Received: 5 June 2023 | Revised: 24 July 2023 | Accepted: 11 August 2023
DOI: 10.1002/csr.2596

RESEARCH ARTICLE

Corporate Social Responsibility and Environmental Management
WILEY

Corporate social responsibility disclosure: Mediating effects of the economic dimension on firm performance

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[Correction added on 13 September 2023, after first online publication: The order of Carmen Orden-Cruz and Mari Cruz Sánchez-Escobedo has been interchanged in this version.]

Abstract

This research aims to determine the effect of corporate social responsibility (CSR) disclosure on the firm performance (FP) of Spanish-listed companies considering the mediation produced by the economic dimension. Using their sustainability reports, partial least squares structural equation modeling is employed for a content analysis. This study provides evidence on the mediating role of the disclosure of economic dimension practices and the intensity shown in the relationships between social and environmental dimensions and FP, allowing for a deeper understanding of the relationships between the various CSR dimensions. Findings show that the disclosure of social and environmental actions, aligned with appropriate standards in the economic dimension, can lead to an improvement in the FP of the company.

KEYWORDS
corporate social responsibility (CSR), CSR disclosure, firm performance (FP), PLS-SEM

1 | INTRODUCTION

Nowadays, the novelty is no longer the inclusion of corporate social responsibility (CSR) as part of the strategy, but rather the transparency and disclosure thereof, which has become a fundamental pillar. Society acquires a greater role by having the ability to legitimize companies based on the way they work and their impact on citizens (Eckert, 2017; Lock & Schulz-Knappe, 2019), in addition to contributing to increasing their reputation (Yang et al., 2020). This implies a change in the social paradigm when it comes to managing companies (Barauskaite & Streimikiene, 2020).

Although there are different meanings of CSR due to the lack of academic and business consensus (Alvarado et al., 2011; Garriga & Mele, 2004), they have evolved in parallel with stakeholder theory (Freeman, 1984). Thus, companies must assume a responsibility that goes beyond what is legally required (McWilliams & Siegel, 2001). Therefore, social responsibility, which nature must be explored to understand its components, can be useful for companies who wish to reconcile their obligations to their shareholders but, at the same time, they must compete with groups claiming legitimacy. All that means managing stakeholders in an ethical or moral way (Carroll, 1991).

While the 20th century was characterized by establishing a debate on whether or not companies should implement CSR policies and whether they should be mandatory or voluntary (Gatti et al., 2019; Lock & Seele, 2016), in the 21st century, CSR is consolidated in all social spheres (Gatti et al., 2019). Thus, CSR is addressed from a multidisciplinary approach (Garriga & Mele, 2004) and seeking a balance between the social, environmental, and economic objectives of the company (Székely & Knirsch, 2005), being widely accepted by the scientific community (De la Cuesta & Valor, 2004; Escamilla-Solano et al., 2016).

Regarding the CSR dimensions, the so-called social dimension is characterized by two types of company actions: those that have an impact on the company's human capital (Vitolla et al., 2020), and those aimed at improving the social and economic well-being of the company's environment (Martínez et al., 2012). On the other hand, the environmental dimension aims to reduce the impact of the company on the environment, from the consumption of natural resources to the direct impact of its business activity (Escamilla-Solano et al., 2019). This includes carrying out environmental programs within the company (Callery, 2021). Meanwhile, in the economic dimension, stakeholder theory indicates that the distribution of value within the company must take into account all stakeholders (Friedman, 1962; Porter & Kramer, 2003) and, in addition, financial scandals must not be forgotten, which have forced the creation of corporate governance mechanisms in order to reduce the breach in trust between society and companies (Okoi et al., 2014).

Nowadays, companies compete in a global world, which is why they must harmonize and balance the creation of value with sustainable development (Ntanos et al., 2018), due to the fact that the requirements of the public are to reward or punish their social, environmental, and economic actions (Barauskaite & Streimikiene, 2020). Hence, a differentiating element is the disclosure of their actions to the public (Escamilla-Solano et al., 2019; Torelli, 2021), especially in sectors whose social and environmental impact is greater, resulting in a competitive advantage (Escamilla-Solano et al., 2016).

In recent years, disclosure of nonfinancial information is becoming a common practice globally. In fact, in Europe, Directive 95/2014/EU has been a turning point on how companies disclose their CSR actions (Cupertino et al., 2022) by establishing a standardization in the disclosure of nonfinancial information at the European level (Ştefănescu et al., 2021). On this occasion, the scientific community finds consensus on the improvements brought about by the European directive concerning the disclosure of CSR actions by companies, as well as reducing information asymmetry between the company and its stakeholders (Caputo et al., 2021; Cupertino et al., 2022; Venturelli et al., 2019). Using sustainability reports becomes a voluntary tool to know the level of engagement that companies acquire with stakeholders (Miotto & Vilajoana-Alejandre, 2019).

Firm disclosure allows for a reduction of the gap between managers and investors, enabling users' trust and providing many benefits for the firm, such as reduced cost of capital, increased stock valuation, increased stock liquidity, or higher interest by institutional investors (Cormier & Magnan, 2003). However, research is inconclusive regarding the relationship between CSR disclosure and firm performance (FP). The most recent literature continues to show a positive (Chen & Xie, 2022; Jaisinghani & Sekhon, 2020; Platonova et al., 2018), negative (Chen et al., 2018; Fahad & Busru, 2021; Manzoor et al., 2019) and mixed link considering certain indicators (Buallay et al., 2020; Hasan et al., 2022) and, even, no significant relationship (Nag & Bhattacharyya, 2016). There is a growing literature that is exploring what role some firm characteristics play in this relationship, such as, *firm size* (Gallardo-Vázquez et al., 2019; Pajuelo-Moreno & Duarte-Atoche, 2019; Ting, 2021); *firm age* (Qazi & Aspal, 2021); *institutional ownership* (Lu & Abeysekera, 2021); *board independence* (Karim et al., 2020). There are also other factors such as *CSR assurance* (Gallego-Álvarez & Pucheta-Martínez, 2022) or the *firm's macroeconomic environment* (Al-Dah et al., 2018). To our knowledge, no study has addressed the mediating role of the economic dimension in the relationship between social and environmental dimensions on financial performance. Only Rossi et al. (2021) has found a moderating effect of social and ethical practices on the positive relationship between environmental disclosure and the firm's financial performance. While most of the literature uses regression analysis, we propose to use Partial Least Squares as a methodology, following Pajuelo-Moreno and Duarte-Atoche (2019), Gallardo-Vázquez and Juárez (2022), and Zafar et al. (2022).

Therefore, this research aims to fill this gap using a sample extracted from SABI of listed companies in the Spanish market between 2015 and 2019. The information related to CSR disclosure has been extracted through an analysis of the content of sustainability reports. Thus, the results of this study show a complete mediation, and one that is intensified through the economic dimension of CSR, between social aspects and *firm performance*. However, this mediation is partial and less intense when it comes to social and environmental aspects.

This article makes a number of contributions: (1) To the best of our knowledge, we believe it is the first to analyze the mediating role of the disclosure of economic dimension practices between those of the social dimension and the environmental dimension. This is justified by the importance that these dimensions have been acquiring as a result of the increase in transparency, governance, and brand management in the strategy of companies. (2) It provides a deeper understanding of the relationships between the various dimensions of CSR and the importance of their disclosure.

The paper is structured as follows. Section 2 contains a literature review, which allows to establish the hypotheses of the model. Section 3 reports the conceptual framework and model specification including the data and methodology. In Section 4, the results are shown. In Section 5, the discussion is presented. And finally, the conclusions of the research are drawn in Section 6.

2 | LITERATURE REVIEW AND HYPOTHESES

Traditionally, CSR has always been associated with the philanthropic nature that social action and donations entailed, that is, taking on a charitable aspect by companies seeking to improve social welfare (Escamilla-Solano et al., 2016). At present, taking into account CSR dimensions, the social dimension will be determined by those actions whose impact is aimed, on the one hand, at the company's human capital (Vitolla et al., 2020) and how the gender diversity policies they carry out influence nonfinancial performance (Lopatta et al., 2020; Nadeem et al., 2017). And, on the other hand, by those actions aimed at improving the social and economic welfare of the environment where the company carries out its economic activity (Martínez-Campillo et al., 2013).

This research is based on the assumption that if stakeholders perceive an increase in the value of the company due to the disclosure of social action measures, this increase in value will be offset by an increase in profits and, therefore, in its *firm performance*. Thus, it could be considered that:

H1. CSR disclosure in its social dimension (SOC) increases firm performance.

The literature review shows that the balance between the economic and social dimensions of CSR can be enhanced by innovative products (Cegarra et al., 2016). In this regard, Orlitzky et al. (2003) indicate that CSR programs can increase stakeholder satisfaction and ultimately financial performance. Luo and Bhattacharya (2006) argue that CSR contributes to increased market value and thus, helps managers to achieve competitive advantage and higher financial returns. In turn, Effiong et al. (2012) and Kansal et al. (2014) evidence that the existence of both financial and nonfinancial determinants in CSR generate different results depending on the level of economic development in which the country is located. Singh and Misra (2021) indicate that managerial perceptions toward CSR and corporate social efforts by a company are significantly linked to reputation, core values and overall organizational performance. Therefore, companies of high repute consider CSR an influential factor in organizational performance.

When reducing or not the cost of debt depends on firms' disclosure of CSR, it should be made clear that the expected outcomes will have implications not only on the firms themselves, but also on policy makers and investors (Hamrouni et al., 2020). Ge and Liu (2015) examine how better CSR performance is associated with the cost of issuing new bonds and find that better CSR performance is associated with stronger credit ratings.

One of the main research issues in academia is whether disclosing company information is an economically sound decision (Elsakit & Worthington, 2012; Hossain & Reaz, 2007). In Al-Khater and Naser's (2003) study, social information is considered to be a sensitive type of information. However, disclosing only positive information may lead to an unexpected and undesired result, generating lack of credibility from investors' point of view (Cormier & Magnan, 2003).

Thus, it could be considered that:

H2. The relationship between the social dimension (SOC) and firm performance (E&F_P) is mediated by the economic dimension (ECO).

H2.1. The social dimension (SOC) positively influences the economic dimension (ECO).

H2.2. The economic dimension (ECO) positively influences firm performance (E&F_P).

The environmental dimension could play a role in the firm's economic dimension of its brand, compliance with the United Nations Global Compact (UNGC), cost reduction, code of ethics, and conduct or transparency, which finally impact on FP. However, hardly any literature has explored the mediation of the firm's economic dimension and FP. The economic dimension factors (Table 1) have hardly been analyzed with ED and FP.

Based on the inclusion of firms' missions, visions, and values, De Oliveira et al. (2016) explore it through content analysis of the socio-environmental and only found that some degree of concern in them does not necessarily mean that they are socially and environmentally responsible. However, the quality of a brand increases by reporting CSR initiatives to consumers as an effective corporate strategy (Lii et al., 2013). In terms of financial-based brand equity, a reference that quantifies the financial value that brand equity provides to the firm, some studies reveal that it is strongly related to environmental CSR (Lv et al., 2019; Zahari et al., 2020), but others pointed out a negative relationship (Feng et al., 2016; Yang & Basile, 2019).

TABLE 1 Loadings (λ) of the item with the construct.

	E&F_P	ECO	ENV	SOC
CER_ENV			0.921	
CUST_SOC				0.886
Tobin's *Q*	0.793			
EMP_SOC				0.93
MANG_ENV			0.907	
ROA (%)	0.975			
STRA_ECO		1		

With respect to compliance with UNGC, ED plays a significant role. There is evidence that those companies that adopt these principles positively impact firm financial performance (Ortas et al., 2015) and profitability (Orzes et al., 2020). Moreover, some literature reveals that ED plays a role in reducing firm costs (Castelló-Taliani et al., 2021; Kuo et al., 2010). In addition, Longoni and Cagliano (2018) reveal that financial performance is significant and positive, the more inclusive ED practices are. Finally, ESG firms highlight the importance of transparent and reliable communication (Smith et al., 2007) and a stricter ED led to increased firm profitability (Ahmad et al., 2019).

Therefore, following Pajuelo-Moreno and Duarte-Atoche (2019), who suggested considering the role of mediating variables on FP, we propose the following hypotheses:

H3. The relationship between the environmental dimension (ENV) and firm performance is mediated by the economic dimension.

H3.1. The environmental dimension (ENV) positively influences the economic dimension (ECO).

Economic disclosure has been of interest to companies because it conveys a positive corporate image (Plumlee et al., 2015), it enhances the company's reputation (Cai et al., 2016), and even its competitiveness (Porter & Van der Linde, 1995). Previous literature has investigated the link between ED and FP and the evidence is mixed (Stevanović et al., 2019), with a positive relationship prevailing (Molina-Azorín et al., 2009).

One of the earliest papers pointed out the advantage of nonfinancial disclosure for reducing information asymmetry and the company's agency cost, which are factors that contribute to improving FP in the future (Watts & Zimmerman, 1986). Multiple studies corroborate this positive effect in US firms (Stanwick & Stanwick, 2000), in UK companies (Gray et al., 2001), Indian companies (Pahuja, 2009; Singh & Joshi, 2009), among others. Most recent research shows that ED can improve financial performance (Ignjatijević et al., 2022; Maji & Kalita, 2022). However, there is also evidence of mixed behavior depending on the sector (Lu et al., 2021) or the country (Abdullah et al., 2020). A negative relationship has been found by Hackston and Milne (1996) in New Zealand, or Mathuva and Kiweu (2016) in Kenya. Some studies even show an insignificant relationship or even, no association between ED and FP (Arafat et al., 2012; Dragomir, 2010; among others).

The behavior of this relationship, particularly in Spanish companies, has hardly been explored. By using a regression model with listed companies that published their sustainability report in the GRI database, Reverte (2021) shows that investors positively value the publication of voluntary environmental reports and reward firms with an external sustainability assurance. Considering these precedents and, following Pajuelo-Moreno and Duarte-Atoche (2019), we suggest the following hypotheses using the PLS approach with Spanish companies:

> **H4.** CSR disclosure in its environmental dimension increases firm performance.

3 | CONCEPTUAL FRAMEWORK AND MODEL SPECIFICATION

This study establishes the following hypotheses to gain further insight into the role that the economic dimension plays in relation to other CSR dimensions and to explore the indirect impact of the social dimension and the environmental dimension involved in FP Figure 1. The hypotheses are,

- H1—The social dimension (SOC) positively influences firm performance (E&F_P).
- H2—The social dimension (SOC) is in mediation with the economic dimension (ECO), which positively influences firm performance (E&F_P).
    - H2.1—The social dimension (SOC) positively influences the economic dimension (ECO).
    - H2.2—The economic dimension (ECO) positively influences firm performance (E&F_P).
- H3—The environmental dimension (ENV) is in mediation with the economic dimension, (ECO) which positively influences firm performance (E&F_P).
    - H3.1—The environmental dimension (ENV) positively influences the economic dimension (ECO).
- H4—The environmental dimension (ENV) positively influences firm performance (E&F_P).

3.1 | Data and methodology

To perform the content analysis of sustainability reports and to analyze the level of CSR disclosure, the questionnaire of Escamilla-Solano et al. (2019, p. 5) is used in this research. Three different types

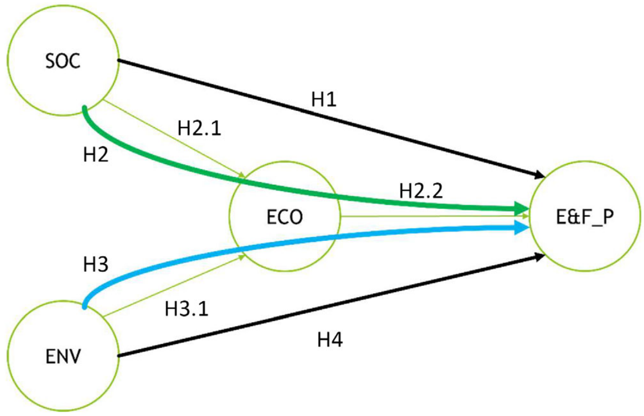

FIGURE 1 Conceptual framework of the structural equation model used.

of CSR indicators were mentioned: social CSR indicators (SOC), economic CSR indicators (ECO), and environmental CSR indicators (ENV). Content analysis was selected to obtain CSR information taking companies sustainability reports. Depending on whether or not the company discloses the actions, they are coded on a dichotomic scale ("false") or ("true"). Public information available in SABI is used for economic-financial information. Therefore, the original sample consists of 417 cases, from the 94 companies listed on the Spanish stock exchange that have economic and financial information in the SABI database from 2015 to 2019, building a pool database (Escamilla-Solano et al., 2019; Fernández-Portillo et al., 2020). Following Hair et al. (2017), if invalid, data for observation in a questionnaire exceeded 15% (blank responses due to lack of information). This sampling period was selected because Spain was in a stabilized economic period.

In relation to the statistical technique, we used the structural equation modeling (SEM) approach, which examined the indirect effects of different factors on performance. The main advantage of SEM over most other real models is its prominence in estimating causal impacts through the analysis of path relationships, which can assess hypothetically supported additive and linear causal models (Kaplan, 2008). One of the greatest advantages of SEM is the ability to include latent variables unobservable in causal models (Edwards & Bagozzi, 2000). In this case, we use PLS-SEM, that is, a variance-based type of SEM, with SmartPLS being the software tool used (Hair et al., 2016).

4 | RESULTS

The variance-based SEM, PLS-SEM has different stages. The first stage is global model assessment in which we validated the global model. For this, we analyzed the goodness of fit indices which is based on the discrepancy between the observed or approximate values of the dependent variables and the values predicted by the model (Henseler, 2017; Henseler et al., 2016). However, it is important to mention that the result is not relevant for the study (Hair et al., 2011) because there is no consensus in the literature.

The result of SRMR is 0.049, which is good and is in line with (Williams et al., 2009), as the value is less than 0.10.

The next stage was to assess the measurement model and estimate model parameters produced by SmartPLS. Convergent validity is achieved if the following three criteria are met (Gerbing & Anderson, 1988): (1) all item factor loadings should be significant and greater than 0.70 (in exploratory studies, loadings of 0.40 are acceptable); (2) the average variance extracted (AVE), the amount of variance captured by a latent variable relative to the amount caused by the measurement error, should be greater than 0.50; and (3) the composite reliability index for each construct should be greater than 0.70. The composite reliability varies between 0 and 1, with higher values indicating higher levels of reliability. Values between 0.70 and 0.90 can be regarded as satisfactory (Nunnally & Bernstein, 1994).

4.1 | Assessing the measurement model

The PLS approach in SmartPLS was used to test the measurement and structural model significance and bootstrap resampling with 5000 sub-samples to test the significance of the results. The results are shown in Tables 1–4.

Measurement model loadings and internal consistency reliability.

To check the reliability of the indicators, the external loadings of the indicators were analyzed to make the latent variable. Table 1 shows that all the indicators have a loading value higher than 0.7. Reliability for the measured variables estimates how much the associated indicators have in common with the constructs. As shown in Table 3, the composite reliability is 0.881. Therefore, the internal consistency reliability has been demonstrated among the four reflective latent variables.

Evidence of convergent validity is obtained when each measurement item strongly correlates with its assumed theoretical construct, measured by the AVE. The indicators of a construct must share a high proportion of variance in common or converge (see Table 2). The AVE values are higher or close to the acceptable threshold of 0.5, so the convergent validity of this model is confirmed (Bagozzi & Yi, 1988).

Discriminant validity is a prerequisite for examining relationships between latent variables. Discriminant validity refers to some extent to whether two constructs actually differ in terms of statistical correlation (Hair et al., 2016). The existence of significant differences between constructs was analyzed through discriminant validity, which yields a value that explains to what extent a construct is different from the others using the heterotrait-monotrait (HTMT) ratio. A value higher than 0.85 should be interpreted as a weak correlation between constructs (Henseler et al., 2015). Therefore, the significant difference between them is what guarantees the consistency of the model and the individuality of each construct. The HTMT ratio was valid because

TABLE 2 Reliability and validity of the construct.

	Cronbach's α	rho_A	Composite reliability	Average variance extracted
E&F_P	0.779	1.409	0.881	0.79

TABLE 3 Results of structural model analysis.

	Original (O)	Correlations	5.0%	95.0%	T-student	p Value
(H1) SOC → E&F_P	−0.189	−0.055	−0.335	−0.033	1.981	0.024
(H2) SOC → ECO → E&F_P	0.213	0.025	0.106	0.329	2.813	0.002
(H2.1) SOC → ECO	0.537	0.860	0.445	0.626	9.79	0
(H2.2) ECO → E&F_P	0.397	0.029	0.208	0.563	3.143	0.001
(H3) ENV → ECO → E&F_P	0.152	0.025	0.079	0.221	3.048	0.001
(H3.1) ENV → ECO	0.383	0.836	0.301	0.469	7.463	0
(H4) ENV → E&F_P	−0.246	−0.073	−0.354	−0.124	3.439	0

TABLE 4 Coefficient path and statistical significance.

Hypothesis	Evaluation of sign	Evaluation of hypothesis	Confidence intervals	p Value
H1	Yes (+)	Accepted	Yes	<0.05 and >0.01**
H2	Yes (+)	Accepted	Yes	>0.01***
H2.1	Yes (+)	Accepted	Yes	>0.01***
H2.2	Yes (+)	Accepted	Yes	>0.01***
H3	Yes (+)	Accepted	Yes	>0.01***
H3.1	Yes (+)	Accepted	Yes	>0.01***
H4	Yes (+)	Accepted	Yes	>0.01***

Note: ****p* (0.01); ***p* (0.05); **p* (0.1); ns: Not significant; t: Student one-tailed t-test.

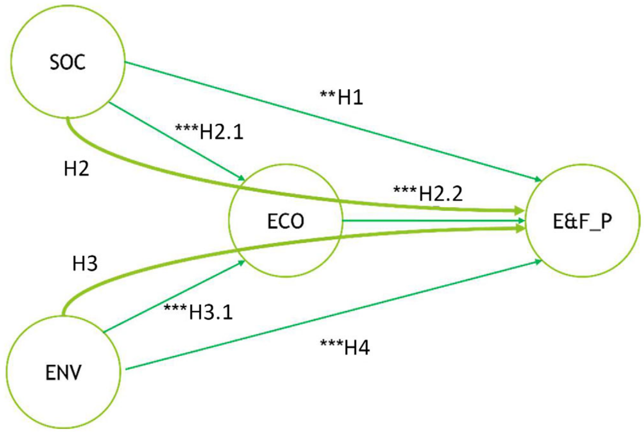

FIGURE 2 Result model with all hypotheses.

its values were less than 0.85. This requirement is therefore fulfilled in our case, with a value for HTMT of 0.085.

In relation to the predictive power, it should be noted that it is not the objective of this work, but the construct ECO has an R^2 of 0.78, which is a strong power because it is higher than 0.67. Conversely, performance has a lower value of 0.04, but this is not a problem. In addition, the predictive relevance (Q^2) is higher than zero, with a value of 0.022 for E&F_P and 0.765 for ECO (Hair et al., 2016).

Next, the results of the structural model were analyzed, and before the mediation effect (Hayes & Scharkow, 2013; Table 3).

An indirect effect is described as a variable that intervenes in the direct relationship between SOC and E&F_P and the relationship between ENV and E&F_P. The product of the coefficient approach using the bootstrapping resampling method has been used to examine the significance of the indirect effect (Hair et al., 2016; Nitzl et al., 2016). These relationships are H2 and H3, and we have put the result on Table 4, showing the acceptance of effect mediation and statistical significance. The two indirect effects are explained in the following paragraphs.

The first indirect effect that we have analyzed on the E&F_P is how ECO mediates in the relationship between SOC and E&F_P. In this case, ECO could be said to generate partial competitive mediation because H1 has a negative and statistically significant path coefficient (above 95%), and the product of H2.1 and H2.2 is positive and statistically significant (above 99%; Table 4). The variance accounted for (VAF) in this case has a value of 0.530 (Hair et al., 2016). In short, ECO acts as a mediator in this relationship.

The second indirect effect analyzed on FP is how ECO mediates in the relationship between ENV and E&F_P. In this case, it could be said that ECO generates a partial competitive mediation because H4 has a negative and statistically significant path coefficient (above 99%), and the product of H3.1 and H2.2 is positive and statistically significant (above 99%). The VAF in this case has a value of 0.382 (Hair et al., 2016). In short, ECO acts as a mediator in the relationship between ENV and E&F_P (Table 4).

In both cases, the mediation is partial (competitive) because they are all statistically significant, but the direct relationship is negative. This situation means that ECO generates a considerable impulse of exogenous variables, and this changes the direction of the direct impact of the SOC and ENV constructs on the endogenous variable. Figure 2 shows the resulting model.

5 | DISCUSSION OF RESULTS

A wide literature has shown a direct relationship between SOC and E&F_P and this study contributes with new evidence trough Spanish companies, accepting H1. When analyzing the results, we observed that in addition to this relationship, there is a mediation relationship between both variables through ECO. When it is quantified for testing H2, we observed that this mediation contributes 53% of the variance explained through the ECO construct. This means that the relationship through the mediation generated by ECO is greater than the direct relationship between SOC and E&F_P. The interpretation of the results indicates that the social dimension should be aligned with actions aimed at improving social and economic welfare where the company carries out its economic activity. In this way, the company will ensure that the impact generated by social measures will have a greater impact on FP, a situation that is in line with the literature (Martínez-Campillo et al., 2013). Along these lines, we should be aware that other research indicates that CSR disclosure generates different results depending on the level of economic development in which the country is located (Effiong et al., 2012; Kansal et al., 2014). For this reason, this study has focused on a single country, and in a stable economic period, in order to obtain more robust and reliable results.

Concerning H3, if we focus on the analysis of the other mediation effect detected and which is generated by the ENV variable through ECO, there is also partial mediation, but with a lower intensity than in the previous case, as it contributes 38.2% of the variance generated by the ECO variable. Nevertheless, the mediating effect of the ECO construct is significant, and the impact of ENV on FP is positive, which is consistent with most of the literature (Ignjatijević et al., 2022; Maji & Kalita, 2022; Molina-Azorín et al., 2009). The acceptance of H4 reassess previous works. The environmental disclosure of the company's information can directly affect FP, since the trust it can generate in its environment could even affect the cost of its current (Hamrouni et al., 2020) and future debt (Ge & Liu, 2015). This situation is closely related to the ECO construct and coincides with the concern for its analysis in academia (Elsakit & Worthington, 2012; Hossain & Reaz, 2007).

Finally, contrasting H4 our results are consistent with previous studies. Escamilla-Solano et al. (2019) reported the influence that the constructs ECO, SOC and ED have on E&F_P. More recently, Singh and Misra (2021) elucidated the significance of companies possessing positive renown, postulating that CSR serves as predominant factor boosting their organizational performance. In this sense, our results are aligned with Singh and Misra (2021) regarding the RSC importance for companies although both studies differ in the methodology (PLS SEM vs. CB SEM), in the analysis (mediation vs. moderation), and the different dependent variable to measure the performance (financial vs. organizational). Furthermore, we can assure the existence of mediation generated through the ECO variable, and that this mediation generates a positive impact on E&F_P, without forgetting that the existence of two mediating effects generated by the ECO variable is demonstrated when the dependent variable to be studied is FP, which is a further contribution to the literature.

6 | CONCLUSIONS

Over the years, the increase in scientific production related to CSR has highlighted the positive effects that the implementation of CSR measures has on companies. This not only increases the competitiveness of the company (Clacher & Hagendorff, 2012), but also acts as a mechanism to increase its reputation and legitimacy (Díez et al., 2014; Martínez & Olmedo, 2010).

One of the main challenges faced by companies is the disclosure of their CSR actions. On the one hand, this is due to the adaptation of companies to the current legislative situation motivated by Directive 95/2014/EU and, on the other hand, because it allows entrepreneurs to establish a culture of awareness of the social, environmental, and economic impact of their company compared to their main competitors. It is for this reason that the business fabric should use the disclosure of CSR information not only as a way of making its management more transparent, but also as a differentiating element both in the valuation of socially responsible investments and in explicitly expressing its commitment to its stakeholders. Therefore, using sustainability reports becomes a vehicle for companies to communicate with their stakeholders (Miotto et al., 2020).

Thus, by applying the PLS-SEM methodology to the 94 companies listed on the Spanish market, it has become clear that the disclosure of CSR measures is significantly related to FP. According to the different dimensions analyzed, it was found that both CSR disclosure in the SOC, ENV and ECO areas has a positive influence on E&F_P. In addition, the study has allowed us to detect two mediating relationships generated by ECO, between the relationships: SOC and E&F_P; and ENV and E&F_P. Furthermore, the study shows how the social and environmental dimensions contribute positively to the economic dimension, which in turn contributes to a greater impact on FP. This is motivated by the fact that companies are increasingly required to be more transparent and to develop control and supervision instruments that are as robust as those already exist for economic-financial information (Castilla & Pinillos, 2022), so as to allow for greater disclosure of nonfinancial information and, therefore, increase stakeholder confidence.

Based on all the results obtained, it can be concluded that the disclosure of CSR actions does not harm FP. Social and environmental actions, aligned with appropriate standards in the economic dimension can lead to improving the FP of the company. Therefore, the fact that many businessmen and managers are against not implementing CSR measures because they consider it an expense that would reduce their FP is not completely justified, as there are numerous studies that have shown that investment in CSR accompanied by adequate disclosure can have positive effects on corporate profitability and, moreover, can become a source of competitive advantages. In conclusion, we consider that businesses should enhance their commitment to CSR initiatives and promote transparency of these practices to boost their FP. However, researchers might ask, could the study be replicated in other countries? Considering the years of study that correspond to the pre-pandemic stage, if the study were carried out extending the years where the pandemic has affected the economic decisions of both countries and companies, would the same results be obtained? There is no doubt that CSR research still has a long way to go.

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How to cite this article: Escamilla-Solano, S., Fernández-Portillo, A., Sánchez-Escobedo, M. C., & Orden-Cruz, C. (2023). Corporate social responsibility disclosure: Mediating effects of the economic dimension on firm performance. *Corporate Social Responsibility and Environmental Management*, 1–10. https://doi.org/10.1002/csr.2596