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Financial volatility and public scrutiny as institutional determinants of financial industry firms' CSR

Journal:	<i>Business and Politics</i>
Manuscript ID	BAP-18-0031.R2
Manuscript Type:	Research Article
Keywords:	Finance, Corporate Social Responsibility, Crisis, Public Scrutiny
Abstract:	<p>This article examines the relationship between the global financial crisis and Corporate Social Responsibility reporting of financial services firms. We challenge the view in existing studies that firms, when faced with economic hardship, tend to jettison CSR commitments. Instead, and building on insights into the institutional determinants of CSR, we argue that firms are constrained in their ability to abandon CSR by the extent to which they are subject to intense public scrutiny by regulators and the news media. We test this argument in the context of the European sovereign debt crisis drawing on a unique dataset of 170 firms in 15 different countries over a six-year period. Controlling for a battery of alternative explanations and comparing financial service providers to firms operating in other economic sectors, we find considerable evidence supporting our argument. Rather than abandoning CSR during times of economic hardship, financial industry firms ramp up their CSR commitments in order to manage their public image and foster public trust in light of intense public scrutiny.</p>

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Introduction

The 2007 global financial crisis substantially changed the nature of the relationship between financial industry firms and society. A stream of corporate scandals and the collapse or nationalization of large firms in the wake of the crisis (e.g., Bears Sterns, Northern Rock, and Lehman Brothers in the USA, as well as ABN-AMRO and Royal Bank of Scotland in Europe) seriously tarnished the public image of the financial services industry. Investment banks, insurance providers, and hedge fund managers, largely held responsible for the crisis, especially in the context of regulatory failure (de Larosiere 2009; see also BIS 2008; FSA 2009; IMF 2009), found themselves scrambling to rebuild their public image and restore a modicum of trust in society.

This article examines the impact of the financial crisis on one aspect of these efforts: namely Corporate Social Responsibility (CSR).¹ Firms' CSR commitments and disclosures not only came under the spotlight during the crisis, revealing weaknesses in structures of corporate governance, but were also seen as a panacea for ameliorating the financial impact of the crisis (Giannarakis & Theotokas 2011). Perhaps not surprisingly, our question has already attracted considerable scholarly attention (most notably Fernandez-Feijoo Souto 2009; Giannarakis & Theotokas 2011; Karaibrahimoglu 2010; Njoroge 2009; Wilson 2009; Lopatta & Kaspereit 2014; Herzig & Moon 2011; Theofilou, Grigore & Stancu 2016; Idowu, Vertigans & Burlea 2017). For many scholars, a chief concern has been the extent to which the financial crisis has negatively impacted firms' CSR commitments. CSR commitments are costly and, despite providing potential long-term net financial benefits, are an easy way to save money in times of economic uncertainty (see Fernandez-Feijoo Souto 2009; Giannarakis & Theotokas 2011; Karaibrahimoglu 2010; Njoroge 2009; Wilson 2009; Lopatta & Kaspereit 2014; Herzig & Moon 2011).² In short, in order to survive in times of crisis, firms are often incentivized to focus on the 'vital' aspects of business and will therefore put CSR commitments on hold.

Our analysis examines this perspective, focusing on the assumptions linking a firm's immediate economic and financial context to their CSR commitments. Building on recent insights regarding the institutional determinants of CSR (notably Brammer, Jackson & Matten 2012; Campbell 2007; Marens 2012; Kang & Moon 2012; Aguilera, Rupp, Williams & Ganapathi 2007; Matten & Moon 2008; Jackson & Apostolakou 2010; Koos 2012), we argue that this line of thinking is too 'agent-centric': it assumes that firms single-handedly determine their CSR commitments outside of the external constraints of their respective fields of economic governance and modes of market and state regulation. Current institutional approaches to CSR elaborate on how the broader social environment within which firms operate can shape and influence a firm's decision to engage in and disclose CSR commitments. For example, how varieties of capitalism (Kang & Moon 2012; Marens 2012; Koos 2012), distinct business and regulatory systems (Matten & Moon 2008; Campbell 2007), and structures of corporate governance (Kang & Moon 2012) shape firms' CSR commitments.

A less developed but important insight in this literature (e.g. Schreck and Raithel 2018) relates to firms' 'visibility'. Firms that are more visible to the public and that receive more public scrutiny tend to experience more pressure to make and disclose information on their CSR commitments. In fact, effectively communicating details about CSR commitments through formal disclosure procedures becomes a way for firms to shape their public image and claw back public trust (see Shabana, Buchholtz, and Carroll 2017; Lins, Servaes, and Tamayo

¹ The CSR concept is notoriously difficult to define (see Campbell 2007, p. 950). For the purposes of this article, we define CSR as the voluntary action of a corporation aimed at improving the quality of life within society and taking a broad range of different stakeholders into account. CSR reporting, then, refers to: 'the issue of standalone reports that provide information regarding a company's economic, environmental and social performance' (Carroll and Shabana 2010).

² For a recent study challenging this claim, see Lins, Servaes and Tamayo (2017).

2017). Our central purpose in this article is to further develop these insights and engage in more explicit theorizing about how visibility and public scrutiny act as additional institutional constraints, and opportunities, on how firms disclose information on CSR commitments, especially in the context of economic hardship. First, we contend that financial volatility leads firms to engage in more comprehensive and extensive reporting of their CSR commitments. Our argument is that crises have their own ‘demonstration effects’, increasing firms’ visibility. Crises work to highlight the dubious activities of CEOs, investment managers, and other financial industry actors and can expose industry efforts to avoid more stringent regulation in the post-crisis period. Second, we examine how attention in the news media can increase a firms’ visibility thereby increasing public scrutiny and challenging a firm’s stock of public trust as well as its public image. Our contention is that intense news media attention drives firms to increase reporting of CSR commitments.

We test our argument using a unique dataset comprising information on CSR disclosures for over 170 European firms operating in financial services and in other sectors for the financial crisis period (2007 to 2012).³ Importantly, our dataset allows us to compare finance to other economic sectors and hence to control for sector-specific differences (on this point see Beliveau, Cottril & O’Neill 1994; Venanzi & Fidanza 2006). Our focus on the financial sector in Europe during the financial crisis also constitutes a type of ‘least likely case’ for our argument. A financial crisis is an extreme form of economic downturn and the assumption we seek to challenge is that firms facing economic hardship will be incentivized to jettison their CSR commitments. Finding evidence that this assumption does not hold during this time of extreme economic hardship, stress, and volatility should imply greater generalizability for our theory.

Controlling for a number of alternative explanations, our statistical analysis produces several key findings. First, we find robust evidence showing that firms tend to engage in more comprehensive CSR reporting during times of extreme financial volatility. This finding challenges the assumption that firms invariably decrease their CSR engagements during times of economic hardship. Second, we find that firms’ CSR reporting is positively correlated with increased public scrutiny. Faced with mounting public pressure, firms tend to engage in more extensive reporting. Our findings therefore support research linking CSR engagement and CSR disclosure to how firms manage their public image and shape their reputation (Schreck and Raithel 2018; McDonnell and King 2013; Shabana, Buchholtz, and Carroll 2017; McDonnell, King, and Soule 2015). Third, we find that firms operating in the financial services industry are not uniquely susceptible to these effects. In fact, our findings show that finance is slightly more resistant to the impact of public scrutiny than firms operating in other sectors. Though financial firms do tend to respond to public scrutiny by more extensive CSR reporting, this effect is not proportional to the extreme levels of public scrutiny they faced during the height of the financial crisis.

Economic Hardship, Crises, and CSR

Many scholars predict a distinctly *negative* relationship between periods of crisis and CSR. The underlying logic is derived from a broader literature linking CSR to a firms’ financial performance and its short-term financial concerns (Orlitzky, Schmidt & Rynes 2003; Coombs & Gilley 2005; Griffin & Mahon 1997; Hillman & Keim 2001; McWilliams & Siegel 2000; Roberts & Dowling 2002). Though ramped up CSR can improve a firm’s bottom line (Frooman 1997; Griffin & Mahon 1997; Waddock & Graves 1997), this does not hold during times of financial crises, economic downturns, or general market volatility, which create uncertain

³ To include a wide variety of financial volatility, we include data one year before the offset of the financial crisis until one year after the end of the financial crisis, resulting in a timeframe between 2007 and 2012.

business environments. The central assumption is that firms, seeking to maximize profits and shareholder value, only engage in CSR when it is financially feasible. A harsh economic climate or sharp economic downturn puts pressure on firms' so-called non-vital activities (Waddock & Graves 1997; Karaibrahimoglu 2010; Campbell, 2007, p. 952). Hence, when resources are tight, firms are forced to cut back expenses and are incentivized to jettison CSR commitments.

The same insights have been applied to understanding CSR commitments during the global financial crisis of 2007. Within this uncertain business climate (Karaibrahimoglu 2010, p. 384; Herzig & Moon 2011) firms were less liquid and therefore harder pressed to justify a continued stream of resources to CSR. "The most important negative impact of CSR to companies is the potential cost for the implementation of CSR initiatives" (Karaibrahimoglu 2010, p. 3) and this is only exacerbated during times of crisis. Firms try to "avoid the negative effects of crises by remedial actions: such as cutting costs by laying off workers, postponing investments, reducing budgets for the following year in a contraction manner, consuming less" (Karaibrahimoglu 2010, p. 384f; on the same point see also Herzig & Moon 2011; Orlitzky *et al.* 2003). For Njoroge (2009), CSR initiatives can be delayed or cancelled because of the financial crisis. Fernandez-Feijoo Souto (2009, p. 43) argues that the stakes are even higher: "CSR in periods of crisis is a threat to firms' survival". Empirical tests seem to bear out these assumptions. Most notably, Karaibrahimoglu's (2010) content analysis of annual non-financial reports shows that companies decreased their reporting of CSR projects in response to the financial downturn.

Recent advances in the broader CSR literature, however, challenge this assumption about the negative link between economic hardship and CSR commitments. Scholars drawing on insights from theories of institutionalism have highlighted the extent to which CSR decisions are not made in a complete vacuum nor are wholly within "the realm of voluntary action" (Brammer *et al.* 2012, p. 7). Instead, CSR is also shaped by factors beyond the control of firms and located in the institutional context within which they operate (Aguilera *et al.* 2007; Campbell 2007; Matten & Moon 2008). Institutionalism, in other words, challenges the agent-centric perspective of the determinants of CSR commitments that has largely been adopted by management studies (see Brammer *et al.* 2012, p. 5). Jacob (2012) shows in a case-study that CSR can positively affect a company's reputational value, and firms therefore will increase CSR on topics that primary stakeholders deem important. For our purposes, institutionalism questions the extent to which firms are free to jettison CSR commitments during times of economic hardship.

Scholars have adopted an institutional approach to CSR by variously examining firms' general business environment or "broader social context" (Jackson & Apostolakou 2010, p.374). Scholars point out important differences in CSR commitments as they relate to state and market regulations, systems of corporate governance, institutionalized norms of appropriate corporate behavior, as well as states' capacity to monitor firms' activities (Campbell 2007, p. 948ff). One prominent approach applies insights from the Varieties of Capitalism literature to studies of CSR. From this perspective, firms operating under the conditions of a liberal market economy (LME) tend to adopt more 'explicit' forms of CSR to compensate for the missing institutionalized arrangements characteristic of Coordinated Market Economies (CME) (Jackson and Bartosch 2016; Kang & Moon 2012; Marens 2012; Jackson & Apostolakou 2010; Matten & Moon 2008).

Similarly, scholars have also highlighted the fact that CSR is shaped by important sector-level differences. On one level, CSR operates through a kind of "corporate peer pressure" where firms operating in a specific industry implement, monitor, and enforce "regulatory mechanisms to ensure fair practices, product quality, workplace safety" (Campbell 2007, p. 954). On another level, firms operating in the same sector tend to face "similar challenges" and, by extension, similar "CSR patterns and regulations are likely to develop,

affecting CSR standards and forcing CSR policies implemented by firms in those industries to converge” (Jackson & Apostolakou 2010, p. 374; see also Koos 2012, p. 143; Beliveau *et al.* 1994; Venanzi & Fidanza 2006). As demonstrated in Jackson and Apostolakou (2010), so-called high impact sectors, like extractive industries, automobile manufacturing, and chemicals manufacturing, face unique challenges and risks related to the environment, consumer protection, and the economy, and hence are more likely to make CSR commitments to offset these risks. Sector-specific institutional differences are not confined to the state and can instead be transnational, impacting firms across any number of countries and producing isomorphism among firms operating in similar sectors (see Jackson & Apostolakou 2010, p. 375). These pressures are particularly salient for multinational corporations. As scholars working in the field of international business studies point out, multinational corporations have to contend with different and often competing host-state institutions that can inform their CSR commitments (Marano, Tashman, and Kostova 2017; Marano and Kostova 2016).

Finally, scholars also highlight how a firm’s visibility, and hence related scrutiny by the public and the news media, affects its CSR decisions. First, visibility tends to vary by industry: firms operating in so-called ‘high-impact’ industries (like extractive industries) compared to ‘low-impact’ industries (like consumer services), are simply more visible (Jackson and Apostolakou 2010, 372). At the same time, firm visibility can be exploited by a number of external stakeholders. Environmental NGOs, consumer protection groups, and regulators, for instance, can increase public pressure on firms to implement or keep their CSR commitments (Koos 2012, p. 143; Doh and Guay 2006). Equally, the news media monitors firms’ behavior and calls attention to socially irresponsible activities, making it more likely that companies engage in CSR (Campbell 2007, p. 958). Finally, firms can also be directly targeted by consumer boycotts and thereby face considerable reputational risks. An emerging line of scholarship marries insights from social movements theory and organizational theory and shows how firms targeted by consumer boycotts use CSR commitments and disclosures to actively reshape their public image and bolster their reputation (for example, McDonnell, King, and Soule 2015; McDonnell and King 2013).

Firm Visibility, Financial Crises, and Public Scrutiny

A central purpose of this article is to contribute to these recent advances in institutional approaches to CSR. We do so by further developing insights about firm visibility and public scrutiny and examining how these factors shape CSR commitments. To this end, and in what follows, we examine firm visibility in terms of two main factors: financial crises and public scrutiny.

First, financial crises do not only affect a firm’s bottom line. Instead, crises have “demonstration effects” (Baker 2010; Chalmers 2015) that link a firm’s behavior to the causes of the crisis and can work to negatively impact a firm’s level of public trust. Periods of extreme financial volatility expose the negative externalities of financial sector involvement in regulatory issues. Undue financial sector influence over financial regulations, for instance, thrives on periods of financial boom when private-sector actors find themselves relatively unopposed by countervailing (public) interests (Baker 2010: 625). Large-scale events, like financial crises, however, can magnify financial fluctuations and shine a light on weak regulations.

As financial markets become increasingly stressed and more volatile, regulators are more prone to re-regulate specific industries, and industry actors find themselves harder-pressed to justify the furtherance of self-regulation and their close involvement in regulatory decision-making processes. Faced with the possibility of more stringent regulation imposed from a regulatory agency, many firms opt to impose more stringent self-regulations (Baker

2010). As Moon (2005) argues, firms tend to engage in (transparent) CSR to anticipate the threat of stricter national or supranational regulation (on the same point, see Kinderman 2012). Additionally, in the wake of the crisis, firms experience a decline in legitimacy, i.e. the social acceptance of firms and their activities (Ashforth & Gibbs 1990). Faced with higher public criticism, firms find themselves fighting to regain their social license to operate, in other words, their public consent (van Marrewijk 2003, p.97). To gain or secure legitimacy from main stakeholders, and to manage reputational risks, companies will report more on sustainability, particularly on issues of governance and environmental policies (Jacob 2012). Crises implicate firms in economic downturns, undermining a firm's position in society, diminishing trust, and ultimately harming the value of a firm's brand. Restoring public trust and rebuilding a brand is dependent upon the provision of publicly available information on firms' social and environmental responsibilities (Gray 2001, p. 11). CSR reporting is therefore a way for firms to effectively communicate information about their CSR commitments (Deegan 2007).⁴ These insights lead to our first hypothesis.

H1: Financial Volatility: the greater the levels of financial volatility, the more firms will engage in extensive reporting of their CSR commitments.

News media attention can also function to increase firms' visibility and, subsequently, increase pressure to engage in and report CSR commitments. The news media can subject firms to the threat of public exposure, functioning as a watchdog that informs the public about corporate activities and hence poses a threat of public exposure (Campbell 2007, pp. 956-58; Margolis and Walsh 2003). Along with NGOs and consumer protection groups, the news media acts as an additional 'external stakeholder' monitoring and reporting on corporate (mis)behavior (Koos 2012, p. 143). The media can be critical in mobilizing social movements as well, which is particularly noticeable within the environmental sphere (Bansal and Clelland 2004). A study by Schreck and Raithel (2018) finds that visibility, which they operationalize as media coverage, has a significant, positive effect on the CSR disclosure. They conclude that firms use sustainability reports to respond to external pressure as high levels of visibility leads to more legitimacy pressures.

Furthermore, the news media can enhance the salience of regulatory issues, increase the public scrutiny of particular firms and particular industries, and name and shame firms by further implicating them in an economic downturn or by highlighting socially irresponsible activities (or even jettisoning such activities). Public scrutiny causes firms to be more sensitive to social and political stakeholders and therefore drives the willingness to engage in sustainability (Brammer and Millington 2006). For Culpepper (2011), the critical difference is between so-called 'quiet politics' and 'loud politics'. During periods of quiet politics, when there is little media attention and issues remain less salient, firms can fly under of radar of public attention. However, focusing events and increased media attention can magnify issue salience turning quiet politics loud. Under these conditions of extreme media scrutiny firms find themselves constrained in their ability to carry any number of functions, including any attempts to decrease or diminish their CSR commitments. These insights lead to a second hypothesis.

⁴ Importantly, an often-cited caveat is that changing levels of CSR disclosure do not include behavioral change. Ashforth and Gibbs (1990), for instance, distinguish between substantive and symbolic change; substantive change involves real, material change, whereas symbolic change does not involve actual change but simply a change in portraying commitments (1990, pp. 178-180). Nonetheless, CSR disclosure and standardized reporting frameworks are the main instrument for stakeholders to hold companies accountable (Hess, 2007, p. 453). This is reflected in the increased global call for greater corporate transparency and higher levels of accountability (Kolk 2008).

H2: Public Scrutiny: the higher the levels of media attention, the more firms will engage in extensive reporting of their CSR commitments.

Finally, we make a comparison of financial services corporations and firms operating in other sectors (e.g., manufacturing, telecommunications, retail, etc.). As such, we build on insights that CSR has important sector-specific differences (Brammer and Pavelin, 2008), many of which are transnational in character and can lead to a type of isomorphism of CSR commitments within specific sectors of activity. For this study, the unique role of financial service providers (banks, insurers, fund managers, etc.) in the financial crisis should impact their decisions to report more extensively on their CSR commitments. After all, financial services firms were deeply implicated in the crisis, especially in terms of weakening the financial regulatory architecture at the national, EU, and international levels (de Larosiere 2009; see also BIS 2008; FSA 2009; IMF 2009). In fact, many scholars have indicated that the crisis was at least partly the result of regulatory capture: a situation where financial services firms were determining the content of financial regulation themselves (Baker 2010; Lall 2012; Helleiner & Porter 2009; Chalmers 2015). Finally, financial services firms not only faced conditions of extreme financial volatility during the crisis, in some instances leading to collapse or (re-) nationalization, but were also subject to considerable naming and shaming practices in the news media. This leads to our third hypothesis.

H3: Financial Sector: during times of financial volatility and increased public scrutiny, financial services firms will engage in more extensive CSR reporting than firms operating in other sectors.

Research Design

The aim of this article is to examine the effects of the financial crisis on European firms' CSR reporting. Our focus on European firms acknowledges that the financial crisis was a variegated phenomenon that took on different shapes and had different impacts in different parts of the world. In other words, despite being interconnected, it would be misleading to conflate the US sub-prime mortgage crisis with the European sovereign debt crisis. Our focus on Europe therefore allows us to control for some of these differences. In Europe, the crisis played out primarily as a sovereign debt crisis with several European Union (EU) member state governments unable to pay down national debt or to bailout highly indebted banks. The mechanisms of the European Economic and Monetary Union (EMU), which is tasked with controlling inflation, limited governments' ability to react to the crisis. Indeed, the fact that all the firms considered in this analysis are also part of the EU further justifies our focus on European firms.

The remainder of this section explains how we have operationalized our four hypotheses as well as various control variables, and provides details on data collection and data reliability. Descriptive statistics for all indicators used in this analysis can be found in the online appendix.

Corporate Social Responsibility Reporting

We measure CSR using the GRI database.⁵ GRI maps out principles and detailed indicators for reporting on every aspect of CSR performance, combining economic and environmental indicators with social performance (Albareda 2013; KPMG International Survey of Corporate Responsibility Reporting 2005; Carroll and Shabana 2010). Empirical studies comparing GRI

⁵ For more information on GRI standards see: <https://www.globalreporting.org/standards/gri-standards-download-center/?g=1a630346-c73d-40eb-a5b1-3a82199f6955>

to similar databases, like the Dow Jones Sustainability Index, the KMPG International Survey of CSR Reporting, show its superior reliability and coverage (Gjolberg 2009, p. 13f; Etzion & Ferraro 2010; Kolk 2005), something that is reflected in its widespread use in the European Union and in countries of the OECD (Albareda 2013; Menichini and Rosati, 2014; Hedberg and Von Malmborg, 2003; Legendre and Coderre, 2013).

The GRI database consists of CSR reports and evaluations for individual firms per year. Importantly, GRI data comprises information on CRS disclosures and therefore not actual CRS activities or outcomes. We justify the use of disclosure data in two ways. First, our theoretical framework focuses on the reputation building activities of firms facing economic hardship. Indeed, through CSR reporting, companies are able to showcase their CSR commitments; they illustrate that their operations are consistent with social expectations and norms (Carroll and Shabana 2010). A company's CSR reporting is a tool for companies to communicate their CSR activities to external parties. Second, recent research suggests that the credibility of CSR reporting is dependent on whether companies adhere to leading reporting standards, like the GRI. These standards function both as a means for companies to formulate their CSR strategies and for stakeholders to subsequently evaluate them (Du, Bhattacharya and Sen 2010; Rodriguez-Fernandez 2015; Wilburn and Wilburn 2013). Therefore, reporting on CSR and actual CSR activities are strongly correlated (see on this topic, Dhaliwal et al. 2011)

The data used in this analysis is limited to European firms (including Austria, Belgium, Denmark, Finland, United Kingdom, Hungary, Italy, Sweden, Germany, Spain, France, Greece, Netherlands, Portugal, and Ireland) for the period 2007-2012. An important focus of this analysis is how nuanced changes to financial volatility and public scrutiny impact CSR reporting. As such, we only include firms committed to yearly CSR reporting (i.e., firms that are missing reports for certain years are excluded). Our data therefore comprises 151 individual firms and 734 CSR reports for the six years of this study. A complete list of firms used in this study as well as breakdown of firms by country can be found in the online appendix.

The GRI index scores firms' CSR reporting on a six-point scale that ranges from C to A+, capturing variation in the extensiveness of a firm's reporting. High scores, like 'A+', are given to reporting practices that provide extensive detail on a very large number of CSR commitments on an inclusive range of performance indicators, including "economic", "environmental", "labor practices and decent work", "human rights", "society", and "product responsibility" categories. Low scores, like 'C', are given to reports that give only very basic details. In the timeframe of our research, firms used the GRI 3.0 standard for reporting.⁶ Firms assess their own reports (level C, B or A) against the criteria of the GRI Application Level. Firms can choose to either have a third party offer a second opinion or request a GRI check, resulting in a 'plus' (+) added to the application level afterwards. For the purposes of this analysis, we only use third-party checked and GRI checked reports and hence we recoded the ranking system on an ordinal scale ranging from 1 (C), 2 (B), and 3 (A). The higher a firm's scores, the more extensive the CSR reporting is.

Financial Volatility

We measure financial volatility using data derived from the European Central Bank's *Composite Indicator of Systemic Stress* (CISS).⁷ CISS measures the current state of instability in European financial markets bringing together data on five segments of the financial system:

⁶ For additional information on GRI Application Levels see:

<https://www.globalreporting.org/resourcelibrary/G3-Application-Levels.pdf>

⁷ The Composite Indicator of Systemic Stress can be found online at:

<http://sdw.ecb.europa.eu/browse.do?node=9551138>

the sector of banks and non-bank financial intermediaries, money markets, securities markets, as well as foreign exchange markets. Yearly data on financial stress in each country were calculated from monthly values and are appropriate for the data on firms' GRI scores, which are measured annually. *Financial volatility* values range from 0 to 1, with higher scores indicating greater levels of volatility. Determining each firm's home country allowed us to link data on national financial volatility to firms' GRI scores. CISS data present an ex post measure of systemic risk (Holló, Kremer & Lo Duca 2012, p. 2). As such, and in order to mitigate issues of endogeneity, financial stress values for the year preceding the GRI reports were used in the regression analyses. This approach to measuring the effects of the financial crisis on GRI marks an important advance on existing studies. Existing studies treat the financial crisis as a single, monolithic event that does not vary over time nor across countries. Indeed, most existing scholarship operationalizes the crisis using a binary indicator distinguishing simply between the pre-crisis and post-crisis periods (e.g., Lopatta & Kaspereit 2014, p. 485). CISS data allows us to examine correlations between volatility and CSR reporting in each of the six years of our data set as well as to capture important fluctuations in volatility in different countries in different years.

We argue that *CISS* data provides a fine grained and compelling measurement of financial volatility. It is important to note that scholars have long used more general macro-economic indicators to control for economic hardship in studies of CSR. As noted above, existing research suggests that the decision to report on CSR commitments is also related to a firm's immediate economic environment. That is, firms will be less likely to engage in and report CSR if operating in "relatively unhealthy economics environments where the possibility of near-term profitability is limited" (Campbell 2007, p. 945). Research measures the relative economic health that firms' encounter in terms of inflation and weak business and consumer confidence. As expected, there are problems of multicollinearity if we were to include these indicators along with our *CISS* data in our regression models. As such, we have performed a series of robustness tests and present the results below. The data, all drawn from World Development Indicators include *Inflation* (higher scores = higher inflation), *Business Confidence* (higher scores = greater confidence), and *Consumer Confidence* (higher scores = greater confidence).

Public Scrutiny

Public scrutiny is measured as the amount of news media coverage of each individual firm in our dataset for the entire period of the study and measured on a yearly basis. To this end, and using the online database Factiva, we searched for all mentions of each individual firm in our dataset by name (either full name or full name and acronym) for each year of our study.⁸ We did this in two ways. First, we coded for all mentions in all the national newspapers in a firm's home country. This provided our measurement of *National public scrutiny*. Second, we coded for all mentions in all newspapers that are not in a firm's home country. This gave us our measurement of *International public scrutiny*. Examining national and international scrutiny separate gives us insight into the unique transnational pressures that firms may face relative to the pressures that they may face at home. However, examining the data shows a very high level of correlation between our two measures of public scrutiny.⁹ Therefore we opted to use a third

⁸ Note that we focus solely on the amount of news media attention that firms receive and not the content or tone of news media articles; i.e. negative versus positive mentions of individual firms. This operationalization is informed by our definition of public scrutiny as firm visibility. A firm's visibility in news media is independent of the content or tone of a news media article and therefore purely determined by amount of attention received (i.e. both positive and negative news media coverage increase the visibility of a firm in the news media).

⁹ The correlation coefficient for *National Public Scrutiny* and *International Public Scrutiny* is 0.83.

indicator, *Public scrutiny*, which combines *National* and *International public scrutiny*. *Public scrutiny* was log-transformed to normalize distribution.

Comparing Financial Services Sector to Other Sectors

Part of our goal in this analysis is to compare the effects of the financial crisis on CSR reporting in finance to firms in other sectors of economic activity. To this end, and using data from the GRI dataset, we have coded all 170 firms in our dataset in terms of their main economic sector of activity, making a key distinction between *Financial Industry Firms* (including banks, insurance providers, and securities firms) and firms from all other sectors. Overall, there are 32 different economic sectors in our data. A full breakdown by sector is available in the appendix.

Control Variables

In addition to operationalizing our hypotheses, we also include several control variables in our analysis. These are largely derived from the broader institutional CSR literature.

First, a central insight in extant studies is that large firms tend to engage in more CSR than smaller firms (Brammer & Pavelin, 2008; Bouten, Everaert, Van Liedekerke, De Moor and Christiaens 2011). Large firms are both more visible to the public than smaller firms and their superior resources make CSR easier to implement. *Firm size* is operationalized using GRI data indicating whether firms in our dataset are (1) small firms, (2) large firms, or (3) multinational firms. A small firm has a headcount under fifty and a turnover and balance sheet under 10 million a year. If a firm exceeds these numbers it is considered a large firm. Multinational firms, on the other hand, are defined as firms that produce goods or deliver services in more than one country.

Second, scholars have pointed out that firms' decisions regarding CSR commitments might be motivated by inter-sector competition. Firms engage in less CSR when there is either too much or too little inter-sector competition. Too much competition means that a firm's profit margins are narrow and that these firms will not want to spend money on CSR. Too little competition, and firms will have little incentive to use CSR to enhance their "competitive advantage" (Porter & Kramer 2002, Campbell 2007, pp. 953-54). We measure competition by combining two different scores using data from the Global Competitiveness Index (GCI): namely, 'domestic competition', and 'foreign competition'. The resulting index, *Competition*, has values ranging from 1 to 5, where 1=very low competition and 5=very high competition.

Third, firms' CSR engagements increase if there are strong and well-enforced state regulations in place to ensure such behavior. Robust legal systems, which effectively protect outside investors, reduce the incentives for insiders to act in irresponsible ways, such as engaging in the manipulation or obfuscation of a firm's earnings to conceal their own rent-seeking behavior (Campbell 2007, p. 955). We use data on countries' legal systems from the *World Justice Projects Rule of Law* index (2012). Year-level data includes values that range from 0 (no legal enforcement) and 1 (perfect legal enforcement).

Fourth, we control for Varieties of Capitalism and for sectoral impact. Firms operating in Liberal Market Economies (LME) face different and more explicit and pronounced pressures to carry out CSR commitments than firm in Coordinated Market Economies (CME) (Kang & Moon 2012). Following data presented in Jackson and Apostolakou (2010, p. 379), we created a dummy variable distinguishing between LMEs and CMEs. LMEs (coded as 1) include the United Kingdom and Ireland. CMEs (coded as 0) include Austria, Belgium, Denmark, Finland, Hungary, Italy, Sweden, Germany, Spain, France, Greece, Netherlands and Portugal. Additionally, we introduce a dummy variable for high impact versus medium-low impact industries. Again, we use data from Jackson and Apostolakou (2010, p. 379). High impact sectors (coded as 1) include automobiles, basic resources, chemicals, construction and

materials, food and beverage, oil and utilities, retail, and utilities. Medium-low impact sectors (coded as 0) include banks, consumer goods, consumer services, financials, insurance, media, technology, telecommunications, and travel and leisure.

Fifth, scholars have pointed out a link between CSR and the business education environment. CSR reporting will be more extensive if firms “operate in an environment where normative calls for such behavior are institutionalized, for example, in important business publications, business school curricula, and other educational venues in which corporate managers participate” (Chih, Chih, & Chen 2010, p.118). The education environment can pose a normative pressure on firms by setting standards for legitimate organization practices (Matten & Moon 2008, p. 412). We measure business education environment using GDI data on the *Quality of management schools*. Values range from 1=worst, to 7=best.

Finally, CSR might be a function of employer-employee relations. The thinking is that CSR reporting is more extensive if firms “belong to trade and employers’ associations, but only if these associations are organized in ways that promote socially responsible behavior” (Campbell 2010, p.960). CSR reporting tends to more extensive when firms engage in institutionalized dialogues with unions, employees, community groups, investors, and other stakeholders. To measure these relations, we again use GCI data on *Labor-Employer Relations*. Scores range from 1-7, where 1=very poor relations, and 7=very good relations.

Analysis and Findings

To test the relative explanatory power of our hypotheses, we estimate a series of multi-level regression analyses with random intercepts at two levels: year and country. As CSR reporting takes on three ordered values, we estimate the models using ordered logistic regression. A test for multicollinearity among our independent variables revealed problems of high correlation between three control variables: *Competition* index, *Legal system*, and *Labor-Employer Relations*.¹⁰ We therefore test *Legal system* and *Labor-Employer Relations* in separate regression models treating the results as a robustness test for our analyses.

Our main regression results are presented Table 1 in four different models. Model 1 is a ‘baseline’ model where we only include our control variables. Models 2 and 3 test H1 and H2 respectively. Model 4 includes all our variables. H3, predicting differences related to firms engaged in financial service provision, is examined in each model via the control variable *Financial services industry* where the reference category is non-financial industry firms.

¹⁰ A correlation matrix of all independent variables is presented in our online appendix.

Table 1: Multi-level Ordinal Logistic Regression Analysis of the Determinants of CSR Reporting

	(1) Baseline	(2) H1	(3) H2	(4) Full
Financial volatility		4.787*** (4.09)		4.512*** (3.78)
Public scrutiny			1.303*** (8.15)	1.299*** (8.05)
Control Variables				
Firm size	1.097 (0.67)	1.095 (0.66)	0.802 (-1.50)	0.802 (-1.50)
Financial services	0.913 (-0.46)	0.912 (-0.47)	0.649* (-2.08)	0.651* (-2.05)
Competition	1.398 (1.02)	1.956* (2.11)	1.251 (0.71)	1.656 (1.60)
Liberal market economy	2.072 (0.54)	1.821 (0.42)	1.445 (0.27)	1.306 (0.19)
High impact sector	1.624** (3.07)	1.627** (3.08)	1.643** (3.05)	1.656** (3.10)
Quality of management schools	0.517 (-1.18)	0.351 (-1.87)	0.692 (-0.67)	0.489 (-1.29)
Cut point 1	-0.33 (3.80)	3.33 (3.44)	0.25 (3.7)1	3.26 (3.49)
Cut point 2	1.97 (3.79)	5.65 (3.45)	2.75 (3.71)	5.78 (3.49)
Log likelihood	-825.97	-817.94	-760.18	-753.06
Observations	1020	1020	970	970

Notes: Odds ratios with t statistics in parentheses. Number of Countries = 15; Number of Year-groups = 90; * p < 0.05, ** p < 0.01, *** p < 0.001

Results in Tables 1 provide strong support for H1, predicting a positive correlation between high levels of financial volatility and more extensive CSR reporting. Specifically, as we can see in model 2, with each additional increase in *Financial volatility* the odds of more extensive CSR reporting are about 4.4 greater. Marginal effects, presented in Figure 2, help interpret these results. In the left-hand figure, we can see that the probability of firms receiving a high CSR reporting score (A) increases from about 40% to nearly 70% as financial volatility moves from 0 (very stable) to 1 (very volatile). At the same time, the probability of having lower CSR reporting scores (B and C) decreases as financial volatility increases. Our findings clearly challenge existing studies predicting a negative correlation between economic hardship and financial crisis and firms' CSR reporting. Importantly, this positive correlation suggests that the link between financial crisis and CSR reporting is not wholly structured by a firm's bottom line. Even though CSR might be costly and an easy thing to jettison during uncertain and economically challenging times, the fact that extensive CSR reporting increases as the crisis deepens reflects our argument that firms understand the importance of rebuilding public trust especially during trying times.

Regression results also support H2. Specifically, there appears to be a strong positive correlation between *Public scrutiny* and more extensive CSR reporting. The news media appear to play a crucial role in bringing firms to the attention of the public and, in turn, pressuring firms to report more extensively on their CSR commitments. As presented in model 3, we see that each additional news media 'mention' increases the odds of more extensive CSR reporting by a factor of about 1.3. The marginal effect of public scrutiny on CSR reporting are also telling. The right-hand figure in Figure 2 shows a marked upswing in the probability of firms

having higher CSR reporting scores as *Public scrutiny* increases, moving from a 20% probability to about an 80% probability. As expected, the probability of having lower CSR scores decreases as public scrutiny increases. Firms facing intense news media coverage appear to engage in more extensive CSR reporting.

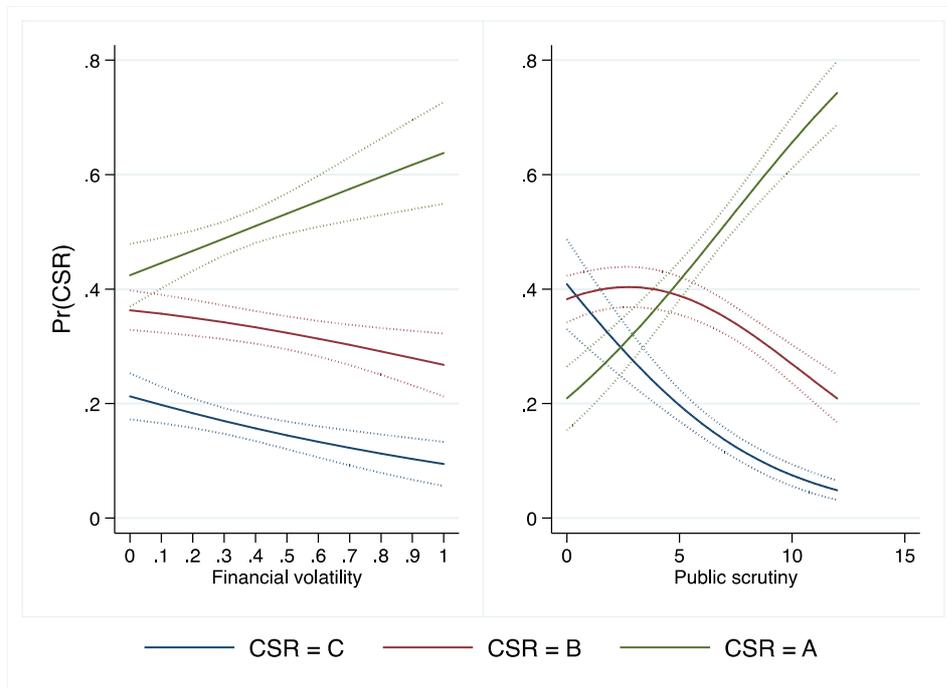


Figure 2. Marginal effects of Financial Volatility and Public Scrutiny on CSR Reporting
 Note. Results are based on estimations in models 2 and 3 respectively. The solid line depicts the marginal effects on the dependent variable. Dotted lines depict the 95% confidence intervals of the marginal effect.

The results for H3, examining potential sector-specific differences related to firms operating in the financial services industry, are mixed. The results are either not significant (as in models 1 and 2) or significant but negatively correlated with CSR reporting (as in models 3 and 4). While this finding may appear to contradict our expectations in H3, we need to be careful in interpreting the results as they are likely sensitive to differences in the specifications in our various models. Indeed, examining marginal effects for *Financial volatility* and *Public scrutiny* can shed some light on these differences between finance and firms in other sectors. Figure 3, plotting the marginal effects for *Financial volatility* and *Public scrutiny* on CSR reporting (based on the results in models 2 and 3 respectively) show that there are actually few differences between financial service providers and firms in other sectors. In both cases, we can see that the likelihood of firms receiving a high CSR reporting score increases dramatically as *Financial volatility* and *Public scrutiny* increase. While financial service providers have slightly higher values than firms in other sectors, these differences are non-significant given overlap in confidence intervals.

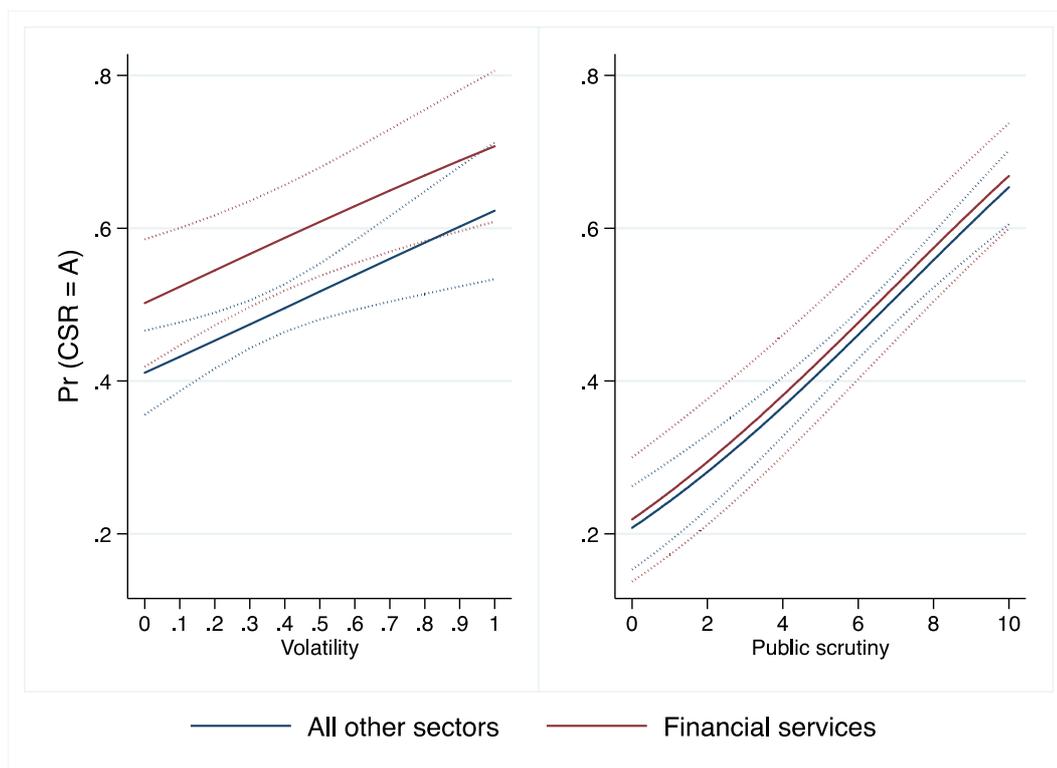


Figure 3. Effects of Financial Volatility and Public Scrutiny on CSR Reporting

Note. Based on estimations in models 2 and 3. CSR = A (outcome 3). The solid line depicts the marginal effects on the dependent variable. Dotted lines depict the 95% confidence intervals of the marginal effect.

While it seems that there are only negligible differences between financial firms and firms in all other sectors, there are nevertheless large differences in actual news media coverage. In fact, our data shows that public scrutiny disproportionately targets finance, at least in the time period covered in this analysis. Indeed, from 2007 to 2012 firms operating outside of finance received about 4300 news media mentions per year. By contrast, finance, in the same time period, has anywhere from 12,000 mentions in 2007 to nearly 30,000 mentions in 2012. While public scrutiny may drive firms to increase extensive CSR reporting, the impact of public scrutiny on CSR reporting is not incremental, where each new news media mention leads to proportionate increases in CSR. Turning quiet politics loud is not a function of the raw *amount* of news media mentions. Instead, the process appears to require a certain threshold of increased new media attention and additional mentions above this do not add significantly to how public scrutiny affects CSR reporting. Financial sector firms are perhaps slightly less sensitive to news media attention, but they are certainly not impervious to its effects.

Robustness Tests

We provide two tests for the robustness of our results to assess the sensitivity of our models to alternative specifications. Results are presented in Table 2.

Table 2. Multi-level Ordinal Logistic Regression Analysis of the Determinants of CSR Reporting

	(1)	(2)	(3)	(4)	(5)
Financial volatility				3.772*** (3.40)	4.777*** (3.80)
Public scrutiny				1.301*** (8.11)	1.302*** (8.14)
Alternative Indicators for Economic Hardship					
Inflation	1.012 (0.18)				
Consumer confidence		0.992 (-0.26)			
Business confidence			0.872* (-2.54)		
Alternative Indicators for Competition					
Legal system				0.131 (-0.56)	
Labour-employer relations					1.715 (1.45)
Control Variables					
Firm size	1.097 (0.67)	1.097 (0.67)	1.103 (0.71)	0.804 (-1.49)	0.798 (-1.53)
Financial services	0.913 (-0.46)	0.912 (-0.47)	0.922 (-0.41)	0.655* (-2.03)	0.648* (-2.08)
Competition	1.411 (1.04)	1.450 (1.04)	0.901 (-0.31)		
Liberal market economy	2.061 (0.53)	2.044 (0.52)	1.463 (0.30)	0.455 (-0.56)	1.392 (0.26)
High impact sector	1.624** (3.07)	1.623** (3.07)	1.641** (3.13)	1.664** (3.13)	1.660** (3.11)
Quality of management school	0.512 (-1.19)	0.490 (-1.19)	1.021 (0.04)	1.027 (0.07)	0.662 (-0.93)
Cut point 1	-0.21 (3.84)	-0.81 (4.23)	-17.21 (7.45)	-2.11 (2.61)	-0.29 (2.11)
Cut point 2	2.09 (3.84)	1.49 (4.23)	-14.89 (7.44)	0.39 (2.61)	2.21 (2.11)
Log likelihood	-825.95	-825.93	-822.03	-752.63	-753.34
N	1020	1020	1016	964	970

Notes: Odds ratios with t statistics in parentheses. Number of Countries = 15; Number of Year-groups 90

* p < 0.05, ** p < 0.01, *** p < 0.001

The first test is related to our main finding, namely that financial volatility drives firms to increase, rather than decrease, the extensiveness of their CSR reporting. It is important to provide a robustness test for this finding given the extent to which it challenges existing scholarship. To this end, models 1, 2 and 3 examine the determinants of CSR using alternative measures for financial volatility mentioned above, namely *Inflation*, *Consumer confidence*, and *Business confidence*. Results for *Inflation* and *Consumer confidence* show no significant differences in the models while *Business confidence* shows a negative correlation with CSR. In other words, as *Business confidence* decreases, firms engage in more extensive reporting of their CSR commitments. These results provide more support for our main finding and suggest that our *Financial volatility* indicator is not driving the results in a particular direction.

One other remaining challenge to our findings is that our results are unique to Europe and / or the European sovereign debt crisis. European firms traditionally engage in 'implicit' forms of CSR (Koos 2012) and their response to the financial crisis may have resulted in exaggerated forms of 'explicit' CSR (leaving implicit CSR structures unchanged). However, our analysis includes an important distinction between liberal market economies, where scholars have identified that explicit forms of CSR are most prevalent, and coordinated market economies, where we tend to see implicit CSR. The results in Tables 1 and 2 suggest that our

indicator *Liberal market economy* shows no significant differences in any of the models and hence between these ‘varieties’ of welfare capitalism. Further tests of the reliability of our findings would require extending our analysis to other countries or regions, but at the same time retaining a fine-grained measure of financial volatility consistent with the data use here.

Lastly, as a result of issues of multicollinearity discussed above, we were unable to include several control variables that are commonly used to examine institutional determinants of CSR. In our robustness tests (models 4 and 5) we replaced *Competition index* with two alternative indicators: *Legal system* and *Labor-employer relations*. Given their highly-correlated nature, it is perhaps not surprising that these alternative indicators, like the *Competition index*, show no significant differences in any of our models. More importantly, by changing model specifications we did not affect our findings in our main models and hence there is little evidence that these main models are not sensitive to these changes in model specifications.

Conclusions

Our analysis examines the determinants of CSR reporting and, in particular, the effects of the financial crisis and public scrutiny on CSR reporting of firms operating in the financial sector. Our main aim was to present and test a more theoretically rigorous framework for how financial volatility and visibility impacts firms’ CSR decisions. As such, we build on recent advances in the CSR literature related to institutionalism. We also challenge the view that firms will jettison CSR commitments during times of economic hardship and financial volatility. We argue that financial crises carry important non-economic costs, especially those related to a firm’s position in society, declining levels of trust, and the fear of more stringent national and supranational regulation. Financial crises, or moments of extreme financial volatility, have demonstration effects that can implicate firms from certain economic sectors in a crisis and thereby shine a light on their behavior. The news media also plays an important role in drawing public attention to these same firms. Taken together, demonstration effects can drive firms to rebuild public trust by engaging in more extensive reporting on their CSR commitments.

We tested these arguments using a unique dataset. Results supported both of our hypotheses: increased financial volatility and increased public scrutiny are strongly and positively correlated with more extensive CSR reporting. However, our results show that financial service providers are not uniquely susceptible to the pressures related to firm visibility even during times of extreme financial volatility. Instead, our findings show that finance is slightly more resistant to these effects. While financial firms *do* tend to respond to public scrutiny by engaging in more extensive CSR reporting, this effect is not proportional to the extreme levels of public scrutiny they faced especially during the height of the financial crisis.

Our analysis contributes to a growing literature on the institutional determinants of CSR. In addition to challenging the view that economic hardship has a negative impact on CSR, our analysis builds on recent research in the field of international business studies. In particular, while most studies examine financial crises using a dummy variable for the crisis, we use a fine-grained measure that captures the transnational and systemic character of financial volatility. Moreover, we include an indicator measuring public scrutiny that captures news media attention both nationally and internationally.

Our analysis focused exclusively on European firms. This had the benefit of allowing us to control for various contextual factors that are otherwise difficult to observe in statistical analyses of this kind. Nevertheless, the question remains about generalizing our findings beyond Europe. To what extent, for instance, have US-based firms reacted to the same pressures in the same way? Further studies could use our approach to examining demonstration effects and public scrutiny in different contexts and perhaps also for longer time periods. Barring that, scholars could also expand on our dataset by including more European countries. Eastern

European countries are unfortunately absent from our dataset (a function of data availability). While these data are not readily available in the GRI data, one approach would be to merge GRI data with other sources, like the Dow Jones Sustainability Index and the KMPG International Survey of CSR Reporting. One challenge of doing this, however, is determining how to merge data that tends to measure the same thing but in different ways. Indeed, part of the larger problem is settling on a definition, and consequently measurement, of CSR. As Votaw (1972, p. 25) pointed out decades ago, “corporate social responsibility means something, but not always the same thing to everybody”. Further, our empirical analyses focused on the reporting of CSR, assuming a close interconnection between actual CSR commitments and CSR reporting. Further research should test whether firms actually increase both their CSR reporting and their CSR activities, or that the CSR reporting is rather symbolic and firms simultaneously decrease actual investment in CSR.

Our results have specific scholarly and policy implications. First, while not our primary focus, our analyses found only little evidence supporting many of the main explanations of CSR in the existing literature. Specifically, we found little evidence that labor-employer relations, consumer confidence, quality of management schools, inflation, or a country’s legal system have any bearing on CSR reporting. This stands in sharp contrast to leading existing studies. Of the ‘usual suspects’, only competition, business confidence, and sector impact appear to affect a firm’s reporting on CSR commitments. These results, especially as they relate to labor-employer relations and quality of management schools, have direct policy implications. Policies meant to enhance CSR based on manipulating these factors are therefore very likely off base. Instead, a firm’s decision to engage in, and report on, CSR is far more a function of exogenous factors that governments would be hard pressed to transform into policy initiatives. This finding also supports the view that most CSR reporting is ‘reactive’ rather than ‘proactive’. As our results show, extreme financial volatility and increased news media attention are key to getting firms to engage in more extensive reporting of their CSR efforts. Pressure to increase CSR commitments have less to do with a firm’s bottom line and more to do with non-economic concerns over their public reputation and perceptions of trust amongst the general public.

Appendix

Table A1: Descriptive Statistics

	Mean	Std. Deviation	Min	Max
CSR	4.40	1.67	1	3
Financial volatility	0.35	0.21	0.04	0.94
Public Scrutiny (log)	5.66	2.80	0	11.36
Firm Size	2.05	0.51	1	3
Competition	3.86	1.27	1	5
Financial service providers	0.15	0.36	0	1
Quality of management schools	5.24	0.54	3.7	6.16
Legal system	0.73	0.12	0.54	0.89
Liberal market economy	0.12	0.32	0	1
High impact sector	0.42	0.49	0	1
Labour-employer relations	4.82	0.77	3.33	6.32
Business confidence	100.01	1.57	95.04	102.84
Consumer confidence	101.20	2.93	95.66	108.74
Inflation	2.24	1.31	-4.48	7.94

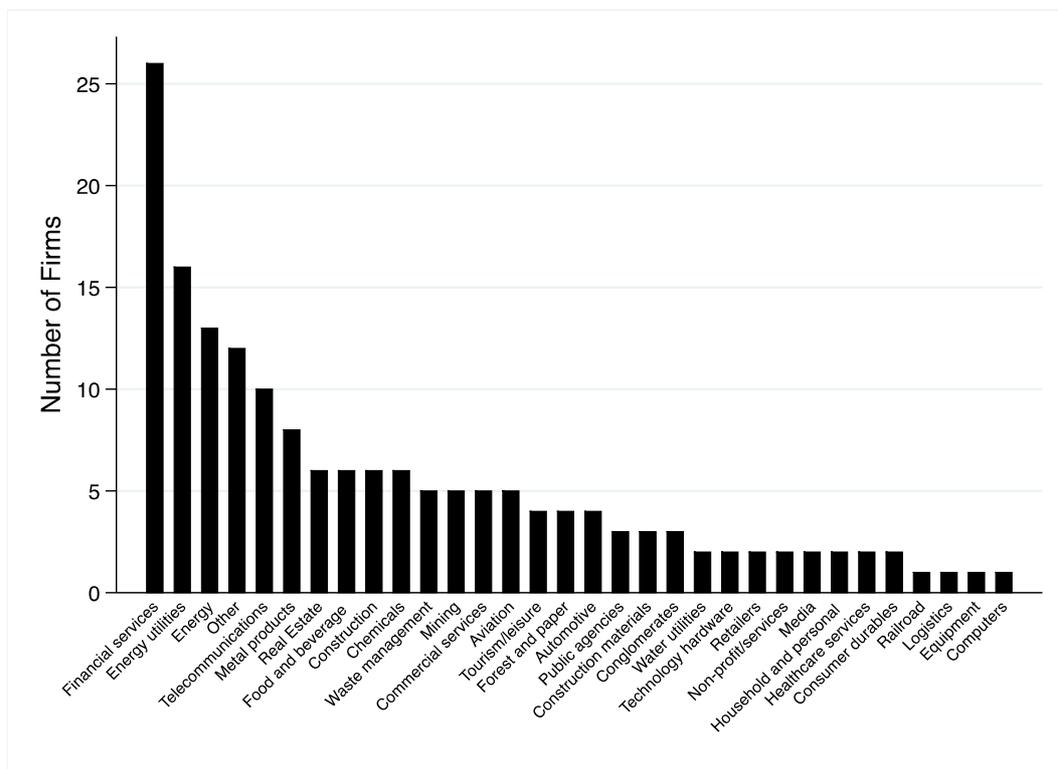


Figure A2: Number of Firms by Economic Sector

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Table A3: Correlation Matrix

	Financial volatility	Public scrutiny	Firm size	Financial services	Competition	Liberal market economy	High impact sector	Quality of management school	Inflation	Consumer confidence	Business confidence	Legal system	Labour-Employer relations
Financial volatility	1												
Public scrutiny	0	1											
Firm size	-0.06	0.26	1										
Financial services	-0.02	0.13	0.02	1									
Competition	-0.41	-0.03	0.01	-0.01	1								
Liberal market economy	-0.12	0.22	0.1	-0.06	0.27	1							
High impact sector	0.03	-0.01	0.08	-0.36	-0.05	0.04	1						
Quality of management school	-0.18	-0.03	-0.1	-0.11	0.65	0.22	0.02	1					
Inflation	0.12	0.08	0.07	-0.01	-0.16	0.21	-0.01	-0.12	1				
Consumer confidence	-0.25	-0.04	0	0.01	0.22	-0.05	-0.03	0.07	-0.74	1			
Business confidence	-0.13	-0.03	0	0.01	0.08	-0.02	0.01	0.13	0.25	-0.46	1		
Legal system	-0.38	-0.12	-0.05	-0.02	0.88	0.15	-0.09	0.61	-0.21	0.21	0.17	1	
Labour-Employer relations	-0.4	-0.15	0.01	0.05	0.85	0.14	-0.04	0.43	-0.14	0.2	0.19	0.86	1

Table A2: Firms and their Home Countries

Country	Company name		
		Greece	Wind Hellas Telecommunication
Austria	AGR	Hungary	Magyar Telekom
Austria	OMV	Hungary	MOL Group
Austria	VERBUND	Hungary	OTP Bank
Belgium	Bond Beter Leefmilieu Vlaanderen	Ireland	CRH
Belgium	Nyrstar	Italy	A2A spa
Belgium	Protos	Italy	Acea
Denmark	Cheminova	Italy	Assicurazioni Generali S.p.A.
Denmark	Eksport Kredit Fonden (EKF)	Italy	Autogrill S.p.A.
Denmark	Novozymes	Italy	Buzzi Unicem
Finland	Componenta	Italy	Centrale del Latte di Firenze Pistoia
Finland	OutoKumpu	Italy	Livorno (Mukki)
Finland	Vaisala Oyj	Italy	Edison
Finland	Vantaan Energia	Italy	Enel
Finland	Wärtsilä Corporation	Italy	Eni S.P.A.
France	Atos	Italy	Filca
France	PSA Peugeot Citroën	Italy	Indesit
France	Suez Environment	Italy	Intesa Sanpaolo
France	Technip	Italy	Iren
France	Telecom – Orange	Italy	Novamont
Germany	BASF SE	Italy	Piaggio Group
Germany	Bayer AG	Italy	Romagna Acque
Germany	BSH Group	Italy	Telecom Italia
Germany	Deutsche Bank	Italy	Terna
Germany	Deutsche Post DHL	Italy	UBI Banca
Germany	Deutsche Telekom	Italy	Unicredit
Germany	E.ON	Netherlands	Ahold
Germany	EnBW AG	Netherlands	Alliander
Germany	Evonik Industries	Netherlands	Amsterdam RAI
Germany	HypoVereinsbank (HVB)	Netherlands	ASN Bank
Germany	Landesbank Baden-Württemberg (LBBW)	Netherlands	Delta Lloyd
Germany	Munich Airport	Netherlands	DSM
Germany	Studiosus Reisen	Netherlands	HVC
Greece	ALPHA Bank	Netherlands	ING Group
Greece	Corinth Pipeworks	Netherlands	Rabobank
Greece	Cosmote Mobile S.A.	Netherlands	Royal Dutch Shell
Greece	Elval	Netherlands	Royal Wessanen
Greece	Halcor	Netherlands	Schiphol Group
Greece	Hellenic Organization S.A. (OTE)	Netherlands	TNO
Greece	National Bank of Greece	Netherlands	Triodos Bank Internationaal
Greece	S&B Industrial Minerals	Netherlands	Van Gansewinkel Group
Greece	TITAN CEMENT	Netherlands	

Portugal	Corticeira Amorim	Sweden	Fagerhult Group
Portugal	EDP	Sweden	Holmen
Portugal	Lipor	Sweden	Lantmännen
Portugal	Millennium Banco Comercial Português	Sweden	LKAB
Portugal	SOMAGUE Engenharia	Sweden	Nordea Bank
Spain	A Coruña Port Authority	Sweden	RISE Holding
Spain	Abeinsa	Sweden	Samhall
Spain	Abengoa	Sweden	SAS Group AB
Spain	Abengoa Bioenergía	Sweden	SBAB
Spain	Abengoa Solar	Sweden	SCA - Svenska Cellulosa Aktiebolaget
Spain	Abertis	Sweden	SJ
Spain	AENA	Sweden	SKF Group
Spain	Aguas de Murcia	Sweden	Specialfastigheter Sverige
Spain	Consejo General de Colegios Oficiales de Farmacéuticos de España	Sweden	SSAB
Spain	Consum	Sweden	Sveaskog
Spain	Deloitte	Sweden	SVEDAB
Spain	Eduvic	Sweden	Svensk Bilprovning
Spain	Enagas S.A.	Sweden	Svenska Spel
Spain	Endesa	Sweden	Svevia
Spain	Fluidra	Sweden	Swedish Export Credit Corporation (SEK)
Spain	Gamesa	Sweden	Systembolaget
Spain	Grupo ACS	Sweden	TeliaSonera
Spain	IBERCAJA BANCO, S.A.U	Sweden	Teracom AB
Spain	ITP (Industria de Turbo Propulsores)	Sweden	Trelleborg Group
Spain	La Farga Group	Sweden	Vasallen
Spain	Mutua Universal	Sweden	Volvo Car Corporation
Spain	NH Hoteles	UK	AMEC
Spain	OHL Group	UK	Anglo American PLC
Spain	Red Electrica de España	UK	Barclays
Spain	Repsol YPF	UK	Berkeley Group
Spain	Sanitas	UK	BG Group
Spain	SegurCaixa Holding	UK	BP
Spain	TERSA	UK	BT Group
Sweden	Akademiska Hus	UK	Cairn
Sweden	Almi Företagspartner	UK	Crest Nicholson
Sweden	Assa Abloy	UK	Deloitte LLP
Sweden	Atlas Copco	UK	InterContinental Hotels Group (IHG)
Sweden	Atrium Ljungberg	UK	Johnson Matthey
Sweden	Bilprovning	UK	Logica
Sweden	BostadsGaranti	UK	Reckitt Benckiser
Sweden	Dramaten	UK	Reed Elsevier
Sweden	Electrolux	UK	Rio Tinto
Sweden	Ericsson	UK	SABMiller

UK	Santander UK
UK	The Co-operative
UK	Vedanta Resources

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