

Exploring the Link between Corporate Reputation with Sustainability Leadership and Market Valuation: A Comparative Analysis of Award and Non-Award Companies in PSX

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Abstract

This literature investigated the impact of corporate reputation on companies' performance and their market valuation in the Pakistan stock market. We attempted to explore whether companies with a high reputation for sustainability also perform better in the Pakistan stock market. Verifying signaling theory and asset-based theories on the Pakistani market, we explained why associations signal their promise to practicality to influence the outer point of view on reputation. A company's standing for being focused on supportability is a theoretical asset that can expand the estimation of an association's normal cash flows or potentially lessen the inconstancy of its cash flows. For finding out the companies with a reputation with sustainability, we used the PSX criteria of the award list. Data was taken from 2014 to 2018 (five years) from the award list announced by Pakistan stock exchange limited. We classify a company as an award company if it continuously got included in the PSX award list in a specified period of four out of five times. Similarly, a non-award company was classified as an

accompanying with the same market capitalization as Award Company but not included in the list. In this way, 12 awards and 24 non-award companies were shortlisted. We also include 12 non-award companies of the same sector and market capitalization for sector analysis between reputation and non-reputation. Comparative analysis was carried out through 1-way ANOVA and factor affecting and market valuation of the two groups were explored using regression analysis. These factors included net income (NI), book value of equity (BV), Size, ROE, ROA, and Leverage (LEV) represented by debt ratio. According to expectation, our results of t-test suggested that the mean of all variables for award and non-award companies are significantly different and the mean of award companies are higher than their counter part. One way Anova consequences of sectorial examination demonstrated that concerning net gain, there is huge contrast between the methods for trustworthy organizations and non-respectable organizations in seven out of nine areas. Regression Analysis prove our equation that independent variable has significant impact on dependent variable. Our findings showed that the overall firms with incredible sustainability reputation and managed to name on award list of our sample year has greater valuation by the market when stood out from their counterparty (non-award companies). Hence, our results imply that organizations have to focus on their reputation for corporate sustainability which in turn improve their financial position and enhance their market valuation.

Keywords: Sustainability leadership, Corporate sustainability, Market valuation, Market Reputation, PSX

1. Introduction

1.1 Background of the Study

Corporate social commitment (CSC) can in like manner be seen from a scholastic point of view, where corporate picture and goals are of basic apprehension. (MacAdam & Leonard, 2003). Anyway “manageability” remains dubious. Beforehand, while corporate commitment suggests social perspectives, for instance, common freedoms, acceptability is ordinarily related to the earth (Funk, 2003). Notwithstanding the conventional tendency of business reasonability to biological courses of action, there is sufficient excitement for organizing social and financial perspectives into corporate practicality. “Corporate supportability” is all around defined as a business view that made long haul speculator regard by getting a handle on possibilities and administering perils from three estimations: money related, regular, and social estimations (Dow Jones Sustainability Indexes). A supportable association is one whose aspects and exercises are expected to incite a “feasible future state” (Funk, 2003). In overview, corporate sensibility (CS) and corporate social obligation (CSR) are suggested as deliberate business works out, inducting social and ecological worries, so as to team up with accomplices.

Corporate viability (CS) has created as a critical component of corporate persistent practice. CS may be described as “tending to the prerequisites of an association's quick and underhanded accomplices (agents, clients, pressure get-togethers, organizations), by excluding bartering and its ability to address the issues of coming year accomplices likewise.” (Dyllick & Hockerts, 2002) Today's issues are related to CS, for instance, making sure about the atmosphere, fighting against destitution, countering contamination, propelling essential freedoms, ensuring prosperity and prosperity at organizations. CS issues arise when the conflicts has been present on the workplace for too long time, the main motive of the organization is to help speculator plenitude and that a business should take part in socially recognized activities just if it allows the chance to make a motivator (McWilliams et al., 2006; Siegel, 2009). For its dedication with CS to be a wellspring of critical worth creation, an organization needs to show information on its maintainability execution. Since it reflects endorsing of an affiliation's practicality practices by a significantly respected outer affiliation, posting on said records is viewed as a critical accomplishment for an organization (Robinson et al., 2011, p. 497).

The organization that appreciates the standing of supportability, greater value by market when contrasted with the organization without such a standing. Proof of some writing shows there is a critical connection between Sustainability, corporate execution, and their market value. (E.g. Cheung, 2011; Loand, 2007; Wagner, 2010) According to the Porter and Karmar 2006 “commitment in maintainability authority examined as an advantage for the organization instead of expensive” Slankis (2006) found that getting a handle on the thoughts of supportability may allow a relationship to achieve a high ground and a way to deal with reliably improve execution. He communicated, 'the value is in using manageability as the force behind any new turns of events, advances or business shapes that really search out a better strategy than work any business'.

This report exhibited that affiliations that have strong practicality programs had the alternative

to diminish costs while making critical overhauls in customer care. Also, an extending number of associations are needed to give verifiable con organization of social and biological impact, while at the same time having the choice to show certified business benefits.

Obligation in works on prompting proficient unexpected turn of events, that is CS, has topped as an important part of corporate practices. CS might be defined as “watching out for the necessities of an affiliation's speedy and bizarre assistants (delegates, customers, pressure get-togethers, associations, and so forth), without bargaining its capacity to address the issues of future accessories also.” (Dyllick & Hockerts, 2002). Along commensurate lines, Schaltegger, Burriett, and Peetersen in 2003 portray corporate legitimacy the “bosses as a business approach” that is relied upon to create the, social, monetary and natural impacts of an affiliation so that, first, accomplishes the useful movement of the affiliation and, second, gives a gigantic duty toward the reasonable improvement of the economy and society. The chance of CS is these days identified with issues, for example, ensuring about the earth, fighting against franticness, countering debasement, driving normal opportunities, guaranteeing success, and thriving at work. Corporate reasonability keeps an eye on the field where advantage affiliations go past their traditional target of making an advantage (Metcalf and Benn).

This article investigates whether this resource is a worth colossal for money related experts. Considerably more importantly, in this article we try to separate the worth vitality of the ordinary structure accounting procedures, for instance, book evaluation of tremendous worth and net augmentation, of firms with an inconceivable speaking to common sense, when showed up contrastingly practically identical to firms without it. This evaluation adds to the structure by bringing additional insistence of the worth importance of non-monetary information. Some past assessments have starting late found a vital connection within the market evaluation of basic worth and non-financial data, as mastermind positive conditions (Rajgopal et al., 2003), standard execution (Hassel et al., 2005), eco-efficiency (Sinkin et al., 2008), inventive conditions (Matolcsy & Wyatt, 2008), social or regular uncovering (Berthelot et al., 2012; Schadewitz & Niskala, 2010) or social or typical execution (Lourenc o et al., 2012; Semenova et al., 2010). We loosen up all these terminations to the issue of a speaking to a common sense activity.

1.2 Problem Statement

The overseer of various associations accepts that if they declare in the budget summary objective that the market assessment of their stock extending this dream is substantial on a limited premise. As a result of which the chief can't yield the noteworthiness of supportability administration and corporate practicality. So this investigation is of the centrality for administrators as CS appears to significantly affect association financials quantifies similarly as they exhibit regard.

Etzioni (1988) states that a few examiners are guided by a feeling of good responsibility. Accordingly, budgetary specialists who are not just amped up for the expansion of theorists' abundance yet likewise the increase of accomplices' administration help will look out those associations for a superior than anticipated advancement instead of a momentary outsized introduction Following Cassidy's (2003) clash, it is recognized that the replacement of

longer-term practicality for more restricted term eccentricism and risk is required for the current affiliations. Driving commonsense firms will without a doubt pass on evident advantage with all the more sure concerns. Continuously end, corporate association and the firm's cash related, social, and normal execution can be adequately connected with pleasant introduction (Ethical Corporation, 2003).

There is no weakness that financial reports can educate directors on a sensational arrangement as for past execution, regardless, they can't uncover absolutely an affiliation's irrelevant resources or the risks and openings it faces watching out. Those intangibles identified with ecological or social responsibility fundamentally help out buyer reliability and other associate inclinations, and improvement in these regions can affect gains financially. Affiliations that enough deal with a wide degree of viability markers are more ready to make long stretch a motivating force for all accomplices.

1.3 Gap Analysis

Some past assessments have as of recently found an enormous relationship between the market appraisal of critical worth and non-cash related data. Models not identified with CS are the instances of affiliation ideal conditions (Rajgopal et al., 2003) and innovative conditions (Matolcsy & Wyatt, 2008). Rajgopal et al. (2003) give proof that affiliation focal centers are colossal insignificant resources that are respected by the market, notwithstanding not being seen in monetary reports. Matolcsy and Wyatt (2008) analyze the correlation between market respect and another data source, mechanical unforeseen development, and give confirmation that the trades of current compensation with progression conditions are related with market respect.

In the forming identified with CS, most of the studies using respect centrality related to ordinary execution, it can be uncovered by the association itself or by an outer party. (Al-Tuwaijri et al., 2004; Barth & McNichols, 1994; Clarkson et al., 2004; Cormier et al., 1993; Cormier & Magnan, 1997, 2007; Hassel et al., 2005; Hughes, 2000; Johnston et al., 2008; Moneva & Cuellar, 2009; Sinkin et al., 2008). For instance, Hussainey and Salama (2010) separated how corporate ecological standing effects the relationship between current yearly stock returns and current and future yearly advantage. Chapple et al. (2011) take a gander at the effect of the recommendation for the presentation of a public Emissions Trading Scheme by the Australian Government available assessment of Australian Securities Exchange associations, evaluating a negative relationship between an association's worth and its carbon power profile.

Studies looking at whether budgetary specialists allocate respect hugeness to CS in its different assessments (Lourenc o et al., 2012; Semenova et al., 2010) or the essential thereof (Berthelot et al., 2012; Car-nevale et al., 2012; Schadewitz & Niskala, 2010) are less and later. The overall end that climbs up out of studies made in a dominantly North American setting or an European setting like the North American, (for example, the UK) is that non-budgetary data identified with CS issues is respect huge (Al-Tuwaijri et al., 2004; Barth & McNichols, 1994; Berthelot et al., 2012; Chapple et al., 2011; Clarkson et al., 2004; Cormier et al., 1993; Cormier & Magnan, 1997; Hughes, 2000; Hussainey & Salama, 2010; Johnston et al., 2008; Lourenc o et al., 2012; Sinkin et al., 2008).

Be that as it may, a large portion of the previously mentioned investigations investigated the impact of accounting estimates like book worth and overall gain on organization market esteem, however, they generally don't watch the foundation of the work and their administration impact on it. In spite of the recently developing thought, reputation on organization execution is as yet deficient. Previous writings have only centered on just accounting measures.

A developing collection of writing recommends that the worth pertinence of conventional monetary data has diminished over ongoing many years, chiefly as an outcome of the expanding significance of unreported immaterial assets in the worth creation measure. In this specific circumstance,

Speculators are progressively mindful of the significance of organization data that isn't straightforwardly reflected in budget summaries.

Thusly, it is felt that there is an investigation opening, due to the nonattendance of thought paid to maintainability authority out and about toward reputation in the stock trade market of individual organization execution. As the writing on organization esteem significance has ignored the financial exchange estimation of organizations. It has as of late happened beginning late that reasonability organization is claimed to be connected with a person's affiliation announce worth and business related outcomes have started to be investigated in the field of progressive legitimacy and reputation impact..

In such manner, Lourenço et al. (2014) dismantled whether the market evaluation of the two chart accounting estimation, book evaluation of huge worth and outright compensation, is greater for business with reputation for adequacy authority, when showed up diversely corresponding to associations without said notoriety, utilizing a theoretical structure combining Signaling Theory and RBT. In any case, this assessment was confined to the US market, so the results can't be summarized. Plus, the piece of market capitalization and territory examination was overlooked as well. We Modified model to consolidate some new factors and effects of market capitalization in the structure. Thusly we focus on organizations' budgetary show just as gets the conviction of money related masters on these introduction measures. The Lourenço's model related and obligation with absolute pay and book regard we add some control factors and find non-reputation associations through a comparable market capitalization of reputation or granted association.

This assessment investigated the impact of corporate remaining on associations' display similarly as their market valuation in the Pakistan money related trade. We tried to research whether associations with a high representing viability similarly perform better in the Pakistan protections trade. Lourenço et al. (2014) used DJSI as a delegate for good representing legitimacy. An increasing number of researches on legitimacy issues use this mediator (Cheung, 2011; Consolandi et al., 2009; Lo & Sheu, 2007; Lo'pez et al., 2007; Lourenc o et al., 2012; Rob-inson et al., 2011; Ziegler & Schro 'der, 2010). Regardless, these measures were not open for non-mechanical countries like Pakistan.

Subsequently, we utilized best organization grant as an intermediary for corporate standing and manageability. They grant organizations dependent on their benefit, corporate administration,

social duty, financial specialist relationship, and administrative execution. We upgraded this model by associating the honor and the non-grant organization of a similar area. We further added some control factors too like ROA. Consequently, this is a novel endeavor to investigate the impact of supportability execution and organizations/notorieties on monetary and market execution of PSX recorded organizations. This examination won't just observe the effect between market worth and this accounting measure, be that as it may, however it will likewise incorporate the part of elusive resources like standing and manageability administration on market esteem

1.4 Research Objectives

The Resource based theory (RBT) has proposed an idea of workplace bliss, communicating that it relies upon satisfaction with one's legitimacy authority, course, notoriety and their effect on market execution adding to a perception of corporate viability on fair get-togethers. Thinking about the above conversation, we anticipate that the stock expense of book worth and for the most part expansion will be higher for associations with a representing legitimacy organization when showed up contrastingly corresponding to associations without such standing. The hid strife is that, considering the data on (20 I. C. Lourenc o et al.).

Henceforth, the objective of this research is used to test the influence of manageability administration and reputation on organization's exhibition and their market valuation. As per our presumption, the organization with a high standing has higher pay and market an incentive when contrasted with an organization without it in the Pakistan setting. To discover this we take the PSX yearly honor list into thought.

1.5 Research Question

The questions of the research are below.

- What is the relationship between sustainability leadership and its market valuation?
- What is the relationship between sustainability leadership and their accounting measures?
- Does The Company with a high reputation have a higher income, high market value?
- Does the company without reputation have a lower market value?

1.6 Significance of the Study

This study will propose attributes that an organization ought to have, and the conduct they should display to get great evolution in the market. This research will also see the difference in companies accounting measures according to reputation due to sustainability leadership. Hence, importance of corporate and sustainability leadership will increase, which turn to help out the companies to create an environment of sustainability leadership that arose the corporate manageability as companies priorities. This would further lead to a better reputation in the market.

2. Literature Review and Hypothesis Development

2.1 Corporate Sustainability

There are different reasons and conviction that relationship with stunning corporate worthiness execution (CSP) will execute best monetary over their correlative (Branco & Rodrigues, 2006; Chatterji et al., 2009; Dhaliwal et al., 2011; F Lyon & Maxwell, 2008): CS can be proved useful relationship by pulling in socially purchasers who look after about sensible evaluation issues; (CS) can add to diminishing the risk of government rule; CS may mollify stresses from activists and affiliations that are non-authoritative; socially strong budgetary masters may be tense to pay a premium for the affirmation of firms looking at CS; CS can activate material coherence and criticalness and waste minimization. Dhaliwal et al. (2011) fight that discusses, for instance, fuse the vitality of data on CSP in diminishing data disproportion and deficiency related to factors affecting organization regard.

Bossink (2007). Slankis (2006) found that understanding the considerations of viability may permit a relationship to accomplish a high ground and an approach to manage unendingly improve execution. He conveyed, 'the worth is in utilizing sensibility as the power behind any new types of progress, advancements or business outlines that really search out a superior system than work any business'.

Suitability records fill in as kind of educational specialists, which are seen as goal, fit benchmarks concentrated by "fair-minded get-togethers", among affiliations and their assistant packs by assessing the sensibility data they report (Robinson et al., 2011). The criticalness of the information gave by proceed with limit records identifies with its capacity concerning information lopsidedness between an association's executives and its accomplices. Given that it is from an overall perspective stressed over agreement direct in settings depicted by information deviation, Signaling Theory is of help to our endeavor.

2.2 Signaling Theory

Signaling Theory could be followed back to make by Akerlof (1970) and Spence (1973), who got, with Joseph Stiglitz, the 2001 won the Nobel award in Economics because of their work in information budgetary viewpoints. Decisively when it is used on the conditions of data disproportion between a connection's insiders and untouchables, the basic explanation for this theory is that the heads five star firm need to signals the organization's an inspiration to its associates (Magness, 2009). Signaling Theory is important in valuation for the centrality of information related CSP of a relationship to researchers, both considering data revealed by the firm itself (Hasseldine et al., 2005; Magness, 2009).

Following Signaling hypothesis, affiliations are considered to participate in reasonability separating and, much more basic for our motivations, in structures inducing the institutional guaranteeing of CSP, as an approach to manage signal their remaining to assistants. A firm's standing signs respect pertinent data to money related specialists about how the firm's real sufficiency separates to that of battling firms (Hussainey & Salama, 2010). Data on CSP helps settle scholar shortcoming and influences the offer worth response (Ramchander et al., 2012).

2.3 Resource Based Theory (RBT)

As “Ramchander” (2012, p. 305) fight, “while defective data lies at the focal point of looking at the effect on share costs”, the RBT “gives a tremendous structure to envisioning the course of the response”. There is a plenitude of recording breaking associations' dedication in CS practices through the perspective of the RBT (Branco & Rodrigues, 2006; Clarkson et al., 2011; Hussainey & Sa-lama, 2010; McWilliams et al., 2006; Siegel, 2009; Surroca et al., 2010). The RBT propose that affiliations make sensible high grounds by sufficiently control-ling and controlling resources and limits that are basic, surprising, can't be impeccably assumed, and for which no ideal replacement is available (Barney et al., 2011).

As showed up by RBT, contrasts in an affiliation's leaning toward the Assets, tangibles and intangible particularly, lead to contrasts in association's execution, given that such Assets are difficult to make sure about or make, to repeat and amount to, and to be assumed by competitors (Surroca et al., 2010). HR and reputation are seen as among the resources of most basic vital centrality (on a similar frequency.). CS can be appeared to distinctly affect laborers' motivation and sureness, correspondingly as on their commitment and dependability to the connection (Brammer et al., 2007). Regardless of capacity benefits, affiliations likewise get a nice game plan on costs for choice and orchestrating of new administrators (Vitaliano, 2010).

Corporate standing has been recognized as one of the standard immaterial asset that gives an organization real preferred position (Roberts & Dowling, 2002). Among the key advantages of CS are those related to its impacts on corporate standing (Branco & Rodrigues, 2006; Hussainey & Salama, 2010; Orlitzky et al., 2003; Orlitzky, 2008). Relationship with reasonable sustainability reputation likewise improves the relationship with the outer variables, for instance, customers, budgetary managers, scholars, suppliers, and contenders. Summarizing the poorly characterized benefits related to the speaking to CS, Schnitz and Epstein (2005, p. 329) propose that such standing “may maintain whimsical, extended length colleague the heads which, turn, ought to improve organization's ability to outmaneuver in competition to its competitors, either by expanding remuneration or declining costs.” Not simply standing honors adornments with flawed information about a firm's thing quality or vow to CS to study the firm's ability to make regard, moreover as it fills in as an indication of the difficulty to duplicate firm's previous relationship with partners and can prompt a stimulus by the procedure for refreshes in the cap[cavity to draw in, to choose, stir, and hold central aides, for instance, budgetary supervisors, operators, customers and providers (in a comparative spot.).

During this evaluation, we verify the link between reputation for sensibility association and “market valuation”. Our motive is to grasp budgetary pros credit an important stimulus to the information contained in the systematic supporting of CSP. Summarizing the above, we expect that the “market valuation” of book value and outright compensation will be higher for the organization with speaking to sensibility authority when showed up contrastingly as indicated by firms without such standing. the covered discussion is that considering the information on the firm's redesign of insignificant resources prompting suitable high grounds and on the board quality and its capacity to build up the assessment of the business offered by a speaking to

master in CS, it has data content for researchers and they consider it while concerning affirmations examiners will clearly confirm that taking into account its reasonableness authority reputation, an organization will have precarious resources and cutoff points which will improve its value.

3. Theoretical Framework and Hypothesis

3.1 PSX Award Criteria

Every year the stock exchange announces the company name on the reliance of their profitability, corporate governance, social responsibility, investor relationship, and managerial performance. The total 25 company names announced by the exchange out of all who fulfilled their criteria. So we take these company names under consideration as good reputation held label as award co and rest are taken as an account of without reputation label as “non-award “, further detail we discuss in sample and data collection heading. Here we show the detail criteria of PSX are as follows

3.1.1 Detail Criteria for Selection of Top Companies

All listed companies are hereby informed that the following criteria shall be followed by the exchange for selecting top 25 public limited companies for the year

- 1) Essentials for choosing of top companies.
 - a) At least 30% distribution and it should include at least 15% cash dividend for the year.
 - b) The shares of the company should be traded 50% of the total trading days during the period.
- 2) “The company should not be in the defaulter’s segment of the exchange or trading in the shares should not have been suspended on account of violation of listing of companies & securities regulations of the exchange during the year.”
- 3) The companies that successfully pass the above essentials will be selected on the basis of highest marks obtained as per the following criteria:
 - a) **Capital efficiency**
 - i) Shareholder return equity (on the basis of before tax-profit) (15%)
 - ii) Ration of capital expenditure to total assets. (3%)
 - iii) Change in market value added (MVA of a year is the difference between market value minus book value for that year) (2.5%)
 - b) **Dividend distribution(including bonus)**
 - i) Total distribution out of current year’s profit only. (in case dividend/bonus is paid out of prior year’s earning/reserves, then the dividend/bonus shall be adjusted proportionally) (10%)
 - ii) Pay-out ratio (DPS/EPS) (10%)

- iii) Growth in operating revenue (6%)
- iv) Change in EBITDA margin (operating margin) in absolute terms (6%)
- c) **Free-float of shares** (10%)
 - i) 10% of Free-float of shares as a percentage of total outstanding shares.
- d) **Turnover of shares** (2.5%)
 - i) Transaction that are executed on Karachi automated trading system
- e) **Corporate governance & investors relations**
 - I. Updated site is kept up by the organization where data with respect to the administration directorate, vision/statement of purpose and most recent financials are available (3.5%)
 - II. Publically disclosure of half-yearly financial information inside one month (2.5%)
 - III. Commencing of executive gathering for the thought of records inside one month of the end of money related year (5%)
 - IV. Commencing of AGM inside 3 months of year-end (2.5%)
 - V. Early despatch of conclusive profit/extra offers inside 10 days rather than the necessity of 15 working days (5%)
 - VI. Holding of at any rate one corporate instructions program during the year (2.5%)
 - VII. Compliance with the arrangements of code of Corporate Governance (if there should be an occurrence of any rebelliousness, no imprints will be granted) (4%)
 - VIII. At least half of chiefs have finished chief's preparation program from foundation endorsed by SECP (2.5%)
 - IX. More than 1 free chiefs in the top managerial staff (2.5%)
 - X. Chairman of review council who is a free and a non-leader chief (2.5%)
 - XI. Corporate social duties: money related donation(s) as level of after expense benefit unveiled in the yearly record (least 1% of after duty benefit will meet all requirements for full stamps) (2.5%)

All rate equivalent to add up to of 100%.

3.2 Award and Non-Award Companies

Table 1.

Award Companies	Year Of Award Given	Market Cap	Industry	Status
Fauji Fertilizer	2018 2017 2016 2015 2014	120.43 Bn	Fertilizer	<u>Award</u>
Meezan Bank Limited		102.160bn	Commercial Bank	Non-Award
Nbp		104	Commercial Bank	Non-Award
Engro Fertilizer Ltd (Efert)		98.88	Fertilizer	Non-Award
Millat Tractors	2018 2017 2015 2014	55.51 Bn	Automobile Assembler	<u>Award</u>
Hascol		53.93	Oil & Gas Marketing	Non-Award
Glaxo		52.74	Pharmaceuticals	Non-Award
Pak Suzuki(Psmc)		31.04	Automobile Assembler	Non-Award
Archroma Pak	2018 2017 2016 2014	18.90 Bn	Chemicals	<u>Award</u>
Honda Atlas(Hcar)		15.48	Automobile Assembler	Non-Award
Akzo		17.43	Chemicals	Non-Award
Ici Pak Ltd		18.9	Chemicals	Non-Award
Colgate Palmolive	2018 2017 2016 2015 2014	131.16 Bn	Chemicals	<u>Award</u>
Pso		106.54	Oil & Gas Marketing	Non-Award
Hub Power (Hubc)		119.86	Power Generation	Non-Award
Ghani (Ggl)		46.23	Chemicals	Non-Award
Atlas Honda	2018 2017 2016 2015 2014	57.28 Bn	Automobile Assembler	<u>Award</u>
Kapco		56.18	Power Generation	Non-Award
Dawh		57.37	Investment Bank	Non-Award
Hinopak Motors(Hino)		32.13	Automobile Assembler	Non-Award
Arif Habib Ltd	2018 2017 2016 2015 2014	3.05 Bn	Investment Bank	<u>Award</u>
Fecto Cement(Fectc)		3.15	Cement	Non-Award
Ittehad Chemical(Icl)		2.57	Chemicals	Non-Award
Bipl Securities Limited(Bipls)		0.7	Investment Bank	Non-Award
United Bank	2018 2017 2016 2015	210.13 Bn	Commercial Bank	<u>Award</u>
Lucky Cement (Luck)		193.68	Cement	Non-Award
Mari Petroleum(Mari)		185.51	Oil&Gas Exploration	Non-Award
Allied Bank (Abl)		113.9	Commercial Bank	Non-Award
Habib Bank	2017 2016 2015 2014	249.58 Bn	Commercial Bank	<u>Award</u>
Kel		175.1	Power Generation	Non-Award
Pak Oilfield Ltd(Pol)		138.99	Oil & Gas Exploration	Non-Award
Mcb Bank Ltd		244.21	Commercial Bank	Non-Award

Pak Int Cont Terminal	2018 2016 2015 2014	30.24 Bn	Tranport	<u>Award</u>
Shell Pakistan(Shell)		33.57	Oil&Gas Marketing	Non-Award
Ismal Industries Ltd		23.38	Food&Personal Care	Non-Award
Pibtl		32.24	Tranport	Non-Award
Atlas Battery	2017 2016 2015 2014	9.51 Bn	Automobile Parts	<u>Award</u>
Pak Cable Ltd(Pcal)		9.08	Cable & Electrical Goal	Non-Award
Samba Bank Ltd(Sbl)		7.52	Commercial Bank	Non-Award
Agriauto Ind Ltd(Agil)		9.59	Automobile Parts	Non-Award
Security Paper Ltd	2016 2015 2014	7.61 Bn	Paper &Board	<u>Award</u>
Lalpir Power Ltd(Lpl)		7.03	Power Generation	Non-Award
Treet Cor Ltd(Treet)		6.98	Food&Personal Care	Non-Award
Century Paper&Board(Cepb)		10.27	Paper &Board	Non-Award
Nestle Pak	2017 2016 2015 2014	493.00 Bn	Food&Personal Care	<u>Award</u>
Kohi Energy Ltd(Kohe)		493	Power Generation	Non-Award
Pak Petr Ltd(Ppl)		384.6	Oil&Gas Exploration	Non-Award
Rafhan Maize Product (Rmpl)		70.26	Food&Personal Care	Non-Award

In table 1 we listed our sample companies, the companies who name in PSX award list in our sample period of 5 year continuously or out of five they managed to get their name in 3 or 4 time in specified period we take that company as reputation of sustainability. For finding out their counter party we found the market capitalization of award companies and find their similar non award company in KSE 100 through market capitalization of Award companies (we take the companies near to market cap of Reputation companies as possible irrespective of sector). For sectorial analysis take the second highest market capitalization of particular sector. the company highlighted with yellow color are show the similar sector non-award company.

3.3 Trend Analysis

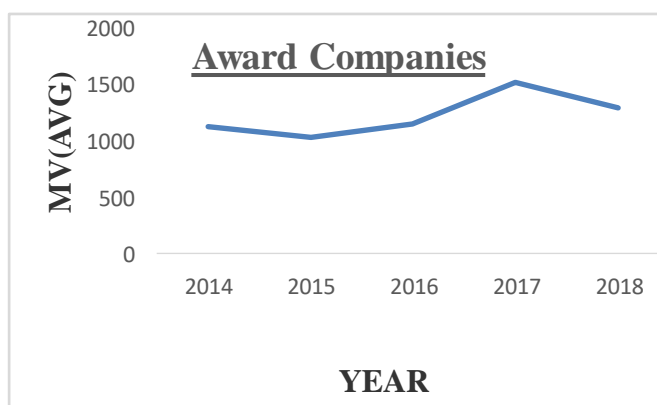


Figure 1.

The figure 1 displays the trend in the market values of all Award Companies from the year 2014-2018. The above figure shows that the time series graph is quite stable showing slight changes and not any major shocks representing that the market values of all award companies remains stable throughout the whole period . Market values have been taken on average basis for all award companies. As it is shown in the graph, that over the five years period market prices of these award companies remains above PKR 1000 describing that Award companies have good market reputation and as well as strong investors' confidence.

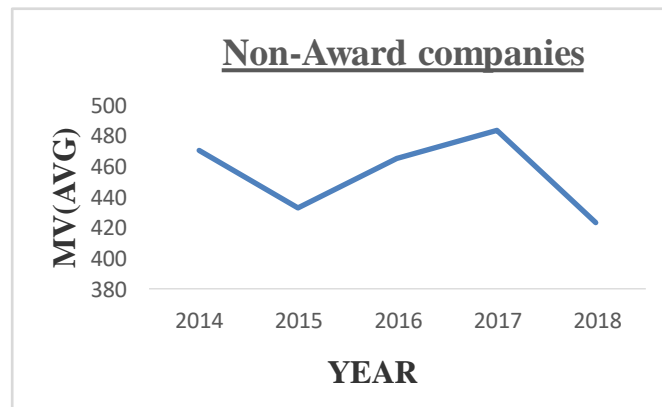


Figure 2.

The above figure explains the market value trend in the non-award companies' form the period 2014-2018. It can be seen from the above figure that the time series graph is un-stable and have major fluctuations over the period indicating mixed trend in the market values. From the start of 2014 till end, the market values are decreasing then from 2015 till the end of 2016 the market values are increasing, then in 2017 and 2018 market values are again showing decreasing trend.

The market values for all non-award companies have been taken on average basis and over the five years period, market values remains below 500, showing that these companies do not have good reputation in the market and have weak investor's confidence.

Comparison in trend Analysis of Market Valuation between Award and Non- Award Companies:

From the above trend analysis, it is concluded that Award companies have stable market value trend whereas Non Award companies have unstable market value trend The reason is that because of sustainable leadership reputation Award companies enjoy edge over non award companies and the Award companies normally do not get much influence of political and economic changes in the country as compare to Non Award companies.

3.4 Definition of Variables

3.4.1 Dependent Variable

Our dependent variable is described as firms' an incentive from the monetary perspective in order to verify the link between corporate sustainability and the standing it makes. The financial market predicts its firm's a motivating force dependent on its future profit generating

capability. Under the assumption of an ideal capitalized market, the expenditures on security are the best accessible and fair proportion of the firm's current worth (Fama, 1970). In this examination, the evaluation of firm execution and valuation depends upon market esteem information. A market esteem is fundamentally describes as the most recent cost of a proposal in an exchanged on an open market stock we use essential M.v.as short structure.

3.4.2 Independent Variable

Sustainability dummy variable: We define the go-between for corporate maintainability as a reasonability DUMMY which approaches 1 if the firm is remembered for the PSX grant list (that reported in consistently as per rules characterized above in the current year or in any case 0.

Net Income (NI) is characterized as the “reality” as it shows up as the keep going line on the pay explanation once all costs, interest, and duties have been deducted from incomes.

Book Value The book value suggests to the aggregate sum an organization would be worth on the off chance that it exchanged its resources and took care of every one of its liabilities.

3.4.2.1 Net Income

Lourenc o et al. (2014) recommended that “the overall gain of organizations with reputation for manageability initiative has a higher valuation by the market, when contrasted with organizations without such standing”. “There are various reasons hidden the conviction that organizations with great corporate supportability execution (CSP) will perform preferred monetarily over their partners” (Branco & Rodrigues, 2006; Chatterji et al., 2009; Dhaliwal et al., 2011; Fairchild, 2008; Lyon & Maxwell, 2008).

Pankaj (2017) look at the effect of NI (EPS available cost of Auto area in India). They utilized multi relapse examination as per their outcome there is critical connection between “market worth” and “overall gain” (EPS). Hussainey also, Salama (2010) found that, “organizations with more significant levels of CER scores show more elevated levels of offer value expectation of income than organizations with lower levels of CER scores”.

3.4.2.2 Book Value of Equity

Lourenc o et al. (2012) examined “the worth importance accounting rundown proportions of organizations with great manageability notoriety in examination with that of their partners and showed that Corporate Sustainability Performance has critical informative force at stock costs over the customary synopsis accounting estimates, for example, profit and book estimation of value”.

The most recent exploration of Milošević Avdalovic, and Milenković (2017) on the impact of fiscal summary proportions on the organizations, for example, size of organization, return on resources, return on investors' value, income per share, book esteem, cost to benefit proportion, cost to book esteem proportion, and the money related influence on the offer cost. The outcomes show that the factors; size of the organization (estimated by resources), money related influence, return on resources, book esteem, benefit per offer and cost to book esteem

proportion are measurably huge to the market cost.

Control variables

To incite that reasonability broadens the assessment of organizations, it is basic to deny the impact of one another variable that could affect an organization's worth. In the going with locale, we list the factors that controls including the OLS backslide assessment and depict the hypothetical explanations for getting them.

3.4.2.3 Leverage

“A significant part of the experimental and hypothetical writing has demonstrated that a firm's capital structure influences its value” (Allayannis & Weston, 2001; Palia, 2001). To control the capital structure sway, we utilize the obligation proportion by partitioning complete liabilities with absolute resources toward the year's end. Thomas (2016) explore the significance of proportions including Debt Ratio, ROE, ROA, EPS book esteem per share P/e proportion LEV to foresee the stock value pattern in developing business sectors. The outcome reasoned that Set of monetary proportion solid effect on market estimation of stock.

3.4.2.4 Profitability

The advantage extents gathering, in any case called execution extents, studies the association ability to gain benefits on arrangements, assets and worth, it measures the benefit obtained for an association's capital and the financial cushion similar with each dollar of arrangements. If a firm is continuously profitable, by then it will without a doubt exchange with a premium than a less profitable one may and subsequently decrease in mv. To control for profitability, we use return on asset (ROA) and return on esteem (ROE) (Lo, S. what's more, 2007).

3.4.2.5 Size

Most past writing has found firm size as ominously related with firm esteem (Mørck et al., 1988; McConnell & Servaes, 1990; Smith & Watts, 1992). We use the logarithm of the all-out resource as the go-between for firm size. Size may moreover be considered as a pointer for the restriction of an organization to participate in natural and social activities, which lead to fixed costs that are less great for greater associations (Ziegler & Schroder, 2010).

Note: all components are per share bases.

3.5 Regression Framework

Based on the prior literature our regression equation is are as follows:

$$MV = \beta_0 + \beta_1 NI + \beta_2 BV + \beta_3 SIZE + \beta_4 ROA + \beta_5 ROE + \beta_6 LEV$$

Where MV= market price at the fiscal year

NI =net income of the year

BV= book value of equity at the end of the year

SIZE=natural logarithm of the total asset as at the end of year

ROE=return on equity

ROA= return on asset

LEV = Leverage Ratio or Debt Ratio.

Here ROA, ROE, size and LEV are control variable

NOTE: We use the same equation for regression analysis of both award and non- award companies

To explore whether the market valuation of book value and by and Net Income (NI) is greater for firms with a standing for sustainability, when contrasted and their non-reputation, we use another assessing condition, Equation (2), which allows the coefficients of the elements BV and NI to change as shown by if the firm has incredible corporate manageability and is given by;

$$MV = \beta_0 + \beta_1 NI + \beta_2 BV + \beta_3 PSX + \beta_4 PSX * NI + \beta_5 PSX * BV + \beta_6 SIZE + \beta_7 ROA + \beta_8 ROE + \beta_9 LEV$$

Where PSX = dummy variable (an indicator that the organizations is included in the PSX every year sample period award list equal to 1 otherwise 0)

Note: PSX (as indicator that company includes in the award list that equal 1 other wise 0)

And all variable are per share basis.

4. Methodology

4.1 Sample and Procedure

The study lies on the Pakistan stock market. Our aim is to see the company with a high reputation for sustainability that has a higher income and corporate reputation in the Pakistan stock exchange market. We started by finding out the companies in KSE-100 who have a reputation. For this purpose, we have taken data available every year for the five year period from the 2014 to 2018 award list announced by Pakistan stock exchange limited. The companies continuously got a name in the PSX award list in a specified period or out of five including 4 and 3 times in list we take this company name in the reputation criteria list. After a lot of studies, we finally found 12 companies that have a reputation for sustainable leadership in the KSE -100 index or Else we said that the continuously name in the Award list due fulfilment of criteria of PSX announced.

Take the data for five years of every company. Secondly, we classified the organizations into two categories

- 1) Companies enjoy the reputation (including in exchange award list) named as “Award companies”.
- 2) Companies did not enjoy the reputation categorizes as “Non-award companies”.

For search out, non-award companies take out the market capitalization of award companies

through different websites and sources.

so we search out the 12 non-award companies of the same market capitalization of award companies despite which sector they belong. so much searching finally gets the company's name.

For the extension of this study, we also include 12 non-award companies of the same sector and same market capitalization for sector analysis between reputation and non-reputation for example Award company -sector (fertilizer) vs Non-award Company (sector-fertilizer) with same market capitalization. We exclude all the organizations with negative book value.

The total non-award companies is equal to 24 and we take the five-year data of each company.

The secondary data used in the empirical analysis was collected by companies every year and issued their annual report and the same authentic websites.

4.2 Comparative Analysis

For the purpose of the measure the data and testing the first hypothesis that the groups are different. We used an independent t-test. The result and explanation of the t-test are as follows

Table 2.

VARIABLE	GROUP	MEAN	SD	SD MEAN ERROR	Independent Samples Test				
					Levene's Test for Equality of Variances		t-test for Equality of Means		
					F (Equal assumed)	SIG	t	Sig. (2-tailed)	
MV	NON AWARD	1.8006E2	200.98570	14.98059	3.051	0.082	-1.883	.061	
	AWARD	2.3816E2	224.23612	28.94876					
NI	NON AWARD	28.1851	69.52617	5.18217	1.022	0.313	-2.042	.042	
	AWARD	49.0033	64.76084	8.36059					
BV	NON AWARD	91.1967	92.20941	6.87288	1.284	0.258		.054	
	AWARD	1116.739	75.90496	9.79929					
ROE	NON AWARD	16.7636	14.38223	1.07199	46.601	0	-6.576	0	
	AWARD	47.0818	56.84112	7.33816					
LEV	NON AWARD	.1455	.17394	.01296	11.282	0.001	1.99	0.048	
	AWARD	.0962	.14079	.01818					
ROA	NON AWARD	7.2498	7.75911	.57833	9.891	0.002	-7.022	0	
	AWARD	17.1020	13.21607	1.70619					
SIZE	NON AWARD	24.3982	1.77906	.13260	.807	0.37	1.32	.188	
	AWARD	24.038	1.97746	.25529					

Levene's test:

If ($p < 0.05$) or ($p < 0.10$) reject H_0 and accept H_1 . The variances are significantly different. So we cannot assume they are equal.

If ($p > 0.05$) or ($p > 0.10$), accept H_0 . The variances are not significantly different. So we can assume they are equal.

T-test result:

If ($p < 0.1$) reject H_0 and accept H_1 . The means are significantly different.

If ($p > 0.1$), accept H_0 . The arithmetic means are not significantly different.

For checking the equality of arithmetic mean or not between the groups we catch out the independent t-test. Independent or uniformity of means parametric t-test show that the mean qualities are factually unique or not between the groups of particular variable. Table 02 shows the group statistics 'Levene's Test for Equality of Variances, **t-test for Equality of Means** of the t-test sample, of all variable (MV, NI, BV, SIZE, LEV, ROA, ROE) of award and non-award companies.

The Arithmetic Mean of independent variable (MV) of award companies and non-award companies is 238.1605 and 180.0641111 respectively. Levene's Test for Equality of Variances p-value is 0.082 which is less than 0.1 so we accept H_A and reject H_0 and conclude that both group has variances that are significantly different

t-test for Equality of Means p-value is "0.078" which is less than 0.10 so we accept H_A and reject H_0 and conclude that The means are significantly different and has unique characteristics. MV is better variable for award companies because their mean value is high and also p value show that they are significant.

The Mean NI of award companies and non-award companies is 49.8575 and 28.18894444 respectively. Levene's Test for Equality of Variances p value is .3130 which is far greater than 0.1 so we accept h_0 and reject h_a and conclude that both group has the variances are not significantly different

t-test for Equality of Means the p value is "0.042" which is less than 0.10 so we accept H_A and reject H_0 hypothesis and conclude that The means are significantly different and has unique characteristics. NI is also better variable for award companies because their mean value is high and p value show that they are significant also has unique characteristics.

The Mean BV of award companies and non-award companies is 116.7401667 and 91.19727778 respectively. Levene's Test for Equality of Variances p value is .258 which greater than 0.1 so we accept h_0 and reject h_a and conclude that both group has the variances are not significantly different. **t-test for Equality of Means p-value is .054 which is less than 0.10 so we accept h_a and reject Null hypothesis and conclude that** The means are significantly different and has unique characteristics. There mean result of BV shows that BV better variable for award companies and they are significant.

The mean of control variable (Roe, lev, ROA, Size) of award companies is 47.08183333, 0.096166667, 17.102, 24.03803987 and non-award companies is 16.76355556, 0.1455,

7.249777778, and 24.39818255 respectively. Levene's Test for Equality of Variances p value of all control variable IS .000, .001, .002, .370 which is less than 0.05, 0.10 except size respectively **so we accept H_0 and reject Null hypothesis and conclude that** that both group variable Roe, Lev, ROA has the variances are significantly different

t-test for Equality of Means of p-value ROE, lev, ROA, Size is .000, .029, .000, .214

Respectively. The value of all variable except size is less than 0.05, 0.10 so according to the rule we accept H_0 and reject Null hypothesis and conclude that the means are significantly different and has unique characteristic.

We summarize our Result of t -test of mean in Table 03 represent the mean of individual variable of the companies who has reputation of sustainability and the companies not enjoying reputation we found that the variable MV NI BV ROE ROA of award companies has higher mean as compare to non-award companies. Most of the variable show the result according to our research the company with reputation has higher mean except lev this show that the company has lower debt has easily gain the eye of investor so that their company price increases.

4.3 Summary of T-Test Mean Comparison

Table 3.

Variables	Award co(Mean)	Non-Award co(Mean)	P-value	Results
MV	238.1605	180.0641111	0.078	A > NA
NI	49.8575	28.18894444	0.037	A > NA
BV	116.7401667	91.19727778	0.035	A > NA
ROE	47.08183333	16.76355556	0	A > NA
LEV	0.096166667	0.1455	0.029	NA > A
ROA	17.102	7.249777778	0	A > NA
SIZE	24.03803987	24.39818255	.214	NA > A

Results for the uniformity of means parametric t-test show that the mean characteristics are verifiably one of a kind for all the elements aside from size. These findings are reliable with those of Artiach et al. (2010) in their exploration on the determinants of CSP. They found that leading CSP firms are significantly greater and have a superior return on equity for value than non-leading CSP firms.

4.3 Descriptive Analysis

For investigating our research we used descriptive statistics, correlation, and ols regression analysis for checking our hypothesis. The following are the finding and test results with hypotheses.

Table 4.

	Mean	Median	S.D	Max	Min
All organizations n (240)					
MV	647.3012	166.795	1793.789	11499.99	5.68
NI	33.38962	12.47	68.828	516.62	-10.3
BV	124.554	78.905	193.4042	1423.1	2.57
ROA	9.712833	8.16	10.31911	66.96	-35.66
ROE	24.34313	18.205	33.54967	315.94	-61.98
SIZE	24.30815	23.88656	1.833091	28.68864	21.21105
LEV	0.133167	0	0.167364	0.58	0
Award organizations n (60)					
MV	1224.682	340.25	2539.946	11499.99	45.12
NI	49.00333	24.68	64.76084	322.86	4.82
BV	116.7393	111.865	75.90496	326.37	19.66
ROA	17.102	15.565	13.21607	66.96	0.28
ROE	47.08183	28.01	56.84112	315.94	4.09
SIZE	24.03804	23.2553	1.977456	28.68864	22.11819
LEV	0.096167	0	0.140786	0.5	0
Non-award organizations n (180)					
MV	454.841	116.465	1421.558	11203.8	5.68
NI	28.18506	10.27	69.52617	516.62	-10.3
BV	127.1589	68.525	219.1276	1423.1	2.57
ROA	7.249778	6.3	7.759112	51.95	-35.66
ROE	16.76356	15.96	14.38223	61.77	-61.98
SIZE	24.39818	24.11994	1.779064	28.66013	21.21105
LEV	0.1455	0.005	0.17394	0.58	0

Table 4 represents the descriptive analysis for the whole data as well as for the sub-tests of companies with a reputation for sustainable leadership and companies without it. When looking at the two sub-gatherings of companies i.e. “award”, non- award”, we find that for all the factors (except the book value) means and medians of award companies are higher. Maybe the companies for increasing market valuation overvalued their book value. For testing the hypotheses we use the descriptive analysis. Our results show that the arithmetic mean and median of the market value and net income of award companies higher as compare to non-award companies so we accept H1 and reject H0.

4.4 Correlation Analysis

Table 5.

	MV	BV	NI	LEV	ROA	ROE	SIZE
MV	1						
BV	-0.125297341	1					
NI	0.80253241	-0.143295343	1				
LEV	-0.090017544	-0.059834206	-0.0306	1			
ROA	0.328470963	-0.03784478	0.54949	-0.089	1		
ROE	0.256172917	-0.045452497	0.78081	0.06643	0.595193316	1	
SIZE	0.010168944	-0.024675757	-0.0025	-0.4646	-0.224827997	-0.033067469	1

Table 5 shows associations for the nonstop factors associated with the relapse condition (due to its discrete nature and limited reach, we avoided the fake factors in the Pearson examination). As the anticipated Market Value (MV) of value emphatically connected with our accounting measure i.e NI however shockingly not related Bv because of the explanation may organizations exaggerated their book worth and speculator has low trust. The independent predictable variables remembered for the relapse while offering a couple of hints of collinearity, yet for our situation, no pairwise association coefficients in an abundance of 0.80, demonstrating that the threat of multicollinearity is obliged.

4.5 Regression Analysis

For finding whether the market value of net income is higher for companies with sustainability reputation we used equation 02 .the result of the equation and their interpretation is as follows.

Table 6.

		Overall			Award	Non Award
		Model 1	Model 2	Model 3	Model 4	Model 5
C	Coefficient	-1.89546	-225.418	1113.4	-1878.68	847.4839
	t stats	-0.003	-3.740991	1.490978	-1.127208	1.251719
	p values	0.9976	0.0002	0.1373	0.2647	0.2124
NI	Coefficient	8.200352	6.852105	23.77742	42.61727	6.685641
	t stats	3.094195	2.721532	9.122775	9.264777	2.616196
	p values	0.0022	0.007	0	0	0.0097
BV	Coefficient	3.561026	3.830889	-0.85424	-3.234844	3.926174
	t stats	4.293175	4.795543	(1.009359)	-1.363642	4.941292
	p values	0	0	0.3138	0.1784	0
PSX	Coefficient	-148.791	-321.803	-	-	-
	t stats	-0.800678	-1.997053	-	-	-
	p values	0.4241	0.047	-	-	-

PSX*NI	Coefficient	31.9166	30.84854	-	-	-
	t stats	8.900907	10.76171	-	-	-
	p values	0	0	-	-	-
PSX*BV	Coefficient	-5.52427	-4.4781	-	-	-
	t stats	-3.208708	-3.162472	-	-	-
	p values	0.0015	0.0018	-	-	-
LEV	Coefficient	277.7768	-	270.7782	1394.445	61.2138
	t stats	1.05375	-	0.858991	1.717168	0.232175
	p values	0.2931	-	0.3912	0.0918	0.8167
ROA	Coefficient	-3.70284	-	-30.4305	2.356852	-4.39694
	t stats	-0.535124	-	-4.148144	0.193538	-0.435326
	p values	0.5931	-	0	0.8473	0.6639
ROE	Coefficient	-2.86171	-	13.16279	-7.551901	1.438209
	t stats	-0.810855	-	3.946613	-1.379751	0.268287
	p values	0.4183	-	0.0001	0.1735	0.7888
SIZE	Coefficient	-7.90248	-	-49.9641	65.46961	-44.32565
	t stats	-0.311386	-	-1.66602	1.014782	-1.597116
	p values	0.7558	-	0.0971	0.3148	0.1121
R-squared		0.883446	-	-	0.919746	0.845419
Adjusted R-squared		0.878885	0.878583	0.824004	0.91066	0.840058
F-statistic		193.703	346.8854	187.4981	101.2332	157.6925
Prob(F-statistic)		0	0	0	0	0
Durbin-Watson stat		0.543018	0.528535	0.513855	0.593215	0.521848

Note. OLS regression with industry and year fixed effect.

DV=Market price at the end of year

IND.V=NI, BV, PSX, LEV, ROA, ROE, SIZE.

In above table for analysis of impact of dependent variable on independent variable we run the OLS estimation of regression on equation 1 and equation 2 and make 5 models in separate groups. In eq 2 we add sum dummy variable for comparison between the group i.e. award and not award under the heading of model 1 and 2, remaining model from 3 to 5 is show the result of equation 1. Eq 1 run for overall companies, award companies and not award companies for the purpose to check the which group variable has better impact on its independent variable. Following are the explanation of all model under separate headings.

MODEL 1 & 2

Model 1 and 2 addresses backslide assessments including dummy Variables occurring considering the OLS appraisal of eq. (2). The backslide in fragment Model 1 circuits all the control variables, In parcel model 2 the three control factors have been removed from the assessment. The coefficient checks for the accounting layout measures are quantifiably significant and they have the normal sign, for example, the absolute pay and book regard

coefficients measures are both positive (8.200 and 3.56, independently).

The findings in table show that the market regards distinctively the all-out remuneration of firms with acceptability authority notoriety when wandered from firms without it. right when we grant the coefficients of book worth and complete remuneration to rely on such a firm to the degree notoriety for viability, the outcomes show that the coefficient of PSX with net addition is sure and quite significant (coefficient: 31.9; p value<0.05), which recommends that in typical the overall increment of firms with a representing reasonability authority has a higher valuation by the market (per a unit change on generally speaking increase, the minor takeoff from cost is 31.9 units higher when separated and a similar assortment from firms without said notoriety net expansion).

Model 03

Model 3 represents regression measurements coming about because of the OLS estimation of eq. (1) of all companies. In our model MV is dependent variable whereas NI and BV is independent variable for controlling bias we add some control variable too which include ROA, Lev, Roe and size. The regression result shows that if one unit increase in MV then Ni increase by 23.77742, Bv decrease by -0.854, Lev increase by 270.77, Roa decrease by -30.45, Roe increase by 13.16 and size decrease by -49.96 keeping other factors remains constant. Probability value show the chances of error with their co-efficient Mostly level of significant considered 5% or 10%. if prob. value greater than 10% or 0.10 its mean insignificant effect on the model and will not consider the regression result for particular variable. The p-value of NI, Roa, roe and size is less than 0.10 it mean that these variable has significant effect on the model. F-statistics shows the combine effect on all independent variable on dependent variable. If prob of F-stats is less than 0.05% we conclude that combine effect is significant or vice-versa. Here in the model prob value of F-stats is less than 0.05 which mean combine effect in considerable and significant. The model is strength is 82% as adjusted R square value is 0.824.

Model 04

Model 4 represents regression measurements coming about because of the OLS estimation of eq. (1) of all Award companies. In our model Mv is dependent variable whereas NI and BV is independent variable for controlling bias we add some control variable which include Roa, Lev, Roe and size. The regression result shows that if one unit increase in MV then Ni increase by 42.61, Bv decrease by -3.234, Lev increase by 1394, Roa increase by 2.35, Roe decrease by -7.55 and size increase by 65.46 keeping other factors remains constant. Probability value show the chances of error with their co-efficient Mostly level of significant considered 5% or 10%. if prob value greater than 10% or 0.10 its mean insignificant effect on the model and will not consider the regression result for particular variable. The p-value of NI is less than 0.10 it mean that these variable has significant effect on the model. F-statistics shows the combine effect on all independent variable on dependent variable. If prob of F-stats is less than 0.05% we conclude that combine effect is significant or vice-versa. Here in the model prob value of F-stats is less than 0.05 which mean combine effect in considerable and significant. The model strength is 91% as adjusted R square value is 0.91066.

Model 05

Model 5 represents regression measurements coming about because of the OLS estimation of eq. (1) of all non- Award companies. In our model Mv is dependent variable whereas NI and BV is independent variable for controlling bias we add some control variable too which include ROA, Lev, Roe and size. the regression result shows that if one unit increase in MV then Ni increase by 6.68 , BV increase by 3.92 ,Lev increase by 61.2138 ,ROA decrease by -4.39, Roe increase by 1.43 and size decrease by -44.325 keeping other factors remains constant. Probability value show the chances of error with their co-efficient Mostly level of significant considered 5% or 10%. if prob value greater than 10%or 0.10 its mean insignificant effect on the model and will not consider the regression result for particular variable .The p-value of NI , BV is less than 0.10 it mean that these variable has significant effect on the model. F-statistics shows the combine effect on all independent variable on dependent variable. if prob of F-stats is less than 0.05% we conclude that combine effect is significant or vice-versa. Here in the model prob value of F-stats is less than 0.05 which mean combine effect in considerable and significant. The model strength is 84% as adjusted R square value is 0.91066.

4.6 Sector Analysis

The company that was included in the PSX award list was named as an award company (has a reputation for sustainability according to PSX criteria). After finding out the award company we searched out their sector name and market capitalization.

For conducting one to one bases we find out the non-award company (has no reputation of sustainability has not included in the PSX award list) of the same sector the award company belongs through the same market capitalization bases.

We make the combinations of different sectors and check our findings through compare mean table 08 shows the (one to one) sector analysis.

Table 7.

Sector name	Mean NI		Results	F	Sig
	Award (A)	Non award (NA)			
Fertilizer	11.298	8.89	A > N.A	2.055	0.19
Automobile assembler	68.664	38.058	A > N.A	2.455	0.156
Chemicals	40.944	28.21	A > N.A	8.592	0.019
Investment Banks	12.994	-0.884	A > N.A	38.403	0
Commercial banks	18.958	12.256	A > N.A	13.059	0.007
Transport	22.398	-0.336	A > N.A	261.576	0
Automobile parts	58.542	16.56	A > N.A	19.436	0.002
Food & Personal care	241.338	407.848	A < N.A	10.72	0.011
Paper and board	11.162	2.648	A > N.A	19.454	0.002

Table 7 shows the further extension of research i.e. sectorial analysis we used the one way Anova method. Explanation of result are as follows

Combination 01 belongs to fertilizer sector in which mean of Award Company and non-award NI is 11.298 and 8.89 respectively. The sig value 0.19 which is greater than 0.10 so we accept null hypothesis that both mean value are equal and mean wise fertilizer sector award company lead. Combination 02 belongs to Automobile assembler sector in which mean of Award Company and non-award NI is 68.664 and 38.05 respectively. The sig value 0.156 which is greater than 0.10 so we accept null hypothesis that both mean value are equal.

combination 03 belongs to chemicals sector in which mean of Award company and non-award NI is 40.944 and 28.21 respectively. The sig value 0.19 which is greater than 0.10 so we accept null hypothesis that both mean value are equal.

Combination 04 belongs to investment sector in which mean of Award Company and non-award NI is 12.994 and -0.884 respectively. The sig value 0 which is less than 0.10 so we accept alternative hypothesis that both mean value are not equal and unique characteristics.

Combination 05 belongs to commercial bank sector in which mean of Award Company and non-award NI is 18.958 and 12.256 respectively. The sig value 0.007 which is less than 0.10 so we accept alternative hypothesis that both mean value are not equal and unique characteristics.

Combination 06 belongs to transport sector in which mean of Award Company and non-award NI is 22.398 and -0.336 respectively. The sig value 0 which is less than 0.10 so we accept alternative hypothesis that both mean value are not equal and unique characteristics.

Combination 07 belong to Automobile parts sector in which mean of Award Company and non-award NI is 58.542 and 16.56 respectively. The sig value 0.002 which is less than 0.10 so we accept alternative hypothesis that both mean value are not equal and unique characteristics combination 08 belongs to Food and Personal in which mean of Award Company and non-award NI is 241.338 and 407.848 respectively. The sig value 0.011 which is greater than 0.10 so we accept null hypothesis that both mean value are equal.

Combination 09 belongs to paper & board in which mean of Award Company and non-award NI is 11.62 and 2.648 respectively. The sig value is 0.002 which is less than 0.10 so we accept alternative hypothesis that both mean value are not equal and unique characteristics.

In above analysis we found that the mean of award company (NI) in respect of belonging (whether fertilizer sector or automobile sector) except food and personal care sector is higher this proves that the company with a reputation for sustainability has high market valuation not collectively as well as individuals too. In 7 out of 09 combinations, award companies are leading and has unique characteristic sector include Chemicals, investment banks Commercial banks Transport and paper & board. Remaining 2 out of only one sector leading in non-award group i.e. food and sector as non- Award Company has higher mean and has no unique characteristic between groups. The others 2 combination has higher mean of award companies but not significant.

5. Discussion

The finding of this article completely underpins the earlier literatures (Cheung, 2011, Robinson et al., 2011) and shows that the organizations which appreciate corporate sustainability edge because of the standing of supportability authority will appreciate altruism among the partners. The standing of manageability is an elusive Asset that benefits the organization on their accounting measures and their market valuation model. (AS Shefrin & Statman, 1995) similarly as Srivastava et al. (1997) discovered verification “that current or potential theorists see an association with a nice standing to be safer than associations with identical financial execution, yet a less settled in notoriety. Despite equivalent risk and return prospects, significantly rumored firms profit from money related masters who are anxious to pay more for their offers than for parts of less standing firms” (Larsen, 2002), and who expect a lower pace of benefit (Srivastava et al., 1997). In the event that we investigate the partner perspective so this stock interest increments so at last their market valuation additionally increments.

Corporate standing serves as a presentation signal, however yet can turn into a decision standard itself as an individual as well.

The outcomes additionally upheld Thomas (2016) that inferred that the arrangement of budgetary proportions has solid effect on market estimation of stock. The table of the connection shows the solid connection among reliant and free worth.

Results additionally indicated that T-test an Award and non-Award are not equivalent. These findings are solid with those of Artiach et al. (2010). They found that driving CSP firms are significantly greater and have a superior profit for value than non-driving CSP firms. Expressive investigation find that for all the variables (aside from the book esteem) means and medians of grant organizations are higher as contrast with non-grant organizations.

For research examination we make a 2 conditions .one condition incorporate sham variable i.e PSX and another is without it. Our OLS fakers variable regression(Model 1 and 2) on all organizations with industry and year fixed impact show that per a unit change on total compensation, the minor departure from cost is 31.9 units higher when differentiated and a comparative variety from firms without said notoriety net increase).

Relapse investigation of eq 1 on all organizations, Award organizations and Non grant organizations. Result show that grant organizations variable has more huge effect on subordinate variable as contrast with non-grant organizations. As one unit change in MV the co productive of Ni of grant organization is increment by 42.61 as non-grant organizations NI increment by 6.68 which is far less effect than grant. Organization Hence the organization with validity supportability has more effect on subordinate variable than its counterparty.

Further development of assessment we moreover doing sectorial examination through one course Anova of NI both. We found that mean of all honor associations has higher than their accomplice. The results are totally maintained through the viewpoint of a structure consolidating hailing hypothesis and resource based theory, as per which firms signal their obligation to reasonability to influence the outside impression of liberality. A firm's representing being revolved around sensibility is a hypothetical asset that can develop the

evaluation of a firm's commonplace money flows or possibly diminish the alterability of its money flows. Our findings are as shown by our longings and show that unquestionably the general increase of firms with phenomenal reasonability reputation has a higher valuation by the market when showed up distinctively corresponding to their associates.

Notwithstanding, the delayed consequences of our assessment contrast from some prior European appraisals that used brand name uncovering (Cormier & Magnan, 2007; Moneva & Cuellar, 2009), social reporting (Carnevale et al., 2012) or standard execution (Hassel et al., 2005). Just Schadewitz and Niskala (2010) and Semenova et al. (2010) report findings solid with our own. The findings of a hint of these prior appraisals show that the collaboration between social uncovering, financial request information and firm affirmations trade regard is framed by the getting sorted out setting that firms face (Cormier & Magnan, 2007; Carnevale et al., 2012). Therefore, it is wise to reason that our findings, got in the North American institutional setting, are not powerless of speculation to various countries, especially those with very astonishing characteristics (for example, Germany or France). Cormier and Magnan (2007) suspect that their findings suggest that public institutional settings are massive while assessing the protections trade regard relevance of financial and non-financial execution measures. Regardless, further assessments are relied upon to confirm this case, it is a promising street for future assessment (in a near spot.). We perceive that analyzing as a rule data for crosscountry associations and industry evaluations would be an enchanting future assessment region.

6. Conclusion

This study investigated the impact of corporate reputation on companies' performance as well as their market valuation in the Pakistan stock market. We attempted to explore whether companies with a high reputation for sustainability also perform better in the Pakistan stock market. We specifically went to check whether the companies with high reputation of sustainability leadership able to attract investors' attention and have a better market value in Pakistan. For this, we take PSX award list as criteria for identifying companies with reputation for sustainability leadership.

Lourenço et al. (2014) used DJSI as a proxy for good reputation for sustainability. Hence, we used best company award as a proxy for corporate reputation and sustainability. They award companies analysis based on their profitability, corporate governance, social responsibility, investor relationship, and managerial performance. We enhanced this model by connecting the award and the non-award company of the same sector. We further added control variables too like ROA. Hence, this is a novel attempt to explore the effect of sustainability performance and companies/ reputations on financial and market performance of PSX listed companies. This research will not only see the impact between market value and this accounting measure, however, but it will also include the role of intangible assets like reputation and sustainability leadership on market value

We extracted the sample from year 2014 to 2018. We also extract similar non-Award companies according to market capitalization for comparison.

Variables like ROA, ROE, SIZE, NI, EPS and LEVERAGE were used as Independent variable, whereas Market value was used as dependent Variable. Results were analyzed using regression analysis, t-test, correlation and descriptive Analysis

Our key finding is firms with the reputation are remunerated with higher valuations in the stock exchange Pakistan. We firstly test the primary speculation by utilizing t-tests, trailed by a correlation analysis by controlling firm size, leverage, return on equity, return on assets, and reputation impact. We additionally test the chance of whether corporate supportability interfaces with other control factors on the firm esteem (Akerlof, 1970).

Our outcomes give proof that the market valuation of overall gain is higher for firms that have gained reputation for sustainability leadership. Our outcomes bolster the view that accounting estimates alone just have a constrained capacity to convey a firm's incentive to financial specialists.

This investigation examinations whether the market valuation of the two rundown accounting measures, book estimation of value and net gain, is higher for firms with reputation for manageability administration, when contrasted with firms without said reputation, utilizing a hypothetical system joining Signaling hypothesis and RBT. As indicated by this system, administrators progressively think about CS authority as a sign of improvement leads to influence the outer view of reputation. By exhibiting that they work as per social and moral models, organizations can fabricate reputation, though neglecting to do so can be a wellspring of reputational hazard.

Our findings are predictable with those of past writing on the worth pertinence of non-financial data that find a significant connection between the market estimation of value and non-financial data irrelevant to CS in the North American setting (Matolcsy & Wyatt, 2008; Rajgopal et al., 2003). We stretch out their decisions to the issue of CS. Our findings are additionally steady with those of comparative investigations identified with CS in a North American setting (Berthelot et al., 2012; Barth & McNichols, 1994; Cormier).

One of the conclusions of this research lies in recognizing the way that on the whole impact as well as coordinated area effect of. It implies that an organization with an elevated level of reputation validity has a higher market valuation on area incorporates area premise also which brings about higher pay and partner fulfillment. Following investigation will control in additional expansion of the exploration on a similar theme later on. This exploration can be useful for directors and associations to see how to come up and devise procedures that can assist with expanding corporate maintainability and finish up too why change is needed to devise arrangements toward reputation and supportability authority.

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