DOES TODAY'S CSR DISCLOSURE DIFFER FROM THE DISCLOSURE OF THE 1970S? AN EMPIRICAL ANALYSIS

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ABSTRACT

In this paper, we respond to the call for further research on whether the accountability disclosure of today differs from the social disclosure of the 1970s. We do this by examining for differences in corporate social responsibility (CSR) disclosure in the late 1970s (using data from Ernst & Ernst, 1978) relative to disclosure from 2010 corporate reports. More specifically, we show (1) the breadth of CSR disclosure (using two different measures of disclosure extensiveness) has grown dramatically, (2) that there is no significant change in the relation between legitimacy variables and differences in CSR disclosure, and (3) that differences in CSR disclosure (using either of the breadth measures) were not significant in explaining differences in the market value of firms in the late 1970s and continue to be insignificant today. In general, our results suggest that CSR disclosure, while more extensive today than it had been three decades ago, fails to provide information that is relevant for assessing firm value.

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Corporate social responsibility (CSR) disclosure, after a lengthy absence, appears to once again be a topic of interest for mainstream accounting researchers.[1] For example, *The Accounting Review*, after recently publishing papers related to auditing of sustainability reports (Simnett et al., 2009) and the impact of CSR reporting on firms' cost of capital (Dhaliwal et al., 2011), even included a forum on CSR research in accounting in its May, 2012 issue. In the introduction to that forum, current TAR editor John Harry Evans III states "the two forum archival studies document that shareholders have reason to care about CSR disclosures" and also adds that the third contribution to the forum, Moser and Martin (2012), suggests that experimental research could "offer new insight into understanding . . . why firms make the CSR disclosures that they do" (Evans, 2012, p. 721).[2] Moser and Martin (2012, p. 798) also offer additional evidence of the renewed mainstream interest in CSR by noting the planned conference on corporate accountability reporting being hosted by the Harvard Business School in collaboration with *Journal of Accounting and Economics*. Indeed, our study is a response to that conference's call for papers (www.hbs.edu/units/am/conferences/2013/corporate-accountability-reporting/), where one of the questions being posed is "How does corporate accountability reporting differ from corporate social responsibility of the 1970s . . .?"

In this paper, we attempt to determine whether the corporate CSR reporting of today does indeed differ from that of the 1970s. We do this by examining for differences in CSR disclosure in the late 1970s (using data from Ernst & Ernst, 1978) relative to disclosure from 2010 corporate reports. More specifically, we show (1) the breadth of CSR disclosure (using two different measures of disclosure extensiveness) has grown dramatically, (2) that there is no significant change in the relation between the legitimacy variables firm size and membership in an environmentally sensitive industry on differences in the breadth of disclosure (using either of the breadth metrics), and (3) that differences in CSR disclosure (using either of the breadth measures) were not significant in explaining differences in the market value of firms in the late 1970s and continue to be insignificant today. In general, our results suggest that CSR disclosure, while more extensive today than it had been three decades ago, may still largely be driven by concerns with corporate legitimacy, and still fails to provide information that is relevant for assessing firm value. We begin by laying out our expectations for any differences in CSR disclosure between the late 1970s and 2010.

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[1] A number of papers related to CSR topics were published in *The Accounting Review* (e.g., Anderson and Frankle, 1980; Buzby and Falk, 1979; Ramanathan, 1976), *Journal of Accountancy* (e.g., Beams and Fertig, 1971; Dilley and Weygandt, 1973; Marlin, 1973), and even *Journal of Accounting Research* (e.g., Ingram, 1978; Ingram and Frazier, 1980) over the 1970s and early 1980s. In contrast, Deegan and Soltys (2007) claim no CSR papers at all were published in the top tier North American research journals from the mid-1990s through the mid-2000s.

[2] We would argue that a large body of research, experimental and otherwise (see, e.g., Milne and Patten, 2002), already exists offering great insight into what drives firms to disclose CSR information. But given the oft-cited concerns with the quality of CSR disclosure in the social and environmental literature (e.g., Gray, 2006; Patten, 2012), we question whether shareholders or any other stakeholders really have reason to care.

Hypothesis Development

For several years over the 1970s, the accounting firm of Ernst & Ernst compiled a survey of corporate CSR disclosure included by the Fortune 500 industrial firms in their annual reports. Certainly, one of the most important findings of these surveys was that the extent of CSR disclosure appeared to be growing over time but varied dramatically across firms. The last of the reports, Ernst & Ernst (1978) was based on disclosures in 1977 annual reports and contained detailed information on the areas of CSR disclosure for each of the surveyed companies. We rely on this source for disclosure data in the late 1970s and as we discuss in the methods and results section below, we hand compile disclosure for a similar sample of U.S. companies based on their 2010 annual reports, and where issued, stand-alone CSR reports.[3] Our concern in this investigation is to identify differences in CSR disclosure across the two periods relative to (1) the breadth of the disclosure, (2) the factors that explain differences in disclosure across firms, and (3) the relations, if any, of the disclosure to firm valuation. We separately provide our expectations for differences across these areas below.

Has the breadth of CSR disclosure changed?

The first intent of our investigation is to identify whether the breadth of CSR disclosure differs in 2010 compared to 1977. We believe there are several reasons for expecting these disclosures to have increased. First, at least with respect to environmental information, standard-setting bodies in the U.S. substantially increased the guidance and the requirements for financial report disclosure over the late 1980s and early 1990s. For example, the Securities and Exchange Commission, The Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants all issued authoritative guidance related to recognition of environmental liabilities over this period, and prior studies (e.g., Barth et al., 1997; Patten, 2000;) document increased disclosure of these exposures. Further, Cho and Patten (2008) indicate that a growing number of U.S. firms continued to adopt the reporting over the mid-2000s. Because Patten (2000) shows that increased disclosure of environmental exposure information is associated with increases in other, more positive pieces of environmental information, we expect environmental disclosure to be higher than it had been in 1977.

Perhaps more important in driving our expectations for increased CSR disclosure is the creation of the Global Reporting Initiative (GRI) and the (related?) growth in stand-alone CSR reporting. Established through a joint effort between the United Nations Environmental Program and the Coalition for Environmentally Responsible Economies in the late-1990s, GRI offers guidelines for CSR disclosure across not only environmental, but also social dimensions. Ballou et al. (2006, p. 66) argue that the GRI guidelines are “the most dominant” in the world, and they claim that nearly 1,000 organizations world-wide were following GRI by 2006. Perhaps owing to the influence of GRI, considerable evidence indicates that the practice of CSR reporting through separate stand-alone reports has grown dramatically over the past decade.[4] For example, KPMG, in its 2011 survey of CSR disclosure, reports that 95 percent of the Global 250 had issued some type of stand-alone CSR report over its period of investigation (KPMG, 2011).

[3] Buhr (2007) notes that the practice of stand-alone CSR reporting by U.S. companies had its start in the early 1990s.
[4] Although not necessarily a function of the GRI, KPMG (2005) also indicates that the number of Global 250 companies including CSR information in their annual reports was increasing over the early 2000s.

Other studies (e.g., Brown et al., 2010; Dhaliwal et al., 2011; Patten, 2012) note the practice is not limited to only the world's largest companies.[5] We anticipate that the growth of disclosure guidance and the proliferation of stand-alone CSR reporting will have led to increased extensiveness in the disclosure of CSR information.

A third factor that we argue increases the likelihood for increased CSR disclosure is the substantial increase in the socially responsible investment segment of the market. Although, as pointed out by Haigh and Hazelton (2004), social responsibility investment funds date back to at least the early 1970s in the U.S., they didn't really become economically substantial until relatively recently. To illustrate, Social Investment Forum data indicate that social responsible investment assets grew from $639 billion in 1995 to just under $2.3 trillion a decade later (Dhaliwal et al., 2012; Holder-Webb et al., 2009). Importantly, Dhaliwal et al. (2011, p. 62) argue that socially conscious investors are willing to pay a premium for socially responsible firms, thus increasing firms' incentives to appear socially responsible. One way firms can increase their appeal to this segment of the market is to project an image of social responsibility, and as such, we argue that the desire to tap into this market also will have led to increased CSR disclosure over time.

Finally, and perhaps related to the justifications note above, we believe the establishment of organizations and agencies that evaluate and rank companies on their CSR performance also will have led to increased CSR disclosure. Rating organizations such as Kinder, Lydenberg, Domini Research and Analytics (KLD) attract considerable attention and publicity worldwide (Chatterji et al., 2009). They seek to make corporate social initiatives more transparent by analyzing companies' plans and investments in the social and environmental domain, and as such rely, at least partly, on company-provided CSR disclosures. Similarly, disclosure appears to play a role in company inclusion in socially responsible indexes such as the Dow Jones Sustainability Index and the FTSE4Good (Cho, Guidry, Hageman, and Patten., 2012). Because CSR ratings and index membership can promote improved stakeholder relationships (Cooper and Owen, 2007) and lead to inclusion in socially responsible investment funds, firms seeking better ratings and increased likelihood of membership in the indexes have an incentive to increase their CSR disclosure.

Based on the justifications laid out above, we state our first hypothesis as:

> H_1: The extensiveness of corporate CSR disclosure will be higher in 2010 than it had been in 1977.

Have factors explaining differences in CSR disclosure across firms changed?

As noted by Patten (2002), the variation in CSR disclosure revealed by the Ernst & Ernst surveys (and other studies) led to a number of investigations attempting to explain the differences across firms. And while a variety of theoretical lenses have been applied to these analyses (see, e.g., Gray et al., 1995), legitimacy theory is often recognized as the most dominant (e.g., Deegan, 2002; 2007). Proponents of legitimacy theory argue that companies use CSR

[5] For example, Patten (2012, p. 19) documents that, based on information from CorporateRegister.com, more than 800 U.S. organizations have issued a stand-alone CSR-type report.

disclosure to address exposures in the social and political environment and as such, they posit a positive relation between social exposure and the extent of CSR disclosure (Patten, 1991; 1992; Hackston and Milne, 1996). Patten (2002, p. 765) notes that firm size and industry membership are the two factors most consistently shown to be related to differences in CSR disclosure, and we argue that empirical evidence suggests no changes in their relation to CSR disclosure over time. Cowen et al. (1987) used disclosure data from Ernst & Ernst (1978) and reported firm size and membership in various environmentally sensitive industries as the factors most consistently explaining differences in the disclosure. Similar relations have since been reported for CSR disclosures by U.S. companies in the 1980s (Patten, 1991), the 1990s (Gamble et al., 1995; Patten, 2002), and the 2000s (Holder-Webb et al., 2009; Cho, Freedman, and Patten, 2012). Given the consistent findings over time, we expect the relation of legitimacy variables to differences in CSR disclosure to remain unchanged from 1977 to 2010. We state this hypothesis as:

> H_2: Ceteris paribus, the relation between legitimacy variables and the breadth of CSR disclosure will not have changed from 1977 to 2010.

Has the relation between CSR disclosure and firm value changed?

The third intent of our study is to investigate for any change in the degree to which CSR information appears to be valued in the marketplace. In contrast to examinations of the extent of CSR disclosure and the factors that explain differences in it, explorations of the market value of CSR disclosure are more limited and do not provide a consistent signal regarding potential impacts. Several early studies investigated the market reaction to annual report CSR disclosure and relied on information compiled by Ernst & Ernst in its annual surveys of CSR disclosure (e.g., Ernst & Ernst, 1978) to identify sample companies and their choice to disclose. Belkaoui (1976), for example, used a monthly return model and tested for differences in market reaction at the time of issuance of annual reports for a sample of 50 firms identified by Ernst & Ernst as having pollution control disclosures versus a control group of non-disclosing companies. Belkaoui reports more positive returns for the disclosing firms. Ingram (1978), based on a larger sample and noting differences in disclosure across both social and environmental areas finds no significant market reaction for his sample of disclosing companies overall. However, controlling for the sign of unexpected earnings and partitioning across industry subsets, Ingram does report some limited positive market reactions associated with aspects of CSR disclosure. Finally, Anderson and Frankle (1980) control for differences in firm-specific market risk and also examine for market reactions at the time of annual report issuance. Using a broad sample drawn from the Ernst & Ernst surveys, they report significant positive market reactions for CSR disclosing companies vis-à-vis non-disclosing counterparts, but primarily only for the month preceding annual report releases. Part of the problem with these early market studies of CSR disclosure is that, because the focus was on annual report disclosure of the information, results were likely confounded by other information.[6] In contrast, a more recent investigation of the market effects of CSR reporting (Guidry and Patten, 2010) examines reactions at the time of press releases announcing the first-time issuance of stand-alone CSR reports (where firms with confounding information announcements were excluded). Guidry and Patten (2010) report positive market reactions over a three-day event period centered on the press release date, but only for firms with more extensive disclosure.

[6] Of course, the use of monthly returns also introduces problems with respect to confounding events.

Focusing more specifically on differences in firm valuation (as opposed to one-time market effects), two recent non-U.S. studies, Murray et al. (2006) and Jones et al. (2007), examine whether differences in social and environmental disclosure have longer term effects. Murray et al. (2006) report no significant short-term associations between CSR disclosure and market valuation for a sample of U.K. firms, but they do find that over a nine-year period of time, higher levels of disclosure appear to correlate with higher market valuation. In contrast, Jones et al. (2007), relying on a sample of Australian companies, find that CSR disclosure appears to be negatively, but only weakly associated with longer-term market valuation effects.

Although not focusing on CSR disclosure, several recent studies of environmental performance also provide potential justification for expectations that CSR information might be reflected in firm value. Hughes (2000, p. 210) claims that costs likely to be incurred in the future to address environmental performance issues often fail to meet the FASB Statement No. 5 requirements that they be "reasonably estimable." As such, he argues, they are usually not recognized in the financial statements. However, because these costs can be substantial, they could be expected to impact firm value. Relying on models controlling for the impacts of the book value of assets and liabilities, these studies examine whether differences in the market value of equity are related to future environmental cost exposures. Within this area, Barth and McNichols (1994), show that publicly available information on companies' exposures to investigations under the Superfund legislation are reflected as value-relevant unrecognized liabilities for affected firms. Similarly, Hughes (2000) finds that differences in sulfur dioxide emissions as reported by the Department of Energy for publicly traded utility companies targeted for reduction goals under the 1990 Clean Air Act Amendments (CAAA) are associated with differences in the market value of those firms. Finally, Clarkson et al. (2004) use two different measures of corporate environmental performance compiled by the EPA to partition their sample of pulp and paper companies into high-polluting and low-polluting sub-samples, and, consistent with both Barth and McNichols (1994) and Hughes (2000), their results indicate the market assesses a statistically significant unbooked liability for the high polluting firms.

In general, Barth and McNichols (1994), Hughes (2000), and Clarkson et al. (2004) all present evidence suggesting the market captures at least environmental performance information made available through non-company sources. If CSR disclosures provide meaningful information allowing investors to infer social and environmental performance (see, e.g., Dhaliwal et al., 2012), we would expect more extensive information provision to be associated with differences in firm value. Further, to the extent that we find expanded disclosure in our later period, we would also anticipate differences in disclosure in 2010 to be more closely associated with differences in firm value than for the 1977 period. However, CSR disclosure has been widely criticized as *not* providing meaningful information. Gray (2006, p. 803), for example, argues that "the vast majority of corporate reporting practice is . . . voluntary, partial, and, mostly, fairly trivial," and "with such data, no reader could make any kind of reliable estimate of the organisation's social or environmental performance." Thus, it is not clear that CSR disclosure should be expected to relate to firm value.

Based on the mixed evidence cited above, we offer our hypotheses related to CSR disclosure and firm value in null form. We state these as:

H_3: Ceteris paribus, differences in CSR disclosure are not related to differences in firm value.

H_4: Ceteris paribus, the relation between CSR disclosure and firm value will not differ across the 1977 and 2010 periods.

Methods and Results

Sample Identification

Two major issues influence sample selection. First, while the Fortune 500 on which the 1978 E&E survey was based included only industrial firms, more recent Fortune 500 listings include other types of companies including financial services firms, utilities, transportation companies, and retailers. In order to assure comparability (because numerous studies over time indicate CSR disclosure differs across industry sectors) we focus our 2010 analysis on only industrial companies from sectors similar to those used by E&E for its 1978 survey.[7] As such, 280 of the Fortune 500 companies from 2010 were eliminated due to industry sector. In order to not bias any analysis due to relative differences in the size of the companies (since numerous studies indicate firm size influences CSR disclosure) we also focus on only the 250 largest companies included in the 1977 Fortune 500 industrials, two of which were not included in the E&E analysis. The second major factor influencing sample selection was the availability of financial data through the WRDS database. In total, seven firms from 2010 and 43 companies from 1978 either were not available in the database or had missing data. As such our final sample consists of 213 industrial firms from 2010 and 205 from 1977. Only 71 companies are included in both years.

CSR Disclosure Measures

We compute two different measures of CSR disclosure breadth. The first is based on a content analysis of disclosure using 25 items of information across six broad categories of social and environmental information – environment, energy, fair business practices, human resources, community involvement, and product.[8] E&E (1978) identifies, for each of the firms in its survey, which specific items of disclosure were included. We used these same classifications for the analysis of disclosure for the 2010 reports. We awarded one point for each of the 26 items disclosed by the sample firms, and as such content scores could range from zero to 26.

Our second CSR disclosure measure takes into consideration the specificity of the information provided. Similar to Wiseman (1982), we weight monetary disclosures as a three, quantitative but non-monetary disclosures are scored as a two, and non-quantitative disclosures receive only one point. However, E&E (1978) only break down the monetary/quantitative disclosure across the six major categories of information (i.e., rather than indicating the level of

[7] The Fortune 500 from 1977 also included Broadcasting, Motion Picture Production and Distribution firms. We do the same.

[8] Ernst & Ernst (1978) also included an "other" category. However, due to the vagueness of what should be included under this area we excluded it from our analysis.

specificity for each of the 26 disclosure items, E&E only indicate, for example, that disclosures in the environmental category included monetary on quantitative non-monetary information). As such, the weighted disclosure scores could range from zero to 18.

Differences in Disclosure Breadth

We use a t-test of differences in means to assess the significance of changes in CSR disclosure over time. As summarized in the table below, the breadth of CSR disclosure is, as hypothesized, significantly higher in 2010 than it had been in 1977. The average content score in 1978 was 6.99 in comparison to a mean score of 14.54 for the 2010 sample. Similarly, the weighted disclosure scores rose from an average of 6.13 in 1977 to 11.98 by 2010. Both sets of differences are statistically significant at $p < .001$, two-tailed.[9]

---------- Table 1 about here ----------

Legitimacy Factors

We next attempt to assess whether the influence of legitimacy factors has changed over time, and as such, we pool the data from 1977 and 2010. To control for the differences in disclosure across the periods noted above, we include a Year indicator variable where one designates observations from 2010. We measure firm size as the relative rank of the company within the sample for its year based on total revenues, and as such, we expect a negative relation between this variable (SizeRank) and the breadth of CSR disclosure (lower rank designates a larger company and we anticipate breadth of disclosure will be higher for larger firms). Consistent with prior research (e.g., Patten, 2002; Cho et al., 2012), companies are designated as being environmentally sensitive (we use a one/zero indicator variable) if they come from an extractive industry, or from the paper, chemicals, petroleum, or metals industries. We anticipate a positive relation between our ESI variable and CSR disclosure. To identify any changes in the impact of the legitimacy variables, we include year/variable interaction terms. Given our expectation that legitimacy factors will continue to be associated with differences in CSR disclosure, we expect the coefficients on the interaction variables (Year*SizeRank, Year*ESI) to be statistically insignificant. Finally, we estimate our regression models for each of the disclosure breadth measures.

As reported in Table 2, the SizeRank variable is negative and statistically significant (at $p < .01$, one-tailed) for both disclosure models. However, while positively signed in both cases, the ESI variable is only statistically significant (at $p < .01$, one-tailed) relative to the weighted disclosure score. Importantly, neither of the interaction terms is statistically significant for either of the disclosure models. This indicates that the basic relations between the legitimacy factors and the breadth of CSR disclosure remain similar across the two time periods. The results thus support Hypothesis 2.

---------- Table 2 about here ----------

[9] Results are qualitatively similar for a sub-set of only those firms included in both sample years.

CSR and Firm Value

Our final set of tests focuses on the relation between CSR disclosure and differences in firm value. In contrast to the many analyses of factors driving differences in CSR disclosure, we are aware of no studies that attempt to assess whether differences in corporate CSR disclosure in the 1970s was associated with differences in firm value. As such, we begin by examining that relation for the 1977 sub-sample only. We rely on the basic market valuation model employed by Barth and McNichols (1994), although, similar to Aboody et al. (2004) we also control for firms' earnings. We thus state our valuation model (with the expected sign of association beneath each variable) as:

$$MVE_i = a_1 + \underset{(+)}{B_1 \text{Total Assets}_i} + \underset{(-)}{B_2 \text{Total Liabilites}_i} + \underset{(+)}{B_3 \text{EBIT}_i} + \underset{(+/-)}{B_4 \text{Disclosure}} + e_i$$

All financial variables are measured as of the end of the fiscal year and all are deflated by the number of shares outstanding.

Table 3 presents the results of the market valuation analysis and shows that, while all three financial variables are highly significant, CSR disclosure, using either measure, is not. Thus, for the late 1970s differences in CSR disclosure did not appear to be related to differences in firm value. These findings are generally consistent with the lack of significance noted in market reaction studies of annual report CSR disclosure over that period of time (e.g., Ingram, 1978; Anderson and Frankle, 1980).

---------- Table 3 about here ----------

Finally, we test for changes in the relation between CSR disclosure and firm value by pooling the data from 1977 and 2010. Because a t-test of means showed the average market value of equity was significantly larger in 2010 than it had been in 1977 we add a one/zero indicator variable (Year) where one indicates observations from 2010. We also add a Year*CSR Disclosure interaction variable to capture any differences in the impact of CSR disclosure on firm value over the two sample periods.[10] As reported in Table 4, results of the pooled analysis indicate CSR disclosure is again not significantly related to differences in firm value. Further, the insignificance of the CSR disclosure interaction variable suggest that the relation between CSR disclosure and firm value has not changed relative to 1977. Overall, we fail to find any evidence that CSR disclosure explains differences in firm value either in the late 1970s or in 2010.

---------- Table 4 about here ----------

[10] In non-tabulated sensitivity tests, we also allow the impact of the financial explanatory variables to vary across the two periods. Results indicated our earnings measure is more positively associated with differences in firm value in 2010 than it had been in 1977, whereas the interaction terms on the other financial variables are statistically insignificant. Inferences for the CSR disclosure variables remain unchanged in this additional analysis.

Conclusion

Motivated by the increased attention CSR disclosure recently has received from the mainstream accounting research community, we attempt in this study to identify if the practice today differs from that of the 1970s. Based on samples of industrial companies included in the 1977 and 2010 Fortune 500 listings, we find that the breadth of CSR disclosure had increased significantly. However, our analysis also indicates that the relation of legitimacy factors (firm size and membership in environmentally sensitive industries) to differences in CSR disclosure has not changed. Further, we document that CSR disclosure did not appear to explain differences in firm value back in the 1970s, and in spite of the increase in its breadth, continues to be unassociated with firm value today.

Like all studies, our investigation suffers from certain limitations. We explore changes in CSR disclosure only for industrial firms and as such we cannot generalize findings to companies in other industries. Similarly, we focus only on companies in the United States. Interest in corporate social responsibility, in general, and in CSR disclosure more particularly is argued to vary across regions (see, e.g., Simnett et al., 2009; Dhaliwal et al., 2012), and as such, differing relations may hold in other countries. Finally, our disclosure metrics are limited by the availability of firm-specific information provided by Ernst & Ernst. Richer disclosure measures may reveal patterns we are not able to capture. Extensions of our analysis along any of these lines, therefore, would appear to be warranted.

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Table 1
Tests of Differences in the Breadth of CSR Disclosure

Content Scores	**Mean**	**Std. Dev.**	**t-stat**	**sig.**[a]
1977	6.99	4.98		
2010	14.54	6.37	13.467	.000
Weighted Scores	**Mean**	**Std. Dev.**	**t-stat**	**sig.**
1977	6.13	3.88		
2010	11.98	3.98	15.186	.000

Sample size is 205 firms from 1977 and 213 from 2010.

[a] Significance levels are one-tailed.

Table 2
Tests for Changes in Legitimacy Relations

	Content Scores	**Weighted Scores**
Constant	10.310 (12.335)***	8.166 (14.282)***
Year	7.593 (6.654)***	5.771 (7.382)***
SizeRank	-0.035 (-5.505)***	-0.024 (-5.580)***
ESI	0.764 (1.012)	1.250 (2.415)***
Year*SizeRank	0.002 (0.267)	0.004 (0.730)
Year*ESI	-0.346 (-0.316)	-0.738 (-0.984)
n	418	418
Adj. R^2	.390	.439

t-stats in parentheses beneath parameter estimates
*, **, *** indicate significance at .10, .05, and .001 levels, one-tailed, respectively

Table 3
Tests for Relations between Firm Value and CSR Disclosure – 1977

	Content Scores	**Weighted Scores**
Constant	7.878 (2.543)**	8.921 (2.812)***
Total Assets	0.354 (2.874)***	0.370 (2.988)***
Total Liabilities	-0.791 (-4.685)***	-0.810 (-4.785)***
EBIT	3.255 (10.103)***	3.264 (10.123)***
CSR Disclosure	0.182 (0.721)	-0.045 (-0.139)
n	205	205
Adj. R^2	.542	.541

Dependent variable is the market value of equity.
t-stats in parentheses beneath parameter estimates
*, **, *** indicate significance at .10, .05, and .001 levels, one-tailed, respectively

Table 4
Tests for Changes in the Relation between Firm Value and CSR Disclosure

	Content Scores	**Weighted Scores**
Constant	-7.627 -(2.553)**	-5.808 (2.524)***
Year	33.318 (7.502)***	31.139 (5.820)***
Total Assets	0.531 (6.463)***	0.527 (6.457)***
Total Liabilities	-0.834 (-7.391)***	-0.823 (-7.327)***
EBIT	3.949 (13.010)***	3.943 (13.100)***
CSR Disclosure	-0.171 (-0.572)	-0.509 (-1.339)
Year*CSR Disclosure	0.281 (0.745)	0.643 (1.215)
n	418	418
Adj. R^2	.652	.653

Dependent variable is the market value of equity.
t-stats in parentheses beneath parameter estimates
*, **, *** indicate significance at .10, .05, and .001 levels, two-tailed, respectively