

Analysis of the circular relationship between corporate reputation and the creation of patrimonial value

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ABSTRACT Determining if companies should incorporate social aspects in their management strategies to satisfy the expectations of their different stakeholders presents theoretical postures and previous empirical evidence both for and against it. The objective of this study consists of analyzing the existing relationship between corporate reputation and the creation of patrimonial economic value in the companies sought-after in the Spanish stock market in the 2000-2012 period by applying a methodology of panel data. The obtained results show us that reputation has a positive influence in the creation of patrimonial economic value and that, at the same time, a higher company value leads to a higher corporate reputation showing a bi-directional relationship, which provides feedback to the two variables that are the subject of this study. These results have important implications for management as they legitimize the integration of corporate social responsibility practices in big Spanish companies sought-after in the stock market.

KEYWORDS shareholders, value creation, panel data, interest groups, Tobin's Q Ratio, corporate reputation.

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Análisis de la relación circular entre reputación corporativa y creación de valor económico patrimonial

RESUMEN Determinar si las compañías deben incorporar aspectos sociales en sus estrategias de gestión conducentes a satisfacer las expectativas de sus distintos *stakeholders* presenta posturas teóricas y evidencia empírica previa tanto a favor como en contra. El objetivo del presente estudio consiste en analizar la relación existente entre reputación corporativa y creación de valor económico patrimonial en las empresas cotizadas en el mercado bursátil español durante el periodo 2000-2012 aplicando una metodología de datos de panel. Los resultados obtenidos nos indican que la reputación influye positivamente en la creación de valor económico patrimonial, y que, al mismo tiempo, un mayor valor empresarial repercute en una mayor reputación corporativa, dando muestras de una relación bidireccional que retroalimenta las dos variables objeto de estudio. Estos resultados tienen importantes implicaciones para la gestión, ya que legitiman la integración de prácticas de responsabilidad social corporativa en las grandes empresas españolas cotizadas en bolsa.

PALABRAS CLAVE accionistas, creación de valor, datos de panel, grupos de interés, ratio q de Tobin, reputación corporativa.

Análise da relação circular entre reputação corporativa e criação de valor econômico patrimonial

RESUMO Determinar se as companhias devem incorporar aspectos sociais em suas estratégias de gestão conducentes para satisfazer as expectativas de seus distintos *stakeholders* apresenta posturas teóricas e evidência empírica prévia tanto a favor quanto contra. O objetivo do presente estudo consiste em analisar a relação existente entre a reputação corporativa e a criação de valor econômico patrimonial nas empresas cotadas no mercado da bolsa de valores espanhola durante o período 2000-2012 aplicando uma metodologia de dados de painel. Os resultados obtidos indicam-nos que a reputação influi positivamente na criação de valor econômico patrimonial, e que, ao mesmo tempo, um maior valor empresarial repercute em uma maior reputação corporativa, dando mostras de uma relação bidireccional que retroalimenta as duas variáveis objeto de estudo. Estes resultados têm importantes implicações para a gestão, já que legitimam a integração de práticas de responsabilidade social corporativa nas grandes empresas espanholas cotadas na bolsa.

PALAVRAS CHAVE acionistas, criação de valor, dados de painel, grupos de interesse, proporção q de Tobin, reputação corporativa.

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Introduction

Corporate reputation is often identified with a company's public image or brand. However, this is a much broader concept that involves not only the external image but also the internal image that various stakeholders have about the company. In particular, reputation is the result of a long process that begins with the behavior of the company towards its participants. Later, specialized intermediaries who analyze disperse information and disseminate it take part in this process. Finally, economic agents evaluate the company and generate perceptions based on their relation with it and the information received from specialized intermediaries.

In this sense, corporate reputation may be defined as the general perception of a company's capacity to satisfy stakeholders' expectations, both in terms of behavior and informative transparency. It is, therefore, a very relevant intangible asset that in the last few years has generated interest not only from scholars but also from professionals, whether they are managers, analysts or investors. In addition, corporate reputation is a source of competitive advantage because it works as a strategic resource and a dynamic capacity that provides value when used strategically (Martinez & Olmedo, 2010).

From the academic point of view, there is a theoretical and empirical debate about the need to incorporate the relationship with stakeholders into management strategies. On the other hand, from a professional point of view, managers are interested in knowing the implications of incorporating social responsibility principles in their companies with the purpose of improving strategic relations with stakeholders. Also, institutional investors and portfolio managers are increasingly interested in the stock market impact of these measures and they also want to know if this type of management can increase the company's market value.

Nevertheless, previous empirical evidence that analyzes the nature of the relationship between corporate reputation and the creation of patrimonial value does not provide conclusive results. This is caused by a series of limitations such as the lack of theoretical foundations, the use of unsuitable variables to measure reputation or value, the specification of simplistic

models that provide non-robust estimations which can lead to false results and the use of databases with minimum variability in terms of the underlying characteristics of companies. In this context, the objectives of this study are to provide additional empirical evidence to solve the limitations mentioned above and to provide robust results with respect to the nature of the relationship between corporate reputation and the creation of patrimonial value in the Spanish stock market for 2000 to 2012.

One of the contributions of this work is the analysis of a long time frame of over ten years of study. It includes some first years of expansion, as well as other years characterized by a strong international financial crisis. In order to control that macroeconomic impact and the specific effects for each company, a panel data analysis was chosen. Various methods such as those traditionally used (ordinary least squares, fixed or random effects) and the generalized method of moments are applied. This allows for conclusive results about the relationship between the two variables studied.

Specifically, the results obtained indicate that reputation influences the creation of patrimonial value in a positive way. Simultaneously, a greater business value implies a greater corporate reputation, which demonstrates a bidirectional relation that provides feedback for both variables studied. These results have important implications for management, because they legitimize the integration of social responsibility practices in major Spanish companies, as will be discussed throughout the text.

The rest of this work is structured as follows. The second section describes for and against theoretical positions about the incorporation of social aspects into management strategies. The third section describes the hypothesis studied about the nature of the relationship between the social strategy and patrimonial value. The group of Spanish companies with the best reputation during the 2000-2012 period is presented in the following section. The fifth part deals with the results obtained from the analysis of the relationship between reputation and value creation and the sixth section describes the conclusions and implications for management deriving from this study.

The stakeholder theory and intelligent value creation

The question of whether companies should incorporate social aspects into their management strategies in order to meet the expectations of the different stakeholders has for and against theoretical positions. On the one hand, we have the neoclassical position advocated by Friedman (1970), who argues that a company's responsibility is to use its resources in efforts to maximize profits, acting according to basic society rules incorporated in the law and ethical practices. Therefore, the social function of the company should be guaranteeing that the value of the results obtained is not inferior to the value of the resources used. This is achieved when companies maximize their benefits or the value of the owners or shareholders' equity. That is why it can be concluded that companies should maximize that value. When this is achieved, according to Friedman (1970) the company's contributions to society will be optimized. This implies that any other activity that prevents the company from maximizing patrimonial value will be unacceptable, since misallocation of resources may be taking place.

The neoclassical position argues that a company's management should only revolve around the interests of its owners or shareholders. In contrast with this position, we have the so-called stakeholder theory developed by Freeman (1984), which considers that the company does not belong to one single person (owner or shareholder), but it must be understood from the point of view of the plurality of stakeholders involved and who, therefore, make it possible. In this sense, the objective of a company should not be maximizing market value but making sure that the company creates value for all stakeholders, including employees, consumers, local communities, environmental or natural resources, etc.

According to this theory, some authors such as Post, Preston & Sachs (2002) argue that companies should involve all the necessary social aspects, regardless of costs incurred in this process and the income produced by it. Conversely, other authors like Jensen (2002) agree with the idea that a company's objective must be to maximize its patrimonial value while incorporating measures of social nature in management, which should be proposed in terms of value creation. Therefore, it is important to know whether these measures are profitable for the company or if they allow for

the maximization of value for shareholders, which Jensen (2002) calls "intelligent value creation".

In this context, the objective of this study is to analyze whether social strategy policies adopted by the Spanish corporations, which are measured through their corporate reputation, can affect the company's market value and therefore its value for shareholders, contributing to the generation of the so-called "intelligent value" of a company.

Theoretical approach on the relationship between reputation and creation of patrimonial value

Before the empirical analysis, it is necessary to present the different alternatives that exist regarding the relationship between reputation and value creation, as well as the hypothesis that support that possible link. To do this, we used the conceptual framework developed by Preston & O'Bannon (1997), which was subsequently extended by Gomez (2008), to summarize the theoretical foundations of the relationship between social and financial performance shown in table 1. This table also presents different study alternatives, the possible results that they could provide and the name of the hypothesis associated to such results.

According to Preston & O'Bannon (1997), three possible alternatives to study the relationship between reputation (understood as the result of a company's social performance) and value creation can be found. First of all, the most widespread approach analyzes only the possible impact of corporate reputation on the creation of the company's patrimonial value. A second alternative would be to analyze the influence of value creation on social responsibility policies aimed at improving the relationships with the company's stakeholders. The last alternative is not very common and implies the analysis of existing synergies between both variables.

Specifically, when value creation is the dependent variable and the objective of the study is to analyze the influence of reputation as a result of social responsibility policies, there are two alternative hypotheses to explain possible outcomes. On the one hand, a positive result would be explained by the social impact hypothesis, which holds that when the company is able to manage efficiently the relationships with its stakeholders,

TABLE 1. Alternative hypotheses on the relationship between social and financial performance

	SIGN OF THE RELATIONSHIP		
	Positive	Neutral	Negative
Social → Financial	Social impact hypothesis	Moderating variable hypothesis	Trade-off hypothesis
Social ← Financial	Resource availability hypothesis		Managerial opportunism hypothesis
Social ↔ Financial	Positive synergy		Negative synergy

Source: Preston & O'Bannon (1997) and Gómez (2008)

it will get a competitive advantage that will allow it to generate long-term value for the company (Freeman, 1984; Agnihotri, 2014). On the other hand, a negative result would be explained by the trade-off hypothesis. It argues that the high costs of social responsibility actions represent a significant decline in the companies' profits, which puts them in a position of disadvantage when compared to others and prevents them from generating patrimonial value (Friedman, 1970).

On the contrary, if company reputation is the dependent variable, the objective is to analyze the influence of value creation on it. In this case, two alternative hypotheses may be considered to explain the possible results that can be found. The positive relationship would be explained by the so-called *hypothesis of resource availability* (Waddock & Graves, 1997), which states that the greater value creation in the company, the greater possibilities to satisfy adequately the interests of all participants or stakeholders, which will facilitate the consolidation of the company's reputation. On the other hand, the theoretical foundation of a negative result would be the *managerial opportunism hypothesis*, which suggests that the objectives pursued by managers may be different from those pursued by owners and other interest groups (Williamson, 1985). According to this, whereas managers' objectives are short term and focus on immediate results, owners or shareholders have long-term objectives.

Finally, as noted by Preston & O'Bannon (1997), if both types of analyses have a positive result, we would be talking about the existence of positive synergies between both variables. On the other hand, if the results were negative, there would be negative synergies. However, by tradition, the previous empirical evidence has found a positive relationship between both variables (Brown, 1997; McMillan & Joshi, 1997; Srivastava et al., 1997; Brown, 1998; Vergin & Qoronfleh, 1998; Black et al., 2000; Jiao, 2010) when the samples analyzed belonged to American companies.

However, the analysis carried out in other countries such as Denmark (Rose & Thomsen, 2004), Germany (Eberl & Schwaiger, 2005) or Australia (Inglis et al., 2006) indicates the existence of a neutral relationship. In this sense, the work carried out by Gomez (2008) must be highlighted, as it adds the *moderating variable hypothesis* to the ones proposed by Preston & O'Bannon (1997) to explain neutrality or the lack of significance found in the relationship between both variables based on other explanatory variables that might be affecting such relationship. Therefore, Gomez (2008) considers that a multivariate analysis is the best framework to differentiate the hypotheses previously mentioned. In this context, the objective of this study is to analyze what kind of relationship exists between reputation and patrimonial value creation and use this information to analyze the case of companies listed on the Spanish stock exchange.

Spanish companies with the best reputation

In order to compare the hypothesis described in the previous paragraph, it is important to know what Spanish publicly-traded companies have better corporate reputation. Information on corporate reputation has been obtained from the Merco ranking. This index ranks the 100 Spanish companies with the best corporate reputation since 2001 up to the present¹.

It is similar to the Fortune ranking, which is widely used as previous empirical evidence in our country (Fernández & Luna, 2007; Delgado et al., 2010 and 2013; Baraibar & Luna, 2012). Six variables are considered by Merco for its annual ranking: financial results, quality of the commercial

¹ Although the first report was published in the first trimester of 2001, it referred to year 2000, when this study began.

offer, internal reputation, ethics and corporate responsibility, international dimension and innovation. These, in turn, are broken down into three subsections, as shown in table 2.

TABLE 2. Variables considered by the Merco ranking

Economic and financial results	Accounting profits
	Profitability
	Quality of economic information
Quality of the commercial offer	Product values
	Brand values
	Customer service
Internal reputation	Job quality
	Ethical and professional values
	Identification with the company's project
Ethics and corporate responsibility	Ethical corporate behavior
	Commitment to the community
	Social and environmental responsibility
International dimension	Number of countries where it operates
	Volume of business abroad
	International alliances
Innovation	R+D investments
	New products and services
	New channels

Source: Spanish monitor of corporate reputation

The methodology used in this ranking consists, first, in applying a survey to the members of managerial committees of all the companies with a yearly turnover of above 50 million euros in Spain. Second, an assessment from experts is made: a) members of the Institute of Financial Analysts assess the companies' economic and financial results and the quality of their economic information; (b) consumer associations² evaluate product and service quality and respect for consumer rights; c) people involved with non-profit organizations³ assess the companies' commitment

with the community as well as their social and environmental responsibility; (d) trade unions assess internal reputation and job quality; (e) opinion leaders assess the provisional ranking of leaders. Subsequently, the results of the Merco ranking are incorporated into an analysis of the consumer's perspective. Then, the results of Merco-personas are added to an analysis from the workers' perspective. Finally, technicians of the institute in charge (Análisis e Investigación) verify the reputation of each of the companies included in the provisional corporate reputation ranking⁴ by means of a "questionnaire of merits".

This thorough methodology used by the Spanish monitoring company allows for an aggregate measurement of the stakeholders' perception on the companies analyzed. However, it is worth noting that not all companies with good reputation are traded on the Spanish stock exchange. One of the reasons is that they are multinational companies listed in their home markets and not in the Spanish one (some examples include Coca-Cola, IBM, Siemens, etc.). Another reason is that large Spanish companies like El Corte Inglés and Mercadona, which are usually part of the ranking, have decided not to trade on the stock market. Apart from these exceptions, table 3 includes the Spanish quoted companies included by the Merco ranking for the period studied. They are classified according to the industrial sector that they belong to. As it can be seen, the most widely represented sectors are: financial, industrial, consumer services and utilities. Companies included in the ranking during the study period also belong to these sectors. They are: ACS, Banco Popular, Banco Santander, Bankinter, BBVA, Endesa, Ferrovial, Gamesa, Gas Natural, Iberdrola, Mapfre, Repsol YPF, Sol Melia and Telefonica. This information shows the persistence of this quality in Spanish corporations.

2 Spanish Association of Housewives, Consumers and Users (Ceaccu), Spanish Association of Cooperatives, Consumers and Users (Hispacoop), the Association of Communication Services Users (AUC), the Association of Consumers and Users (CECU).

3 Ecology and Development Foundation, Help in Action, Spanish Association of Foundations, Cermi, Ibero-American Association of Foundations, Red Cross, + family Foundation, Professionals for Ethics, Save The Children,

Spanish Society of Ornithology, Solidarity for Development, Transparency International (two non-profit organizations chose to remain anonymous).

4 The results of these yearly reports can be found at www.merco.info/es

TABLE 3. Companies with the best corporate reputation

INDUSTRY	SECTOR	NAME
Consumer goods	Food	Campofrío, Ebro Puleva
	Tobacco	Altadis
Financial	Banking	Banco Popular, Banco Sabadell, Banco Santander, Banesto, Bankia, Bankinter, BBVA, Caixabank
	Insurance	Catalana Occidente, Mapfre
	Real estate investments and services	Inmobiliaria Colonial, Fadesa, Urbis, Metrovacesa
Industry	Construction	Abengoa, Acciona, ACS, Dragados, Ferrovial, FCC, OHL, Portland, Sacyr Vallehermoso
	Transportation	Abertis, EADS
	Security services	Prosegur
Oil & Gas	Alternative energies	Gamesa
	Oil & Gas producers	Petróleos (Cepsa), Repsol YPF
Health	Pharmaceuticals and biotechnology	Grifols, Zeltia
	Dressmaking	Adolfo Domínguez, Carrefour, Cortefiel, Inditex
Consumer services	Media	Antena 3, Prisa, Vocento
	Traveling and leisure	Iberia, NH Hoteles, Sol Meliá, Vueling
Technology	Software and computer services	Indra
Telecommunications	Fixed line services	Telefónica
	Mobile services	Telefónica Móviles
Utilities	Gas and water	Enagas, Gas Natural
	Electricity	Endesa, Iberdrola, Unión Fenosa, Red Eléctrica Corporación

Source: DataStream database

Nature of the relationship between reputation and patrimonial value creation

After knowing the names of some of the most reputable quoted Spanish companies, the objective is to assess the relationship between this aspect and patrimonial value creation. Therefore, Tobin's Q ratio was used. It relates the market value of the firm in terms of its ability to generate profitability for shareholders (as measured by market capitalization or the company's market value) and asset replacement costs (the cost of acquiring the company's productive capacity). It is calculated by dividing equity market value by equity book value. Therefore, if the q ratio is greater than 1, the company is creating value, since according to the market the company's value is higher than the cost of replacing its productive assets. In the opposite case, the company loses value. As Jiao (2010) points out, this ratio is best suited for this type of study because, just as corporate reputation, this variable is based not only on historical

data but also on expectations. This is its main advantage if compared to other alternatives such as profitability ratios based solely on the information provided by the company's financial statements, which are gradually disappearing from empirical studies. However, taking into account the suggestion made by Gómez (2008), which was described in the third section, this study has also considered a series of moderating or control variables described in table 4. According to the most recent empirical evidence (Jiao, 2010), a size variable was used to control possible scale effects, an indebtedness variable was included to control the impact of capital structure and a profitability variable was used to control the economic situation faced by the company⁵.

Similarly, the causal relationship between both variables was examined through the contrast of Granger causality. The statistical value of Pearson's chi-squared (2,729) indicates the

5 All this information was obtained from the DataStream database.

TABLE 4. Variables considered by this study

NAME	CALCULATION
Variables to analyze	
Corporate reputation	Naperian logarithm on the score given by the Spanish monitor on corporate reputation each year
Creation of patrimonial value	Equity market value and debt divided by equity book value (approximation to Tobin's q ratio)
Control variables	
Size	Naperian logarithm on the company's total asset value
Indebtedness	Long-term debt over total assets
Profitability	Return on assets, calculated as the quotient between economic benefit and total assets of the company

Source: Own elaboration

existence of a causal relationship between reputation and value creation with significant positive results and conventional levels of confidence.

In order to present conclusive results, the panel data technique has been used, as shown by the following formulas:

$$Value\ creation_{it} = a_0 + a_1\ corporate\ reputation_{it} + \sum_{j=2}^4 \alpha_j CV_{jit} + \mu_t + \eta_i + \varepsilon_{it}$$

$$Corporate\ reputation_{it} = a_0 + a_1\ Value\ creation_{it} + \sum_{j=2}^4 \alpha_j CV_{jit} + \mu_t + \eta_i + \varepsilon_{it}$$

Unlike cross-sectional analysis, this type of analysis allows for the modeling of the unobserved heterogeneity that exists among different companies. This can be done by decomposing the error term into three parts. The first representative component gathers non-observable effects that only affect each company as such (unobserved heterogeneity). The second component represents shocking events occurring each year studied, which affect all companies equally (macroeconomic effects). The third component is a random variable. In addition, it allows for sample expansion, which means a substantial increase in observations, degrees of freedom of the model and, therefore, result consistency. Additionally, in order to obtain robust results, the panel data analysis was conducted by using estimators for both ordinary least squares and fixed or random effects such as the estimator of the generalized method of moments system (GMM System), which uses instrumental variables to estimate the model consistently (Arellano & Bond, 1991), therefore avoiding variable endogeneity⁶.

The results obtained are presented in tables 5 and 6. Specifically, table 5 shows the results of

estimating value creation as a function of corporate reputation and the control variables mentioned before, while table 6 presents the results when the dependent variable is corporate reputation. It is necessary to mention that in both cases the delay-dependent variable was included due to its persistent nature⁷.

As shown in table 5, corporate reputation influences positively the creation of patrimonial value, which supports the *social impact hypothesis* suggested by Freeman (1984). On the other hand, contents of table 6 suggest that a greater business value also has a positive influence, although to a lesser extent, on increased corporate reputation, and, therefore, on the degree of satisfaction of stakeholders, which corroborates the *hypothesis of resource availability* suggested by Waddock & Graves (1997). It is also important to emphasize that both sets of results are obtained regardless of the method used to obtain the estimations and moderating variables such as company size, indebtedness level and results.

Following the previous empirical evidence, correct specification of the estimates was analyzed through the coefficient of determination and joint significance analysis of explanatory variables when estimates were obtained through least squares and fixed or random effects. On the other hand, when estimates were obtained through GMM, correct specification was analyzed by using Hansen's statistical test of overidentification restrictions, in order to contrast the lack of correlation between the instruments and the error term. It was also demonstrated that the instruments

⁶ Correlation with the error term.

⁷ This is another measure adopted by this study to overcome methodological limitations observed in previous studies.

TABLE 5. Explanatory variables of patrimonial value creation

	ORDINARY LEAST SQUARES	FIXED OR RANDOM EFFECTS	GMM BY SYSTEMS
Constant	-1,100	-1,100***	-0,840
Value creation (-1)	0,466 ***	0,466***	0,479***
Corporate reputation	0,451***	0,451***	0,417*
Size	-0,150***	-0,150***	-0,145**
Indebtedness	0,142	0,142	0,226
Profitability	0,865	0,865*	-0,072
R ²	0,7063	0,7063	
Wald test	139,34***	362,60***	
Hausman test		0,00	
m ₁			1,62
m ₂			1,20
Z ₁			71,93***
Z ₂			5,01***
Sargan test			772,16

Note: This table presents the results after using the ordinary least squares (OLS) method, fixed or random effects and the generalized method of moments (GMM) by systems. The results shown for each variable correspond to the value of their coefficients, accompanied by a sign if they are statistically significant.

For the first two contrasts, the results of the R² determination coefficient are shown to measure goodness of fit, the Wald test to verify if the parameters of the explanatory variables are equal to zero and the Hausman test to decide between fixed or random effects. Finally, for GMM estimation, m₁ and m₂ contrasts of the absence of first and second-order serial correlation of the residuals for first differences were used as well as the z₁ joint significance test of coefficients of the explanatory variables, the z₂ test of joint significance of year dummies included in the model and the Sargan test to contrast overidentification of the instruments used.

***, ** and * represent significance levels of 1%, 5% and 10%, respectively.

Source: Own elaboration

TABLE 6. Explanatory variables of corporate reputation

	ORDINARY LEAST SQUARES	FIXED OR RANDOM EFFECTS	GMM BY SYSTEMS
Constant	1,432***	4,178***	1,495*
Corporate reputation (-1)	0,733***	0,466***	0,732***
Value creation	0,058***	0,058***	0,061***
Size	0,043***	0,001	0,048***
Indebtedness	-0,102	0,083	-0,118
Profitability	0,126	-0,954**	-0,076
R ²	0,8496	0,8924	
Wald test	139,34***	362,60***	
Hausman test		97,05***	
m ₁			-0,84
m ₂			0,74
Z ₁			6,03***
Z ₂			8,19***
Sargan test			277,25***

Note: This table presents the results after using the ordinary least squares (OLS) method, fixed or random effects and the generalized method of moments (GMM) by systems. The results shown for each variable correspond to the value of their coefficients, accompanied by a sign if they are statistically significant.

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***, ** and * represent significance levels of 1%, 5% and 10%, respectively.

Source: Own elaboration

used were valid. Second, the statistical model developed by Arellano & Bond (1991) was used to contrast the lack of second-order serial correlation in the residuals for first differences, and it was observed that there are no second-order serial correlation problems in our models. Finally, suitable results were obtained in joint significance contrasts of coefficients of explanatory variables and temporary dichotomous variables.

Finally, it is worth mentioning that in the case of Spanish listed companies with the best reputation, there are positive synergies between their degree of attention to stakeholders and value creation for owners or shareholders for the 2000-2012 period. These results are conclusive and show that attention to stakeholders goes hand in hand with value creation for the company and its shareholders, as these two factors feed one another, generating a circular effect.

Conclusions and implications for management

The evidence obtained in this study is very important for company management, since it eliminates doubts about the existing debate between the relevance of including or not social measures into management strategies. It also provides internal legitimation arguments for companies concerning the integration of social responsibility practices into their strategic management. Specifically, our study offers a clear picture about the influence of stakeholders' satisfaction in value creation for the company and its shareholders, while the creation of patrimonial value also has a positive impact, although to a lesser extent, on the company's reputation levels, given the positive synergies between both aspects. These results, therefore, demonstrate that managerial success can be achieved if there is a balance between two basic concepts: the relationship with stakeholders and the creation of wealth.

It is also necessary to mention the implications of this study for investors. Specifically, when economic agents plan their stock market investments they try to invest on companies with the best future prospects. In this sense, corporate reputation can be understood as an indicator of the company's capacity to access superior quality resources in favorable conditions, and therefore, as a first step for value generation for the company

and its shareholders. These results also encourage other investors to choose the most reputable companies for future investments, since this study demonstrates that greater attention to stakeholders implies greater value and vice versa.

Based on these results, further research should be aimed at analyzing the disaggregated influence of stakeholder satisfaction on value creation for the company, as well as the influence of value creation on stakeholders. This type of analysis will allow us to understand the value generation process for shareholders and find specific arguments for managers to contribute to the satisfaction of the rest of members of the company.

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