Findings indicate that ownership concentration negatively moderates this relationship even when endogeneity is controlled for.

The relationship between CSR and financial performance has been the focus of attention. The debate on the relationship between CSR and financial performance started six decades ago (Hunjra, 2018). It makes sense for this strategic relationship to be a part of the strategic management of a company (Grewatsch and Kleindienst, 2017). There are studies suggest that CSR and FP may not have a significant direct link (McWilliams and Siegel, 2000). Also, (Chieh-Tse, 2018) examines the relationship between CSR and corporate financial performance (CFP) in Taiwan The results Show that the Volume Index (SVI) positively influences the relationship between corporate social responsibility (CSR) and corporate financial performance (CFP) in the electronics industry. (Cho, Chune and Jason, 2019), Confirm that the correlation between CSR performance and profitability and firm value is partial. Using the KEJI index before 2011, these results are partly in line with previous studies that showed a positive connection between CSR and Korean firms' financial performance. Only a social contribution can create a statistically positive correlation between CSR performance and profitability. The correlation between CSR performance and financial performance indicators was analyzed and it was found that there is a positive correlation between the growth rate of total assets, corporate soundness, and social contribution. Tobin's Q, the measure of corporate value, showed a positive correlation between soundness and social contribution.

Six decades ago, research on the relationship between CSR and financial performance began (Hunjra, 2018). The literature has presented mixed results in the direction of causality between CSR and financial performance. Cochran and Wood (1984) find an association between CSR and financial performance. (Torugsa, O'Donohue, and Hecker, 2012) argue that Proactive CSR has a positive impact on financial performance. A positive relationship between CSR practices and corporate financial performance will be contingent upon

institutional environments such as market development and information diffusion (Weichieh, Mike, Weiqiang, and Yan, 2014). Using a sample from ten Asian economies, the study find that the positive effect of CSR on corporate financial performance is more salient in a market environment where market development and information diffusion are lower. We hypothesize the following based on the reasoning discussed and empirical evidence of the association between CSR and financial performance :

H1 : CSR is positively related to firm financial performance.

The moderating effect of ownership concentration on the Link between CSR and firm financial performance

CSR, ownership concentration and Financial performance, remained essential but also ambiguous issues in corporate finance literature. The Corporate governance is the firm's most important policy to determine the sustainability of a business (Husain, Sarwani, Sunardi, and Lisdawati, 2020). In such a business environment, it is of utmost importance to consider the role of corporate governance score when investigating the relationship between CSR and firm financial performance.

(Mahrani and Noorlailie, 2018) the direct influence of the ownership concentration and CSR on financial performance ownership concentration and CSR has a positive effect on financial performance as well as the CSR on financial performance, as shown by the results. According (Soelton and Yanto, 2020), analyze the effect and implementing ownership concentration) to engage and perform a proper CSR which will impact the social community and finally improve the financial performance of the company.

A large and growing body of literature has investigated the relationship between CSR and corporate governance. In addition to the advent and rapid spread of environmental management, the importance of CSR is gradually increasing (Cho, Chune, and Jason, 2019). Empirical studies focusing on the role of corporate governance factor for the CSR and financial performance relationship are relatively few in number. The nexus of uncertainty, CSR and stakeholders' interest, corporate governance, and, financial performance has been well documented in the literature (Hunjra, 2018). So, It, therefore, Becomes interesting to check whether or not the corporate governance provides a link/bridge between these variables.

Thierry Gerard (2015), demonstrated that CSR significantly and positively influences the financial performance of the firm. In addition, follows that the ownership concentration positively influences financial performance which in turn positively

influences CSR. Thus, we believe that the corporate governance moderates the relationship between CSR and the firm's financial performance.

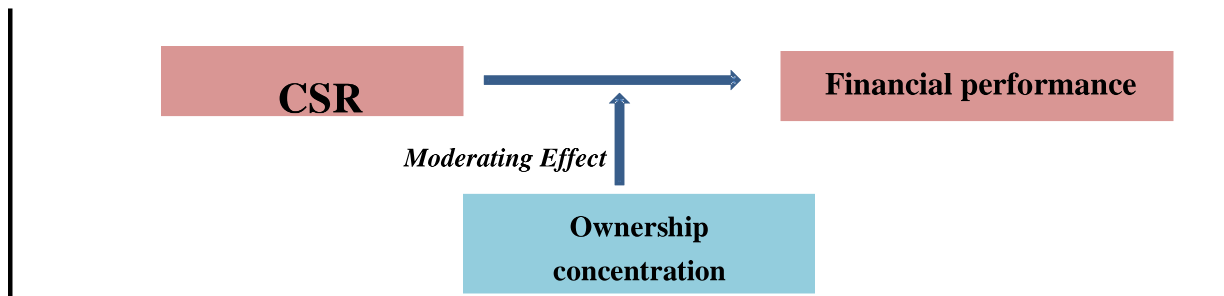
Therefore, we suggest the following hypothese:

H2 : Ownership concentration moderates the relationship between CSR and the firm's financial performance

RESEARCH METHODOLOGY

This section details the proposed empirical research methods for this study. These include the sample selection and the justification for such selection. The empirical model specification, variable measurements, and the model estimation method are also discussed here:

Figure 1. Conceptual model



Sample Construction

The purpose of this study is to investigate the moderating effect of ownership concentration on the relationship between CSR and financial performance in France. The period of analysis covered five years between 2010 and 2021. France is a typical country in such a comparative study between common law and civil law legal systems. We chose this country for several reasons. First, CSR has been a major issue and is widespread in several countries (e.g. France) located in European markets (Gul, 2018). Second, France has different cultures and traditions. The final sample consists of 200 French firms (2400 firm-year observations). Firms in this database were excluded from the sample because they are financial institutions. Banks, insurers, and other financial firms are excluded because they are subject to specific accounting standards. Not all of the necessary financial data are available for every firm over such a long period. Table I presents the distribution of the listed firms of our sample. Thus, 200 French firms will make up our sample construct, as depicted in Table I below. Our database has been collected from the DataStream database.

Table 1. Sample selection

Simple	Number of firms
Initial sample	250
Firms with missing data	(18)
Financial firms	(32)
Final sample	(200)
Duration of study	12
Total observations	2.400

Research Model Specifications

To analyze the moderated influence of ownership concentration on the association between CSR disclosure and financial performance as shown in Figure 1, the following multiple regression model is developed:

In a manner conforming with (David and Reuben, 1986), to start a moderating role, this condition must be confirmed: «The moderating effect is observed when a moderating variable Z modifies the intensity of the relationship between the independent variable X and the dependent variable Y».

In this study, we aim to examine the effect of CSR on firm financial performance and the moderating role of ownership concentration on this relationship. For this purpose, we proceed in two steps. We start first by estimating the following equation:

$$FP = \beta_0 + \beta_1\, CSR_{it} + \beta_2\, SIZE_{it} + \beta_3 LEV_{it} + \beta_4 ROA_{it} + \varepsilon_{it} \qquad \text{Model (1)}$$

Then, To examine the moderating effect of audit quality, we introduce an interaction term between audit quality and CSR and estimate the following model:

$$FP = \beta_0 + \beta_1\, CSR_{it} + \beta_2\, OC_{it} + \beta_3 CSR * OC_{it} + \beta_4\, SIZE_{it} + \beta_5\, LEV_{it} + \beta_6 ROA_{it} + \varepsilon_{it} \qquad \text{Model (2)}$$

Where CSR : CSR Tobin's Q: Firms market performance; SIZE: Firm size calculated as a natural logarithm of total assets; LEV: Firm leverage calculated as the ratio of total debt to total assets; OC: ownership concentration. We tested the moderation effect of corporate governance on the relationship between CSR and financial performance (FP) by running a multivariate regression analysis in STATA analysis software (version 18). This

procedure is well suited to the detection of moderating effects (Stone and Hollenbeck, 1984 ; Memon et al., 2019 ; Hayes, 2017).

Variables measures

CSR Measure

The CSR variable is the equally weighted average of both the environmental and social scores for each company every year (Jarboui, Dammak, and Bouaziz, 2022).

Financial Performance Measure (FP)

According to (Jyoti and Khanna, 2021), measuring the financial performance of companies is less complicated than measuring their sustainability performance. Numerous studies have demonstrated that financial accounting returns (specifically ROA, ROE, and ROCE) and Tobin's q (Elsayed and Paton, 2005) are the most commonly used financial performance variables (Elsayed and Paton, 2005). In this present paper, the following variables have been used as a measure of financial performance : ROA (Return on assets), ROE (Return on equity), ROCE (Return on capital employed)

Ownership Concentration Measure (OC)

Referring to the work of Fernández and Arrondo (2005), the concentration of ownership (CONC) is measured by the percentage of capital held by the main shareholder.

OC=Percentage of capital held by the first shareholder

Control variables :

To control for other effects, we include several control variables which are used in the literature:

- Firm size (SIZE) is measured as the natural log of total assets and is used to control for side effects. Based on prior research (Gupta and Newberry, 1997), (Lanis and Richardson, 2012), (Mafrolla and D'Amico, 2016).
- Return on assets (ROA) is measured as pre-tax income divided by a total asset (Mafrolla and D'Amico, 2016)
- Leverage (LEV) is measured as total debt divided by total equity, and is included as a control variable as firms that have higher debt-to-equity ratios are more efficient at reducing corporate taxes (Gupta and Newberry, 1997) (Lanis and Richardson, 2012)

Table 2. Variables Measurement.

Variables	Measurements	Authors
CSR	The annual average between the environmental score and the social score for each firm	(Jarboui, Dammak, and Bouaziz, 2022) (El Ghoul, Guedhami, and Kim, 2017)
OC	The percentage of capital held by the main shareholder	(Amel and Ines , 2022) Fernández and Arrondo (2005)
FP	Q TOBIN : (market value of equity þ book value of debt)/book value of total assets	(Chakroun, S, Salhi, B, Amar, A.B, and Jarboui, A, 2020)
SIZE	Natural logarithm of total assets	(Gupta and Newberry, 1997) (Mafrolla and D'Amico, 2016) (Lanis and Richardson, 2012)
ROA	Pretax income/total assets	(Mafrolla and D'Amico, 2016)
LEV	Total debt/total equity	(Gupta and Newberry, 1997) (Lanis and Richardson, 2012)

Research methodology

It is a quantitative study based on published data collected from the annual reports of the sample firms listed below. It tests hypotheses regarding the relationship between CSR, OC, and financial performance. The purpose of this study is to examine and identify the X variable, which is CSR**,** the Z variable, Ownership concentration and, the Y variable which is financial performance. The population for this research comprises the firms in France during 2010-2021.

To test the moderating effect of Ownership concentration on the relationship between CSR and financial performance, we use three approaches. The first approach is provided by (David and Reuben, 1986) who indicate that a moderator is a qualitative or quantitative (e.g., level of reward) variable that impacts the direction and/or strength of the relationship between an independent variable and a dependent variable. The second approach is presented by (Cristina and Rita, 2020), who tested the relationship between the CSR score and financial performance. The third one is provided by (Muhammad, 2021) and (kanekriyah, 2020) who presented the relationship between on the one hand, dividend policy, and CSR and with financial performance, on the other hand.

EMPIRICAL RESULTS AND DISCUSSION

Descriptive statistics

Table 3 presents the summary statistics for our sample of firms. It shows the summary statistics for the dependent variable, the independent variable, and the mediating variable. In other words, Table 3 illustrates the descriptive statistics of CSR, Ownership concentration, and financial performance. The sample comprises 200 French firms from 2010 through to 2021. The table presents the summary statistics. It displays the mean, median, and standard deviation, as well as the 1st percentile and 99th percentile values for the key variables. Over the period 2010–2021, CSR had a mean value of 42.590 with a standard deviation of 21.44. It is noticeable that there is a high divergence in CSR levels across the firms in our sample as the minimum is 7.876 and the maximum is 91.55, notably close to the study (Salhi, B, 2020), which found that CSR activities in French firms span from a minimum of 7.876 to a maximum of 91.55.

Table 3. Descriptive Statistics

Variables	*Mean*	*Min*	*Max*	*SD*
CSR	42.590	7.876	91.55	21.44
OC	0.12	0.09	0.16	0.58
FP	1.72	0.88	8.87	0.93
SIZE	7.189	6.124	7.888	0.175
LEV	0.197	0	0.678	0.143
ROA	0.077	0.024	0.107	0.011

Whereas these figures are 0.132and 0.58 for Ownership concentration. In addition, For FP, the mean value was 1.72 at a standard deviation of 0.93 with minimum and maximums valus of 0 and 0.585, respectively

The firm size (average total sales) has a mean of nearly 7 and a corresponding max of 8. We found that the average mean and max of corporate leverage (long-term liabilities divided by lagged total assets) are 0.2 and 0.6, respectively. The mean value of ROA is 7%. This result indicates that the french firms can generate earnings of 7% from the assets held, implying that the sample firms tend to realize profits rather than losses. This rate is lower than the 10% found (Habbash, 2017)

Note(s): OC: Ownership concentration; FP: Financial performance measured with Tobin's Q; CSR: CSR score; SIZE: Firm size calculated as a natural logarithm of total assets; LEV: Firm leverage calculated as the ratio of total debt to total assets, VIF: Variance inflation factor. ***significant at 1% level; **significant at 5% level; *significant at 10% level.

Testing Research Hypotheses

Table 4 provides the Pearson correlations between the model variables of this study. The correlation matrix of the variables is illustrated in this table. As a rule of thumb, a correlation of 0.70 or higher in absolute value may cause multi-collinearity between variables (Liu, 2020). The highest correlation coefficient is 0.29 via the relationship between OC and CSR. In addition, According to (Gujarati, 2003) a VIF value of less than 10 is acceptable ; the VIF values among our variables are all lower than 2. We can confirm the absence of multi-collinearity between variables of our model. Thus, the correlation between the explanatory variables introduced at the level of the different empirical models can be deemed acceptable.

Table 4. Pearson correlation matrix and variance inflation factor test.

	OC	CSR	FP	SIZE	ROA	LEV	VIF	1/VIF
OC	1.000						1.43	0.69
CSR	0.299 **	1.000					1.24	0.80
FP	0.346 ***	0.133***	1.000				1.67	0.59
SIZE	0.018 *	0.156*	0.247	1.000			1.54	0.64
ROA	0.071 **	0.343	0.461	0.031	1.000		1.66	1.60
LEV	-0.044 **	-0.074*	0.641	0.112**	0.461**	1.000	1.12	1.89

Note(s): CG: Corporate governance; FP: Financial performance measured with Tobin's Q; CSR: CSR score; SIZE: Firm size calculated as a natural logarithm of total assets; LEV: Firm leverage calculated as the ratio of total debt to total assets, VIF: Variance inflation factor. ***significant at 1% level; **significant at 5% level; *significant at 10% level.

Table 5. Empirical findings

	Coefficient	z-statistique	Coefficient	z-statistique
Constant	0.234***	3.05	0.184***	3.25
CSR	0.236***	5.88	0.156***	5.42
SIZE	0.000***	6.23	0.362***	6.23
LEV	0.000***	8.99	0.347***	5.67
ROA	0.013***	2.65	0.000***	3.67
OC			0.657***	2.15
CSR*OC			0.161 **	4.61
Firm fixed effect	YES		YES	

Years fixed effect	YES	YES
R^2	0.546	0.4332
N.Ob	2400	2400

Note(s): CG: Corporate governance; FP: Financial performance measured with Tobin's Q; CSR: CSR score; SIZE: Firm size calculated as a natural logarithm of total assets; LEV: Firm leverage calculated as the ratio of total debt to total assets, VIF: Variance inflation factor. ***significant at 1% level; **significant at 5% level; *significant at 10% level.

Table 5 displays the findings from the estimation of the research model. We note that all continuous variables are winsorized at 1% and 99% of their distribution to avoid the influence of outliers. To test our research hypotheses, we use a sample of Saudi firms during the period 2010–2021, with 200 observations

The direct relationship between CSR and firm financial performance

Table 5 provides evidence of the basic results. The model (A) is significant because it indicates 54.6 % R2 significant at 1% level. Thus financial performance is an important determinant of CSR. Table V shows, as predicted, that CSR is positively and significantly associated (at the 1% level) with FP TQ (β1 0.236, Z 5.88), as the proxy variables of firm financial performance.

The coefficients associated with the variable SIZE and the variable DEBT are positive and statistically significant at a threshold of 1% respectively (β2 0.000, Z 6.23), (β3 0.000, Z 8.99). As for control variables, the results show that the firm size and the firm leverage have a positive impact on financial performance. This result allows us to see that companies that need external financing from banks, for example, have an interest in using accounting discretion to obtain, loans under the best conditions (Mard, 2004). The coefficient associated with the ROA variable is positive and statistically significant at a threshold of 1% (β4 0.013, Z 2.65). Our results corroborate those reported more recently by Achour and Boukattaya (2021) who have demonstrated the existence of a positive and significant relationship between CSR score and the ROA of French-listed firms; These results support the previous studies which suggest that larger firms generate greater competition than their smaller rivals. This advantage allows them to achieve scale economies and gain more power in the market (Cho, , Chung, , and Young, 2019) (Chakroun, S, Salhi, B, Amar, A.B, and Jarboui, A, 2020) . As a result, we can say that the more the company performs, the more the company manages its results upwards.

Moderating Effect of Ownership concentration

Table 5 shows that there are positive and significant relationships between OC as measured using The percentage of capital held by the main shareholder, and TQ (β2 0.65,

Z 2.15). These results are in line with those reported by prior empirical studies (Kamaliah, 2020)which indicate that Corporate Governance has a statistically significant impact on a company's financial performance. They argue that robust governance can help enhance the CSR and financial performance of a firm.

Our hypothesis H2 was about the possible moderating effect of the Ownership concentration on the relationship between CSR and financial performance. To test this hypothesis, we add the moderation variable, OC, in the regression model. As given in Table 5, the coefficients of CSR*OC are positive and significant at a five percent level (β3 0.161, Z 4.61). Therefore, H2 is supported. This implies that a socially responsible company is more likely to achieve better financial performance when there is robust governance. Our results, thus, go to support the agency theory (Jensen and Meckling, 1976), In this way, it is suggested that dividends serve to reduce conflict of interests between managers and shareholders. Overall, the results show that the additional variables along with CSR, enhance firm financial performance.

Finally , this study contributes to the literature on the relationship between CSR and firm financial performance by offering robust empirical evidence that demonstrates a positive correlation, thereby reinforcing the argument that strategic CSR initiatives can lead to enhanced financial outcomes. As (Gharbi and Jarboui, 2024) in a study stipulate that CSR has a significant effect on financial performance and this relationship depends on corporate governance practices. Also (Gharbi and Jarboui, 2023), (Akben-Selcuk, 2019) confirm this relationship.

Then, this study contributes to the literature on both CSR and ESG by providing novel empirical evidence that demonstrates the interdependence of CSR initiatives and ESG performance, highlighting how effective CSR practices can enhance ESG metrics and influence stakeholder perceptions in a meaningful way. This contributes to the study of (Elsayed and Paton, 2005) (Jyoti and Khanna, 2021).

CONCLUSION AND IMPLICATIONS

This study aimed to empirically examine how ownership concentration moderates the effect of CSR on corporate financial performance. Using a sample of French-listed firms over the period 2010 -2021, with a sample of 2,400 firm-year observations from 200 and after controlling for firm-level characteristics. The findings show that CSR affects positively firm financial performance proxy with TQ, going to support the stakeholder theory (Freeman et al., 2010) which suggests that stakeholders tend to reward good CSR strategies (Franco et

al., 2020), consequently positively influencing corporate financial performance (Achour and Boukattaya, 2021; Okafor et al., 2021). Throughout the second part of the analysis, we aim to address our second purpose, examining the moderating effect of Ownership concentration on the CSR–financial performance relationship.

The current paper provides contributions to the literature in several ways. First, unlike prior studies that only examined the direct relationship between CSR and financial performance (Chakroun, Salhi, Amar, and Jarboui, 2020), this study went further to investigate how Ownership concentration, affects this relationship. A literature that is certainly extensive (Akben-Selcuk, 2019; Gharbi and Jarboui, 2023; Gharbi and Jarboui, 2024; Habbash, 2017) but often providing mixed and inconclusive results.

Hence, this research provides additional evidence in this area. This work extends the work in previous studies by looking at exploring how the extent of CSR may impact financial performance and studying Ownership concentration, as a moderator for the link between CSR reporting and financial performance to test whether this variable (OC) strengthens, diminishes, negates, or alters this link, or otherwise changes its direction (Noorlailie and Mayang, 2018). This study provides empirical evidence and supports the legitimacy theory for the impact of Ownership concentration on CSR and relationships for french firms. (Widagdo, Sri, Siti, and Rahmawati, 2021)

Our findings may be beneficial for investors when evaluating financial performance. The study shows that Ownership concentration, along with CSR enhances firm financial performance. Otherwise, the improvement effect of CSR on corporate financial performance is more pronounced for firms with Ownership concentration. Our study contributes to the literature in several ways. First,

The results of this study have also practical implications; They can be interesting and useful for managers, policymakers, and investors. As they highlight the importance of CSR as relevant driver of financial performance, this study encourages board members to seriously weigh investing financial resources in developing policies that boost the levels of social behavior components to improve overall corporate performance. Our contributions remain subject to some main limitations that could be addressed in future research studies. First, one limitation of studying is that the data are limited. We do not have access to some possible control variables used in prior studies. Secondly, we are limited to one variable, namely CSR engagement.

Further studies may consider other independent variables such as the age of the company, the type of industry, etc.,

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