

This article examines how well the Kinder, Lydenberg, Domini Research & Analytics (KLD) ratings measure past corporate social performance and predict future corporate social performance in *Diversity* and *Governance* categories. The results show that the KLD ratings effectively measure (past) and predict (future) social performance in both categories. The results also suggest that the KLD ratings may identify differences in the quality of management and firm which can affect future social performance and is not entirely explained by past social performance. The findings of this study lend some support for empirical studies relying on the KLD ratings to operationalize corporate social performance. The findings suggest that users of the ratings need to have a clear understanding of what information they are seeking from the KLD ratings in order to maximize the utility of these ratings.

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