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The Moderating Effect of Firm Visibility on the Corporate Social Responsibility-Firm Financial Performance Relationship: Evidence from France

Zyed Achour and Sonia Boukattaya

Abstract

This research aims to analyze the role played by firm visibility in moderating the relationship between Corporate Social Responsibility (CSR) and Firm Financial Performance (FFP). Based on the legitimacy theory, a firm's responses to stakeholder's expectations would be affected by its public visibility; we hypothesize a positive link between CSR and firm visibility. Moreover, visibility is expected to moderate the CSR-FFP relationship. We applied a Moderated Regression Analysis using the aggregate ESG scores as a CSR proxy on a panel data of listed French Companies (SBF120) over the period 2008–2017. Our findings are in line with legitimacy theory, suggesting that social initiatives would be mean to strengthen the legitimacy and to secure “license to operate”. Furthermore, firm visibility would be a contingency variable that moderates positively CSR-FFP relationship.

Keywords: corporate social responsibility (CSR), financial performance, firm visibility, legitimacy theory, SBF 120

1. Introduction

The link between Corporate Social Responsibility (CSR) and Firm Financial Performance (FFP) remains one of the most controversial issues during the past fifty years. Despite the extensive research, both theoretical and empirical carried out in different contexts; it seems that no consensus has been reached on causality, sign and even less on its shape. On a theoretical level, the arguments in favor of a positive relationship are mainly found in the social impact hypothesis defended by the stakeholder approach according to which good stakeholder management would generate better performance. In contrast, the trade-off hypothesis stemming from a liberal view postulates that CSR would divert the company from its main mission of profit maximization Friedman [1]. Regarding the causality of the relationship, two hypotheses are also theoretically defensible: on the one hand, it is the Available Fund Hypothesis [2, 3] that would play an initiating element in CSR practices. This hypothesis is based on Slack Resource Theory [4, 5], maintaining that availability of financial resources would encourage

companies to get involved in CSR activities, [6, 7]. On the other hand, according to the Managerial Opportunism Hypothesis [8], good financial performance would push managers to reduce their commitment to CSR actions to increase short-term profitability as well as their personal remuneration. Conversely, poor financial performance would lead to an increase in social spending in order to divert attention and justify their poor performance [8, 9]. On an empirical level, the researches carried out to date do not seem to have been sufficient either to draw a definitive conclusion as to the relationship between CSR and financial performance. Indeed, these investigations do not allow us to rule on a general and stable relationship between CSR and performance given many contingent factors that affect this relationship. In recent Meta-analysis, [10, 11] conclude that even if empirical research on the CSR-FFP relationship favors a positive link, the latter would be affected by several contingent variables (moderators and mediators). Thus, several variables are likely to influence this relationship such as firm size [12], firm's origin country [13], Competition intensity within the industry [14], Industry [15, 16], earning management [17], ownership concentration [18], R and D expenditures [19], leadership styles [20], cultural differences and the crucial role that owner-managers could play when dealing with CSR agenda [21].

Furthermore, others arguments have been put forward to justify the lack of consensus on the nature of this relationship, such as the difficulties and biases related to the operationalization of CSR, the performance measurement indicators retained as well as the delay effects necessary to be able to judge the interaction between the two variables [22]. At last, some other recent empirical research questions the linearity of the relationship - when it exists - evoking cubic, or quadratic forms [23, 24]. Thus, specifying the nature of the relationship between CSP and FFP is a very "challenging task". According to legitimacy theory [25], a firm needs to appropriate certain legitimacy granted by the stakeholders. Indeed, Stakeholders tend to pay more attention, surveillance and exert more intense pressure on the most visible companies by their size, their industry, their presence in the media The response to these different pressures depends on the firm's Corporate Social Responsiveness as firms may tend to manage their legitimacy according to the intensity of the pressures to which they are subject. Thus, CSR commitment would be a way of responding to various pressures whose intensity depends on the degree of visibility of the company. The main arguments put forward to justify the impact of organizational visibility on social performance relate to the fact that large companies are supposed to be more visible would be subject to greater pressure from stakeholders to encourage them to consolidate their legitimacy. Much more, firm visibility has been identified as a factor impacting the social performance by recent empirical work [26, 27]. On the other hand, by reducing information asymmetry, firm visibility is supposed to attract more investor's attention. Investors could better assess the company's financial performance and make predictions on firm prospects. Firm visibility could also be affected by its sustainable innovation commitment. Cillo *et al.*, [28], conducted a systematic literature review on this subject emphasizing the need for companies to adopt a collaborative approach with different stakeholders to implement new products and processes suggesting that firms should develop organizational and individual capabilities by integrating external sources of information while adopting sustainable innovation strategies. Previous studies have also indicated that organizational visibility could reduce the cost of equity, which can improve a company's financial performance [29]. Additionally, under tighter control from external stakeholders, visibility decrease agency costs and increase financial performance by reducing free cash flow to managers. Given the reduction in the cost of equity and agency cost and easy access to greater financial and political resources, visibility could improve the financial performance of the company.

In other words, visibility is probably going to increase the company's exposure to implied claims. Thus, when these complaints are ignored by management, they might impact the performance of the company and compromise its legitimacy since as the firm visibility increases, the involvement of the general public in a company increases, initiatives will become more and more necessary leading to more social involvement.

However, if firm visibility is liable to affect CSR on one hand and financial performance on the other hand, it will probably be a moderating variable in the CSR-FFP relationship. Hence, our research aims to test the impact of CSR on FFP and to highlight the moderating effect of firm visibility on this relationship on a sample of large French companies. This study makes three contributions to the literature. First, it provides proof of the significant impact of visibility on CSR. Then, it contributes to the literature on CSR by presenting visibility as a predictor of CSR initiatives. Third, this study demonstrates that visibility has a moderating effect on the link between CSR and FFP.

The remainder of this study will be organized as follows: Section 2 represents the research hypothesis, Section 3 describes the methodology, Section 4 provides the results and discussion of results and Section 5 presents the conclusion and recommendations.

2. Theoretical framework and hypotheses

CSR can be defined as the commitment to an improvement process in which companies integrate social, environmental, and economic considerations into management in a voluntary, systematic, and consistent manner with their stakeholders. Two theories are likely to shed light on the behavior of the company in society. Firstly, stakeholder theory [30] suggests that the success of the company depends on its ability to develop and maintain exchanges and transactions involving several resources with the various stakeholders [31]. It also recognizes that the expectations and interests of stakeholders are varied and sometimes contradictory [32]; it would therefore be called upon to take care of a real dialog to reply to its conflicting expectations and continually seek their support. From this angle, CSR is considered as a form of a dialog between the company and the various stakeholders. Secondly, legitimacy theory postulates that organizations continually seek to confirm that they operate within the bounds and in step with the standards of their respective Societies. According to Chiu and Sharfman [33], any institution – firms in particular - operates in society through an explicit or implicit contract. This continuous look for legitimacy could depend upon the degree of exposure of the firm to the assorted stakeholders and so, on the degree of its visibility. Indeed, visibility increases the company's exposure to implicit claims, media, and the general public and can therefore lead to higher CSR; visibility is more consistent and a more powerful predictor of CSR initiatives than other factors previously studied [34].

2.1 Direct relationship between CSR and firm financial performance

Stakeholder theory [30], has marked the literature on the relationship between CSR and company performance [11, 35]. It states that if a company satisfies its stakeholders, by carrying out social projects, for instance, it will improve its image and reputation, and thereby its financial performance [4]. However, if the company fails to achieve a positive social impact, this will create fears among its stakeholders about its image which will increase costs and decrease profits [36]. A company that seeks to reduce its implicit costs (environmental costs, product quality costs, etc.)

through irresponsible social actions should face higher explicit cost (reputation, payment of penalties, etc.). This will have a negative effect on its profitability and competitiveness. Therefore, authors who support this view predicting a positive correlation between CSR and FFP. This assumption is called “positive social impact” or “good management”. According to Cristache et al. [37], integration of social responsibility dimensions into companies’ strategies, would help to increase their long-term performance.

According to the legitimacy theory, CSR legitimizes firm’s businesses and guaranteed their existence [38]. Thus, the disclosure of the assorted CSR activities expected and desired by Society, make it possible to legitimize their commercial activities and failure to go with this instruction compromises overall profitability.

Resource Based View approach [39] suggests that by satisfying the expectations of stakeholders, the company develops inimitable and non-substitutable resources and skills. These resources can be intangible assets [40] such as innovation, human capital, leadership, etc. If the company manages to create and exploit these new resources, it will be able to develop sustainable competitive advantages [41].

Signaling theory [42] also provided an argument for the positive impact of CSR on financial performance. Thus, through their social achievements and especially through their disclosure, companies will try to send a positive signal in order to obtain a positive response from the market.

On an empirical level, several researchers have concluded a positive link between CSR and financial performance. Laskar [43] detected a positive relationship between CSR scores (based on content analysis) and Market-to-Book Value (MBV) on a sample of 119 large Southeast Asian companies over the period 2009–2014. By adopting the same approach, Nguyen [44] established a positive link between CSR scores and ROA on a sample of 31 Vietnamese commercial banks. Choi et al. [45] were also able to conclude that there is a positive link between philanthropic commitment (as an indicator for measuring CSR) and ROA; their research focused on 11,000 observations over the period 2002–2014 in Korea.

In Europe, Rodríguez-Fernández [46] constructed a social behavior index to show the existence of a positive relationship between this index and financial performance apprehended by both ROA, ROE and Tobin’s Q; their study focused on a sample of 107 companies listed on the Madrid stock exchange. Adeneye and Ahmed [47] also found a positive link between CSR scores and market to book value (MBV) on a sample of 500 British companies. More recently, in a recent second-order Meta analysis, covering 25 primary Meta analyzes, 1274 empirical researches, or nearly one million observations, Busch and Fried [10] concluded that a positive and highly significant relationship between CSR and financial performance.

Based on theoretical justifications, empirical literature and our research questions, we make the following central hypothesis (H1):

H1: CSR is positively related to firm financial performance.

2.2 Moderating effect of firm visibility

Firm visibility describes the extent to which companies are observed by their stakeholders. It can be viewed as a unique attribute that reflects the exposure and attractiveness of a firm [48]. Visibility is a concept close to reputation. However, it is necessary to make a distinction: if the reputation reflects the image stakeholders have of the firm (good or bad), visibility mainly reflects the presence and ‘observability’ within the community and it is related to the level of ‘stakeholder recognition’ [49].

Such presence can be affected by size, brand, impact on the natural environment, employability, presence in the media but also by various scandals within which firm may well be involved. Firm visibility could be the source of an “excess” of pressure and oversight on the part of stakeholders, since they have more information on corporate social responsibility. Thus, companies with high visibility are more likely to obtain more positive responses from their external stakeholders prompting them to improve their social performance, with more effort in terms of innovation. On the other hand, companies with high visibility can attract more attention from investors. Additionally, visibility may be a recognizable attribute that can help customers differentiate them from other businesses [50]. In keeping with Pfeffer and Salancik [51], external stakeholders are more curious about visible firms which affect the intensity of the pressures they are subjected to. Visible firms would be under more public scrutiny. Hörisch et al. [52, 53] noted that the more exposed position lead to higher public pressure and more CSR activities.

Firm visibility also can reduce information asymmetry degree between companies and their stakeholders and amplify the information disclosed by companies [54]. Thus, companies with higher visibility are more likely to elicit adverse reactions from their stakeholders. For example, within the case of high firm visibility of companies, violations of environmental regulations are going to be particularly pronounced [55], to which investors react strongly negatively. Additionally, a high firm visibility can even allow customers to understand their environmental irresponsibility [56]. Wu et al. [57] underlines the existence of a correlation between positive stakeholder’s responses and firm’s level visibility. Visible companies are likely to attract and gain support of community stakeholders as well as favorable evaluations from regulatory stakeholders. Likewise, CSR practices are expected to increase firm visibility which might help talented workers attraction as an effective knowledge management spillover [58]. The authors showed empirically the positive effect of a firm’s CSR practices, operating in knowledge-based industries, on attracting highly skilled workers, thus enhancing the company’s competitiveness.

Finally, the active CSR behaviors of companies are much easier to know by governments allowing them to access preferential policies, like access to bank loans, tax deductions and market access that stimulate social innovation [33]. Therefore, we make the subsequent assumption:

H2: Firm visibility strengthen the positive effect of CSR on Firm Financial performance

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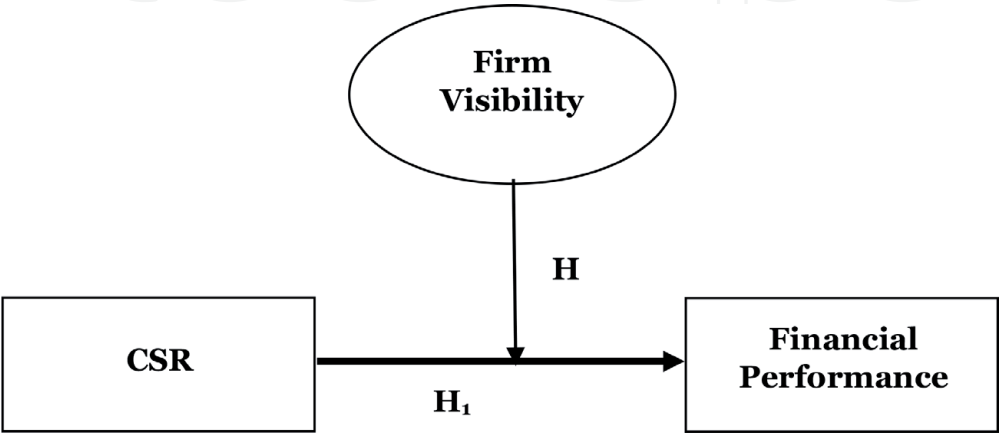


Figure 1.
The research design is presented in **Figure 1**.

3. Research methodology

3.1 Sample and data collection

Our sample consists of French SBF120 listed firms from the year 2008 to 2017. The final sample includes 88 French companies. We are based on a balanced panel dataset of 880 firm-year observations. We used secondary data drawn from the Thomson Reuters Inc. database on the French companies in our sample.

The choice of the period analysis coincides with the adoption of the Grenelle¹ law which makes the production of annual CSR report mandatory for all large companies. This period also coincides with the dissemination of the main codes of governance in France. Furthermore, the analysis period of 10 years makes it possible to constitute a fairly large panel which enriches the results and improves the estimates and econometric tests. The SBF120 index includes the 120 largest companies in terms of market capitalization and trading volumes on the Euronext Paris market. These large companies, mostly groups, remain very “visible” when it comes to their societal achievements and are subject to permanent “monitoring” by societal rating organizations, media, and investors. It should be noted that companies with a lot of missing data were also removed from the sample.

3.2 Measurement of variable

3.2.1 Dependent variables

There are many ways to measure Firm Financial Performance. However, in this study, we use the return on assets (ROA). ROA is an accounting measure, calculated by reporting the result before taxes and interest to the total assets. It has the advantage of providing information on the operating profitability of the business by eliminating the effect of debt and corporate tax. This ratio provides information on the performance of the company in carrying out its “business” regardless of the financing structure.

3.2.2 Independent variable

Given the multidimensional nature of CSR and taking into consideration that the weights of its various dimensions must consider cross-sectoral specificities and socio-cultural differences, we retain in this research a measure including three fundamental dimensions of CSR (Environmental, Societal, and Governance: ESG). ESG score is based on a company’s performance in the environmental (E), social (S) and governance (G). In this study we use the Thomson Reuters/S-Network which attributes a specific weight to every indicator on the basis of selected considerations and their relative importance. ESG ratings provided by the Thomson Reuters Asset4 are widely employed in the literature as a CSR measure [59].

3.2.3 Moderating variable

Visibility is a concept that remains difficult to measure. Previous research has tried to develop own measures. For example, firm citations in the specialized press [60]; firm size [61], the distinction between B2B and B2C companies [49] or even the media coverage [62] were used as proxies of the visibility of the firm. Firm visibility (VBL), following the lead of previous research [63, 64] was calculated as the ratio of advertising expenses to sales.

¹ Law N° 2010–788 on the environment national commitment (Grenelle II).

3.2.4 Control variables

Following prior-related studies, we control for a variety of variables that may affect CSR-FFP link.

According to Waluyo [65], firm age affects CSR since mature firms are more experienced and pay more attention to social issues and reputation. Moreover, mature firms are likely to invest significantly more in CSR. Indeed, the predictability of income allows mature companies to invest more in CSR; on the opposite hand, younger companies with less predictable income may pursue survival and growth-oriented strategies and subsequently run out of funds to invest in CSR activities. This hypothesis is criticized by other authors. For instance, Withisuphakorn and Jiraporn [66] who argue that mature companies, enjoy a reputation regardless of their CSR engagement. Otherwise, Age can affect the general public firm's visibility [67, 68]: On one hand, older firms are speculated to be "known" by the public through patronage and sponsorship, on the other hand, young firms would even be tempted to ascertain a brand image with the public by an increased media presence. In this study, we measure firm age (AGE) by Natural logarithm of the number of years since the inception of the firm.

On the other side, considering that large companies are alleged to have more resources to commit to CSR initiatives [27] and that larger firms have more exposed position lead to higher public pressure and more CSR activities [52, 53], SIZE, measured by Natural logarithm of total assets is introduced into the model as a control variable. Following pervious researches [69, 70], we also control by leverage (LEV). Indeed, we would expect companies with high levels of leverage to have less cash available to engage in CSR actions. On the other hand, excessive leverage could negatively impact financial performance. In this study, we used the total debt ratio by dividing the sum of financial debts (regardless of their horizons) by total assets as a measure of leverage.

Finally, we integrate innovation (RDI) measured by R&D expenditures divided by total annual sales, as a control variable to the extent that it is theoretically accepted that innovation often allows dissipating a competitive advantage and improving profitability [41, 71, 72]. On the other hand, there is empirical evidence that the degree of innovation has an impact on firm social performance [73, 74]. McWilliams and Siegel [75] highlighted that innovation is important for the understanding of the CSR influence on financial performance. According Luo and Du [76], CSR can be a catalyst for innovation.

3.3 Methods

In this study, we aim at examining the effect of CSR on REM and the moderating role of firm visibility on this relationship. For this purpose, we proceed by two steps. We start first by estimating the following equation:

$$FFP_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 VBL_{it} + \beta_3 AGE_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 RDI_{it} + \varepsilon_i \quad (1)$$

In order to examine the moderating effect of firm visibility on the CSR-FFP relationship described in our basic model, we regress FFP on the CSR variable, visibility variable and the interaction between both of these variables.

$$FFP_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 VBL_{it} + \beta_3 CSR * VBL_{it} + \beta_4 AGE_{it} + \beta_5 SIZE_{it} + \beta_6 LEV_{it} + \beta_7 RDI_{it} + \varepsilon_i \quad (2)$$

In Eq. (1), FFP_{it} is the dependent variable which is measured by Return on assets and CSR_{it} is lagged by two years to avoid simultaneity. In Eq. (2), $CSR \times VBL_{it}$ is the

Variable	Abbreviation	Measurement
Firm financial performance	FFP	Return On Assets ratio
Corporate Social Responsibility	CSR	ESG global score
Firm Visibility	VBL	Advertising expenses to sales ratio
Firm Age	AGE	Natural logarithm of the number of years since the inception of the firm
Firm Size	SIZE	Natural logarithm of total assets (in millions of Euros)
Leverage	LEV	Total debt to total assets ratio
R&D expenditure Intensity	RDI	R&D expenditures divided by total annual sales

Table 1.
Variables description.

interaction variable lagged by two years and is used to avoid the endogeneity with FFP. ε_{it} is the error term for firm i during the period t . For more detailed description of variables see **Table 1**.

We consider the GMM equations for panel data to estimate models. The GMM estimator has the advantage of controlling for endogeneity between variables and unobservable heterogeneity. For this purpose, the following two models have been specified by using random-effects panel regression.

4. Findings

4.1 Descriptive statistics

Table 2 presents the descriptive statistics. It shows the minimum value, maximum value, average and standard deviation. The dependent variable, ROA, has an average value of 0.398 with a standard deviation of 0.0689. Thus, on average result before taxes and interest represent 3.98% of total assets of companies of our study. The average firm visibility variable equals 5.69% with a standard deviation of 0.1466 suggesting high dispersion between the companies of our sample.

	Obs	Mean	SD	Min	Max
FFP	880	0,0398	0.0689	−0.3374	0.5571
CSR	880	0.5785	0.1855	0.3220	0.9300
VBL	880	0.0569	0.1466	0.01251	0.2501
AGE	880	3.670	1.080	0.101	5.815
SIZE	880	9.996	1.902	8.887	16.570
LEV	880	0. 7328	0.2281	0.2531	0.9768
RDI	880	0.0486	0.1113	0.004	0.1994

*Note: For description of variables see **Table 1***

Table 2.
Descriptive statistics.

The averages of the control variables are 3.670 for firm age, 9.996 for firm size, 0.7328 for leverage and 0.0486 for R&D intensity.

The mean value of overall ESG score for all the companies in our sample over the period studied is 0.5787 with a standard deviation of 0.1852. This score did not change significantly over the analysis period with a maximum recorded in 2015 (65.91%) and a minimum of 49.43% in 2011. For international comparison, the average ESG score observed on a sample of 94 Korean companies listed on the KOSPI (Korea Stock Exchange) over the period 2008–2014 is close to 46%. According to the rating agency Novethic, the average ESG score of European companies is 45.4% in 2017.

4.2 Correlation matrix

Table 3 shows the Pearson correlation matrix. All correlation coefficient are less than the acceptable limit (0.5). Therefore, there are no multicollinearity problems in our study.

The correlation coefficient shows that visibility has a high positive correlation with CSR variable at a significance level of 5%. This is can be in accordance with the hypothesis that more visibility should create incentives for a firm to engage in social initiatives and to divulgate their social performance and is additionally in line with the results of previous researches [62, 77, 78]. There is also a significant positive correlation between visibility and firm age. This is expected as old firms should have more visibility and access to media. Visibility also has strong correlations with R&D intensity [72, 79]. In fine, significant correlation was reported between CSR and firm leverage in our sample. This is consistent with the literature up to this point which has supported a strong positive correlation between leverage and CSR [80]. Indeed, firms that participate in more CSR initiatives are more likely to be less leveraged. This is often expected as firms that are highly leveraged should find it tougher to participate in “non-essential” spending [34].

4.3 Multivariate regression analysis

The main objective of this research was to study the link between CSR and FFP and the moderating effect of firm visibility on CSR and firm performance relationship. **Table 4** presents the results. The findings of the first model demonstrate that CSR have a positive and significant relationship with firm performance. Our first

Variable	FFP	CSR	VBL	AGE	SIZE	LEV	RDI
FFP	1						
CSR	0.0458**	1					
VBL	0.1147***	0.4331**	1				
AGE	0.0341**	0.0137*	0.1372***	1			
SIZE	−0.0746	0.0568	0.0557*	0.0965**	1		
LEV	−0.2844*	−0.0124**	−0.0788	0.0299**	−0.1550***	1	
RDI	0.1864	−0.0174	0.0936***	0.1748	0.1562**	0.0514***	1

Note: For description of variables see **Table 1**
The superscripts *, ** and *** indicate significance at the 5%, 1% and 0.01% levels, respectively.

Table 3.
Pearson correlation matrix.

Dependant variable: Financial Firm Performance measured by ROA				
	Model 1		Model 2	
	Coef.	p-value	Coef.	p-value
CSR	0.0141**	0.021	0.0056**	0.041
VBL	0.1109	0.501	0.1158	0.480
CSR x VBL	—	—	0.0150**	0.022
AGE	−0.0771	0.377	−0.0903	0.511
SIZE	−0.2240**	0.050	−0.3221**	0.047
LEV	−0.0389***	0.001	−0.0851***	0.000
RDI	−0.7909	0.390	−0.939	0.324
Wald χ^2	73.01		79.33	

The superscripts *, ** and *** indicate significance at the 5%, 1% and 0.01% levels, respectively.

Table 4.
Multivariate regression analysis.

hypothesis H1 is accepted. These findings are in line with previous studies [81–83] which have determined that greater CSR activities enhance firm performance.

With the second model, we employed Aguinis’s [84] Moderate Multiple Regression (MMR) model by creating a new variable (product between the two predictors). The effect of interaction variable (CSR × VBL) is positive on firm performance (coef. 0.0137, p-value = 0.022) and significant at 5 percent level. Our second hypothesis H2 is accepted which suggests that firm visibility moderates the link between CSR and FFP. This indicates that as a firm is more visible, the positive effect of CSR on ROA becomes stronger. Thus, increased visibility would encourage more commitment and disclosure of societal achievements that can be valued by stakeholders and leading to better financial performance. Our results are also supported by Park [85] who demonstrated that visibility moderates the correlation between CSR and reputation, which mediates the CSR-FFP relationship in the long run. These results are also in accordance with those of Madsen and Rodgers [86] who underlined the role of firm visibility and “stakeholder attention” when studying CSR-FFP link.

Regarding the control variables, firm leverage was found to be negatively and significantly related to firm performance in both models. This finding is congruent with that observed in researchers carried out in the same context (see, for example, [87]).

Firm size has negative and statistically significant effect on firm performance within the two models at a 5 percent level. The results are in line with those of prior studies [88, 89]. Finally, the coefficients of firm age and R&D intensity are negative but not significant.

5. Conclusion

Over the past decades there has been growing interest, both in academic literature and within the business world, in CSR and its impact on the actions and results of companies. The empirical research carried out to date does not seem to be sufficient to draw a stable and definitive conclusion about the existence, direction and stability of CSR-FFP link, to give for investigations about contingent variables which could affect this relationship. In this research, we essentially mobilized

legitimacy theory to advance that the firm's response to several pressures exerted thereon by the various stakeholders could vary consistently with its degree of visibility and therefore the attention given by the community. The empirical validation on a sample of large French firms allowed us to conclude that visibility plays the role of a positive moderator on the link between CSR and financial performance. Indeed, we have demonstrated the existence of a positive and significant relationship between ESG scores (CSR measure) and the return on assets (firm financial performance measure) to validate our first hypothesis. Likewise, we have demonstrated the existence of a positive relationship between visibility level and CSR to argue that visibility increases the company's exposure to implicit complaints can therefore lead to higher CSR. This study showed significant positive relationships between visibility and CSR demonstrated by correlation and multivariate analyzes.

This research also made for an interesting finding that might be the topic of further investigations: the chosen visibility indicator has a significant positive relationship with the ESG scores. This observation is in step with that revealed by other studies carried out in other contexts [85, 90, 91]. French companies with high visibility seem to support CSR issues to manage social expectations and reinforce their legitimacy. These results match in particular with what was revealed by Aouadi and Marsat [92] who found that ESG scores are positively related to company value for highly visible companies after using a large sample of over 4,000 companies from 58 countries between 2002 and 2011.

The results of this study have practical implications; they can be interesting and useful for managers in their decision making since they indicate that decision makers should be aware of the importance of visibility to gain legitimacy. Indeed, this research shows that the visibility positively moderates the correlation between CSR and financial performance. This moderating effect would most likely be exerted through the firm's reputation, suggesting that companies should pay more attention to visibility when implementing and disclosing their CSR programs.

The main limitation of this study is related to the visibility metric, future research may well be inquisitive about further developing indicators for firm visibility measures based, for instance, on media coverage or on the interest given to the company by social networks or Internet search engines. Comparative studies with other countries would be possible. Finally, in this research, we used an overall ESG score; it would be interesting to perform the effect of specific ESG components on financial performance.

Conflict of interest

The authors declare no conflict of interest.

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