



# MEMOIRE DE RECHERCHE

2012/2013

**NOM et PRENOM de l'auteur :** PERESTRELLO DE VASCONCELOS, Ana Maria

**SUJET DU MEMOIRE**

## Companies' Reputation: The Impact of CSR

**- NOM DU DIRECTEUR DE RECHERCHE:** DI GIULI, Professor Alberta

La diffusion de ce recueil est  
strictement réservée à  
ESCP Europe.

**CONFIDENTIEL**

Non  Oui



**Master Thesis - 2012/2013**

# **Companies' Reputation: The Impact of CSR**

**Ana Maria Cardoso Ribeiro Perestrello de Vasconcelos**  
(ESCP Paris: e113400; UCP-CLSBE: 152111128)

## **Abstract**

Over the years, many companies have ignored the fact that some of their most valuable assets are not included in their balance sheet. The recognition of this fact by the academic world, that has been debating this topic for a long time, triggered a redesign of corporate priorities, with large business investments being channeled to the development of responsible practices. This work stresses the significance of Corporate Social Responsibility (CSR) investments in the day-to-day business of companies, namely the impact with regard to Corporate Reputation building. Although no clear pattern has arisen, a relationship between these two variables was identified. As suggested in previously published works, CSR presents a heterogeneous construct in which different dimensions have mixed effects on Corporate Reputation. The present study highlights the struggle that companies face in measuring such intangible assets and leveraging them in their strategies. It further suggests that an innovative approach to this problematic may be possible.

**Key words:** Corporate Reputation, Corporate Social Responsibility, Competitive Advantage; Sustainability; Multidimensionality

**Research Advisor:** Professor Alberta Di Giuli

## **Résumé :**

Au fil des ans, beaucoup d'entreprises ont ignoré que certains de leurs biens les plus précieux ne sont pas inclus dans leur bilan. La reconnaissance de ce fait par le monde académique, qui a débattu de ce sujet pendant longtemps, a déclenché une refonte des priorités de l'entreprise, grâce à de grands investissements orientés vers le développement de pratiques responsables. Cet ouvrage souligne l'importance des investissements RSE dans le quotidien des entreprises, notamment l'impact en matière de renforcement de leur réputation. Bien qu'aucune tendance claire ne soit apparue, une relation entre ces deux variables a été identifiée. Comme suggéré dans des ouvrages publiés précédemment, la RSE présente une construction hétérogène dans laquelle différentes dimensions ont des effets mitigés sur la réputation des entreprises. La présente étude souligne les épreuves auxquelles les entreprises sont confrontées au moment de mesurer ces biens immatériels et d'en tirer profit dans leurs stratégies. Il suggère en outre qu'une approche novatrice de cette problématique est possible.

**Mots-clés:** Réputation de l'Entreprise; Responsabilité Sociale des Entreprises; Avantage Comparatif ; Développement durable ; L'Aspect Multidimensionnel

## **Resumo:**

Ao longo dos anos, temos visto muitas empresas a ignorar o facto de alguns dos seus ativos mais valiosos não serem necessariamente aqueles que fazem parte do seu balanço. O debate deste tema no mundo académico já vem de há algum tempo e desencadeou um reorganizar das prioridades empresariais, nomeadamente através de um aumento substancial dos investimentos canalizados para práticas responsáveis. Este trabalho destaca a importância que o investimento em Responsabilidade Social tem para as empresas, analisando o seu impacto no desenvolvimento da Reputação Empresarial. Embora não tenhamos encontrado nenhum padrão entre as duas variáveis estudadas, conseguimos provar a significância da sua interação. Tal como sugerido em estudos anteriores, a Responsabilidade Social apresenta uma construção multidimensional, e os seus diferentes componentes terão impactos distintos na Reputação de uma empresa. O presente estudo salienta ainda as dificuldades das empresas medirem os seus ativos intangíveis e sobretudo de os conseguir integrar de uma forma estratégica; adicionalmente sugere uma abordagem inovadora a esta problemática.

**Palavras-chave:** Reputação Empresarial; Responsabilidade Social; Vantagem Competitiva; Sustentabilidade; Multidimensionalidade

## Acknowledgements

Foremost, I would like to express my sincere gratitude to my family, for their continuous encouragement and teachings, which made me into a person of integrity. I owe them my deepest respect and admiration and I could not be more thankful to God for having them in my life.

To all my friends, who have always encouraged me to pursue my dreams, a big thank you, for without them I would certainly not be where I am today.

To my fellow Double Mates, who were incredibly supportive throughout this research and always able to make me laugh between these work lines, I would like to thank them for making this year in Paris a very special one.

I would also like to thank Professor Alberta Di Giuli for her helpful comments and guidance throughout this year. I am grateful to Professor Antonino Vaccaro for deeply triggering my interest in the CSR area and teaching me to always look beyond the obvious.

To my Aunt Alice and Uncle Simon, many thanks for the kind proofread of this work.

To everyone with whom I worked throughout the past five years, for I am sure they have somehow shaped me into a better person.

Paris, 13<sup>th</sup> May 2013

## Table of Contents

1. Introduction.....	6
2. Literature Review .....	8
2.1 Corporate Social Responsibility .....	9
2.1.1 What exactly is CSR?.....	9
2.1.2 Why is CSR so important?.....	10
2.1.3 How can CSR be achieved?.....	11
2.1.4 How can CSR be measured?.....	12
2.2 Corporate Reputation.....	13
2.2.1 What is Corporate Reputation?.....	13
2.2.2 Why is Corporate Reputation so important?.....	15
2.2.3 How can Corporate Reputation be achieved?.....	18
2.2.4 How can Corporate Reputation be measured?.....	19
2.3 How can these two concepts be linked? .....	24
3. Research Questions and Hypotheses.....	26
3.1 Research Questions .....	26
3.2 Hypotheses .....	26
4. Data and Methodology.....	28
4.1 Sample and Data Sources .....	29
4.2 Control Variables.....	30
4.3 Robustness of Analysis.....	32
5. Results and Discussion .....	33
5.1 Main findings.....	33
5.2 Additional Findings.....	39
5.3 Limitations and Further Research .....	41
5.3.1 Limitations of the Study.....	41
5.3.2 Future Research.....	43
5.4 Managerial Implications .....	44
6. Concluding Remarks.....	45
References .....	46
Appendix .....	51

## Table of Figures

<b>Figure 1</b> – Corporate Marketing Landscape by Hamed .....	14
<b>Figure 2</b> – The Reprtrak Pulse Model .....	22
<b>Figure 3</b> – Scale Development .....	23
<b>Figure 4</b> – Average Reputation Quotient per SIC Code Division.....	40
<b>Figure 5</b> – Looking Inside Out: Mapping the Social Impact of the Value Chain.....	51
<b>Figure 6</b> – Looking Outside In: Social Influences on Competitiveness.....	52
<b>Figure 7</b> – Checking For Outliers   Plot 1.....	57
<b>Figure 8</b> – Checking For Outliers   Plot 2.....	57
<b>Figure 9</b> – Outliers in Firm Size/ RQ.....	57

## Index of Tables

<b>Table 1</b> – Descriptive Statistics and Correlation Matrix with Aggregate KLD Score.....	33
<b>Table 2</b> – Descriptive Statistics and Correlation Matrix with KLD Scores decomposed.....	34
<b>Table 3</b> – Multivariate Regressions for KLD Total Score.....	36
<b>Table 4</b> – Multivariate Regressions for KLD Individual Dimensions’ Score .....	38
<b>Table 5</b> – Industry Dummies’ Coefficients .....	40
<b>Table 6</b> – Main Conclusions Regarding Studied Hypotheses .....	41
<b>Table 7</b> – Principal Agencies and Indexes Operating in the OECD Countries.....	53
<b>Table 8</b> – Typical Characteristics of Corporate Reputations.....	54
<b>Table 9</b> – Requirements for a Thorough Cross-Cultural Reputation Measure.....	54
<b>Table 10</b> – Reputation Quotient Index for the 27 U.S. Companies Analyzed (1999 - 2004).55	
<b>Table 11</b> – Segmentation of Companies by SIC Code Division .....	56

## 1. Introduction

In the last decades, Corporate Social Responsibility (CSR) has gained rising importance in our society. This topic became one of interest not only to managers but also to scholars, who gradually have been trying to understand the actual impacts of such a revolutionary concept. As for companies, we have seen them re-engineering their strategies and redirecting their investments. The question is, is all this worth it?

Research regarding CSR's real impacts is still in an early phase and despite many arguing that this is an intangible hard-to-copy asset, we are still standing in a grey area that lacks reliable conclusions. While Porter and Kramer (2006) approach it as a possible competitive advantage, Basu and Mueller (2012) believe CSR practices have reached a standardization point, where no real positive outcome will arise from uneventful and depersonalized CSR<sup>1</sup>.

An additional hot topic of the moment, which has received increasing attention and is often linked to CSR, is Corporate Reputation. This matter is an interdisciplinary construct which has attracted the attention of researchers in several fields such as economics, marketing, psychology and sociology among others. Contrarily to CSR, scholars have managed to reach a common ground regarding this topic, and despite the numerous sub-theories, the majority of researchers regard Corporate Reputation as a valuable intangible asset for firms – it can influence consumers' purchasing decisions, creditors' and investors' judgments<sup>2</sup>, and finally jobseekers' choices (Ponzi, Fombrun and Gardberg, 2011). Although it is quite hard to measure accurately, the value of this asset should not be neglected nor underestimated at any time.

Hence, having in mind the eminent importance of this concept, the real challenge is to find the most accurate way to measure it and thoroughly understand

---

<sup>1</sup> CSR policies among firms are becoming too homogeneous and CSR reporting practices are nearly standardized - this will lead to a discrediting of CSR initiatives and sabotage its differentiating potential.

<sup>2</sup> It can influence the decisions of both the companies to which they will lend money and the price of those loans.

its drivers. It is quite utopist to think that one can fully dismantle this construction in a short time, but it is always possible to explore some variables that might contribute for a deeper understanding of its components.

With this intention in mind, this research will approach both the described concepts – CSR and Corporate Reputation – and will analyze how they are actually related. Indeed, we anticipate this relationship as complex, which makes it an intriguing matter of study.

The importance of this study can be better understood when researching some figures; one would agree that an area where companies have spent quite a few billion over the past years is worthy of being studied<sup>3</sup>. By further demystifying the importance of CSR for companies, we hope to provide additional data that will be of support for future corporate/institutional investments.

Primarily, our interest is to test whether CSR does in fact play a role in the perceptions that consumers develop regarding firms' behavior<sup>4</sup>. In a subsequent phase, we would like to examine the impact of other investments which we also consider to be closely linked to consumers' opinions about companies – such as marketing expenses – and therefore to Corporate Reputation. We intend to be critical about the variables we are using for this purpose and will attempt to explore some of their limitations.

Overall, we believe this study can contribute for a better management of corporate resources; Harrington (1987) states that *“if you can't measure something, you can't understand it; if you can't understand it, you can't control it; if you can't control it, you can't improve it”*, and we could not agree more with this statement, hence the relevance and urgency of understanding the real impact of CSR initiatives, particularly in Corporate Reputation.

This work is structured as follows: Chapter 2 explores and comments on the existing literature on CSR and Corporate Reputation; Chapter 3 comprises the

---

<sup>3</sup> Additional information regarding investments in CSR activities will be disclosed in subsequent chapters.

<sup>4</sup> Reputation is commonly regarded as arising from perceptions of how organizations will behave in the future based on information about past actions (Fombrun, 1996).



research issues and the hypotheses tested; Chapter 4 thoroughly describes the methodology applied and it includes a detailed description of the sample and data sources; Chapter 5 presents the main findings of this study and a discussion regarding them; finally, the last chapter of the present paper is dedicated to closing remarks, namely suggesting a new approach to measure the main variable of this project.

## 2. Literature Review

Recently, and mainly due to the current global financial crisis, companies have been more than ever under the watchful guard of their stakeholders. There is a need for a re-established confidence, a call for a re-definition of the relationship between the corporate world and society, and firms urgently need to regain corporate trust (Giannarakis and Sariannidis, 2012). All these challenges regarding stakeholder management have blazed a trail for the re-design of corporate strategies, with the business approaches enhancing the value of Corporate Reputation and focusing strongly on CSR.

Typically, companies adopted a passive approach towards Corporate Reputation. When faced with a crisis or critical situations of any kind, the approach would be to solve it as quickly as possible so as to minimize any side effects on the normal running of the business. The current corporate environment, where companies are more vulnerable than ever, has disabled this type of reactive strategies, for it will most likely condemn companies to a short-term existence.

This situation and the consequent need to think on a sustainable and long-term basis have catapulted both CSR and Corporate Reputation to the peak of corporate interests.

Over the past few years, the money flows related to corporate CSR activities hit new records, representing a significant part of companies' budgets. In 2010, \$28 billion were spent on sustainability, and approximately \$15 billion on corporate philanthropy - these values concerning large U.S. companies only (Di Giuli, A and L.

Kostovetsky, 2012). With this large amount of resources channeled to CSR, we believe it is crucial to clearly understand its impact and what is the current rationale for the initiatives that concern it. A deeper understanding of this matter will most likely allow companies to optimize their allocation of resources and eventually to improve the development of their Corporate Reputation.

It is interesting to observe that what clearly was a differentiating characteristic for companies until not so long ago, is at risk of suffering a change of nearly 180 degrees. Surprisingly enough, CSR has been under fire over the past years and there is a growing public skepticism over its genuineness. Stakeholders are often discontent with the misalignment of policies and practices<sup>5</sup>, and if corporations keep going down this path, one can plausibly envisage a negative relationship between CSR and Corporate Reputation (Basu and Palazzo 2008). This situation raises serious doubts about whether companies will indeed be able to differentiate themselves, and leverage their CSR practices in their Corporate Reputation.

Before developing the actual study, it is of utmost importance to contextualize the two main concepts of our research: Corporate Social Responsibility and Corporate Reputation.

## **2.1 Corporate Social Responsibility**

### **2.1.1 What exactly is CSR?**

The responsibility of being socially concerned during the development of one's activity is no longer exclusive to Governments. Since private entities, particularly the corporate sector, have come to the conclusion that they must also take part in these issues, companies have taken active roles within their ecosystems, better managing their impacts and pro-actively coping with constructive initiatives. They have grown into essential contributors to a societal improvement, approaching problems that range from hunger to racism within the workplace (Hopkins, 2006).

---

<sup>5</sup> One can take the example of BP, constantly criticized for not living up to its "Beyond Petroleum" slogan (*in Financial Times, 25 June 2009*).

As stakeholders become more informed, they also become more demanding towards companies. As already mentioned, the latter had to enlarge their scope of action, switching from a shareholders approach to a broader range of stakeholders.

Thus, this concept of CSR comes from this need of corporations to take all their stakeholders into account in their activity, and from their responsibility to ensure a positive impact through their businesses. However, this is a very broad definition and a concept which is still in development, having not yet reached its maturity stage. Despite all this, and for consistency purposes in terms of the research, we will stick to one definition of CSR, and in this particular case we will adopt the one offered by Hopkins (2005):

*“CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. The aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders both within and outside the corporation.”*

### **2.1.2 Why is CSR so important?**

CSR has emerged as an inevitable priority for business leaders in every country. Some academics believe that CSR represents a key component of a firm’s marketing toolbox since it acts in response to consumer expectations, enhances corporate performance and Reputation, and helps important causes (Sen and Bhattacharya, 2001; Nan and Heo, 2007).

As previously mentioned, corporate investments in CSR represented approximately \$43 billion in 2010, and besides representing a big portion of companies’ budgets, CSR has also increased its representativeness for individual investors, with \$3.07 trillion of professionally managed U.S. assets tied to CSR through socially-responsible investing (SRI).

In addition, future employees are also concerned with the companies’ ethical behavior, and business school students are growingly aware of responsible practices and value them more when choosing a job (Di Giuli and Kostovetsky, 2012). Given

all this, it is only logical that one tries to ascertain a profound understanding of how CSR works.

Basu's work is very helpful when highlighting the importance of CSR. In his research with Mueller (2012), they mention a recent European survey to consumers, showing that 70 percent of the respondents actually consider the companies' commitment to social responsibility an important factor when choosing a product or service (MORI/ CSR Europe, 2000). Also in line with this, a survey to European fund managers, investor relations personnel and financial analysts was carried out, finding that close to 90 percent of these individuals believe that a company which has a clear CSR policy is better off in managing environmental and social risks. (CSR Europe, Deloitte and Euronext, 2003) Both these results strongly suggest an empirical link between CSR and Corporate Reputation, and how stakeholders are attentive to the matter.

### **2.1.3 How can CSR be achieved?**

One thing which is quite clear is that valuable CSR policies cannot be achieved by standardized processes. Companies have made increasing efforts to embed CSR practices, yet these efforts have not been nearly as productive as they could. According to Porter and Kramer (2006) companies often make two major mistakes: to start with, they pit business against society, not realizing that the two are interdependent; secondly, firms are forced to think of CSR in generic terms instead of developing an appropriate and suitable strategy, which should be unique for each firm.<sup>6</sup>

Ideally, companies should analyze and design their CSR strategies using the same framework that guides their core business choices; they would most likely be able to leverage CSR and would find this investment to be a source of innovation opportunity and competitive advantage, rather than a cost, a constraint or a charitable deed. On this subject, Porter has developed a solid framework which acknowledges both inside-out and outside-in linkages between companies and

---

<sup>6</sup> Again we come to the standardized-CSR problem mentioned by Basu and Mueller (2012).

society, and suggests how these connections can be used to design CSR initiatives strategically – and consequently turn them into sources of competitive advantage.<sup>7</sup>

The problem with this last methodology is that it requires time to be correctly developed, a time which companies currently do not seem to have due to increasing governmental pressure for action in this field. These requests of the different Governments happen as a consequence of demands from external stakeholders who are seeking to hold companies accountable for social issues. In general, firms have understood that there is a high financial risk associated with bad conduct, but they are not quite sure how to develop a credible approach in the short-term. Given this uncertainty, businesses have not been able to give either strategic or operational responses, rather a cosmetic makeover, with media and PR campaigns.

Hence, one can understand that the simple publication of sustainability reports or the participation in charity events will not be enough to classify a firm as socially responsible, nor will it allow for the development of a sustainable competitive advantage. For CSR to be achieved there is a need to study thoroughly the company's activities and respective social impacts, integrating both of these in such a way that a virtuous circle is generated.

#### **2.1.4 How can CSR be measured?**

Along with the rising importance of CSR practices, we have witnessed an explosive growth in the market of CSR ratings. This market is virtually dominated by a limited number of agencies who have found this to be an interesting activity and have seized the business opportunity at the right time, most of them becoming specialized in specific industries/business sectors.<sup>8</sup>

The majority of these agencies follow a similar three-step process in the development of their ratings: (1) to collect external information on the firm; (2) to develop a detailed questionnaire within the firm; (3) interview the key information

---

<sup>7</sup> Figures 5 and 6 (see appendix) explain how business frameworks can be used to leverage CSR initiatives.

<sup>8</sup> Marquez and Fombrun (2005) carried out solid research work summarizing the main agencies and indexes operating in the OECD countries (see appendix, Table 7).

providers – both externally and internally. Usually these steps aim at assessing corporate performance in six main dimensions: (a) Workplace; (b) Environment; (c) Product Safety and Impact; (d) International Operations and Human Rights; (e) Indigenous People’s rights and (f) Community relations – these dimensions may vary a little depending on the agency or index.

However, despite this common procedure for evaluation, one should note that several players carry out distinct evaluations on the same company, making this rating system quite confusing (Marquez and Fombrun, 2005).

Currently, there are several different types of reports/evaluations which are quite popular and are published both at the investors’ and at the consumers’ level, but these have been victims of strong criticism, and are attributed a somewhat shaky credibility.

In their joint work on measuring CSR, Porter and Kramer (2006) highlight the importance of consistency in these measurement systems, and additionally stress the fact that besides being consistent these ratings should accurately reflect the corporate social impact. The two academics strongly criticize some of the current practices, mainly censuring the mix of criteria used and mocking the unbalanced weights attributed to each independent criterion.<sup>9</sup>

Regardless of these flaws and inconsistencies of the agencies, CSR rating indexes have become so important that companies have positioned themselves accordingly, currently engaging employees whose sole job is to monitor and communicate social performance<sup>10</sup>.

## **2.2 Corporate Reputation**

### **2.2.1 What is Corporate Reputation?**

The exact meaning and definition of Corporate Reputation remains a matter of debate by many scholars (Devine and Halpem, 2001). Regardless of the different

---

<sup>9</sup> Porter and Kramer (2006) specifically refer to The Dow Jones Sustainability Index and FTSE4Good Index.

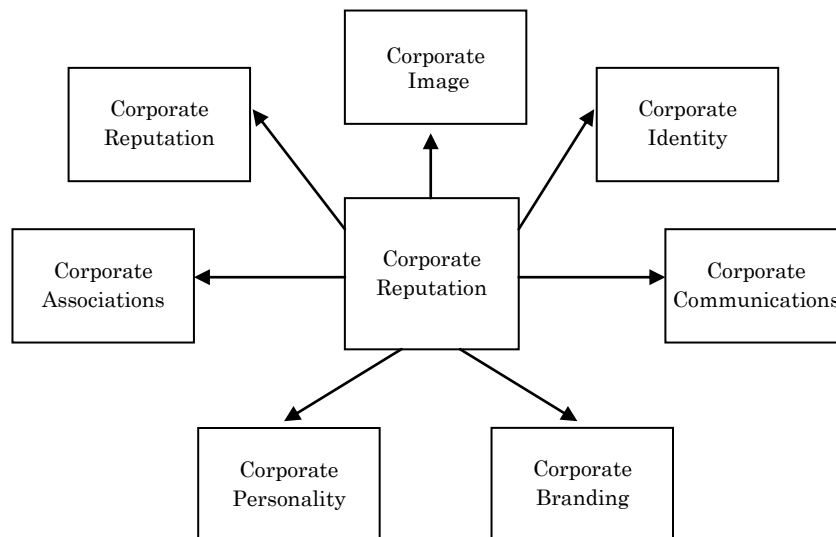
<sup>10</sup> The use of the word “sole” in this sentence is not intended to underestimate the importance of the job, rather alert the reader for the actual impact that CSR ratings have in corporate structures.

streams, we have already seen that this is considered to be a valuable intangible asset for firms, and common ground also seems to exist when considering that Corporate Reputation is related to a specific period of time.

Fombrun and Shanley (1990) believe that Corporate Reputation regularly reminds stakeholders of the companies' key characteristics, basically having a signaling effect. Somewhat complementary to these findings are the conclusions of Schnietz and Epstein (2005), who argue that Corporate Reputation has the ability to fight asymmetries of information concerning firms: it provides information to stakeholders, enabling them to substantiate a more complete judgment.

Research carried out by Hamed (2012) considers Corporate Reputation as slightly more complex, regarding it as a comprehensive concept, which is comprised among several aspects of corporate marketing such as corporate image, corporate branding, corporate personality and corporate communications.

**FIGURE 1 - Corporate Marketing Landscape by Hamed**



Source: Hamed 2012

Other scholars view Corporate Reputation as the external stakeholders' perceptions about an organization (Davies and Miles 1998; Hatch and Schultz 1997), and similarly Brown (2006), look at it as a concept developed by external

stakeholders when asking themselves what they actually think about the organization in question. Turban and Greening (1997) and Schnietz and Epstein (2005) go further, defending that Corporate Reputation can act as a talent magnet, attracting and retaining gifted employees, while Branco and Rodrigues (2006) found that this asset will drive employees to work harder for a lower remuneration.

According to Fombrun and Rindova (1996), *“Corporate Reputation is the representation of a firm’s past actions and results which describes the firm’s ability to deliver valued outcomes to their multiple stakeholders. It estimates a firm’s relative standing both with its external and internal stakeholders, in the competitive and institutional environments”*. In spite of no single definition having been commonly accepted, we find this one to be the most complete and less controversial, and will therefore use it for the purpose of this research.

### **2.2.2 Why is Corporate Reputation so important?**

Nowadays, Corporate Reputation is definitely under the spotlight, and more than ever companies are devoting increasing resources to its enhancement. However, one wonders why it has become so crucial to consider this construct.

Mostly, because the corporate tissue is becoming more competitive every day: companies can easily copy each other, making it overly difficult to establish a true competitive advantage. Many scholars believe Corporate Reputation to be the solution for this, a way to provide firms with such a sustainable and distinctive advantage in the market (Boyd *et al.* 2010; Roberts and Dowling, 2002; Shamsie, 2003). This rare and hard to copy asset of ambiguous value can be a firm’s most important strategic resource (Flanagan and O’Shaughnessy, 2005).

Following this same reasoning, Hamed (2012) believes that the highly turbulent business environment, increased public expectations, and pressure from different stakeholder groups have all contributed to the growing importance of examining and managing a company's Reputation.



Gardberg and Fombrun, (2002) go into a more specific level and identify four main trends in order to justify the current concerns of creating and maintaining Corporate Reputation:

1. The markets' global interpenetration;
2. The media congestion and fragmentation;
3. The appearance of ever more vocal constituencies;
4. The commoditization of industries and their products.

This scenario makes it crucial for companies to distinguish themselves in the market. Pruzan (2001) boldly states that the Reputation's protection and improvement is not something companies choose, rather a necessary condition for maintaining its corporate license to operate and key for preserving strong relationships with its stakeholders.

In addition, research developed in the last decade demonstrates that favorable Reputation will facilitate brand extensions (Hem *et al.*, 2003) and enable exploitation of information asymmetries (Shamsie, 2003). Overall, Corporate Reputation can signal information about the firm's past and future activity, and that it is essential to understand and engage its multiple stakeholders (Fombrun, 1996).

Furthermore, the development of a sound Corporate Reputation is known to help firms to create value (Fombrun 1996), registering stronger loyalty from customers and allowing for the charging of premium prices (Klein and Leffler 1981; Milgrom and Roberts 1986b).

Several studies have in fact demonstrated that Corporate Reputation does have an impact on the company's value for investors. In 1983, Fortune magazine started to publish a list of "*America's Most Admired Companies*" (MAC) every year, publicly highlighting companies which are considered to have a top Corporate Reputation<sup>11</sup>. Srivastava *et al.* (1997) calculated the effect that the inclusion on this list has on a firm's required return, concluding that companies in the list have a

---

<sup>11</sup> The results for this index have been drawn based upon surveys to companies' internal stakeholders, namely thousands of executives, directors and security analysts.

lower than expected risk-adjusted required return, leading to a higher level of shareholder value. Nine years later, Anderson and Smith (2006) published a study that supports this theory, showing that investors are indeed attracted to companies with good Corporate Reputation and how a portfolio of well-reputed stocks will outperform S&P 500. What these two scholars did was to use the MAC list to build equal portfolios in dollars, based on the publications of 1983 to 2004, and through matched-pairs tests they compared the performance of the companies in the MAC's index to the performance of S&P 500 over a 250 day trading period following the companies' inclusion on the list. The results of their research were that portfolios consisting of the MAC's shares had a higher annual average return than the S&P 500 (17.7 percent versus 13 percent).

Thus, all the rest remaining equal, informed investors will be eager to value more companies with good Reputation and pay more for the respective stocks. Additionally, several scholars have suggested the possibility of investors requiring lower returns from firms that have a good Corporate Reputation: from a financial point of view this is very interesting and means that investments on Reputation can payout for the less demanding investors.

However, despite the above mentioned demonstrations, one should wonder whether Corporate Reputation is something that investors are constantly aware of or whether, on the contrary, the Reputation must be made public in order for them to become acquainted with it and adjust their fair firm value. There are quite persuasive arguments for why publication of Reputation indexes would not be associated with changes in the respective security prices: Reputation is not an event in itself but rather a group of facts about a firm, like the employees' policy or their relationship with the community.

In line with this last argument, Hannon and Milkovich (1996) support that the publication of Reputation measures will not affect companies' security prices, and despite the results of the comparison between S&P 500 portfolios and MAC's, Anderson and Smith (2006) also found no significant consequence from the announcement for the actual publication of the MAC list – there was no difference in

gains for investors that purchased the stock on the publication date or for those that waited 20 trading days before making a purchase.

Overall, we can conclude that a sound Corporate Reputation is key for guaranteeing the long-term sustainability of a business and that it can have a positive impact from the financial performance point of view.

### **2.2.3 How can Corporate Reputation be achieved?**

After understanding exactly what Corporate Reputation is and the drivers of its growing importance, it is reasonable to explore the different paths companies can actually pursue in order to develop it. There is no secret recipe for a good Reputation, or at least not apparently – if there were, this would probably not remain such a debated topic.

Nevertheless, scholars have thoroughly studied its different drivers, and this is also what this research intends to do.

Fombrun and Riel (1997) present six “academic streams” for the building of a Corporate Reputation, these being the economic view, the strategic approach, the marketing research perspective, the organizational view, the sociological view and finally the accounting view. Let us look at each of them individually.

The economic perspective concerns the Corporate Reputation as a sign of the firm to its external stakeholders. According to this view, managers can highlight their company’s Reputation simply by making sure external stakeholders realize the quality of their products (Shapiro, 1983).

Secondly, the strategic approach looks at Corporate Reputation as a construct, driven by the exclusive internal features of a company. This will represent an asset as well as a mobility barrier for the firm (Caves and Porter, 1977), meaning that a well grounded Reputation will be hard to copy and will most likely generate significant returns to companies.

As for the marketing research scholars, they consider that Corporate Reputation can be built through the development of strong brand equity – this

should be achieved through the creation of a familiar brand with distinct and sound associations (Keller, 1993).

From the organizational perspective, Corporate Reputations “*are rooted in the sense-making experiences of employees*”<sup>12</sup>. This intangible asset is constructed through the day to day business practices, which represent the firm’s culture and identity and are somehow a mirror of the relationships with stakeholders in general. On one hand, the culture of the company will influence managers’ motivations and perceptions (Barney, 1986; Dutton and Penner, 1992), while on the other hand, corporate identity will impact the way managers react to the environmental circumstances (Meyer, 1982; Dutton and Dukerich, 1991).

Often ignored, the sociological view is in fact the one used as a basis for the majority of Corporate Reputation rankings (Granovetter, 1985; White 1981). This concept is basically developed through the interpretation of stakeholders of the corporate signals and communications, a somewhat joint assessment of a company’s different actions.

Finally, the accounting perspective focuses on the intangible value of this asset, recognizing the incapacity of an accurate measure of it.

Altogether, these academic literatures are to some extent complementary, and suggest that Corporate Reputations constitute subjective, collective assessments of the trustworthiness and reliability of firms.<sup>13</sup>

#### **2.2.4 How can Corporate Reputation be measured?**

Given the fact that we are dealing with an intangible asset it becomes particularly hard to reach an accurate value for Corporate Reputation. The general acknowledgment that this asset plays a crucial role in the corporate world has fostered the development of several measurement instruments. In regards to this, Fryxell and Wang (1994) wisely state that a competent research can only be built on a foundation of good measurement, so let us analyze which strategies have been proposed thus far.

---

<sup>12</sup> In Fombrun and Riel (1997).

<sup>13</sup> Table 8 (see appendix) summarizes some characteristics of Corporate Reputation.

One can distinguish two main approaches: the practitioners' approach and the academics' approach. Focusing on the practitioners' approach, one can determine that they have developed different processes to assess the individual's perceptions about companies. The most popular model of this type is probably *Fortune 500's* index - MAC, which is released on an annual basis since 1983 and is put together by Hay Associates. This measure consists of a surveying instrument whereby managers and analysts are invited to rate companies. Consequently, it mirrors the opinions of industry experts, showing a quite strong financial halo (Brown and Perry, 1994; Fryxell and Wang, 1994). The actual Reputation score is calculated based on the answers to eight questions concerning financial soundness, value as a long-term investment, wise use of corporate assets, innovativeness, ability to attract, develop and keep talented people, quality of products and services, quality of management and community and finally, environment responsibility. Despite being a pioneer measure, this index has been harshly criticized for lack of methodology rigor and for sample bias.

The Corporate Branding Index is also another Reputation measurement instrument of the practitioners' school, developed by the consulting firm Corebrand. It assesses the impact of corporate branding on financial performance, providing managers with the return on investments from corporate advertising (Corebrand 2005).

Basically, since companies have realized how important Reputation measurement is, we have seen them diving into the rating activity and although these measures developed by practitioners are useful, they are not perfect, not even close. On the one hand, and as already stated, the strong financial halo makes these results biased and not representative of all stakeholders; on the other, these measures have not been tested for validity nor for reliability.

For the limitations found in the practitioners' approach, scholars developed alternative models which they thought to be better grounded and allowing for widespread validation: a robust measure of Corporate Reputation. These instruments can be classified into two main groups:

- 1) Single-faceted generic measures;
- 2) Multi-faceted specific measures.

In the first case, all stakeholders are asked generic questions regarding their perceptions on the overall Reputation of a company. An example of this is the work of Wang *et al.* (2006), who suggested a generic measure through the evaluation of (a) the overall perceptions of experience with a firm, (b) the perceptions against other competitors, and (c) the perceptions about the future of the firm.

Nevertheless, some academics realized that a single-overall measure for measuring Corporate Reputation did not incorporate some specific measures based on which stakeholders develop their general perception of a company's Reputation. The single-item measurement also limits the understanding of the concrete elements of companies: which ones foster a positive Reputation and which ones bring about a negative impression. Taking this into account, several multifaceted specific measures have been suggested.

The most popular measure in this group is the Reputation Quotient (RQ): a score developed by Fombrun, in association with the market research firm Harris Interactive. This measure consists of a 20 item instrument, including items on emotional appeal, financial performance, products and services, social performance, vision and leadership, and workplace environment, and considers Corporate Reputation as "a collective construct that describes the aggregate perceptions of multiple stakeholders about a company's performance". Helm (2005) developed a similar instrument, consisting of 10 elements only. This enhanced once more the importance of a multifaceted approach versus a single-faceted one.

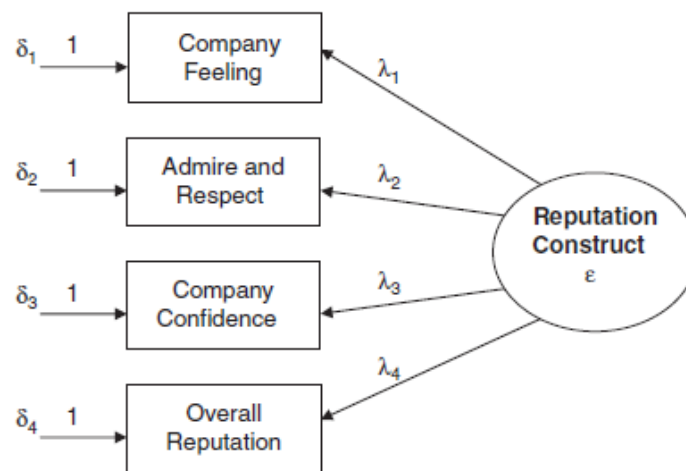
After acknowledging the lack of full cross-national validity of RQ, Fombrun worked with Ponzi and Gardberg (2011) to develop a short-form of Reputation scale with could be validated across cultures<sup>14</sup>. Their work led to the creation of the RepTrak Pulse, a simplified emotion-based measure which builds on a signaling theory and resource-based view; it defines Corporate Reputation as the beliefs about

---

<sup>14</sup> RQ is the dependent variable of our study. However, since we do not insert the cross-national issue in our equation, this measure's flaw will not affect our results.

companies, differentiating between the drivers of a corporate Reputation and the construct itself. They found (1) company feeling, (2) admiration and respect, (3) company confidence and (4) overall Reputation to be the dimensions for Corporate Reputation.

**FIGURE 2 – The Reprtrak Pulse Model**



Source: Ponzi *et al.*, 2011

Overall, there is a wide range of models for measuring Corporate Reputation. Yet, all these scales continue to vary in the respective sampling frames, items and length, often underestimating the importance of understanding attitudes towards companies, rather than who performs best.

#### **2.2.4.1 Cross-national validation**

Globalization in the corporate world is an eminent fact. The widespread presence of big multinationals makes it imperative to create instruments that will enable a cross-national comparison of corporations. This same rationale should be extended to any corporate activities, and similarly to the measurement of Corporate Reputation.

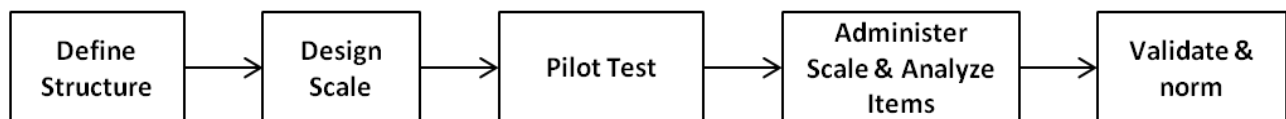
Researchers in this field of cross-national validation have found multiple sources of cross-cultural bias in Reputation constructs (Craig and Douglas, 2000; Singh, 1995); consequently, it is necessary to explore a long-term method that can

eliminate this partiality. Craig and Douglas (2000) believe that this cross-cultural validation is indeed quite complex, requiring explicit examination of construct validity, measurement equivalence, reliability and internal consistency. Many academics have enhanced the difficulty of creating such a multi-item, multi-measure system (Richins, 2004; Stanton *et al.*, 2002) and suggested the use of short-form scales, an alternative which is not widely accepted in the academic world.

For this purpose the Reputation Quotient scale was tested– from 1999 to 2005 and considered to fulfill the criteria. Gardberg and Fombrun (2002) are responsible for this validation: they believe that a firm’s overarching Reputation should work as a strategic asset for managing its external presence in global markets, forcing tighter inspection of corporate policies, and interactions across countries, and to this end they were eager to explore this topic.

Their study involved some of the most visible companies in the world, with the collaboration of several academics in different countries, namely Australia, Denmark and Japan. It followed the process of scale development recommended by Spector (1992), succinctly schematized in Figure 3 and “*it reflects the fundamental relationship shared by theory development, instrument design and construct validation*”.<sup>15</sup>

**FIGURE 3 – Scale Development**



Source: Gardberg and Fombrun, 2002

Gardberg (2006) re-focused on the qualitative aspect of RQ cross-cultural measurement. She concluded that Corporate Reputation had conceptual and functional equivalence across nations because: “*it was expressed in similar attitudes or behaviors across nations*” and because “*it serves the same function in different*

---

<sup>15</sup> In Gardberg, N. A. and Fombrun, C. J. (2002).



nations” (Singh, 1995). However, Gardberg did find that RQ lacked some aspects of instrument equivalence, which concerns whether “*the scale items, response categories and questionnaire stimuli are interpreted identically across nations*” (Singh, 1995). We believe these findings fostered the development of a newly adapted measure by the Reputation Institute – The RepTrak Pulse – this time working independently.<sup>16</sup> Ponzi *et al.* (2011) re-explored this theme, using the new RepTrak Pulse as a benchmark. They were able to find support for a cross-culture use of the measure.

### 2.3 How can these two concepts be linked?

After thoroughly understanding these two concepts, one should now go on to understand how they are connected.

The evidence that CSR will indeed impact business results – namely Corporate Reputation – has been labeled as equivocal (Schnietz and Epstein, 2005; Berman *et al.*, 2006), contradictory (Griffin and Mahon, 1997) and inconclusive (Hillman and Keim, 2001; Backhaus *et al.*, 2002; Porter and Kramer, 2006).

Minor and Morgan (2011) explored the potential of CSR as a Corporate Reputation insurance. As a Reputation measure they considered stock prices and its variations, whereas for the CSR activities they used KLD<sup>17</sup> data. Realizing that Corporate Reputation can be a fragile asset and regarding Reputational risk as one of the key business risks that companies face, they conducted a study of the link between Reputation and CSR for product markets of all S&P 500 companies over the period of 1991-2006. Their study has a specific characteristic, as they highlight that engaging CSR activities it not only “doing good” but also “avoiding harm”. The authors conclude that it can take years to build a “good” Reputation, but only a few days or months of “bad” activities to fall, therefore companies only concerned with doing well may be worse off than those firms who commit to “avoid harm”. Using an

---

<sup>16</sup> Until 2006 the Reputation Institute – [www.Reputationinstitute.com](http://www.Reputationinstitute.com) - published the RQ index jointly with Harris Interactive – [www.harrisinteractive.com](http://www.harrisinteractive.com)

<sup>17</sup> KLD (now part of MSCI) is considered the “gold standard” in Reputation research on CSR. It rates firms on several areas of CSR, including positive and negative dimensions.

event study methodology, their main finding was that stock prices decline significantly less following an adverse event (a product recall) when a firm is engaged in CSR. Lastly, they suggest that CSR insurance for Reputation insurance will only work when a firm's behavior is consistent.

Graafland and Smid (2004) believe that CSR enhances a good Reputation. For these scholars, both the fact that companies are transparent about their performance and operations and the fact that they share their CSR strategy contribute to improve Reputation among stakeholders – a two way relationship between CSR and Corporate Reputation.

Furthermore, several companies justify their CSR initiatives based on the argument that it will improve Corporate Reputation – increased Reputation will come as a consequence of a better corporate image and enliven moral, a stronger brand and higher stock value (Porter and Kramer, 2002). But there is little empirical work studying the effect of CSR on Corporate Reputation. Exceptions to this are Melo and Garrido-Morgado (2012), Brammer and Pavelin (2006) and Turban and Greening (1996).

These last two academics explored the impact of firms' corporate social performance on companies' Reputation and attractiveness as employers. Results of their research confirmed their hypothesis of a positive relation between these variables, suggesting that a company's corporate social performance may indeed provide firms with a competitive advantage.

Brammer and Pavelin (2006) focused on the influence of three particular areas of CSR over twelve industry sectors. Their findings show the existence of an ideal fit between the CSR dimension and the type of industry that a company belongs to. In a similar study, Melo and Garrido-Morgado (2012) found CSR to be a heterogeneous construct, and also to have a positive impact in Corporate Reputation. They analyzed CSR's impact when interacted with nine different industries, and found out that no industry predisposes a firm to a negative Reputation.

## 3. Research Questions and Hypotheses

### 3.1 Research Questions

Although a few academics have already addressed the topic we propose to explore, it is important to note that the main variables used in our analysis – RQ and KLD – have not been tested together before. Through our results and leveraging the extensive research done on Corporate Reputation and CSR we intend to propose new valuable insights and explore the potential limitations of the existing models.

The main questions we pretend to address are:

1. What are the main drivers of Corporate Reputation?
  - a. Do CSR practices impact consumers' perceptions of companies?
  - b. Will different CSR initiatives have the same impact on Corporate Reputation?
  - c. Does advertising play a role in Corporate Reputation?
  - d. Does Corporate Reputation have the same drivers in every industry?

While the core of our research is assessing the impact of CSR on Corporate Reputation, we will also test for other hypotheses which we thought to be relevant and complementary of our study.

### 3.2 Hypotheses

**H1:** *CSR has a positive impact on Corporate Reputation*

To start with, we expect that CSR initiatives will positively impact a company's Corporate Reputation score. Following this logic, companies with higher KLD scores will be the ones with the highest Reputation Quotients. The rationale behind the establishment of this hypothesis is:

1. External stakeholders will acknowledge CSR initiatives as a positive factor and will incorporate this when building their image of firms;
2. Well-embedded CSR can generate a competitive advantage to firms.

## **H2:** *Different dimensions of CSR will impact Corporate Reputation differently*

Since we are using KLD data, which is divided in a six-dimension analysis, we suspect there will be heterogeneous effects, with different dimensions having distinct impacts on Corporate Reputation.

If we consider a human-capital intensive industry, it is likely that the dimension of Employees will have a stronger influence than the Environment category. This assumes a multidimensional property of CSR.

### **H2.1:** *All CSR dimensions will impact Corporate Reputation positively*

By testing this hypothesis, we intend to prove that virtually all CSR's dimensions will positively contribute to Corporate Reputation, independently of the nature of the initiative – Community related, associated to Employees, etc.

Similarly to *H1*, this hypothesis assumes that no stakeholder will perceive CSR initiatives as negative.

## **H3:** *Companies who invest higher in their brands have better Corporate Reputation*

Corporate Reputation is an inter-disciplinary construct. As we try to prove that CSR is one of its main drivers, we are interested in exploring another area which we think to strongly impact this construct. Our expectations would be that companies' spending in advertising would have a positive coefficient if we were to compute it in this regression. Since we do not have access to its spending, we considered their built-in brand value, using the Most Valuable Brands index of Interbrand as a proxy. We expect that a brand which is present in this index will consistently present higher RQ scores, due to increased visibility and brand equity.

## **H4:** *The industry of the firm will impact its Corporate Reputation*

By testing this hypothesis, we hope to find evidence that the industry to which a company belongs to plays a significant role in its Corporate Reputation. However, given the limited dimension of our sample, we suspect that observations may not be sufficiently diversified to produce conclusive results.

## 4. Data and Methodology

This research aims to better comprehend the value creation of CSR for Corporate Reputation, in this case using a sample of American firms. This is a longitudinal study, involving multiple observations of the same twenty-seven companies over a period of six years. Since we want to observe variables of the same cross-sectional unit over a time series, we use a panel data set. This means that we will have:

$$X_{it} \text{ with } i = 1, \dots, N, t = 1, \dots, T$$

*in this case  $N = 27$  and  $T = 6$*

According to the literature this will be the most suitable method for studying our sample, controlling for companies' heterogeneity in Corporate Reputation and CSR, and as stated above, incorporating both cross-section and time-series relations (Melo e Garrido-Morgado, 2012). Our panel data can be considered as unbalanced, since we do not have observations for all the variables in every time period – some Reputation Quotient (RQ) scores are missing from our sample. Furthermore, it can be called a short panel, since  $N > T$ .

We consider the group of observations to be homogeneous, and consequently we computed a pooled OLS regression in order to test our hypotheses:

$$y_{it} = \beta_0 + \beta_1 X_{1it} + \dots + \beta_k X_{kit} + \varepsilon_{it}$$

In our regression, Corporate Reputation is the dependent (or endogenous) variable of the model ( $y_{it}$ ), and CSR is the main independent (or exogenous) variable ( $X_{1it}$ )<sup>18</sup>. We intended to include advertising costs as an additional independent variable, however, the lack of access to these specific values made it impossible to do so; we will later explain how we accounted for this item.

We have used STATA software to estimate our regressions.

---

<sup>18</sup> We will first compute CSR as an unique variable, using and aggregated KLD score. Afterwards we will consider the different dimensions of KLD in separate variables.

## 4.1 Sample and Data Sources

The sample used in this study is built of 27 American companies, all present in the S&P500 index, the data collected regards the time period between 1999 and 2004<sup>19</sup>.

The data used for the Corporate Reputation variable was extracted from Poddi and Vergalli (2009), and it corresponds to the Reputation Institute's and Harris Interactive<sup>20</sup> annual index of corporate Reputation – Reputation Quotient – which was published in the Forbes Magazine on a yearly basis.

The construction of this index is done through a survey on the most visible American multinationals, and it involves six-dimension items: (a) Emotional Appeal; (b) Financial Performance; (c) Products and Services; (d) Social Performance; (e) Vision and Leadership; and (f) Workplace Environment. These latter dimensions capture multiple stakeholders' perceptions of corporate performance that literature presents as being somehow related with Corporate Reputation (Fombrun and Shanley, 1990). These items lie mainly in two specific factors: a general emotional measure and cognitive components of performance (Ponzi, Fombrun and Gardberg, 2011)

Despite this index not being the most used in other studies, contrarily to the most popular Reputation index among academic papers – MAC – its results are collected through external stakeholders of the firm rather than internal, eliminating part of the bias that we believe to be present in MAC's index.

For the CSR variable we used the scores of the Kinder, Lydenberg and Domini (KLD) database, which is a reliable database used frequently in other similar studies: Minor and Morgan (2011), Melo and Garrido-Morgado, 2012).

KLD evaluates companies in seven different dimensions: Corporate Governance, Community, Diversity, Employee Relations, Environment, Human

---

<sup>19</sup> At this period, all the analyzed companies were listed, posteriorly some have merged with other entities and others became unlisted.

<sup>20</sup> Reputation Institute – [www.Reputationinstitute.com](http://www.Reputationinstitute.com) | Harris Interactive – [harrisinteractive.com](http://harrisinteractive.com)

Rights and Product – for the purpose of this study we excluded the Corporate Governance dimension, since this is not the same as CSR.

Each of these dimensions is divided in several strengths and concerns<sup>21</sup>, which are rated – either zero or one – and grouped. To better illustrate this let us give an example: in the Diversity dimension, KLD assigns a score of one for the “Promotion” checkbox if a firm has made notable progress in the promotion of women and minorities, particularly to line positions with profit-and-loss responsibilities in the corporation; or simply a zero score if the company does not present this strength.

The overall score of each of the six dimensions is obtained by subtracting total concerns ratings from total strengths ratings – this action is repeated for every company and for each one of the 6 years studied. Afterwards, we calculate an overall score, which adds up the different dimensions, reaching an aggregated KLD score – the higher these scores, the better the CSR rating level<sup>22</sup>.

## 4.2 Control Variables

Since we are aiming to figure out the specific cause and effect of CSR on Corporate Reputation, control variables were introduced in the multiple regression model, so as to clearly understand which variables drive the dependent variable – otherwise we would probably end up with a strong correlation which was completely spurious.

We therefore controlled for several variables which we thought to influence the result if omitted. The variables included in this category are mostly at the firm-level and have a one-year lag on the dependent and independent variables. The rationale behind this is the assumption of a long-term effect of CSR (Lantos, 2001; Sabate and Puente, 2003b; Branco and Rodrigues, 2006; Bird *et al.*, 2007). Also, as the lists are often published in March of every year, it is only logical that we related

---

<sup>21</sup> Strengths are the positive CSR policies, while Concerns are the negative CSR policies.

<sup>22</sup> In our analysis we used both the aggregated KLD score as well as the individual dimensions' scores.

the Reputation Quotient of the current year with the control variables' data of the precedent year McGuire (1988) and Hillman and Keim (2001).

Given the strong evidence of a positive relation between size and Reputation (Fombrun and Shanley, 1990; Brammer and Pavelin, 2006), our primary control variable is firm's size, which we measured through Total Assets<sup>23</sup>. We are expecting that there is indeed a positive relation between these two variables; consequently, Corporate Reputation should be higher in bigger companies, since these have usually a broader scope of action and reach higher number of stakeholders through their activity.

Furthermore, we included three financial performance control variables: ROA, MTB ratio and Dividends. We also thought it would be prudent to account for risk, using the companies' leverage ratio to for this purpose – to calculate this ratio we computed Total Assets divided by Total Liabilities.

Additionally we controlled for R&D expenses, the rationale behind this is that product quality concerns and proneness to innovate will positively impact consumers' perception of the company and increase Corporate Reputation.

After controlling for all these firm-level variables, we also included three different dummies to explore the impacts of: Industry, Year of analysis and finally, Advertising.

The Industry's effect was analyzed through the SIC code<sup>24</sup> of the firms which was extracted from Data Stream industry classification; given that our sample has 27 companies only, we avoided specifying at a level where the different sectors would not have a reasonable number of observations, therefore we considered only the Division that each company belonged to – still generating five different groups, which are further explained in Table 11.

As previously mentioned, ideally, the advertising expenses should have been included in this model as one of the main independent variables. Unfortunately, the

---

<sup>23</sup> When computing this variable in Stata software we transformed it to the natural logarithm of Total Assets.

<sup>24</sup> SIC code is a four-digit code where each digit – from left to right – further specifies a company's sector/type of activity.



restrictions to databases where we could access these values did not allow us to compute this input in such way. Given this limitation, we followed the methodology of Melo and Garrido-Morgado (2012) and used a dummy variable which is based on the company's presence on the Interbrand's thematic list: Most Valuable Brands<sup>25</sup>. This index was first published in 2001; therefore, we lack observations for the years of 1999, 2000 and also for 2001, since the variable will have a one-year lag on the dependent variable.

### 4.3 Robustness of Analysis

In order to obtain stronger results in the statistical analysis, it is prudent to run a robust regression. This type of regression will enable us to overcome some existing limitations of the traditional regression analysis. In this particular case, when running the pooled OLS regression, if our underlying assumptions are not solid, the regression can generate misleading results.

We can either have heteroskedasticity, meaning that the variances for the values of  $X_{it}$  are different, or we can have a sample with outliers – outliers are observations which do not follow the general pattern of the sample. In any of these cases, results can be strongly biased, challenging the validity of our model.

Given these two flaws of the OLS regression model, we chose to perform a robust regression in our study, which contributed to diminish any eventual errors of this type and provided, as the name itself suggests, a more robust analysis of the data.

Despite using the robust regression, we remained interested in checking for any outliers in our sample. Therefore, we have run some tests in Stata which allowed us to spot the observations that did not follow the general pattern.

From our 109 observations, we found out that only three had a deviant behavior from the total sample<sup>26</sup>.

---

<sup>25</sup> Melo and Garrido-Morgado actually consider two thematic lists: “Most valuable brands” and “100 leading national advertisers” - the latter is a paid database which we could not access.

<sup>26</sup> Check Figures 7 and 8 in appendix for further detail on the outliers.

## 5. Results and Discussion

### 5.1 Main findings

In Tables 1 and 2 we can observe some descriptive statistics and a correlation matrix for the all the variables analyzed. Note that Table 1 uses an aggregated KLD score, while Table 2 presents the individual scores for the six KLD's dimensions.

**TABLE 1-** Descriptive Statistics and Correlation Matrix with Aggregate KLD Score

Variable	Obs	Mean	Std. Dev.	Min	Max	Correlation	
						1	2
1 Reputation	109	72.75	6.88	53.49	83.40	-	
2 KLD Total	160	2.12	3.42	-6.00	10	0.185	-

**Variables description and units of measurement:** (1) Reputation Score, measured with RQ index; (2) Total KLD Score, calculated by aggregating the six KLD dimensions

In Table 1, results show a positive correlation between Reputation and KLD Total Score. However, when we break the KLD variable into its original dimensions the situation is not homogeneous, with Table 2 showing that only the variables: Environment, Employees, Products and Human Rights maintain a positive correlation with Reputation; Community and Diversity have a negative correlation.

Regarding the control variables, results show that: Firm size, Market-to-book Ratio, Dividends and Risk are negatively correlated with Corporate Reputation. The first three are go against previous literature, as for the Risk, it is predicted in previous findings that less riskier companies will most likely have higher Reputations. Also in accordance with earlier research are the positive correlations of the variables ROA, R&D spending and Advertising with our dependent variable.

To further learn about our model one should focus on the multivariate regressions ran. We will first approach the results regarding our main hypothesis, focusing on CSR, which we expect to be the key driver of Corporate Reputation. Afterwards, we will check for the confirmation of the remaining hypotheses and comment on the behavior of the control variables included in our model, which may have a significant impact in Corporate Reputation and help us to verify the robustness of the initial findings.

**TABLE 2** - Descriptive Statistics and Correlation Matrix with KLD Scores decomposed in six Dimensions

Variable	Obs	Mean	Std. Dev.	Min	Max	Correlation Matrix														
						1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1 Reputation	109	72.75	6.88	53.49	83.40	-														
2 Community	160	0.94	1.05	-1.00	4.00	-0.148	-													
3 Diversity	160	2.54	1.46	-1.00	7.00	-0.108	0.413	-												
4 Environment	160	-0.24	1.16	-5.00	2.00	0.270	0.147	-0.033	-											
5 Employees	160	0.36	1.10	-2.00	4.00	0.169	0.129	0.174	-0.090	-										
6 Products	160	-1.01	1.23	-3.00	2.00	0.380	0.021	0.056	0.341	0.223	-									
7 Human Rights	160	-0.47	0.55	-2.00	0.00	0.119	-0.106	0.158	0.115	0.227	0.303	-								
8 Firm Size	162	17.58	1.19	14.61	20.96	-0.483	0.238	0.252	-0.237	0.088	-0.342	-0.086	-							
9 ROA	162	0.09	0.08	-0.60	0.27	0.532	-0.108	-0.117	0.108	0.209	0.223	0.254	-0.355	-						
10 MTB ratio	160	6.69	7.54	0.49	67.62	-0.008	-0.104	-0.200	0.025	-0.012	-0.160	-0.077	-0.081	-0.353	-					
11 Dividends	162	0.88	1.28	0.00	11.00	-0.300	0.173	0.050	-0.158	0.094	-0.112	-0.053	0.528	-0.134	-0.203	-				
12 Risk	162	0.23	0.14	0.00	0.62	-0.406	0.102	0.081	-0.353	-0.268	-0.313	-0.383	0.330	-0.326	-0.141	0.267	-			
13 R&D	122	0.04	0.04	0.00	0.14	0.525	0.027	0.306	-0.045	0.494	0.234	0.226	-0.180	0.320	-0.015	-0.117	-0.383	-		
14 Advertising	108	0.56	0.50	0.00	1.00	0.149	0.263	0.304	0.198	0.364	0.094	0.048	0.079	0.018	0.278	0.050	-0.169	0.282	-	

**Variable description and units of measurement:** (1) Reputation Score, measured with RQ index; (2) to (7) KLD dimensions; (8) Natural logarithm of Total Assets; (12) Ratio of Total Debt to Total Assets; (13) Ratio of R&D Spending to Total Assets; (14) Dummy regarding presence of the firm in the 100 Most Valuable Brands by Interbrand.

As stated earlier, we first started by running the regressions without including any control or dummy variables. Since KLD is a six-dimension construct we ran two different types of regressions: one with the Total KLD score – an aggregate of the six dimensions added up – and a second one with the discriminated KLD dimensions’ scores, in order to unfold how each of them specifically contributes to the RQ, and thereby study our subsequent hypotheses.

In the first column of Table 3 – RQ (1) – we see that the estimated coefficient for  $\beta$  on Total KLD Score in a simple regression – not taking into account any control variables or dummies – is 0.395 (t-statistic of 2.53) which means that an increase of one in the Total KLD Score – either by having an additional point in strengths or one less point in concerns – is associated with an increase of 0.395 in the Reputation Quotient of the firms. This coefficient had a *p-value* inferior to 1 percent, denoting a 99 percent level of confidence for this value. However, we can see that the R-squared of the model is very low (3.97 percent), meaning that the model is not very reliable, since it explains only a very small amount of the dependent variable studied.

In the subsequent columns of Table 3, we progressively added control variables, starting by the firm-level variables and leaving the advertising, year and industry dummies for last. With this, we expected to improve our model, namely to increase the R-squared, and understand in a more accurate way how each variable impacts the general model.

However, we can observe that after adding the control variables related to financial performance – RQ (4) – the *p-value* of the Total KLD Score’s coefficient decreases, and one can notice that in regressions RQ (5) and RQ (6) this same coefficient is not statistically significant anymore, this meaning that the KLD Total Score stops being a significant determinant of the dependent variable. These findings fail to confirm the main hypothesis of this paper, and do not corroborate the findings of Melo and Garrido-Morgado (2012), which in a similar model had significant results for the aggregated CSR construct. Given the fact that the main hypothesis – *H1* – is not accepted, we will drop the analysis of Table 3 and focus on Table 4, which has the six KLD dimensions, allowing us to comment on *H2* and *H3*.

**TABLE 3 - Multivariate Regressions for KLD Total Score**

<i>Variable</i>	RQ (1)	RQ (2)	RQ (3)	RQ (4)	RQ (5)	RQ (6)
Total KLD Score	<b>0.395***</b> (2.53)	<b>0.394***</b> (2.75)	<b>0.323***</b> (2.67)	<b>0.254*</b> (1.82)	0.01 (0.08)	-0.055 (-0.31)
Firm Size		<b>-3.058***</b> (-6.23)	<b>-1.741***</b> (-3.11)	<b>-1.636***</b> (-2.91)	<b>-1.637***</b> (-3.70)	<b>-1.801**</b> -2.36
ROA			<b>34.682***</b> (5.35)	<b>31.891***</b> (4.45)	<b>25.715***</b> (3.66)	<b>16.184**</b> 1.99
MTB ratio			0.129 (1.46)	0.101 (1.06)	0.081 (0.91)	0.004 0.04
Dividends			-0.343 (-0.87)	-0.286 (-0.78)	-0.223 (-0.6)	-0.313 -0.66
Risk				<b>-5.559*</b> (-1.85)	-1.813 (-0.54)	-3.799 (-0.98)
R&D					<b>62.660***</b> (3.76)	<b>77.396**</b> (2.89)
Industry Dummies	No	No	No	No	No	Yes
Year Dummies	No	No	No	No	No	Yes
Advertising Dummy	No	No	No	No	No	Yes
Observations	109	109	109	109	109	98
R-squared	0.0397	0.2727	0.4261	0.4353	0.5141	0.5654

**Variable description and units of measurement:** Total KLD Score, calculated by aggregating the six KLD dimensions; Firm size is measured by natural logarithm of Total Assets; Risk is measured by ratio of Total Debt to Total Assets; R&D is measured through the ratio of R&D Spending to Total Assets; Advertising dummy will be 1 if the firm is in the 100 Most Valuable Brands by Interbrand. \*, \*\*, \*\*\* denote significance at the 90%, 95% and 99% level of

Following the same methodology used in Table 3, in Table 4 we first ran the multivariate regression with no control variables or dummies – RQ (7) – leaving the complete analysis for a posterior phase.

In RQ (7), the results show that three of the KLD dimensions have coefficients which are statistically different from zero. The dimension Community, with a coefficient of -1.241 (t-statistic of -1.72) and a *p-value* of 0.09, will have a negative impact in our dependent variable. Contrarily to this, the dimensions Environment, Employees and Products present positive coefficients: with a 95 percent level of confidence these variables will have coefficients of 1.488 (t-statistic of 2.36), 1.035 (t-statistic of 2.24) and 1.603 (t-statistic of 2.48), respectively.

Among the several complete regressions – by complete we mean the regressions that included control variables and dummies – the last one, RQ (13), is where one can find the highest number of KLD dimensions with statistically significant coefficients. Let us then focus on RQ (13), which is formulated as following:

$$\begin{aligned} \text{RQ}_{it} = & \beta_0 + \beta_1 * \text{KLD Community Score}_{i,t} + \dots + \beta_6 * \text{KLD Human Rights Score}_{i,t} \\ & + \text{IndustryDummies}_{it} + \text{YearDummies}_{it} + \text{AdvertisingDummy}_{it} + \varepsilon_{i,t} \end{aligned}$$

In this regression, the coefficients of the different KLD dimensions will confirm our *H2*, regarding heterogeneous impacts of each dimensions on CSR. These findings are aligned with Melo and Garrido-Morgado (2012), who also found CSR to be a mixed construct with distinct practices impacting differently on the company.

However, both the dimensions of Community and Employees have statistically significant negative coefficients, failing to confirm our *H2.1*. The Community’s dimension presents a coefficient of -1.346 (t-statistic of -3.14) with a 99 percent level of confidence. This will mean that an increase of score in the Community dimension (either by an additional point attributed in strengths or one less point existing concerns) will lead to a decrease of a company’s RQ score in about 1.346 points, which has a relative weight of approximately 2 percent of the score<sup>27</sup>. These findings go against Brammer and Pavelin (2006), who have found the Community dimension to be the most significant CSR measure for Corporate Reputation – testing twelve sectors with results of eleven positive coefficients<sup>28</sup>.

The Employees’ dimension shows a coefficient of -1.370 (t-statistic of -2.61), with a level of confidence of 95 percent, following the same logic, an increase of score in the Employees dimension will reduce the RQ score of a company in 1.37 points. We did not anticipate these results, and cannot find any logical explanation for them. Curiously, as we added other variables, the Environment’s coefficient lost its

---

<sup>27</sup> To calculate the relative weight of the coefficients we used the average RQ score of our total observations (74.7).

<sup>28</sup> The Resources Sector was the only sector negatively impacted by this dimension.

statistical significance in our model, and the Employees' ended up with a statistically significant negative coefficient.

We therefore consider the results regarding these dimensions to be inconclusive, since these do not seem to be much consistent. The only KLD dimension with a statistically significant positive coefficient is the variable Products, with a coefficient of 1.832 (t-statistic of 3.8) at a 99 percent level of confidence.

**TABLE 4 - Multivariate Regressions for KLD Individual Dimensions' Score**

<i>Variable</i>	RQ (7)	RQ (8)	RQ (9)	RQ (10)	RQ (11)	RQ (12)	RQ (13)
Community	<b>-1.241*</b> (-1.72)	-0.778 (-1.18)	-0.691 (-1.14)	-0.656 (-1.08)	-0.323 (-0.59)	-0.720 (-1.45)	<b>-1.346***</b> (-3.14)
Diversity	-0.302 (-0.74)	0.018 (0.05)	0.300 (0.82)	0.324 (0.9)	-0.582 (-1.58)	-0.619 (-1.62)	-0.429 (-1)
Environment	<b>1.448**</b> (2.36)	<b>1.098**</b> (2.34)	<b>0.897*</b> (1.86)	0.701 (1.43)	0.746 (1.65)	0.666 (1.38)	0.125 (0.2)
Employees	<b>1.035**</b> (2.24)	<b>1.262***</b> (2.93)	0.584 (1.43)	0.437 (1.03)	-0.564 (-1.19)	<b>-1.053*</b> (-1.89)	<b>-1.37**</b> (-2.61)
Products	<b>1.603**</b> (2.48)	0.897 (1.45)	<b>1.114*</b> (1.85)	<b>1.085*</b> (-1.83)	<b>1.166***</b> (2.64)	<b>1.566***</b> (3.63)	<b>1.832***</b> (3.8)
Human Rights	-0.532 (-0.43)	-0.532 (-0.44)	-1.598 (-1.43)	<b>-1.936*</b> (-1.71)	<b>-1.808*</b> (-1.77)	-0.914 (-0.9)	-0.677 (-0.71)
Firm Size		-2.431 (-4.74)	<b>-1.146*</b> (-1.83)	<b>-1.087*</b> (-1.73)	-0.647 (-1.15)	-0.046 (-0.06)	-0.33 (-0.46)
ROA			<b>34.992***</b> (4.6)	<b>33.430***</b> (4.29)	<b>26.546***</b> (3.48)	<b>20.856***</b> (3.05)	<b>16.401**</b> (2.12)
MTB ratio			0.130 (1.45)	0.112 (1.22)	0.093 (1.16)	0.099 (1.32)	0.052 (0.62)
Dividends			-0.367 (-1.01)	-0.307 (-0.89)	-0.320 (-1.03)	-0.438 (-0.99)	-0.612 (-1.32)
Risk				-5.223 (-1.63)	0.569 (0.17)	-1.564 (-0.49)	-2.532 (-0.7)
R&D					<b>84.195***</b> (4.79)	<b>80.116***</b> (4.17)	<b>90.803***</b> (4.34)
Advertising Dummy	No	No	No	No	No	No	<b>2.984*</b> (1.87)
Industry Dummies	No	No	No	No	No	Yes	Yes
Year Dummies	No	No	No	No	No	No	Yes
Observations	109	109	109	109	109	109	98
R-squared	0.2257	0.3375	0.4739	0.4807	0.5890	0.6480	0.6800

**Variable description and units of measurement:** Community, Diversity, Environment, Employees, Products and Human Rights are KLD dimensions; Firm size is measured by natural logarithm of Total Assets; Risk is measured by ratio of Total Debt to Total Assets; R&D is measured through the ratio of R&D Spending to Total Assets; Advertising dummy will be 1 if the firm is in the 100 Most Valuable Brands by Interbrand. \*, \*\*, \*\*\* denote significance at the 90%, 95% and 99% level of confidence, respectively.

The Products' dimension was the most consistent one among the different regressions. We believe that this might be driven by the fact that the RQ scores are collected through external stakeholders, and the Products' dimension will be the one with most visibility for them.

## 5.2 Additional Findings

By looking at the control variables, we can observe that their progressive introduction led to a better explained model, with the R-squared starting at 22.57 percent in RQ (7) and reaching 68 percent in the RQ (13).

We control for Firm Size by using the natural logarithm of Total Assets, with the results showing that firm size does not have a statistically significant coefficient. This does not corroborate previous literature (Fombrun and Shanley, 1990; Di Giuli and Kostovetsky, 2012; Brammer and Pavelin, 2006), which has found company size to be positively related with Corporate Reputation.

We are eager to believe that this result is driven by the low RQ scores of Bank of America and Citigroup, which represent the biggest firms in our sample, and have unexpected reputational scores<sup>29</sup>.

Out of the three control variables for financial performance, ROA is the sole one which has a statistically significant coefficient throughout the several specifications – RQ (7) to RQ (13). With a coefficient of 16.401 (t-statistic of 2.12) at a 95% confidence level – in RQ (13) – an increase of 1 in this variable will lead to an increase of approximately 16.4 in the RQ score. This appears in our model as a major driver of the RQ score, confirming previous findings that more profitable firms – with higher ROA – are associated with a higher KLD Score.

Regarding the dummy variables, which were only introduced in regressions RQ (12) and RQ (13), Advertising presented a coefficient of 2.948 (t-statistic of 1.87), with a *p-value* of 0.066, and therefore significant with a 90 percent confidence level. As we discussed before, the construction of this variable is quite bold and might not portray the exact intended effect, nevertheless, given the results, we conclude that a

---

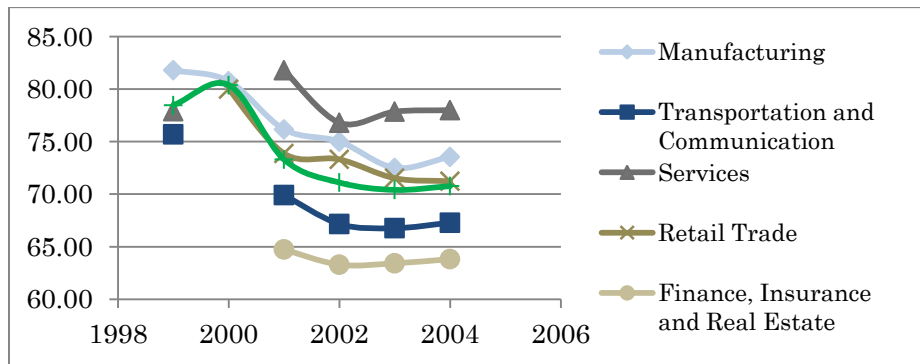
<sup>29</sup> See Figure 9 in appendix.



company which is in the 100 Most Valuable Brands ranking, will on average have a 3 points (approximate) higher RQ than a company which is not present in the list.

As for the Industry dummies, we can observe the regressed coefficients in Tables 5. Initially we plotted a graph to understand the average RQ per year in each of the segments – Figure 4. From this graph we expected to develop some intuition or expectations for the results of the regression.

**FIGURE 4 – Average Reputation Quotient per SIC Code Division**



When computing the dummy variable in RQ (12) and RQ (13) we were able to track some significant differences among the different SIC divisions - the omitted industry division was Manufacturing. The division of Transportation and Communications presents statistically significant coefficients of -4.718 (t-statistic of -2.81) and -3.85 (t-statistic of -2.08), the first one with a *p-value* of 0.006 and the second with a lower *p-value*, of 0.04, but still significantly different from zero.

**TABLE 5 – Industry Dummies’ Coefficients**

<i>Industries Segmented by SIC Division</i>	RQ (12)	RQ (13)
Transportation and Communications	<b>-4.718***</b> (-2.81)	<b>-3.853**</b> (-2.08)
Retail Trade	0.607 (0.37)	<b>3.837*</b> (1.86)
Finance, Insurance and Real Estate	-0.731 (-0.19)	3.154 (0.70)
Services Industry	-1.655 (-0.69)	-0.579 (-0.27)

This will be the only industry with statistical significance in both the regressions ran. Additionally, the Retail Trade division has a positive coefficient of 3.837 (t-statistics of 1.86), which is significant with a 90 percent level of confidence. Both these results confirm our *H4*.

While the Transportation and Communications coefficient was somehow expected, for we had seen in Figure 4 that this division had constantly lower average RQ's – namely when comparing with the omitted division of Manufacturing, the Retail Trade industry effect will be more important than we prospected, meaning that for the companies in this latter division the industry level effect has a higher relative weight in the RQ score.

Taking all of this into account, we are able to confirm three of our five initial hypotheses.

**TABLE 6** – Main Conclusions Regarding Studied Hypotheses

	<b>Confirmed</b>	<b>Rejected</b>
H.1	RQ (1) to R(4)	RQ (5) and RQ (6)
H.2	R (7) to RQ (13)	-
H.2.1	RQ (8) and RQ (9)	RQ (7), RQ (10) to RQ (13)
H.3	RQ (13)	-
H.4	RQ (12) and RQ (13)	-

## 5.3 Limitations and Further Research

### 5.3.1 Limitations of the Study

In order for us to develop this research, we had to simplify several of the involved items and adapt to existing measures. Only through this was it possible to approach this problematic.

To start with, we had two major limitations in terms of the data used. The lack of access to a more enlarged database conditioned both the number of companies studied as well as the number of industries covered. This disabled the

possibility of a deeper industry specific analysis, and partially undermined the representativeness of our sample.

Moreover, the time frame studied also represents a challenge: we can easily fall in a biased the interpretation of our results, since we are commenting data registered in a different corporate context (1999-2004 versus 2013), when the CSR concept was not as present in our lives as today. Adding to this, over the years, the Reputation Quotient index – the dependent variable of our model – has suffered a few adjustments in order to improve its validity; these adjustments were not incorporated in the scores we used, since they were done in a posterior date to our sample.

Furthermore, this research is dealing with two constructs which are relatively new in the literature and have no universally accepted definition. The measurement itself, of Corporate Reputation and CSR, involves emotion-based measures, which makes all of our data of ambiguous validity and interpretation.

Another problem with our main variables is the fact that they can be easily manipulated, Edmans (2011) criticizes this characteristic of KLD, and we will extend this limitation to the RQ score. The problem is the measures used are not very informative, rather based on observable practices, such as minority representation – the rationale behind manipulation is that the company knows exactly what it needs to do so as to “check the box”. Besides all this, even if the company has a so called perfect score in the KLD strengths and concerns, this still does not mean that external stakeholders are well-informed about it.

Unfortunately, accurate measurement is almost like a chronicle problem when dealing with intangibles, which should most definitely be acknowledged, but cannot serve as a barrier for studying these issues, rather should have a challenging effect, leading to further investigation on developing more appropriate measures.

Another big limitation of this model regards the measuring of corporate spending in advertising. The lack of access to this specific information drove us to find an alternative proxy for advertising in our regression. We believe the measure

used – 100 Most Valuable Brands index – is valuable; however it might have not been the most suitable measure given what we intended to test.

As to the estimation model used, the pooled OLS regression, it also has limitations to consider. The pooled regression model neglects the heterogeneity across individuals, assuming the same coefficients for all individuals, those effects unique to each individual are all subsumed in the error term -  $\varepsilon_{it}$ . This might mean that the explanatory variables are no longer uncorrelated with the error terms. In that case, the estimates of our pooled OLS regression will be biased and inconsistent. This problem can be overcome by using a fixed effect model, which captures the time-invariant individual-specific effects which are unobserved in data (Kim, 2012).

### 5.3.2 Future Research

All the limitations mentioned in this paper should be taken into account in future research. Basically, there are three main points where we believe future researchers should focus on:

- 1) It would be interesting for prospect researchers to further explore the heterogeneous impact of CSR's dimensions, analyzing the concrete impacts of each dimension separately, following the methodologies used by Brammer and Pavelin (2006) and Melo and Garrido-Morgado (2012). We believe this should be explored at the cross-cultural level as well, with eventual results allowing multinational corporations with different arms of activity to design a well grounded plan for each geographical area/ sector of activity;
- 2) The CSR innovation, as described by Basu (2012) is a very pertinent topic to explore, as indeed we assist to standardized CSR practices which are becoming progressively less interesting or relevant, rather increasing corporate spending with little or no returns;
- 3) The misspecifications of the existing measurement systems namely some referenced and well reputed indexes/ databases – such as KLD. The misconstruction of these instruments might be strongly conditioning

research on this corporate area, disabling the possibility of reaching any valuable conclusions.

These should be the three main pillars of any future developments when looking at CSR as a driver of Corporate Reputation.

Furthermore, one can also take some valuable insights from this work regarding Corporate Reputation itself.

## **5.4 Managerial Implications**

Managers and companies in general need to embrace CSR as one of the key drivers of Corporate Reputation and a source of competitive advantage. Indeed, this CSR construct can deeply influence a company's Reputation if correctly embedded in corporate activities. But how can managers guarantee the proper implementation of sustainable practices?

There is not a direct or simple solution to this problem, but there are some useful guidelines which can assist them when implementing these policies. Taking into account the multidimensional character of CSR, this thesis unveiled two main levels of managerial implications:

- 1) Companies must be aware of who their stakeholders are – virtually all of them
- 2) Industry level effects and sector of activity must be cautiously considered.

What this means in practical terms is that responsible policies or CSR measures enforced by the same company can have multiple interpretations. These different perceptions will arise due to the existence of different groups of stakeholders – who have different needs/demands/expectations – and to the very proper characteristics of each industry (e.g. one will not be surprised if a mining company gives its employees a special health assistance program).

Taking this into account, it is essential that companies drop the standardized approach of CSR, and strive for identifying the responsible practices that will suit them best.

One thing is certain; only by thoroughly analyzing their surrounding environment will companies succeed in leveraging CSR as a driver of Corporate Reputation.

## 6. Concluding Remarks

This paper addresses the drivers of companies' Reputation, mainly focusing on the potential role that CSR can play on Corporate Reputation building.

Our findings were somehow unexpected; contrarily to previous literature, we were not able to confirm our main hypothesis that CSR impacts Corporate Reputation positively; however, we did build on earlier results which prove CSR to be a multidimensional and heterogeneous construct, with some of its dimensions indeed contributing to a higher Corporate Reputation – in our study, the only variable which we could significantly demonstrate to have a positive coefficient was the KLD Product dimension.

As we struggled to find realistic explanations for part of our results, we came to the conclusion that the existing studies on this topic are too ambiguous. We blame this fact on what we also believe to be the core problem of our model: the lack of a good measurement instrument for Corporate Reputation.

Through the gathering of information for this paper and the development of our econometric model, we believe to have developed an insightful vision of this problematic, and as our final comment we would boldly like to propose an innovative construction for the measurement of Corporate Reputation.

First, we propose a measure that conjugates both external and internal stakeholders – rather than opting for just one of these groups, like the existing indexes do. Secondly, we suggest that the evaluation of a company's Corporate Reputation should not abide by primary stakeholders only. The fact that secondary stakeholders are not acquainted with a company's main activities or social policies is in itself an input that should be accounted for when evaluating the Reputation of a firm.

We would like to close this paper by tailoring one of the initial citations of this paper: “If you can measure something, you can understand it; if you can understand it, you can control it; if you can control it, you can improve it” – adapted from Harrington (1987).

## References

- Anderson, J. and G. Smith (2006), *A Great Company can be a Great Investment*, Financial Analysts Journal, p. 86–93.
- Backhaus, K. B., Stone, B. A. and Heiner, K. (2002), *Exploring the relationship between corporate social performance and employer attractiveness*, Business & Society, 41(3), p. 292 - 318.
- Barney, J.B. (1986), *Organizational culture: Can it be a source of sustained competitive advantage?*, Academy of Management Review, 11, p. 656-665.
- Basu, K. and Mueller, M. (2012), *CSR Innovation and Corporate Reputation: a Cross-cultural Perspective – Summary*, Oxford University – Center for Corporate Reputation, unpublished working paper.
- Berman, S. L., Phillips, S. A. and Wicks, A. C. (2006), *Resource dependence, managerial discretion and stakeholder performance*, Working Paper Series, presented at the Academy of Management National Conference of 2005.
- Bird, R., Hall, A.D., Momente, F., Reggiani, F. (2007), *What corporate social responsibility activities are valued by the market?*, Journal of Business Ethics, 76, p. 189 - 206.
- Boyd, B.K., Bergh, D.D. and Ketchen Jr., D.J. (2010), *Reconsidering the Reputation-Performance Relationship: A Resource-Based View*, Journal of Management, 36(3), p. 588-609.
- Brammer, S. and Pavelin, S. (2006), *Corporate Reputation and Social Performance: The importance of Fit*, Journal of Management Studies, 43(3), p. 436 - 456.
- Branco, M.C. and Rodrigues, L.L. (2006), *Corporate Social Responsibility and Resource-Based Perspectives*, Journal of Business Ethics, 69, p. 111 - 132.
- Brown, B. and Perry, S. (1994), *Removing the financial performance halo from Fortune's "Most Admired" Companies"*, Academy of Management Journal, 37 (5), p. 1347–1359.
- Brown, T.J., Dacin, P.A., Pratt, M.G. and Whetton, D.A. (2006), *Identity, Intended Image, Construed Image and Reputation: An Interdisciplinary Framework and Suggested Terminology*, Journal of the Academy of Marketing Science, 34(2), p. 99-106.
- Caves, R.E. and Porter, M.E. (1977), *From Entry Barriers to Mobility Barriers*, Quarterly Journal of Economics, 91, p. 421-434.
- Corebrand(2005), *OurServices*. Retrieved March 3rd, 2013, URL: <http://www.corebrand.com/services/services.html>.
- CSR Europe, Deloitte and Euronext (2003), *Investing in Responsible Business – The 2003 survey of European fund managers, financial analysts and investor relations officers*. Retrieved March 14th, 2013, URL: [http://www.deloitte.com/assets/Dcom-Belgium/Local%20Assets/Documents/CSREInvestinginresponsiblebusiness1\(1\).pdf](http://www.deloitte.com/assets/Dcom-Belgium/Local%20Assets/Documents/CSREInvestinginresponsiblebusiness1(1).pdf)
- Craig, C. S. and Douglas, S. P. (2000), *International Marketing Research*, 2nd edition, John Wiley & Sons, Ltd, New York .
- Davies, G., and Miles, L. (1998), *Reputation Management: Theory versus Practice*, Corporate Reputation Review, 2(1), p. 16-28.

- Devine, I., and Halpem, P. (2001), *Implicit Claims: The Role of Corporate Reputation in Value Creation*, *Corporate Reputation Review*, 4(1), p. 42-51.
- Di Giuli, A. and Kostovetsky L. (2012), *Are Red or Blue Companies more likely to go Green? Politics and Corporate Social Responsibility*, ESCP Europe and University of Rochester: Simon Graduate School of Business, unpublished working paper.
- Dutton, J.E. and Dukerich, J.M. (1991), *Keeping an eye on the mirror: Image and identity in organizational adaptation*, *Academy of Management Journal*, 34, p. 517-554.
- Dutton, J. and Penner, W. (1992), 'The Importance of Organizational Identity for Strategic Agenda Building', in Johnson, G., and Hendry, J. (Eds.), *Leadership strategic change, and the learning organization*.
- Edmans, A. (2011), *Does the stock market fully value intangibles? Employee satisfaction and equity prices*, Wharton School - University of Pennsylvania, *Journal of Financial Economics*, 101, p. 621-640
- Financial Times, *BP's New Chairman*, June 25<sup>th</sup>, 2009, Retrieved March 14<sup>th</sup>, 2013. URL: <http://www.ft.com/intl/cms/s/3/0ba5b2aa-6160-11de-9e03-00144feabdc0.html>
- Flanagan, D. J., and O'Shaughnessy, K. C. (2005), *The Effects of layoff on Firm Reputation*, *Journal of Management*, 31, p. 445-463.
- Fombrun C. J., (1996), *Reputation: Realizing Value from the Corporate Image*, Harvard Business School Press, Boston.
- Fombrun, C. J., Riel, C.V. (1997), *The Reputational Landscape*, *Corporate Reputation Review*, 1(1), p. 5 - 13.
- Fombrun, C. J. and Rindova, V. (1996), *Who's Tops and Who Decides? The Social Construction of Corporate Reputations*, New York University, Stern School of Business.
- Fombrun C. J., Shanley, M. (1990), *What's in a name? Reputation building and Corporate Strategy*, *Academy of Management Journal*, 33(2), p. 233 - 258.
- Fryxell, G. E., Wang, J. (1994), *The Fortune Corporate 'Reputation' Index: Reputation for What?*, *Journal of Management*, 20 (1), p. 1-14.
- Gardberg, M. E. and Hartwick, J. (1990), *The Effects of Advertiser Reputation and Extremity of Advertising Claims on Advertising Effectiveness*, *Journal of Consumer Research*, 17(September), p.172-179.
- Gardberg, N. A. and Fombrun, C. J. (2002), *The Global Reputation Quotient Project: First Steps towards a Cross-Nationally Valid Measure of Corporate Reputation*, *Corporate Reputation Review*, 4, p. 303-307.
- Gardberg, N. A. (2006), *Reputatie, reputation, réputation, reputazione, ruf: A cross-cultural qualitative analysis of construct and instrument equivalence*, *Corporate Reputation Review*, 9 (1), p. 39 - 61.
- Giannarakis, G. and Sariannidis, N. (2012), *The Role of Corporate Social Responsibility in an Unstable Environment: An Examination of Trends 2008-2010*, *International Journal of Management*, 29 (4), p. 579-589.



- Granovetter, M. (1985), *Economic action and social structure: The problem of embeddedness*, American Journal of Sociology, 91, p. 481-510.
- Griffin, J. J., Mahon, J. F. (1997), *The Corporate Social Performance and Corporate Financial Performance Debate*, Business and Society, 36(1), p. 5 – 31.
- Hamed, M. S. (2012), *Toward a Comprehensive Understanding of Corporate Reputation: Concept, Measurement and Implications*. School of Business, American University in Cairo, New Cairo, Egypt: International Journal of Business and Management.
- Hannon, J. M. and Milkovich, G. T. (1996), *The effect of human resource reputation signals on share prices: An event study*, Human Resource Management, 35 (3), p. 405 – 424.
- Harrington, H. J. (1987), *The Improvement Process: How America's Leading Companies Improve Quality*, New York, McGraw Hill.
- Hatch, M. J., and Schultz, M. (1997), *Relationship between organizational culture identify and image*, European Journal of Marketing, 31(5/6), p. 356-365.
- Helm, S. (2005), *Designing a formative measure for corporate reputation*, Corporate Reputation Review, 8 (2), p. 95–109.
- Hem, L. E., de Chernatony, L. and Iversen, N. M. (2003), *Factors influencing successful brand extensions*, Journal of Marketing Management, 19 (7/8), p. 781 – 806.
- Hillman, A. J., Keim, G. D. (2001), *Shareholder value, stakeholder management, and social issues: what's the bottom line?*, Strategic Management Journal, 22, p. 125 – 139.
- Hopkins, M. (2005), *Measurement of corporate social responsibility*, International Journal of Management and Decision Making, 6 (3/4), p. 213-231.
- Hopkins, M. (2006), *Corporate Social Responsibility and International Development—Is Business the Solution*, Earthscan: London, UK.
- Keller, K. L. (1993), *Conceptualizing, Measuring, and Managing Customer-Based Brand Equity*, Journal of Marketing, vol. 57, January, p. 1-22.
- Kim, Hyunchul (2012), *Lecture Note 8: Panel Data, Principles of Econometrics course*, Department of Economics – University of Minnesota.
- Klein, B. and Leffler, K. (1981), *The role of market forces in assuring contractual performance*, Journal of Political Economy, 89, p. 615–641.
- Lantos, G. P. (2001), *The boundaries of strategic corporate social responsibility*, Journal of Consumer Marketing, 18(7), p.595 – 630.
- Lydenberg, S. D., Marlin, A. T. and Strub, S. O. (1986), *Rating America's corporate conscience*, Reading, MA: Addison-Wesley.
- Márquez, A. and Fombrun C.J. (2005), *Measuring corporate social responsibility*, Corporate Reputation Review, 7(4), p. 304 – 308.
- McGuire, J. B., Sundgreen, A. and Schneewis T. (1988), *Corporate Social Responsibility and Firm Financial Performance*, Academy of Management Journal, 31(4), p. 854 – 872.
- Melo, T. and Garrido-Morgado, A. (2012), *Corporate Reputation: A Combination of Social Responsibility and Industry*, Corporate Social Responsibility and Environmental Management Journal, 19, p. 11-31.

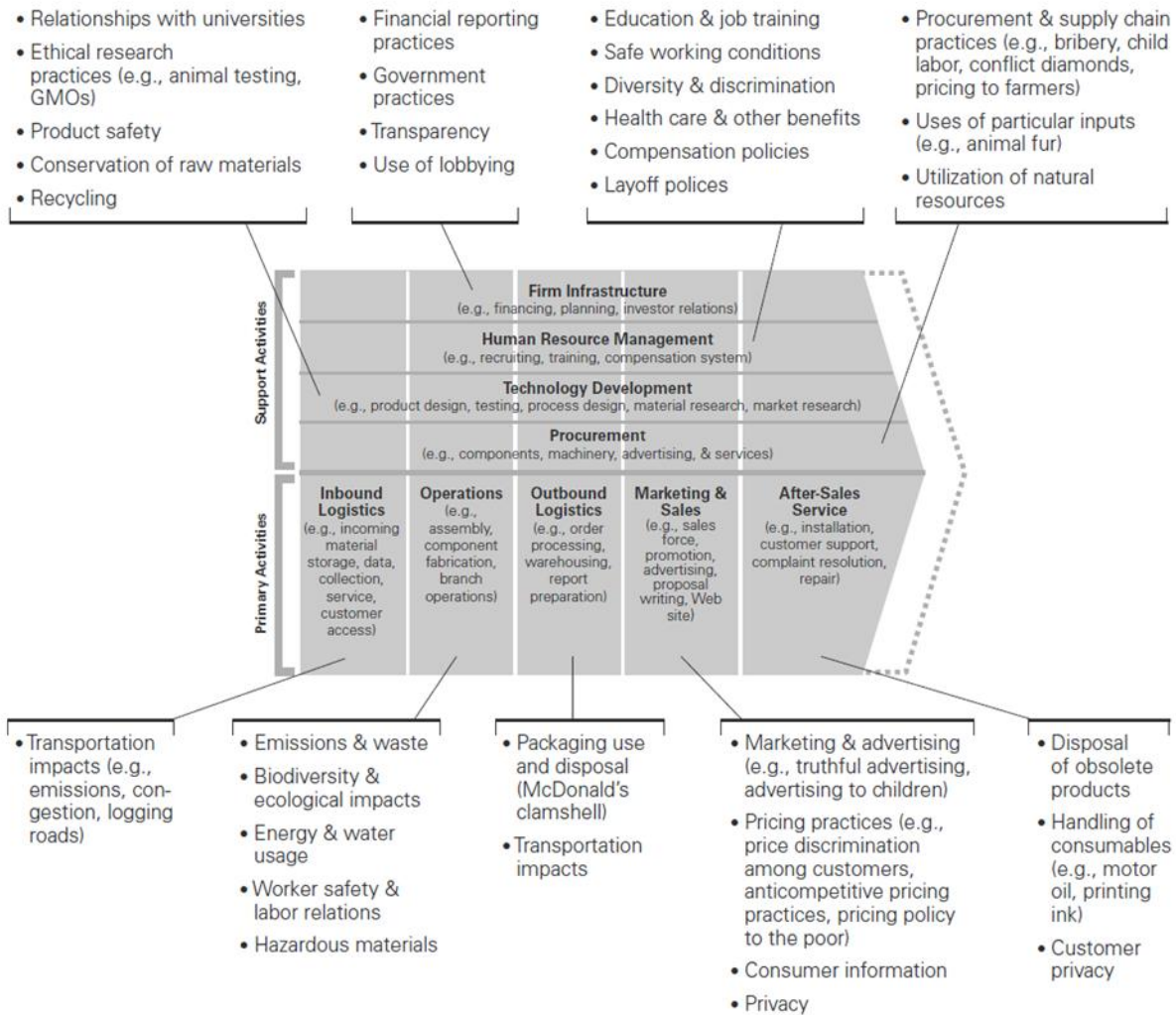
- Meyer, A. (1982), *Adapting to environmental jolts*, Administrative Science Quarterly, 27, p. 515-537.
- Milgrom, P. and Roberts, J. (1986b), *Price and advertising signals of product quality*, Journal of Political Economy, 17, p. 18–32.
- Minor, D., Morgan, J. (2011), *CSR as Reputation Insurance - Primum Non Nocere*. Berkeley: California Management Review, 53 (3), p. 40-59.
- Moir, L. (2001), *What do we mean by corporate social responsibility*, Corporate Governance, 1 (2), p. 16 – 23.
- Montgomery, D. B., and C. A. Ramus (2007), *Including corporate social responsibility, environmental sustainability, and ethics in calibrating MBA job preferences*, unpublished working paper.
- MORI and CSR Europe – *The European Business Network for CSR and MORI (2000) Survey to European Consumers*, Retrieved in March 14th, 2013, URL: [http://www.csreurope.org/press\\_releases.php?action=show\\_press\\_release&press\\_id=15](http://www.csreurope.org/press_releases.php?action=show_press_release&press_id=15), website last accessed on May 1<sup>st</sup>, 2013
- Nan, X. and Heo, K. (2007), *Consumer response to corporate social responsibility (CSR) initiatives*, Journal of Advertising, 36, p. 63–74.
- Poddi, L. and Vergalli, S. (2009), *Does Corporate Social Responsibility affect the performance of firms?*, Dipartimento di Scienze Economiche Università degli Studi di Brescia, Discussion Paper n. 0809, p. 40.
- Ponzi, L. J., Fombrun, C. J. and Gardberg, N. A. (2011), *RepTrak™ Pulse: Conceptualizing and Validating a Short-Form Measure of Corporate Reputation*, Corporate Reputation Review, Vol. 14-No. 1, p. 15–35.
- Porter, M. E., Kramer, M. R. (2006) *The link between competitive advantage and corporate social responsibility*, Harvard Business Review, 85(12), p. 78–92.
- Pruzan, P. (2001), *Corporate Reputation: Image and Identity*, Corporate Reputation Review, Vol. 4 - Issue 1, p. 50-65.
- Richins, M. L. (2004), *The material values scale: Measurement properties and development of a short form*, Journal of Consumer Research, 31 (1), p. 209 – 219.
- Roberts, P. W., Dowling, G. R. (2002), *Corporate reputation and sustained superior financial performance*, Strategic Management Journal, 23, p. 1077 - 1093.
- Sabate, J. M. F. and Puente, E. Q. (2003a), *The concept and measurement of corporate reputation: An application to Spanish financial intermediaries*, Corporate Reputation Review, 5 (4), p. 280-301.
- Schnietz, K. E. and Epstein, M. J. (2005), *Exploring the financial value of a reputation for corporate social responsibility during a crisis*, Corporate Reputation Review, 47(4), p. 327 - 345.
- Sen, S. and Bhattacharya, C. B. (2001), *Does doing good always lead to doing better?: Consumer reactions to corporate social responsibility*, Journal of Marketing Research, 38, p. 225–243.

- Shamsie, J. (2003), *The context of dominance: An industry-driven framework for exploiting reputation*, Strategic Management Journal, 24, p. 199-215.
- Shapiro, C. (1983), *Premiums for high-quality products as returns to reputations*, Quarterly Journal of Economics, 98, p. 659-681.
- Singh, J. (1995), *Measurement issues in cross-national research*, Journal of International Business Studies, 26 (3), p. 597–618.
- Spector, P.E. (1992), *Summation rating scale construction: An introduction*, Sage Publications, Inc. Newbury Park, CA.
- Srivastava, R. K., McInish, T. H., Wood, R. A. and Capraro, A. J. (1997), *The value of corporate reputation: Evidence from equity markets*, Corporate Reputation Review, 1 (1 and 2), p. 62 – 67.
- Stanton, J. M., Sinar, E. F., Balzer, W. K. and Smith, P. C. (2002), *Issues and strategies for reducing the length of self-report scales*, Personnel Psychology , 55 (1), p. 167 – 194 .
- Turban, D. B. and Greening, D. W. (1997), *Corporate social performance and organizational attractiveness to prospective employees*, Academy of Management Journal, 40, p. 658 – 673.
- Wang, Y., Kandampully, J. and Shi, G. (2006), *The Role of Brand Equity and Corporate Reputation in CRM: A Chinese Study*, Corporate Reputation Review, 9(3), p. 179-197.
- White, H. C. (1981), *Where do markets come from?*, American Journal of Sociology, 87, p. 517-547.
- Wooldridge, J. (2009), *Introductory Econometrics, A Modern Approach*, (4), South-Western, USA.

# Appendix

**FIGURE 5 - Looking Inside Out: Mapping the Social Impact of the Value Chain**

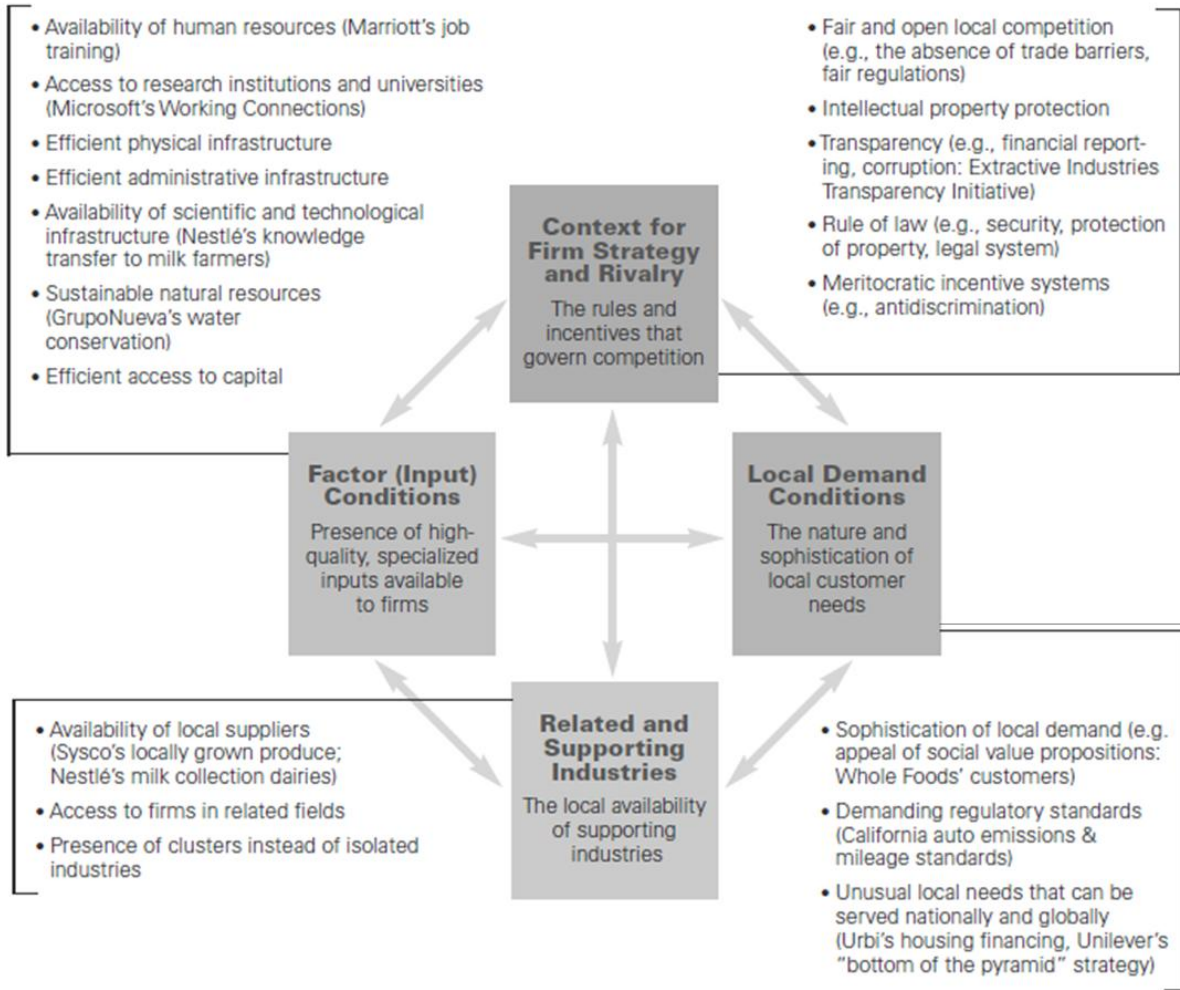
The *value chain* depicts all the activities a company engages in while doing business. It can be used as a framework to identify the positive and negative social impact of those activities. These “inside-out” linkages may range from hiring and layoff policies to greenhouse gas emissions, as the partial list of examples illustrated here demonstrates.



Source: Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*, 1985

**FIGURE 6 - Looking Outside In: Social Influences on Competitiveness**

In addition to understanding the social ramifications of the value chain, effective CSR requires an understanding of the social dimensions of the company's competitive context—the "outside-in" linkages that affect its ability to improve productivity and execute strategy. These can be understood using the *diamond framework*, which shows how the conditions at a company's locations (such as transportation infrastructure and honestly enforced regulatory policy) affect its ability to compete.



Source: Michael E. Porter, *The Competitive Advantage of Nations*, 1990

**TABLE 7 - Principal Agencies and Indexes Operating in the OECD Countries**

<i>Countries</i>	<i>Ratings agencies</i>	<i>Market</i>	<i>Indices</i>
Australia	SIRIS (SIRI)	300 companies on the ASX	
Belgium	Stock at Stake (SIRI)	Companies in Belgium, Luxembourg, France, Japan, Hong Kong and Singapore	Ethibel: Asia/Global/Américas/Europe
Canada	MJRA (SIRI)	400 companies in Canada	Jantz S.I.
France	Vigeo	Eurostock 600	ASPI Eurozone
Germany	IMUG Oekom Scoris (SIRI)	Companies in Germany and Austria 80% MSCI world Ratings of ATX 21, DAX 30, M DAX 70	
Italy	Avanzi (SIRI)	Companies in Italy	
Japan	Good Bankers CPRD	600 companies in Japan 700 companies in Japan	MorningStars Socially Responsible I.I.
Netherlands	Triodos (SIRI)	2,000 global companies	
Spain	Fundación EYD (SIRI)	35 companies in Ibex and IGBM	
Sweden	CaringCompany (SIRI)	Scandinavian companies	
Switzerland	Centre-Info (SIRI)	Swiss companies	
UK	SAM Core Ratings EIRIS PIRC (SIRI)	Europe, EEUU, Australia 1,000 companies in Europe, Asia and North America 2,500 companies in FTSE World	FTSE 4 Good
USA	KLD Innovest	3,000 companies in Socrates database 1,300 companies in MSCI World	Domini 400 S.I./LCS/DMS/NASDAQ S.I. Dow Jones Sustainability Index

Source: Márquez, A. and Fombrun, C.J. (2005)

**TABLE 8 – Typical Characteristics of Corporate Reputations**

**What are the characteristics of Corporate Reputations?**

1. Corporate Reputations are *derivative, second-order* characteristics of an industrial system that crystallize the emergent status of firms in an organization field.
2. Corporate Reputations are the external reflection of a company's *internal identity* – itself the outcome of sense-making by employees about the company's role in Society.
3. Corporate Reputations develop from firms' prior resource allocations and histories and constitute *mobility barriers* that constrain both firms' own actions and rivals' reactions.
4. Corporate Reputations summarize *assessments of past performance* by diverse evaluators who assess firms' ability and potential to satisfy diverse criteria.
5. Corporate Reputations derive from multiple but related images of firms among all of a firm's stakeholders, and inform about their *overall attractiveness* to employees, consumers, investors, and local communities. Simplifying the complex construct of performance helps observers deal with the complexity of the marketplace.
6. Corporate Reputations embody two fundamental dimensions of firms' effectiveness: an appraisal of firms' economic performance and an appraisal of firms' success in fulfilling social responsibilities (Etzioni, 1988; Lydenberg et al., 1986).

Source: adapted from Fombrun, C. J. and Riel, C. V. (1997)

**TABLE 9 – Requirements for a Thorough Cross-Cultural Reputation Measure**

**Cross-cultural validity**

<i>Conceptual Equivalence</i>	Refers to whether the concept or construct is expressed in similar attitudes or behaviors across nations (Singh, 1995, 605). For example, the concept of corporate Reputation may or may not exist in non-US contexts. Even if a literal translation of the word “Reputation” exists, it may not have conceptual equivalence (Lincoln and Kalleberg, 1990).
<i>Functional Equivalence</i>	Refers to the relationship the focal variable has with its antecedents or consequences. Does corporate Reputation serve the same function in different nations (Singh, 1995, 605).
<i>Instrument Equivalence</i>	Refers to whether the scale items, response categories and questionnaire stimuli are interpreted identically across nations (Singh, 1995, 605).

Source: Gardberg, N. A. (2006)

**TABLE 10** – Reputation Quotient Index for the 27 U.S. Companies Analyzed  
(1999 – 2004)

		<b>Reputation Quotient</b>					
<i>Company</i>	<i>Country</i>	1999	2000	2001	2002	2003	2004
Johnson&Johnson	USA	83.4	81.6	82.5	82.1	79.47	79.81
3M	USA	-	-	80.2	78.2	76.67	79.07
Coca Cola	USA	81.6	80.9	80.8	79	77.95	78.9
Procter&Gamble	USA	-	-	76.6	76.7	76.48	78.26
United Parcel Service (UPS)	USA	-	-	76.6	78.7	78.49	78.24
Microsoft	USA	77.9	-	81.8	76.8	77.86	78
Intel Co.	USA	81	79.9	80.8	74.6	74.86	76.1
Dell Computer Co.	USA	-	-	77.1	78.2	76.04	76
Eastman Kodak Co.	USA	-	-	-	78.5	75.84	-
Home Depot	USA	-	80	75.6	78.2	75.78	74.77
Walt Disney	USA	-	-	78	76.2	77.95	74.03
Target	USA	-	-	75.1	73	72.09	73.25
Hewlett-Packard/Compaq	USA	81.2	80.6	79.2	73.2	72.95	73.16
Pfizer	USA	-	-	73	-	71.34	70.97
Nike	USA	-	-	71.6	69.6	69.81	70.57
Wal-Mart Stores	USA	-	-	76.3	75.2	72.87	70.56
E.I. DuPont de Nemours & Co.	USA	-	-	72.1	71	71.58	-
Sears, Roebuck and Co.	USA	-	-	68.5	70.9	68.5	70.06
Verizon Communications	USA	-	-	-	65.8	65.55	67.71
Penney J. C.	USA	-	-	-	69.3	68.41	67.56
Ford motor Co.	USA	-	-	63.9	63.9	66.03	65.64
Citigroup	USA	-	-	69.3	63.3	-	64.1
AOL Time Warner	USA	-	-	64.5	59.4	57.25	63.89
Bank of America	USA	-	-	60.2	-	63.43	63.56
At&T	USA	75.7	-	65.2	65.2	61.83	60.23
Altria Group, Inc.	USA	-	-	-	-	53.49	60.58
Sprint	USA	-	-	65.3	57.7	59.58	59.63

Source: Poddi, L., Vergalli, S., (2009) *Does Corporate Social Responsibility affect the performance of firms?*, Dipartimento di Scienze Economiche Universita degli Studi di Brescia, Discussion Paper n. 0809, p. 40.

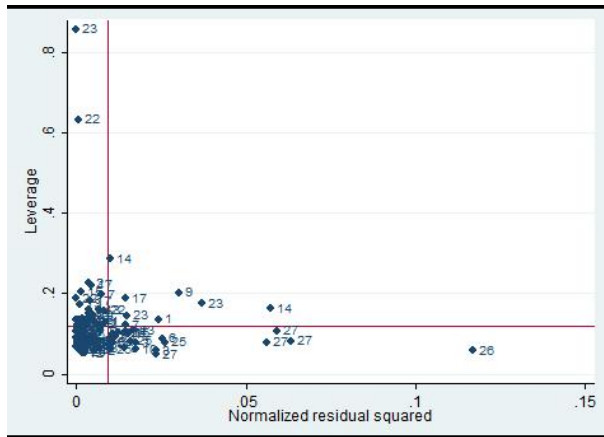


**TABLE 11 – Segmentation of Companies by SIC Code Division**

<b>SIC Code</b>	<b>Division</b>	<b>Companies</b>
2000 – 3999	Manufacturing (1)	3M, Coca Cola, Dell, Eastman Kodak, E.I. DuPont de Nemours, Ford Motors, HP/Compaq, Intel, Johnson & Johnson, Nike, Pfizer, Procter & Gamble
4000 – 4999	Transportation and Communications (2)	AOL Time Warner, AT&T, Sprint, UPS, Verizon Communications, Walt Disney
5200 – 5999	Retail Trade (3)	Home Depot, J.C. Penney, Sears, Target, Wal-Mart Stores
6000 – 6799	Finance, Insurance and Real Estate (4)	Bank of America, Citigroup
7000 – 8999	Services (5)	Microsoft

Source: [http://en.wikipedia.org/wiki/Standard\\_Industrial\\_Classification](http://en.wikipedia.org/wiki/Standard_Industrial_Classification)

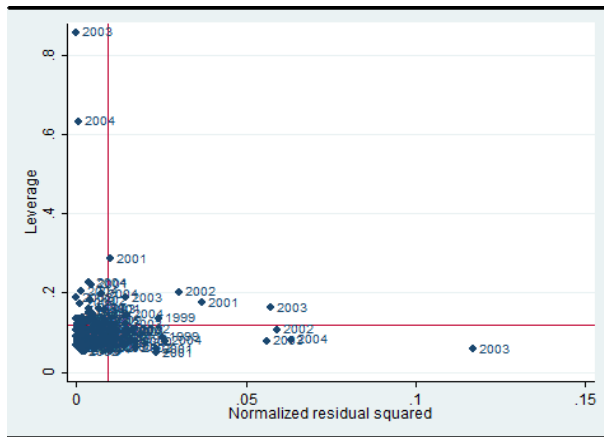
**FIGURE 7 – Checking For Outliers | Plot 1**



In Figure 7 we have the observations labeled by company ID number - a variable created to identify each of the firms. In this case, we can see there are three specific observations which should be considered as outliers.

If companies 22 and 23 - Citigroup and AOL Time Warner – were to be in accordance with the rest of our sample should have a much higher RQ, this meaning that according to their independent variables values, their RQ is inexplicably low, or lower that it would be expected.

**FIGURE 8 - Checking For Outliers | Plot 2**



As for the company 26 – Altria Group – the independent variables suggest that they should have a low RQ, but in fact it is higher than expected.

In Figure 8, we plotted the same type of graph but change the labeling for years, so we can understand concretely which observations are corrupting our sample.

**FIGURE 9 – Outliers in Firm Size/ RQ**



Citigroup (22) and Bank of America (24) are the biggest companies of our sample.

Their size allied to their lower than average RQ will bias our results for the Firm Size variable, which according to previous literature should positively impact Corporate Reputation, but in our analysis does not seem to be significant.

## Déclaration sur l'honneur

Je, soussigné(e), Ana Maria Perestrello de Vasconcelos, certifie sur l'honneur que je n'ai rien plagié dans le travail ci-joint, ce qui signifie que je suis le seul auteur de toutes les phrases dont le texte est composé. Toute phrase ayant un autre auteur que moi a été mise entre guillemets, avec indication explicite de sa source. Je suis conscient(e) qu'en contrevenant à la présente règle je transgresse les principes académiques reconnus et m'expose aux sanctions qui seront prononcées par le conseil de discipline.

J'atteste également que ce travail n'a jamais été présenté dans le cadre d'études antérieures à ESCP Europe.

S'il s'agit d'un travail réalisé dans le cadre d'études effectuées en parallèle, je dois le préciser.

Les propos tenus dans ce mémoire n'engagent que moi-même.

Fait à Paris le 13 Mai 2013