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CORPORATE REPUTATION AND ECONOMIC PERFORMANCE: THE EVIDENCE FROM POLAND

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ABSTRACT. Corporate reputation, based on factors such as corporate social responsibility (CSR), became a signal for investors. However, in some countries it seems, that profits are the most important issues for managers And managers as well as investors do not pay much attention to CSR. The aim of this research is to identify the relationship between corporate reputation and economic performance in one of such countries: Poland.
The hypothesis, stating that relations between indicators of corporate reputation and economic performance in Poland are weak, which was originally put forward, was not rejected. There were just a few statistically significant correlations and most of them were weak. The reason for this is that despite a low level of interest in promoting corporate reputation (through engaging companies in CSR events) companies of better performance have more funds, and they are more conscious of the importance of this issue.

JEL Classification: M14, G11

Keywords: social responsibility, corporate reputation, investment decisions, Poland.

Introduction

In stock exchanges there is a noticeable increase in investors' interest in responsible companies. As a result, funds investing into corporate social responsibility portfolios are becoming more and more popular. The positive result of these changes is that companies are under pressure and if they want to attract investors and to gain an advantage over their rivals, they have to be aware of the importance of environmental protection (environmental management, recycling), corporate social responsibility (CSR) activities, appropriate investor relations, compliance with codes of best practices for listed companies, codes of ethics, protection of the health and safety of their employees. Nowadays it is not only profitability or liquidity that counts. Shareholders want to make sure that they invested their money into a responsible company. Corporate reputation grew into one of the crucial intangible resources influencing economical and financial results.

There is a wide array of definitions of corporate reputation. From a sociological point of view it is rather the outcome of shared socially impressions of a firm (Fombrun and Van Riel, 1997; Scott and Walsham, 2005). It can be described as a function or a set of collective judgements of a firm 'based on assessments of the financial, social, and environmental impacts attributed to the corporation over time' (Barnett, Jermier and Lafferty, 2006). It is based on corporate relations with all stakeholders: suppliers, customers, employees, investors, banks, etc. As a result, it considers various aspects of corporate activities (Gotsi and Wilson, 2001).

In some definitions the importance of relations with stakeholders is emphasized, and then the reputation is defined as stakeholders' overall evaluation of a company (Gotsi and Wilson, 2001). The impact of reputation is expressed in improved loyalty from employees, goodwill creation, greater latitude in decision making, etc. (Bebbington, Larrinaga, Moneva, 2008). Thus, by generating reputational capital, a corporate can achieve a distinct advantage (Fombrun, 1996, Wolska, 2013).

Moreover, good reputation, as collective beliefs about a company's ability and willingness to satisfy the interests of stakeholders, creates wealth. As a result, from a strategic management point of view, reputation is a resource – a strategic asset (Fombrun, 1996). This intangible asset has meaningful power in the process of value creation (Roberts and Dowling, 2002). As an asset or even a set of assets, good reputation can "produce" certain tangible benefits such as lower capital and labour costs, premium prices for products, etc. (Little and Little, 2000).

Corporate reputation is based on factors such as corporate social responsibility and it became a signal to investors. They not only tend to assume that by investing in responsible companies they behave socially responsible, and they protect the environment, but they are also convinced that it will secure sure profits in the future. However, in some countries profits are the most important issues for managers. Consequently, managers as well as investors do not pay much attention to CSR.

In relation to that, the aim of this research was set to identify the relationship between corporate reputation and economic performance in one of such countries: Poland. The hypothesis put states that relations between indicators of corporate reputation and economic performance in Poland are weak.

The article proceeds as follows. The next section provides a brief overview of literature on relationship between reputational factors and corporate economic performance. In the following section stages of data selection are outlined and applied methodology is presented. In the next section findings of the research in relationship between reputational factors and corporate economic performance are presented and discussed. A final section provides summary and conclusions.

1. Literature Overview

An increase in the demand for products of companies of high reputation as well as an increase in the demand for their shares caused a rise in interest in those companies among economists. As a result, research into corporate reputation has become more popular in the last few years. The reputation of a given company is often perceived mainly on the basis of its compliance to best practices in the area of CSR (corporate social responsibility).

Among other studies, there is also a wide array of research into relation between corporate reputation (or CSR) and its performance. Having investigated the literature of the subject, taking into consideration the time period of analysis, it is possible to distinguish two types of research of the relationship (*Table 1*):

- short-run analysis, based mainly on the event study methodology, concerning changes in economic or financial indicators due to certain events such as engagement in socially responsible acts on the one hand, and oil spills, frauds, etc. on the other;
- long-run analysis, based mainly on relations (correlations) between economic or financial measures of profitability.

Taking into consideration the results achieved, there are three groups (*Table 1*):

- research in which the existence of a positive correlations between proxies for corporate reputation (or social performance) and its economic (or financial) performance was found. This is consistent with many theories such as Instrumental stakeholder theory in which the satisfaction of stakeholders is instrumental for organizational financial performance or with the Firm-as-contract theory (Freeman and Evan, 1990).
- research in which there was a lack of correlation between these indicators or in which the results were inconclusive;
- research in which negative correlations between these indicators were found.

Table 1. Examples of the research in relation between corporate reputation (or CSR) and its performance

	Short-run	Long-run
Positive relationship	Posnikoff (1997), Lee and Roh (2012)	Orlitzky, Schmid and Rynes (2003), Little and Little (2000)
Lack of relation or inconsistent results	Mc Williams and Siegel (2000)	Aupperle, Carroll, and Hatfield (1985), Teoh, Welch, Wazzan (1999)
Negative relationship	Wright and Ferris (1997)	Waddock and Graves (1997), Makni, Francoeur, Bellavance (2009)

Source: own compilation.

Not all results are conclusive as sometimes in the same research different relationships are found for different economic performance indicators. There most popular indicators applied as proxies for economic performance in the long run research are: ROS (Preston and O'Bannon, 1997; Ruf *and al.*, 2001), ROA (Preston and O'Bannon, 1997; Turban and Greening, 1997; Makni, Francoeur, Bellavance, 2009), ROI (Preston and O'Bannon, 1997), ROE (Makni, Francoeur, Bellavance, 2009; Fu, Wang and Jia, 2012), growth in sales (Ruf *and al.*, 2001). For instance Ruf *and al.* (2001) pointed out that changes in CSR affect positively company performance (represented by such indicators as growth in sales, and ROS) in the next three years. Preston and Bannon (1997), Horobet and Belascu (2012), found that managers can reduce investments in CSR in order to increase profitability in the short run, which increases their personal compensation.

Fu, Wang and Jia (2012) in their empirical research investigated correlations between corporate social performance and corporate financial performance measured also by Tobin's Q, and they found it negative. They also found that there are some factors that influence this relationship, such special ownership structure, governance structure, cultural background and wage rigidity, relationship in China. An increasing number of Italian companies which voluntary prepare CSR reports was an incentive to conduct the research on corporate social responsibility and firms' performance in the case of Italian listed companies (Fiori, Donato, Izzo, 2009). Lee and Roh (2012) found that corporate reputation is significantly and positively related with most indices of corporate performance; however, debt leverage has negative impact on profitability. In the research they used four measures of Fortune's "America's Most Admired Companies" as proxies for corporate reputation. The authors tested the relation using stock prices. The interesting analysis of measures for corporate financial performance and measures of corporate social performance was also conducted by Orlitzky *et al*. (2003).

The research in relation between corporate reputation and stock prices of the Polish listed companies was conducted on the basis of an analysis of companies listed in the Warsaw Stock Exchange, included in the Respect Index (Blajer-Gołębiewska, 2014). This is the first index of socially responsible companies in Central and Eastern Europe. It was created to promote WSE best practices, corporate governance standards, and CSR among companies listed on the WSE, as well as to create an investable benchmark for asset managers.

The research was based on the event study methodology. It applies buy-and-hold abnormal returns (BHAR) methodology into share prices of companies included into the stock exchange index based on reputational factors. The conducted analysis revealed a significant increase in shares' of companies after their inclusion into the Index. However, these companies had to meet tough requirements to be included into the Index, so they have already experienced increasing positive BHARs before the inclusion. In fact, the inclusion has even slowed down the rise in share prices.

There were analyses which revealed that accounting-based measures of financial performance are sufficient predictors of a firm market-based valuation and returns (Brief and Lawson, 1992; Peasnell, 1996), but as they were conducted about 20 years ago, there is still a need to find if there is a relation between corporate reputation and economic performance of Polish companies.

2. Methodology

In order to check relations between corporate reputation and its economic and financial situation the following research steps were conducted: (1) selection of the appropriate proxies for corporate reputation; (2) selection of indicators for economic and financial situation of the companies; (3) selection of companies for which all the indicators are available (4) calculation of correlations among corporate reputation indicators and economic performance including economic indicators from 4 years before the ranking (5) verification of sectors in order to check if there are any specific sectors – if there are data from these sectors can disturb the results (6) analysis of data excluding the specific sector.

In the first step of the research realization proxies for corporate reputation were selected. There are organizations which conduct analysis of companies' reputation. The 'Reputation ranking lists from around the world' was prepared by Fombrun (2007). The author collected rankings and classified them by countries adding global and regional organizations. There was no Polish ranking included. The List is being constantly updated by researchers (Downing, Gardberg, 2012), but there is still a lack of ranking of Polish companies based on reputational factors.

However, in Poland at least three rankings appeared recently. The first one is the annual Ranking of Responsible Business in Poland running from 2007. The research for the ranking is conducted by Responsible Business Forum – Polish non-profit organization providing analysis in Corporate Social Responsibility – and PricewaterhouseCoopers.

The second one is the RESPECT Index introduced by the Warsaw Stock Exchange in 2009. There is also the PremiumBrand project which has been running since 2006, which annually selects one company of the highest reputation, because the ranking is mostly for the brands of the highest reputation.

For the research purposes, the Ranking of Responsible Business in Poland was selected. The reason for this was that the Ranking describes companies (not only brands), and it does not include information about their economic and financial situation (so it does not create apparent correlations in the analysis). Although it has been published since 2007, the current construction, based on five problems areas, was created in 2011. The areas are (Responsible Business…, 2014):

I. Responsible leadership,
II. Dialogue with stakeholders,
III. Social commitment,
IV. Responsible management,

V. Social innovation.

Regarding research in corporate reputation from stakeholders point of view, responsible management, responsible leadership and dialogue with stakeholders are among the most important issues creating corporate reputation. Due to the firm-as-contract analysis (Freeman and Evan, 1990) high corporate performance is a result of the simultaneous coordination and prioritization of multilateral stakeholder interests.

The Ranking of Responsible Business is created on the basis of questionnaire voluntarily answered by companies, which apply to the ranking in order to promote their reputation on the basis of their CSR management. In the voluntarily answered questionnaire there are 60 questions, and the maximum number of points for each depends on its importance. In each of first four problems' areas a company could get 100 points, in the fifth one – the Responsible management – it could get 200.

As a result, the main indicator (presenting total points in the Ranking) as well as the indicators for five areas of CSR will work as proxies for corporate reputation in the research. As current construction of the Ranking has been applied since 2011, only data from 2011-2013 could be taken into consideration in the research.

In 2013 there were 65 companies which voluntary answered the questionnaire. Thus, there were only 65 companies interested in being ranked in the Ranking of Responsible Business (*Fig. 1*). The changes in the number of companies included in the Ranking do not reveal an evident increase in the interest in the Ranking over time. This fact is quite surprising if one takes into consideration that this is the only ranking of responsible companies in Poland apart from the RESPECT Index in the WSE. On one hand it can be concluded that companies in Poland are not aware yet of the significance of company's reputation, but on the other this could be due to the weak relationship (or even no relationship) between corporate reputation and its economic performance. That is the next reason to conduct research in this relationship.

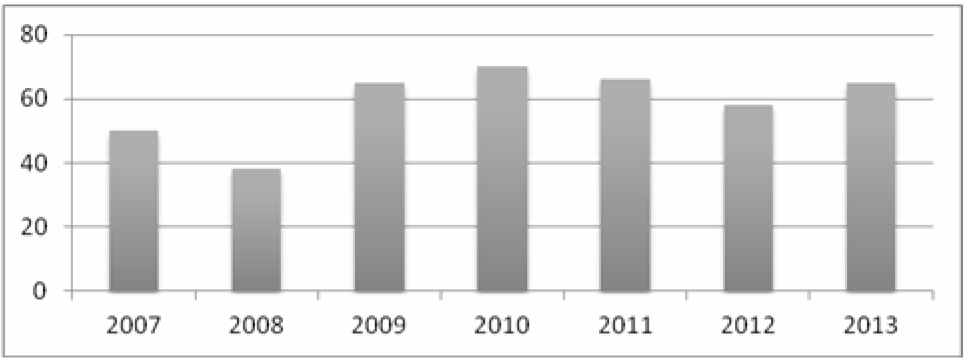

Figure 1. Number of companies included in the Ranking of Responsible Business (2007-2012)
Source: own compilation on the basis of (Responsible Business Forum…, 2014).

In the second step of the research realization, in order to measure certain aspects of economic performance, some economic indicators were chosen. The analysed aspects of company's performance were:

– the profitability of a venture after accounting for all cost (Net profit),
– the profitability of a venture after accounting for all cost per share (Net profit per share),
– the profitability as revenue minus the cost of production before deducting overhead, payroll, taxation, and interest payments (Gross profit),
– the value of an ownership interest in property (Equity),

- company's ability to generate profits before leverage, rather than by using leverage (ROA),
- company's efficiency at generating profits from every unit of shareholders' equity (ROE),
- share in the stock exchange market.

Moreover, in the research changes in these proxies were analysed.

The third step of the research realization was the selection of companies for which all the indicators were available in the analysed years (2011-2013 and for the 4 previous years). Although there were 65 companies in the Ranking of Responsible Business, the economic and financial indicators were available only for companies listed in the stock exchange. Unfortunately in 2013 there were only 19 of them. In 2012 there were for 15 companies listed in the stock exchange out of 58 companies in the Ranking, and 13 out of 66 companies in 2011, so economic indicators were available only for these companies.

In the group of companies omitted in the research, there were only a few Polish companies that were not listed in the stock exchange (for which data was not available). Moreover, there were hardly any Polish companies, but branches of worldwide corporations such as Nestle Polska, Unilever Polska, Coca-Cola HBC Polska, Procter & Gamble Polska, Skanska Property Poland, Philips Lighting Poland, Tesco Polska, British American Tobacco Polska, H&M Hennes & Mauritz, Jeronimo Martins Polska, IBM, IKEA Retail, etc. This situation might occur either due to the fact that polish companies do not understand the importance of corporate reputation or due to the fact that managers of polish companies know that corporate reputation is not an important factor for investors.

The fourth step of research realization was calculation of correlations between corporate reputation indicators and economic performance including economic indicators from 4 years before the ranking. In order to analyse correlations Pearson's correlation coefficient was used. It is a common measure of linear dependence between two variables. The test for the significance of the Pearson correlation coefficient was also applied.

In the fifth step of research realization specific sectors were indicated. The companies of the highest reputation listed in the stock exchange were mainly companies from the banking sector. For example in 2013 there were 7 companies from the banking sector (out of 19 companies), 3 from Oil and Gas, and 3 from the Energetics sector, and there were also single companies from other sectors.

Fiori, Donato, and Izzo (2009) claimed that, due to their specific core businesses and risk profile, banks and insurance companies can have altered economic performances which can disturb results. As a result, the additional analysis, excluding the banking sector, was conducted. The next paragraph presents results of the analyses conducted.

3. Reputation vs. economic performance of companies

In the analysis of correlations between reputational factors and economic performance for companies listed in the WSE included in the Ranking of Responsible Business in years 2011-2013 the Pearson coefficients were used. The test for the significance of the Pearson correlation coefficient (at levels of 0.1, 0.05, and 0.01) using Student's t-distribution was also performed (*Table 2*). For 47 observations in years 2011-2013, the number of degrees of freedom is 45, so the minimal value of coefficient to get the statistically significant correlation is 0.243 (at the level of 0.1).

The results of the analysis show that there are statistically significant (but not very strong) correlations between corporate reputation indicators and economic performance indicators. Total points in the Ranking of Responsible Business are not statistically significantly correlated any indicator of economic performance (*Table 2*).

Table 2. Pearson coefficients for correlations between reputational factors and economic performance for companies listed in the WSE included in the Ranking of Responsible Business in years 2011-2013

Economic indicator	Years (where 0 is the year of inclusion)	Responsible leadership	Dialogue with stakeholders	Social commitment	Responsible management	Social innovation	Points in the Ranking
Net profit	-4	-0.140	0.129	0.221	-0.074	0.013	0.015
	-3	-0.224	0.052	0.036	-0.233	-0.119	-0.141
	-2	-0.099	0.120	-0.023	-0.220	-0.138	-0.112
	-1	-0.109	0.164	0.167	-0.147	0.059	0.008
	0	-0.057	0.166	0.167	-0.131	0.060	0.025
Gross profit	-4	-0.162	0.099	0.204	-0.102	0.005	-0.010
	-3	-0.235	0.022	0.022	-0.248*	-0.121	-0.158
	-2	-0.107	0.106	-0.023	-0.226	-0.138	-0.118
	-1	-0.096	0.170	0.137	-0.154	0.054	0.002
	0	-0.058	0.163	0.129	-0.148	0.042	0.007
Equity	-4	0.045	0.256*	0.456***	0.036	0.259*	0.228
	-3	0.036	0.161	0.347**	-0.021	0.259*	0.168
	-2	0.026	0.209	0.223	-0.055	0.228	0.132
	-1	0.057	0.275*	0.297**	-0.054	0.297**	0.184
	0	0.077	0.258*	0.310**	-0.057	0.306**	0.190
Net profit per share	-4	0.160	-0.026	0.059	0.203	-0.072	0.097
	-3	-0.020	-0.207	-0.075	-0.001	-0.221	-0.114
	-2	-0.013	0.034	-0.141	-0.029	-0.241	-0.096
	-1	-0.038	0.040	0.139	-0.006	0.014	0.029
	0	0.244*	0.101	0.180	0.061	0.029	0.142
ROE	-4	0.046	-0.032	-0.032	-0.025	-0.164	-0.050
	-3	0.052	0.045	-0.118	-0.043	-0.128	-0.049
	-2	0.124	0.005	-0.166	-0.052	-0.094	-0.045
	-1	0.132	0.008	-0.249*	0.016	-0.111	-0.042
	0	-0.197	-0.026	-0.253*	-0.116	-0.140	-0.177
ROA	-4	0.184	0.195	-0.072	-0.036	-0.076	0.033
	-3	0.109	0.191	-0.162	-0.117	-0.152	-0.048
	-2	0.075	0.084	-0.202	-0.214	-0.214	-0.132
	-1	0.000	0.066	0.200	-0.031	0.117	0.073
	0	0.356**	0.113	0.251*	0.140	0.156	0.243
Share in the stock exchange	-4	-0.077	0.103	0.302**	-0.079	0.233	0.094
	-3	-0.084	0.085	0.266*	-0.143	0.160	0.042
	-2	-0.239	0.070	0.135	-0.208	-0.014	-0.087
	-1	-0.177	0.104	0.178	-0.143	0.051	-0.019

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: own compilation.

In companies in which the Responsible leadership is promoted, there is also higher net profit per share and return on assets (ROA) in the same year (*Table 2*). As it could be expected, the indicator of 'Dialogue with stakeholders' is positively correlated with the level of equity, but only in some selected years: four years before inclusion in the Ranking (-4), three years before inclusion in the Ranking (-4), one year before the inclusion (-1), and in the year of inclusion (0). However statistically significant, the correlation coefficients are not very strong.

Similarly as responsible leadership, the level of social commitment is statistically significantly correlated with equity for almost all years (-4, -3, -1, 0), but it is also positively correlated with share in the stock exchange for years -4 and -3. There were also negative correlation found, which means that the higher company's efficiency at generating profits from every unit of shareholders' equity (ROE), the lower social commitment occurs in the group of analysed companies.

In the case of 'Responsible management', there is no statistically significant correlation of this indicator with any economic indicator besides the gross profit three years before inclusion in the Ranking of Responsible Business. In companies in which there is higher social innovation, there is also higher level of equity (in years -4, -3, -1, 0). Generally, there are not many statistically significant correlations, and the significant correlations are rather weak.

In the next step of the research, there were Pearson coefficients for correlations between reputational factors and changes in selected economic performance indicators calculated (for companies listed in the WSE included in the Ranking of Responsible Business in years 2011-2013; *Table 3*).

Table 3. Pearson coefficients for correlations between reputational factors and changes in selected economic performance indicators for companies listed in the WSE included in the Ranking of Responsible Business in years 2011-2013

		Responsible leadership	Dialogue with stakeholders	Social commitment	Responsible management	Social innovation	Points in the Ranking
Change in the net profit	-4 to -3	-0.097	0.017	-0.032	-0.079	-0.031	-0.060
	-3 to -2	0.117	-0.085	-0.055	-0.183	0.159	-0.021
	-2 to -1	0.024	0.031	0.195	0.031	0.195	0.111
	-1 to 0	0.319**	0.080	0.266*	0.146	0.179	0.238
Change in the gross profit	-4 to -3	0.062	0.043	-0.180	0.199	-0.108	0.025
	-3 to -2	0.065	-0.027	-0.022	0.072	0.030	0.037
	-2 to -1	0.016	0.037	0.148	0.011	0.073	0.063
	-1 to 0	0.324**	0.065	0.259*	0.149	0.182	0.237
Change in equity	-4 to -3	0.054	0.020	-0.044	-0.055	0.152	0.026
	-3 to -2	0.113	0.137	-0.123	0.105	0.104	0.088
	-2 to -1	0.045	0.141	0.163	-0.099	0.143	0.075
	-1 to 0	0.174	-0.025	-0.064	0.050	-0.035	0.031
Change in net profit per share	-4 to -3	0.054	-0.030	-0.031	-0.077	0.058	-0.011
	-3 to -2	0.173	-0.039	-0.045	-0.173	0.221	0.023
	-2 to -1	0.031	0.109	0.083	-0.139	0.103	0.025
	-1 to 0	-0.140	0.010	-0.027	-0.166	0.017	-0.085

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: own compilation.

The results once again show just a few statistically significant correlations which were rather weak (low levels of the Pearson correlation coefficient). Total points achieved in the Ranking of Responsible Business are not statistically significantly correlated with change in any economic indicator. There are also no statistically significant correlations between economic performance and indicators representing three out of five analysed areas of CSR: Dialogue with stakeholders, Responsible management, and Social innovations.

One significant conclusion may be drawn from the *Table 2*: in the companies, in which there were greater changes in net profit and gross profit in the year of inclusion, comparing with the year before, responsible leadership and social commitment were promoted more.

As it was mentioned above, banks and insurance companies can have economic performances different than companies in other sectors (due to their specific core businesses and risk profile). Therefore, the fact that there were about 37% - 54% of companies from the banking sector in the analysed sample each year could disturb results. In order to verify this hypothesis, an additional analysis excluding the banking sector was conducted (*Table 4*).

Table 4. Pearson coefficients for correlations between reputational factors and economic performance for companies in the Ranking of Responsible Business excluding the banking sector 2011-2013

		Responsible leadership	Dialogue with stakeholders	Social commitment	Responsible management	Social innovation	Points in the Ranking
1	2	3	4	5	6	7	8
Net profit	-4	-0.004	0.427**	0.280	0.194	0.058	0.210
	-3	-0.125	0.237	0.038	-0.160	-0.126	-0.058
	-2	-0.071	0.202	-0.032	-0.249	-0.221	-0.119
	-1	0.041	0.398**	0.274	-0.030	0.060	0.153
	0	0.157	0.442**	0.296	0.020	0.111	0.221
Gross profit	-4	0.001	0.412**	0.255	0.171	0.028	0.187
	-3	-0.120	0.214	0.012	-0.179	-0.128	-0.072
	-2	-0.067	0.197	-0.037	-0.256	-0.220	-0.122
	-1	0.069	0.410**	0.218	-0.039	0.051	0.143
	0	0.179	0.458**	0.244	0.007	0.090	0.207
Equity	-4	0.204	0.525***	0.687***	0.361*	0.362*	0.509***
	-3	0.223	0.401**	0.529***	0.223	0.370*	0.413**
	-2	0.266	0.422**	0.378*	0.229	0.332*	0.382*
	-1	0.314	0.528***	0.479**	0.223	0.430**	0.463**
	0	0.328	0.513***	0.482*	0.218	0.438**	0.465**
Net profit per share	-4	0.019	-0.033	-0.179	-0.043	-0.240	-0.126
	-3	-0.252	-0.405**	-0.278	-0.278	-0.421**	-0.392**
	-2	-0.262	-0.133	-0.370*	-0.384*	-0.529***	-0.427**
	-1	-0.060	0.080	0.177	-0.090	0.030	0.026
	0	0.398**	0.197	0.238	0.153	0.070	0.243
ROE	-4	0.149	-0.016	-0.109	0.050	-0.173	-0.032
	-3	0.109	0.049	-0.214	0.032	-0.164	-0.054
	-2	0.091	-0.040	-0.217	-0.070	-0.191	-0.111
	-1	0.125	-0.101	-0.322	0.049	-0.185	-0.105
	0	-0.358*	-0.141	-0.316	-0.186	-0.200	-0.289

1	2	3	4	5	6	7	8
ROA	-4	-0.015	0.014	-0.148	-0.072	-0.270	-0.135
	-3	-0.096	0.017	-0.272	-0.219	-0.397**	-0.264
	-2	-0.119	-0.098	-0.274	-0.397**	-0.411**	-0.335*
	-1	0.009	0.114	0.264	-0.049	0.144	0.112
	0	0.535***	0.217	0.326	0.230	0.192	0.355*
Share in the stock exchange	-4	0.416**	0.582***	0.550***	0.487**	0.542***	0.613***
	-3	0.446**	0.646***	0.534***	0.285	0.443**	0.542***
	-2	0.095	0.546***	0.367*	0.074	0.110	0.252
	-1	0.127	0.482**	0.353*	0.200	0.175	0.301

*** p < 0.01; ** p < 0.05; * p < 0.1

Source: own compilation.

In the analysis of Pearson coefficients of correlations between reputational factors and economic performance for companies in the ranking excluding banking sector (in years 2011-2013) there were 26 companies remaining. Due to the test of significance of Pearson correlation coefficient, for the number of degrees of freedom, which is 24, the minimal value of coefficient to get the statistically significant correlation is 0.330 (at the level of significance 0.1; *Table 4*).

After the exclusion of banking sector, more statistically significant correlations appeared in the matrix (*Table 4*). An interesting fact is the appearance of significant negative correlations for some indicators. Companies which achieved higher number of total points in the Ranking of Responsible Business are companies of higher equity in all the analysed years. They also had higher share in the stock exchange market three and four years before being listed in the Ranking. Quite surprising is the fact that they had low net profit per share two and three years before inclusion in the Ranking. On the one hand, these profits occurred in years 2008-2011, so the negative correlation could appear due to the financial crisis, and the negative correlations with ROA for these years confirm the hypothesis. But on the other hand, it is rather equivocal as correlations concerning net profit and gross profits are not statistically significant. The other reason might be the number of shares listed in the stock market.

Generally, for companies in the Ranking of Responsible Business excluding the banking sector, there were many statistically significant correlations in the case of equity. A higher the level of equity (in all analysed years) was found in companies promoting mainly dialogue with stakeholders, social commitment and social innovations.

Similar results were found in the case of share in the stock exchange market indicator. This economic indicator was significantly and positively correlated with responsible leadership (for years -4 and -3), dialogue with stakeholders (in all the analysed years), social commitment (in all the analysed years), responsible management (for year -4), social innovation (for years -4 and -3), and total number of points in the Ranking (for years -4 and -3).

Furthermore, in the analysis of companies in the Ranking excluding banking sector, a higher level of responsible leadership occurred in companies of higher net profit per share, companies which were more efficient at generating profits from every unit of shareholders' equity, and companies of higher ability to generate profits before leverage, rather than by using leverage in the year of inclusion.

In the case of dialogue with shareholders, the indicator was positively correlated with net profit and with gross profit (both in years -4, -1, 0). A negative correlation between this indicator and net profit per share 3 years before inclusion was also found. Social commitment (in year -2), responsible management (in year -2) and social innovation (in years -2 and -3) were also negatively correlated with net profit per share.

Companies of responsible management and higher level of social innovation experienced also lower levels of ROA 3 and 2 years before inclusion in the Ranking.

In the analysis of Pearson coefficients for correlations between reputational factors and changes in selected economic performance indicators (for companies in the Ranking excluding banking sector 2011-2013), the minimal value of coefficient to get the statistically significant correlation is also 0.330 (at the level of significance 0.1; *Table 5*).

Table 5. Pearson coefficients for correlations between reputational factors and changes in selected economic performance indicators for companies in the Ranking excluding banking sector 2011-2013

		Responsible leadership	Dialogue with stakeholders	Social commitment	Responsible management	Social innovation	Points in the Ranking
Change in the net profit	-4 to -3	-0.004	-0.028	-0.092	0.022	-0.121	-0.057
	-4 to -3	0.197	-0.115	-0.040	-0.206	0.145	0.004
	-3 to -2	0.062	0.136	0.319	0.005	0.246	0.186
	-2 to -1	0.538***	0.225	0.364*	0.252	0.246	0.388*
	-1 to 0	-0.141	-0.289	-0.514***	-0.190	-0.261	-0.330*
Change in the gross profit	-4 to -3	0.130	-0.180	-0.147	-0.270	0.117	-0.073
	-3 to -2	0.071	0.142	0.331*	0.009	0.257	0.196
	-2 to -1	0.553***	0.214	0.363*	0.255	0.249	0.392**
	-1 to 0	0.065	-0.023	-0.079	-0.111	0.174	0.011
Change in the equity	-4 to -3	0.168	0.172	-0.152	0.242	0.112	0.132
	-3 to -2	0.122	0.269	0.270	-0.058	0.226	0.189
	-2 to -1	0.235	-0.011	-0.094	0.110	-0.041	0.049
	-1 to 0	0.139	-0.138	-0.092	-0.021	0.001	-0.020
Change in the net profit per share	-4 to -3	0.259	-0.116	-0.025	-0.167	0.229	0.057
	-3 to -2	0.341*	0.101	0.153	0.167	0.314	0.268
	-2 to -1	-0.085	0.147	0.115	-0.055	0.157	0.068
	-1 to 0	-0.004	-0.028	-0.092	0.022	-0.121	-0.057

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: own compilation.

On the basis of conducted analysis it can be concluded that changes in the economic indicators were not as important for reputational factors as values of these indicators. Changes in equity were not correlated with proxies for corporate reputation at all. There was only one statistically significant correlation in the case of change in the net profit per share. The change in the net profit per share from the third to the second year before inclusion in the Ranking of Responsible Business was positively correlated with a higher level of responsible leadership.

Furthermore, in companies in which there is responsible leadership promoted, there were higher increases in year-to-year net profits and in year-to-year gross profits two years before inclusion in the Ranking (from year -2 to year -1). This could mean that higher profits generate increased interest in the issue of responsible leadership. However, the direction of this relationship should be additionally confirmed.

Similarly, in companies in which there is social commitment promoted, there were higher increases in year-to-year net profits two years before inclusion in the Ranking (from year -2 to year -1). In this case there were not only higher increases in year-to-year gross profits two years before inclusion in the Ranking (from year -2 to year -1), buy also three years before the inclusion (from year -3 to year -2).

Companies (excluding banking sector), which achieved high number of points in the Ranking, experienced also significant increases in net profits in two previous years, and in gross profits in the last year before inclusion in the Ranking. These changes could induce the interest of managers in the CSR which leads to an increase in the level of corporate reputations. However, this hypothesis should be confirmed in further research.

Summary and conclusions

The conducted research shows that there are only some weak correlations among proxies for corporate reputation and corporate performance in Poland. For companies listed in the WSE included in the Ranking of Responsible Business in years 2011-2013, the most important correlations occurred in the case of equity. Companies of higher value of an ownership interest in property (higher equity) pay attention and promote such activities as dialogue with stakeholders, social commitment, and social innovation in almost all of the analysed years. The fact that social commitment was better performed by companies of lower level of return on equity could result from the previous correlation (the higher equity, the lower ROE). These conclusions are consistent with the one that social responsibility (especially responsible leadership and social commitment) is at a higher level in companies able to generate profit before leverage (higher ROA).

There were no significant correlations between corporate reputation and its profitability (net profit and gross profit). However, in cases of some companies there was an increase in the net (and gross) profit just one year before companies noted better social responsibility (responsible leadership and social commitment). Only in cases of companies with responsible leadership, net profit per share was higher.

After exclusion of companies from the banking sector from the analysed sample, as the sector of specific core businesses and risk profile, significant changes appeared in results obtained. The main findings for companies from all sectors, excluding banking, are:

- significant relations between higher value of an ownership interest in property (higher equity) and such activities as dialogue with stakeholders, social commitment, and social innovation in all of the analysed years;
- a more developed dialogue with stakeholders in companies where net and gross profits are higher (in majority of analysed years);
- a predictable dialogue with stakeholders (as well as social commitment) promoted in companies which have higher share in the stock market exchange.

Despite the fact that the test for the significance of the Pearson correlation coefficient shows that all above-mentioned correlations are statistically significant (at the level of 0.1), almost all of the them were mainly at low level, so correlations are rather weak.

As a result, the hypothesis put in the research, that relations between indicators of corporate reputation and economic performance in Poland are weak, cannot be rejected. There were some statistically significant correlations and most of them were weak. The reason for this fact is that, despite a low level of interest in promoting corporate reputation (through engaging companies in CSR events), companies of better performance have more funds, and they are more conscious of the importance of this issue.

For the further research it is recommended to verify relationships between corporate reputation and economic performance in each sector, as well as to conduct research in this problem in the next few years. It could be expected that the trend from other countries to invest in companies of high reputation will become recognizable also in Poland, which can make companies of higher economic performances promote their reputation among stakeholders intensively.

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