Does corporate social responsibility reporting actually destroy firm reputation?

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Abstract

Previous research on the effects on corporate social responsibility (CSR) reporting is inconclusive and academics have increasingly discussed the credibility of CSR reporting. Our research analyses the influence of CSR reporting on corporate reputation by considering different scenarios based on companies' CSR consistency, which reflects the coherence between their CSR reporting and CSR commitment. Theoretically, CSR reporting initiatives could be perceived by stakeholders as a substantive or symbolic strategy. Our findings highlight that corporate reputation tends to be negatively affected by CSR reporting, which is generally identified by stakeholders as an impression management strategy (particularly gaining an 'in accordance' Global Reporting Initiative level and assurance), although the relationship between CSR reporting and corporate reputation depends on the CSR consistency of a firm. This evidence has direct implications for academics to refine theoretical frameworks as well as for companies and regulators to better understand the effects of CSR reporting.

Keywords: CSR reporting, CSR commitment, Corporate reputation, CSR consistency, Impression management, Substantive vs. symbolic

1. Introduction

Corporate reputation (CRep) is an extremely valuable intangible asset for a company that is difficult to imitate (Melo & Garrido, 2012). Therefore, both practitioners and academics have considered CRep to be crucial to business success (Ellen, Webb & Mohr, 2006; Gómez-Mejía & Balkin, 2002), raising interest in the research and management of this concept (Ali, Lynch, Melewar & Jin., 2015; Michelon, 2011). Owing to the strategic relevance of CRep, an extensive stream of research has examined its potential determinants, including both firm-related aspects (Brammer & Pavelin, 2006) and corporate governance mechanisms (Brammer, Millington and Pavelin, 2009; Delgado-García, Quevedo-Puente & de la Fuente-Sabaté, 2010).

Moreover, a branch of research agrees that being socially responsible is a strategic factor in reputation building or maintenance (Costa & Menichini, 2013), as well as behaving in a socially irresponsible way, triggering the destruction of CRep (Boulstridge & Carrigan, 2000). In addition to corporate social responsibility (CSR) engagement, the way companies communicate CSR issues to their stakeholders has been considered to be relevant in terms of CRep (Du, Bhattacharya & Sen, 2010), and the number of companies that publish CSR reports has increased remarkably in recent years (KPMG, 2017). However, as a consequence, the comparability and credibility of these reports have been called into question (Cho, Michelon, Patten & Roberts, 2014; Michelon, Pilonato, Ricceri & Roberts, 2016). In this sense, the influence of CSR reporting (CSRR) on CRep has become a relevant issue for both academics and firms. The challenge is that the empirical evidence remains inconclusive and previous findings are contradictory (Alon & Vidovik, 2015; Birkey, Michelon, Patten & Sankara, 2016; Lee, 2016; Odriozola & Baraibar, 2017).

These mixed findings may be explained by the level of stakeholders' trust in CSRR, which can depend on whether they perceive CSRR initiatives as a substantive or symbolic strategy (Shabana & Ravlin, 2016). In this line, the recent literature calls for further research to understand the scenarios in which CSRR initiatives may be positively/negatively perceived (Baraibar-Díez & Sotorrío, 2018; Cho, Guidry, Hageman & Patten, 2012; Hetze, 2016), which may depend on the actual CSR commitment of the company.

This study aims to bridge this research gap by creating a variable for CSR consistency, which reflects the coherence between the level of CSRR and CSR commitment of firms. This variable helps classify firms into groups depending on their CSR consistency: those firms with CSR consistency are classified as Star (high levels of CSRR and CSR commitment) and Unconcerned (low levels of CSRR and CSR commitment), while firms that fail to present CSR consistency are classified as Discreet (high CSR commitment and low level of CSRR) and Green-washer (low CSR commitment and high level of CSRR). To examine whether CSR consistency helps explain how CSRR influences CRep, we investigate the relationship between CSRR and CRep in different scenarios based on CSR consistency. This contribution of the present study advances the literature on the relationship between CSRR and CRep.

Our results suggest that without considering any particular scenario, a company's reputation is built by considering its real CSR engagement, while CSRR initiatives are perceived as impression management tools (i.e. a symbolic strategy). However, our findings highlight that the effect of CSRR on CRep is influenced by CSR consistency. For Unconcerned firms only, stakeholders consider CSRR to be a substantive strategy, and companies are not harmed in terms of CRep. Therefore, this study makes a major contribution to the CSR literature by highlighting that CSRR per se does not necessarily influence CRep. These results are relevant because they help explain why companies with a high level of CSRR may fail to improve CRep, since stakeholders are sceptical because they perceive CSRR as a symbolic strategy. We suggest that to explain how CSRR affects CRep, we need to consider a company's CSR consistency level since it helps show when CSRR initiatives are perceived as a substantive or symbolic strategy.

Specifically, our findings are particularly relevant for academics to refine theoretical frameworks, since the evidence strengthens the idea that a single theory cannot fully explain the potential effect of CSRR on CRep and that substantive and symbolic approaches may prevail depending on firms' level of CSR consistency. In addition, our results indicate that despite the increase in the regulation of CSRR, these practices are likely to be considered to be discretionary and symbolic, which suggests that the rules and recommendations issued might be unable to enhance the credibility of CSRR.

The remainder of the paper is organised as follows. The theoretical framework and hypothesis development are presented in the next section. Section 3 describes the data collection and sample and explains the research method. Section 4 presents the results of the empirical analysis and Section 5 discusses the main findings and implications.

2. Theoretical framework

Given the importance of CRep for firms, the analysis of its determinants remains a relevant question in the literature. Many researchers have pointed out the role that CSR commitment plays in the creation, maintenance, and destruction of CRep (Aqueveque, Rodrigo & Duran, 2018; Windsor, 2013). Being socially or environmentally responsible is assumed to have a positive impact on CRep since CSR practices are likely to positively influence investors attitude towards the company (Aguilera, Rupp, Williams & Ganapathi, 2007; Cai, Jo & Pan, 2012; Costa & Menichini, 2013; Dangelico, 2015; Neville, Bell & Mengüç, 2005; Sen & Bhattacharya, 2001), while socially or environmentally irresponsible behaviours are expected to be penalised by stakeholders, thus destroying CRep (Amujo, Laninhun, Otubanjo & Ajala, 2012; Boulstridge & Carrigan, 2000; Lin-Hi & Müller, 2013; Zou, Zeng, Zeng & Shi, 2015).

Hence, firms need to communicate their CSR commitment effectively to meet stakeholders' expectations (Du et al., 2010; Pérez, 2015). In this sense, legal initiatives have recently promoted CSRR practices (Directive 2014/95/EU of the European Parliament and of the Council of 22 October 22 2014). Therefore, CSRR has emerged as a significant firm strategy. However, the literature acknowledges that empirical evidence on the impact of CSRR on CRep is contradictory and further in-depth analyses are required (Adams, 2008; Pérez, 2015; Pérez-Cornejo, de Quevedo-Puente & Delgado-García, 2019). Our study thus extends previous research by introducing CSR consistency to better explain the relationship between CSRR and CRep. This issue is becoming extremely relevant since technology will soon enable us to access, analyse, and correlate data in detail and, consequently, decision makers will scrutinise the consistency between CSRR and CSR actions (GRI, 2015).

2.1. CSRR and CRep

Recent research increasingly recognises that CSRR may have different effects on stakeholders' perceptions (Odriozola & Baraibar, 2017) and therefore the level of CSRR is likely to depend on the effect managers believe it can have on CRep (Alvesson & Spicer, 2012). Previous studies suggest that stakeholders could perceive CSRR initiatives as substantive or symbolic strategies (Merkl-Davies & Brennan, 2011; Shabana & Ravlin, 2016), and this would have a direct impact on how CSRR may affect CRep.

According to Michelon, Pilonato & Ricceri (2015, p. 60), substantive CSRR initiatives are used 'to align organizational strategies and processes to social norms', while symbolic ones 'emerge to positively influence stakeholders' perceptions, leading key stakeholders to mistakenly believe that the company is committed to societal expectations'. The substantive approach finds its theoretical support mainly in legitimacy theory (Deegan, 2002) and stakeholder theory (Freeman, 1984). In recent years, increasing demand for CSR information from stakeholders has pushed companies to pay a great deal of attention to CSRR (Odriozola & Baraibar, 2017). Hence, CSRR is part of the communication process necessary to obtain the support of stakeholders (Carnevale & Mazzuca, 2014). Specifically, CSR information transmits a positive image of seriousness, responsibility, and commitment to stakeholders (Vanhamme & Grobben, 2009). Therefore, CSRR might lead stakeholders to better identify with firms (Bebbington, Larrinaga & Moneva, 2008). As a result, CSRR can be seen as a way to legitimise corporate behaviour and thus contribute to improving CRep (Campbell, Craven & Shrives, 2003; Michelon, 2011). In this sense, CSRR initiatives could be used by companies to address the concerns of stakeholders by reducing the lack of CSR information, enhancing its comparison (by adopting standards), or increasing the reliability of the information (through assurance).

However, CSRR could also be a symbolic strategy. In this sense, the development of CSRR practices may not have an 'innocent' or ethical purpose. On the one hand, pressures on companies oblige them to carry out certain CSRR strategies if they want to continue operating in the market (termed 'institutional isomorphism' in institutional theory; De Villiers & Alexander, 2014; Shabana, Buchholtz & Carroll, 2017). At this point, companies may develop symbolic CSRR initiatives regardless of their actual CSR engagement to follow the common practices adopted by other firms and therefore maintain their CRep. On the other hand, companies can use their CSRR initiatives as impression management tools (Diouf & Boiral, 2017) to intentionally bias stakeholders' perceptions (Clarkson, Richardson & Vasvari, 2008; Hooghiemstra, 2000). Therefore, firms can be tempted to increase CSRR to deliberately manipulate their stakeholders as a strategy to improve CRep (Cho & Patten, 2007).

In theory, less socially committed firms are likely to use CSRR as a symbolic strategy, while more socially committed firms tend to use CSRR to enhance their communication to stakeholders to address their demands as a substantive strategy (García-Sánchez & Araújo-Bernardo, 2019). However, the symbolic or substantive character of CSRR initiatives cannot be perceived by stakeholders. Only by considering CSRR to be a substantive strategy will CRep be maintained or enhanced. However, stakeholders may tend to perceive CSRR as a symbolic strategy because this is an immediate and inexpensive way to follow the disclosure trends in markets and can become a widespread firm strategy regardless of the actual CSR commitment of the firm (Schons & Steinmeier, 2016). Therefore, if CSRR is perceived as a tool for self-promotion, stakeholders may doubt the credibility of this information and develop negative feelings towards a firm (Axjonow, Ernstberger & Pott, 2018; Bachmann & Ingenhoff, 2016). In this scenario, stakeholders might lack confidence in CSRR (Kim, 2014) and, consequently, firms would be punished in terms of CRep.

The previous literature on the relationship between CSRR and CRep has generally considered a single theoretical approach and overlooked that this association may be influenced by the existence of different scenarios affecting the way stakeholders perceive CRep. In this sense, recent empirical evidence on this topic remains mixed. For instance, the publication of CSR reports has been documented to have no significant effect on CRep because they may be considered to be an 'informal requirement' for companies (Axjonow et al., 2018; Lee, 2016). Other studies have indicated that the quantity or volume of CSR information disclosed can be an insufficient condition for the creation of CRep (Pérez, Lopez and García-De los Salmones, 2017), while some authors find that the quantity of CSR information positively influences CRep in certain industries (Hughey & Sulkowski, 2012; Othman, Darus & Arshad, 2011). Furthermore, researchers have found that CRep may be enhanced when the quality of CSRR initiatives improves. Specifically, these scholars have employed CSRR measures based on the detail of the information provided (Lu, Abeysekera & Cortese, 2015), on fulfilment with Global Reporting Initiative (GRI) guidelines (Odriozola & Baraibar, 2017), and on the assurance of CSR information (Birkey et al., 2016). Nevertheless, other authors fail to find a positive link between assurance practices and CRep (Alon & Vidovic, 2015).

2.2. Consistency between CSR commitment and CSRR initiatives

These contradictory findings show an important research gap concerning how CSRR may affect CRep. Recent studies emphasise that mere CSRR initiatives may fail to affect CRep and suggest that a specific focus on the perception of CSRR is generally missing (Baraibar-Díez & Sotorrío, 2018). Although the process that explains how CSRR influences CRep is complex, there is agreement in the literature about the importance of meeting stakeholders' expectations (Kim, 2019). Thus, if the evaluation of CSRR by stakeholders is positive or indifferent (i.e. meeting their expectations and identifying a substantive approach), CRep will be not harmed; on the contrary, if this evaluation is negative (i.e. not addressing their demands and/or identifying symbolic behaviour), CRep will decrease. This perception of CSRR is likely to be influenced by CSR commitment (Hetze, 2016) since words and actions are closely related (Cho et al., 2012). Therefore, the connection between CSRR initiatives and what companies are really doing concerning CSR (i.e. CSR consistency) may affect how CSRR influences CRep, since stakeholders could perceive CSRR initiatives as substantive or symbolic strategies.

This branch of research implicitly calls for further research on scenarios in which CSRR may be interpreted as a substantive or symbolic strategy and hence positively or negatively perceived. In this study, we argue that CSR consistency plays an important role in the way stakeholders perceive CSRR and, therefore, may help explain the effect of CSRR on CRep. Hence, the following hypothesis is formulated:

H1: The impact of CSRR on CRep is influenced by CSR consistency.

To test this hypothesis, different scenarios can be considered depending on the CSR consistency of firms. If the levels of both CSR commitment and CSRR are high or low, a firm is assumed to have a consistent CSR strategy. On the contrary, if the levels of CSR commitment and CSRR are not coherent, CSR consistency is lacking.

Specifically, if companies are perceived as having a consistent CSR strategy (substantive approach), CRep is not expected to be harmed since CSRR will be seen as an attempt to address stakeholders' demands (Colleoni, 2013). In the same vein, low levels of CSRR are likely to be considered to be a substantive strategy regardless of the level of CSR commitment and are not expected to be penalised in terms of CRep, since stakeholders can consider CSRR initiatives to be a serious and responsible for explaining companies' behaviour (Vanhamme & Grobben, 2009). However, if CSR inconsistency exists because the level of CSRR is high and stakeholders perceive a low level of CSR commitment (i.e. a symbolic approach), CSRR may be considered to be an impression management practice (Diouf & Boiral, 2017) and CRep will be negatively affected.

3. Data and methods

In this section, the sample, variables, and statistical method used are explained.

3.1. Sample

The sample is composed of listed companies in the main stock indexes from the G10 countries[1] as well as companies listed in the IBEX-35 because Spanish companies are widely recognised for their increased CSRR initiatives (Sierra, Zorio, & García-Benau, 2013). Considering our measure of CSRR, French companies were removed from our sample because they had to report on CSR issues mandatorily during the period considered in this research and this could distort the results.

[1] The group of countries that agreed to participate in the General Arrangements to Borrow in 1962 included Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland (added in 1964), the United Kingdom, and the United States.

To guarantee the comparability and reliability of the results, the design of the CRep and CSR measures (CSRR and CSR commitment) relied on four recognised databases: the Reputation Institute[2], the GRI database, the ASSET4 Database[3], and DataStream[4]. The availability of data determined the final sample composition, which comprised 220 observations. CSRR refers to the reporting practices throughout 2014 (i.e. excluding the effects of mandatory introduction in the EU based on Directive 95/2014 (European Parliament and of the Council, 2014).

3.2. Variables

Dependent variable

Our dependent variable, CRep, was designed by considering the reputation rankings provided by the Reputation Institute. This measurement considers a multidimensional approach of CRep and uses a rigorous methodology widely supported in academic research[5] (Dell'Atti, Trotta, Iannuzzi & Demaria, 2017; Pérez-Cornejo et al., 2019; Soleimani, Schneper & Newburry, 2014). The Reputation Institute creates the ranking through a multi-item online survey using a seven-point Likert scale that measures the perceptions of a range of individuals about different aspects of CRep across seven key dimensions of reputation: innovation, leadership, workplace, products and services, citizenship performance, and governance (Vidaver-Cohen & Brønn, 2015).

Explanatory and control variables

Following Moneva, Rivera-Lirio and Muñoz-Torres (2007), the level of CSRR was measured by an index based on the aggregation of four items (dummy variables): (1) the disclosure of CSR information in any company report (Report), (2) compliance with GRI guidelines (GRI), (3) the presentation of an 'in accordance' level (In accordance)[6], and (4) the presence of an external assurance (Assurance). In line with previous studies, CSR commitment is the unweighted average of the Social and Environmental scores

[2] This consulting company specialises in the development and management of reputational assets (https://www.reputationinstitute.com/).
[3] This database is frequently used by academics (Ioannou & Serafeim, 2012) and investors to build their sustainability reports. It provides a collection of indicators (valued from 0 to 100) of Social, Environmental, Corporate Governance, and Economic scores.
[4] This is one of the largest databases of companies' financial and non-financial data.
[5] All the details about its creation and validation can be found in Ponzi, Fombrun and Gardberg. (2011).
[6] The GRI guidelines have changed to G4, which impacts on this point since there is no application level in G3. The report could be not categorised or a core or comprehensive level obtained. For this research, we considered that 'in accordance' is obtaining a core or comprehensive level.

from ASSET4 (Ioannou & Serafeim, 2012; Miras-Rodríguez, Carrasco-Gallego & Escobar-Pérez, 2015).

Moreover, we included several firm-related variables as control variables: firm size (Size), computed as the logarithm of total assets (Brammer & Millington, 2005); profitability (Profitability), measured by return on assets (Axjonow et al., 2018); industry sensitivity (Industry), a dummy variable that takes the value of 1 if the company belongs to a socially or environmentally sensitive industry and 0 otherwise (Alon & Vidovic, 2015; Birkey et al., 2016; Bonsón & Bednárová, 2015); and the country effect (Country), measured through the National CSR Practices Index (Amor-Esteban, Galindo-Villardón & García-Sánchez, 2019).

CSR consistency

To design the variable for CSR consistency, the levels of both CSRR and CSR commitment were jointly considered and several subsamples were created. The subsamples used in this research were created by considering the potential combinations between each company's CSRR and its CSR commitment through the application of the same procedure as used by Muñoz, Rivera and Moneva (2008) and Rajak and Vinodh (2015). Therefore, to design the CSR consistency variable (Output), both CSRR and CSR commitment were used as inputs. The rules established were as follows:

(1) A low level of CSRR included those companies that have values 0 and 1, while a high level was associated with companies whose scores are 3 and 4. Companies with a score of 2 were considered as having a low/high level of CSRR depending on their CSR commitment to ensure that they are not classified as non-consistent.

(2) Regarding CSR commitment, we used the median value to distinguish between firms with low and high CSR commitment.

Table 1 shows the rules employed to define the CSR consistency groups, which are presented in Figure 1.

Insert Table 1

In particular, four scenarios (Figure 1) were considered to take account of CSR consistency. This figure also indicates the number of firms in each scenario. Firms with CSR consistency are those with (1) high levels of CSRR and CSR commitment (Star – 93 companies) and (2) low levels of CSRR and CSR commitment (Unconcerned – 76 companies), while firms without CSR consistency are those with (3) a low level of CSRR but high CSR commitment (Discreet – 18 companies) and (4) a high level of CSRR but low CSR commitment (Green-washer – 33 companies).

Insert Figure 1 here

3.3. Research method

A general model that examines the effect of the explanatory variables and control variables previously described on CRep was designed:

$CRep_{t} = \alpha + ß1\ CSRR_{t-1} + ß2\ CSR\ commitment_{t-1} + ß3 Size_{t-1} + ß4 Profitability_{t-1} + ß5\ Country + ß6\ Industry\ sensitivity + \varepsilon$

Since the variables included in the empirical model are expected to have a lagged effect on CRep, independent variables were lagged by one year (Birkey et al., 2016; Liao, 2019). In addition, the application of statistical tests confirmed the lack of multicollinearity problems, and therefore all the variables could be introduced into the model[7].

Partial least squares techniques were suitable for our empirical analysis because the main constructs are composites (Henseler, 2017) and such structural equation modelling approaches minimise bias (Sarstedt, Hair, Ringle, Thiele & Gudergan, 2016). CSRR and CSR commitment were specified as composite constructs since they perfectly fit the way they are measured following the literature. Therefore, each item contributes equally to the construct. In addition, partial least squares models have been widely used in recent academic research (Andalib Ardakani & Soltanmohammadi, 2019; Bernal-Conesa, de Nieves-Nieto & Briones-Peñalver, 2017; Jabeen & Faisal, 2018). Specifically, our sample size was confirmed to be sufficiently large to find at least significant medium effect sizes[8] according to the procedure suggested by Faul, Erdfelder, Buchner and Lang (2009). The model was run and its goodness of fit was determined using SRMR, d_{ULS}, and d_{G2} (Henseler, Hubona & Ray, 2016)[9]. To establish the significance of the path coefficients, we used a bootstrapping procedure based on 5,000 resamplings as recommended and a two-tailed Student *t* distribution[10].

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[7] All the VIF values are between 1.028 and 1.658, which are acceptable according to Chatterjee and Hadi (2012).
[8] According to Nitzl (2016), we considered an α coefficient of 0.05 and a statistical power 0.8.
[9] To assess the model's goodness of fit, it was necessary to carry out the bootstrap test for these indicators. If the indicators were below the 95% bootstrap quartile, the model had a good fit. In addition, if the SRMR indicator had a value below 0.08, the model was well specified (Hu & Bentler, 1998).
[10] This is because there was no expected sign of the effect of the CSR Reporting Index on CRep.

First, to attain our main objective and examine the role of CSR consistency, the analyses were carried out not only for the entire sample, but also for every scenario. Therefore, the general model was replicated for different groups of companies (Figure 2). First, the analysis was separately performed for firms with CSR consistency (Star and Unconcerned) and for firms without (Green-washer and Discreet). In addition, it was individually performed for Star, Unconcerned, and Green-washer firms. Because of the reduced sample size, the models could not be run for Discreet companies.

Insert Figure 2 here

Second, to explain the results and study the relationship between CSRR and CRep more in depth, additional analyses were performed to examine the specific effect of each item included in the measure of CSRR (publication of a report with CSR information, following GRI guidelines, obtaining a GRI 'in accordance' level, and having an external assurance). To ensure that our results were not driven by the empirical design, as a robustness test, all the analyses were performed using ordinary least squares techniques. For brevity, the results are unreported, but the main findings remained constant. Moreover, as additional tests, multigroup analyses were carried out to determine the degree to which CSR consistency may moderate the relationship between CSRR and CRep, but the results did not support a statistically significant moderation[11],

4. Results

4.1. Descriptive statistics and correlations

Table 2 reports the descriptive statistics. It shows that the companies included in the sample tend to present high values for CRep, CSRR, and CSR commitment. In particular, most firms tend to publish a report with CSR information (81.3%) and follow GRI guidelines (63.2%). A significant number also present an 'in accordance level' (47.7%) and an assured CSR report (45%). These findings are expected, since our sample is composed of those firms listed on major stock indexes globally. Our results are similar to the worldwide mean in 2013 according to KPMG (2013). Regarding the control variables, size and profitability vary greatly and a significant proportion of companies (44.5%) belong to CSR-sensitive industries.

Insert Table 2 here

[11] These results are available upon request.

The descriptive statistics of CSRR in Table 2 can be extended to explain the distribution of the values of this measure. Over 18% of the firms do not publish a CSR report. About 17% score 1 because they only publish a CSR report and 38% score 4, which means that their reports follow GRI guidelines, present an 'in accordance' GRI level, and are assured.

Table 3 presents the bivariate correlations between the variables included in the study. Surprisingly, the main independent variables, CSRR and CSR commitment, seem to be uncorrelated with the dependent variable, CRep. Furthermore, there is a significant correlation between CSRR initiatives and CSR commitment. All the control variables are strongly correlated with CRep. In addition, most are correlated with both CSRR and CRep. Despite the correlation between many of the control variables, the coefficients are low and potential problems of multicollinearity are discarded, as explained in the previous section.

Insert Table 3 here

4.2. Multivariate analysis

The model was run to test the effect of CSRR on CRep. Its main indicators and the bootstrapping analyses confirmed that the model has a good fit (SRMR is 0.043; $d_{\_ULS}$ is 0.124, $d_{\_G2}$ is 0.057). Table 4 reports the results for the full sample. Further, to investigate the role of CSR consistency, it also shows the results from the analyses performed for each group of companies. The analysis of the full sample shows that CSRR has a negative influence on CRep ($p<0.10$). The scenario analysis also highlights the importance of considering CSR consistency to better comprehend the impact of CSRR on CRep since the R^2 of the model increases and the coefficients of the impact of CSRR on CRep differ.

First, looking at the two major groups of firms (consistent versus non-consistent), this negative association seems to be explained by the results of firms that lack CSR consistency. For these firms, the relationship between CSRR and CRep is particularly negative ($p<0.05$). A more in-depth analysis indicates that the relationship between CSRR and CRep is negative not only for those firms classified as Green-washer ($p<0.05$), but also for firms classified as Star ($p<0.01$). Furthermore, CSRR shows no significant effect on CRep for Unconcerned companies. On the contrary, the association between CSR commitment and CRep is generally positive, especially for firms with CSR consistency (Star and Unconcerned). Regarding the control variables, belonging to a sensitive industry has a negative significant influence on CRep ($p<0.005$).

Insert Table 4 here

The previous findings underline the existence of a negative relationship between CSRR and CRep in many scenarios as well as for the entire sample. To better understand this issue, Table 5 reports the results of the analyses including the individual effects of the specific items of our measure of CSRR on CRep. Specifically, the publication of a CSR report and adoption of GRI guidelines fail to show a statistically significant impact on CRep. However, the presentation of an ‘in accordance’ GRI level and external assurance have a negative effect on CRep ($p<0.05$).

Insert Table 5 here

5. Discussion and implications

The effect of CSRR on CRep has become a controversial issue in recent research and mixed empirical evidence has been found. Our results provide a new insight in this stream of the literature since the influence of CSRR on CRep is shown to depend on the CSR consistency of each company. In line with previous studies, our results suggest that CRep is built by considering the real CSR commitment of companies (Cai et al., 2012; Dangelico, 2015). However, CSRR initiatives appear to have a negative influence on CRep, which implies that they are likely to be perceived by stakeholders as a symbolic strategy. Thus, our empirical evidence supports the body of the literature that argues that stakeholders tend to perceive CSRR initiatives as an impression management strategy (Diouf & Boiral, 2017; Schons & Steinmeier, 2016) rather than a mechanism for firms to address stakeholders’ concerns and legitimise their behaviour (Colleoni, 2013). Hence, they penalise CSRR in terms of CRep.

In particularly, for companies classified as Star and Green-washer, CSRR shows a negative effect on CRep. In the case of Green-washer companies, there is a clear gap between their socially/environmentally responsible behaviour and level of CSRR, which theoretically is understood as a symbolic strategy (García-Sánchez & Araújo-Bernardo, 2019). Based on our results, stakeholders perceive this gap and recognise CSRR as an impression management practice. The results are unexpected for Star companies and differ from those of previous research (Mahoney, Thorne, Cecil & LaGore, 2013). Our findings indicate that, for these firms, stakeholders also consider CSRR to be a tool for manipulating their perceptions without taking into account CSR commitment; that is, stakeholders identify CSRR as a symbolic strategy instead of a substantive one (García-Sánchez & Araújo-Bernardo, 2019), as argued in the theoretical framework. In this case, stakeholders' scepticism prevails, possibly because they consider CSRR to be simply a trend and fail to perceive its connection with the CSR engagement of firms. On the contrary, the results for Unconcerned companies fail to provide a statistically significant impact of CSRR on CRep, which implies that CSRR is perceived by stakeholders as a substantive strategy, as expected from the theoretical framework. In this case, stakeholders do not consider CSRR to be an attempt to deliberately manipulate their perceptions (Vanhamme & Grobben, 2009).

Moreover, our results also suggest that CRep is not affected by the publication of CSR reports, because this may be perceived as required behaviour by listed firms, which are pressured to implement CSRR practices (Axjonow et al., 2018; Lee, 2016). Nonetheless, stakeholders are reluctant to believe that behind the presentation of a GRI ‘in accordance’ level and/or an assured report there is an improvement in socially or environmentally friendly behaviour by firms, as argued by Alon and Vidovic (2015). These findings are controversial since such practices (GRI standards and assurance) were launched to improve the credibility of CSR reports. Although some authors suggest that these initiatives might have a positive impact on CRep (Birkey et al., 2016; Odriozola & Baraibar, 2017), our results indicate that they are perceived by stakeholders as discretionary initiatives used by firms as an impression management strategy.

This study has direct implications for academics, firms, and regulators. First, our evidence contributes to the CSR literature by highlighting the need to consider specific scenarios to understand how CRep is affected by CSRR (Baraibar-Díez & Sotorrío, 2018; Kim, 2019). This can help academics overcome the limitations of using a one-size-fits-all approach, since the analysis of unique samples in empirical research can lead to contradictory results on the specific effects of CSRR. Researchers can thus polish theoretical frameworks to prevent the use of a single theoretical approach. Furthermore, the inclusion of CSR consistency complements recent studies that suggest that CSRR needs to be supported by actions to minimise reputational risk (Hetze, 2016; Pérez-Cornejo et al., 2019). In addition, our findings provide empirical evidence on the prevalence of a symbolic approach to CSRR, because stakeholders tend to perceive CSRR initiatives as opportunistic behaviour.

Our evidence also presents implications for firms to understand the influence of their CSRR strategy on CRep. Increasing CRep is one of the main drivers that encourages a firm to adopt CSRR initiatives (Daddi, Iraldo, Testa & De Giacomo, 2019). However, our findings reveal that high-level CSRR initiatives destroy CRep regardless of the CSR commitment of firms. On the one hand, for companies with a high CSR commitment that invest resources in increasing their level of CSRR, their communication strategies are not valued by stakeholders in terms of CRep. Therefore, these firms must carefully develop an effective CSR communication strategy to improve their CRep. On the other hand, companies with a low CSR commitment and high level of CSRR, which may consider disclosure initiatives to be a shortcut for increasing CRep, should be aware that stakeholders recognise this opportunistic behaviour and punish it.

Our study also provides direct implications for regulators. Although the reporting of CSR information is an important issue for policymakers globally, many CSRR practices remain discretionary. These practices have become a worldwide trend and society may be reluctant to fully trust such initiatives. In this sense, our evidence emphasises that regulators have the challenge of refining the guidelines to make CSRR more relevant and credible for stakeholders and ensure that these CSRR initiatives are not perceived as opportunistic behaviour by firms.

This study has some limitations that offer potential avenues for future research. In relation to the design of the variables, future research could complement our findings by designing alternative variables of CSR consistency using different procedures or measures. Future studies could also focus on the analysis of Discreet firms, since our sample size was too limited to draw conclusions. In addition, although arguments based on stakeholders' perceptions are used in this study, their measurement is beyond its scope, and further research could explore this issue explicitly by, for instance, addressing how to measure this concept. Researchers could also analyse whether there are differences in how expert and non-expert stakeholders recognise CSR consistency.

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Table 1- Rules for the design of CSR consistency

If (CSRR=0) and (CSR commitment<median value) then (CSR consistency: Unconcerned)
If (CSRR=1) and (CSR commitment <median value) then (CSR consistency: Unconcerned)
If (CSRR=2) and (CSR commitment <median value) then (CSR consistency: Unconcerned)
If (CSRR=0) and (CSR commitment >median value) then (CSR consistency: Discreet)
If (CSRR=1) and (CSR commitment >median value) then (CSR consistency: Discreet)
If (CSRR=2) and (CSR commitment >median value) then (CSR consistency: Discreet)
If (CSRR=2) and (CSR commitment <median value) then (CSR consistency: Green-washer)
If (CSRR=3) and (CSR commitment <median value) then (CSR consistency: Green-washer)
If (CSRR=4) and (CSR commitment <medianvalue) then (CSR consistency: Green-washer)
If (CSRR=2) and (CSR commitment >median value) then (CSR consistency: Star)
If (CSRR=3) and (CSR commitment >median value) then (CSR consistency: Star)
If (CSRR=4) and (CSR commitment >medianvalue) then (CSR consistency: Star)

Table 2 – Descriptive statistics

Variables	**Minimum**	**Maximum**	**Mean**	**Median**	**Standard Deviation**
CRep	16.7	85.4	65.633	67.050	9.137
CSRR	0	4	2.373	3	1.572
Report	0	1	0.813	1	0.390
GRI	0	1	0.632	1	0.483
In accordance	0	1	0.477	0	0.501
Assurance	0	1	0.450	0	0.499
CSR commitment	8.4	95.895	78.580	88.740	21.859
Size	0.625	4100.000	671.200	37.000	3352.538
Profitability	-8.03	51.02	6.984	5.24	7.847
Industry	0	1	0.445		0.498
Country	-0.18	10.27	2.432	0.94	3.076

Table 3 – Bivariate correlations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) CRep	1						
(2) CSRR	-0.08	1					
(3) CSR commitment	0.05	0.60***	1				
(4) Size	-0.19***	0.26***	0.28***	1			
(5) Profitability	0.14*	-0.19**	-0.22***	-0.34***	1		
(6) Industry	-0.39***	0.18**	0.15*	0.31***	-0.36**	1	
(7) Country	-0.19***	0.24***	0.12†	-0.05†	-0.03	0.21***	1

Significance level: ***p-value<0.005; ** p-value<0.01; * p-value<0.05; † p-value<0.1

Table 4 – Multivariate tests of the effect of CSRR on CRep for each scenario

	Complete	**Consistent**	**Non-Consistent**	**Star**	**Unconcerned**	**Green-washer**
CSRR > CRep	-0.133†	-0.125	-0.227*	-0.177**	-0.014	-0.260*
CSR commitment > CRep	0.217***	0.266***	-0.062	0.224***	0.180*	-0.079
Size > CRep	-0.096	-0.098	0.002	-0.001	-0.206	0.092
Profitability > CRep	-0.003	0.008	0.282†	0.099	-0.065	0.162
Country > CRep	-0.104*	-0.048	-0.249*	0.026	-0.115	-0.262†
Industry Sensitivity > CRep	-0.354***	-0.395***	-0.273**	-0.320***	-0.425***	-0.215
R^2 CRep	0.201	0.203	0.341	0.218	0.300	0.215

Significance level: ***p-value<0.005; ** p-value<0.01; * p-value<0.05; † p-value<0.1

Table 5 – Multivariate tests of the effect of each item of the measure of CSRR on CRep

	CRep			
	Model 1.a	Model 1.b	Model 1.c	Model 1.d
CSRR initiatives				
- Report	-0.044			
- GRI guidelines		-0.057		
- In accordance			-0.134*	
- Assurance				-0.133*
CSR commitment	0.169*	0.170***	0.194***	0.217***
Size	-0.105	-0.101	-0.109	-0.096
Profitability	0.001	-0.001	-0.005	-0.003
Country	-0.120*	-0.115*	-0.103†	-0.104†
Industry	-0.356***	-0.355***	-0.344***	-0.354***
R^2	0.19	0.19	0.20	0.20

Significance level ***p-value<0.005, ** p-value<0.01, * p-value<0.05, † p-value<0.1.

Figure 1 – Groups of firms depending on their CSR consistency.

CSR commitment		**CSRR** High level	**CSRR** Low level
	High	Star 93 (42.3%)	Discreet 18 (8.2%)
	Low	Green-washer 33 (15%)	Unconcerned 76 (34.5%)

Figure 2 – Model based on the theoretical framework