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The Creation of Value Through Corporate Reputation

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ABSTRACT. The relationship between social and financial performance (CSP – FP) has been a main objective in the literature on business management, as it would provide an economic justification for the social investment insofar as it contributes to the creation of value. This relationship has been empirically tested by several authors though without using a theoretical model that sustains this relationship. The aim of this article is to propose a theoretical model of the process of the creation of value from the reputation generated by companies, integrating the factors that have been shown to be more relevant in this process from previous research, in such a way that hypotheses are put forward regarding the existence of this relationship and the factors that determine it. Finally, an empirical test is performed using the 100 most prestigious companies operating in Spain during 2004.

KEY WORDS: social performance, financial performance, corporate reputation, stakeholder theory, value management, intangible assets

Introduction

In the last 30 years companies have been showing a growing interest in integrating social aspects into their strategies with the aim of achieving sustainable development. This process originates from the belief that a social strategy or corporate social responsibility (CSR) provides an increase in social performance (CSP) and brings with it an improvement in the financial performance (FP) of the company, thus forming the central paradigm of the social responsibility of the company (CSR – CSP – FP). In this paradigm a priority objective has been to test the relationship between social and financial performance (CSP – FP), as it would provide an economic justification for the social investment insomuch as it contributes to the creation of value.

Research papers with this objective (Alexander and Bucholz, 1978; Belkaoui, 1976; Clarkson, 1995; Harrison and Freeman, 1999; Moore, 2001; Preston and O'Bannon, 1997; Simpson and Kohers, 2002; Vance, 1975; Waddock and Graves, 1997) supplied empirical evidence on the existence of a direct relationship between the two variables, though without very conclusive results, which is why more complete theoretical proposals are beginning to be developed (Neville et al., 2005; Russo and Fouts, 1997; Ullmann, 1985), which incorporate the variables that may determine this relationship.

The objective of this study is to put forward a theoretical model of the process of value creation from the reputation generated by companies, by integrating the factors that have been shown in previous research to be the most relevant in this process, such that some hypotheses are proposed on the existence of this relationship and the factors determining it. Finally, an empirical contrast is made using the 100 most prestigious companies operating in Spain during 2004.

The CSP-FP relationship

A review of the different theoretical proposals on the relationship between corporate social performance (CSP) and FP offers arguments for all the possibilities, negative, neutral or positive, among which the most relevant are (Waddock and Graves, 1997):

– *Negative*: Justified by the fact that companies that behave responsibly are at a competitive disadvantage as they incur costs that they would otherwise avoid, or could pass on to other agents (for example, customers or government).

According to this reasoning, there are few economic benefits for socially responsible behaviour, at the same time as there are many costs, thus leading to the expectation of a fall in the FP of the company (Friedman, 1970).

– *Neutral*: A denial of the existence of any kind of relationship, either positive or negative, between social and financial performance. The authors who hold this view (Ullman, 1985) argue that there are so many factors or variables that intervene between social and FP that there is no reason for the existence of any relationship between the two variables, except possibly by chance, which, together with the measurement problems that have plagued CSP research, may have masked any such relationship.
– *Positive*: This third perspective proposes that there is a tension between the explicit costs of the company (for example, payments to bondholders) and their costs implicit to other agents (for example, product quality costs or environmental costs). So, a company that tries to reduce its implicit costs by means of socially irresponsible acts will incur greater explicit costs, the result of a competitive disadvantage (Cornell and Shapiro, 1987).

The methodology used to empirically test the relationship between the social and the FP is most commonly performed using two techniques depending on the indicator used to evaluate the FP. These are the following:

- *Financial market methodology*: Consists of an analysis of events that checks the short-term financial impact (abnormal yields in the market value of the company) produced by the socially responsible or irresponsible acts of companies. Most of the results obtained confirm a positive relationship between social and financial performance (Blacconiere and Patten, 1994; Johnson et al., 1992; Jones and Murrell, 2001; Klassen and McLaughlin, 1996; Kumar et al., 2002; Little et al., 1995; Shane and Spicer, 1983; Stevens, 1984; Verona and Déniz, 2001), although there are others that reflect a negative relationship (Wright and Ferris, 1997).
- *Business methodology*: This examines the nature of the relationship between some indicator of the social performance (reputation, revelation of social information, environmental behaviour etc.), with the company's FP obtained from the accounting information. The results obtained in this type of studies have been varied, although most of the research carried out confirms the existence of a positive relationship between social and FP (Aupperle et al., 1985; Griffin and Mahon, 1997; McWilliams and Siegel, 2000; Simpson and Kohers, 2002). The explanation of the process by which social performance affects financial performance (CSP-FP) and the different empirical results obtained to date point to the need to find a unified theory and a solvent empirical verification. To do so, two problems must be overcome: that of the measurement and that of the development of models of greater internal validity that integrate the variables that have been found to have the most incidence in the process.

Ullmann (1985) suggests that the explanation for the different results obtained in the empirical research carried out up until that time may have been due, to some extent, to the different methods used to measure the financial and environmental or social variables. As an example, the use as a proxy measurement of social responsibility in several studies has been some index of business reputation, which would explain why positive correlations were obtained in these studies, since reputation is usually based on the company's sound financial standing (Stanwick and Stanwick, 1998).

Regarding the development of a theoretical framework integrating more complex explanatory models which include the different variables that affect the process, Ullmann (1985) suggested this need and proposed a three-dimensional model that included the power of the stakeholders of the organization, the strategic position of the company concerning social activities and lastly, as a third dimension proposed the past and present financial efficiency of the organization.

This process of theoretical development, within the framework of the theory of resources, leads Russo and Fouts (1997) to propose a model with several contingent variables, which are: advertising intensity, size, intensity of capital, industrial concentration and the growth rate of the industrial sector. Moreover, the authors explain that the company's policy of environmental responsibility is related to building a good business reputation, an intangible resource which, with the capability of the company and the ability of its managers, leads to better financial results than those of other companies.

The stakeholder theory (Neville et al., 2005) puts forward that the social performance of companies is established by the stakeholders by means of a complex evaluation related to their expectations, which are represented by its reputation. Thus, the participants use their evaluations of the corporate reputation to determine the part of their resources to dedicate to the organization, such that its FP is affected. The authors suggest that the diverging results of previous studies may be explained in part by certain organizational and market contingencies such as the strategic fit among the needs of the stakeholders and company strategy, the competitive intensity of the sector the company works in and the reputation management capability, by using different tools such as publicity or research and development of new or better products.

Model, variables and hypotheses to test

Taking the paradigm Social strategy – Reputation – Financial performance (Neville et al., 2005; Orlitzky et al., 2003) as a starting point, three types of studies can be distinguished: those that deal with the process of generating reputation or social prestige, which companies obtain through the policies or strategies regarding CSR that they pursue (Brammer and Pavelin, 2004; Fombrun and Shanley, 1990; Toms, 2002), those that analyse to what extent reputation co-incides on the financial results of the company (Kotha et al., 2001; Roberts and Dowling, 2002; Rose and Thomsen, 2004) and the factors determining it and, lastly, the gelstat models, whose objective is to analyse the paradigm as a whole.

The aim of this study places it in the second group, and so a theoretical model is proposed of the process of value creation from the reputation generated by companies, which means that two problems must be overcome. First, the choice of variables that will provide the model with internal validity, and second, measurement, for which the criterium adopted is to carry out a theoretical review in order to select some of the variables that have been most fruitful in previous studies, as measured through public information (avoiding as far as possible the development of ad hoc measurement systems) to augment the empirical evidence of the phenomenon under study without contributing to any increase in the already high number of variables and measurements.

In accordance with these design parameters, the following explanatory model of the CSP-FP relationship (see Figure 1) is proposed:

The company's reputation consists of a set of economic and non-economic attributes together with the organization and created from its past actions (Weigelt and Camerer, 1988) and so it can be considered, as it has been by several authors, a variable resulting from the social policy of the company.

Besides, reputation has come to be understood as a fundamental intangible element in the generation of competitive advantages for the organization, mainly from the perspective of strategic models based on resources and capabilities, though also from that of environment models. By grouping it either within the intangible asset stock of the organization, or within the so-called organizational capital resources, it holds that reputation may constitute a top-level factor for achieving sustained competitive advantages for the organization, particularly in sectors in which the quality of products or services cannot easily be perceived by potential customers (García, 2004).

According to Rose and Thomsen (2004), the benefits of a good reputation are none other than the possibility of demanding a higher price for the products or services supplied by the company; the payment of lower prices in its purchases; attracting more qualified people in the labour market; greater loyalty from consumers and employees and greater stability of incomes. Therefore, a positive relationship is expected between reputation (a variable of the social result) and the economic and financial return of the company (*hypothesis 1*).

Nevertheless, this direct relationship between reputation, a variable that serves to measure the

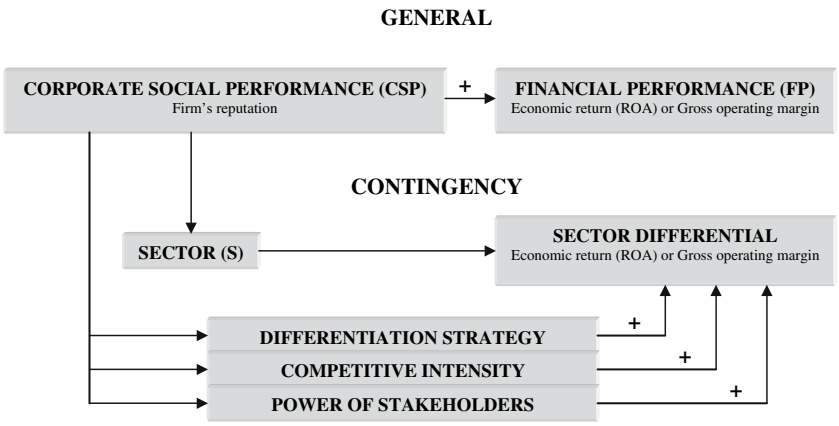

Figure 1. Explanatory model of the relationship CSP-FP.

social performance of the company, and the FP of companies, may be moderated by a series of contingent variables or factors. These factors may be the following:

- *Sector of activity*: Differences in the existing economic indicators between the different sectors would mask any relationship of social performance with FP, and so this factor should be taken into account when performing an empirical test, either by limiting it to companies in the same sector (Griffin and Mahon, 1997; Moore, 2001; Simpson and Kohers, 2002) or by using it as an indicator of the difference in the return or margin of the companies with the mean or median of their sector.
- *Strategy of differentiation* (hypothesis 2): The investments/costs taken on by companies in adopting a differentiation strategy aim to make their customers identify their offer as distinct from that of their competitors in order to raise fidelity and achieve a supplement to the price of their products, the reason why they must have greater interest in social performance than the companies whose offer is not differentiated (McWilliams and Siegel, 2000; McWilliams and Siegel, 2001). Therefore, it must be expected that the greater (or lesser) the intensity of the differentiation strategy, the greater (or lesser) will be the relationship between reputation and the financial yield obtained by the company.
- *Competitive intensity* (hypothesis 3): The competitive intensity of the sector the company works in may also be a factor moderating the relationship, since it may force the company's stakeholders to destine their resources to organizations with a poor reputation. Neville et al. (2005) cite the example of a case of a consumer who can buy a product from a highly contaminating company despite the contamination being an important issue for the consumer, due to the higher quality of the product or, perhaps, due to the absence of alternative products. This was considered by Mahon (2002), who explained that the reputation of an organization has many aspects, and one reputation can be substituted by another. Therefore, if the competitive intensity is greater in a sector, it is more likely that more substitute products will come out on to the market. Thus, the greater (or lesser) the competitive intensity of a sector, more likely is it that the company's reputation plays a more (or less) significant part in the decisions of allocating the resources of the participants or stakeholders and, therefore, in the company's financial result.
- *Power of stakeholders* (hypothesis 4): For Neville et al. (2005), some participants have more capability to influence the financial yield of companies than others. From the standpoint

of resources and capabilities, the dependence of an organization on the stakeholder for critical resources places the organization in a relatively weak or dependent position. Thus, the company's reputation is what provides the impetus for which the participants take the decisions regarding resource allocation. In this way, a poor (good) reputation will lead to a poor (good) financial yield if the company depends on a group of participants who possess a critical resource and have enough autonomy to sanction (recompense) the organization as a result of its reputation. So, it is expected that the greater (less) the power of the stakeholders, the less (greater) will be the relationship between reputation and financial result, and viceversa.

Methodology

Data and measures

In order to check the model proposed, we have been selected the 100 most reputable companies in Spain, both national and foreign, according to the MERCO index for the period 2004. MERCO is the Spanish Monitor of Corporate Reputation, a tool that is already a reference for large companies in the assessment and management of their reputation, as it is the only Spanish monitor to annually evaluate (since 2001) the reputation of the companies that operate in Spain, as do those published by *Fortune* or *The Financial Times*.

MERCO is elaborated from a survey of the different Spanish managers from which an initial provisional ranking is made. The survey asks the managers to evaluate the different companies according to six first-level variables (economic-financial results, quality of the product-service, corporative culture and labour and ethical quality, corporate social responsibility, overall size and international presence, and innovation) which are, in turn, reduced to other, second-level variables. Then, each company in the provisional ranking is evaluated directly by different collectives: financial analysts, NGOs, unions and consumers' associations. The companies evaluated are finally given a score between 0 and 10,000 points.

Of the 100 companies, 12 could not be included in the sample as it was not possible to obtain full financial information of them. The definitive sample of companies analysed in this study is, therefore, 88 (see the Appendix at the end of the article with the list of all the companies analysed). Of these companies, different values have been obtained in order to measure the variables to study from the Bureau van Dijk's SABI database and, for financial sector (banks and insurance companies), from the Thomsons Datastream database.

The variable of differentiation strategy was measured using the ratio of advertising and R&D expenses to the company's net sales. As direct data of the advertising and R&D expenses of each company or sector could not be obtained, it was decided that use could be made of estimates made of these costs by the company within the account *Other operating costs*, which covers these expenses.

In order to measure the competitive intensity of the sector, a *proxy* variable has been used, the index of sector concentration. The degree of concentration of a sector indicates the level of competition in it. This study uses the mean of the years 1996, 1997, 1998 and 1999 of the ratio of concentration of the 5 largest companies of each sector of activity, according to the two first digits of the CNAE (Clasificación Nacional de Actividades Económicas), published by the Bank of Spain (Núñez and Pérez, 2001).[1]

Finally, to measure the power of the stakeholders in a sector, a mean ratio of commitment towards social responsibility has been used of the companies in the sector, according to the first two digits of the CNAE, drawn up by the authors themselves from contents proposed by different national or international organizations (Actualidad Económica, Observatorio de la RSC, GRI, Jantzi Research etc.) due to the absence of data already elaborated for the whole sample of companies used in this study. This ratio, which allows the establishment of a classification of the attitude or commitment of the companies towards social responsibility, has been made by mean of an analysis of contents (12 items) from the web pages and reports on sustainability of the companies analysed in this research.[2] According to Ullmann (1985), when the participants have control over resources critical to the organization, the company

probably responds in a way which satisfies the demands of the participants. Meanwhile, if the power of the participant is low, his demands will tend to be ignored by the organization. In this way, it is considered that the degree of commitment of companies towards sustainability may serve as a *proxy* variable of the power of the participants within a sector of activity.

Table I shows the relationship of the different variables used in this analysis, as well as the descriptive statistics. The distributions of the variables used originally presented a certain positive asymmetry. By applying logarithms to the variables in the model the distributions of the variables have been normalized and the effect of the outliers reduced.

TABLE I
Variables and descriptive statistics

Variables	Measurements	Source	*N*	Minimum	Maximum	Mean	Pearson CV
Financial performance	Economic return (ROA)	SABI Datastream	86	−6.64%	85.18%	6.99%	1.73
	Gross operating margin	SABI datastream	88	−26.20%	820.83%	20.72%	4.35
	Economic return differential	Bank of Spain	80	−17.54%	71.52%	−0.11%	–
	Margin differential	Bank of Spain	80	−34.86%	818.61%	14.01%	6.78
Firm's reputation	Corporative reputation index	MERCO	88	1,182	10,000	3,272	0.52
Strategy of differentiation	Ratio: Advertising and R+D expenses/Net sales	SABI	78	0.02	0.79	0.22	0.82
Competitive intensity	Ratio: Concentration 5 largest companies in the sector	Bank of Spain	88	0.01	0.88	0.20	1.20
Stakeholders' power	CSR commitment ratio	Authors' elaboration	88	0	1	0.35	0.83

Econometric model

From the graphic view of the data (see Figure 2), it can be seen that the relationship between the dependent variable (financial result) and the independent variable (reputation) may not be linear, but a parabolic potential function as suggested by Moore (2001). This fact had already been revealed by Bowman and Haire (1975) when relating social responsability with the financial profitability of companies, which might explain the differences in the results obtained in previous studies.

To test the hypothesis of this study, the following potential model has been estimated (without intercept):

$$\begin{aligned} y_i &= x_i^{\beta}\varepsilon_i \\ Lny_i &= \beta Lnx_i + Ln\varepsilon_i \end{aligned} \qquad (1)$$

The choice of this model is due to the better fit of the data and behaviour of the residuals against the linear or parabolic models. The data show that the relationship between social performance (reputation) and FP is not linear, but there exists a maximum from which the increase in reputation fails to be accompanied by an improvement in the financial results of companies (decreasing scale returns). The estimate of the model has been done by ordinary least squares (OLS) using the statistical programme SPSS.

In the test of hypothesis 1, it is expected that the estimated value of beta is a positive value of between

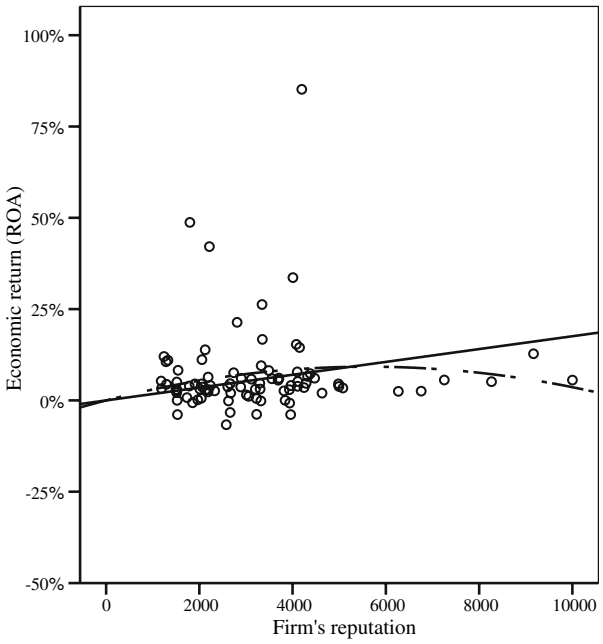

Figure 2. Relationship between reputation and financial performance.

0 and 1. In order to check the rest of the hypotheses, it was decided to divide the whole sample of companies into two groups, lower (L) and upper (U), for each of the contingent variables and to estimate the model [1] for each group. In this case, it will be verified whether the difference between the beta parameters of each group ($\beta_U - \beta_L$) is significantly positive for the hypotheses 2, 3 and 4.

As a dependent variable of the model to estimate, different measurements of the FP proposed in previous studies have been used, such as the economic return or return on assets (ROA) and the gross operating margin. In addition to these measurements, the differentials have been calculated of the economic return and of the gross operating margin of each company with respect to the median values of the sector with the aim of monitoring the effect of the sector on companies' results.[3] The independent variable used in the model is the firm's reputation.

Results

The results obtained of the different estimates from the potential model proposed in this article to explain the relationship between the company's social performances (measured by its reputation) and its FP are shown in Table II.

Observing these results we infer that there exists a strong relationship, non linear, between business reputation and the financial result of the company, indistinctly of the measurement of the FP used. All the estimates of beta obtained to test hypothesis 1 were positive, statistically above zero (1% level of significance in all cases). Besides, all the values estimated are less than 1 and so the existence of decreasing scale returns is confirmed, and the highest value of beta estimated using the gross operating margin and its differential is higher than it is using the company's economic return and its differential.

With respect to the moderating effect of the differentiation strategy followed by companies, it is verified, in all cases, that the effect is positive although it is a very small value. This factor has indeed been statistically significant in the cases in which the measurement of the financial result is the differential of economic return or the differential of the gross operating margin (10% and 15% levels of significance respectively). Therefore, hypothesis 2, that the differentiation strategy followed by the company moderates or affects positively the relationship between reputation and FP, cannot be rejected. Thus, the greater (lesser) the ratio of the company's advertising and R&D expenses, the greater (lesser) will be the effect of reputation on its FP.

On testing hypothesis 3, it is seen that in the cases involving economic return or its differential with respect to the median of the sector, there is a positive moderating effect greater than in the previous case with the variable differentiation strategy, of the competitive intensity of the sector on the relationship between reputation and the company's FP. This relationship was statistically significant at the 10% level in the case in which the FP was measured by the company's economic return and very significant at the 5% level when the measure used was the differential of economic return. Therefore, hypothesis 3, that the greater (lesser) the competitive intensity (greater concentration) of the sector, the greater (lesser) will be the relationship between reputation and the FP the company will have, cannot be rejected either.

Finally, the positive moderating effect of the power of the stakeholders is shown to be positive in all cases and is very significant, at the 1% level, in the case when the measure of the gross operating margin

TABLE II

Results of the OLS regressions of the CSP-FP relationship

Dependent variables	Hypotheses							
		H_1		H_2		H_3		H_4
Economic return or retun on assets	$b = 0.183^{\star\star}$ $t = 9.736$ $R^2 = 0.555$ $N = 77$ $DW = 1.798$ $KS = 1.541^{\star}$	$b_U - b_L = 0.001$ $t = 0.032$		$b_U - b_L = 0.055^{\dagger}$ $t = 1.484$		$b_U - b_L = 0.076^{\star}$ $t = 2.092$		
		$N_L = 36$ $DW_L = 1.695$ $KS_L = 1.393^{\star}$	$N_U = 33$ $DW_U = 2.105$ $KS_U = 1.047$	$N_L = 39$ $DW_L = 2.354$ $KS_L = 1.631$	$N_U = 38$ $DW_U = 2.013$ $KS_U = 0.980$	$N_L = 40$ $DW_L = 1.953$ $KS_L = 1.502^{\star}$	$N_U = 37$ $DW_U = 2.199$ $KS_U = 1.148^{\ddagger}$	
Gross operating margin	$b = 0.263^{\star\star}$ $t = 15.291$ $R^2 = 0.752$ $N = 78$ $DW = 2.218$ $KS = 0.800$	$b_U - b_L = 0.037$ $t = 0.961$		$b_U - b_L = -0.016$ $t = 0.078$		$b_U - b_L = 0.087^{\star\star}$ $t = 2.628$		
		$N_L = 36$ $DW_L = 2.105$ $KS_L = 0.616$	$N_U = 32$ $DW_U = 1.878$ $KS_U = 1.086$	$N_L = 37$ $DW_L = 1.617$ $KS_L = 0.820$	$N_U = 41$ $DW_U = 2.133$ $KS_U = 0.709$	$N_L = 39$ $DW_L = 2.198$ $KS_L = 0.891$	$N_U = 39$ $DW_U = 2.494$ $KS_U = 0.951$	
Economic return differential	$b = 0.140^{\star\star}$ $t = 3.325$ $R^2 = 0.298$ $N = 27$ $DW = 1.896$ $KS = 0.710$	$b_U - b_L = 0.141^{\dagger}$ $t = 1.588$		$b_U - b_L = 0.163^{\star}$ $t = 1.900$		$b_U - b_L = 0.054$ $t = 0.659$		
		$N_L = 13$ $DW_L = 1.745$ $KS_L = 0.786$	$N_U = 12$ $DW_U = 1.667$ $KS_U = 0.370$	$N_L = 12$ $DW_L = 2.156$ $KS_L = 0.386$	$N_U = 15$ $DW_U = 2.597$ $KS_U = 0.918$	$N_L = 13$ $DW_L = 2.988$ $KS_L = 0.843$	$N_U = 14$ $DW_U = 1.834$ $KS_U = 0.628$	
Gross operating margin differential	$b = 0.197^{\star\star}$ $t = 7.545$ $R^2 = 0.558$ $N = 46$ $DW = 2.168$ $KS = 1.082$	$b_U - b_L = 0.062^{\ddagger}$ $t = 1.128$		$b_U - b_L = -0.019$ $t = 0.334$		$b_U - b_L = 0.116^{\star\star}$ $t = 2.415$		
		$N_L = 24$ $DW_L = 1.837$ $KS_L = 1.058$	$N_U = 21$ $DW_U = 1.879$ $KS_U = 0.661$	$N_L = 19$ $DW_L = 2.106$ $KS_L = 0.748$	$N_U = 27$ $DW_U = 1.945$ $KS_U = 0.919$	$N_L = 20$ $DW_L = 1.756$ $KS_L = 0.434$	$N_U = 26$ $DW_U = 2.132$ $KS_U = 1.155^{\ddagger}$	

**Significant at the 0.01 level.

*Significant at the 0.05 level.

† Significant at the 0.10 level.

‡ Significant at the 0.15 level.

One-tailed tests for significance of the parameters and two-tailed tests for non-normality of the residuals.

The Student's t test to check the differences between parameters is: $t_{N_U+N_L-2} = \frac{(\beta_U-\beta_L)-0}{\sqrt{Var(\beta_U)+Var(\beta_L)}}$

The Kolmogorov-Smirnov (KS) statistic is close to a normal distribution $N(0, 1)$, the null hypothesis being a normal distribution of the residuals.

or the differential of the gross operating margin and less significant, at the 5% level, when the firm's economic return is used as the measure. Only in the case of the differential of economic return, is the differential among the parameters estimated negative, but not significant. Therefore, neither can hypothesis 4, the greater (lesser) the power of the stakeholders, the greater (lesser) will be the effect of reputation on the FP of the company, be rejected.

Conclusions

After empirically testing the model proposed of the creation of value through the firm's reputation, the conclusions drawn in this article are the following:

First, the verification that the relationship between the variables of social, measured by the firm's reputation, and FP is non linear but positive. This relationship has been shown to be highly significant at the 1% level for all the measures of FP used. This fact, as suggested by Moore (2001), may explain the poor results obtained in previous studies that have tried to verify the relationship assuming that the relationship between the two variables were linear. Moreover, this fact would mean that companies have a limit on the increase in their financial results through improving their reputation, image or prestige (decreasing scale returns).

Second, it has been verified that the process of the creation of value of companies by means of their reputation is moderate or influenced by a series of contingent factors (differentiation strategy, competitive intensity and power of stakeholders). The positive moderating effect of the differentiation strategy, competitive intensity between companies and the power of stakeholders have been verified statistically. Nevertheless, even though these effects have been verified, they are very small and their power over the process of the creation of value would be minimal in the short-term. It would be very interesting if later articles could study all of these relationships in the long-term by means of longitudinal studies of companies.

Notes

[1] The Spanish system to classify the different economic sectors.

[2] The ítems used to build the commitment ratio with CSR are: exposure of the viewpoint and the strategy of the company regarding sustainable development, specific commitment in social matters (Global Compact), existence of quality management systems (ISO 9000), existence of environmental management systems (ISO14000 or EMAS), existence of social management systems (SA8000), external social certification and/or verification, department or person responsible for CSR, evidence of communication mechanism and/or relationship with stakeholders, the company promotes responsible practices among its employees, the company promotes responsible practices in the chain of value, specific CSR memory, and memory according to GRI. Each item is worth 1 point and the total is divided by 12.

[3] The natural logarithm of negative margins or returns cannot be calculated, so these results belong to companies with positive margins of returns.

Appendix

TABLE III

Appendix – Companies used in the research

Company	Sector	Company	Sector	Company	Sector
Abertis	45	Endesa	40	Microsoft	72
AC Hoteles	55	Eroski	52	MRW	64
Accenture	72	Fadesa	70	Nestlé	15
Acciona	45	FCC	45	Nokia	64
ACS	45	Ferrovial	45	Novartis	24
Agbar	41	Freixenet	15	ONCE	74
Alcampo	52	Gallo	15	Pascual	15
Altadis	51	Gamesa	31	Planeta	22

TABLE III

Appendix – Continued

Company	Sector	Company	Sector	Company	Sector
Auna	64	García Carrión	15	Prisa	92
Banco Popular	65	Gas Natural	40	Procter & Gamble	51
Banco Sabadell	65	GE	25	Prosegur	74
Banesto	65	Grupo BSH	29	Real Madrid	92
Bankinter	65	Hewlett-Packard	51	Renault	34
BBVA	65	Holcim	26	Repsol YPF	11
BMW	50	Hoteles NH	55	Roca	26
BP Oil	23	Iberdrola	40	Sacyr-Vallehermoso	45
Campofrío	15	Iberia	62	Sanitas	85
Caprabo	52	IBM	51	SCH	65
Carrefour	52	IE	80	Siemens	45
CASA	35	Ikea	52	Sol Meliá	55
Catalana Occidente	66	Inditex	51	Spanair	62
Cepsa	23	Indra	72	Telefónica	64
Citroën	34	Isofotón	31	Unilever	15
Clínicade Navarra	85	L'Oreal	24	Unión Fenosa	40
Coca-Cola	15	Mango	51	Urbis	70
Inmobiliaria Colonial	70	Mapfre	66	Vocento	22
Danone	15	McKinsey	74	Vodafone	64
Deloitte	74	Mercadona	52	Zeltia	24
Dupont	24	Mercedes	34		
El Corte Inglés	52	Metrovacesa	70		

Sector according to CNAE codes (2 digits).

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