REPUTATIONAL RISK AND IMPACT ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY ON PROFITABILITY AND GROWTH OF MANUFACTURING COMPANIES IN NIGERIA

Daferighe, E. E.
Department of Accounting
University of Uyo, Uyo, Akwa Ibom State, Nigeria
E-mail: daferighe2e@yahoo.com

Adedeji, S. B.
Department of Accounting,
Olabisi Onabanjo University, Ago-Iwoye, Ogun State, Nigeria
E-mail: sbadedeji_2007@yahoo.co.uk

ABSTRACT

The rationale for reputational risk management is to help companies put in place strategies to manage their reputation. This paper examines factors affecting corporate concerns about reputation and its impact on profitability and growth of the companies. Eight manufacturing companies whose historical data were available in Nigerian Capital Market for the period 2000-2006 were purposively selected for the study. The automated SPSS was used to test the simple regression models. However, it was discovered that Corporate Social Responsibility is not appropriate to predict both profitability and growth of Nigerian manufacturing firms though it indicates lack of commitment by companies to activities of social responsibility. It was recommended among others that government should therefore improve on the state of infrastructures to enhance growth of the manufacturing industry which will lead to increased activities of social responsibility.

Keywords: *Corporate Reputation, Corporate Social Responsibility, Profitability, Growth, Reputational risk, Self-regulation, Sustainability.*

INTRODUCTION

It has often been claimed that the sole purpose of companies is to maximize shareholders' value. According to Freidman (1970),there is one and only social responsibility of business; that is, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition without deception or fraud. But critics have pointed out that these organizations have invariably sought to maximize shareholders' value by playing outside the rules of the game or by operating in the 'grey area' (Schwartz and Gibb, 1999).

The pursuit of Corporate Social Responsibility (CSR) initiative and programmes by companies depend to a large extent on how the companies defined CSR and the relative importance they attach to it. There are therefore multiple CSR interpretations as each faces different stakeholders with different expectations and priorities. One key issue is companies looking at CSR and sustainability as core part of business. For many businesses, the challenge is simply the political will to look at their impact through the prism of sustainability.

According to Schwartz and Gibb (1999), corporations have come under increasing pressures from governments, activists, the media and non-governmental organizations (NGOs) to improve their performance on social, political and environmental issues. These have made most companies to 'reinvent' themselves as socially responsible and environmentally friendly actors. New corporate images and logos, ethical codes of conduct, targeted philanthropy, citizenship programmes, community activities, employees' development programmes, and social and environmental reporting initiatives are some of the strategies employed by companies to improve their reputation in the community. Generally, the major corporations worldwide pursue similar CSR policies. However, the unique challenges that the Nigerian environment presents makes CSR practices within Nigeria significantly different from similar practices in other countries.

The level of poverty in Nigeria and past neglect in the Niger-Delta region of the country have increased pressure on oil companies operating in the region to provide developmental activities. This has invariably increased

the awareness among various stakeholders on issues of CSR in the country. However, for CSR to be effective government will play its primary role of honouring its responsibilities to its citizens. Basic among these are the maintenance of law and order, providing basic socio-economic infrastructures and ensuring the effectiveness of CSR.

Issues of ethnicity, absence of efficient social, economic and political institutions add to the challenges for CSR practice in Nigeria. Due to this neglect, many communities have come to see companies as the government they know, whereas CSR efforts of companies should indeed be only complementary to the discharged responsibilities of governments. Jackson (2004) argues that globally there is an emergence of a new paradigm in international business; which he called business integrity thesis. The thesis suggests that while investors and stakeholders want to see financially profitable enterprises, they must also adhere to values such as fair play, environmental and social responsibility, and good conduct. According to him, people are expecting corporations to be both profitable and ethical adding that the engine driving this paradigm is corporate reputation.

Barnett and Meuller (1974) state that activists and critics seek to pressurise governments and institutions to regulate these organizations and deliver greater social benefits to the communities in which they operate. In other words, corporations should be servants and not masters. Peters (1999); Larkin (2003); and Alsop (2004) highlight the risk faced by companies from activities of critics and advocates, adding that modern businesses should factor the implications of such activities into reputational risk planning. The common theme is that reputations are valuable commodities that need protection. The rationale for reputational risk management is to help companies put in place strategies to manage their reputation. Companies have different characteristics such as organizational structures, values, and attitudes to business, investment, and research and development. The issues then are how do these affect how they understand their reputation? Are there any industry specific factors affecting the corporate concerns about reputation? What impact is the growing value of the corporate reputation having on the performance and behaviour of companies? How does CSR impact on the profitability and growth of a company?

According to Zyglidopoulous (2002), reputation is in the process of becoming an enforcement or regulatory mechanism; moderating corporate behaviour. In this respect, reputation is functioning as a market mechanism constraining corporate behaviour.

This paper therefore seeks to establish the relevance of reputational risk in corporate behaviour and the impact of Corporate Social Responsibily on the profitability and growth of manufacturing companies in Nigeria. It will be beneficial to the manufacturing industry in Nigeria as it will enhance corporate reputation, improve relationship with investors and stakeholders, enhance relationship with communities and regulators and finally, it will help companies in managing risks.

The investigation is limited to the manufacturing sector as it is involved in the conversion of raw materials to finished products and assumed to have the greatest impact on the operating environments. It covers the period 2000-2006 and eight quoted companies in the Nigerian Capital Market whose historical data were available for the variables measured were chosen from the various sectors. Accountants are interested in how to give a financial value to the corporate reputation, while marketing specialists want to know how reputation affects customer preferences. A company that becomes embroiled in a reputation crisis event will undoubtedly find itself under scrutiny from government regulators.

Corporate reputations are value constructs that reflect the way companies are perceived by stakeholders. Thus, maintaining a good reputation is a key element of corporate success. One way of doing this is to be involved in issues of CSR. The study of effective reputation risk management is all about understanding the social and political processes involving corporate success and failure as well. Reputation-building and management is about behaving well and earning respect of stakeholders; for a good reputation gives a company a comparative advantage in its various market and this translates into an improved bottom-line. Thus, developing a good reputation is a way of staying ahead of the pack in the marketplace which is becoming increasingly competitive.

AN OVERVIEW OF CORPORATE REPUTATION

The collapse and final bankruptcy of Enron in 2001 which was one of the largest collapses in the corporate world also destroyed the reputation of one of the world's top five accounting firms Arthur Andersen. According to Larkin (2003), building and maintaining a reputation takes careful thought, meticulous planning and constant hard work over the years. This can however be lost overnight; hence no company is so secure that a crisis will not undermine its profitability and standing in the market place.

Corporate reputation has become a valuable asset. The potential loss of reputational capital can be significant; it is such a volatile commodity. A good reputation is undoubtedly a precious commodity. Reputation is also a measure of the confidence that the public have in a particular company.

Fombrun (1996) states that corporate reputation is the overall estimation in which a company is held by its constituents. He added that it represents the 'net' affective or emotional reaction - good or bad, weak or strong - of customers, investors, employees, and the general public to the company's name. The 'affective reaction' derives from the values and principles upheld by the company. According to him, these values and principles are corporate identity. These make up a company's self-understanding; an articulation of what the organization is; what it does and how it does it, and is linked to the way an organization goes about its business and the strategies it adopts (Markwick and Fill, 1995).

On his part, Fombrun (1996) identifies the key values and principles that help define company's reputation as reliability, credibility, trustworthiness, and responsibility to stakeholders. The better a company performs under each of these headings; the greater is the likelihood that it will be regarded highly by stakeholders. The key to understanding corporate reputation is the behaviour of the company itself; that is, how it acts, how it handles crisis, and how well it treats stakeholders. Companies that pollute the environment, abuse human rights, engage in corrupt practices, exploit workers, and ignore community concerns about their operations will suffer reputational loss. Kapferer (1997) states that the way a company behaves or is perceived to behave, has the potential to make or break its reputation.

THE VALUE OF A REPUTATION

There is no doubt that corporate reputations are valuable assets, both in financial, as well as non-financial terms. In financial terms, reputations improve the value of goodwill; the consequence of this goodwill increase is a higher sales price. Also, good reputation benefits a company through improved share price. According to Morley (2002), corporate reputation and the confidence it inspires in investors will lead to a higher stock price for one company than for others that appears to be equal in all other respects but neglect the care of reputation.

Dowling (2002) identifies the non-tangible benefits of a good reputation to include: added psychological value to a product; increases employees' job satisfaction; acts as a performance bond in contractual relationships; provides access to the best professional service providers; helps raise capital in equity markets amongst others. Companies with a good reputation, then, are likely to out-perform their competitors, have happier employees and investors, and be admired by their stakeholders. Fomburn, Gardberg and Barnett (2000) stress the opportunities that are available to companies that are able to develop a good reputation, especially when reputation-building is linked to social responsibility. According to them sustained corporate citizenship creates reputational capital and so provides a platform from which other opportunity may spring-up from and enhance the acceptability of the company by all and sundry.

REPUTATION RISK

Companies deal with all kinds of risks in their day to day operations. Project risks, risks that emanate from a failure of strategy, and legal and tax risks. They also face a myriad of political and economic risks, including corruption, civil war, changes in the regulatory environment, and so on (Jarvis, 2004). Each of these risks has the potential to weaken a company's performance and impair the value of existing investments.

It is arguable that the risks associated with corporate reputation have the potential to do the most damage. There are a number of reasons for this. First, reputation risk can damage an entire organisation. One or two bad investment decisions may see the company's share price fall in the short-

term, but it is rare that this will jeopardize the survival of the entire organisation.

Second, reputation risks are vastly more expensive to deal with and overcome. The case of Shell Petroleum Development Company Limited and Ogoni-land in Niger-Delta region following the execution of Ken Saro-wiwa and others in 1995 is an example. The company tried over the years to restore its tarnished image to no avail and finally close down its operations in 2008.

Reputation risk refers to a range of 'threats' that have the potential to undermine a company's ability to function as a commercial enterprise and impair its standing in the community. These risks can be divided into two broad categories: risks that are social and political in nature and those that are commercial or business-related. Those in the first category relate to community standards of behaviour and are external to the organisation. They include such things as environmental standards, exploitation of labour, indifference to health and safety issues, abuse of human rights, and a lack of concern for local issues. Business-related reputation risks include litigation from stakeholders, product recall, and service failure, senior management infighting, poor decision-making and bad behaviour. They are internal to the company itself. Should any one of these problems become chronic and lead to a crisis, the company will find its reputation under threat through negative publicity that is generated. Indeed, negative publicity is the acid that eats away the credibility and integrity of an organisation. In extreme cases, companies may suffer from acute liquidity problems, depreciation in market capitalisation, and even bankruptcy.

Reputation risks can be very costly, it is however difficult to determine exactly what the total loss might be in the event of a reputational crisis because reputation is an intangible asset. In order to maintain a healthy reputation, companies need to develop good reputation risk management procedures. Manufacturing companies have very different reputation risk management issues to contend with than the financial service sector. Morley (2002) notes that to be an effective reputation risk manager requires not a degree in commerce and business management, but a well-developed understanding of the social, political and cultural world in which companies operate.

REPUTATION AS SELF-REGULATION

Companies that want to build and maintain a good reputation should begin to self-regulate. Indeed, it is likely that reputation is a more effective means of constraining corporate behaviour than government intervention. According to International Standard Organization (ISO) (1996), corporate self-regulation can be defined as the voluntary adherence by a company to a set of objective rules, norms, or standards. These can be institutionally derived, such as, by adherence to the ISO 14000 environmental management standard. Rees (1997) categorizes self-regulation into two kinds - weak and strong self-regulation. According to him, weak self-regulation occurs when companies set an objective standard of behaviour, such as adopting voluntary codes of conduct, new reporting initiatives, and attempt to live up to the standards implicit in them. Companies that are strong self-regulators are those that appear to be running ahead of existing institutional and national regulatory standards.

CORPORATE SOCIAL RESPONSIBILITY PERSPECTIVES

Numerous theories have been brought to bear on the subject of Corporate Social Responsibility (CSR). Friedman (1970) relying on the view that government's job is not business and business' job is not government stated that the mere existence of CSR was a signal of an agency problem within the firm. An agency theory perspective implies that CSR is a misuse of corporate resources that would be better spent on valued-added internal projects or return to shareholders. It also suggests that CSR is an executive perk; in the sense that managers use CSR to advance their careers or other personal agenda.

Freeman (1984), building on Chester Barnard's (1938) 'inducement contribution' framework, presented a more positive view of managers' support of CSR. Freeman's Stakeholders' theory asserts that managers must satisfy a variety of constituents (workers, customers, suppliers, local community organizations etc) who can influence firm outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders or the owners of the corporation.

Stakeholders' theory implies that it can be beneficial for the firm to

engage in certain CSR activities that non-financial stakeholders perceive to be important, because in the absence of this, these groups might withdraw their support for the firm. Stakeholders' theory was expanded by Donaldson and Preston (1995) who stressed the moral and ethical dimensions of CSR, as well as the business case for engaging in such activity.

Stewardship theory according to Donaldson and Davis (1991) is another perspective on CSR which is based on the idea that there is a moral imperative for managers 'to do the right thing' without regard to how such decisions affect a firm's financial performance. Jones (1995) applies institutional theory and classical economic theory to CSR. He concluded that companies in repeated transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy, and ethical because the returns to such behaviour are high. Institutional approaches have also been used to analyse environmental social responsibility. More specifically, Jennings and Zandbergen (1995) analyse the role of institutions in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organisation.

Waldman, Siegen and Javidan (2004) apply the strategic leadership theory to CSR. They conjectured that certain aspects of transformational leadership will be positively correlated with the propensity of firms to engage in CSR and that these leaders will employ CSR activities strategically. To the extent that firms engage in CSR strategically, this behaviour can be examined through the lens of the resource-based-view (RBV) of the firm. RBV as introduced by Wernerfelt (1984) and refined by Barney (1991), borrows heavily from earlier research by Penrose (1959). This theory presumes that firms are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. Barney (1991) maintains that if these resources and capabilities are valuable, rare, inimitable and non-substitutable, they can constitute a source of sustainable competitive advantage.

Hart (1995) was the first to apply RBV framework to CSR and focused exclusively on environmental social responsibility. He asserted that for certain types of firms, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage. Russor and Fouts (1997) tested this theory empirically using firm-level data on

environmental performance and accounting profitability and found that firms with higher levels of environmental performance had superior financial performance, which they interpreted to be consistent with the RBV theory. Using the RBV framework, a more formal theory-of-the-firm model of profit maximising CSR was posited by McWilliams and Siegen (2001).They outlined a simple model in which two companies produced identical products except that one firm adds an additional 'social' attribute or feature to the product, which is valued by some customers or potentially by other stakeholders.

In this model, managers conduct a cost/benefit analysis to determine the level of resources to devote to CSR activities/attributes; that is; they assessed the demand for CSR and evaluated the cost of satisfying this demand. According to McWilliams and Siegen (2001), the theory of the firm perspective on CSR has several strategic implications. The first is that CSR can be an integral element of a firms business and corporate level differentiation strategies. Therefore, it should be considered as a form of strategic investment, even when it is not directly tied to a product features or production process, CSR can be viewed as a form of reputation building or maintenance. A second strategic implication of a theory of the firm perspective is that one can apply the RBV logic to CSR, in the sense that it is possible to generate asset of predictions regarding patterns of investment in CSR across firms and industries.

It is apparent that in today's business practice, CSR is entwined in many multinational organisations strategic planning process. The reasons or drive behind social responsibility towards human and environmental responsibility is still questionable whether based on genuine interest or have underlining ulterior motives. Corporations are fundamentally entities that are responsible for generating a product or service to gain profits to satisfy shareholders. Growth is represented by the shareholders' fund while Corporate Social Responsibility is depicted by donations presented in the respective financial statements. The a priori expectation is that CSR will impact positively on profitability and growth of an organization (Donaldson and Preston, 1995; Russor and Fouts, 1997). The F-statistic is used to test if the models are significant at 5% level of significance.

Model Specification

$Y = a_0 + b_0X$

Where Y = dependent or unexplained variable

0 = constant of the model

b_0 = coefficient of the model

X = independent explanatory variable

Model 1

PROF = $a_0 + b_0$ CSR

Where: PROF = Annual Gross Profit

CSR = Corporate Social Responsibility

Model 2

GRTH = $a_1 + b_1$ CSR

Where: GRTH = Growth

CSR = Corporate Social Responsibility

RESULT S AND DISCUSSION

The result of automated data analysis (SPSS) reveals that CSR can be held responsible for 14.9% and 11.3% variation or profitability and growth respectively of manufacturing companies in Nigeria with reference to 2000-2006. There is however no significant relationship between profitability and CSR (0.405) and between growth and CSR (0.359). The F-statistic (ANOVA) of Model 1 indicates that the model is not statistically significant at 5% level of significance. The $F(53,2) = 10.596$ is lesser than $F_{tab} = 19.473$, though correctly signed with respect to theoretical expectation the estimated parameter is not statistically significant at 5% level of significance. The model is therefore not significant; as it is not appropriate to use CSR to predict profitability. There is no autocorrelation as indicated by Durbin-Watson value of 0.485 and adjusted R^2 of 0.149. A high coefficient of determination is required to have a reliable indication of presence of autocorrelation.

Model 2 shows a low correlation of 0.359 between growth and CSR of manufacturing companies in Nigeria for the period of investigation. The adjusted R^2 coefficient (0.113) which is the coefficient of determination indicates that the explanatory variable (CSR) accounted for only 11.3% of the positive variation in the influence on growth of manufacturing companies

in Nigeria for the period under study. The F (53, 2) = 7.985 is lesser than F (tab) = 19,473 which indicates that it is not appropriate to use CSR to predict growth, hence the model is not significant. These findings though in line with a priori expectation that CSR will impact positively on profitability and growth of an organization expressed by Donaldson and Preston, 1995; Russor and Fouts, 1997; the influence is not significant.

Though positively signed in the two models, the explanatory variable has low correlation coefficients of 0.405 and 0.359 with profitability and growth respectively. This divergence form theoretical expectations is as a result of poverty, low level of education and enlightenment in Nigeria. Government on its part has not been forthcoming; as there are no clear-cut policies/regulations on CSR. The insincerity and insensitivity by government have resulted in infrastructural decays, which ultimately have hampered the growth of the manufacturing sector in the country.

CONCLUSION

This paper attempted to examine the relevance of reputational risk and to determine the impact of CSR on profitability and growth of manufacturing companies in Nigeria from 2000-2006. The findings were that CSR is not appropriate to predict both profitability and growth of Nigerian manufacturing firms. The explanatory variable (CSR) in both models accounted for 14.9% and 11.3% influence on profitability and growth respectively.The low coefficient of correlation and adjusted coefficient of determination between the explanatory variable and the dependent variables (profitability and growth) revealed why most manufacturing companies in Nigeria shy away from activities of social responsibility.

Finally, government should improve on the state of infrastructure (road, electricity, water supply, etc) in the country in order to boost activities of the manufacturing sector. This will invariably encourage these companies to engage in CSR. It is there and then that government could have and enforce policies on CSR and effectively regulate the activities of this sector. Manufacturing companies on their part should take the issue of CSR seriously to protect their corporate reputation which is a long-run valuable asset.

Table 1: Gross Profit, Shareholders' Fund and Donations for selected companies (2000-2006)

Year	PROF. (Gross Profit) #'000	GRTH(Shareholders' Fund) #'000	CSR (Donations) #'000
Guinness			
2000	7380273	10681154	2360
2001	8424441	12663140	2735
2002	15771998	14157810	69345
2003	22907282	15189428	25106
2004	28672009	16908244	47587
2005	29084073	18227442	69345
2006	25807201	25667544	54016
Berger Paints			
2000	427526	396849	830
2001	600166	425201	175
2002	657007	439323	650
2003	684552	460533	410
2004	779019	496385	815
2005	736454	883924	710
2006	872881	965293	882.03
Nestle			
2000	3570989	1291551	0
2001	5605209	1492876	1396.85
2002	7429885	3606326	6596.99
2003	9073963	4239815	4553.03
2004	10323565	4376246	3031.48
2005	13220162	5980312	3995.06
2006	14705303	6360492	7762.94
United Nigeria Textile			
2000	215545	5591875	667
2001	1840392	9235454	2818
2002	3383632	10003955	654.15
2003	1280274	9644724	1110
2004	2871716	9717363	143.1
2005	2023139	9812662	0
2006	948742	9016410	384.5

B.O.C. Gases			
2000	297222	336483	350
2001	362958	301088	258
2002	461936	342022	270
2003	467172	382512	390
2004	558120	297371	0
2005	584772	371753	0
2006	688054	447168	0
Ashaka Cement			
2000	2607935	3287435	8166.81
2001	3830369	4705149	41175.15
2002	375166	6227438	75905
2003	4353774	7824108	57756
2004	6298745	9718717	90486.05
2005	8796357	11633603	144611.4
2006	7977776	11618084	143994
African Petroleum			
2000	*2541347	19715075	0
2001	4937975	22509714	0
2002	3319855	20159739	5260
2003	3584996	20640241	2410
2004	5223328	7568785	1576.5
2005	5198288	293700	0
2006	10595648	2455230	0
Cadbury			
2000	4161054	2622077	10143.42
2001	4894573	3308469	12706.39
2002	6389021	6865401	17784.97
2003	7817797	8243089	15220.55
2004	8704445	9459727	22171.08
2005	11219074	10868170	56778.08
2006	7050077	2186795	6959.84

*Forecast

Source: Annual Financial Reports of the various companies

Table 2: Summary of regression result for model 1

Variable	Coefficient	t-statistic
Constant	4580991.9	4.661
CSR	84.170	3.255

Adjusted $R^2 = 0.149$, $t_{cal} = 4.661$, $t_{tab} = 1.6804$, $F_{(53,2)} = 10.596$
$F_{tab} = 19.473$, 5% level of significance, D.W. = 0.485

Table 3: Summary of regression result for model 2

Variable	Coefficient	t-statistic
Constant	5886382.1	6.156
CSR	71.088	2.826

Adjusted $R^2 = 0.113$, $t_{cal} = 6.156$, $t_{tab} = 1.6804$, $F_{(53,2)} = 7.985$
$F_{tab} = 19.473$, 5% level of significance, D.W. = 0.570

Regression Analysis for Profit

Descriptive Statistics

	Mean	Std. Deviation	N
PROFIT	6117772	6991291.1337	56
CSR	18258.08	33641.5443	56

Correlations

		PROFIT	CSR
Pearson Correlation	PROFIT	1.000	.405
	CSR	.405	1.000
Sig. (1-tailed)	PROFIT	.	.001
	CSR	.001	.
N	PROFIT	56	56
	CSR	56	56

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CSR[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: PROFIT

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.405[a]	.164	.149	6451111.35	.485

a. Predictors: (Constant), CSR

b. Dependent Variable: PROFIT

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.41E+14	1	4.410E+14	10.596	.002[a]
	Residual	2.25E+15	54	4.162E+13		
	Total	2.69E+15	55			

a. Predictors: (Constant), CSR

b. Dependent Variable: PROFIT

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4580992	982870.5		4.661	.000	2610455.102	6551528.731
	CSR	84.170	25.857	.405	3.255	.002	32.330	136.010

a. Dependent Variable: PROFIT

Casewise Diagnostics[a]

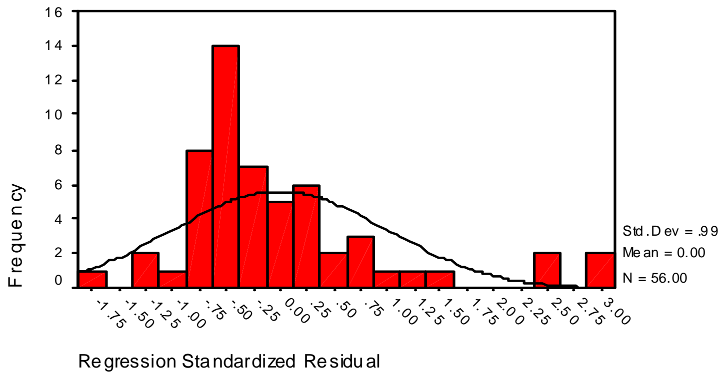
Case Number	Std. Residual	PROFIT
47	3.114	28672009

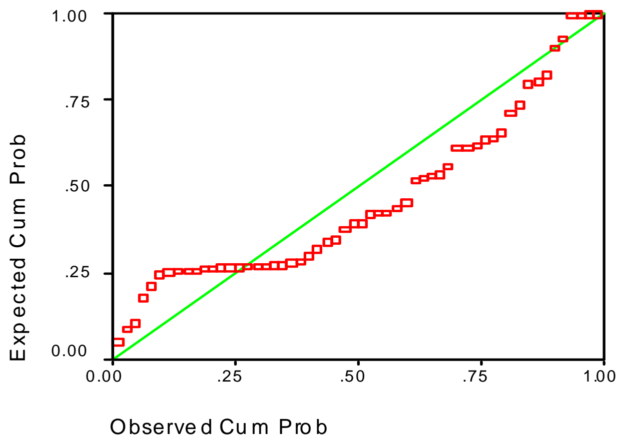
a. Dependent Variable: PROFIT

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Devi
Predicted Value	4580992	1.7E+07	6117772	2831604.
Std. Predicted Value	-.543	3.756	.000	1
Standard Error of Predicted Value	862152.8	3378931	1117886	490866.
Adjusted Predicted Value	4438059	2.0E+07	6221059	3275698.
Residual	-1.1E+07	2.0E+07	-2.83E-10	6392195.
Std. Residual	-1.642	3.114	.000	
Stud. Residual	-1.704	3.164	-.007	1
Deleted Residual	-1.2E+07	2.1E+07	-103287	6791346.
Stud. Deleted Residual	-1.736	3.473	.008	1
Mahal. Distance	.000	14.107	.982	2
Cook's Distance	.000	.469	.034	
Centered Leverage Value	.000	.256	.018	

a. Dependent Variable: PROFIT





Regression Analysis for Profit

Descriptive Statistics

	Mean	Std. Deviation	N
GROWTH	7184312	6663177.3324	56
CSR	18258.08	33641.5443	56

Correlations

		GROWTH	CSR
Pearson Correlation	GROWTH	1.000	.359
	CSR	.359	1.000
Sig. (1-tailed)	GROWTH	.	.003
	CSR	.003	.
N	GROWTH	56	56
	CSR	56	56

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CSR[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: GROWTH

Model Summary[b]

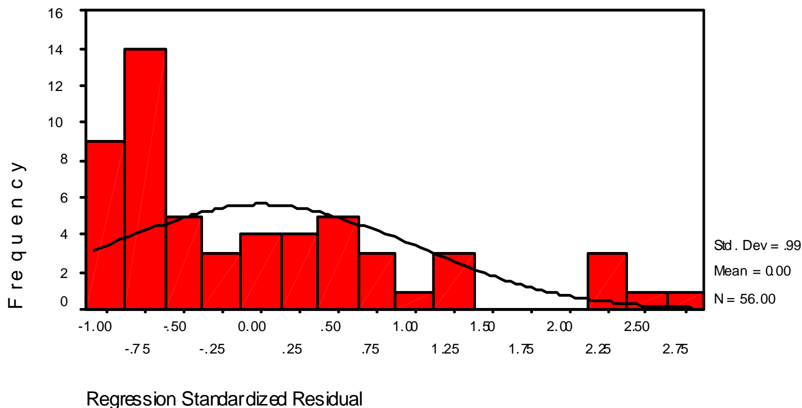
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.359[a]	.129	.113	6276534.45	.570

a. Predictors: (Constant), CSR

b. Dependent Variable: GROWTH

Histogram

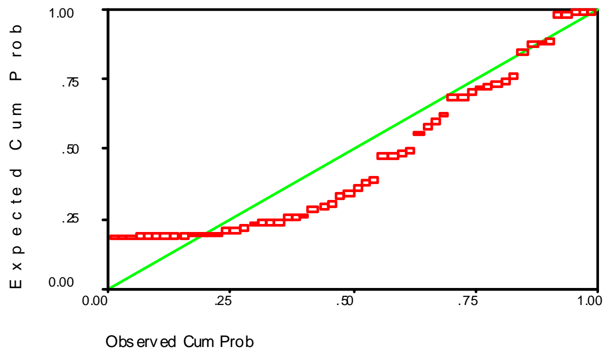
Dependent Variable: GROWTH



Regression Standardized Residual

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: GROWTH



ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.15E+14	1	3.146E+14	7.985	.007[a]
	Residual	2.13E+15	54	3.939E+13		
	Total	2.44E+15	55			

a. Predictors: (Constant), CSR

b. Dependent Variable: GROWTH

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	5886382	956272.6		6.156	.000	3969170.982	7803593.158
	CSR	71.088	25.157	.359	2.826	.007	20.651	121.525

a. Dependent Variable: GROWTH

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation
Predicted Value	5886382	1.6E+07	7184312	2391509.5734
Std. Predicted Value	-.543	3.756	.000	1.000
Standard Error of Predicted Value	838821.6	3287492	1087634	477582.9012
Adjusted Predicted Value	5491342	1.8E+07	7237937	2625451.6353
Residual	-5603635	1.7E+07	1.663E-10	6219213.3042
Std. Residual	-.893	2.648	.000	.991
Stud. Residual	-.903	2.680	-.004	1.008
Deleted Residual	-6246608	1.7E+07	-53625.0	6438683.4611
Stud. Deleted Residual	-.902	2.851	.008	1.034
Mahal. Distance	.000	14.107	.982	2.659
Cook's Distance	.000	.136	.018	.033
Centered Leverage Value	.000	.256	.018	.048

a. Dependent Variable: GROWTH

REFERENCES

Alsop, R. J. (2004). *The 18 Immutable Laws of Corporate Reputation: Creating, Protecting, and Repairing Your Most Valuable Asset.* New York: Free Press

Barnett, R. and **Meuller, J.** (1974). *Global Reach: The Power of Multinational Corporations.* New York: Simon and Schuster.

Barney, J. (1991). Firms Resource and Sustained Competitive Advantage. *Journal of Management*.17, 99-120.

Donaldson, T. and **Davis, J.H.** (1991). Stewardship Theory or Agency Theory: CEO governance and Shareholders returns. *Austridian Journal of Management*,16, 49-64.

Donaldson, T. and **Preston, L.** (1995). The Stakeholder Theory of Cooperation, Concepts, Evidence and Implications. *Academy of Management Review*.20, 65-91.

Dowling, G. (2002). *Creating Corporate Reputations: Identity, Image, and Performance.* London: Oxford University Press.

Fombrun, C. J. (1996). *Reputation: Realising Value from the Corporate Image*. Boston Massachusetts: Harvard Business School Press.

Fombrun C. J., Gardberg N., and **Barnett M.** (2000). Opportunity Platforms and Safety Nets: Corporate Citizenship and Reputational Risk. *Business and Society Review,* 105 (1), 85-106.

Freeman, R.E. (1984). *Strategic Management: A Stakeholder Perspective*. Englewood Cliffs, New Jerssy: Prentice Hall.

Friedman, M. (1970). The Social Responsibility of Business is to increase its Profits. *New York Times Magazine,* September 13.

Hart, S. (1995). A Natural Resource-based view of the firm. *Academy of Management Review,* 20, 193-214.

International Standard Organization (1996). ISO 14000 Environmental Management Standard.

Jackson, K. T. (2004). *Building Reputational Capital: Strategies for Integrity and Fair Play that Improve the Bottom line.* New York: Oxford University Press.

Jarvis, D. (2004). International Relations and International Business: False Dichotomies, Constitutive Identities or Antithetical Interests? Working Paper, Department of Government, University of Sydney, Sydney.

Jennings, P. and **Zandbergen, P.** (1995). Ecologically Sustainable Organisations: An Institutional Approach. *Academy of Management Review,* 20, 1015-1052.

Jones, T. (1995). Instrumental Stakeholder Theory: A Synthesis of Ethics and Economics. *Academy of Management Review,* 20, 404-437.

Kapferer, J. N. (1997). *Strategic Brand Management: Creating and Sustaining Brand Equity Long Term* (2nd Edition). London: Kogan Page.

Larkin, J. (2003). *Strategic Reputation Risk Management.* New York: Palgrave.

Markwick, N. and **Fill, C.** (1995). Towards a Framework for Managing Corporate Identity. *European Journal of Marketing,* 31(5/6), 397.

McWilliams, A. and **Siegen, D.** (2001). Corporate Social Responsibility: A Theory of the firm perspective. *Academy of Management Review,* 26, 117-127.

Morley, M. (2002). *How to Manage Your Global Reputation: A Guide to the Dynamics of International Public Relations.* New York: Palgrave.

Penrose, E. (1959). *The theory of the Growth of the firm.* New York: Wiley.

Peters, G. (1999). *Waltzing with the Raptors: A Practical Road map to Protecting Your Company's Reputation.* New York: John Wiley and Sons.

Rees, J. (1997). The Development of Communitarian Regulation in the Chemical Industry. *Law and Policy,* 19, 56-62.

Russor, M. and **Fouts, P.** (1997). A Resource-based Perspective on Corporate Environmental Performance and Profitability. *Academy of Management Journal,* 40, 534-559.

Schwartz, P. and **Gibb, B.** (1999).*When Good Companies Do Bad Things: Responsibility and Risk in an Age of Globalisation.* New York: Wiley and Sons.

Waldman, D. S; Siegen, D. and **Javidan, M.** (2004). CEO Transformational Leadership and Corporate Social Responsibility. Working Paper, Rensselaer Polytechnic Institute.

Wernerfelt, B. (1984). A Resource-based view of the firm. *Strategic Management Journal,* 5, 171-181.

Zyglidopoulos, C.S. (2002). The Social and Environmental Responsibilities of Multinationals: Evidence from the Brent Spar Case. *Journal of Business Ethics,*36, (10-12), 141-151.