# Title: The social reputation of European companies. Do anti-corruption disclosure affect stakeholders´ perceptions?

## Abstract

The aim of this paper is to analyse the potential power of reporting in influencing stakeholders' perceptions and the use of communication tools, as sustainability reports, in order to bolster corporate reputation in the social issue of corruption. Based on a regression analysis using data published by Kirchhoff Consult AG in its 'Good Company Ranking 2013' report, which includes information obtained from the 70 largest European companies, we found that disclosure is positively related to social reputation in the anti-corruption area, The study addresses a gap in literature by highlighting the fact that this global and key social issue has not yet been analysed empirically.

Key words: Corruption, Social Disclosure, Legitimating, Anticorruption disclosure

## 1. Introduction

In recent years, social and environmental disclosure has been increasingly adopted by organizations across the world. The aim of this trend should be to improve the reliability and transparency of environmental, social and economic disclosures (Unerman et al., 2007; Deegan et al., 2006; Owen and O'Dwyer, 2005). However, there are evidences pointing corporate communication is often used as a tool for managing impressions among stakeholders (Cho et al. 2012; Bansal and Kistruck 2006; Bansal and Clelland 2004). Therefore it is relevant to know the extent to which social disclosure could influence corporate reputation The analysis of the relationship between reputation and disclosure is not new in SEA research, but so far this study has been limited exclusively to the environmental area (Brammer and Pavelin, 2006; Buhr, 1998; Cho et al., 2012, Cambel 2003, Deegan and Gordon, 1996; Deegan and Rankin, 1996; Comier and Magnan, 2015, Patten, 1992;Wilmshurst and Frost, 2000). These papers have shown a positive relationship between environmental disclosure and firms ´reputation. The aim of this study is to extend prior research on social disclosure and their impact on corporate reputation to other aspects apart from environmental ones

The corruption is key aspect worldwide, it is known that "corruption alone is estimated to cost the EU economy EUR 120 billion per year, just a little less than the annual budget of the European Union" (EC, 2014). Nevertheless, until recently, corruption was seen as a problem of poor countries, and as an external issue companies have to learn to live with, if they wanted to make business in those countries. Corruption was seen, between other reasons, as a cultural value problem of countries where firms from less corrupt countries make business. While, previous researches point that high hierarchical societies are more likely to be corrupt (Kimbro, 2002), the lens of almost all papers were at the "demand-side" of corruption (Everett et al., 2007). However, some works show that, particularly multinational companies are directly correlated to official corruption (Osuji, 2011) suggesting, firms –from these "less corrupt' countries- are the central problem of corruption perpetuation over the time.. Thus, this study explores the effect of anti-corruption disclosure made by companies on corporate social reputation.

Firstly, it is important to indicate what we consider corruption in this paper, because as Everett et al. (2007) pointed out there are more than sixteen acts considered corrupt - bribery, embezzlement, fraud extortion, money laundering and so on. - Therefore, when analyzing literature on corruption one realizes that this is a highly ambiguous term, and there is no consensus as to its definition. Although other forms of corruption have the same harmful effect on society at large and on individual firms' reputations, in this paper we will focus on bribery. Osuji (2011, p. 31) suggests that "*corporate involvement in foreign official corruption has clearly emerged as a component of the CSR debate and agenda*" and at the same time TI (2011) states "*perceptions of the frequency of foreign bribery by country and business sector have on average seen no improvement since the last Bribe Payers Index published in 2008*".

Secondly, we will focus only on corporate social reputation, rather than their global reputation. It is known that the global reputation of a company is measured via the sum of the reputations of firms in various dimensions, such as the firm's technological sophistication, its profitability, or its social performance (Zyglidopoulos and Philips, 1999). Thus, corporate reputation is a multidimensional concept (Zyglidopoulos, 2001) and is created via the image that all stakeholders have about the firm in those different dimensions (Fombrun, 1996; Zyglidopoulos, 2003). Although, we consider corruption would affect overall corporate reputation in more than one dimension, we also consider the social or corporate social responsibility (CSR) dimension would be particularly sensitive to this matter.

As if a company is involved in payment of bribes, and stakeholders know it, the perception those stakeholders have about companies social responsibility would be affected. Finally, from managerial perspective, nowadays, bribery has become an essential issue -. As Chandler and Graham, (2010) indicate, one of the key aspects that managers must control is the possible existence of negative societal elements, such as bribery, in the countries where companies are going to invest or move in if they want to create successful businesses.

Since the way firms manage their anti-corruption area is directly related to the social dimension that reputation has. In this sense, social reputation management should include communication processes to report to stakeholders about procedures put in place to control corruption related problems.

The potential power of reporting in order to influence stakeholders' perceptions and the use of communication tools as sustainability reports in order to bolster corporate reputation is well-known. Therefore, the contribution of this paper to literature is clear, since this global and key issue has not yet been analysed. Specifically, we attempt to ascertain in this article whether anti-corruption disclosure by companies is positivity related to companies' social reputation.

The remainder of the article is organised as follows. The next section provides the background and hypothesis development required, where literature related to social disclosure and reputation has been analysed. The third section describes the research methods used in the study, firstly an univariate test has been conducted through descriptive statistics and Pearson correlation analysis and secondly a multivariate analysis has been run, through a basic multiple regression model. Subsequently a section in which the results and their discussion are shown. Lastly, the paper ends with the conclusions, where final considerations, research limitations and possible future research projects are highlighted

## 2. Background and hypothesis development

Social disclosure is the process of communicating the company's economic, social and environmental performance, and effects of those organization's performances on their stakeholder's situation and their future conditions (Gray *et al.* 1987). To develop this communications, companies might considers the interests of society by taking responsibility for the impact of their operational activities on customers, suppliers, employees, shareholders, communities, and other stakeholders, including social and environmental advocates, and regulators (Shauki,2011). Worldwide concern about global warming, stakeholder pressure (Solomon & Lewis, 2002) and societal, political, and regulatory considerations (Vormedal & Ruud, 2009) becomes this kind of information highly relevant for institutions, investors, and other agents because of its usefulness to decision-making processes at different levels (Ortas et al, 2014). CSR and environmental accounting research has focused on different frameworks (Deegan, 2002), with the stakeholder theory and the legitimacy theory (Lindblom, 1994) being the most employed (Cambel 2003, Garriga and Mele, 2004; Gray et al., 1995; Lukka, 2010, Ortas et al 2014). Our works, based mainly on the legitimacy theory, view social disclosure as being a legitimizing instrument in response to pressures supported by companies from their stakeholders (Adams, et al., 1998; Aerts and Cormier, 2009; Archel et al., 2009; Brown and Deegan, 1999; Campell, 2000; Cho, 2009; Cho et al., 2012; Cho and Patten 2007; Deegan 2002; Husillos, 2007; Patten, 1991, 1992; Tilling and Tilt, 2010). The concept of legitimacy, with its roots in institutional theory and political economy, constitutes a prominent theoretical perspective in corporate social disclosure research (Comier and Magnan 2015). Numbers of empirical models in the social accounting literature have been employed to explore and 'test for' legitimacy theory (Cambel, 2003) and how reporting may affect social and environmental aspects (Byrd, 2009; Janney et al., 2009), one of the main rationales is to improve corporate reputation (Runhaar and Lafferty, 2009), as well as improve the organisations' image (Ayuso and Roca, 2010; Cetindamar and Husoy, 2007, De Villiers and Van Staden, 2006). A corporation does whatever it deems necessary to preserve its image as a legitimate business with legitimate aims and methods of achieving these aims (De Villiers and Van Staden, 2006).

Some of the previous studies have sought to find a means of comparing a measure of societal concern with social disclosure in the belief that agreement will indicate that disclosure is responding (or not) to the concern, thus signifying that the intention of the disclosure may be in part to legitimate (Cambel, 2003, p. 357). Social disclosures are considered as signals companies give to stakeholders to increase reputation (Friedman and Miles, 2001; Toms, 2002; Hasseldine et al., 2005; Michelon, 2011, Odriozola and Baribar-Diez, 2017). CSR communication can be considered as a means of obtaining legitimacy from stakeholders, as well as a way of satisfying certain interests of stakeholders that influence its survival (Odriozola and Bairaibar-Diez, 2017)

It means trying to balance conflicting stakeholder expectations about not failing in the social contract that the company has with each stakeholder groups (Cho et al., 2015). Information about societal themes, such as the impact of companies on the environment, or the role of firms in the fight against - currently widespread - corruption practices, is being increasingly demanded by stakeholders, and so firms are in turn being pushed to increasingly report on these issues (GRI, 2012). Hence, within the social responsibility projects in which companies invest, communication with different stakeholder groups - related to social and environmental aspects and conducted through voluntary reporting practices - seems to have become into a major issue. At the same time, no academic sources pointed in the same direction. By way of an example, KPMG (2008, p.10) states that "*corporate responsibility reporting is building value for companies in many ways. Some include: ... Enhancing reputation by providing truthful and robust information on tough issues*" or Global Reporting Initiative (GRI) (2012, p.3) states that "*leading companies recognize the value of sustainability reporting*" and points out that sustainability reporting "*is linked to long-term value creation*" and has, among others, "*external benefits" to "enhance reputation*".

There are at least three previous studies that specifically analyse the relationship between reputation and social and environmental disclosure. These papers show that disclosure may help to improve corporate reputation, as they point to a positive relation between both variables (Toms, 2002; Brown et al., 2010, Cho et al., 2012). However, we have not found any study that analyses the relation between disclosure and reputation based on social aspects, or any paper that considers corruption-related aspects. We posit that social and environmental aspects fall within the same area. Hence, corporate behaviour in terms of anti-corruption should follow an agenda similar to that used in the environmental area.

Therefore, we propose hypothesis:

*H1: Corporate anti-corruption disclosure positively influence firms´ reputation*

## 3. Research Methods

### *3.1.Sample*

Kirchhoff Consult AG (German consultancy firm) published its 'Good Company Ranking 2013' report in November 2014. This report makes the most extensive comparison of Europe's 70 largest companies related to CSR, as it includes enterprises listed in the DAX-Index that are considered leaders within Europe. Our sample is drawn from this ranking. Although the Kirchhoff ranking included 70 firms, one firm is excluded because it lacks necessary data. Thus, the final sample consists of 69 firms (16 from consumer goods, 14 from financial, 9 from healthcare, 8 from oil and gas, 7 from basic materials, 5 from the industrial sector, 3 from consumer services and telecommunications and, lastly, 2 from technology and utilities). Sample firms ranged in size (based on FY 2013) from € 2.2 million to € 339.3 million, with a mean € 53.2 million (€ 33.4 million)

### *3.2.Empirical model*

Our main aim is to examine whether disclosure relates to reputation in the specific area of anti-corruption. With this aim in mind, we have considered a model - where the dependent variable is the society reputation score; *Disclosure* refers to the anti-corruption disclosure measure, and we have included firms' *size*, *financial performance* and *industry risk* as control variables:

$$\text{Society Reputation}_i = a_1 + B_1\text{Disclosure}_i + B_2\text{Firm Size}_i + B_3\text{ROA}_i + B_4\text{IndRisk}_i$$

### *3.3.Measurament of variables*

*Dependent variable_Society Reputation (*SOCIETYREP)

We based the measure on the 'Good Company Ranking 2013', where an overall score for European companies is provided linked to their CSR. The overall assessment is made up of four categories (society, employees, environment and performance) with a view to analysing four aspects: whether firms are acting responsibly in dealings with employees and with regard to the environment and natural resources, whether they accept social responsibility and whether they take a responsible approach to the capital provided. These scores are obtained from comprehensive analysis of data available for each company conducted by several experts in those areas.

The process involved in obtaining the overall score entails three stages. Firstly, the academic teams for the environment, employees and society conduct an evaluation of each area, with each being given a 20 percent weighting in the overall assessment. Then the "malus" system is used, which deducts points from companies that do not achieve at least 50 per cent of the performance of the top-rated company in one of the areas of responsibility. Lastly, financial performance of the companies, which represents 40 percent of the overall result, is incorporated.

The society category includes: (i) an overall stakeholder criterion (general criterion that cover the area of "Society" as a whole), (ii) customer-related criterion, (iii) supply chain-related criterion, (iv) social criterion (active contribution) and (v) social criterion (compliance). The latest component of this category includes anti-corruption related aspects, and as this is mentioned in the report, considering that this criterion rests on the basic idea "*to include not just "positive" social commitment (often highlighted with slogans such as "corporate citizenship", "corporate philanthropy", etc.), but to also consider a company's efforts to avoid "negative" impacts*" (Kirchhoff, 2014)

Given these metrics, we expect that the relation of anti-corruption disclosure to reputation will be relevant to society reputation, but not others. Thus, we decided to use society reputation scores as a way of measuring reputation. Reputation scores for the sample companies ranged from 5.3 to 17.3 with a mean 13.03 (13.6).

*Independent variable_Anti-corruption disclosure (*ANTICODISCL)

We measure anti-corruption disclosure based on Transparency International´s (TI) (2014) disclosure assessment methodology. The report assesses the world´s 124 largest companies´ transparency by reporting, specifically on three areas: reporting on anti-corruption programmes; organisational transparency and country-by-country reporting, based on data from 2013. As our interest lies in the anti-corruption area, we focus only on anti-corruption programme reporting, where disclosures across 13 different areas of anti-corruption information are identified**.**

We used the scores given by TI for 40 of the 69 firms in our sample, because they were included among the 124 largest publicly listed companies, already rated by TI. For the remaining sample firms, we used the same methodology to ascertain the extent of their anti-corruption disclosure. To undertake this task, we used mainly information provided in stand-alone CSR reports from 2013, and completed the information with annual reports from 2013 and data from companies´ websites, where necessary.

The total possible maximum score was 13, and the firms in our sample ranged from 0.5 to 13, with a mean 9.29 (10).

*Control variables*

We select the following control variables on the basis of prior studies of corporate disclosure

*Size*

Organisational size effect has been a recurrent variable in social and environmental accounting research. Specifically, literature reveals a positive relationship between the company size and the volume of social and environmental information reported (Belkaoui and Karpic, 1989; Deegan and Gordon, 1996; Gray et al., 2001; Hackston and Milne, 1996; Ho andTaylor, 2007; Nikolaeva and Bicho, 2011; Patten, 1991, Ortas et al 2014). We conducted the analysis firstly related to firms´ size, measured by a natural log of 2013 revenues in Euros. The effect of size on business communication can have an effect, on the one hand, because of the costs of information (Deegan & Gordon, 1996; Hackston & Milne, 1996; Gray et al., 2001)- large firms are better able to absorb the costs arising from the publication of data – and, on the other, because of contractual and legitimacy processes, since large companies: 1) are usually fully controlled by the participants in capital markets; 2) face high potential political costs; and 3) are usually highly visible targets (Aerts et al., 2006). Otherwise, the "slack resources theory" holds that companies with necessary financial slack may, more easily, support expenditure and investments related to social responsibility (Brammer and Millington, 2008; McGuire et al., 1990; Waddock and Graves 1997). In this sense, larger firms are thought to have greater financial slack, and so we can expect that size influence positively to the relations studied in the paper

*Financial Performance*

The second control variable used in the analysis is the financial performance, measured by Return On Assets (ROA) of 2013. This variable has also been largely considered in the social and environmental area (Gul and Leung, 2004; Khanna et al., 2004; Belkaoui & Karpik, 1989; Banerjee, 2002). Interaction between firms and their stakeholders is seen as a way to outperform rivals in terms of profitability and to pursue a company strategy to enable them to survive and prosper in a turbulent environment (Wu, 2006). One of the ways in which this interaction takes place between companies and their stakeholders is through the disclosure made by companies. Theoretically, it is assumed that the most profitable companies are able to allocate more resources to socially responsible practices and that firms would want to make their behaviour public (Prado-Lorenzo et al., 2009), this elations in line of the "slack resources theory" (Brammer and Millington, 2008; McGuire et al., 1990; Waddock and Graves 1997). Therefore, a positive relationship between profitability and disclosure is expected, although on the other hand, the relationship between social performance and financial performance is still inconclusive (Margolis et al., 2009; Wu, 2006)

*Industry risk*

Lastly, there are several papers in the social and environmental accounting area that maintain that one explanation for the differences in reporting social and environmental information lies in the sector companies belong to (Adams et al., 1995, 1998; Cowen et al., 1987; Deegan and Gordon, 1996; Hackston and Milne, 1996; Roberts, 1992, 1998). Although each paper makes its own classification of sectors, the logic underlying the makeup of the groups is usually - especially in more recent works - the sensitivity of the sector to social and environmental issues concerning the analysis involved. (Cho, 2009; Cho and Patten, 2007; Hackston and Milne, 1996; Gray et al., 2001; Patten, 1991; Roberts, 1992). Thus, we use TI´s (2011) Bribe Payers Index of industry sectors to measure industry risk. This is a binary variable coded as "1" if the company´s primary industry is rated below the mean; and as "0", if the company's primary industry is rated above the mean. Oil and gas and utilities were considered corruption-sensitive industries while the other industries of the sample were taken to be non-corruption sensitive.

## 4. Results and discussion

### *4.1. Univariate analysis*

Table 1 presents summary statistics for our measures of social reputation, anti-corruption disclosure and control variables. The variable SOCIETYREP, which is the score obtained by each company in the society category on "Good Company 2013" report., ranges from +5.3 (indicating low society reputation) to +17.3 (indicating high society reputation), This variable could range from 0 (lowest society reputation) to 20 (highest society reputation), and the median value of our sample is 13.6. The minimum ANTICODISCL,-which represents the level of transparency related to anti-corruption data of each firm- is +0.5 with a maximum value of +13. This variable could range from

0 (no transparency) to 13 (total transparency), and the median value of our sample is 10. Therefore the data reflect most of the companies have higher society reputation and anti-corruption disclosure than ...

Related to FIRMSIZE, there is a low variance (0.1841) in the natural log of 2013 revenues in Euros on sample firms, with a minimum value of 6.3457 and a maximum of 8.5306. Exactly the opposite happens with FINANCIALPERF variable, there is a great variance (40.821). These data show almost all the firms in the sample have similar size but large differences in their financial performance. Finally, INDRISK variable shows almost 89% of sample companies do not belong to corruption-sensitive sectors.

Table 1: Descriptive statistics

| Continuous Variables | Minimum | Maximum | Mean | Median | Standard deviation | Variance |
|---|---|---|---|---|---|---|
| SOCIETYREP | 5.3 | 17.3 | 13.0261 | 13.6 | 2.9258 | 8.5602 |
| ANTICODISCL | 0.5 | 13 | 9.2899 | 10 | 2.8919 | 8.3633 |
| FIRMSIZE | 6.3457 | 8.5306 | 7.5260 | 7.524 | 0.4291 | 0.1841 |
| FINANCIALPERF | -0.47 | 32.88 | 7.1407 | 6.755 | 6.3891 | 40.821 |
| Categorical variable | Yes (%) | | No (%) | | Total | |
| Industry sensitivity (INDRISK=1) | 8 (11.59%) | | 61 (% 88.41) | | 69 (%100) | |

SOCIETYREP= Companies' society reputation based on 'Good Company Ranking 2013' report, published by Kirchhoff Consult AG. ANTICODISCL= anti-corruption disclosure measured based on Transparency International´s (TI) (2014) disclosure assessment methodology. FIRMSIZE= Firm size measured by natural log of 2013 revenues in Euros. FINANCIALPERF= Financial performance, measured by ROA of 2013. INDRISK= Industry risk

As noted previously, our primary interest is to ascertain whether anti-corruption disclosure is associated with assessments of social reputation. Thus, we have considered a model, where the dependent variable is the society reputation score. The correlations table (Table 2) shows that the primary variable is positively and significantly correlated with the reputation measure. Specifically, the anti-corruption disclosure correlation is 0.294 (0.007). This simple correlation analysis does not address issues of causality, but provides initial evidence that anti-corruption disclosure and reputation are directly related.

Table 2: Pearson correlation coefficients and significance levels (based on a two-tail test) for all variables included in the models

| | SOCIETYREP | ANTICODISCL | FIRMSIZE | FINANCIALPERF | INDRISK |
|---|---|---|---|---|---|
| SOCIETYREP | 1 | | | | |
| ANTICODISCL | 0.294 | 1 | | | |
| | (0.007) | | | | |
| FIRMSIZE | -0.058 | 0.203 | 1 | | |
| | (0.317) | (0.047) | | | |
| FINANCIALPERF | 0.367 | 0.109 | -0.232 | 1 | |
| | (0.01) | (0.187) | (0.027) | | |
| INDRISK | -0.324 | 0.145 | 0.478 | -0.055 | 1 |
| | (0.003) | (0.118) | (0.000) | (0.328) | |

These results confirm our hypothesis, and show, as we expected, that the anti-corruption disclosure pursued by companies is positively related to their social reputation. Although previous literature mainly focuses on environmental disclosure or on the aggregation of social and environmental disclosure, our result is in line with background literature in this field. Thus, our results are consistent with Cho et al. (2012) and other studies (Toms, 2002; Brown et al., 2010) that maintain SEA disclosure is positively related to reputation.

*4.2. Multivariate analysis*

Furthermore, the multivariate results (Table 3) also point to a positive and statistically significant relationship between disclosure and the dependent variable, reputation. According to the model, anti-corruption disclosure is positively related (10,154) to social reputation and statistically significant at p = 0.009, using in both cases the one-tail test. Moreover the control variables show, as we expected, that firm size is positively related (0.167) to social reputation and is statistically significant at p=0.164. Similarly, ROA is also positively related (0.410) and statistically significant at p=0.001, while industry risk is negatively related (- 9.607) and statistically significant at p=0.000, showing that firms from corruption-sensitive sectors have worse reputation scores than the others.

The confidence level of significance for all the variables except for the firm size is over 95%. Thus, we consider for our model that disclosure, ROA and sector are significant variables but firm size is not.

Table 3

| Variable | Predicted relation | Coef. | *Std. Err.* | *t*-statistics | Significance |
|---|---|---|---|---|---|
| Constant | none | 25.608 | 16,703 | 0.1533 | 0.130 |
| Disclosure | (+) | 10,154 | 3,766 | 2.696 | 0.009 |
| Firm Size | (+) | 3.167 | 0,123 | 1.409 | 0.164 |

| | | | | | |
|---|---|---|---|---|---|
| ROA | (+) | 0.410 | 2.247 | 3.327 | 0.001 |
| IndRISK | (-) | -9.607 | 2.604 | -3.689 | 0.000 |

*4.3.Sensitivity Tests*

We ran some sensitivity tests to test the robustness of our results. Firstly, we included interaction terms to test whether the impact of disclosure varies across industry risk. Neither interaction terms is significant at conventional levels.

Secondly, as prior studies indicate differences in disclosure may be related to firm size (Belkaoui and Karpic, 1989; Deegan and Gordon, 1996; Gray et al., 2001; Hackston and Milne, 1996; Ho and Taylor, 2007; Nikolaeva and Bicho, 2011; Patten, 1991, Gray et al., 2001) and industry risk (Cho, 2009; Cho and Patten 2007; Hackston and Milne, 1996; Gray et al., 2001; Patten, 1991; Roberts, 1992) we carried out a control test for potential endogeneity. Hence, we regress the disclosure scores on those variables and replace disclosure with the residual from that estimation. Controlled measure remains significant at p=0.010, one tailed.

Lastly, we would not expect anti-corruption disclosure to impact on the other types of reputation being assessed, namely employees, environment and financial performance categories of the overall reputation. Neither proved to be significant in tests using the other three measures.

## 5. Conclusions

Almost all prior analyses of social disclosure impacts on reputation focus on environmental information and in this paper we extend that to a different aspect of disclosure, specifically to the anti-corruption area.

The legitimacy theory suggests that firms may use social and environmental disclosure to improve corporate reputation (Runhaar and Lafferty, 2009) and image (Ayuso and Roca, 2010; Cetindamar and Husoy, 2007; De Villiers and Van Staden, 2006). Consequently, based on the same arguments, companies know their reputation is built via the perceptions that stakeholders have about them, and so they try to manipulate those perceptions through social disclosures (Bebbington et al., 2008; Malsch, 2013). According to this theory, the relation between a company's anti-corruption disclosure and the effect on a company's reputation should be a positive one (Cho et al. 2012).

In keeping with we find that disclosure is positively related to social reputation in the anti-corruption area. Our results are consistent with other studies (Toms, 2002; Brown et al., 2010) that maintain social disclosure is positively related to reputation. Therefore, we can establish that there are no differences in the way environmental and social disclosure - specifically in social aspect of corruption - affect company's reputation. Hence, these results complement literature findings regarding the relation between SEA and reputation. This evidence generates new and interesting research questions for the future. The nature of the performance named as "environmental" and "social" should have different results in terms of the company's reputation. This situation could be understood by the classification of "soft" and "hard" discourse (Clarkson et al., 2008). If we analyse the main sustainable reporting guide, GRI, we can find that most anti-corruption indicators could be described as "soft" disclosure. Alongside this evidence, environmental disclosure normally is supplemented by numerical indicators, and so we can considered this information as referring to "hard" disclosure. Therefore, it would seem easier for a company to better pursue anti-corruption than environmental disclosure, because it involves less effort to obtain it.

Furthermore, the contribution made by the paper may help policymakers and company managers to develop more effective policies in order to manage the corruption existing in industries, taking into account the global situation.

**Limitations and Future Research**

Bribery is considered a necessary issue to focus on when analyzing firms' corruption-related behavior. However, measuring the complex issue of corruption with a single item of bribery rather than a more comprehensive measurement can be considered a limitation of the study. We would therefore also consider focusing on other aspects of corruption in future research. Another line of studies should involve gaining insight into the influence of difference cultures, countries or industries in the relation between the social reputation of companies and their anti-corruption disclosure and anti-corruption performance.

We might also consider the possible endogeneity between anti-corruption disclosure and corporate reputation. Some of the studies where the relation of CSR reporting and corporate reputation have been analyzed, suggest that this relationship might be bidirectional (Perez-Ruiz, 2015), i.e., disclosure influences reputation but at the same time disclosure should be influenced by reputation "*The more exposed a company is to the media, the more information is available for stakeholders to evaluate its commitment to social and environmental responsibility. The company, therefore, has a greater incentive to provide information on such activities*."(Michelon, 2015, pp.22)

The other main limitation of our study is the use of commercial source of data. We used "God Company Ranking 2013" report published by Kirchhhoff Consult AG to measure companies´anti-corruption reputation. As pointed in the report, the companies´ scores are obtained from comprehensive analysis of data available for each company, conducted by several experts in those areas. However, the report also notes these data are mainly provided by the companies themselves, Considering the criticism made in the literature of self-reported sustainability data (e.g., Unerman et al. 2007; Owen et al. 2000; Cho et al. 2010; Boiral 2013) reliability of sustainability reports could be questioned. These reports show a disconnection with reality, using an optimistic rhetoric, through distortion of information and proliferation of images largely disconnected from firms´ genuine impacts (Boiral, 2013). Therefore, corporate communication is often seen as a tool for managing impressions among stakeholders (Cho et al. 2012; Bansal and Kistruck 2006; Bansal and Clelland 2004), so that, the information disclosed by companies could reflect what the stakeholders would like to hear rather than the actual commitment and performance in this area (Cho et al. 2010, 2012; Owen et al. 2000; Boiral 2013). The hegemonic discourse conveyed in sustainability reporting, seems to be a consequence of the managerial control over these data. Boiral (2013) states that researches should focus on other sources, apart from commercial data or company reports themselves, to emancipate themselves from the managerial capture of sustainability reports.

Nevertheless, there is also evidence related to anticorruption disclosure that point "firms' self-reported anticorruption efforts reflect real efforts to combat corruption and are not merely cheap talk" (Healy and Serafein, 2012). Future research should focus in the reliability of sustainability data provided by companies and analyze if there is any difference depending on the aspect of sustainability in which we focused.

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