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Full Research Paper

Financial Performance (Fp) and Social Performance (Sp): Critical View Through Cross Sectional Study on Citizens Firms

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This research aims to verify whether the social status exacerbates opportunistic strategies through strategic, financial, and internal environment of citizens firms, notably, the instrumentalization of the interests of the stakeholders. Through cross sectional studies, Our results reveal that by appropriating corporate status consider it as an instrument of their legitimacy to conceal discretionary strategies. More worthy our result confirm the non unanimity and the multitude of empirical results which highlight the limitations to implement such an approach not only among firms but also to validate a clear correlation between SP and FP. Social engagement seems to be conditioned by a strong financial performance while the opposite direction is less obvious. The majority of correlations proved arbitration and/or opportunism strategies.

Key words: strategic management, interests of the stakeholders, financial performance, social performance, opportunism, social status, stakeholders, available funds, arbitration

1. INTRODUCTION AND HYPOTHESIS DEVELOPMENT

Reflection on the modeling of social performance is still underdeveloped. Indeed, the non-consensus about the exact measures of social responsibility and the more divergent empirical results shows the limits that constrain the validation of such approach. Possible relationships found previously oscillate between positive, negative or neutral relationships. Non unanimity and the multitude of empirical results highlight the limitations to implement such an approach not only among firms but also to validate through empirical studies. Indeed, under competitive and media pressure, many firms have incorporated the principles of social responsibility in their managerial discourses. But did they comply in practice?

Objectives of study

So our ambition in this paper is to reveal if this paradox in results can exist through our cross-sectional studies. Thereby we aim to unmask the reality of the practice of social performance in citizen firms, as defined by business ethics, and to show together the irrelevance of empirical research examining the link between PS and PF. In order to show this intuition, we hope finding contradictory correlations over time and across sectors.

Hypothesis of study

Therefore, our hypothesis developed in this research is as follows:

H : The relationship, if it exists, between social performance and financial performance can be instrumental and/or temporary.

To validate this hypothesis, it is necessary to apply for sub-hypothesis, based on literature review for four models as listed in the table 1 below:

Table 1. Literature review: Fundamental Assumptions on the nature of the relationship between financial performance and social performance

Model 1 : test the effect of social performance on financial performance	Model 2 : test the effect of financial performance on social performance	Model 3 : test the causal effect between these two performance	Hypothesis8: "neutrality » Absence of relationship between financial performance and social performance: according to the explanation given by Mcwilliams and Siegel (2001) basing in idea of market equilibrium that costs and revenues are equalized. so social performance will not have an effect either positive or negative financial performance and vice versa.
Hypothesis 1 "good management": social performance positively affects financial performance, more requests from stakeholders are taken into account more improved reputation and the company will earn profits (Freeman 1984)	Hypothesis 3 "available funds" financial performance positively influences social performance. In fact, a high level of financial performance enables the company to meet its social demands (McGuire et al 1988)	Hypothesis 6 "positive synergie ": increasing the level of social performance involves improving the long-term financial performance (Waddock and Graves 1997).	
Hypothesis 2 " arbitration" Social performance negatively affects financial performance. social action creates additional financial costs which could skew the company's goal of maximizing profits. (Aupperle, Carroll and Hatzfeld 1985)	Hypothesis 4 "managerial opportunism " financial performance negatively affects social performance. Managers benefit from the financial performance and achieve personal gain at the expense of other partners. (Williamson1985)	Hypothesis 7 "negative synergy": the deterioration of the social performance has a negative effect on the reputation of the company, which leads to a decrease in the level of long-term financial performance. (Vance 1975)	

2. SAMPLE AND DATA COLLECTION

In this study, we focus exclusively on firms defined as socially responsible by "Business Ethic magazine."

Moreover, it should be noted that we have excluded all financial institutions (banks, insurance companies, investment companies and investment securities) from our sample, taking into account the specificity of rules preparation and presentation of financial statements. In addition, we eliminated firms with missing data. This led us to reduce our sample of 600 to 507 firms on six years.

We had put a lot of effort in order to access all the information required. Data on different variables studied was taken from the following websites: www.edgarscan.com, www.sec.gov, www.forbes.com, www.yahoofinance.com, www.Business-ethic.com. These sites have allowed us to recover all the cash flow statements, financial statements, notes to the financial statements, the list of top 100 companies, as well as data on the rankings of companies, according to pre-established social criteria.

The study period covers six years from 2002 to 2007.

3. Econometric Approach

Based on Waddock and Graves (1997) work, we will use linear regressions on cross-sectional data.

Some equations are suggested regressing financial variables on social proxies with control variables and vice versa.

Variables used in these regressions are defined in the table 2 below.

4. List of variables and definition of models

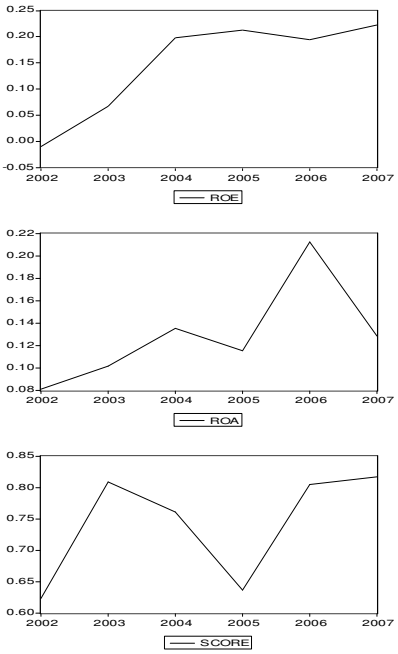
In the following table 2, we define variables to be studied, as well the models to be estimated:

We exclude the possibility of simultaneous analysis and we are emphasizing on examining of these two variables separately because it is more relevant. This helps us to explain the different interactions between the two variables and to identify the social / financial characteristic that made these companies leaders and most admired.

Table 2: Variables and models

Financial Performance: dependent variables	
ROA	**Return On Assets**
ROE	**Return On Equity**
independent variables	
social performance	
social Score	**Average valuation firms established by "Business Ethic Magazine»**
Control variables	
Debts	**debts on total assets**
R&D 1 As suggested by McWilliams et Siegle (2001)	**research and development divided by total assets**
FCF	**free cash flow on total des assets(+)**
	The natural logarithm of total employees 1 As suggested by Dalton et Kesner (1998) **(?)**
Intensity of sales 1 As suggested by Hambricks 1983	**Ratio of advertising**
Efficiency	**Efficiency costs**
Models	
Model 1 : Financial Performance = F (+ Social Performance + Control Variables) **Model 2: Social Performance = F (Financial Performance + Control Variables)**	

Figure 1: Evolution of social performance and financial performance



According to this graph (figure 1), we can trace the evolution of social score in three remarkable stages. The first phase, from 2002 to 2003, shows an increasing trend. The second phase, from 2003 to 2005, shows a decreasing trend. The third, from 2005 to 2007, shows an re-increasing shape.

The trend of the curve of the accounting performance stands out four phases: from 2002 to 2004, growing phase, which justifies a priori the deterioration of social performance, in favor of the immediate financial return, during these years. From 2004 to 2005, a decreasing phase, accompanied by a decrease in PS. From 2005 to 2006, an increasing phase and from 2006 to 2007, a decreasing phase.

The evolution of the profitability of shareholders has a different look with a rising trend. From this descriptive analysis, we find contradictory tendencies on same periods.

5. Descriptive Analysis

We have confined our analysis only to the graphical study. It helped us to know graphically the evolution of social and financial performance over the six years of our study. This presentation will be based on the average values for financial and social variables.

6. Effect of SP on FP

In this case we examine the effect of PS on the PF measured by ROA and ROE, respectively. The results of these estimations are summarized in the following tables (3, 4):

Table 3. Estimation of the effect of social performance on financial performance measured by ROA

	2002	**2003**	**2004**
SCORE	-0.081924*	-0.008556	0.050147*
DEbts	0.082864	0.004720	0.034302
RD	-0.403362**	-0.342750**	-0.080515
	0.008192	0.003307	0.000876
FCF	0.796391***	1.246685***	0.337088*
CEFF	-0.112136	-0.006392	-0.053526
ADV	0.014016	-0.026840	-0.009377
R-squared	0.457566	**0.565019**	**0.269667**
R-squared(?)	**0.435792**	**0.564685**	**0.265238**

2005	2006	2007
-0.011406	0.124526	-0.059501*
-0.023674	0.186840	-0.058760
-0.148314	-1.484522*	-0.710632**
0.005826	0.137992***	4.01E-05
0.994784	-0.423380	1.268672***
0.025624***	-1.657577***	-0.115478*
-0.172084***	-0.900892	0.027093
0.685711	**0.278007**	**0.744469**
0.685485	**0.274841**	0.731277

Table 4. Estimation of the effect of social performance on financial performance measured by ROE

	2002	2003
SCORE	-0.477897	-0.028070
DEbTS	0.725318*	-0.823127
RD	1.608914	1.532320
	-0.035050	0.016064
FCF	1.437161**	1.344658**
CEFF	0.113553	-3.17E-05
ADV	-0.192635	0.593842
R-squared	0.136050	**0.101381**
R-squared(?)	**0.107167**	**0.101317**

2004	2005	2006	2007
0.051131	-0.055295	0.082997	-0.110283*
0.261716*	0.801253*	-0.093571	0.353020***
0.431854	-1.100500	-0.008200	-1.073054***
0.004299	0.037718	0.015289	0.003336
0.335568*	0.900758	0.250586	1.526542***
-0.157521	-0.618396	-0.019011	-0.033523
0.050323	-0.732918*	0.000737	0.070382
0.303641	**0.295484**	**0.054572**	**0.603947**
0.299538	**0.295066**	**0.038961**	0.586050

(?): Coefficient adjustment without variable score.
*, **, ***: risk level of 1%, 5% and 10%, respectively.

Comment

The estimation of model1 shows better goodness of fit than the second estimation. R & D expenditures have negatively affected financial performance over the six years. This is significant for four years (2002, 2003, 2006 and 2007) in the equation where financial performance is measured by ROA. Indeed, these expenses represent costs that may reduce the return on assets and fail to generate positive cash flow over long-term. However, this investment is seen to have positive influence on other stakeholders. There is a contradiction between social demands and financial objectives. In the second equation, these expenditures are positively correlated and non-significant for the first three years but for the last three years they are negatively correlated and are significant only for the year 2007. And it seems that the profitability of shareholders decreased in favor of spending on research and development. This can be explained by the integration of governance criterion in the valuation of these companies. In addition, this criterion can be at the origin of the orientation of companies towards social investment. A likely explanation for this phenomenon is that often managers through discretionary strategies justify bad or weak financial performance by the costs involved in such investments.

In the first equation debts are not significant over the six years. However, they are correlated positively to financial performance for the years 2002, 2003, 2004 and 2006 and negative for 2005 and 2007. In contrast, in the second equation, this variable is significantly and positively associated with the profitability of shareholders over four years (2002, 2004, 2005 and 2007). A high level of debt may improve the long-term financial performance to the extent that it shows that these companies have profitable investment opportunities. is positively correlated with financial performance over the period of six years in the two equations. Larger is the firm, the greater its financial performance is (expected result). It is highly significant for the year 2006 in the first equation.

The free cash flows are highly significant and positively correlated with financial performance in both measures.

The social score (primary variable) is associated and significantly negatively to the financial performance for the years 2002 and 2007 (arbitration Hypothesis: Freeman (1984), Preston and O'Bannon (1997)) and significantly positive for the year 2004 (assuming good management) in the first estimation. However, in the second equation it is significant and negatively correlated to financial performance. It is not significant for the remaining years (neutrality Hypothesis) in both equations.

This supports our overall hypothesis in the sense that we found conflicting results over time making it more blur pattern of association between the social and financial performance. Very little change and almost negligible of adjustment coefficient are seen when we estimated these relationships without taking into account the social performance, that could undermine the explanatory power of this variable. However, this may alter the ability to search for a threshold of social responsibility beyond which financial performance could not be improved.

7. EFFECT OF PF ON THE PS

We test the opposite directions and results are presented in the following tables (5,6):

Table 5. Estimation of the effect of financial performance measured by ROA on social performance

	2002	2003	2004
ROA	-0.471055*	-0.089702	0.233183**
DEBTS	-0.159356	0.126246	-0.296017*
RD	-0.313166	-0.132579	0.456943
SIZE	0.073690***	0.068630***	0.050443***
FCF	0.204655	0.660369	-0.182320
CEFF	-0.002329	0.004346	0.355774**
ADV	0.079650	-0.010644	0.529595**
R-squared	0.196436	**-0.034656**	**0.056732**
R-squared	0.164181	**-0.035451**	**0.036155**

2005	2006	2007
-0.063080	0.035060	-0.825068*
0.097127	0.084622	-0.074359
-0.074267	0.306684	0.489673
0.049886***	0.038876	0.027261**
0.440219	-0.344105	1.152765
0.047750	0.306390	0.343522
0.249355**	0.919762**	0.649217**
0.017616	**0.132744**	**0.160432**
0.016908	**0.128941**	**0.117088**

*, **, ***: risk level of 1%, 5% and 10%, respectively.

Table 6. Estimating the effect of financial performance, measured by ROE on social performance

	2002	2003
ROE	-0.067692**	-0.002530
DEBTS	-0.150580	0.123828
RD	-0.015050	-0.098027
SIZE	0.067912***	0.069015***
FCF	-0.074312	0.552325
CEFF	0.058508	0.004923
ADV	0.060482	-0.006740
R-squared	0.191219	**-0.035377**
R-squared	0.164181	**-0.035451**

2004	2005	2006	2007
0.114560	-0.010708	0.195721	-0.392030*
-0.333868*	0.107213	0.108398	0.112357
0.393522	-0.076704	0.253204	0.661953
0.055996***	0.049929***	0.040200*	0.026154**
0.073522	0.387161	-0.403712	0.705127
0.371633**	0.039518	0.249034	0.262916
0.587132**	0.252395**	0.877437**	0.658317**
0.041801	**0.017490**	**0.143091**	**0.155260**
0.036155	**0.016908**	**0.128941**	**0.117088**

*, **, ***: risk level of 1%, 5% and 10%, respectively.

Comment

This inverse modeling, against the previous, shows a very low adjustment quality. Therefore, this relationship is less evident.

We note that the size seems to be a highly significant determinant of social performance. This is explained by the fact that the larger they are more they are able to meet their commitments for their stakeholders.

The intensity of sales may be a second determinant of the social performance/"rating" of the citizen firm in the extent that it reflects the increase in purchases which confirms that the marketing investment (without taking into account the credibility of the advertising message) can have a positive effect on its social rating. Indeed, only if incomes rise the company may be engaged in social activities.

It seems interesting to note the non significance of free cash flows. This is further evidence that managers do not exploit their available cash in social actions whereas this element was shown to be highly correlated with the profitability of shareholders.

Financial performance in the first equation is significant only for three years: 2004 (positive correlation: hypothesis of available funds) and for the years 2002 and 2007 (negative correlation: assumption of opportunism). In the second equation it is significant for two years (2002 and 2007) and is negatively associated. This is explained by the fact that when the profitability of shareholders is increased, this is can causes a decrease of satisfaction of other partners. Therefore, the magic formula is to find a balance between the demands of different partners seems impossible. For the rest of the year, there is an absence of correlation (neutrality).

Similarly, when we removed the explanatory power of financial performance, the quality adjustment has changed dramatically.

In summary, these results (direct or indirect) are not conclusive on the one hand, as showed by the diversity of signs correlation of social performance with financial performance from one year to another. On the other hand, the significant variables are in favor of our assumption, that social performance seems to cover an instrumental and opportunistic intentions rather to be a goal in itself. This confirms the work of Preston and Sapienzo (1990).

The inverse relationship is less robust than the direct relationship.

Therefore, there is no unanimous conclusion to the meaning, to the significance or the magnitude of the

effect of the financial performance on social performance and vice versa.

Our conclusion, which goes in the direction of our goal, is to confirm the vogue that taints the concept of social performance not only about its practices in the firm but also in its empirical validation.

Moreover, the alternation between trends in social and financial performance, stimulate us to think about the existence of causal relations.

8. SECTOR ANALYSIS AND ANALYSIS OF RESULTS

We will, in this part of analysis, make comparison between quality adjustments as measured by correlation coefficients and detect the direction of the relationship between social performance and financial performance as well as its significance. This will allow us to better discern the explanation part of each sector and does social performance depends on the type of activity.

We have identified three sectors as described in table.7 below:

S1 : Food : goods / services consumption.

S2: Goods and medical and pharmaceutical services.

S3 Technologies, industrial, electrical and computer products

Table 7. SAMPLE SIZE Per year and per sector

	2002	2003	2004	2005	2006	2007
N	68	73	67	68	60	70
NS1	21	26	27	22	18	26
NS2	13	16	10	12	12	13
NS3	34	31	30	34	30	31

8-1 EFFECT OF PS ON FP

This relationship is detected through two regressions reflecting the two measures of financial performance (ROA and ROE).

We present the estimation results of the first regression where ROA is a measure of financial performance in the following table .8:

Table 8. Estimation Results of models: 1 .ROE = f (score + control variables) ; 2. ROE = f (control variables)

	2002	2003	2004
RS1-1	0.293621(+)	0.335290(-)	0.496465(-)
RS1-2	0.282509	0.319120	0.368036
RS2-1	0.294651(-)	0.761147(+)	0.786520(+)
RS2-2	0.253832	0.716126	0.604724
RS3-1	0.292608(-)	0.685191(+)	0.484376(-)
RS3-2	0.285186	0.684964	0.475842

2005	2006	2007
0.7586335(+)	0.583400(-)	0.739227 (-*)
0.756064	0.548868	0.652686
0.758930(+)	0.592209(-)	0.733129(-)
0.741302	0.589604	0.729049
0.318347(-)	0.161086(+)	0.758140(+)
0.318346	0.156751	0.752312

RS: adjustment coefficient (Example (RS1-1): adjustment coefficient corresponding to the first sector companies in the first regression)

(.): Direction of the relationship between social performance and financial performance.

*, **: Significance of the social variable , risk at 5% and 10%, respectively.

Comment

We note that the strongest goodness of fit of model is recognized for regression applied to the first sector, except for the year 2004. For this sector, social performance shows different sense of relationship with financial performance. This relationship shows a positive significance for the year 2006. This may be a delayed result of the integration of governance criterion in the evaluation of these companies in 2005. In fact, this integration is intended to reduce the financial allocations for managers and to be invested eventually in social actions. However, this effect seems to be too quickly declined in 2007 (-), probably due to the change in our sample composition and/or the opportunistic behavior of managers who shows often very short alignment with the social interests and they are more inclined to pursue their own interests and / or those of shareholders, their remunerative. Social performance seems to be almost negligible variable in explaining the financial performance. In this regard, it should be noted that the quality adjustment seems to follows a sinusoidal trend.

However, the shape of the trend of this adjustment for the second sector represents a minimum peak for the year 2005. Otherwise, it looks growing on almost six years. We note, moreover, a positive relationship PS-PF and significant for 2004 (assuming good management). Moreover, these firms are not many on the six study lists. Statistically, they had the lowest adjustment coefficient for the year 2005 compared to the regression coefficients applied to the other two sectors. This shows that for this year (2005), financial performance is explained possibly by other factors that were not included in our specification. Overall, the removal of the social variable does not affect, in a remarkable way, the significance of adjustment, except in 2004.

Conversely, regressions on firms belonging to the third sector had adjustment coefficients more or less compared to the other two sectors, thereby indicating a sinusoidal trend. This shows also the fluctuation of social behavior, and financial performance. This can be interpreted by the fact that these firms lead cyclical and contingent policies. Moreover, these companies are exposed to a complicated technological environment and

constantly changing, which they urge and force them to change.

Overall, these comparisons confirm our hypothesis, as we could verify the contradictory relations and therefore, the strategies seem to be provisional, contingent and opportunistic. In addition the social orientation seems depending essentially on the nature of the activity.

We continue in this direction of analysis. However, we will try to examine this relationship in the long term where ROE is a measure of financial performance.

We present the estimation results in the following table 9:

Table 9: Estimation Results of models: ROE = f (score + control variables)
ROE = f (control variables)

	2002	2003	2004
RS1-1	0.293621(+)	0.335290(-)	0.496465(-)
RS1-2	0.282509	0.319120	0.368036
RS2-1	0.294651(-)	0.761147(+)	0.786520(+)
RS2-2	0.253832	0.716126	0.604724
RS3-1	0.292608(-)	0.685191(+)	0.484376(-)
RS3-2	0.285186	0.684964	0.475842

2005	2006	2007
0.7586335(+)	0.583400(-)	0.739227 (-*)
0.756064	0.548868	0.652686
0.758930(+)	0.592209(-)	0.733129(-)
0.741302	0.589604	0.729049
0.318347(-)	0.161086(+)	0.758140(+)
0.318346	0.156751	0.752312

(.): Direction of the relationship between social performance and financial performance.
*, **: Significance of the social variable , risk at 5% and 10%, respectively.

Comment

At first glance, in the context of this regression relationship is significant only for the year 2007 and only for companies belonging to sector1. It is negatively correlated with financial performance which supports the hypothesis of arbitrage in the sense that managers may be engaged in social activities if it improves financial performance (the famous formula of economist Friedman, 1970). The fluctuation of the goodness of fit is almost increasing, except for the year 2006.

Under this perspective measurement of financial performance, the companies operating in sector 2 are assigned "legally" to meet the demands of various stakeholders whose behavior varies between good management and insignificant arbitration behavior. In addition, the goodness of fit shows the same shape as that identified in the regressions on companies of sector 1.

However, the goodness of fit for regressions on the third sector is relatively more weak. The removal of the social variable does not alter this quality.

Based on these results, we can conclude that the undertaking of social activities depends largely on the nature of the activity. In addition, these companies of sector 2 are more likely to engage in instrumental strategies.

However, the third sector' companies may be engaged in social strategies in specific conjunctures or environmental and competitive pressures.

In summary, these corporate citizens are, for the most uncommitted (sector 3), significantly in social activities. And when they are incurred (sector1 and sector2), it is only in may be through an instrumental optics.

8.2 EFFECT OF PF ON PS

We present the results of estimation, where ROA is the explanatory variable in the following table 10:

Table. 10 Estimation results of models:1-SCORE = f (ROA + controls) ; 2-SCORE = f (control variables)

	2002	2003	2004
RS1-1	0.369478(+)	0.015229(-)	0.034186(-)
RS1-2	0.352627	0.010583	0.035358
RS2-1	0.600537(-)	0.614597(+)	0.972580(+**)
RS2-2	0.585802	0.609595	0.767687
RS3-1	0.365620(-**)	0.276974(+)	0.217037(+*)
RS3-2	0.313266	0.263725	0.065402

2005	2006	2007
0.102298(-)	0.488365(+*)	0.388548(-)
0.086559	0.280403	0.286949
0.666609(-)	0.697056(-)	0.701838(-)
0.640810	0.693114	0.677752
0.220154(-)	0.330344(-)	0.423713(+)
0.193225	0.307066	0.423713

(.): Direction of the relationship between social performance and financial performance.
*, **: Significance of financial variable, risk level of 5% and 10%, respectively.

Comment

We note that the quality of fitting of the regressions, applied to second sector seems to be the best on all years. Moreover, these qualities have declined when we remove this variable. This proves that the financial performance of these companies can explain the change (upward or downward) of social performance. Therefore, more is prosperous its activity, firm could engage in social strategies (available funds: significant positive relationship for the year 2004).

however, firms in third sector seem to undertake such actions, for opportunistic reasons (according to a significant and negative relationship for the year 2002 that dominate strategy of available funds - justified by a positive and significant relationship for the year 2004 and for which the adjustment quality is far better than 2002. In addition, the removal of this variable causes a significant decrease in goodness of fit for these two years, which may explain the significant explanatory power exercised by this financial variable. This relationship was not significant (neutrality) for others years.

However, the quality adjustment regressions applied to companies of sector 1 is the lowest. The relationship is significant only for the year 2006 and is positively correlated, which supports the hypothesis of available funds. The removal of this variable, for this year, greatly affects the quality of the fit, which demonstrates the importance of the explanatory variable in the regression. For others years, we conclude that there is a neutral relationship.

Moreover, if we refer to the number of negative relationships and to the number of positive relationships for each sector, we find that four on six relations are negative for sectors 1 and 2 (tendency to choose a strategy of opportunism) while we did not found any dominant relation for the sector 3. This justifies the exposure of firms operating in this sector to turbulent fluctuations as technological or competitive marring their trajectories policy, despite the existence of a meaningful strategy of funds available in one of these senses of relations.

We present the estimation results where ROE is the explanatory variable in the following table 11:

Table 11: Estimation results of models: 1-SCORE = f (ROE + controls) ; 2-SCORE = f (control variables)

	2002	**2003**	**2004**
RS1-1	0.362652(+)	0.034081(+)	0.019953(-)
RS1-2	0.352627	0.010583	-0.035358
RS2-1	0.608461(-)	0.671511(+**)	0.874533(+)
RS2-2	0.585802	0.609595	0.767687
RS3-1	0.320397(-)	0.264256(+)	0.080619(-)
RS3-2	0.313266	0.263725	0.065402
2005	**2006**	**2007**
0.096181(-)	0.335484(-)	0.464623(-*)
0.086559	0.280403	0.286949
0.665285(-)	0.695062(-)	0.682605(-)
0.640810	0.693114	0.677752
0.193226(-)	0.310628(+)	0.437271(+)
0.193225	0.307066	0.423713

(.): Direction of the relationship between social performance and financial performance.
*, **: Significance of financial variable risk level of 5% and 10%, respectively.

Comment

We note, for regressions on companies of sector1, the qualities of adjustments are amplified considerably from 2006. In 2007, financial performance becomes a significant variable in the explanation of social performance may be through opportunism strategies.

However, the variables included in the regressions applied to companies of sector 2, seem more likely to explain social performance, given the good qualities of adjustments almost every year. The significance of the financial variable for the year 2003 may reflect a strategy of available funds.

9. CONCLUSION AND RECOMMENDATIONS

In conclusion, this study shows that financial and social strategies of citizens firms seem to be not stable, either in time or across sectors. Social engagement seems to be conditioned by a strong financial performance while the opposite direction is less obvious. Moreover, this social commitment can be explained by other factors related to environmental or competitive information internally and externally.

It seems interesting to note, without taking into account the degree of significance, that the majority of correlations proved arbitration or opportunism strategies.

It follows from the foregoing that the determinants of social engagement may be: social status, size of firm, sector of activity and especially the degree of prosperity of the business (financial performance).

Limitations and Future Research Potential

*Social proxies are approximated and could not to be exact measures
*Results are attributable to our data
*The list of most admired firms is not stable over years
*This study could be conducted on panel data covering only the list of firms that could be listed over the six years of study

The context of study prefers the liberal axiom which is maximization of stockholders interest so social actions are imposed by contingencies factors and/or by the free rider phenomenon.

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