

Corporate Social and Financial Performance: The Role of Size, Industry, Risk, R&D and Advertising Expenses as Control Variables

MARGARET L. ANDERSEN AND JOHN S. DEJOY

ABSTRACT

This article investigates the role of commonly specified control variables in moderating the relationship between corporate social performance (CSP) and corporate financial performance (CFP). In addition, there are separate measures for positive (strengths) social actions, and for negative (concerns) social actions. The results support the positive relationship between CSP and CFP. The best model, as determined using factorial analysis of variance, is one which has the following control variables: size, industry, risk, and research and development expenditures. In examining the CSP/CFP relationship, researchers must control for these variables, in order to properly specify the model.

John S. DeJoy is Associate Professor of Accounting, College of Westchester, White Plains, NY. E-mail: jdejoy@cw.edu. Margaret L. Andersen is Associate Professor of Accounting, Accounting, Finance and Information Systems, North Dakota State University, Fargo, ND. E-mail: margaret.andersen@ndsu.edu.

INTRODUCTION

At the 2008 World Economic Forum, Bill Gates, founder of Microsoft, challenged companies to find a creative way to help the poor around the world (Lenkowsky 2009). In 2007, U.S. investors allocated more than \$3 trillion to socially screened portfolios (Social Investment Forum Foundation 2010). Society—and many corporate managers—have embraced the idea that business organizations have a moral obligation to promote social welfare. Strategic philanthropy has been defined as “the synergistic use of an organization’s core competencies and resources to address key stakeholders’ interest to achieve both organizational and social benefits” (McAlister and Ferrell 2002, p. 690). It appears that both corporations and society can benefit when businesses engage in behavior intended to do more than maximize shareholder wealth. This observation is supported by decades of empirical research. The majority of the articles support a positive, causal relationship; where corporate social performance (CSP) is a determinant of corporate financial performance (CFP) (Margolis and Walsh 2003; Pava and Krausz 1996).

As researchers continue to investigate the relationship between financial performance and social performance, the methodologies have become more sophisticated. The complex relationships between these multi-dimensional constructs are beginning to be revealed. As a result, researchers have identified a number of variables believed to impact how a firm’s social performance relates to its financial performance.

The objective of this article is to use factorial analysis of variance (ANOVA) to provide additional clarity to understanding the corporate social/financial performance relationship. This research also examines the impact of the major control variables identified in prior research. To accomplish this, factorial ANOVA is used first, to establish the influence of CSP on financial performance, and second, to investigate how commonly used control variables affect that basic relationship.

The rest of this article is organized as follows: a brief review of the literature including articles identifying the five control variables examined in this article, a discussion of the variables, a description of the methodology and results, and finally the conclusions and limitations are presented.

LITERATURE REVIEW

There is a vast literature examining why corporations engage in socially responsible behaviors and the effect this has on their financial performance. Others have done thorough reviews of this literature (e.g., Margolis and Walsh 2003; Pava and Krausz 1996; Russo and Fouts 1997). As a result, only a selective literature review will be presented here.

The large number of studies investigating the CSP/CFP relationship suggests the importance of this area and the difficulty of investigating the relationship empirically. As Callan and Thomas (2009) observe, "using appropriate control variables therefore is critical to obtaining reliable results . . ."

The empirical studies have consistently identified size, risk and industry as factors which affect the CSP/CFP relationship (Callan and Thomas 2009; Margolis and Walsh 2003; Russo and Fouts 1997; Ullman 1985). Firm size was one of the first variables identified as being a necessary control variable when examining the relationship between CSP and CFP. As with size, industry was identified early as an important control variable. In addition to the studies listed previously, Griffin and Mahon (1997) state the need to control for industry. Risk joins size and industry as a needed control variable. Orlitzky and Benjamin (2001) conducted a meta-analytical study and found that lower financial risk results from higher CSP.

Two variables which have been identified more recently as necessary control variables are two discretionary expenditures: research and development (R&D) and advertising. Both are expected to affect long-term profitability and therefore to affect the CSP/CFP relationship (Callan and Thomas 2009; McWilliams and Siegel 2001; Russo and Fouts 1997).

To investigate the impact of these control variables on the CSP/CFP relationship, factorial ANOVA is used to estimate the following model: $CFP = F(CSP, \text{size, industry, financial risk, R\&D expense, advertising expense})$. The financial performance measure is a continuous variable. The others in the model are classification variables. The industry variable has 11 categories; the other variables have just two levels. The description of these variables is next.

VARIABLES

Financial Performance

This study uses market value (MV) divided by total assets (TA) as the measure of financial performance. Market value is said to be a long-term measure reflecting the consensus of the market's perception of the firm's past performance and its future prospects. Callan and Thomas (2009) used Tobin's q as one of four measures of financial performance. In their study, it was found to be a comprehensive measure of long-term financial performance. Others (King and Lenox 2001; and Konar and Cohen 2001) have also used Tobin's q , which is the ratio of market value to the replacement cost of the tangible assets. The market value/total assets measure used here is closely related to Tobin's q but can be calculated easily from publicly available information.

Social Performance

The CSP measures used in this study are from the 2007 data in the KLD STATS (Statistical Tool for Analyzing Trends in Social and Environmental Performance) database. This data set is published annually and contains ratings of companies by KLD Research and Analytics, Inc. Waddock and Graves (1997) identified four reasons why the KLD data for measuring CSP is an improvement over prior methods. The first relates to the large number of U.S. companies which are rated. Currently, there are over 3,000 companies covered, including the S&P 500 Index, the Domini 400 Index, the Russell 1000 Index, the Large Cap Social Index, and the Broad Market Index. Another advantage is that each company is rated on several aspects of their social performance. This study uses the strengths and concerns ratings identified in seven issue areas: community, corporate governance, diversity, employee relations, environment, human rights and product. A more complete breakdown of the strengths and concerns in each issue area is given in the appendix.

A third benefit of the KLD data, according to Waddock and Graves (1997), is that the raters are independent and apply the same criteria to all of the companies. Finally, the criteria are

applied consistently, with the KLD researchers using multiple sources of data.

For each company, over the seven issues, the total number of strengths is determined. For example, if a company is identified as having one strength in the community area, two strengths in corporate governance, zero strengths in diversity, four strengths in employee relations, and one strength in each of the remaining areas, environment, human rights, and product, the company would have 10 ($10 = 1 + 2 + 0 + 4 + 1 + 1 + 1$) total strengths. Similarly, the total number of concerns is summed across the seven issues for each company. Using these totals, the companies are divided into two groups. One group consists of firms with higher than average total strengths and lower than average total concerns. These companies demonstrate good social performance, relative to the sample. The other group is composed of the companies with higher-than-average total concerns and lower-than-average total strengths. These firms exhibit poor or low social performance, relative to the sample. The averages just referenced are the sample averages for total strengths (1.54) and for total concerns (2.20).

The astute reader will notice that two groups of companies are missing from the sample selection. These missing groups consist of firms, which have higher (lower) strengths and higher (lower) concerns than average. These two groups are omitted because it is unclear as to whether the firms are exhibiting good or poor social performance.

Mattingly and Berman (2006) found that positive and negative social actions are both empirically and conceptually distinct constructs and should not be combined. Similarly, Chatterji et al. (2009) found that concerns and strengths have different results when they analyzed how well KLD does in assessing environmental practice.

Size

Past research has suggested that firm size is an attribute that can affect the social/financial performance relationship. There are many ways in which to measure size; this study uses annual sales for 2007. Companies in the sample are ranked based on sales and separated into two groups with equal numbers in each

group. Firms with the largest sales ($> \$600$ M) are in one group (S1) and firms with the least sales ($< \$600$ M) are in the other group (S2).

Industry

The second control variable commonly identified in past CSP/CFP research is industry. In this study, industry is operationalized as economic sector. The Research Insight database reports the economic sector for each company in this study. There are 11 categories with unequal numbers in each category. The sectors are as follows: 1000 Materials, 2000 Consumer Discretionary, 3000 Consumer Staples, 3500 Health Care, 4000 Energy, 5000 Financials, 6000 Industrials, 8000 Information Technology, 8600 Telecommunication Services, 9000 Utilities and 9500 Transportation.

Risk

Orlitzky and Benjamin (2001) found that a company's financial risk is an important control variable in CSP/CFP research. The ratio of total debt to total assets is a common proxy for risk and is used in this study. The sample is also separated into two groups using the risk variable. The riskiest companies in the study (R1) have a total debt/total assets ratio (TD/TA) greater than 22.5%. The safest companies (R2) have a TD/TA ratio less than 22.5%.

R&D Expense

Recent studies have suggested that R&D expense can have an impact on the CSP/CFP relationship. The figures for corporate expenditures on R&D are obtained from the Research Insight database which defines it as follows: all costs incurred during the year that relate to the development of new products or services. It is measured in millions of dollars and is for the year 2007 in this study. The sample is sorted and the firms with the greatest R&D ($> \$30.3$ M) are in the first group (RD1) and those with the least R&D expense ($< \$30.3$ M) are in the second group (RD2).

Advertising Expense

Some recent articles have asserted that advertising expense can influence the CSP/CFP relationship through its action on long-term profitability. Figures for corporate advertising expenditures are obtained from the Research Insight database and are reported for the year 2007. Research Insight defines it as follows: cost of advertising media (such as radio, television, and periodicals) and promotional expenses. This variable is measured in millions of dollars. After sorting on advertising expense, the sample is separated into two groups. One group (A1) contains firms with reported advertising expense greater than \$9 M; the other group (A2) consists of firms with advertising expense less than \$9 M.

Statistics/Correlations of the Variables

When the sample is divided into groups based on CSP, the descriptive statistics for the variables are as presented in Table 1. The companies identified as exhibiting good social behavior have an above average number of total strengths and a below average number of total concerns. There are 287 firms in this group.

The companies classified as showing poor social performance have an above average number of total concerns and a lower than average number of total strengths. There are 263 companies in this group.

One encouraging observation is that the mean market value of the good CSP companies is higher than the mean for the poor CSP companies. The good CSP sample shows smaller, less-leveraged firms which spend more on advertising and much more on R&D than the companies in the poor CSP sample.

Chatterji et al. (2009) report that there is a large literature which shows that management system measurements have low validity. That is, when a subjective judgment (such as is included in the KLD data set) is added to decision models based on objective information the result can be added noise, rather than added clarity. Simple correlations can have substantially higher predictive ability than sophisticated judgment models (Chatterji et al. 2009). As a result, the correlations among the variables for the good CSP firms and the poor CSP firms are presented in Table 2.

TABLE 1 Descriptive Statistics for the Sample Companies

Variable	N	Mean	Standard Deviation
MV/TA			
Good CSP	287	2.08	1.90
Poor CSP	263	1.32	1.20
Sales			
Good CSP	284	2,463	3,926
Poor CSP	263	3,750	8,189
TD/TA			
Good CSP	214	25.39	42.29
Poor CSP	227	31.31	22.58
EconSector			
Good CSP	287	Meaningless	
Poor CSP	263		Meaningless
AdvExp			
Good CSP	178	89.37	209.48
Poor CSP	161	68.39	127.89
RDExp			
Good CSP	204	198.19	380.85
Poor CSP	160	78.31	155.89

CSP = corporate social performance; MV/TA = market value/total assets; TD/TA = total debt/total assets ratio; RDExp = research and development expenses; EconSector = economic sector; AdvExp = advertising expense.

For the Good CSP Firms

Not surprisingly, the variable sales is significantly positively correlated with advertising expense and R&D expense. Sales is also significantly positively correlated with total strengths as well as total concerns. Large firms, with many and diverse operations, are most likely to have a large number of both strengths and concerns. However, recall how the firms are separated into the two CSP groups. This group is composed of firms with a higher-than-average number of strengths and a lower-than-average number of concerns. And yet, even with relatively few total concerns, sales and concerns are significantly correlated.

For this sample of good CSP firms, the risk proxy, TD/TA, is significantly negatively correlated with the total number of concerns. It appears that companies with higher financial risk try to avoid the risks associated with behavior that generates concerns in the KLD data set.

TABLE 2 Pearson Correlation Coefficients for the Good CSP Firms (below the Diagonal) and for the Poor CSP Firms (above the Diagonal)

	MV/TA	Sales	TD/TA	Econ Sector	AdvExp	RDExp	Tot Str	Tot Con
MV/TA	1.000	-0.116	-0.244	0.118	0.030	-0.031	0.077	-0.028
Sales	-0.071	1.000	-0.086	0.057	0.708	0.686	0.215	0.649
TD/TA	0.231	0.025	1.000	-0.113	0.678	0.148	0.218	0.228
EconSector	-0.034	0.025	1.000	0.068	<0.0001	0.056	0.0004	0.0002
AdvExp	0.620	0.715	0.004	-0.192	-0.052	0.032	-0.132	-0.022
RDExp	-0.023	-0.022	-0.113	0.004	0.549	0.704	0.046	0.739
Tot Str	0.704	0.708	0.099	1.000	-0.255	-0.021	-10.043	-0.157
Tot Con	0.033	0.578	0.004	-0.132	0.001	0.787	0.488	0.011
	0.660	<0.0001	0.966	0.079	1.000	0.343	0.001	0.133
	0.066	0.654	-0.045	0.227	0.187	1.000	0.105	0.006
	0.350	<0.0001	0.590	0.001	0.066	0.174	0.942	0.006
	0.019	0.465	-0.003	0.114	0.346	0.466	1.000	-0.029
	0.751	<0.0001	0.966	0.053	<0.0001	<0.0001	0.142	0.644
	-0.056	0.346	-0.162	0.116	0.252	0.264	0.142	1.000
	0.341	<0.0001	0.018	0.050	0.0007	0.0001	0.016	0.016

Prob r under H_0 : $\text{Rho} = 0$.
MV/TA = market value/total assets; TD/TA = total debt/total assets ratio; RDExp = research and development expenses; EconSector = economic sector; AdvExp = advertising expense; Tot Str = total strengths; Tot Con = total concerns.

R&D expense is significantly and positively correlated with the industry variable, economic sector. The significant correlations between advertising expense and total strengths and total concerns, as well as between R&D expense and strengths and total concerns are most likely the result of the significant correlations of these variables with the size proxy, sales.

The finding that total strengths and total concerns are significantly positively correlated is rather surprising. Yet Chatterji et al. (2009) had a similar finding where firms with more environmental concerns also had more environmental strengths.

For the Poor CSP Firms

The companies in this group are selected because they have higher than average total concerns and lower than average total strengths. For these firms, the financial performance variable, MV/TA, is significantly negatively correlated with the risk proxy, TD/TA. This observation supports the findings of Orlitzky and Benjamin (2001) who concluded that high-risk firms are associated with low socially responsible behavior, in general.

As with the good CSP firms, sales is significantly and positively correlated with advertising expense, total strengths, and total concerns. The risk proxy, TD/TA, is significantly negatively correlated with the industry variable, economic sector. It seems that different sectors have different risk profiles. The economic sector is also correlated with advertising expense and total concerns. This suggests that different economic sectors spend different amounts on advertising and have different tendencies to generate total concerns.

Advertising expense is significantly positively correlated with total strengths. Perhaps, that is simply a reflection that both advertising expense and total strengths are significantly positively correlated with sales.

METHODOLOGY AND RESULTS

Factorial ANOVA is an analytical technique used for experimental data in which there is a continuous response variable and one or

more independent classification variables. The total variation in the response variable is explained as the sum of the variation due to the effects of the classification variables and the variation due to random error. This analysis is appropriate when there are multiple classification variables.

In this study, the corporate financial measure (MV/TA) is the continuous response variable. The independent classification variables, described earlier, are the following: CSP, size, industry, risk, R&D expense and advertising expense.

Basic Model

$$\text{MV/TA} = F(\text{CSP})$$

The basic model examines the relationship between financial performance and CSP. The model is significant and provides a baseline for comparison with the other models. (The results table, Table 3, on which these observations are based, immediately follows the description and discussion of the models.) The explanatory power is very low, however ($R^2 = 0.02$).

First Model

$$\text{MV/TA} = F(\text{Size, CSP})$$

Adding sales to control for firm size improves the model, which remains significant. The $R^2 = 0.077$ is an increase of more than 5% in terms of explanatory power. The measure of CSP continues to be significant; the size measure is also significant as well as the interaction between the two.

To investigate this interaction the following results are presented in Table 4.

The average market value (MV/TA) for small firms is greater than the average market value for large firms. Further, the difference between the good and poor CSP companies is greater for the small firms than for the large firms, as shown in the following chart (Figure 1).

The interaction suggests that small firms are disciplined by the market more severely for poor social performance than large firms. The rest of the observations are as expected. No matter

TABLE 3 Results of the Models

Model	CSP P value	Sales P value	EconSector P value	TD/TA P value	RDExp P value	AdvExp P value	F	P value of model	R ²
Basic: CSP	<0.0001						27.10	<0.0001 <0.0001	0.020
First model*									
CSP, Sales	<0.0001	<0.0001					36.65	<0.0001	0.077
Second model†									
CSP, Sales, EconSector	0.095	0.132	0.014				5.10	<0.0001	0.125
Third model‡									
CSP, Sales, EconSector, TD/TA	0.105	0.140	0.008	0.011			4.30	<0.0001	0.226
Fourth model a [§]									
CSP, Sales, EconSector TD/TA, RDExp	0.019	0.017	0.896	0.133	0.035		2.05	<0.0001	0.244
Fourth model b [§]									
CSP, Sales, EconSector TD/TA, AdvExp	0.358	0.132	0.083	0.085		0.746	2.05	<0.0001	0.267

*The first model: $MVTA = F(\text{Sales}, \text{CSP})$ has a significant interaction. Sales*CSP has a P value of 0.036.

†These models had no significant interactions.

The full model: $MVTA = F(\text{Sales}, \text{EconSector}, \text{TD/TA}, \text{RDExp}, \text{AdvExp}, \text{CSP})$ is not significant. Further, none of the variables or interactions are significant.

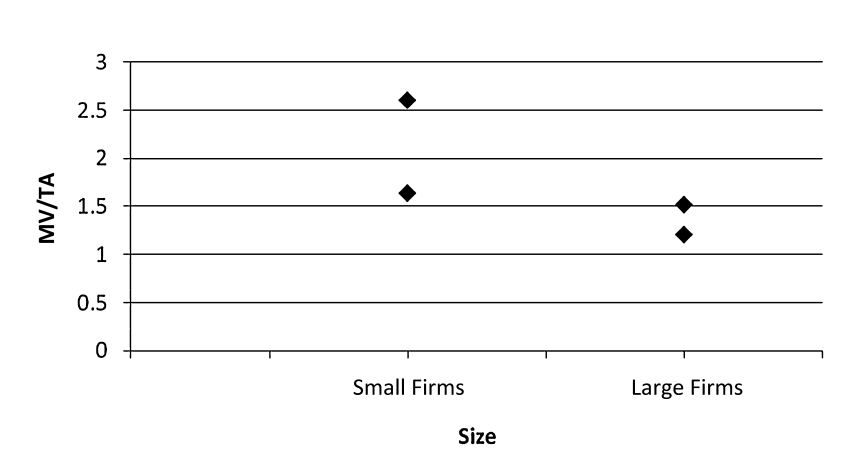
CSP = corporate social performance; MV/TA = market value/total assets; TD/TA = total debt/total assets ratio; RDExp = research and development expenses; EconSector = economic sector; AdvExp = advertising expense.

TABLE 4 Data Showing the Interaction Between Size and Corporate Social Performance

Small firms:	Good CSP	Mean MV/TA = 2.60
	Poor CSP	Mean MV/TA = 1.64
Large firms:	Good CSP	Mean MV/TA = 1.52
	Poor CSP	Mean MV/TA = 1.21

CSP = corporate social performance; MV/TA = market value/total assets.

FIGURE 1 Interaction: Size * Corporate Social Performance. MV/TA = market value/total assets.



what size the companies are, it would be expected that firms with good CSP would have a higher market value than those with poor social performance. Similarly, no matter what the level of CSP, small firms have a higher market value (adjusted for total assets) than large firms. A similar phenomenon is identified as the “small firm effect” in the finance literature.

The first model reinforces the need to include size as a control variable when investigating the social/financial performance relationship. It also, however, shows that when the needed control variable is included, the CSP/CFP relationship becomes more complex.

Second Model

$$MV/TA = F(\text{Size, Industry, CSP})$$

By adding the industry control variable, the explanatory power of the model increases to an $R^2 = 12.5\%$. Interestingly, the model and the new variable, the industry proxy EconSector, are significant; however, Sales and CSP are no longer significant.

Third Model

$$MV/TA = F(\text{Size, Industry, Risk, CSP})$$

The third model incorporates risk into the relationship. By adding TD/TA, the risk proxy, the explanatory power of the model again increases with an $R^2 = 22.6\%$. The model is significant. Both the industry and risk measures are significant. As with the second model, however, the size and social performance variables are not significant.

Fourth Model (a)

$$MV/TA = F(\text{Size, Industry, Risk, R \& D, CSP})$$

When R&D expense is added to the model, the results are more in line with expectations. The model is significant, as are the following variables: Sales (size), RDExp (R&D expense), and CSP (CSP).

Fourth Model (b)

$$MV/TA = F(\text{Size, Industry, Risk, Advertising, CSP})$$

When removing R&D expense and adding advertising expense as a control variable, the model remains significant. None of the factors are significant; however, it appears that advertising expense introduces a great deal of noise into the model.

Full Model

$$MV/TA = F(\text{Size, Industry, Risk, R \& D, Advertising, CSP})$$

When the model includes all five control variables, it is no longer significant. None of the variables and none of the interactions are significant.

In reviewing the results of the factorial ANOVA, the best specification of the model is the one with size, industry, risk, and R&D expense as control variables. This is model 4(a). In this model, in conformity with prior studies, size and R&D expense are important control variables. Also in this model, CSP is significant, which is expected. When R&D expense is removed from the model (Model 3), CSP becomes insignificant.

The results not only suggest the best model for this sample, they also point to the complex interrelationships examined. At times, size is significant, at other times not. At times industry is important as a control variable; at other times it has no influence. The same can be said for risk. In this study, although R&D expense is a needed control variable, advertising expense is not.

CONCLUSIONS AND LIMITATIONS

The results of this study support the long-term finding of a positive relationship between CSP and CFP. In addition, the need to include appropriate control variables is also demonstrated. Sales and industry have long been recognized as important variables, impacting the CSP/CFP relationship. From the results presented here, financial risk and R&D expense should also be included in a properly designed study. However, a number of questions remain concerning the role the control variables play. This complex relationship has not been completely explained.

As with all empirical studies, there are a number of limitations. The conclusions are dependent upon the correct operationalization of the constructs. The classification of companies based on above average/below average on the variables is a crude separation. As other studies have been criticized of doing, this article involves testing models with no theory. And finally, only contemporaneous relationships are examined here. There may actually be a lag/lead relationship among the variables. Much work remains to be done.

REFERENCES

- Callan, S. J., and Thomas, J. M. 2009. "Corporate financial performance and corporate social performance: An update and reinvestigation," *Corporate Social Responsibility and Environmental Management* 16(2): 61-78.

- Chatterji, A. K., Levine, D. I., and Toffel, M. W. 2009. "How well do social ratings actually measure corporate social responsibility?" *Journal of Economics and Management Strategy* 8: 125–169.
- Griffin, J. J., and Mahon, J. F. 1997. "The corporate social performance and corporate financial performance debate: Twenty-five years of incomparable research," *Business and Society* 36(1): 5–31.
- King, A. A., and Lenox, M. J. 2001. "Does it really pay to be green?: An empirical study of firm environmental and financial performance," *Journal of Industrial Ecology* 5: 105–116.
- KLD STATS 2007. *Statistical Tool for Analysis of Trends*. Boston: LD Research & Analytics, Inc.
- Konar, S., and Cohen, M. A. 2001. "Does the market value environmental performance?" *The Review of Economics and Statistics* 83: 281–289.
- Lenkowsky, L. 2009. "The do-good marketplace," *Wall Street Journal* January 2, 2009: A13.
- Margolis, J. D., and Walsh, J. P. 2003. "Misery loves companies: Rethinking social initiatives by business," *Administrative Science Quarterly* 48: 268–305.
- Mattingly, J. E., and Berman, S. L. 2006. "Measurement of corporate social action: Discovering taxonomy in the kinder Lydenburg Domini ratings data," *Business and Society* 45(1): 20–46.
- McAlister, D. T., and Ferrell, L. 2002. "The role of strategic philanthropy in marketing," *European Journal of Marketing* 36(5/6): 689–705.
- McWilliams, A., and Siegel, D. 2001. "Corporate social responsibility and financial performance: Correlation or misspecification?" *Strategic Management Journal* 21: 603–609.
- Orlitzky, M., and Benjamin, J. D. 2001. "Corporate social performance and firm risk: A meta-analytic review," *Business and Society* 40: 369–396.
- Pava, M. L., and Krausz, J. 1996. "The association between corporate social—responsibility and financial performance: The paradox of social cost," *Journal of Business Ethics* 15: 321–357.
- Russo, M. V., and Fouts, P. A. 1997. "A resource-based perspective on corporate environmental performance and profitability," *Academy of Management Journal* 40(3): 534–559.
- Social Investment Forum Foundation 2010. "Report on socially responsible investing trends in the United States," <http://www.socialinvest.org/resources/pubs/trends/documents/2010trendsdes.pdf>, accessed April 9, 2011.
- Ullman, A. A. 1985. "Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms," *Academy of Management Review* 10: 540–557.
- Waddock, S. A., and Graves, S. B. 1997. "The corporate social performance-financial performance link," *Strategic Management Journal* 18: 303–319.

APPENDIX

Community

Strengths:

- Charitable giving
- Innovative giving
- Non-US charitable giving
- Support for housing
- Support for education
- Indigenous peoples relations
- Volunteer programs
- Other strengths

Concerns:

- Investment controversies
- Negative economic impact
- Indigenous peoples relations
- Tax disputes
- Other concerns

Corporate Governance

Strengths:

- Limited compensation
- Ownership
- Transparency
- Political accountability
- Other strengths

Concerns:

- High compensation
- Ownership
- Accounting
- Transparency
- Political accountability
- Other concerns

Diversity**Strengths:**

- CEO
- Promotion
- Board of Directors
- Work/Life benefits
- Women and minority contracting
- Employment of the disabled
- Gay and lesbian policies
- Other strengths

Concerns:

- Controversies
- Non-representation
- Other concerns

Employee Relations**Strengths:**

- Union relations
- No-layoff policy
- Cash profit sharing
- Employee involvement
- Retirement benefit
- Health and safety
- Other strengths

Concerns:

- Union relations
- Health and safety
- Workforce reductions
- Retirement benefit
- Other concerns

Environment**Strengths:**

- Beneficial products and services
- Pollution prevention

Environment Strengths: (Continued)

- Recycling
- Clean energy
- Communications
- Property, plant and equipment
- Management systems
- Other strengths

Concerns:

- Hazardous waste
- Regulatory problems
- Ozone depleting chemicals
- Substantial emissions
- Agricultural chemicals
- Climate change
- Other concerns

Human Rights**Strengths:**

- Positive record in South Africa
- Indigenous peoples human relations
- Labor rights
- Other strengths

Concerns:

- South Africa
- Northern Ireland
- Burma
- Mexico
- Labor rights
- Indigenous peoples relations
- Other concerns

Product**Strengths:**

- Quality
- R&D/Innovation

Product Strengths: (Continued)

- Benefits to Economically Disadvantaged
- Other strengths

Concerns:

- Product Safety
- Marketing/Contracting Concern
- Antitrust
- Other concerns