

# Beyond financial metrics: How do social rating agencies clarify corporate marketing performance through social responsibility assessment?

## Case study: Societe General Group

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### Abstract:

This study focuses on the role of non-financial rating agencies in providing comprehensive evaluations of enterprises' marketing performance through the evaluation of corporate social responsibility. These agencies rely on ESG (environmental, social, and governance) standards to provide impartial and objective reporting on how corporate activities affect society and the environment along with financial returns. These valuations are used as a tool for investors and consumers to make informed decisions about investments or purchases. In the case study of Societe General Group, reliance was placed on the documentary analysis of the Foundation's reports available on its website, to analyze social performance assessments and their dashing by various agencies, which inevitably affects how investors and consumers evaluate the marketing performance of the Bank

**Keywords:** social rating agencies, marketing performance, corporate social responsibility, ESG standards, societe general group.

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**Introduction:**

The corporate world of today is a war zone, companies now seek success through metrics other than traditional financial ones due to increased competition and the ongoing quest for differentiation (Carroll A., 1999, p285). According to Epstein and Yuthas (2007), excellence in customer service is contingent upon cultivating a conscientious and accountable atmosphere.

This entails adhering to the increasing societal emphasis on sustainable development preserving the environment and upholding community ethics (Lozano, 2015, p33); Customers are growing more discerning and demanding companies that align with their principles (Ness & Mirza, 1991, p211). Religions and non-governmental organizations used to be the main sources of attention for social and ethical issues frequently excluding businesses in particular industries. However, the obligation to promote social good has expanded to include corporations, investors, and private citizens (Carroll A., 1991, p42). From this change, the idea of Corporate social responsibility was born to achieve financial objectives without sacrificing the welfare of the environment or society (Waddock & Graves, 1997, p316).

On the other side, Communities Rating Agencies (CRAs) have become prominent in this changing environment, According to Epstein and Yuthas (2007), CRAs examine a company's social and environmental policies and promote sustainable development, whereas financial ratings evaluate a company's financial health.

According to Kolk and Perego (2010), these agencies assess a company's performance based on a variety of criteria and frequently work with particular clients in mind like responsible investment funds or individual investors. Additionally, they provide evaluation studies to companies looking to gauge their social impact (Lozano, 2015, p42)

From the foregoing, it can be said that this study aims to examine the importance of social rating agencies in assessing corporate social responsibility, thus providing investors and even customers with insights into the marketing performance of the enterprise.

**Research importance:** The study's contribution to the field is its explanation of the meaning of the non-financial rating and its function as an indicator of an institution's marketing performance. This assessment shows how dedicated the organization is to the social environment and governance standards. It is clear from examining the contemporary marketing strategy that sustainability and social responsibility are its cornerstones. The concerns of social and environmental performance which stand in for the dimensions of non-financial marketing performance are just as important to an institution's success in the modern era as profitability.

**Research Objectives:** The purpose of this study is to draw attention to the significance of Community Rating Agencies (CRAs) in evaluating social responsibility. CRAs help businesses by providing information about their social, environmental, and governance (ESG) performance, and they also help investors by offering guidance for investment decisions.

The study goes one step further and highlights how CRAs can improve a business's marketing effectiveness. They draw clients who respect ethical companies by giving them trustworthy information about a company's social and environmental policies. The evaluations provided by CRAs also assist companies in enhancing their image and drawing in investors looking to fund socially conscious projects.

### **Methodology**

To make better our case study, the documentary research methodology has been employed to obtain accurate and reliable information about Societe General ESG's performance; Documentary research provides access to official and authenticated documents such as the company's reports related to non-financial scoring available on the official website. The purpose of accessing these documents is to analyze the data, gather insights, and evaluate the group's social responsibility, as assessed by social rating agencies. Our goal here is to highlight its non-financial marketing performance, which serves as the focus of the study.

## **Firstly. Literature Review**

In this section, we are going to focus on the theoretical background of the study, by giving the most important elements related to corporate social responsibility and extra-financing agencies.

### **1. CSR: dimensions and indicators**

Over the past few decades, the concept of Corporate Social Responsibility, or CSR has become increasingly popular in the business world. Carroll (1999) defined it as an organization dedicated to conducting business in a way that balances the interests of diverse stakeholders while being economically, socially, and environmentally sustainable.

It entails incorporating social and environmental concerns into corporate operations and stakeholder interactions as stated by Porter and Kramer (2006). To actively contribute to the welfare of society and the environment one must go above and beyond simple adherence to rules and laws.

The potential of CSR to generate long-term benefits for companies and society is what makes it so important. Carroll (1999) asserts that businesses can attract and retain talent promote innovation, improve their reputation, and reduce risks related to social and environmental issues by implementing socially responsible practices. In addition, CSR can result in better financial results more enduring bonds with investors and other stakeholders, and a rise in customer loyalty.

#### **1.1 Dimensions of Corporate Social Responsibility**

Wide-ranging aspects are included in CSR which reflects the complexity of social responsibility. Among the crucial dimensions are the following (Carroll A., 1991, pp 40-43).

- *Environmental Sustainability*: The goals of this dimension are to minimize the negative effects of business operations on the environment cut carbon emissions preserve natural resources and encourage environmentally friendly behaviors like recycling and the use of renewable energy sources.
- *Social Welfare*: Businesses are supposed to support programs that address poverty healthcare education and community development to

improve the welfare of society. This could entail fundraising endeavors staff volunteerism or alliances with nonprofit groups.

- *Ethical business practices:* Integrity, openness, and justice in all business interactions are components of ethical conduct which is a cornerstone of corporate social responsibility (CSR).
- Engaging with a diverse range of stakeholders such as employees, customers, suppliers, communities, and investors is essential for effective corporate social responsibility. Through communication, cooperation, and consultation, businesses should try to comprehend and address the needs and worries of these stakeholders.
- Ensuring accountability, transparency, and responsible decision-making in organizations is contingent upon the presence of sound corporate governance. This entails creating transparent governance frameworks putting strong risk management procedures into place and maintaining high standards of moral behavior throughout the entire organization.

### **1.2 Indicators of Corporate Social Responsibility**

To assess how well businesses are carrying out their social and environmental obligations appropriate benchmarks must be applied when measuring CSR performance.

Typical indicators used in CSR measurement include the following (Porter & Kramer, 2006, P6):

- Metrics for measuring environmental performance include things like pollutant emissions waste production energy and water consumption and carbon emissions. Monitoring a company's environmental footprint can help it lessen the impact they have on the environment. First, we could discuss how businesses can evaluate their impact on local communities and the social component of corporate impact.
- A Community Impact Assessment which assesses how a company's operations affect the neighborhood is one tool that could be used for this. A few factors that could be evaluated are the degree of involvement in community development initiatives, the creation of jobs and income, and the advancement of living standards.

- *Employee Satisfaction and Engagement:* Employee-related indicators such as employee satisfaction surveys, turnover rates, absenteeism, and employee training programs can provide insights into the company's commitment to promoting a positive work environment and supporting employee well-being.
- *Ethical Compliance:* Companies can measure their adherence to ethical standards and legal requirements through indicators such as the number of ethical violations, regulatory fines, lawsuits, and whistleblower reports. High levels of compliance indicate a strong commitment to ethical business practices.
- *Stakeholder Feedback:* Gathering feedback from stakeholders through surveys, focus groups, and interviews can help companies assess their reputation, trustworthiness, and perceived social impact. Positive feedback indicates effective stakeholder engagement and a strong reputation for corporate responsibility.

## **2. Non-Financial Rating Agencies as an Effective Tool for Measuring CSR**

Within the past few Nineties, non-financial ratings and evaluations emerged in response to investors' growing interest in socially responsible investments. Those rating agencies evaluate companies, governments, and different entities' environmental, social, and governance (ESG) policies. They depend upon public statistics from various resources and investigate agencies' achievements in sustainable development and their societal and environmental responsibilities. Those agencies collect reviews based totally on their evaluation, which are bought with the aid of socially responsible investors to inform their investment choices.

### **2.1 Services Provided by Social Rating Agencies**

Social agencies offer two main types of services :(Camprodon, Sols, & Florensa, 2008, pp 4-5)

- **Declarative Notation:** This service analyzes the level of social and environmental responsibility of an organization without any request from the organization itself. businesses usually examine publicly traded corporations, basing their studies on publicly available information, open

investigations, or interviews with the organization's partners. The aim is to prepare a record of the organization's social overall performance, which is then offered to traders or fund managers. In this example, the patron is not the organization being studied, and the reports belong to the employer, which has completed management over their dissemination.

- **Requested Notation:** This service includes studying the level of social and environmental responsibility of a specific organization at its request. here, the patron is the organization itself, searching to recognize its overall social performance, pick out strengths and weaknesses, and ultimately enhance.

## **2.2 Methodology of Social Rating Agencies**

The methods used for processing information on social and environmental performance, corporate governance, and rating can vary across agencies due to differences in data collection methods, analysis methodologies, and evaluation criteria. However, some general steps are common to most agencies : (Elien, 2007, PP 6-8)

**2.2.1 Information collection:** Information collection methods and sources can vary, but some common sources include:

- **Questionnaires:** While previously used as a direct source of information with questions aligned with specific evaluation criteria and indicators, this method is increasingly being replaced by an initial analysis of public documents, followed by targeted questioning of the organization.
- **Examination of Public Information:** This systematic approach involves reviewing the organization's publications, such as annual reports, sustainability reports, press articles (both general and specialized), and information available online.

**2.2.2 Interviewing the Organization's Partners:** This stage involves interviews with the organization's partners, including government and non-governmental organizations, and trade unions. The purpose is to compare the information collected by the agency with information from these external sources to strengthen the analysis.

**2.2.3 Analysis:** Agencies process the collected information and create organized reports targeted toward investors. This work relies on agency-specific methodologies. Many agencies utilize a scoring method, a statistical approach that analyzes the organization's performance based on a set of weighted criteria. The weights reflect the relative importance of each criterion. This scoring system generates a final score that allows the organization to be positioned within a rating scale.

Many agencies evaluate organizations based on sustainable development, focusing on specific areas such as Human resources policy, Customer Relations, Supplier and contractor relations, Environment, Corporate governance, and Relations with civil society.

**Secondly. Case study: Societe Generale group**

Our study focuses on the social assessment of societe generale group. As a leading bank in the world, it's necessary to show their ESG performance, this last was evaluated by several agencies, as demonstrated in the next paragraphs.

**1. Societe Generale Non-Financial Rating 2019-2022**

The table below presents the results of Societe General's evaluation in non-financial areas during the years 2019-2022, according to a set of important indicators. These results highlight the performance and improvement or deterioration that may occur over the years in the various areas involved. These evaluations demonstrate the Foundation's commitment to standards of sustainability and social responsibility and reflect the challenges and achievements that an enterprise can face or achieve in its journey towards sustainable development.



**Table N°01. Non-Financial Rating Indicators 2019-2022**

Indicators	Unit	2019	2020	2021	2022
<b>NON-FINANCIAL RATING</b>					
S&P Global CSA (formerly Robeco SAM)	out on 100	79	79	80	79
Sustainalytics	out on 100	71 (30,1)	25,9	20,2	20,1
MSCI	de AAA à CCC	AA	AA	AAA	AAA
Carbon Disclosure Project (CDP)	A+ to C-	C	B	B	B
ISS ESG (formerly Oekom)		-	C+ [Prime]	-	C+
Number of employees whose remuneration components are impacted by the S&P Global CSA (formerly Robeco SAM) rating	Number of individuals	42 584	41 668	40 710	40 635

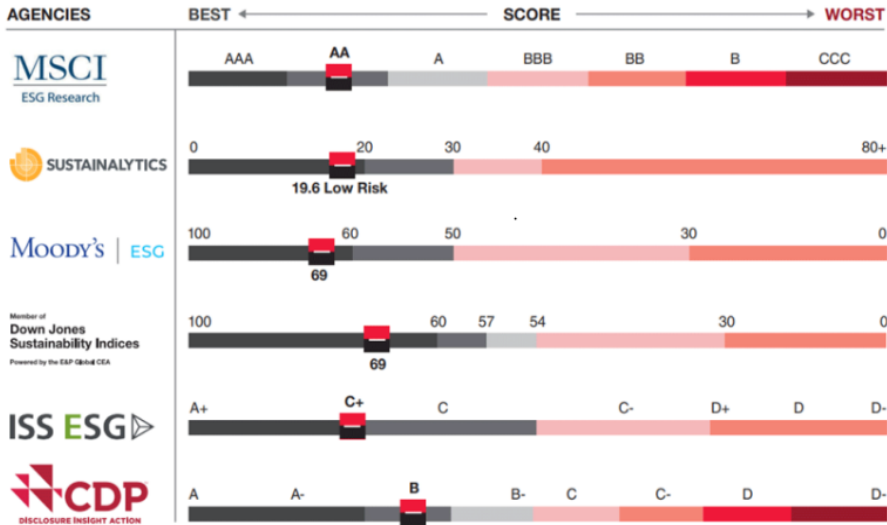
**Source :** (Société Générale., 2024, p2)

The results presented in the table above show Societe General's assessments in non-financial areas over the past four years, based on several benchmarks. For the S&P Global CSA assessment (formerly known as Robeco SAM), stable points ranging from 79 to 80 were scored, while Sustainalytics' assessment points ranged from 71 to 20.2 over the four years. MSCI ratings continued to remain in the AA category within the specified period, while Carbon Disclosure Project (CDP) ratings remained in the B. Finally, ISS ESG ratings (formerly known as Oekom) were between C + and C + [outstanding]. The results also show that the number of employees affected by compensation components affected by the S&P Global CSA assessment has decreased slightly over the past four years, ranging from 40,635 to 42,584 individuals in France.

## 2. Societe Generale group Notation in 2023

Societe Generale demonstrated a leading position in ESG dimensions by strengthening these ratings in 2023.

**Figure N°01: Extra Financial notation for SG group in 2023**



Source : (investors.societegenerale, 2024)

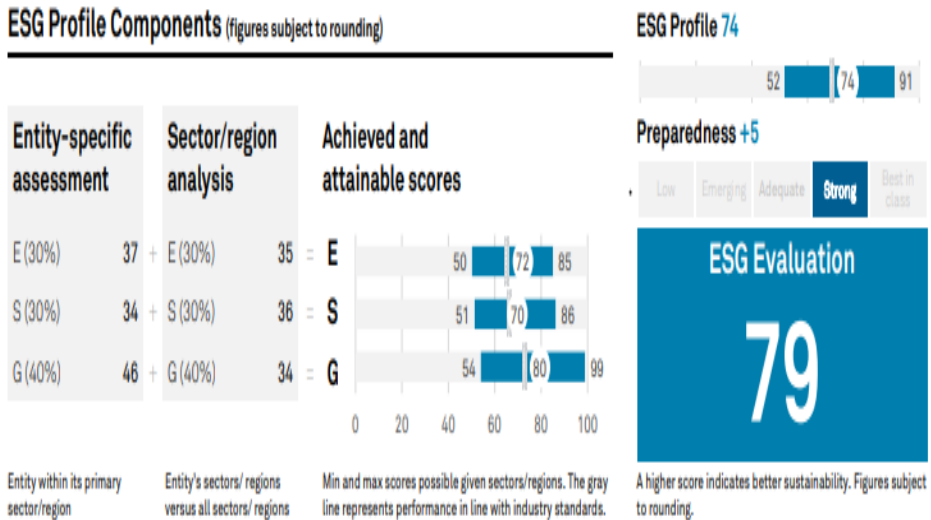
The ratings presented are those attributed during the annual reviews; the number of companies in each agency panel: MSCI – 201 banks S&P CSA – 736 banks, Sustainalytics – 366 banks, Moody’s ESG Solutions – 4,882 companies, ISS ESG – 285 banks.

Societe Generale is a recognized player in sustainable development. The transparency of its actions has allowed the Group to maintain a good position among sustainability indices since 2001; the Group is also present in a significant number of SRI (Socially Responsible Investment) funds.

### 3. General Societe notation from S&P Global Ratings

Société Generale received a score of 79 during the ESG assessment, with the report containing several indicators illustrated in the figure below.

Figure N°02: Societe Generale ‘s ESG Profile Components



Source: (S&P Global Ratings, 2023, p1)
















The ESG Evaluation score of 79 indicates the bank's significant endeavors to incorporate ESG factors into its lending and financing operations. SG has been reinforcing its commitments to addressing climate change, particularly through investments in renewable energy, and endeavors to align its financial portfolios with a 1.5-degree Celsius trajectory by 2050. Its strategy involves phasing out coal usage, excluding hydrocarbons like shale oil and oil sands, and minimizing exposure to sectors with high carbon intensity. Although the implementation of the ESG integration framework lacks systematicity, the bank is actively enhancing its processes to ensure comprehensive coverage of all major corporations. In this context, attention is drawn to the ESG-by-design initiative aimed at developing tools and procedures to monitor SG’s sustainability efforts. The bank's commendable performance in engaging customers, leveraging the digitalization trend with Boursorama, is emphasized. France's protective measures concerning debt overburden risks for customers, particularly about usury rates and fixed rates, are taken into account. SG demonstrates a strong readiness to navigate and adapt to disruptive trends. The board has shown a remarkable understanding of long-term risks and opportunities extending beyond sustainability concerns. Additionally, recognition is

**Beyond financial metrics: How do social rating agencies clarify corporate marketing performance through social responsibility assessment?**

given to the board's capacity to incorporate emerging trends into strategic decision-making processes.

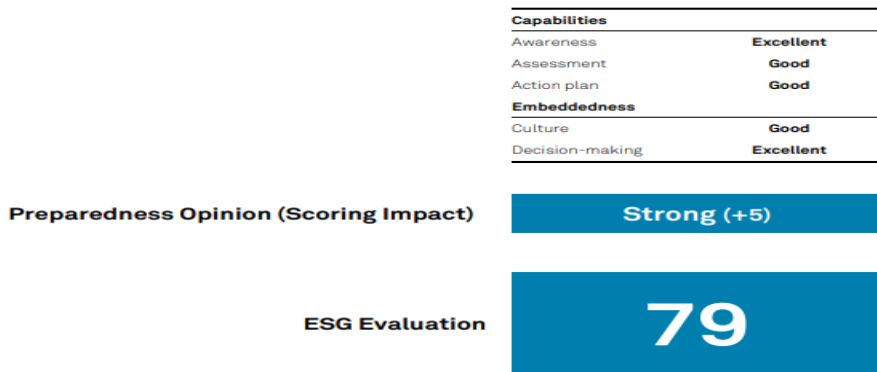
Here are more details on the components of each dimension adopted in the previous evaluation measurement where the environmental, social, and arbitrary aspect was measured,

**Figure N°03: ESG Evaluation details**

Environmental Profile			Social Profile			Governance Profile		
Sector/Region Score		35/50	Sector/Region Score		36/50	Sector/Region Score		34/35
	Greenhouse gas emissions	<b>Strong</b>		Workforce and diversity	<b>Good</b>		Structure and oversight	<b>Strong</b>
	Waste and pollution	<b>Good</b>		Safety management	<b>Good</b>		Code and values	<b>Good</b>
	Water use	<b>Good</b>		Customer engagement	<b>Strong</b>		Transparency and reporting	<b>Good</b>
	Land use and biodiversity	<b>Good</b>		Communities	<b>Good</b>		Financial and operational risks	<b>Neutral</b>
	General factors (optional)	3		General factors (optional)	<b>None</b>		General factors (optional)	<b>None</b>
Entity-Specific Score		37/50	Entity-Specific Score		34/50	Entity-Specific Score		46/65
E-Profile (30%)		72/100	S-Profile (30%)		70/100	G-Profile (40%)		80/100
ESG Profile (including any adjustments)							<b>74/100</b>	

**Source:** (S&P Global Ratings, 2023, p2)

Agencies not only assess these aspects but also assess the organization's preparedness to improve its future social responsibility by examining the Bank's capabilities and awareness of these issues and even its culture in the field. The following is the assessment of this aspect.

**Figure N°04. SG preparedness assessment**

**Source :** (S&P Global Ratings, 2023, P2)

From the preparedness assessment, we can say that Societe Generale is well prepared against any changes; the agency added 5 points and mentioned the bank as a strong company after measuring its capabilities and embeddedness.

### **Conclusion:**

The evaluation of Societe Generale over the last four years in non-Financial areas including ratings from multiple Financial agencies is represented by the results shown in the table and reports covered in the study.

The examination and assessment of Societe Generale's non-financial performance highlights several significant issues and difficulties the organization faces in pursuing sustainable development and social responsibility. The following are the main conclusions and a thorough discussion:

- The findings show that Societe Generale has received favorable performance evaluations in the areas of governance social welfare and the environment (ESG). Because of the institution's dedication to sustainability and social responsibility standards multiple rating agencies have awarded it high ratings in ESG indicators.
- In light of these findings Societe Generale stands to gain from a favorable market perception that enhances investor confidence and draws in new business. Despite having good ratings in the areas of governance social welfare and the environment Societe

Generale is not without its problems. Certain indicators like the Sustainalytics indicator which saw a drop in points over four years have proven difficult to evaluate; It is important to remember that these difficulties may eventually offer chances for growth and development which Societe Generale may take advantage of to improve its performance in pertinent areas.

- Societe Generale is working to keep developing its environmental social and governance practices to improve its reputation and future non-financial rating improvements. The organization is committed to improving communication and transparency with all parties involved including consumers investors and the community at large. To enhance performance in these areas efforts are also focused on creating internal policies and procedures.

### **Suggestions**

Based on the societe general social ratings study, we can say that to Exhibit strong marketing performance and obtain a favorable ESG (Environmental Social and Governance) notation companies can implement multiple strategic measures.

- Take into account ESG issues when developing the company's overall business plan. Make certain that decision-making procedures at all organizational levels incorporate ESG principles.
- Offer thorough and transparent reporting on ESG performance along with quantifiable goals developments and successes. For increased credibility and comparability use standardized frameworks like those provided by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI).
- Put into practice cutting-edge ESG best practices pertinent to the business operations and industry; This could entail establishing policies for responsible sourcing broadening the diversity of the board enhancing corporate governance frameworks and advancing the health and safety of employees.
- Take an active interest in interacting with analysts and rating agencies to learn about their evaluation criteria and methods for

assessing ESG performance. Give them pertinent information and data to guarantee accurate and positive ESG ratings.

- Use superior ESG performance as a differentiator and competitive edge in the marketplace; Through a variety of marketing channels share ESG initiatives and accomplishments emphasizing the company's dedication to sustainability and ethical business practices.

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