

# The Impact of Corporate Social Responsibility Committee on Corporate Social Responsibility: Empirical Evidence from France

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**Abstract:** The main aim of the current study is to analyze how the corporate social responsibility committee (CSRC) could influence corporate social performance. We focus on specific areas of corporate social responsibility (hereafter CSR), especially protection of human rights, environment and enhancing business ethics, community involvement, corporate governance, and workplace conditions. It is drawn on firms listed on the SBF120 (Société des Bourses Françaises) index consisting of the 120 largest capitalizations listed on the French Stock Exchange market between 2003 and 2018. Using propensity score matching and System Generalized Method of Moments, we run several tests and provide the following findings. First, establishing CSR committees enhances social performance through particular vehicles, such as increasing business involvement in ecological and social projects protecting human rights. Second, several CSRC characteristics have more pronounced effects on CSR performances, while others have marginal effects. For instance, all CSR dimensions are positively associated with directors' assiduity and negatively related to the CEO involvement in CSRC, although the chair membership enhances CSR performance by improving the employees' well-being, ethics in businesses, and governance. Women CSRC directors are more concerned about the environment, human rights, and corporate governance. Regarding CSRC functioning, meeting frequency increases human resources and business ethics. Also, CSRC meeting frequency is positively associated with CSR performance, specifically human resources and business ethics issues. Besides, a positive association between board chair membership and human resources, business ethics, and corporate governance is also identified. These results are robust in high CSR-sensitive industries. These findings shed light on the timely role of CSRC in improving CSR strategies and provide support for companies to consider specialized committees that are responsible for CSR-related issues as a mechanism to improve firm performance. Furthermore, it provides managerial recommendations on the profile of CSRC members: the cognitive and individual characteristics are key determinants in CSR involvement and performance. Specifically, more diverse committees help to achieve and enhance different areas of CSR.

**Keywords:** Board Composition, Committee Diversity, Governance Quality, Committee Meeting, Committee Membership

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## 1. Introduction

Companies and their boards of directors face new responsibilities and have an increasing role in socially responsible projects. A number of emerging papers show that

information asymmetry between firms' management and stakeholders, produces less disclosed CSR information [90, 119]. This could lead managers to behave opportunistically [76, 93]. According to [55], companies have established specialized committees that are responsible for CSR-related issues: CSR committee (CSRC) to better understand

stakeholder expectations. CSRC has been created on the board of directors since the 1970s [57]. Sometimes, CSRCs are called also Ethics, Environment, Public responsibility or Health, and safety committee.

Regarding social performance, [9] argue that the existence of advisory committees such as CSRCs acts as an effective mechanism to enhance CSR performance. They are directly involved in the definition and promotion of CSR activities [65]. For instance, these committees can encourage CEOs to engage in CSR activities and to target financial targets that are sustainable.

In terms of strategic and marketing orientations, companies with CSRCs show their interest in CSR and their sustainability culture [47, 83]. This signals board strength [3]. When companies establish CSRCs, they become more likely to be transparent in the field of CSR [2, 37]. Also, CSRCs are supposed to control the impact of companies' activities on any group that affects or is affected by their operations such as the environment, local communities, employees, consumers, and suppliers. They are prone to bring to the board discussions shareholders' concerns to help to answer their needs and to keep touch with them as they are valuable resources to enhance the firm CSR strategy [50]. Moreover, [112] put forward that the creation of a CSRC allows for the assignment of certain responsibilities to fewer decision-makers, which increases, therefore, the effectiveness of the board.

The literature so far mainly highlights CSRC role in the external communication of companies on their CSR performance. However, few studies have examined the board's structures, especially board committees such as CSRCs and how directors incorporate CSR in their decision-making process [38, 59, 93, 83]. These studies have exclusively focused on board diversity and ignored the multidimensional nature of CSR. They have analyzed global social performance without scrutinizing specific areas of social activities [122] or an aggregated one [107].

Unlike previous studies focusing on the effects of CSR committees [48] [99, 30, 120, 11, 25], this research contributes to the emerging literature on board committees, specifically CSRCs, their composition and how they are run. We address the following questions: Does the presence of CSRCs affect CSR performance? If so, to which extent their composition influences the overall CSR performance and specific areas of CSR?

The main aim of the current paper is to present a comprehensive examination of how CSRCs' existence and attributes (such as committee size, independence, meeting frequency, female membership, and CEO membership), are associated with CSR performance and more specific areas of CSR performance, such as environment, human resources, business ethics, community involvement, human rights, and corporate governance. This study is conducted on French firms listed on the SBF120 index between 2003 and 2018. In the last years, France has shown an increasing interest in stakeholders' expectations that have led to the implementation of some meaningful initiatives and programs,

like for example the initiative of New Economic Regulations (2001), the Grenelle Environment Forum (2007 and 2010), the Energy Transition Act (2015), the law of due diligence on multinational firms (2017), and also the PACTE Law (2019). Moreover, according to the latest barometer, comparing the CSR commitments of French companies with those of the OECD and the BRICS, France is the third in the global ranking of CSR management after Sweden and Finland with an average score of 51 out of 100. According to the same study, almost 70% of SMEs / mid-size companies and 75% of large companies now have a CSR management system adapted to exemplary.

Therefore, boards of directors have to rethink the business performance and to care about the social performance of their businesses; In order to comply with these programs, they created CSRC: 28.66% of firms listed on the SBF120 have taken the initiative to establish committees dedicated to CSR activities.

The current paper provides some interesting findings. First, we show that the establishment of a CSRC is associated with a higher CSR performance. This is in line with the findings of other authors [110, 38, 59, 93] who argue that CSRCs prioritize CSR issues and may drive managerial actions to better serve broader stakeholders' needs.

Second, we provide evidence that the CEO membership in CSRC decreases significantly CSR performance through its impact on all specific CSR areas. One explanation is that the CEO, being prone to avoid the risks and uncertainty [56], may favor short term profitable projects [91], which can decrease CSR performance.

Third, directors' assiduity in CSRC meetings shows a positive association between the committee functioning and CSR performance. It enhances all CSR areas, specifically the protection of human rights, environment, and employees, the involvement in local and ethical activities, and the quality of corporate governance. In line with [64], directors' assiduity shows their commitment to the job and drives a better reporting of CSR information.

Turning to CSRC independence, there is a significant positive relationship between CSR performance and CSRC independence. One explanation is the ability of independent directors to mainly enhance human resources, environmental performance, and business ethics. In fact, independent directors are more concerned about compliance with ethical behaviors, they try, therefore, to better satisfy the interests of stakeholders [66, 88, 7].

In addition, when the chairperson belongs to the CSRC, it increases CSR score through its impact on human resources, business ethics, and corporate governance dimensions. In line with [72], the chair membership on CSRC gives more power to the CSRC and allows the committee's directors to contribute to the decision-making process at the board level.

Furthermore, we find that the percentage of female directors on CSRC, as well as the presence of a chairwoman on CSRCs, increase CSR performance. This effect stands from female directors' ability to bring new perspectives and insights on the areas of business ethics, environment, human

rights, and corporate governance scores [18, 98].

Moreover, we provide evidence that CSRC size is positively associated with CSR score. According to the resource dependence theory [95], more directors could bring more resources, which enhances CSR strategies [84, 41].

Also, more frequent meetings lead to higher CSR performance, especially human resources and business ethics scores. In fact, the higher the frequency of meetings, the more the directors carry out their tasks according to the shareholder expectations. They implement an effective decision-making process to monitor management more efficiently [90, 109, 119].

Our results show that CSRCs of firms in highly sensitive industries, such as tobacco, gambling, alcohol and adult entertainment, as well as industries facing new environmental, social or ethical issues such as weapons, nuclear, oil, cement, and biotechnology, are more efficient in terms of CSR management than low sensitive industries. Finally, using a difference-in-differences (DID) research design, we find that the changes in the percentage of female directors and the changes in the size of the board are positively and significantly associated with the change in CSR performance, while the changes in the duality structure on the board decrease the changes in CSR performance.

The paper is structured in the following. The hypotheses will first be developed. Then, we present the data, methods and empirical results. In the last section, we discuss the findings and potential avenues for further research.

## 2. Literature Review and Hypotheses

### 2.1. What Does CSRC Bring to CSR Strategy

Prior literature shows that CSRCs have an impact on CSR performance, have a key role in monitoring and assessing CSR performance, and ensure compliance with regulations that help to manage CSR risks [93, 122]. Corporate governance literature shows that specialized committees affect corporate outcomes [118, 73, 15]. According to [113], CSRCs increase companies' CSR performance.

From the stakeholder theory perspective [52], CSRCs are in charge of monitoring CSR practices and supporting the board of directors in supervising socially responsible practices. For instance, [92] highlight the significant role of CSRCs in improving the governance quality and the effectiveness of governance mechanisms.

In a similar vein, [97] argue that CSRC is a mechanism to create shared value when the interests of stakeholders are satisfied [80]. CSRC helps to better serve broader stakeholders' needs and to keep sustainability in the heart core of their CSR strategy. Also, the presence of CSRCs is, most often, positively associated with better monitoring of the implementation of CSR activities. Consequently, the strategies chosen by the CSRC will be more stable [38, 59].

Moreover, CSRC is in charge of the reporting procedures of environmental and social information. Accordingly, being an important mechanism for an organization, the creation of a

CSRC maximizes sustainable development opportunities [122].

Previous studies have focused on the environmental effects of CSR committees [77, 122, 113]. They show how these committees could increase CSR activities and develop more effective protocols regarding the usage of resources and energy and recycling. Furthermore, [122] show that the presence of environmental committees enhances the firm's proactivity in handling environmental issues, which increases, therefore, the environmental performance. For instance, [77] and [124] provide evidence that the company's disclosure on greenhouse gas emissions is likely to increase after the creation of an environmental committee. In light of the previous discussion, we state the following hypothesis:

*Hypothesis 1:* The creation of a CSRC has a positive effect on CSR performance.

### 2.2. Does CSRC Composition Matter

Turning to specific features of CSRC, [39] state that the presence of independent members on CSRCs could ensure effective monitoring and better management quality, which could improve social performance.

Additionally, CSR activities are based on initiatives: There is no legal framework to set up what should be done to be a socially responsible firm. This could lead opportunistic managers to increase asymmetric information on CSR activities to enjoy some private benefits (such as a good reputation in the marketplace, more non-strategic political and social connections, etc.). Independent members can improve the effectiveness of the monitoring process, which prevents shareholders and stakeholders from the opportunistic behavior of managers [1].

Moreover, being non-executive directors means that they cannot be directly involved in day-to-day operations [42, 45]. Hence, they can provide more objective feedback regarding the firm's activities. For instance, [81] suggest that 80% of CSRC's directors should be independent to allow them to maintain a critical view of management operations. In fact, consistent with the stewardship theory (Donaldson and Davis, 1991), 20% of directors should be insiders to be able to face the consequences of setting up socially responsible measures. Accordingly, we state the following:

*Hypothesis 2:* Independent directors on CSRC are positively associated with CSR performance.

According to [124], the presence of CSRC chaired by an independent director is prone to reduce agency problems between managers and shareholders as well as risks of expropriation by insiders which leads to more ethical decisions. Therefore, we state the following:

*Hypothesis 3:* An independent CSRC chair is positively associated with CSR performance.

Another key CSRC membership is the CEO membership. It is difficult to challenge CEOs on CSR issues as they are prone to avoid risks and uncertainty and to care more about profitable projects than environmental and community-oriented projects [56, 39]. This behavior may affect negatively CSR performance. Based on the above discussion,

we state the following:

*Hypothesis 4:* The CEO's membership of the CSRC is negatively associated with CSR performance.

When the board chair is also a CSRC member, he or she is more likely to discuss the same issues in the board meetings. The board chair presence is, therefore, increasing the board concern about CSR issues, which puts CSR at the heart of the board discussions. The chairperson's involvement in CSRC is influential over the decision-making process [10, 72]. Therefore, we state the following:

*Hypothesis 5:* The presence of the board chair in CSRCs is positively associated with CSR performance.

Also, previous studies show that the presence of female directors on boards is driven by the gender quota law<sup>1</sup> and is positively related to higher board effectiveness [19, 89, 14]. Besides, [18, 103, 23], and [125] argue that female directors are more sensitive to CSR engagement and have more ethical perceptions than men due to their "empathic and caring nature". Furthermore, female directors are prone to adopt more accommodative strategies than their male counterparts to achieve subordinate goals and influence group performance [54, 58, 121]. For instance, [121] argue that, although men are more exploitive and use coalitions to gain individual advantages in competitive activities, female directors tend to form coalitions in an accommodative manner. Previous studies also argued that effective leadership is congruent with the ways that women lead [22, 26, 105, 60]. For instance, [60] put forward that women's leadership is interactive. It involves employees' collaboration and empowerment. Therefore, we investigate if women chairing CSRCs influence CSR performance. Therefore, we intend to test:

*Hypothesis 6:* A larger proportion of female directors on CSRC, increases CSR performance.

*Hypothesis 7:* The presence of a chairwoman on CSRCs increases CSR performance.

Another interesting feature of CSRC is committee size. In fact, according to the resource dependence theory [95], having more directors on boards could provide more resources and greater knowledge to the company, which could enhance CSR strategies [84, 41]. Furthermore, large committees could be representative of diverse interests and have the necessary strength to ensure appropriate monitoring' which increases the firm's involvement in CSR investments [74, 17, 62]. Moreover, different studies have focused on the impact of board size on firm performance and highlight that large boards could lead to a better decision-making process [62, 82, 32]. This can be extended to the CSRC. Based on the above discussion, we state the following:

*Hypothesis 8:* The larger is the size of CSRC; the better is CSR performance.

Furthermore, when committees hold regular meetings,

directors could be more informed about appropriate solutions and strategies to better deal with problems [96]. The number of meetings organized is a proxy for the directors' monitoring effort [119]. Accordingly, the frequency of meetings could be considered as a remedy to this problem. Moreover, with a high-frequency meeting committee, competent directors may help managers to make better decisions using their expertise. Therefore, we intend to test:

*Hypothesis 9:* The frequency of CSRC's meetings is positively associated with CSR performance.

Finally, directors' assiduity in CSRC meetings could be another way for directors to exert influence over CSRC matters and to signal their interest in socially responsible projects. Director's assiduity is a signal for the member's involvement in the business, specifically in CSR strategies [4, 5, 6]. In fact, the director's attendance at CSRC meetings enhances information sharing between managers and CSRC's members, which may increase CSR performance. Based on the above discussion, we state the following:

*Hypothesis 10:* Directors' assiduity in CSRC meetings increases CSR performance.

### 3. Methodology

#### 3.1. Data

Our analysis is based on French companies listed on the SBF 120 index between 2003 and 2018. Financial data and corporate governance data are provided by Bloomberg, Factset IODS and Thomson Reuters. To measure CSR performance, we use CSR scores provided by VigeoEiris<sup>2</sup>. The final sample consists of 1095 yearly observations.

*Table 1. Sample's description.*

Industry Sector	Number of Firms	Percentage
Consumer Goods	33	27.5%
Technology	23	19.17%
Industrials	20	16.67%
Financial	17	16.17%
Health Care	9	7.5%
Basic Materials	8	6.67%
Oil and Gaz	6	5%
Utilities	4	3.33%
Total	120	100%

#### 3.2. Measures

In order to measure CSR performance, we rely on VigeoEiris CSR scores: (1) A global CSR score CSR, and several CSR sub-scores dedicated to more specific areas of CSR, such as Human Resources HR, Environment ENV, Business Ethics BE, Community Involvement CIN, Corporate Governance CG, and Human Rights HRts (See Table 12 in the Appendix section).

*Table 2. Variables' definitions and measures.*

Code	Proxies
Dependent variables	
CSR	VigeoEiris Global Corporate social responsibility score

Code	Proxies
CG	VigeoEiris corporate governance
CIN	VigeoEiris community involvement score
HR	VigeoEiris human resources score
ENV	VigeoEiris environmental score
HRts	VigeoEiris human rights score
BE	VigeoEiris business ethics score
Independent variables	
CSRC characteristics	
CSRC	If there is a CSRC, CSRC=1, 0 otherwise
CSIZE	Number of directors on CSRC
CIND	Percentage of independent directors within the CSRC
CHAIRIND	If the Chair of the CSRC is independent, CHAIRIND=1, 0 otherwise
PFDC	Percentage of female directors on the CSRC
CMEET	Number of CSRC's meetings per year
CDA	The percentage of directors' assiduity in CSRC meetings
FC	If the Chair of the CSRC is a woman; FC=1, 0 otherwise
CEOC	If the CEO is a member of the CSRC, CEOC=1, 0 otherwise
BCHAIRC	If the board chair is a member of the CSRC, BCHAIRC=1, 0 otherwise
AGEC	The average number of years that the board had a CSRC
Board characteristics	
BSIZE	The number of directors on the board
DUAL	If the CEO serves also as the board chair, DUAL= 1, 0 otherwise
PFD	Is the percentage of women on the board
Firm characteristics	
SIND	If the firm is implemented in a CSR sensitive industry <sup>3</sup> , SIND=1, 0 otherwise
FSIZE	Natural log of total assets
ROA	Return to total assets ratio

Table 3 presents summary statistics for the variables used in our analysis and mean difference tests between firms with and without CSRCs between 2003 and 2018. The average CSR score is 45.95. The average values of the community involvement score, environmental score, human resources score, business ethics score, and corporate governance score are lower than 50, except human resources score.

Regarding CSRC characteristics, the average CSRC size is almost 5 directors, where 56.40 % of the committee members are independent directors. More than 37 % of CSRC's members are women. On average, firms have established CSRCs since almost 4 years. The average number of CSRC's meetings is 4, with an attendance rate of 92.14%. We note that 32.92% belong to CSR sensitive industries such as mining, utilities, and production industries [111].

Another interesting feature is that the CEO is actively involved in CSR strategies in almost 32.92% of CSRC. Turning to the chair of CSRC, women are most often appointed to the chair position in 46.20% of CSRC.

The multivariate analysis, conducted to compare companies with a CSRC and companies without a CSRC (Panel I, the entire sample columns), shows that the former companies have better CSR performance in all areas. Also, they are more likely to have a dual structure, have more gender diverse committees. Statistics also show that firms with a CSRC are most often large firms and operate in CSR sensitive industries.

The correlation matrix in Table 4 shows some significant correlations that exceed 0.5. However, VIF values do not exceed 2. Hence, there are no multicollinearity problems.

Table 3. Descriptive statistics.

Panel I Descriptive statistics of quantitative variables

Panel F: Descriptive statistics of quantitative variables																	
Full sample							CSRC=0					CSRC=1					
	N	Mean (Std. Dev.)	Min	Max	Skew	Kurt	Mean (Std. Dev.)	Min	Max	Skew	Kurt	Mean (Std. Dev.)	Min	Max	Skew	Kurt	MDT
CSR scores																	
CSR	1095	45.95 (12.30)	8	73	0.00	0.73	44.25 (12.51)	8	73	0.00	0.124	50.99 (10.56)	14	70	0.00	0.00	-6.74***
HR	1095	48.24 (16.25)	0	82	0.00	0.09	42.87 (16.50)	0	82	0.00	0.13	51.30 (14.03)	15	82	0.00	0.26	-9.10***
ENV	1095	44.98 (17.04)	0	46	0.00	0.89	42.87 (17.63)	0	86	0.00	0.36	51.30 (13.62)	0	82	0.00	0.28	-8.43***
BE	1095	43.71 (13.50)	0	81	0.00	0.79	42.52 (13.79)	0	81	0.00	0.63	47.43 (12.18)	0	72	0.00	0.02	-4.91***
CG	1095	46.01 (12.19)	0	83	0.00	0.00	44.67 (12.06)	0	76	0.00	0.00	49.5 (12.02)	0	83	0.00	0.00	-4.82***
CIN	1095	46.50 (18.08)	0	90	0.00	0.04	45.13 (18.70)	0	90	0.00	0.00	50.84 (15.59)	0	86	0.00	0.22	-5.70***

Full sample						CSRC=0						CSRC=1					
	N	Mean (Std. Dev.)	Min	Max	Skew	Kurt	Mean (Std. Dev.)	Min	Max	Skew	Kurt	Mean (Std. Dev.)	Min	Max	Skew	Kurt	MDT
HRts	1095	50.46 (14.87)	14	88	0.00	0.00	49.11 (15.14)	14	88	0.35	0.00	54.8 (13.72)	16	88	0.00	0.81	-5.68***
<i>Board characteristics</i>																	
BSIZE	1095	13.00 (3.47)	3	24	0.55	0.64	12.04 (3.46)	3	23	0.85	0.58	13.94 (3.31)	7	24	0.07	0.45	-1.89***
PFD	1095	24.78 (15.61)	0	63.63	0.87	0.00	21.56 (15.09)	0	60	0.00	0.00	31.85 (14.06)	0	63.63	0.00	0.18	-14.03***
<i>Firm characteristics</i>																	
FSIZE	1095	4.22 (.75)	2.22	6.31	0.00	0.00	3.95 (.78)	2.22	6.31	0.00	0.00	4.37 (.60)	3.06	6.31	0.00	0.05	-0.42***
ROA	1095	3.61 (6.08)	- 5	54.82	0.00	0.00	3.71 (6.69)	- 5	54.82	0.00	0.00	3.30 (3.96)	-23.06	18.54	0.70	0.33	.41
<i>CSRC characteristics</i>																	
CSIZE	445	4.54 (.38)	2	11													
PFDC	445	37.49 (25.86)	0	100													
CIND	445	56.40 (23.03)	0	100													
CMEE T	445	3.90 (2.42)	0	13													
CDA	445	92.14 (18.00)	0	100													
AGEC	445	4.33 (3.16)	1	16													

Panel II Table of frequencies of qualitative variables

Dummy variables	CSRC=1		CSRC=0		Full sample	
		Percentage		Percentage		Percentage
DUAL	0	58.52		50.77 %		53%
	1	41.48 %		49.23%		47%
SIND	0	65.45 %		83.72 %		67.71%
	1	34.55%		16.28%		32.29%
CSRC	0					71.34%
	1					28.66 %
CHAIRIND	0	38.57%				
	1	61.13%				
CEOC	0	67.08%				
	1	32.92%				
BCHAIRC	0	53.48%				
	1	46.52%				
FC	0	53.80%				
	1	46.20%				

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

Table 4. Pearson correlation matrix.

	1	2	3	4	5	6	7	8	9	10	11
1 CSR	1.0000										
2 HR	0.8500*	1.0000									
3 ENV	0.8370*	0.6288*	1.0000								
4 BE	0.8420*	0.7176*	0.6044*	1.0000							
5 CG	0.5869*	0.3397*	0.4173*	0.4252*	1.0000						
6 CIN	0.7991*	0.6806*	0.6258*	0.6870*	0.4338*	1.0000					
7 HRts	0.8391*	0.7702*	0.6934*	0.6753*	0.3395*	0.6565*	1.0000				
8 CSIZE	0.2814*	0.2292*	0.2765*	0.2096*	0.1077	0.1724*	0.2593*	1.0000			
9 PFDC	0.3821*	0.2371*	0.2677*	0.3060*	0.3699*	0.3172*	0.2808*	0.0248	1.0000		
10 CIND	-0.0325	-0.0437	0.0387	0.0127	-0.1602*	-0.1099	-0.0229	0.0098	-0.0528	1.0000	
11 CHAIRIND	0.2842*	0.2516*	0.2197*	0.1822*	0.2095*	0.2592*	0.2197*	-0.0564	0.2755*	-0.1631*	1.0000
12 CMEET	0.2257*	0.2419*	0.2217*	0.1824*	0.1396*	0.1510*	0.2096*	0.1171*	0.0057	0.0916	0.0685
13 CDA	0.4402*	0.3642*	0.3540*	0.3565*	0.3251*	0.3621*	0.3660*	0.1884*	0.1694*	0.0125	0.1245*
14 CEOC	-0.3379*	-0.2843*	-0.2385*	-0.2676*	-0.3113*	-0.3495*	-0.2483*	0.1301*	-0.2905*	0.1645*	-0.4377*
15 BCHAIRC	0.3230*	0.2078*	0.2695*	0.3050*	0.2745*	0.2249*	0.2710*	0.2461*	0.1263*	0.0382	-0.0032

	1	2	3	4	5	6	7	8	9	10	11
16 FC	0.3166*	0.1755*	0.2213*	0.2771*	0.3659*	0.2222*	0.1825*	-0.0596	0.3922*	-0.0748	0.2966*
17 AGECE	0.1869*	0.1732*	0.2692*	0.1302*	0.0542	0.0122	0.1733*	0.0887	0.1609*	-0.0168	0.0629
18 BSIZE	0.3197*	0.4337*	0.2901*	0.2523*	-0.0762	0.2895*	0.3127*	0.2444*	-0.0029	-0.1199*	0.2504*
19 SIND	-0.1039	-0.0387	-0.1328*	-0.0090	-0.1209*	-0.0669	-0.2069*	-0.0765	-0.0478	-0.1206*	0.0326
20 FSIZE	0.2469*	0.2729*	0.2431*	0.0907	0.1353*	0.1911*	0.2426*	0.1380*	0.0388	-0.1528*	0.0282
21 ROA	0.1117	0.0412	0.0914	0.0457	0.2055*	0.0893	0.0120	0.2184*	0.1453*	-0.1091	0.3490*
22 DUAL	-0.6086*	-0.5186*	-0.5019*	-0.4782*	-0.3744*	-0.4095*	-0.5222*	-0.2080*	-0.1718*	-0.1602*	-0.5186*
23 PFD	0.3413*	0.2557*	0.3258*	0.1877*	0.2682*	0.1537*	0.2622*	0.1113*	0.1284*	-0.2881*	0.3423*
VIF								1.33	1.32	1.13	1.53

\* are statistically significant at the 1% level

Table 4. Continued.

	12	13	14	15	16	17	18	19	20	21	22	23
12 CMEET	1.0000											
13 CDA	0.2649*	1.0000										
14 CEOC	-0.1164*	-0.1454*	1.0000									
15 BCHAIRC	0.1619*	0.1982*	-0.0186	1.0000								
16 FC	0.0149	0.1016	-0.3746*	0.1029	1.0000							
17 AGECE	0.1132*	0.0876	0.1094	0.0971	-0.0393	1.0000						
18 BSIZE	0.0773	0.2388*	-0.1972*	0.0007	0.0220	0.0827	1.0000					
19 SIND	-0.1261*	-0.0865	0.1776*	-0.0270	-0.0466	-0.0053	-0.0299	1.0000				
20 FSIZE	0.1071	0.0651	-0.0934	0.0005	0.1189*	-0.0801	0.2996*	-0.1326*	1.0000			
21 ROA	0.1391*	0.1017	-0.2249*	0.1114*	0.0624	0.0194	0.0609	0.0278	0.0697	1.0000		
22 DUAL	-0.4377*	-0.1164*	-0.1454*	-0.4377*	-0.5222*	-0.2080*	-0.1718*	-0.0564	-0.2881*	-0.1099	1.0000	
23 PFD	0.3247*	0.2348*	0.1557*	0.2542*	0.1327*	0.4322*	0.2423*	0.2484*	0.2121*	0.3484*	0.1121*	1.0000
VIF	1.15	1.21	1.68	1.15	1.35	1.13	1.44	1.14	1.20	1.25	1.20	1.11

\* are statistically significant at the 1% level

## 4. Model and Results

### 4.1. CSRC Presence and CSR Performance

As mean difference tests show structural differences between firms with and without CSRCs (Table 3), we run a propensity score matching in order to control for the differences between both types of firms [104]. This procedure allows us to construct two comparable sub-samples based on different criteria<sup>4</sup>.

Table 5 shows the results of the propensity score matching analysis. It shows that firms with a CSRC have higher CSR scores than similar firms without a CSRC: the CSR score is on average 3.89 points higher. Turning to CSR sub-scores, namely human resources, environment, business ethics, corporate governance, and community involvement, firms with a CSRC display higher sub-scores than firms without a CSRC.

Table 5. Propensity score matching estimators: Mean difference tests MDT between Firms with a CSRC and firms without a CSRC.

	CSRC=1	CSRC=0	MDT	T-Statistics
CSR	50.77	46.87	3.89***	2.95
HR	55.33	52.11	3.22*	1.89
ENV	51.52	47.79	3.72**	2.03
BE	47.62	44.22	3.40**	2.21
CG	49.52	46.53	2.99**	2.20
CIN	51.06	46.29	4.76**	2.37
HRts	54.98	52.49	2.48	1.45
BSIZE	14.07	12.82	1.25***	3.61
DUAL	57.42%	37.62%	19.80%***	3.95
PFD	32.98	20.52	12.45***	8.62

	CSRC=1	CSRC=0	MDT	T-Statistics
SIND	46.53%	42.90%	3.63%	0.60
FSIZE	4.39	4.23	.15*	1.89
ROA	3.22	4.36	-1.13	-1.65
N	445	650		

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

In order to test the effect of the presence of the CSRC on CSR performance, we use the matched sample and consider the following model:

$$CSR\ Score_{i,t} = \delta + \beta_i * CSRC + \sum a_i * Board-Characteristics + \sum \mu_i * Firm-Characteristics + \epsilon_{i,t} \quad (1)$$

where  $CSR\ Score_{i,t}$  is the CSR score calculated by VigeoEiris of the firm  $i$  at the year  $t$ .  $CSRC$  indicates the CSRC presence. *Board-characteristics* are board size  $BSIZE$ , the non-separation between management and control functions  $DUAL$  and percentage of female directors on the board  $PFD$ . *Firm-characteristics* are industry sensitivity  $SIND$ , firm size  $FSIZE$  and return on asset ( $ROA$ ).

We use the System Generalized Method of Moments (GMM) developed by [21]. This estimation method allows for eliminating endogeneity problems and for removing the time-invariant fixed effects that may affect the dependent variable.

Table 6 presents the regression results. Our first hypothesis on the impact of the establishment of the CSRC on CSR scores (H1) is supported in all regressions. The presence of a CSRC is positively associated with all CSR dimensions. In line with [38, 60, 92, 83], the presence of CSRC is associated with higher CSR performance.

One explanation is that CSRCs could play a key role in the prioritization of CSR issues and drive managerial actions to increase benefits to all stakeholders [34]. For instance, [43] highlight that CSRC is responsible for the shaping of the firm's CSR policy: they show that CSRCs increase by at least 2% of the investments of CSR activities.

Salim *et al.* [110] also show that the presence of a CSRC could help a company to better understand its key strategic problems. In the same vein, [92, 77] show that a board with an environmental committee is more environmentally responsible: it is more prone to promote more environmental performance.

**Table 6.** The effect of CSRC presence on CSR performance.

	(1) CSR	(2) HR	(3) ENV	(4) BE	(5) CG	(6) CIN	(7) HRtS
Lag CSR	.46*** (4.80)	.56*** (4.81)	.52*** (6.72)	.49*** (5.61)	.45*** (4.41)	.68*** (9.08)	.45*** (5.33)
CSRC	3.00*** (2.70)	2.27* (1.75)	3.82** (2.00)	3.26* (1.84)	3.23* (1.82)	5.35** (2.55)	5.18** (2.51)
BSIZE	.52** (2.18)	.74** (2.09)	.28 (0.85)	.051 (0.14)	.00 (0.03)	.58 (1.50)	.36** (0.95)
DUAL	-2.51*** (-2.64)	-2.39* (-1.62)	-1.67 (-1.08)	-3.13* (-1.89)	-2.63* (1.89)	-2.28 (-1.10)	-4.27*** (-2.83)
PFD	.07* (1.80)	.08 (1.37)	.06 (1.19)	3.49*** (4.40)	.10 (1.39)	.043 (0.23)	2.28** (2.47)
SIND	4.11*** (5.03)	2.71** (2.36)	4.56*** (3.55)	-.02 (-0.41)	2.13** (2.27)	1.80* (1.67)	.051 (0.90)
FSIZE	4.19 (1.47)	1.81 (0.44)	5.66 (1.43)	4.78 (1.14)	7.15 (1.45)	-6.88 (-1.57)	4.04 (0.93)
roa	-.00 (-0.03)	-.07 (-0.66)	.13 (1.10)	-.21* (-1.74)	-.59 (-1.18)	-.10 (-1.39)	-.18 (-1.58)
Constant	-2.74 (-0.32)	2.00 (0.14)	-9.69 (-0.72)	1.91 (0.17)	-1.07 (-0.08)	40.62** (2.44)	5.49 (0.48)
F-, p-value	676.79*** (0.000)	816.67*** (0.000)	597.31*** (0.000)	330.33*** (0.000)	170.44*** (0.000)	324.96 (0.000)	364.12*** (0.000)
Arellano-Bond test for order one	-3.55*** (0.000)	-3.12*** (0.002)	-3.29*** (0.001)	-3.62 (0.000)	-3.83*** (0.000)	-4.29*** (0.000)	-4.27*** (0.000)
Arellano-Bond test for order two	1.42 (0.156)	-0.45 (0.652)	-0.42 (0.674)	-0.96 (0.336)	-1.09 (0.274)	-1.55 (0.122)	-1.41 (0.159)
Sargan test (Chi-square, p-value)	46.18*** (0.000)	39.79*** (0.001)	41.20*** (0.001)	35.59*** (0.001)	19.99* (0.096)	15.62 (0.408)	21.94* (0.056)
Hansen test (Chi-square, p-value)	19.32 (0.310)	24.33 (0.111)	23.04 (0.148)	12.63 (0.476)	10.19 (0.678)	15.20 (0.437)	18.45 (0.141)

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

## 4.2. CSRC Composition and CSR Performance

In order to test the effect of CSRC composition on CSR performance, we filter out firms without CSRC and consider the following model:

$$CSR\ Score_{i,t} = \delta + \sum \beta_i * CSRC\ -Characteristics + \sum \alpha_i * Board\ -Characteristics + \sum \mu_i * Firm\ -Characteristics + \epsilon_{i,t} \quad (2)$$

where  $CSR\ Score_{i,t}$  is the CSR score calculated by VigeoEiris or one of the sub-scores (HR, or ENV or BE or CG or CIN or HRts) of the firm  $i$  at the year  $t$ . *CSRC-Characteristics* are committee size CSIZE, committee independence CIND, committee chair independency CHAIRIND, Female directors on CSRC PFDC, committee's meetings CMEET, director's assiduity CDA, CSRC chairwoman FC, CEO membership CEOC, board Chair membership BCHAIRC and committee age AGECE. *Board-characteristics* are the board size BSIZE, non-separation between management and control functions DUAL and board gender PFD. *Firm-characteristics* are industry sensitivity SIND, firm size FSIZE, and return on asset ROA.

Table 7 presents the results of GMM estimation. First, our findings show that the presence of independent directors on CSRC has no significant effect on CSR performance. This

may be explained by the fact that independence could be accompanied by a lack of knowledge about the company's business strategies and the day-to-day business operations [2]. Furthermore, [4] point out that managers may limit independent directors' access to firm-specific information to lessen their monitoring capabilities. In fact, their decisions are largely based on information provided by the managers. Accordingly, the hypothesis of the association between CSRC independence and CSR score (H2) is rejected.

Second, we find that the independence of the CSRC chair increases, particular areas of CSR, specifically CIN and HR, which explains the positive impact on the global CSR performance. One explanation is that an independent CSRC chair may have sufficient time and autonomy to make unbiased judgments. Moreover, [106] argue that independent directors have fewer potential conflicts of interest and can



offer impartial judgment. However, turning to the other areas of CSR, namely ENV, CG, BE, and HRts, the independency of the CSRC chair has no significant impact on these areas. Therefore, we reject H3.

CEO membership in CSRC affects negatively and significantly CSR performance through its impact on all specific CSR areas. In fact, [39] highlight that when the CEO is a member of the CSRC, it could be more difficult to challenge him/her on CSR issues. Besides, CEOs may prefer short-term profitable investments at the expense of long-term projects such as environmental and community-oriented projects. CEO is also prone to avoid risks and uncertainty [56] associated with CSR strategies [91]. This leads to the marginalization of CSR projects that may affect negatively social performance. Furthermore, the CEOs might share their personal views, attempt to sway the committee's members' views, or affect the committee's members' discussions in order to maximize their private benefits [33, 61], at the expense of shareholders and stakeholders [16, 13, 1]. Accordingly, we accept H4.

When the board chair is also a CSRC member CSR, HR, BE, and CG scores increase significantly. These results show that the board chair can help to increase CSR performance. For instance, he or she may focus on CSR issues in board meetings, which makes an advisory committee, such as CSRC, more powerful. Accordingly, [72] argue that the presence of the board chair on CSRC allows the committee's directors to contribute to the decision-making process at the board level. However, our findings show that BCHAIRC has no significant impact on ENV, CIN, and HRts dimensions. Therefore, we reject H5.

Turning to H6, we find that the percentage of female directors on CSRC increases CSR performance through the enhancement of specific CSR areas, namely ENV, BE, HRts and CG scores. Women are prone to be more sensitive to environmental issues than men, care more about corporate governance and human rights through the elimination of proscribed forms of work and child labor and the respect of fundamental rights [100, 18, 8, 44, 67, 68, 63, 46].

This is in line with [25] and [29] who argue that female directors bring important resources to committees that could increase innovation and understanding of the creativity, and accordingly, improve the performance of the committee [98, 101, 75, 53].

However, PFDC coefficients are non-significant in HR and CIN regressions. One explanation could be that women are not appointed to the most strategic committees, such as development and nomination committees with very meaningful decisions that lead to immediate changes in the business. This evidence is consistent with the glass cliff theory, which stipulates that, most often, even when women can break the glass ceiling barrier and reach top management positions, they are not appointed to strategic positions [108]. Therefore, we reject H6.

Also, we find a significant association between the

presence of a chairwoman on CSRCs and CSR performance as well as CSR sub-scores, specifically, ENV, CG, BE and HRts. These findings are consistent with the previous results on the association between PFDC and CSR scores. When women are appointed to a committee chair position, they are more likely to take advantage of their past experiences, skills and abilities to introduce more transformational decisions [94, 86, 20]. In the same vein, a growing number of studies [35, 85, 49] argue that the influence and significant roles of boards are usually attributed to female leadership which is, most often, more interactive and participative [114, 87, 63].

However, FC displays non-significant coefficients in HR and CIN regressions. Accordingly, we reject H7.

When we focus on CSRC size, our findings show that CSIZE increases significantly CSR score. This is consistent with the resource dependence theory [95], stating that the presence of a large number of directors on boards could enhance CSR strategies by bringing more resources and larger networks [84, 41]. Also, according to [17], larger committees could ensure appropriate monitoring and advising, as they have a diversity of expertise and views. However, focusing on CSR sub-scores shows that they have no significant association with CSIZE. Accordingly, we reject H8.

Another CSRC functioning-related aspect is the frequency of CSRC's meetings. The results show a significant positive relationship between CSR performance and the frequency of CSRC's meetings. Specifically, CMEET enhances significantly HR and BE scores. However, it does not influence the firm's involvement in ENV, CG, CIN, and HRts areas. Therefore, we reject H9. In fact, [90] and [119] argue that active committees suffer less from asymmetric information. Accordingly, directors are prone to use their knowledge and expertise to help managers to enhance their decision-making process. The more meetings they have, the more intense they do their role in monitoring and advising the firm on CSR issues. Another explanation could be that a higher frequency of board meetings could lead directors to be more concerned about their duties regarding shareholders' expectations and interests and to monitor CSR activities more efficiently [109, 31, 79].

Finally, turning to directors' assiduity in CSRC meetings shows that it increases significantly CSR performance by improving all CSR areas. This result is robust in all CSR regressions of Table 7. The explanation could be that the members' assiduity enhances information sharing between firm management and CSRC, the number of CSR topics as well as the quality of CSRC discussions. For instance, [64] put forward that the frequency of attendance signals a director's commitment to the job and will, therefore, have an effect on a firm's corporate governance. In the same vein, institutional governance activists have used board meeting attendance records to evaluate director performance [27]. Accordingly, we accept H10.

Table 7. System GMM Regression.

	(1) CSR	(2) HR	(3) ENV	(4) BE	(5) CG	(6) CIN	(7) HRtS
Lag CSR	.29*** (4.49)	.54*** (5.22)	.44*** (3.75)	.42*** (4.63)	.44*** (4.65)	.46*** (3.63)	.451*** (4.57)
CIND	-.04 (-0.40)	-.17 (-0.79)	.57*** (3.97)	.01 (0.04)	.16 (0.38)	.27 (0.21)	.79 (0.50)
CEOC	-1.44*** (-2.10)	-4.04** (-2.30)	-4.42** (-2.19)	-2.28* (-1.81)	-6.42*** (-3.36)	-3.19* (-1.92)	-3.22* (-1.74)
CHAIRIND	1.92* (1.85)	3.38* (1.70)	-.00 (-0.19)	.23 (0.11)	2.91 (0.94)	5.44** (2.06)	.87 (0.35)
BCHAIRC	.48** (2.45)	.08** (1.97)	-.49 (-0.33)	1.16*** (2.97)	.94* (1.73)	.23 (0.13)	.05 (0.52)
PFDC	.03** (1.99)	2.04 (1.34)	5.98*** (3.04)	.08* (1.79)	.10*** (2.74)	.53 (0.86)	.07* (1.71)
FC	1.41** (1.99)	.13 (0.19)	3.81** (2.25)	4.15*** (2.66)	5.53** (2.56)	.63 (0.30)	2.26*** (4.76)
CSIZE	.62** (2.26)	.12 (1.59)	.06 (0.11)	1.06 (1.23)	.83 (0.44)	-.14 (-0.17)	-.41 (-0.57)
CMEET	.31** (2.17)	1.30** (2.16)	.70 (1.06)	.52** (2.25)	.95 (0.60)	.05 (0.46)	-.11 (-0.23)
CDA	.11*** (2.86)	1.36*** (2.82)	.88* (1.85)	.18** (2.42)	.21*** (2.84)	.84* (1.69)	1.63* (1.96)
AGEC	-.05 (-0.42)	.32 (0.80)	1.45*** (3.27)	-.53 (-0.84)	-.25 (-0.20)	-.12 (-0.29)	.19 (0.41)
BSIZE	.45 (0.63)	-.38 (-0.75)	-.03 (-0.36)	-1.76 (-1.34)	-.43 (-0.19)	-.02 (-0.39)	1.58 (0.66)
DUAL	-2.33*** (-2.71)	-5.78** (-2.57)	-2.90 (-1.61)	-1.00*** (-3.22)	-1.45* (-1.87)	-10.45*** (-3.00)	-3.88* (-1.83)
pfd	.40 (0.35)	-.15 (-1.30)	5.91* (1.94)	.43 (0.23)	1.97 (0.58)	-2.21 (-1.08)	.61 (0.21)
Sind	-1.06 (-0.79)	-4.09 (-1.60)	-2.79 (-1.20)	-.67 (-0.19)	-4.91 (-1.44)	-1.53 (-0.54)	-2.11 (-0.63)
FSIZE	.38 (0.40)	-1.47 (-0.74)	.11 (0.06)	-3.02 (-1.85)	-.87* (-1.90)	-2.75 (-1.55)	-3.44 (-1.48)
ROA	-.14 (-0.33)	-.40 (-0.45)	-.06 (-0.15)	-1.00*** (-3.22)	-.38* (-1.95)	-.01 (-0.05)	-.46 (-0.25)
Constant	13.18*** (3.48)	4.93 (0.61)	2.40 (0.25)	11.69 (1.13)	24.68** (2.25)	31.25*** (3.56)	7.25 (0.63)
F-, p-value	677.51*** 0.000	473.55*** 0.000	768.66*** 0.000	446.47*** 0.000	450.48*** 0.000	323.07*** 0.000	327.67*** 0.000
Arellano-Bond test for order one AR(1)	-2.68*** 0.007	-3.82*** 0.000	-2.49** 0.013	-3.60*** 0.000	-3.46*** 0.001	-2.40** 0.016	-2.79*** 0.005
Arellano-Bond test for order two AR(2)	0.85 0.397	1.48 0.140	1.55 0.125	-0.90 0.368	-1.58 0.114	1.00 0.319	0.86 0.391
Sargan test (Chi-square, p-value)	43.81** 0.038	142.70*** 0.000	175.88*** 0.000	162.07*** 0.000	214.69*** 0.000	39.16* 0.099	135.55*** 0.000
Hansen test (Chi-square, p-value)	20.62 0.872	34.72 0.253	35.09 0.324	35.27 0.316	38.82 0.189	30.42 0.393	31.47 0.493

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

## 5. Robustness Checks

### 5.1. The Influence of CSRC in Low versus High CSR Sensitive Industries

In order to assess the industry sensitivity, we divide our sample into two sub-samples: firms implemented in low CSR-sensitive industry, and those in high CSR-sensitive industry. Then, we re-estimate the CSR model. Table 8 shows the results of the mean difference tests. We find that firms in high CSR-sensitive industries have better CSR performance,

on average than low CSR-sensitive firms.

Results show that firms in high CSR-sensitive industries are likely to be larger, have larger boards and have more independent directors and more female directors appointed to boards and CSRCs. Also, they are likely to introduce earlier CSR committees in their boards than low CSR-sensitive industries (AGEC) which shows real concern about CSR-related issues and stakeholders' requirements. However, mean difference tests show no significant differences in terms of CEOC, BCHAIRC, FC, CSIZE, CMEET, and CDA, between firms with and without a CSRC.

**Table 8.** Mean Difference Tests MDT between firms operating in low CSR-sensitive industries and high CSR-sensitive industry industries.

Variable	Low CSR-sensitive	High CSR-sensitive	MDT
CSR	49.74	51.49	-1.74***
HR	52.42	57.01	-4.59***
ENV	50.69	50.01	.67
BE	44.98	50.32	-5.34***
CG	49.50	49.37	.13
CIN	48.81	52.11	-3.29*
HRts	54.35	53	1.35
CIND	2.36	2.66	-.30*
CEOC	.33	.31	.02
CHAIRIND	.57	.71	-.14**
BCHAIRC	.54	.41	.13
PFDC	38.99	46.99	-7.99***
FC	.44	.48	-.03
CSIZE	4.68	4.56	.11
CMEET	4.25	4.38	-.12
CDA	88.82	91.24	-2.42
AGEC	4.13	4.90	-.76**
BSIZE	13.57	14.63	-1.06***
DUAL	42.48	40.47	2.00
PFD	29.35	34.03	-4.67***
FSIZE	4.32	4.47	-.15**
ROA	3.67	2.57	1.09

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

We estimate model (2) using the system GMM method. Table 9 shows that the previous results are robust only in firms in highly sensitive industries. In low sensitive industries, only very few CSRC characteristics seem to influence significantly their CSR performance. Based on the results of Tables 8 and 9, we are tempted to think that CSRCs are less powerful in low sensitive industries than in high sensitive industries in terms of CSR management. This is consistent with the findings of [69] and [78], who put forward that industries including mining, petroleum, and chemical companies are prone to care about issues related to the environment, health, and safety: they have more pressure to improve their social and environmental performance because of the risks related to their activities. In the same vein, studies in developed countries provide evidence that there is a positive association between industries with high CSR risks and social disclosure [78, 71, 27, 36, 12, 40]. For instance, [78, 71, 28, 102] and [36] find that environmentally sensitive firms displaying larger environmental risks tend to better perform as they have, most often, strong pressure to comply with regulation and standards, and to disclose their environmental performance.

**Table 9.** The effect of CSRC composition on CSR: The influence of Industry sensitivity.

CSR	Low industry CSR sensitivity	High industry CSR sensitivity
Lag CSR	.55***	.34***
	-9.22	-3.16
CIND	-0.94	-0.08
	(-0.80)	(-1.60)
CEOC	-0.3	-.10*
	(-0.18)	(-1.81)
CHAIRIND	0.04	2.58***
	-0.16	-3.38
BCHAIRC	0.02	2.19***

CSR	Low industry CSR sensitivity	High industry CSR sensitivity
	-0.4	-2.8
PFDC	0.04	.09**
	-0.03	-2.27
FC	.11***	1.00***
	-3.3	-3.16
CSIZE	0.37	1.00***
	-0.82	-3.14
CMEET	0.06	.46**
	-0.9	-1.97
CDA	.62***	.96***
	-3.06	-3.24
AGEC	4.87***	0.16
	-3.22	-1.18
BSIZE	0	-0.14
	(-0.02)	(-0.58)
DUAL	-.10**	-0.97
	(-2.04)	(-0.73)
PFD	2.34**	0.25
	-2.35	-0.16
FSIZE	3.88*	1
	-1.67	0.49
ROA	-0.84	-0.26
	(-1.39)	(-0.51)
Constant	-6.89	8.83
	(-0.70)	-1.15
F-, p-value	1017.44***	1471.07***
	0	0
Arellano-Bond test for order one AR(1)	-2.14**	-2.51**
Arellano-Bond test for order two AR(2)	0.032	0.012
Sargan test (chi-square, p-value)	1.21	2.28
	0.225	0.223
Hansen test (chi-square, p-value)	100.82***	108.57***
	0	0
	25.13	21.36
	0.567	0.769

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

## 5.2. Highest-Performing Versus Lowest-Performing Firms: Quantile Analysis

According to Mata and Machado (1996), quantile regression is more robust to depart from normality and skewed tails. Accordingly, we apply the quantile regression method to investigate the impact of CSRC attributes on CSR performance.

Additionally, quantile regression estimates the relationship at any point conditional on the distribution of the dependent variable, which is reflected in the size, sign, and significance of estimated coefficients of the different variables. It also enables us to generate variously estimated coefficient at certain quantile of dependent variable instead of only the mean coefficient estimate set by the GMM method.

We estimate the coefficients at five quantiles, namely the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> quantiles. Table 10 shows that CHAIRIND display significant coefficients for all quantiles. The presence of independent CSRC chair increases CSR performance. One explanation is that he or she could reduce the agency problems between managers and shareholders and could provide valuable recommendations to the committee to improve CSR performance [124].

Another influential CSRC feature is the percentage of female directors on CSRCs (PFDC) and the presence of a chairwoman on CSRCs (FC). Our findings show significant

and positive associations for all quantiles. These results confirm that female directors are prone to enhance CSR performance. Female directors may be less concerned about economic performance and more concerned about social and environmental performance/issues [115, 67].

Concerning the size of the CSRC (CSIZE), all the coefficients are significantly positive. This suggests that a higher CSR performance is associated with higher committee size at all levels of CSR performance's distribution. This evidence, consistent with the resource dependence theory [95], suggests that larger boards have more resources and larger networks [84, 41].

Also, directors' assiduity (CDA) has a significant impact on CSR performance for all quantiles. Directors' assiduity in CSRC meetings could influence CSR performance through the enhancement of information sharing between firm management and CSRC (Huילong *et al.*, 2014).

However, CEO membership does not display significant coefficients in all quantile regressions. CEOs are likely to be less influential in low-socially profitable firms. In fact, this could be consistent with [56] who show that CEO could care more about profitable projects than environmental and community-oriented projects.

Furthermore, concerning the independency of the CSRC chair (CHAIRIND), our findings show that the quantile estimated coefficient for the 75th quantile is significantly positive, while for the 25th and the 50th quantiles, the coefficients are insignificant. This confirms that the presence of independent CSRC chair increases CSR performance. One explanation is that he or she could reduce the agency problems between managers and shareholders and could provide valuable recommendations to the committee to improve CSR performance [124].

Finally, the coefficients of meeting frequency (CMEET) are insignificant at the lower quantile. Moving ahead to higher quantile (75th quantile) shows a significant and positive association, indicating that meeting frequency matters positively for those companies whose CSR performance lies at the 75th quantiles.

**Table 10.** Quantile regressions of the effect of CSRC composition on CSR.

	0.25 CSR	0.50 CSR	0.75 CSR
CIND	-.03 -0.57	.02 0.54	.00 0.17
CEOC	-.53 -0.54	-1.74** -2.28	-2.02*** -2.20
CHAIRIND	2.87*** 2.79	2.66*** 3.36	4.12*** 4.32
BCHAIRC	2.55*** 2.63	1.55** 2.08	.73 0.81
PFDC	2.65*** 2.77	3.07*** 4.16	2.54*** 2.85
FC	.03* 1.93	.04*** 2.63	.03* 1.69
CSIZE	.81*** 3.19	.59*** 3.03	.74*** 5.20
CMEET	-.16 -0.99	.16 1.24	.29* 1.89
CDA	.16*** 6.37	.14*** 7.22	.17*** 7.24

	0.25 CSR	0.50 CSR	0.75 CSR
AGEC	-.00 -0.03	.10 0.98	.07 0.58
BSIZE	.99*** 6.46	.83*** 7.06	.34 1.47
DUAL	-1.52 -1.64	-2.46*** -3.45	-2.53*** -2.94
pfd	3.67** 2.29	1.09 0.89	1.13 0.76
Sind	-.68 -0.72	1.16 1.59	1.36 1.55
FSIZE	.69 0.85	.92 1.46	.04 0.06
ROA	-.07 -0.21	-.49* -1.96	-.76** -2.52
Constant	8.04** 2.08	16.84*** 5.66	24.07*** 6.71
Q75: Pseudo R2	0.6195	0.5875	0.5550

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

### 5.3. The Difference-in-Differences Approach

The Grenelle II law was promulgated in 2010 to increase socially responsible investments in France [18]. This legislation presents concrete actions needed to reach the defined 2020 targets in six main sectors: governance, health and buildings, transport, biodiversity, energy and climate, and urbanization. It constrained companies to disclose reliable, consistent and certified data. To shed light on the changes in CSR performance as a function of the changes in CSRC presence after the application of the Grenelle II law, we use a difference-in-differences (DID) research design, which enables more precise identification of the causal effects of the Grenelle II law [18].

To apply the DID method, two groups of firms have been identified: control and treatment groups. The treatment happens between periods of data collection, meaning that every member of the population is untreated in the pre-treatment period. We consider Grenelle II law to establish the control group (before and after the introduction of Grenelle II law in 2010). To establish the treatment group, we consider two sub-samples: with and without a CSRC. The idea is to compare the cumulative distribution functions of the outcomes in the four groups.

Table 11 (panel I) provides evidence that the presence of CSRC improves CSR performance, specifically, after 2010. Results show that the association between the changes in CSRC and CSR performance increases over time. In fact, the impact of the changes in the treatment group (firms with a CSRC) on the changes of CSR performance is significantly higher than the impact of the changes in the control group (firms without a CSRC) after 2010. The changes are significant at the 1 % level.

Panel II shows that the changes in the size of the board affect positively and significantly the change in CSR performance. This result has to be considered carefully as many listed firms have tried to comply simultaneously with Grenelle II Law by appointing more directors to their boards to be in charge of CSR strategy and the gender quota law introduced to increase gender diversity in top management

positions.

In fact, the estimates put forward that the changes in the percentage of female directors enhance significantly the changes in CSR performance. At least 20% of French board members must be women in order to comply with the first stage of the gender quota law of Copé-Zimmermann (by the end of 2011). It has been widely discussed how female directors could enhance CSR activities, as they respond to different attitudes and perspectives, which explains the significant and positive influence of the change in PFD on

the change of CSR performance, specifically after 2011 [18, 116, 14, 123].

Finally, the results provide evidence that the changes in the duality structure on the board decrease the changes in CSR performance. From the agency theory perspective, duality increases the power and the control functions in the CEO's hands who could prefer short term financial projects at the expense of long-term projects such as CSR ones [70, 117, 51].

**Table 11.** Difference-in-Differences Test: CSRC presence and the Grenelle II law impacts on CSR performance.

Panel I

	Treatment group	Control group	DID Estimator	Standard error	T-statistics for DID Estimator
Change in CSR performance (2003-2010)	8.86	8.32	0.54	1.56	0.35
Change in CSR performance (2011-2018)	10.40	7.92	2.48***	0.69	3.56

Panel II

Variable(s)	CSR
BSIZE	0.99*** (11.28)
DUAL	-3.07*** (-5.72)
pfd	0.16*** (7.29)
SIND	6.17*** (11.23)
FSIZE	4.41*** (10.19)
ROA	0.05 (1.35)
R <sup>2</sup>	0.52

\*\*\*, \*\*, \* are statistically significant at the 1, 5, and 10% levels, respectively

## 6. Conclusion

This study analyzes the influence of CSRC and CSRC's characteristics on social performance and specific areas of CSR. We consider different CSR performance proxies: i) overall CSR performance, ii) human resources performance, iii) environmental performance, iv) business ethics performance, v) corporate governance performance, vi) community involvement performance, and vii) human rights performance.

The paper is drawn on a sample of listed firms on the SBF120 index between 2003 and 2018. It shows that the presence of the CSRC is positively associated with all CSR areas and that CSRC's characteristics have different effects on CSR areas. Specifically, directors' assiduity and CEO membership affect significantly all CSR dimensions. CEO membership increases CEO power and decreases all dimensions of CSR performance while directors' assiduity drives more socially responsible activities.

Female participation in CSRC has a significant influence on specific areas of CSR, such as the protection of human rights, improving the governance quality, and environmental components. Also, CSRC meeting frequency is positively

associated with CSR performance, and this significant impact derives from the positive and significant effect of CSRC meeting frequency on human resources and business ethics issues. Besides, a positive association between board chair membership and human resources, business ethics, and corporate governance is also identified.

These findings shed light on the timely role of CSRC in improving CSR strategies and provide support for companies to consider specialized committees that are responsible for CSR-related issues as a mechanism to improve firm performance. Furthermore, it provides managerial recommendations on the profile of CSRC members: the cognitive and individual characteristics are key determinants in CSR involvement and performance. Specifically, more diverse committees help to achieve and enhance different areas of CSR.

In future research, it could be interesting to focus on the difference between CSR strategies, namely strategic CSR and responsive CSR.

## Notes

1) In France, the gender quota law was introduced in 2009 and implemented in 2011. It applies to listed firms and firms

with on average more than 500 full-time employees for three successive years or with a yearly turnover (or total assets) of at least 50 million euros. This law has short and long-term effects. In the short term (by the end of 2012), all non-gender diverse boards, namely male-controlled ones, have to appoint a director of the opposite gender. In the long term, non-gender balanced boards have to achieve at least 20 % directors of the under-represented in 2014 and at least 40 % in 2017.

2) VigeoEiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates in 41 sectors on 38 ESG. Scores vary from 0 to 100. CSR score is used to assign a relative performance rating from - - to ++ on a scale of 5 levels of scoring.

3) Baron et al. [12] define sensitive industries as a special group that needs special attention. Social taboos, moral debates, and political pressures typically characterize sensitive industries. Highly sensitive industries include less socially responsible industries such as tobacco, gambling, alcohol and adult entertainment, as well as industries facing new environmental, social or ethical issues such as weapons, nuclear, oil, cement, and biotechnology.

4) We use the nearest-neighbor (NN) as a matching

technique that ensures that control firms (firms without a CSR committee) are as similar as possible to the treated firms (firms with a CSR committee). The following matching variables are used: the board size (BSIZE), the board gender (PFD), the board duality (DUAL), CSR sensitive industries (SIND), the firm size (FSIZE) and the return on asset (ROA).

## Compliance with Ethical Standards

We have no relevant financial or non-financial interests to disclose.

We have no competing interests to declare that are relevant to the content of this article.

We certify that they have no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

We have no financial or proprietary interests in any material discussed in this article.

Research involving Human Participants and/or Animals: we have no research involving human Participants and/or Animals.

Informed Consent: No need for informed consent.

## Appendix

**Table 12.** List CSR criteria in VigeoEiris database.

Key domain	Sub-dimension	Description
Human Resources (HR)	HR1	Continuous Improvement of Industrial Relations
	HR1.1	Promotion of Labour Relations
	HR1.2	Encouraging Employee Participation
	HR2	Career Development
	HR2.3	Responsible Management of Restructurings
	HR2.4	Career Management and the Promotion of Employability
	HR3	Quality of Working Conditions
	HR3.1	Quality of Remuneration Systems
	HR3.2	Improvement of Health and Safety Conditions
	HR3.3	Respect and Management of Working Hours
Environment (ENV)	ENV1	Integration of Environmental issues into Corporate Strategy
	ENV1.1	Environmental Strategy and Eco-Design
	ENV1.2	Pollution Prevention and Control (soil, accident)
	ENV1.3	Development of Green Products and Services
	ENV1.4	Protection of Biodiversity/Animal Testing
	ENV2	Incorporation of Environmental Considerations into the Manufacturing and Distribution of Products
	ENV2.1	Protection of Water Resources
	ENV2.2	Minimising the Environmental Impacts from Energy use
	ENV2.4	Management of Atmospheric Emissions
	ENV2.5	Waste Management
	ENV2.6	Management of Local Pollution
	ENV2.7	Management of Environmental Impacts from Transportation
	ENV3	Environmental Considerations in the Use and Disposal of Products/Services
	ENV3.1	Management of Environmental Impacts from the Use and Disposal of Products/Services
Business Ethics (BE)	BE1	Customers
	BE1.1	Product Safety (process and use)
	BE1.2	Information to Customers
	BE1.3	Responsible Customer Relations
	BE2	Suppliers and Subcontractors
	BE2.2	Sustainable Relationships with Suppliers
	BE2.3	Integration of Environmental Factors into the Supply chain
	BE2.4	Integration of Social Factors into the Supply Chain
	BE3	Business Integrity
	BE.1	Prevention of Corruption

Key domain	Sub-dimension	Description
Corporate Governance (CG)	BE3.2	Prevention of Anti-Competitive Practices
	BE3.3	Transparency and Integrity of Influence Strategies and Practices
	CG1	Board of Directors
	CG1.1	Board of Directors
	CG2	Audit and Internal Controls
	CG2.1	Audit and Internal Controls
	CG3	Shareholders
	CG3.1	Shareholders
	CG4	Executive Remuneration
	CG4.1	Executive Remuneration
Community Involvement (CIN)	CIN1	Subdomain level score – Impact on Local Communities
	CIN1.1	Promotion of the Social and Economic Development
	CIN2	Responsible Societal Behaviour
	CIN2.1	Societal Impacts of the Company's Products/Services
Human Rights (HRts)	CIN2.2	Contribution to General Interest Causes
	HRT1	Respect for Human Rights
	HRT1.1	Respect for Human Rights Standards and the Prevention of Violations
	HRT2	Respect for Human Rights in the Workplace
	HRT2.1	Respect for Freedom of Association and the Right to Collective Bargaining
	HRT2.4	Non-Discrimination
	HRT2.5	Elimination of Child and Forced Labour

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