

There are no translations available.

**Abstract** This study provides empirical evidence on how corporate sustainability performance (CSP), as proxied by membership of the Dow Jones sustainability index, is reflected in the market value of equity. Using a theoretical framework combining institutional perspectives, stakeholder theory, and resource-based perspectives, we develop a set of hypotheses that relate the market value of equity to CSP. For a sample of North American firms, our preliminary results show that CSP has significant explanatory power for stock prices over the traditional summary accounting measures such as earnings and book value of equity. However, further analyses suggest that we should not focus on corporate sustainability itself. Our findings suggest that what investors really do is to penalize large profitable firms with low level of CSP. Firms with incentives to develop a high level of CSP not engaging on such strategy are, thus, penalized by the market.

- Content Type Journal Article
- Pages 1-12
- DOI 10.1007/s10551-011-1102-8
- Authors
- Isabel Costa Lourenço, UNIDE, Lisbon University Institute (ISCTE-IUL), Avenida Forças Armadas, 1649-026 Lisbon, Portugal
- Manuel Castelo Branco, Faculty of Economics, University of Porto, Porto, Portugal
- José Dias Curto, UNIDE, Lisbon University Institute (ISCTE-IUL), Avenida Forças Armadas, 1649-026 Lisbon, Portugal
- Teresa Eugénio, School of Technology and Management, Polytechnic Institute of Leiria, Leiria, Portugal

- Journal [Journal of Business Ethics](#)
- Online ISSN 1573-0697
- Print ISSN 0167-4544

[Read Full Article](#)