

University of Groningen

Corporate social responsibility and financial markets

Dam, Lammertjan

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:
2008

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Dam, L. (2008). *Corporate social responsibility and financial markets*. [Thesis fully internal (DIV), University of Groningen]. PrintPartners Ipskamp B.V., Enschede, The Netherlands.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

Bibliography

- Abbott, W. F. and Monsen, J. R. (1979). On the measurement of corporate social responsibility: Self-reported disclosure as a method of measuring corporate social involvement. *Academy of Management Journal*, 22, 501–515.
- Alexander, G. J. and Buchholz, R. A. (1978). Corporate social performance and stock market performance. *Academy of Management Journal*, 21, 479–486.
- Anderson, J. C. and Frankle, A. W. (1980). Voluntary social reporting: An isobeta portfolio analysis. *Accounting Review*, 55, 467–479.
- Antweiler, W., Copeland, B. R., and Taylor, M. S. (2001). Is free trade good for the environment? *American Economic Review*, 91, 877–908.
- Arrow, K. J. and Debreu, G. (1954). The existence of an equilibrium for a competitive economy. *Econometrica*, 22, 265–290.
- Aupperle, K. E., Carroll, A. B., and Hatfield, J. D. (1985). An empirical investigation of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28, 446–463.
- Bagnoli, M. and Watts, S. (2003). Selling to socially responsible consumers: Competition and the private provision of public goods. *Journal of Economics and Management Strategy*, 12, 419–445.
- BankTrack. (2004). *Principles, profits or just PR? Triple P investments under the Equator Principles*. Amsterdam.
- BankTrack. (2005). *Unproven principles. The Equator Principles at year two*. Amsterdam.
- Bansal, P. and Hunter, T. (2003). Strategic explanations for the early adoption of ISO 14001. *Journal of Business Ethics*, 46, 289–299.
- Bansal, P. and Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal*, 43, 717–736.
- Bansal, S. and Gangopadhyay, S. (2003). Tax/subsidy policies in the presence of environmentally aware consumers. *Journal of Environmental Economics and*

- Management*, 45, 333–355.
- Baron, D. (2001). Private politics, corporate social responsibility and integrated strategy. *Journal of Economics and Management Strategy*, 10, 7–45.
- Baumol, W. J. (1972). On taxation and the control of externalities. *American Economic Review*, 62, 307–322.
- Becchetti, L., Giacomo, S. di, and Pinnachio, D. (2005). *Corporate social responsibility and corporate performance: Evidence from a panel of us listed companies* (CEIS Research Paper Series No. 26-78).
- Beck, T., Demirgüç-Kunt, A., and Maksimovic, V. (2005). Financial and legal constraints to growth: Does size matter? *Journal of Finance*, 60, 137–177.
- Belkaoui, A. (1976, (4)). The impact of the disclosure of the environmental effects of organizational behavior on the market. *Financial Management*, 5, 26–31.
- Beltratti, A. (2005). The complementarity between corporate governance and corporate social responsibility. *Geneva Papers on Risk and Insurance: Issues and Practice*, 30, 373–386.
- Berman, S. L., Wicks, A. C., Kotha, S., and Jones, T. M. (1999). Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*, 42, 488–506.
- Bjørner, T., Hansen, L., and Russel, C. (2004). Environmental labeling and consumers' choice – an empirical analysis of the effect of the nordic swan. *Journal of Environmental Economics and Management*, 47, 411–434.
- Blaconiere, W. G. and Northcut, W. D. (1997). Environmental information and market reactions to environmental legislation. *Journal of Accounting, Auditing and Finance*, 12, 149–178.
- Blaconiere, W. G. and Patten, D. M. (1994). Environmental disclosures, regulatory costs, and changes in firm value. *Journal of Accounting and Economics*, 18, 357–377.
- Bowman, E. H. (1978). Strategy, annual reports, and alchemy. *California Management Review*, 20, 64–71.
- Boyle, E. J., Higgins, M. M., and Rhee, S. G. (1997). Stock market reaction to ethical initiatives of defense contractors: Theory and evidence. *Critical Perspectives on Accounting*, 8, 541–561.
- Bragdon Jr., J. H. and Marlin, J. A. T. (1972). Is pollution profitable? *Risk Management*, 19, 9–18.
- Brown, B. (1997). Stock market valuation of reputation for corporate social perfor-

- mance. *Corporate Reputation Review*, 1, 76–80.
- Brown, B. (1998). Do stock market investors reward reputation for corporate social performance? *Corporate Reputation Review*, 1, 271–282.
- Brown, B. and Perry, S. (1994). Removing the financial performance halo from Fortunes “Most Admired Companies”. *Academy of Management Journal*, 37, 1346–1359.
- Brown, S. J. and Warner, J. B. (1985). Using daily stock returns: The case of event studies. *Journal of Financial Economics*, 14, 3–31.
- Caroll, A. B. (1999). Corporate social responsibility - Evaluation of a definitional construct. *Business and Society*, 38, 268–295.
- Carraro, C. and Siniscalco, D. (1998). International environmental agreements: Incentive and political economy. *European Economic Review*, 42, 561–572.
- Chen, K. H. and Metcalf, R. W. (1980). The relationship between pollution control record and financial indicators revisited. *Accounting Review*, 55, 168–177.
- Claessens, S., Demirgüç-Kunt, A., and Huizinga, H. (2001). How does foreign entry affect domestic banking markets? *Journal of Banking and Finance*, 25, 891–911.
- Coase, R. H. (1960). The problem of social cost. *Journal of Law and Economics*, 3, 1–44.
- Cochran, P. L. and Wood, R. A. (1984). Corporate social responsibility and financial performance. *Academy of Management Journal*, 27, 42–56.
- Cochrane, J. H. (2001). *Asset pricing*. Princeton University Press.
- Cole, M. A. and Elliott, R. J. R. (2003). Determining the trade–environment composition effect: The role of capital, labour and environmental regulations. *Journal of Environmental Economics and Management*, 46, 363–383.
- Cole, M. A., Elliott, R. J. R., and Fredriksson, P. G. (2006). Endogenous pollution havens: Does FDI influence environmental regulations? *Scandinavian Journal of Economics*, 108, 157–178.
- Corbett, J. and Jenkinson, T. (1994). *The financing of industry, 1970–89: an international comparison* (CEPR discussion paper No. 948).
- Cremer, H. and Thisse, J.-F. (1999). On the taxation of polluting products in a differentiated industry. *European Economic Review*, 43, 575–549.
- Dam, L. (2006a). *Corporate social responsibility in a general equilibrium stock market model: Solving the financial performance puzzle* (CCSO Working paper series No. 200603). Groningen.
- Dam, L. (2006b). *Firm valuation in an environmental overlapping generations model* (CCSO Working paper series No. 200601). Groningen.
- Dam, L. and Scholtens, L. J. R. (2005). *Country and industry differences in environmen-*

- tal behaviour.* (Unpublished working paper.)
- Dam, L. and Scholtens, L. J. R. (2006a). *Country and industry differences in stakeholder relations.* (Unpublished working paper.)
- Dam, L. and Scholtens, L. J. R. (2006b). *The curse of the haven: Location decisions of multinational enterprises in light of the pollution haven hypothesis and the resource curse.* (Unpublished working paper.)
- Dam, L. and Scholtens, L. J. R. (2007). Cultural values and international differences in business ethics. *Journal of Business Ethics*, 75, 273–284.
- Dam, L. and Scholtens, L. J. R. (2008). Environmental regulation and MNEs location: Does CSR matter? *Ecological Economics*. (Forthcoming)
- Dam, L., Scholtens, L. J. R., and Sterken, E. (2007). Corporate governance and international location decisions of multinational enterprises. *Corporate Governance: An International Review*, 15, 1329–1346.
- Damania, R., Fredriksson, P. G., and List, J. A. (2003). Trade liberalization, corruption, and environmental policy formation: Theory and evidence. *Journal of Environmental Economics and Management*, 46, 490–512.
- Davidson III, W. N. and Worrell, D. L. (1992). Research notes and communications: The effect of product recall announcements on shareholder wealth. *Strategic Management Journal*, 13, 467–473.
- Diamond, P. A. (1965). National debt in a neoclassical growth model. *American Economic Review*, 55, 1126–1150.
- Diamond, P. A. (1967). The role of a stock market in a general equilibrium model with technological uncertainty. *American Economic Review*, 57(4), 759–776.
- Diltz, D. J. (1995). The private cost of socially responsible investing. *Applied Financial Economics*, 5, 69–77.
- Dixit, A. (2004). *Lawlessness and Economics: Alternative Modes of Governance.* Princeton University Press.
- Dooley, R. S. and Lerner, L. D. (1994). Pollution, profits, and stakeholders: The constraining effect of economic performance on CEO concern with stakeholder expectations. *Journal of Business Ethics*, 13, 701–711.
- Dowell, G., Hart, S., and Yeung, B. (2000). Do corporate global environmental standards create or destroy market value? *Management Science*, 46, 1059–1074.
- EIRIS. (2006). *Project finance: A sustainable future?* London: EIRIS.
- Elton, E. J., Gruber, M. J., Brown, S. J., and Goetzmann, W. (2002). *Modern portfolio theory and investment analysis.* New York: Wiley.
- Eskeland, G. S. and Harrison, A. E. (2003). Moving to greener pastures? Multina-

- tionals and the pollution haven hypothesis. *Journal of Development Economics*, 70, 1–23.
- Esty, B. C., Knoop, C., and Sesia, A. (2005). *The EquatorPrinciples: An industry approach to managing environmental and social risks* (Case Study Nos. 9–205–114). Harvard Business School.
- Esty, B. C. and Sesia, A. (2005). *An overview of project finance* (Case Study Nos. 9–205–065). Harvard Business School.
- Fama, E. and French, K. R. (1993). Common risk factors in the returns on stocks and bonds. *Journal of Financial Economics*, 33, 3–53.
- Flannery, M. J. and James, C. M. (1984). The effect of interest rate changes on the common stock returns of financial institutions. *Journal of Finance*, 29, 1141–1153.
- Florini, A. (2003). Business and global governance. The growing role of corporate codes of conduct. *The Brookings Review*, 21, 4–8.
- Fombrun, C. and Shanley, M. (1990). Whats in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33, 233–258.
- Freedman, M. and Jaggi, B. (1982). Pollution disclosures, pollution performance and economic performance. *Omega: The International Journal of Management Science*, 10, 167–176.
- Freedman, M. and Jaggi, B. (1986). An analysis of the impact of corporate pollution disclosures included in annual financial statements on investors' decisions. *Advances in Public Interest Accounting*, 1, 192–212.
- Freedman, M. and Stagliano, A. J. (1991). Differences in social-cost disclosures: A market test of investor reactions. *Accounting, Auditing and Accountability Journal*, 4, 68–83.
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*, September 13.
- Friedman, M. (1985). Consumer boycotts in the United States, 1970–1980: Contemporary events in the historical perspective. *Journal of Consumer Affairs*, 19, 96–117.
- Friedman, M. (1999). *Consumer boycotts: Effecting change, through the marketplace and the media*. London: Routledge.
- Graves, S. B. and Waddock, S. A. (1994). Institutional owners and corporate social performance. *Academy of Management Journal*, 37, 1034–1046.
- Graves, S. B. and Waddock, S. A. (2000). Beyond built to last . . . stakeholder relations in 'built-to-last' companies. *Business and Society Review*, 105, 393–

418.

- Greene, W. H. (2000). *Econometric analysis*. London: Prentice–Hall International.
- Greening, D. W. (1995). Conservation strategies, firm performance, and corporate reputation in the US electric utility industry. In *Research in corporate social performance and policy, supplement 1* (pp. 345–368). Greenwich, CT: JAI Press.
- Griffin, J. J. and Mahon, J. F. (1997). The corporate social performance and corporate financial performance debate: Twenty–five years of incomparable research. *Business and Society*, 36, 5–31.
- Guerard Jr. , J. B. (1997a). Additional evidence on the cost of being socially responsible in investing. *Journal of Investing*, 6, 31–36.
- Guerard Jr. , J. B. (1997b). Is there a cost to being socially responsible in investing? *Journal of Investing*, 6, 11–18.
- Gunningham, N. and Sinclair, D. (2002). *Leaders and laggards, next generation environmental regulation*. Sheffield: Greenleaf Publishing.
- Guruswamy Babu, P., Kavi Kumar, K. S., and Murthy, N. S. (1997). An overlapping generations model with exhaustible resources and stock pollution. *Ecological Economics*, 21, 35–43.
- Hamilton, S., Jo, H., and Statman, M. (1993). Doing well while doing good? The investment performance of socially responsible mutual funds. *Financial Analysts Journal*, 49, 62–66.
- Hardin, G. (1968). The tragedy of the commons. *Science*, 162, 1243–1248.
- Hart, S. L. and Ahuja, G. (1996). Does it pay to be green? An empirical examination of the relationship between emission reduction and firm performance. *Business Strategy and the Environment*, 5, 30–37.
- Heal, G. M. (2003). Bundling biodiversity. *Journal of the European Economic Association*, 1(2-3), 553-560.
- Heal, G. M. (2005). Corporate social responsibility? An economic and financial framework. *Geneva Papers on Risk and Insurance: Issues and Practice*, 30, 387–409.
- Heijnen, P. (2007). *Strategic interactions in environmental economics*. Phd thesis, University of Groningen.
- Heinkel, R., Kraus, A., and Zechner, J. (2001, (4)). The effect of green investment on corporate behavior. *Journal of Financial and Quantitative Analysis*, 36, 431–449.
- Heinze, D. C. (1976). Financial correlates of a social involvement measure. *Akron Business and Economic Review*, 7, 48–51.
- Herremans, I. M., Akathaporn, P., and McInnes, M. (1993). An investigation of cor-

- porate social responsibility reputation and economic performance. *Accounting, Organizations and Society*, 18, 587–604.
- Huffman, G. W. (1986). The representative agent, overlapping generations, and asset pricing. *Canadian Journal of Economics*, 3, 511–521.
- Hughes, J. P., Lang, W., Mester, L. J., and Moon, C. G. (1996). Efficient banking under interstate branching. *Journal of Money Credit and Banking*, 28(4), 1045–1071.
- Ingram, R. W. (1978). An investigation of the information content of (certain) social responsibility disclosures. *Journal of Accounting Research*, 16, 270–285.
- Ingram, R. W. and Frazier, K. B. (1980). Environmental performance and corporate disclosure. *Journal of Accounting Research*, 18, 614–622.
- Innes, R. (2006). A theory of consumer boycotts under symmetric information and imperfect competition. *Economic Journal*, 116, 355–381.
- Janicke, M., Binder, M., and Monch, H. (1997). Dirty industries: Patterns of change in industrial countries. *Environmental and Resource Economics*, 9, 467–491.
- Jenkins, R. (2001). *Corporate codes of conduct. self-regulation in a global economy*. New York: United Nations Research Institute for Social Development.
- Jensen, M. C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, 12, 235–256.
- John, A. and Pecchenino, R. (1994). An overlapping generations model of growth and the environment. *Economic Journal*, 104, 1393–1410.
- John, A., Pecchenino, R., Schimmelpfennig, D., and Schreft, S. (1995). Short-lived agents and the long-lived environment. *Journal of Public Economics*, 58, 127–141.
- Johnson, R. A. and Greening, D. W. (1999). The effects of corporate governance and institutional ownership types on corporate social performance. *Academy of Management Journal*, 42, 564–576.
- Judge Jr., W. Q. and Douglas, T. J. (1998). Performance implications of incorporating natural environmental issues into the strategic planning process: An empirical assessment. *Journal of Management Studies*, 35, 241–262.
- Kaufmann, D., Kraay, A., and Mastruzzi, M. (2005, May). *Governance matters IV: Governance indicators for 1996–2004* (Working Papers and Articles). Washington DC: World Bank.
- King, A. A. and Lenox, M. J. (2001). Does it really pay to be green? An empirical study of firm environmental and financial performance. *Journal of Industrial Ecology*, 5, 105–116.

- Klassen, R. D. and McLaughlin, C. P. (1996). The impact of environmental management on firm performance. *Management Science*, 42, 1199–1214.
- Kothari, S. P. and Warner, J. B. (2006). Econometrics of event studies. In B. Espen Eckbo (Ed.), *Handbook of corporate finance: Empirical corporate finance* (Vol. 1, chap. 1). Elsevier, North-Holland.
- Letchumanan, R. and Kodama, F. (2000). Reconciling the conflict between the ‘pollution-haven’ hypothesis and an emerging trajectory of international technology transfer. *Research Policy*, 29, 59–79.
- Levinson, A. (1996). Environmental regulations and manufacturers location choices: Evidence from the census of manufacturing. *Journal of Public Economics*, 61, 5–29.
- List, J. A. (2001). US country-level determinants of inbound FDI: Evidence from a two-step modified count data model. *International Journal of Industrial Organization*, 19, 953–973.
- List, J. A. and Co, C. Y. (2000). The effects of environmental regulations on foreign direct investment. *Journal of Environmental Economics and Management*, 40, 1–20.
- Low, P. and Yeats, A. (1992). Do dirty industries migrate. In P. Low (Ed.), *International trade and the environment* (World Bank Discussion Paper No. 159). Washington D. C.: World Bank.
- MacKinlay, A. C. (1997). Event studies in economics and finance. *Journal of Economic Literature*, 35, 13–39.
- Magill, M. and Quinzii, M. (2003). Non-shiftability of capital, affine price expectations and convergence to the goldenrule. *Journal of Mathematical Economics*, 39, 239–272.
- Mäler, K.-G. (1994). *Economic growth and the environment* (Beijer Reprint Series No. 37).
- Mäler, K. G. and de Zeeuw, A. (1998). The acid rain differential game. *Environmental and Resource Economics*, 12, 167–184.
- Mani, M. and Wheeler, D. (1997). *In search of pollution-havens? Dirty industry in the world economy, 1960–1995*. (Working Paper Series). Washington, DC: World Bank. (Research Project on Social and Environmental Consequences of Growth-Oriented Policies, Policy Research Department.)
- Marcus, A. A. and Goodman, R. S. (1986). Compliance and performance: Toward a contingency theory. *Research in Corporate Social Performance and Policy*, 8, 193–221.

- Margolis, J. D. and Walsh, J. P. (2001). *People and profits? The search for a link between a company's social and financial performance*. Greenwich, CT: Erlbaum.
- Mattingly, J. E. and Berman, S. L. (2006). Measurement of corporate social action: Discovering taxonomy in the kinder lydenburg domini ratings data. *Business and Society*, 45, 20-26.
- Maxwell, J., Lyon, T., and Hackett, S. (2000). Self-regulation and social welfare: The political economy of corporate environmentalism. *Journal of Law and Economics*, 43, 583-617.
- McFadden, D. (1974). Conditional logit analysis of qualitative behaviour. In P. Zarembka (Ed.), *Frontiers in econometrics*. New York: Academic Press.
- McGuire, J. B., Sundgren, A., and Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management Journal*, 31, 854-872.
- McWilliams, A. and Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal*, 21, 603-609.
- McWilliams, A. and Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26, 117-127.
- McWilliams, A., Siegel, D., and Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43, 1-18.
- Merton, R. C. (1987, 3). A simple model of capital market equilibrium with incomplete information. *Journal of Finance*, 42, 483-510.
- Meznar, M. B., Nigh, D., and Kwok, C. C. Y. (1994). Effect of announcements of withdrawal from south Africa on stockholder wealth. *Academy of Management Journal*, 37, 1633-1648.
- Modigliani, F. and Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. *American Economic Review*, 48, 261-297.
- Morrison Paul, C. J. and Siegel, D. (2006). *Corporate social responsibility and economic performance* [SSRN working paper]. (Available at SSRN: <http://ssrn.com/abstract=900838>)
- Newgren, K. E., Rasher, A. A., LaRoe, M. E., and Szabo, M. R. (1985). Environmental assessment and corporate performance: A longitudinal analysis using a market-determined performance measure. In L. E. Preston (Ed.), *Research in corporate social performance and policy* (7 ed., pp. 153-164). Greenwich, CT: JAI Press.
- Nyborg, K., Howarth, R. B., and Brekke, K. A. (2006). Green consumers and public

- policy: On socially contingent moral motivation. *Resource and Energy Economics*, 28, 351–366.
- O'Neill, H. M., Saunders, C. B., and McCarthy, A. D. (1989). Board members, corporate social responsiveness and profitability: Are tradeoffs necessary? *Journal of Business Ethics*, 8, 353–357.
- Orlitzky, M., Schmidt, F. L., and Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24, 403–441.
- Parke, I. R. and Eilbirt, H. (1975). Social responsibility: The underlying factors. *Business Horizons*, 18, 5–10.
- Patten, D. M. (1990). The market reaction to social responsibility disclosures: The case of the Sullivan principles signings. *Accounting, Organizations and Society*, 15, 575–587.
- Patten, D. M. (1991). Exposure, legitimacy, and social disclosure. *Journal of Accounting and Public Policy*, 10, 297–308.
- Pava, M. L. and Krausz, J. (1995). *Corporate responsibility and financial performance: The paradox of social cost*. Westport, CT: Quorum.
- Pigou, A. C. (1920). *The economics of welfare*. London: Macmillan.
- Posnikoff, J. F. (1997). Disinvestment from South Africa: They did well by doing good. *Contemporary Economic Policy*, 15, 76–86.
- Preston, L. E. (1978). Analyzing corporate social performance: Methods and results. *Journal of Contemporary Business*, 7, 135–150.
- Preston, L. E. and O'Bannon, D. P. (1997). The corporate social–financial performance relationship: A typology and analysis. *Business and Society*, 36, 419–429.
- Repetto, R. (1995). *Jobs, competitiveness and environmental regulation: What are the real issues*. Washington, D. C.: World Resources Institute.
- Rivoli, P. (2005). *The travels of a t-shirt in the global economy: An economist examines the markets, power and politics of world trade*. New York, NY: John Wiley and Sons.
- Rockness, J., Schlachter, P., and Rockness, H. O. (1986). Hazardous waste disposal, corporate disclosure, and financial performance in the chemical industry. *Advances in Public Interest Accounting*, 1, 167–191.
- Rosen, S. (1974). Hedonic prices and implicit markets. *Journal of Political Economy*, 82, 34–55.
- Russo, M. V. and Fouts, P. A. (1997). A resource-based perspective on corporate environmental performance and profitability. *Academy of Management Journal*, 40, 534–559.
- Scholtens, L. J. R. (2006). Finance as a driver of corporate social responsibility.

- Journal of Business Ethics*, 68, 19–33.
- Scholtens, L. J. R. and Dam, L. (2007). Banking on the Equator. Are banks that adopted the Equator Principles different from non-adopters? *World Development*, 35(8), 1307–1328.
- Seegmuller, T. and Verchère, A. (2004). Pollution as a source of endogenous fluctuations and periodic welfare inequality in OLG economies. *Economics Letters*, 84, 363–369.
- Sethi, S. P. (2002). Standards for corporate conduct in the international arena: Challenges and opportunities for multinational corporations. *Business and Society Review*, 107, 20–40.
- Shane, P. B. and Spicer, B. H. (1983). Market response to environmental information produced outside the firm. *Accounting Review*, 58, 521–538.
- Shelton, D. (2000). *Commitment and compliance. The role of non-binding norms in the international legal system*. Oxford: Oxford University Press.
- Simerly, R. L. (1995). Institutional ownership, corporate social performance, and firms' financial performance. *Psychological Reports*, 77, 515–525.
- Smarzynska Javorcik, B. K. and Wei, S. (2004). Pollution havens and foreign direct investment: Dirty secret or popular myth? *Contributions to Economic Analysis and Policy*, 3.
- Sorsa, P. (1994). Competitiveness and environmental standards: Some exploratory results,. *Policy Research Working Paper 1249, World Bank, Washington, DC*.
- Spencer, B. A. and Taylor, S. G. (1987). A within and between analysis of the relationship between corporate social responsibility and financial performance. *Akron Business and Economic Review*, 18, 7–18.
- Statman, M. (2000). Socially responsible mutual funds. *Financial Analysts Journal*, 56, 30–39.
- Stevens, W. P. (1984). Market reaction to corporate environmental performance. *Advances in Accounting*, 1, 41–61.
- Talkukdar, D. and Meisner, C. (2001). Does the private sector help or hurt the environment: Evidence from CO2 pollution in developing countries. *World Development*, 29, 827–840.
- Tihanyi, L., Griffith, D. A., and Russell, C. . J. (2005). The effect of cultural distance on entry mode choice, international diversification, and mne performance: A meta-analysis. *Journal of International Business Studies*, 36, 270–283.
- Tirole, J. (1985). Asset bubbles and overlapping generations. *Econometrica*, 53, 1499–1528.

- Tirole, J. (1988). *The theory of industrial organization*. Cambridge, MA: MIT Press.
- Tirole, J. (2006). *The theory of corporate finance*. Princeton and Oxford: Princeton University Press.
- Turban, D. B. and Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40, 658–672.
- Vance, S. (1975). Are socially responsible firms good investment risks? *Management Review*, 64, 18–24.
- Waddock, S. A. and Graves, S. B. (1997). The corporate social performance–financial performance link. *Strategic Management Journal*, 18, 303–319.
- Watchman, P. (2005). Beyond the Equator. *Environmental Finance*, 6, 16–17.
- Wendner, R. (2006). *Status, an environmental externality and optimal tax programs* (Working Paper). University of Graz.
- Westphal, J. and Zajac, E. (1994). Substance and symbolism in CEOs' long-term incentive plans. *Administrative Science Quarterly*, 39, 367–390.
- Westphal, J. and Zajac, E. (2001). Decoupling policy from practice: The case of stock repurchasing programs. *Administratively Science Quarterly*, 46, 202–228.
- Wokutch, R. E. and Spencer, B. A. (1987). Corporate sinners and saints: The effects of philanthropic and illegal activity on organizational performance. *California Management Review*, 29, 62–77.
- Woodford, M. (1984). *Indeterminacy of equilibrium in the overlapping generations model: A survey* [Working Paper].
- Wright, C. and Rwabizambuga, A. (2006). Institutional pressures, corporate reputation, and voluntary codes of conduct: an examination of the Equator Principles. *Business and Society Review*, 111, 89–117.
- Wright, P. and Ferris, S. P. (1997). Agency conflict and corporate strategy: The effect of divestment on corporate value. *Strategic Management Journal*, 18, 77–83.
- Xing, Y. and Kolstad, C. D. (2002). Do lax environmental regulations attract foreign investment? *Environmental and Resource Economics*, 21, 1–22.
- Zajac, E. and Westphal, J. (1995). Accounting for the explanations of CEO compensation: substance and symbolism. *Administrative Science Quarterly*, 40, 283–308.
- Zhang, J. (1999). Environmental sustainability, nonlinear dynamics and chaos. *Economic Theory*, 14, 489–500.