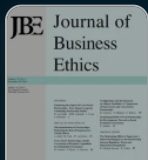


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# Doing Well While Doing Bad? CSR in Controversial Industry Sectors

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expertise of the firm to create economic value by creating social value, CSV should supersede CSR in guiding firms to plan their CSR programs.

3. Similarly, El Ghouli et al. ([2010](#)) find that the participation of CSR in two sinful industries including tobacco and nuclear power increases cost of equity capital, while CSR engagement decreases the cost of equity capital for all the other industries.
4. Toyota Prius is a good example—the increasingly popular hybrid car—is an intersection between Toyota’s core business and environmental benefits (less emissions, happy customers, cleaner roads, cleaner air, etc.).
5. Hong and Kacperczyk ([2009](#)) exclude adult entertainment industry and

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3SLS, and 165 in change regression, and none of the CSR coefficients on firm value is significant, similar to the results reported in Table [5](#). These results are available upon request.

8. To assess the quality of the KLD data, Chatterji et al. ([2009](#)) use the KLD environment ratings to predict toxic releases reported in the government's Toxic Releases Inventory (TRI) and compliance with environmental regulations including the number and amount of penalties imposed. They conclude that the KLD ratings do not reflect all the information available on environmental performance but are a good predictor of firms with the worst environmental performance. TRI emissions are a much narrower measure of environmental performance than that in the KLD Environment category and hence are not a good proxy for the KLD strengths or concerns.

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Appendices

Appendix 1

See Table [8](#).

Table 8 List of the strength and concern items in the KLD database

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