

Running head: Bihr, Financial Characteristics of SR Firms And Their Predictive Power

The Financial Characteristics of Socially Responsible Firms And
Their Predictive Power

Marie-Hélène Bihr¹

EDSG 275, CERAG UMR 5820, Université Pierre Mendès France

[150 rue de la chimie, Domaine Universitaire

38 040 GRENOBLE Cedex 9

FRANCE

Email : Marie-helene.bihir@upmf-grenoble.fr]

Abstract

The goal of this work is to shed light on whether there are any differences in the financial characteristics of Socially Responsible (SR) and Non Socially Responsible (NSR) firms. We base our work on the use of extra-financial ratings provided by two of the most renowned extra-financial rating agencies: KLD for US and Vigeo for European firms. From a theoretical point of view, we look at the use and the link between financial and extra-financial information. The managerial implication is to explore the possibility of indicating whether a firm belongs to one group (SR) or another (NSR) according to financial characteristics. This would offer investors, who do not have access to specific non-financial ratings, a tool for assessing levels of Corporate Social Responsibility

Keywords: Social performance, extra-financial rating agency, extra-financial information, Vigeo, KLD, forecast