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Research Article

CSR Policies on Community Relationships as Value Drivers of Spanish Firms

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Abstract

This paper provides empirical evidence of efforts to enable Spanish manufacturing companies to boost their economic profitability rates through the development of Corporate Social Responsibility (CSR) policies. This study aims to develop new approaches and sensibilities towards work from an ethical, values (virtues) and CSR perspective, showing how internal and external dimensions of CSR - such as those related to relationships with employees, relationship with the community and responsibility in process quality management - contribute to improve the economic profitability of the company (ROA) in addition to improving society. The results of a sample of 6,186 businesses show that, in general, the implementation of collaboration policies have increased relationships with the community. Alliances with competitors, institutions and suppliers had a significant positive effect on increased ROA. Nevertheless, as we anticipated, cooperation with customers had a negative impact on ROA. In addition, to improve relationships with employees, the implementation of quality policies had a positive and relevant impact on the ROA.

Keywords: Economic Profitability, Policies of CSR, Employees' Relations, Responsibility in Quality Management, Community Relations.

JEL Codes: M14, L20

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1. Introduction

The current economic situation has caused widespread concern about the relationship between business and society, and the overall impact of commercial activities. In line with such concern, in an academic context, the interest in corporate social responsibility (CSR) has fueled a growing body of research and publications on the subject, and CSR issues have been analyzed from different perspectives (Lee, 2008). Thus, some authors discuss CSR as an ethical question (Mintzberg, 1983; Jones, 2003; Moore, 2003), while others have described it as a social and public concern or one of social responsiveness (Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991). These four authors propose a three-dimensional model of social responsiveness, including economic and social goals. Other scholars have adopted a stakeholder relationship perspective (Freeman, 1984; Clarkson, 1995; Jones, 1995; Berman et al., 1999) whereas authors such as Lantos (2001) as well as Porter & Kramer (2006) view CSR as a business strategy.

Many authors contend that social responsibility policies can improve a firm's competitiveness and this will eventually lead to its improved economic and financial performance and value creation. As early as the 1970s, previous studies examined the relationship between CSR and profitability (Bragdon & Marlin, 1972; Moskowitz, 1972; Vance 1975; Alexander & Buchholz, 1978). Many others were undertaken in the 1980s (i.e. Cochran & Wood, 1984; Aupperle et al., 1985; McGuire et al., 1988) and in the following years (i.e. Patten, 1991; Burke &Logsdon, 1996; Waddoc & Graves, 1997; Berman et al., 1999). Nevertheless, there is no clear consensus on the relationship between CSR and a company's performance, and this issue is unresolved (Griffin & Mahon, 1997; Roman et al., 1999; Margolis & Walsh, 2001; Margolis et al., 2009; Servaes & Tamayo 2013). Some authors found a positive relation (Bragdon & Marlin, 1972; Moskowitz; 1972; Cochran & Wood, 1984; McGuire et al., 1988; Waddock and Graves, 1997; Berman et al., 1999), while some found negative links (Vance 1975) and others found no link (Alexander & Buchholz, 1978; Aupperle et al., 1985; Patten, 1991).

To analyze how firms respond to these social demands, we need to consider how an organization identifies, priorities, implements and manages its different responsibilities (Hilliard, 2013). To become a successful, socially responsible enterprise requires a holistic organization-wide approach to CSR (Balmer et al., 2007). This is something incorporated into the very existence of these enterprises. If not correctly understood and implemented, there is a risk of incoherency for the firm, becoming more responsible in some areas and less so in others. Many companies implement CSR in an uneven manner, which may create friction and cynicism. Thus, we propose to study the relationship between CSR and competitiveness from a global and integrated perspective.

In this context, the paper aims to answer the following research question: can companies boost their economic profitability rates through the development of CSR policies?

To answer this question, the proposed research is based on the models defined by Vilanova et al. (2009), who define the dimensions of competitiveness, among which were performance, and five dimensions of CSR: vision (1), community relations (2), workplace (3), accountability (4), and core business activity (5). Specifically, this paper focuses on dimensions 2, 3 and 5: the analysis of the relationship with the community, the relationship with employees, and the responsibility in process quality management. Although dimensions 1 and 4 are very important for the responsible behavior of the company, we have chosen to analyze dimensions 2, 3 and 5 because they participate directly in the production and sale of goods and services offered by the company to the market and the origin of its performance, the variables of which will be explained in this paper.

Although there are many studies on CSR and competitiveness, most of them focus on large corporations (Cochran & Wood, 1984; Schreck, 2011; Porter & Miles, 2013). Others have been dedicated only to small and medium enterprises (Turyakira et al, 2014) or to micro and small firms (Clemens, 2006; Esteban & Benito, 2015). We use a wider sample including companies from all sizes and nature, to better understand and broaden the research on this interesting topic.

Our paper, then, has three main objectives: (1) to analyze if there are significant relationship between profitability and community relations; (2) to assess if there are significant relationships between profitability and relationships with employees; and (3) to analyze if there are significant relationships between profitability and policies with responsibility in process quality management. These are some aspects that we consider particularly important for a company to adopt CSR concepts in a holistic and serious manner, that is, to become a socially responsible enterprise.

The remainder of this paper is organized as follows: the “Literature review and formulation of hypotheses”, this section discusses the theoretical background and justification of the hypotheses to be empirically contrasted. The “Data analysis and methodology” section describes the sample collection, variables construction, and analysis methodology of this empirical work. The “Results and discussions” section presents regression results and the “Conclusion” discusses the implications and limitations of the evidence found.

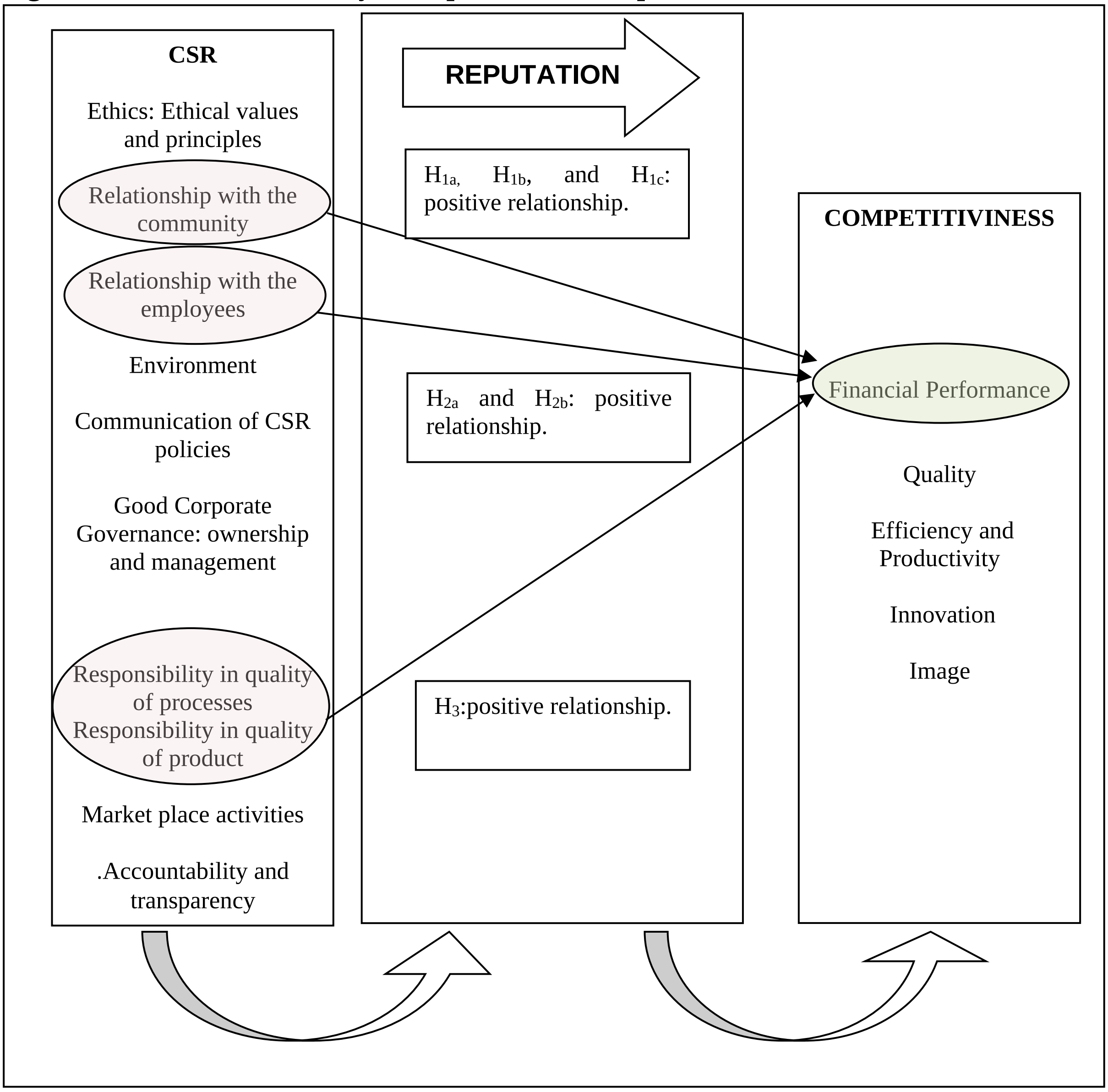
2. Literature Review and Formulation of Hypotheses

The Commission of the European Communities, in a Green Paper (2001), defined CSR as ‘‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”, and proposed to distinguish between an internal and external dimension of CSR. The first refers above all to issues related to the welfare of workers. In particular, it highlights aspects such as training policies, health and hygiene at work, the general welfare of workers and quality of products and services offered by the company. The internal dimension, refers to the decisions and actions of the company. Regarding the external dimension of social responsibility includes a wide range of practices focused on third parties outside the organization. Thus, it refers to the company's relations with the local community, in the sense that companies contribute to the development of the communities in which they are interacting with other organizations and with the agents in general that make up their community. In this sense, this work intends to study the internal dimension of the CSR and part of the external dimension related to cooperation relations with different community agents.

On the other hand, Vilanova et al. (2009) clarified the nature of the positive relationship between CSR and competitiveness. They define the following five dimensions of competitiveness: 1) performance, including standard financial measures, such as earnings, growth or profitability. 2) Quality, including quality of products and services, and the capacity to satisfy customer expectations. 3) Productivity, referring to higher production and lower use of resources. 4) Innovation, including products, services and management process. 5) Image, in terms of building trust and reputation in the relationship with stakeholders. They also define five dimensions of CSR: 1) Vision, good corporate governance, ethical codes, values and reputation. 2) Relationship with the community, including collaborations with different external stakeholders, such as suppliers, customers, competitors, institutions, etc. 3) Relationship with the employees, including labour practices and human rights issues. 4) Communication of the CSR policies, accountability and transparency. 5) Core business activities, including responsibility in process quality management, responsibility in product quality management, market place activities, etc. Therefore, common justifications for a company to adopt CSR policies include the value of a good reputation, keeping employees motivated, cost reductions and operating efficiencies, competitive advantage through product differentiation and the development of technologies.

Later, Stuebs & Sun (2010) and Esteban and Benito (2015), based on the model proposed by Vilanova et al. (2009), studied the relationship among CSR, competitiveness and productivity. Stuebs and Sun (2010) linked business reputation to labour productivity as a dimension of competitiveness, and they found a positive link between business reputation and labour efficiency and labour productivity. Esteban and Benito (2015) define ten CSR dimensions: (1) ethical dimension; (2) relationship with the community; (3) relationship with employees; (4) the environment; (5) communication of CSR policies; (6) good corporate governance: ownership and management; (7) responsibility in process quality; (8) responsibility in product quality; (9) market place activities; and (10) accountability and transparency, grouped in two categories: internal and external orientation. These authors highlighted how internal dimensions of CSR, such as those related to a company's quality control of operational processes and its promotion of innovation and employee care, can improve labour performance.

Figure 1. Effects of secondary CSR policies on competitiveness variables



Source: Modified CSR and competitiveness framework. Schreck (2011); Stuebs and Sun (2010) and Vilanova (2009).

The present paper focuses on CSR policies also defined in the Esteban and Benito (2015) model, such as the relationship with the community, the relationship with employees, and the responsibility for the quality of the process and the quality of the product (dimensions 2, 3 and 7 dimensions cited above). The objective is to link these dimensions with the first dimensions of competitiveness suggested by Vilanova et al. (2009), through the mediators or variables chosen for a selected and representative sample of Spanish companies in the industrial manufacturing sector. The theoretical model is summarized in Figure 1.

The analysis of such dimensions has been chosen in this paper for two reasons: first, because they are those that contribute and participate directly in the main and daily activity of the company. Secondly, because the company carries out these policies on an extraordinary and voluntary basis - they go beyond the compliance with current legislation and others policies necessary for the survival of the company.

CSR and a company's performance

Despite the proliferation of studies, there is no clear consensus on the relationship between CSR and a company's performance (economic profitability, ROA). It can find works that conclude that the profitability of the company is favored by CSR policies (Griffin & Mahon, 1997, McWilliams & Siegel, 2001), other studies claim that the benefit is also a direct effect (Gueterbok, 2004; Juholin, 2004; Schnietz & Epstein, 2005). These authors see a relationship between competitiveness and CSR but not directly in the financial results of the company (McWilliams & Siegel, 2001, Porter & Kramer, 2006, Van De Ven & Jeurissen, 2005).

Pava & Krausz (1996) reviewed 21 empirical studies that measured the association between perceived CSR and financial performance, of which 12 reported a positive association, one a negative, and eight reported no measurable relation. Griffin & Mahon (1997) found 33 studies showed a positive link, 20 papers suggest a negative one, and nine papers showed no effect or were inconclusive. Roman et al. (1999) reviewed 52 papers and they found 33 studies that suggest a positive relationship, 14 papers that found no effect (or were inconclusive) and five papers indicate a negative correlation between CSR and financial performance. Table 1 summarizes the papers per year.

CSR practices related to community and performance

The good relationship with the community and other external stakeholders can be turned into a competitive advantage by improving employee motivation and performance (Porter & Kramer, 2006). The good relationships with external stakeholders help build trust, loyalty and confidence among consumers, managers and employees alike, and can also improve image and brand reputation. Networks can provide expertise or resources, enabling them to take risks or implement practices they otherwise might not have considered, and to overcome the obstacles created by lack of knowledge (Benito et al., 2016).

Thus, this work intends to contrast the relationship between economic profitability and the relations between the company and the community or external stakeholders (suppliers, customers, competitors and institutions). Porter (1980, 1985, and 1998) argued that competitiveness at a company level is defined or limited by five forces of competition, among which are the negotiating power with its competitors, suppliers and customers. Presumably, improving relations with these agents will improve their competitiveness and, for that matter, their long-term financial results. In this line of reasoning, we have proposed the following hypotheses:

H1: A positive significant relationship exists between economic profitability and community relations.
H1a: A positive significant relationship exists between economic profitability and vertical relationships.

H1b: A positive significant relationship exists between economic profitability and horizontal relationships.
H1c: A positive significant relationship exists between economic profitability and institutional relationships.

Table 1. Review of works that studied the relationships between the ROA and CSR.

Decade	Study	Nº firms	Years	Firm size
80	Aupperle et al. (1985)	241	1981	Large
	Spencer & Taylor (1987)	192	1977 to 1982	Large
	McGuire et al. (1988)	131	1983	Large
	Belkaoui & Karpik (1989)	81	1991 to 1996	Large
	Hansen & Wernerfelt (1989)	60	5 year average	Large
90	McGuire et al. (1990)	131	1982 to 1085	Large
	Patten (1991)	128	1985	Large
	Blackburn el al. (1994)	88	1989	
	Brown & Perry (1994)	234	1988 to 1991	Large
	Graves & Waddock (1994)	430	1990	Large
	Hart & Ahuja (1996)	127	1989	Large
	Pava & Krausz (1996)	106	Two time periods	Large
			1985-87; 89-91	
	Turban & Greening (1996)	160	1993 and 1994	Large
	Griffin & Mahon (1997)	7	1992	Large
	Preston & O'Bannon (1997)	67	1982-1992	Large
	Russo & Fouts (1997)	243	1991 and 1992	Large
	Waddock & Graves (1997)	469	1989	Large
	Berman et al. (1999)	81	1991 to 1996	Large
	Johnson & Greening (1999)	252	1991 and 1992	Large
00	Graves & Waddock (2000)	22	1989 to 1996	Large
	King & Lenox (2002)	614	1991 to 1996	SME and Large
	Goll & Rasheed (2004)	62	1985 and 1986	Large
	Clemens (2006)	76	2003	Small
	Galbreath (2006)	38	2000	Large
	Mahoney & Roberts	298	1997-2000	Large
	Gil-Estallo et al. (2009)	123	2005 and 2006	Large
10	Garcia-Castro et al. (2010)	658	1991 to 2005	Large
	Mishra & Suar (2010)	150	2004 to 2006	Large
	Barnett & Salomon (2012)	1,214	1998-2006	Large
	Madorran & Garcia (2016)	208	2003 to 2010	Large
	Rodrigo et al. (2016)	71	2011	Large
	Feng et al. (2017)	1,877	1991 to 2011	Large

Source: author-compiled data

CSR practices related to workplace and performance

Better human resource policies and practices reflect a company's concern to address the interests of its employees and its intention to satisfy their needs (Mishra & Suar, 2010). It is considered that those organizations that try to promote long-term relationships with their employees and reduce turnover are more inclined to establish training programs (Frazis, et al., 1995, Knoke & Kalleberg, 1994). Companies that are well known for having a good relationship with the workforce, can attract and retain more highly qualified people, and reduce employee turnover (Albinger & Freeman, 2000; Greening & Turban, 2000). This, in turn, has positive effects on a company's operational efficiency (Branco & Rodriguez, 2006) which could have an impact on better economic results. But the relationship of these advantages with labour costs is not always clear. Some authors consider that companies with good CSR policies and high reputations may decide to pay higher wages to employees to maintain satisfaction (Stuebs & Sun, 2010), while others consider workers are willing to receive less earnings to work in a company with good CSR policies and reputation (Podolny, 1993; Roberts &Dowling, 2002). To study relationships between the profitability and the relations between the company and the employees, we propose addressing a second set of hypotheses:

H_2: A positive significant relationship exists between profitability and relationships with employees.
H_{2a}: A positive significant relationship exists between profitability and staff training costs.
H_{2b}: A positive significant relationship exists between profitability and job stability.

CSR practices related to responsibility in process quality and company performance

Proponents of CSR have tended to argue that CSR can lead to cost savings. Critics argue CSR is expensive and that benefits are often visible only in the long term (European Commission, 2008).

There are examples of cost structure improvements due to CSR measures (Woodward et al., 2001). However, evidence can also be found of how the cost-benefit relationship of CSR measures can be negative in certain circumstances. Welford (2003) argues that only a few CSR measures might reduce costs and those can be related to improved efficiency in operational processes and quality controls. Some authors argue that CSR can be a route to innovation thanks to the use of CSR drivers such as, social, quality or environmental challenges, to create new and more efficient ways of working, processes or products (Grayson & Hodges, 2004). As a result the following hypothesis is formulated:

H_3: A positive significant relationship exists between profitability and the existence of quality controls in the processes.

3. Data Analysis and Methodology

3.1. Sample and data collection

This study has gathered data from the Survey on Business Strategies (SBS). The SBS is a statistical survey that collects data from an annual business survey sent to a panel of Spanish manufacturing companies regarding various aspects related to their strategic behaviour and decision-making. It also includes information about their results and account balances.

The sample is representative of the Spanish manufacturing sector. Although this source of information contains data as of 1990, this paper concentrates on the years 2010-2014. One of the common characteristics of the data set is that firms participating in the questionnaire are selected according to a selective sampling method. Table 2 shows the technical data from the study.

Table 2. Technical data from the study.

Population	
Unit	Spanish manufacturing sector
Questionnaire design	SEPI Foundation
Population types	More than 100,000 elements.
Time period	Data from 2010-2014
Sampling	
Type of sampling	Random stratified census according to activity sector and firm size.
	6,186 Spanish manufacturing firms
Sample size	0.028 (p=q=0.50)
Sampling error (aprox)	95% (K=2 sigma)
Level of confidence	*Statistical Solutions for Products and Services (SPSS).*
Data treatment	

Source: author-compiled data.

3.2. Variables and measures

3.2.1. Dependent variables

The dependent variable analysed in this paper is the profitability of the company's assets. To measure profitability, we have chosen a variable named ROA. The ROA is the ratio of the EBIT (earnings before interest and taxes) between net assets, measured at book value. This variable has been implemented, alone, by previous authors (Barroso et al.2009), or along with other performance measures such as return on equity (ROE) (Sadeghi, et al., 2016; Waddock, et al., 1997) and with Tobin's Q (a enterprise's market value divided by book value) (Guest, 2009; Rodriguez-Fernández, 2016) for public enterprises.

The problem in private enterprises is the non-existence of market value, making the use of Tobin's Q impossible and limiting the use of ROE to book value equity only. In this context ROE, in line with Hagel et al. (2010), can resort to financial strategies to artificially maintain a healthy ROE, while ROA appears the most adequate measure of management performance because it determines whether the company is able to generate an adequate return on the assets that have supported the activity, even rather than return on sales.

$$ROA = \frac{EBIT}{NET\ ASSETS} \quad (1)$$

3.2.2. Independent variables

This paper examined the different CSR policies developed by companies in those areas of performance which are most accessible to them, taking into account their limited size and limited resources available. In this sense, according to the different dimensions mentioned in the theoretical model and adapting them to the analysis, the following independent variables have been defined, representing one of the CSR dimensions. Table 3 summarises the variables used.

This work follows the research line of Schreck (2011), in which different variables are defined according to CSR policies, in order to analyse the effect produced on the dependent variable. Previous studies have included CSR variables divided into ethical, legal, economic and environmental dimensions (Marín et al., 2008), and others studies have focused on only one of these dimensions, such as the environmental dimension (Williamson et al., 2006).

Table 3. CSR dimensions and independent variables

CSR dimensions	Definition Independent variables	Valour *(Hypotheses)*
1. Relationships with the Community	1. CWS. The company cooperates with its suppliers 2. CWC. The company cooperates with its Clients. 3. CWCO. The company cooperates with its competitors. 4. CWI. The company cooperates with the Institutions.	Yes:1; No: 0 (H_{1a}, H_{1b}, H_{1c})
2. Relationships with the Employees,	5. EET. Expenditure in Training for employees. 6. SSE. Seniority of the employees' staff. Indicates if, during the year, there has been a significant change in the number of permanent workers.	5. Continuos 6. Yes:1; No: 0 (H_{2a} and H_{2b})
3. Control in process quality	7. QC. Control in process quality Indicates whether the company has made or contracted standardization and quality control work.	7. Yes:1; No: 0 (H_3)

Source: author-compiled data.

Finally, further research has used these variables but in a combined index, like America's Fortunes list (Stuebs &Sun, 2010). Regarding the CSR dimensions considered, this article mainly focuses, as explained above, on the dimensions of the relationship with the community, relationship with the employees, environment, and responsibility in process quality and product quality. The objective is to link these dimensions to the first dimensions of competitiveness suggested by Vilanova et al. (2009): Financial Performance.

3.2.3 Control variables

As Schreck (2011) points out, there is not a universal business case for CSR. He considers the different industry classes and the quality of a company's CSR report as moderators or control variables as examples of contingencies that could influence the relationship between social and financial performance. This research will consider the following control variables: the number of employees (NE), personal expenditures (PE), year (Year) and industry (Industry). The variable number of employees is traditionally used to control the models particularly in respect to dependent variables of a financial nature, so we can see it in works such as Niehm et al. (2008) and Amann et al. (2011). A positive and significant relationship is anticipated since higher profitability is expected to be greater. Regarding the personnel, this paper, is in line with works such as Esteban-Sánchez & Benito-Hernández (2015). It aims to show that it is necessary to link "good relations with employees" with CSR policies to higher increases in productivity in order to achieve improvements in labour efficiency and preserve the positive effects that can be derived from them, among which are the economic results.

Year is a dummy variable from 2010 to 2014 to capture the impact of the economic cycle in ROA and Industry is a dummy variable that includes 20 categories based on the primary code of NACE (Statistical classification of economic activities in the European Community).

4. Methodology and Results

The results of the descriptive statistics and correlation matrices are shown in Tables 4–6, while table 7 shows the results of the proposed model.

Table 4. CSR dimensions and independent variables

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	6,186	8.49	8.34	-22.19	38.37
EET	6,186	38,149	268,787	0	9,547,000
PE	6,186	9,052,496	34,500,000	18,709	705,000,000
NE	6,186	200.49	674.92	1	13,091
SSE	6,186	1.85	0.36	1	2
CWC	6,186	1.83	0.38	1	2
CWS	6,186	1.52	0.50	1	2
CWCO	6,186	1.97	0.16	1	2
CWI	6,186	1.75	0.44	1	2
T&C	6,186	1.62	0.48	1	2
Industry	6,186	4.27	5.97	1	21

Source: author-compiled data from SEPI Foundation' data base.

With regard to the descriptive statistics (Tables 3–5), the ROA mean value in the example is 8.49%. Nevertheless our example includes a wide range of values: from the negative extreme, -22.19%, to 38.37%, as a positive limit. Regarding the independent variables in table 5, only 16.96% of the firms in the sample had implemented cooperation strategies with customers (CWC), this percentage increases to 47.56%, when the cooperation is with suppliers (CWS). It decreases to 2.75% when we are concerned about cooperation with competitors (CWCO). Finally only 25% of enterprises had initiated cooperation with institutions (CWI). According to other studies (Rama & Fernández Sastre, 2010), the percentage of firms that cooperate according to their economic activity are between 6 and 13% of the companies. The sectors where Spanish companies have a greater tendency to cooperate are manufacturing industries, which are capital intensive, as well as in information-intensive services. It is possible that, in those sectors where information and technological innovation are more complex and uncertain, the company needs to resort to highly specialised sources, such as private consultants, universities or suppliers, that can provide the scientific and technical knowledge that are essential to be competitive and avoid the risks involved in technical change.

Analysing the relationships with the employees, a 15.37% of enterprises present significant changes in their fixed staff (SSE), while 84.63% did not. The expenditure in training (EET) for employees was a mean amount of 38,149 € per enterprise (table 4). We have considered enterprises that did not invest in training employees (minimum limit=0), they represent 2,637 of 6,186, a total of 42.63%, reaching this variable a maximum value of 9,547,000 €.

Finally, we have to consider in table 5 that the 37.76% of enterprises carried out works related to control quality and standardisation (QC). This percentage is similar to the one calculated in the number of companies with quality certifications in the European business population. There was a total of 389,485, which represent 36.8% of the total. This was calculated using the Data Panel for Innovation Technological (PITEC) (Carmona-Calvo et al., 2016).

Table 5. Frequencies of dichotomous variables

Values	CWC (%)	CWS (%)	CWCO (%)	CWI (%)	SSE (%)	T&C (%)
Yes	16.96	47.56	2.75	25.36	15.37	37.76
No	83.04	52.44	97.25	74.64	84.63	62.24
Total	100	100	100	100	100	100

Source: author-compiled data from SEPI Foundation' data base.

With regard to the control variables (table 4), the mean number of employees (NE) per enterprise is 200.5, representing a considerable range, from small companies with one employee to large enterprises with 13.091 employees. Consequently, personal expenditure (PE) also has a large range of values, from 18,709 € to 705,000,000 €.

The use of profitability, size and different characteristics of enterprises in the same equation also requires control of the correlations between them and testing for collinearity. In table 6 we check the absence of this problem (The independent variables have an R2<0.60, which implies an individual medium FIV <2.5 and a tolerance index over 0.40). Nevertheless, we can also appreciate significant and positive relations, based on the Pearson correlation, between personal expenditures and expenditure in training for employees (PE & EET), as well as between the number of employees, NE, and EET, and in the coefficient resulting from NE with PE. Finally, since the cooperation with competitors, CWC, depends on the economic sector, Industry, we note also a significant relation between them. Nevertheless, despite these logical relationships, according with previous theoretical frame-works, each of these variables also adds individual and differential explanations on ROA to improve and complete the proposed model.

We have estimated the model and applied fixed effects in the data panel. This procedure overcomes the burdens of two basic assumptions of the OLS regression: the autocorrelation among repeated observations over years for every individual, and the heteroscedasticity problem, a consequence of omitted variables. We have used a test in Stata, the Breuch-Pagan Lagrangian multiplier, to guarantee the convenience of random effects over pool data, and also the Hausman test (Hausman, 1978) to confirm the necessity of fixed effects.

Table 6. Correlation matrix

	ROA	EET	PE	NE	SSE	CWC	CWS	CWCO	CWI	T&C	INDUSTRY
ROA	1.00										
EET	-0.01	1.00									
PE	0.01	0.75	1.00								
NE	0.03	0.65	0.67	1.00							
SSE	0.10	-0.06	-0.13	-0.13	1.00						
CWC	-0.06	-0.16	-0.20	-0.19	0.03	1.00					
CWS	-0.10	-0.07	-0.10	-0.11	-0.01	0.35	1.00				
CWCO	0.02	-0.29	-0.31	-0.28	0.05	0.30	0.14	1.00			
CWI	-0.04	-0.17	-0.25	-0.25	0.06	0.43	0.27	0.21	1.00		
T&C	-0.07	-0.09	-0.12	-0.12	0.01	0.16	0.13	0.11	0.21	1.00	
INDUSTRY	-0.13	-0.07	-0.11	-0.12	-0.04	0.27	0.68	0.11	0.42	0.14	1.00

Source: author-compiled data from SEPI Foundation' data base.

In the practical we have included fixed effects applying OLS regression, controlled by each enterprise (ID). This methodology allows us to check the behaviour of time-invariant variable industry that controls the structural characteristics. We have also controlled cyclical behaviour by incorporating year dummies. To solve other problems derived from heteroscedasticity, the asymptotic variance of errors has been consistently estimated with the so-called robust standard errors (White, 1980).

Table 7 shows the results obtained from the regression panel model. We can observe regarding the control variable Year that 2011, 2012 and 2013 years implied a negative impact in the enterprise profitability (ROA) of Spanish enterprises, in accordance with the last financial crisis, while 2014 was not significantly affected. Furthermore, when we tested the joint significance of every set of the Industry dummies using a parametric test we found that they are significant to explain ROA. Nevertheless, Size, represented by the number of employees, NE, beside personal expenditure, PE, did not present any effect in ROA. With respect to R2 (0.61) of the model, it is in line with the results obtained in other works such as Barnett & Salomon (2012) and Rodrigo et al. (2016).

On the other hand, the results show that in general the implementation of collaboration policies or increased relationships with the community such as alliances with competitors, CWCO, with institutions, CWI, and with suppliers, CWS, had a significant positive effect on increased ROA.

Nevertheless, in an opposite effect that we had expected, cooperation with customers, CWC, had a negative impact on ROA. This is perhaps because these agreements are based on commercial discounts to avoid a prolonged decrease in sales as a consequence of a depressed economic cycle during that period.

Table 7. Model

Variables	Hypotheses/Control	Expected directions	Values		Robust Std. Err.
Year 2011	Control	-------	-1.640	***	0.26
2012	Control	-------	-4.150	***	0.26
2013	Control	-------	-3.500	***	0.26
2014	Control	-------	-0.790		0.27
PE	Control	-------	0.000		0.00
NE	Control	-------	-0.001		0.00
CWC	Hypothesis 1	+	-0.884	***	0.44
CWCO	Hypothesis 1	+	1.562	**	0.80
CWI	Hypothesis 1	+	0.997	***	0.47
CWS	Hypothesis 1	+	1.134	*	0.64
EET	Hypothesis 2	+	0.010	*	0.00
SSE	Hypothesis 2	+	0.552	**	0.28
T&C	Hypothesis 3	+	22.355	***	6.05
Intercept			-27.20	***	7.67
Prob<= 0.01 ***		Industry. F(20, 4656)=657	Nº Observ= 6,180		
Prob <= 0.05 **		Prob>F = 0.001	R2=0.61 F(1470,4656) = .		
Prob<= 0.10 *					

We suspect that this variable could have other impacts on growth, depending on the economic period. So, hypothesis, H_{1b} and H_{1c} can be accepted but the H_{1a} only partially. These results support, in part, the theories described by Porter and his competitive forces and by Kramer, since if the company obtains a positive result thanks to its relations with suppliers or competitors it is to be assumed that it will continue its improved competitiveness in the medium term. (Porter 1980, 1985, and 1998; Porter & Kramer, 2006)

To improve relationships with employees, companies should: increase the number of fixed staff, as well as increase investment on workforce's training and qualifications, that had a positive and relevant impact on the ROA during this period, validating hypothesis H_{2a}. It also happens with the variable Seniority of the employees, so the H_{2b} can also be validated. These results are in line with the authors who affirm that there is a positive and significant relationship between labour costs and the companies that perform CSR actions (Branco & Rodriguez, 2006; Stuebs & Sun, 2010).

Finally, checking hypothesis H_3, the results show that the implementation of quality policies significantly promoted ROA, therefore, that this hypothesis can be accepted. Authors like Branco and Rodriguez (2006) argue that CSR policies have positive effects on a company's operational efficiency, specifically, Welford (2003) argues that only a few CSR measures could reduce costs and those can be related to improved efficiency in process controls of quality.

The acceptance of the hypotheses proposed, (except the H_1, only partially) corroborates the studies of the cited authors, Gueterbok (2004), Juholin (2004), Schnietz & Epstein (2005) who argue a relationship between CSR policies and improved financial results of the company.

5. Conclusions

The main objective of this paper is to analyse the empirical evidence of efforts to enable Spanish manufacturing companies to boost their economic profitability rates (ROA) through the development of the CSR policies, specifically dimensions 2, 3 and 5 of Vilanova's model: (1) if there are significant relationships between profitability and community relations; (2) to assess if there are significant relationships between profitability and relationships with employees; and (3) to analyse if there are significant relationships between profitability and policies with responsibility in process quality management.

With regard to CSR policies directed at the external community, our data indicate that, in general, the implementation of collaboration policies or increased the relationships with the community such as: alliances with competitors, institutions, and suppliers had a significant positive effect on increased ROA. Nevertheless, as we expected, cooperation with customers had a negative impact on ROA, perhaps because these agreements are based on commercial discounts to avoid a prolonged decrease in sales as a consequence of a depressed economic cycle at that period. To improve relationships with Employees, companies should: increase the amount of fixed staff, as well increase investment for workforce training and qualification had a positive and relevant impact on in the ROA during this period. These results are in line with the authors who affirm that there is a positive and significant relationship between labour costs and the companies that perform CSR actions. The results also show that the implementation of quality policies significantly promoted ROA, improving the operational efficiency of the company.

Our paper makes two important contributions to literature. First, we describe a way of obtaining precise information on the existing relationship between firm economic performance and CSR policies, and second, we identify CSR variables for which this relationship is consistent and positive.

For a company to adopt CSR concepts in a holistic and serious manner, that is, become a socially responsible enterprise, it above all, it requires a change in mentality. It may also require changes in organisational structure, production and logistic processes, measurement systems, and communication methods. In other words, it implies an initial outlay in time, energy, and economic resources. By the results obtained we can say that this will improve the economic performance of the company. Subsequently, it will be a matter of strategy and skill of the entrepreneurs that this performance will be recouped with time through improved competitive position, better reputation, reduced risk exposure, and many other positive outcomes.

Finally, the two main limitations of this document are the national character of the sample and the meditation of some of the variables of the model that, when they are dichotomous, lose information. It would be interesting to repeat this analysis using data from other countries for comparisons between economies including different business frameworks and different types or businesses like family businesses.

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