

The business case for corporate social responsibility: A literature overview and integrative framework

Piotr Wójcik¹

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Abstract

Purpose: The goal of this paper is to develop a framework describing the mechanisms which explain how and when CSR engagement affects company's bottom line, based on a review of the business case for CSR literature.

Approach: This article is conceptual and based on literature review. By using a CSR stage development model, behavioral and stakeholder perspectives, it offers a descriptive multi-dimensional integrative framework of the business case for CSR.

Findings: The findings show that the relationship between engagement in CSR activities and corporate performance (CP) depends on a CSR development stage, managerial interpretation of CSR issues, stakeholder management model and moderating factors.

Originality: This article integrates disconnected models and conceptualizations in the subject literature and contributes to the theoretical discussion by arguing that type and scale of benefits from CSR activity progress along the stages of organizational CSR development. Moreover, it also shows that the CSR-CP relationship depends on internal and external factors (mediators and moderators). It therefore supports the contingency argument.

Keywords: business case for CSR, CSR-CFP relationship, corporate social responsibility

JEL: M10, M14, M19

¹ Kozminski University

Correspondence address: Kozminski University, Department of Strategy, 57/59 Jagiellonska St., 03-301 Warsaw, e-mail: pwojcik@kozminski.edu.pl.

Introduction

The idea that investing in corporate social responsibility (CSR) programs, policies, and strategies pays off for companies has a long tradition in the field of business and society (Garriga and Mele, 2004). It has been studied within the “business case for CSR” stream of research (see Carroll and Shabana, 2010; Karnani, 2011; Salzmann et al., 2005; Schreck, 2011; Vogel, 2005; Weber, 2008). Its main proposition is that *doing good* for society translates into *doing well* for a company. In other words, the assumption is that costs incurred by engaging in pro-social and pro-environmental activities are outbalanced by corporate benefits. These positive effects, which potentially come along with CSR investments, have been very differently conceptualized and measured. Research has revolved around several “clusters”, e.g. studies investigated relationship between CSR/corporate social performance (CSP) and corporate financial performance (CFP) (e.g. Lu et al., 2014), cause-related marketing and customer reactions (Du et al., 2011; Wójcik, 2013), CSR/CSP and employee relations (Greening and Turban, 2000), and risk reduction (Jo and Na, 2012). However, these studies have not yielded consensus. Cumulative findings are mixed as to whether, how and when engaging in CSR-like policies or actions affects the company’s performance. Altogether, this suggests that there is no universal business case for CSR (Margolis and Walsh, 2003; Orlitzky, 2008; Szekely and Strebel, 2013). For this reason, Gond and Palazzo (2010) described this never-ending quest as a search for a “Holy Grail.” Against this backdrop, scholars agree that, under certain circumstances, one may observe a positive link between CSP and corporate performance (CP) (Auguinis and Glavas, 2012; Burke and Logsdon, 1996; Schreck, 2011; Smith, 2003). For instance, some scholars underscored the need for a more nuanced approach in analyzing the relationship, by exploring the type of CSR engagement (e.g. Hawn and Ioannou, 2016), motives for adoption of corporate policies (e.g. Eccles et al., 2014), and other complementary actions such as active stakeholder relations (Cheng et al., 2014). Although engaging in CSR might be potentially beneficial to companies, empirical studies have rarely incorporated how the stage of organizational CSR development mediates the CSR/CSP-CP link (cf. Maon et al., 2010; Zollo et al., 2016). Until recently, scholars made an effort to understand, on a conceptual level, how the unfolding of CSR in organizations affects outcomes. These developments indicate that the relationship between CSR engagement and its outcomes is a multi-dimensional (Wartick and Cochran, 1985; Wood, 1991, 2010), path-dependent evolutionary process that varies between organizational cultures and CSR experience (Maon et al., 2010) as well as features of the organization (Burke and Logsdon, 1996; Hart and Dowell, 2011), managerial cognition (Gao and Bansal, 2013; Hafenbrändl and Waeger, 2017; Hahn et al., 2015), and stakeholder management logic (Bridoux and Stoelhorst, 2014; Harrison et al., 2010). However, although these studies advance our

understanding of the contingency of all phenomena involved in the CSR/CSP-CP relationship, they remain largely disconnected. Given the inconsistency of research findings and the lack of comprehensiveness, this paper aims to systematically analyze and clarify the existing body of knowledge in the field of the so-called business case for CSR. To that end, a systematic review of empirical studies is conducted in leading management journals. Upon emergent themes, a conceptual framework is proposed which indicates linkages between various constructs in the field and which makes it possible to coherently analyze *when* and *how* CSR affects a company's bottom line. This paper contributes to the ongoing debate by highlighting the role of organizational change and learning processes. As the main argument, I propose that the type and scale of benefits from CSR activity (*how* CSR affects corporate performance) depends on the stage of organizational CSR development, characterized by the way in which managers interpret CSR issues, the type of a stakeholder management model applied (i.e., *how* firms engage in corporate social responsibility), and mediating and moderating factors (i.e., *when* respective conditions occur, changing the power of relationship or causality between abovementioned constructs). Consequently, I shall argue that the model proposed in the current study could provide a basis for formulating hypotheses regarding the type and scale of CSR outcomes resulting from both individual – and organizational-level processes.

The remainder of this paper is as follows. The next section presents the review methodology. It is followed by demonstrating the research findings by embedding them into the conceptual framework guided by CSP model categories. The following section discusses the findings through the prism of the model proposed by Maon et al. (2010). The final section concludes the paper and presents its implications for further research.

Review methodology

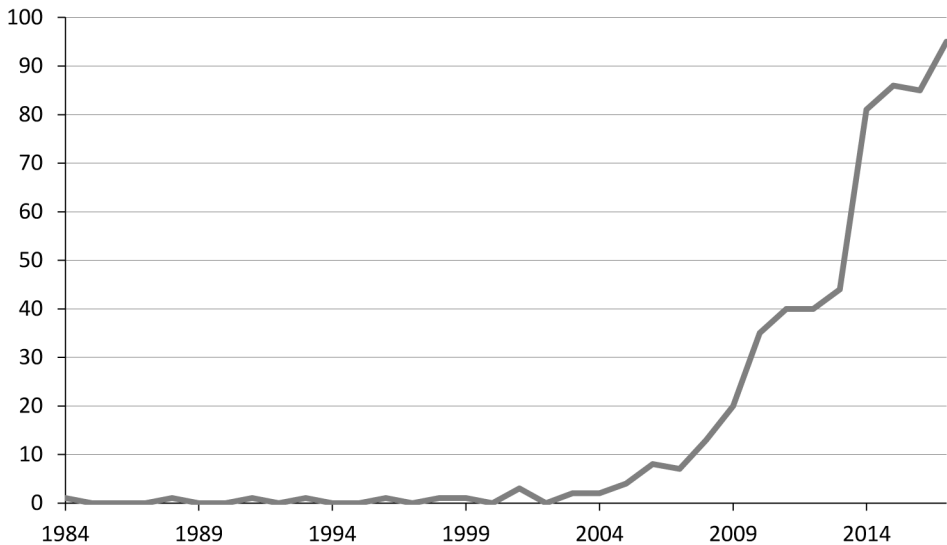
The body of literature was reviewed following Czakon's (2011) guidelines. The Web of Science database was searched to identify relevant papers. Due to the wide coverage of the topic in the literature, the first search was narrowed to "business case for CSR/corporate social responsibility" keywords. Next, based on 7 review papers found (Auginis and Glavas, 2012; Carroll and Shabana, 2010; Kurucz et al., 2008; Salzmann et al., 2005; Schreck, 2011; Vogel, 2005; Weber, 2008), two broad groups of outcomes related to CSR engagement (financial and non-financial) were identified. Based on this finding, subsequent wider search was carried out with the following combinations of keywords: "CSR/ social responsibility", "corporate social performance", "firm/corporate performance", "employee*", "customer*", "consumer*", "risk", "market value", "advantage",

“reputation*” and “stakeholder*” in the context of the CSR/CSR-CP relationship. Because of the widespread interest in the topic of corporate social responsibility, the research was limited to the 1980–2017 period and covered only journals indexed in the Harzing list in the business, management and finance field. Thus, the total of 636 articles was found. The articles were screened by titles and abstracts to make sure that their focus was the relationship between various forms of CSR engagement and firm’s outcomes. 20 duplicate records were excluded after examining the titles. For instance, studies examining the relationship between CSR/CSP and its outcomes, which also analyzed different moderating factors, such as the employees’ perception or CEO’s characteristics, were allocated to a subgroup related to CSR/CSP-outcomes relationship. A closer examination revealed that the focus of 44 papers was on different phenomena than those related to the CSR/CSP and performance relationship. Therefore, they were excluded from further analysis. The final sample consisted of 572 papers that passed through the title and abstract analysis. 68 papers were analyzed via content analysis. The selected articles were published in 190 journals between 1980 and 2017, out of which 227 were published in 10 journals (Table 1). The majority of articles were published after 2014, which indicates an increasing interest in the topic (Figure 1).

Table 1. Top 10 most represented journals in the review

Journal	Number of articles
Journal of Business Ethics	98
Journal of Business Research	21
Journal of Cleaner Production	21
International Journal of Hospitality Management	18
Journal of Services Marketing	13
Sustainability	13
Business Ethics – A European Review	12
Amfiteatru Economic	11
International Journal of Contemporary Hospitality Management	10
International Journal of Human Resource Management	10
Total	227

Source: own work based on literature review.

Figure 1. Number of articles published between 1980 and 2017

Source: own work based on literature review.

Review findings and conceptual framework

The systematic literature review revealed several research themes that were categorized under four broad categories of antecedents, processes, outcomes, and moderating factors. Together, these categories constitute the research area under the notion of the business case for CSR. Given the widespread use of divergent constructs in theoretical and empirical papers, and the inconsistency of research terminology and findings in the field (e.g., Orlitzky, 2008; Lu et al., 2014; Rowley and Berman, 2000), this study adopts the overarching concept of corporate social performance (CSP) (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991) to structure further analysis. The reason is that CSP is a multidimensional construct and positions CSR processes within a broader scope, i.e., among its antecedents and outcomes. This, I believe, makes it possible to: (1) facilitate the assessment of how CSR engagement translates into corporate performance (CP); and (2) consider a broader spectrum of outcomes (other than financial).

Wood's conceptualization of CSP (1991; 2010) assumes that the organization is treated as an open system, linked with its social context and therefore depending on its expectations. Extending Carroll's model (1979), Wood adopts the view that principles of social responsibility (legitimacy, public responsibility, managerial discretion),

representing inputs to the system, translate into processes of social responsiveness (CSR₂) (environmental scanning, stakeholder management, and public affairs management). These corporate actions “produce” outcomes of performance on micro, meso, and macro levels (that is to say, respectively: effects on people; effects on organizations; and effects on natural environment, social systems, and institutions). Social outcomes are consequences “for stakeholders and society as well as for [the company] itself” (Wood, 2010, p. 54). CSP constitutes a starting point for further elaboration, as its components reflect antecedents, processes, and outcomes, thus providing a framework for analyzing the business case for CSR. Consequently, the reviewed literature is constructed by interrelated subcategories that reflect the CSP categories, even though studies in the field have hardly discussed the connections between them in the context of CSR-CP relationship.

Principles of social responsiveness: Organizational and cultural CSR development

Organizational culture constitutes a decisive factor influencing all forms of engagement in CSR. Since organizational culture evolves (Zamanou and Glaser, 1994), it may support the development of CSR within organizations (Swanson, 1999). In line with stakeholder theory, and following Jones et al. (2007) and Maon et al. (2010), the CSR development occurs when an organizational culture begins to relate incrementally to “stakeholder-oriented problems” (Jones et al., 2007, p. 142). Consequently, stakeholder culture may vary between shareholder – and stakeholder-orientation which defines respective organizational actions and the engagement in CSR, shaping corporate posture towards social responsiveness (Clarkson, 1995). In their consolidative model of the corporate social responsibility development, Maon et al. (2010) argue that as organizations evolve culturally and morally, they develop their CSR engagement (programs, policies, and strategies) through a path of three cultural phases (CSR cultural reluctance, grasp and embedment) that embody seven CSR developmental stages from dismissing to caring, strategizing and transforming. The model is useful to understand causal linkages in the context of the business case for CSR, as it embraces prior works on CSP (Wartick and Cochran, 1985; Carroll, 1979). It suggests that, as CSR culture evolves, CSR engagement becomes more complex and integrates the stakeholders’ demands. Table 2 presents an excerpt from Maon et al.’s (2010) organizational CSR development model.

Table 2. CSR development model

CSR cultural phase	Stage of CSR development	Social responsiveness	Rationale behind CSR initiatives
CSR cultural reluctance	Dismissing	Rejection	None
CSR cultural grasp	Self-protecting	Strong defense	Limitation of potentially harming and uncontrolled criticisms
	Compliance-seeking	Light defense/reaction	Compliance
	Capability-seeking	Accommodation	License to operate
CSR cultural embedment	Caring	Adaptation	Competitive advantage
	Strategizing	Strategic proactivity	Value proposition
	Transforming	Proactivity	Proactivity

Source: adapted from Maon et al. (2010).

Principles of social responsibility: Managerial discretion and cognition of social issues

Against the general contention that firms' CSR engagement is a result of supply and demand for CSR (McWilliams and Siegel, 2001), literature provides significant amount of arguments demonstrating that the willingness to pursue socially responsible activities depends on personal motivations of owners and executives (Basu and Palazzo, 2008; Carpenter and Mayers, 2010; Hafenbrändl and Waeger, 2017). Consequently, it is assumed that the CSR engagement is driven primarily by the way in which managers see and interpret the world in terms of the company-stakeholders interactions, rather than stemming from external factors, such as the stakeholder's pressure. Krukowska (2014), for instance, in her study of determinants of the CSR implementation in Japanese companies, found, among other things, that managers are motivated by religious, cultural, and philosophical beliefs.

There is a growing body of literature on psychological micro-foundations of CSR (micro-CSR) (Gond et al., 2017). Different studies focus especially on individual motivations of managers to pursue CSR. Traditionally, it is believed that managers invest in CSR either for (1) instrumental reasons, that is to say, not because they rely on facts about the CSR-CFP relationship, but rather because they believe this relationship is

positive or negative (Chin et al., 2013; Stahl and De Luque, 2014); or (2) for normative/ideological reasons (moral values and emotions) (Weaver et al., 2014; Tang et al., 2012). Hafenbrändl and Waeger (2017) show that managers' belief in the CSP-CFP link increases a tendency to engage in CSR only insofar as they also experience stronger moral emotions when confronted with moral outrage. Moreover, Petrenko et al. (2016) have underscored the importance of individual CEOs by showing that the effect of CSR on the firm's performance is reduced by the level of their narcissism (personal need for attention).

The above findings resonate with the literature on behavioral foundations of the cognition of social issues. Namely, it suggests that business and social issues can be interpreted by managers in a trade-off logic or as interconnected and paradoxical issues, i.e., implying, respectively, instrumental or integrative approach to stakeholder management approach (Gao and Bansal, 2013; Hahn, 2015). Consequently, the way in which managers interpret these issues ranges between these two opposite worldviews within each organization, causing tensions or even a disconnection between individual perceptions and actual corporate CSR actions (Hahn and Aragon-Correa, 2015).

Processes of social responsiveness:

Nature of responsiveness to social concerns

Organizations evolve and learn (Barnett and Hansen, 1996). They accumulate their CSR experience, both positive and negative. Based on it, they develop their further CSR activities, policies, and programs, taken into account their culture and managerial perception of social and environmental issues. Together they define how companies interact with their stakeholders. Carroll (1979) and Wartick and Cochran (1985) assume that the nature, or philosophy, of responsiveness to social concerns (how a company responds to social issues or stakeholder pressures) ranges from the reactive and defensive, through accommodative, to proactive approaches. Therefore, it should be considered as a continuum of interactions, rather than in a discrete manner, that is to say, as a path-dependent process with its entry point in time (Tang et al., 2012). Consequently, the nature of responsiveness translates into a particular stakeholder management approach.

Processes of social responsiveness: Interaction with stakeholders

Processes of social responsiveness on an organizational level can be defined broadly by concrete CSR programs, policies, and strategies that a company undertakes. For the sake of page limitation, this study considers social responsiveness solely as a way

of interaction with stakeholders. From a stakeholder theory point of view, the relationship between CSP and CP has been explored from an instrumental or integrative perspective (Berman et al., 1999; Donaldson and Preston, 1995; Gao and Bansal, 2013). The former juxtaposes economic and social issues, assuming that they generate tensions due to the divergence between economic and social goals (Jensen, 2001). Consequently, according to the instrumental perspective, interactions with stakeholders imply necessary trade-offs and thus are pursued only insofar as they provide corporate benefits. Based on such a simplified framing, managers make decisions whether to engage in the stakeholder relations. The integrative (normative) perspective, in turn, combines business and social goals. It accepts the coexistence of tensions and addresses the interests of multiple stakeholders simultaneously (Gao and Bansal, 2013). The support of integrative logic comes from Boesso et al.'s (2015) study, who found that the engagement in CSR initiatives linked to stakeholder preferences enhances the positive effect of CSR on CFP. Also Madueno et al. (2016) have shown that CSR initiatives that engage stakeholders are related to improved competitiveness. To conclude, the nature of the stakeholder management approach is driven by managers' cognitive frames (Bundy et al., 2013), such that short-term orientation and oppositional view of business and social goals is typical for the instrumental approach, whereas long-term orientation and paradoxical framing implies integrative (Hahn et al., 2015) or multi-stakeholder management model (Zollo et al., 2016). However, Hillman and Keim (2001) found that both models can equally bring positive outcomes for corporations. The reason may be that the stakeholders also differ in their expectations (Bridoux and Stoelhorst, 2014).

Outcomes and impacts of social responsiveness

Outcomes of the CSR engagement have been already reviewed by several authors elsewhere and categorized differently (Auginis and Glasier, 2012; Kurucz et al., 2008; Salzmann et al., 2005; Schreck, 2011; Lu et al., 2014; Weber, 2008). The review findings indicate two broad categories of outcomes stemming from the CSR engagement: financial (Lu et al., 2014; Salzmann et al., 2005; Schreck, 2011; Tang et al., 2012) and non-financial (Auginis and Glasier, 2012; Kurucz et al., 2008; Weber, 2008). Broadly speaking, financial outcomes involve aggregate accounting-based (ROI/ROE/ROA, profitability) and market-based measures (firm's market value, share price). The non-financial outcomes of the CSR involvement for a firm are more nuanced and relate predominantly to disaggregate effects that may indirectly affect ultimate financial outcomes (e.g., relate to particular stakeholder groups). They involve operational efficiency, customer and consumer evaluation of the firm/product and their choices, quality of the relationship with stakeholders, employee attitudes and behavior, reduced risk, investor attraction, competitive advantage, and reputation. Because this study brings into focus the question

of when and how CSR affects firm-level outcomes, from an organizational evolution perspective, the outcome categorization follows Kurucz et al.'s (2008) conceptualization, instead of simply considering financial and non-financial outcomes. The reason for that is the central contention that the type and degree of effects stemming from the CSR involvement depend on the advancement of CSR approach within the firm. In other words, the type and degree of outcomes change as the firm's approach to CSR evolves. Consequently, the financial and non-financial outcomes are considered in a progressive manner, i.e., from the least to the most meaningful for the company, as CSR develops in the organization. These outcomes can, therefore, be categorized as follows (Kurucz et al., 2008): (1) cost and risk reduction, (2) improvement of reputation and gaining legitimacy, (3) improving profit, market value, competitive position and (4) synergistic value creation. The following sub-sections briefly summarize research within these groups.

Cost and risk reduction

Studies show that the engagement in CSR-like actions helps improve operational efficiency (e.g., Porter and van der Linde, 1995; Sharma and Vredenburg, 1998). Also, there is an overall agreement in the literature on the contention that CSR contributes to shielding the firm from negative events (Carnahan et al., 2017; Godfrey, 2005). For instance, Jensen (2002) claims that it makes it possible to avoid consumer boycotts. This remains in line with the corporate multi-objectivity perspective (cf. Zollo et al., 2016). According to Mitchell et al. (1997), managers focusing on high salient stakeholders reduce the long-term risk of business operations. In their event study on a sample of 178 events, Godfrey et al. (2009) found that CSR activities directed at secondary stakeholders create good will and offer insurance-like protection of CSR, preserving (rather than generating) CFP. Jo and Na (2012) also found support for this „risk-reduction hypothesis.” Interestingly, however, their results show that the effect is more economically significant for controversial than for non-controversial industries. These findings remain in line with conclusions drawn from surveys in the Polish context (e.g., FOB, 2010). Earlier empirical studies found support for the idea that CSR improves efficiency by reducing operational costs (e.g., Ambec and Lanoie, 2008; Hart and Ahuja, 1996; Porter and van der Linde, 1995).

Reputation and legitimacy

The *Business case for CSR* research stream focuses on the reputation argument, assuming that socially responsible behavior enhances the image and legitimizes its operations (McWilliams and Siegel, 2000). Business organizations, understood as social institutions, have a social power and thus – proportional social responsibilities resulting from this fact (Davis, 1960). From this perspective, business is looking for an external acceptance to operate by establishing an implicit social contract (Donaldson and

Dunfee, 1994). In order to gain legitimacy, corporations become *citizens* by addressing social problems and taking up certain responsibilities, traditionally provided by the state (Matten and Crane, 2005). A significant role is played by social reporting according to international standards, as they improve business transparency and contribute to achieving corporate credibility and legitimacy (Wasilewska, 2010). Although, there is a problematic discrepancy between corporate disclosure and actual actions (Przychodzeń, 2013). Taken together, it is believed that CSR attracts internal and external stakeholders.

The main argument is that engaging in CSR creates a reputational intangible asset by creating a socially sensitive organizational culture (Branco and Rodrigues, 2006), which translates into an improvement of relations with employees and customers. Consequently, regarding the first group of stakeholders, empirical findings show that the engagement in different forms of CSR policies and actions improves employer branding (e.g., Sohn et al., 2015) and attracts job applicants (e.g., Evans and Davis, 2011). For instance, in the Polish context, a study of the largest companies in Poland, listed on the RESPECT Index, found that the main benefits as perceived by managers include improved firm reputation that helps improve relations with stakeholders and internal communication (Chojnacka and Wiśniewska, 2016). Scholars also argue that CSR engagement contributes to an increase of job satisfaction (e.g., Vlachos et al., 2013; Zhu et al., 2014), identification with the employer (De Roeck et al., 2016), lower employee turnover rate (Bode et al., 2015), organizational commitment (e.g., Farooq et al., 2014; Wang, 2014), higher engagement (e.g., Slack et al., 2015), better job performance (Korschun et al., 2014), and shirking reduction (Flammer and Luo, 2017). CSP activities attract job applicants because they have higher self-images when working for a socially responsible firm (Greening and Turban, 2000). This creates a competitive advantage in attracting potential employees (Turban and Greening, 2007). Also, CSR activities create meaningfulness for the firm's current employees, even after the mortality-related shocks, significantly increasing employee retention (Carnahan et al., 2017).

Marketing literature is concerned with customers and consumers. Studies in this vein have investigated how marketing CSR initiatives affect customer/consumer behavior. Varadarajan and Menon (1988) defined marketing CSR initiatives in terms of "cause-related marketing" (CRM), that is to say, as a "process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives" (p. 60). CRM invokes the reputational argument in which "responsibility" has been operationalized in terms of corporate association (CA) (Brown and Dacin, 1997). It refers to "consumers' beliefs

about the extent to which a company/brand is socially responsible (i.e., CSR beliefs)” (Du et al., 2007). Behind the instrumental usage of communication of social engagement lies the belief that it contributes to brand, product or company distinction, which may translate into better financial results (McWilliams and Siegel, 2001). However, the results remain inconclusive. Numerous questionnaire-based studies indicate that, in general, the company’s socially responsible record impacts positive customer reactions, i.e. increased value perception (Green and Peloza, 2011; Valenzuela et al., 2010), purchase intention, willingness to pay a premium price (Auger et al., 2003; Ferreira and Ribeiro, 2017; Wang, 2011), and customer loyalty (Bhattacharya and Sen, 2003, 2004; Brown and Dacin, 1997; Devinney et al., 2010; Kotler and Lee, 2005; Park et al., 2017; Sen et al., 2006). On the one hand, findings also demonstrate that respondents would be ready to resign from buying a product from a company if they found out about its irresponsible practices (e.g., Mohr and Webb, 2005). On the other hand, these findings do not find support from some experimental studies’ results which show consumers’ indifference to CSR initiatives (e.g., Wójcik, 2013). For instance, in this respect, a study by Mirońska and Zaborek (2014) revealed a low awareness and acceptance of CRM programs as well as lower willingness to pay a premium price for socially responsible products. Even if one assumes that there exists a group of socially sensitive consumers, the complexity of the mechanism of influence of business practices on consumer responses makes it difficult to estimate what is their actual impact (Devinney et al., 2010).

Profit maximization and market value improvement

Research on whether engaging in CSR affects overall corporate performance (CP) has received the greatest deal of attention within the business case for CSR studies. One may distinguish two sub-groups in this field. First refers to the overall relationship between CSR/CSP and corporate financial performance (CFP). Its importance is shown by the fact that in the period of 30 years, from 1972 to 2002, 127 empirical studies were published, while more than half of them (64) – between 1993 and 2002. 13 of these articles summarized prior research (Margolis and Walsh, 2003). An issue worth emphasizing here is that these numbers refer only to the top international journals and do not include domestic journals. Therefore, it can be assumed that there have been several times more articles published on that topic elsewhere. The conclusions, however, have remained equivocal for decades (Margolis and Walsh, 2003; Hull and Rothenberg, 2008; Orlitzky, 2008; Orlitzky et al., 2003; Lu et al., 2014; Russo and Fouts, 1997; Salzmann et al., 2005; Vogel, 2005; Waddock and Graves, 1997a/1997b). Results vary between overall positive (Lu et al., 2013; Lins et al., 2017; Wang et al., 2016), negative (Surroca and Tribo, 2008), no relationship (Delmas et al., 2011 *Business and Society*), curvilinear/U-shape relationship (e.g. Barnett and Salomon, 2006; Park and

Lee, 2009; Wang et al., 2008). As for the Polish context, although Zaborek (2014), in his study of 187 SMEs' managers, found a weak but statistically significant positive correlation between the CSR involvement and sales profit, CSR had no discernible direct effect on ROA.

Behind these vague and unclear results lie a number of methodological imperfections. Wood (2010) herself notes that narrowing the CSP outcome category down to financial performance is misguided and constitutes an "improper juxtaposition" of CSP and CFP (p. 54) because, in fact, CFP is a part of CSP. Rowley and Berman (2000) note the improper use of CSP as one, aggregate measure, underlining the fact that each firm operates in a different setting, characterized by varying industry peculiarities (e.g., ecological impact), issue domain (social, ecological), and different stakeholder networks. What is more, Delmas et al. (2013) indicate that empirical studies rely most often on data from KLD Research & Analytics, Inc. (KLD) or Fortune databases which are criticized for several drawbacks. These relate to several facts: KLD ratings are exclusively based on binary variables and, thus, they are not able to gradually rate companies; KLD aggregates all score from several dimensions of responsibility into one with equal weights while they vary depending on industry. Further drawbacks include too much diversity of adopted constructs in the empirical analysis which hinders mutual comparability (Margolis and Walsh, 2001) and low validity of the used measures (Vogel, 2010). As indicate Orlitzky et al. (2003), the different operationalization of the same constructs weakens the relationship between CSP and CFP. Another issue is related to using trivial control variables (Orlitzky et al., 2003), an omission of moderating variables such as research and development spending (McWilliams and Siegel, 2000; for wider discussion see Wierciński, 2011). As a consequence, empirical studies relying on non-linear regression, event study or portfolio analysis can determine a statistical strength of the relationship but not the causality and direction or underlying processes that may potentially influence this relationship. This has given birth to a formulation of the *slack resources hypothesis* which posits that only those companies which *a priori* performed well (in financial terms) are able to engage free resources in CSR activities (Waddock and Graves, 1997b). Another theoretical implication is that CSR/CSP and CFP are interdependent and that there is a mutual relationship between these two variables (*virtuous circle*) (Waddock and Graves, 1997a). Some recent studies tend to embrace the abovementioned critique and begun to recognize the complexity of this relationship. In their meta-analysis of review studies, Wang et al. (2016) found that a majority of studies demonstrate a positive and significant CSP-CFP relationship. The results showed that it is stronger for firms operating in advanced economies. However, more importantly, they note that the results depend on a measurement strategy of the constructs and context. Isaksson and Woodside (2016), extending

this argument, found that what plays a role is quality of management that occurs in different configurations (business model). In other words, they propose that the overall firm's high market intensity, strategic orientation, strategic CSR intent (willingness to engage in CSR), customer orientation, and market orientation, together with high CSP levels, increase the probability of achieving high financial results.

Studies in the second sub-group investigate how the CSR engagement translates into the creation of the firm's market value. Market value reflects the company's competitiveness or value of its equities (Vilanova et al., 2009). It is most often measured by using one or a mix of the following four methods (Vilanova et al., 2009): (a) balance-sheet based method, (b) income statement-based method, (c) goodwill-based method and (d) cash-flow discounting method (being the most popular). In the latter case, the idea is that decision-makers seek to maximize the present value of future cash flows (Copeland et al., 2000). Some conceptual studies hold that socially responsible behavior, although reducing the present value of cash flows, under some conditions may increase cash flows value in a long run, specifically by making it possible to avoid paying governmental fines or by reducing exposure to risk (e.g. Godfrey, 2005; Mackey et al., 2007; McWilliams and Siegel, 2001). As Vilanova et al. (2009) remark, investors also conduct qualitative analysis, taking into account the intangibles such as transparency, corporate governance, reputation or risks. In this context, building legitimacy through non-financial reporting practices and a relationship with stakeholders play a significant role. Empirical findings confirm this. For instance, Wahba's (2008) study, conducted on Egyptian firms, demonstrates that market compensates firms for their environmental performance. Similarly, Deng et al. (2013) demonstrate, using a large sample of US mergers, that acquired firms with a good CSR record positively affects merger announcement returns in the long run, and it takes less time for acquirers with high CSR profiles. In the Polish context, a study by Chojnacka and Wiśniewska (2016) revealed that more than 60% of surveyed Polish managers, working for local subsidiaries of foreign multinationals, declared the improved market value as a result of being perceived as a socially responsible company.

Synergistic value creation

The fourth group of benefits relates to the strategic use of CSR. At the heart of this approach lies the assumption that focusing on – and exploiting – potential opportunities that relate to social aspects of the environment in which a company functions, will lead to long-term mutual benefits, both for the company and society at large. In this vein, natural-resource based view (NRBV) has emerged that underlines the importance of corporate resources for solving social issues (Aragon-Correa and Sharma, 2003; Branco and Rodrigues, 2006; Hart, 1995; Hillman and Keim, 2001). The alignment

of the firm's resources and capabilities with its external environment are shaped by dynamic capabilities (Hart and Dowell, 2011). Within this approach, serving the bottom of the pyramid (BoP) market (Prahalad and Hart, 2002) and creating shared value (Porter and Kramer, 2006, 2011) strategies can also be distinguished. In general, however, despite the promise of opportunities for competitive advantage from sustainability programs and CSR-like policies, one of the key findings of prior academic work and management practice literature, as Szekely and Strebler (2013) argue, is that businesses still find it difficult to implement a comprehensive change and even more so to drive strategic innovation for sustainability.

Mediators and moderators

In addition to the factors described above, the literature indicates the existence of mediators and moderators that shape and change the relationship between the CSR engagement and its outcomes. Mediators are the underlying mechanisms that help understand *why* and *how* the CSR involvement contributes to the creation of particular outcomes (Auginis and Glavas, 2012). Moderators "specify the appropriate conditions" (Baron and Kenny, 1986, p. 1174) and thereby help understand *when* the relationship occurs. In the *business case for CSR*, they affect the strength of the relationship between processes and outcomes. Scholars proposed that positive outcomes are more likely to occur when conducive conditions come into play (internal and external factors). The internal ones include issues such as CEO's or managers' personal traits (Petrenko et al., 2016), experience accumulated on both external and internal CSR actions (Hawn and Ioannou, 2016), organizational ideology (Chin et al., 2013), culture (Surroca et al., 2010; Wang et al., 2014), reputation (Branco and Rodrigues, 2006; Saeidi et al., 2015; Surroca et al., 2010), centrality (closeness of fit) of social or stakeholder issues to the firm's mission and objective (Burke and Logsdon, 1996; Du et al., 2007; Michelon et al., 2013; Schons and Steinmeier, 2016; Theodoulidis et al., 2017), specificity (ability to capture private benefits), and proactivity (Burke and Logsdon, 1996). Several authors indicate internal resources and capabilities that moderate the CSR/CSP-CP relationship (Bai and Chang, 2015; Hart and Dowell, 2011). For instance, Russo and Fouts (1997), in their quantitative analysis of 243 American firms, found that the development of environmental capabilities intensifies the discussed link. Among others are innovation, R&D (Orlitzky, 2008; Surroca et al., 2010), the firm's size (McWilliams and Siegel, 2001) and age (Schreck, 2011), community relations and diversity (Berman et al., 1999), style of communication (message content and channel) (Du et al., 2010; Uzunoglu et al., 2017) and advertising intensity (Rahman et al., 2017). Moreover, prior studies suggest that the company's management quality (Issakson and Woodside, 2016) and reporting quality (Aerts and Cormier, 2009; Akisik and Gal, 2017; Schreck, 2011) are also important

aspects. The external moderators include consumer CSR skepticism (Goh and Balaji, 2016; Skarmenas nad Leonidou, 2013; Zhang et al., 2017), awareness (Servaes et al., 2013), brand recognition (Hsu et al., 2012), trust (Martinez et al., 2013), employees' perception of the firm's motives (Story and Neves, 2015), customers' income, labor market conditions, employees' satisfaction and loyalty (Yuen et al., 2016), stage of the industry's life-cycle (McWilliams and Siegel, 2001), growth pace (Russo and Fouts, 1997), degree of internationalization (Schreck, 2011), dynamics (Husted and Allen (2007). Wang et al. (2016) and Xie et al. (2017) describe the institutional system as a moderator of the positive effect of CSR on CFP. Their position is in line with Ioannou and Serafeim's (2015) findings, indicating that with time sell-side analysts begun to assign more optimistic recommendations to firms with high CSR level, i.e., they stopped treating CSR merely as a cost. Finally, it is worth to highlight the great importance is the appearance of corporate social irresponsibility (CSI) incidents which have a larger enduring effect than CSR initiatives (Price and Sun, 2017). Interestingly enough, firms that do little in terms of responsibility programs but avoid CSI incidents perform better than those investing in CSR (Price and Sun, 2017).

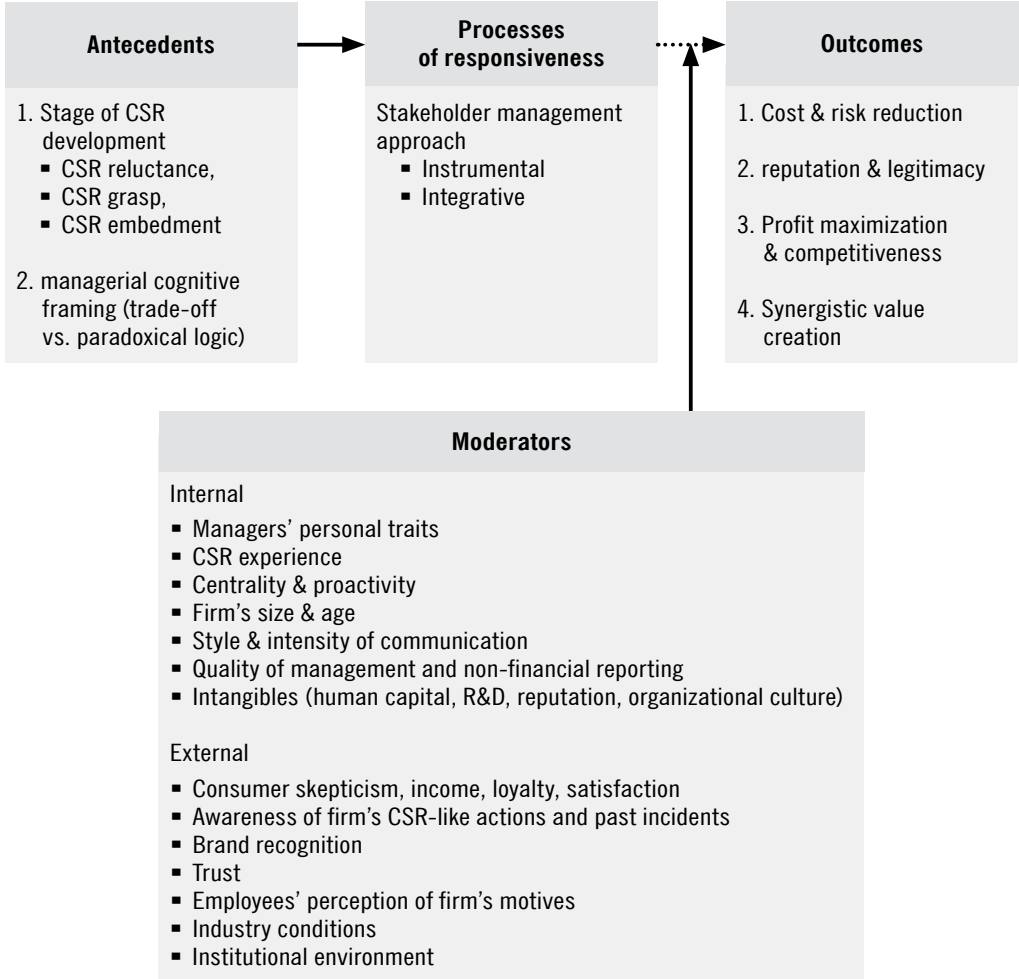
Discussion

In attempting to solve the puzzle about the relationship between CSR and its effects on business, one needs to consider the conditions of when and how the engagement in CSR affects corporate outcomes. This might be satisfied by employing a corporate social performance (CSP) model (Wood, 1991) which sets three distinct broad categories. This categorization provides a useful perspective on what shapes the relationship between the CSR engagement and CP. As depicted in Figure 2, literature can be grouped into several "clusters," forming the integrative framework.

The main assumption of our model is that the type and scale of outcomes stemming from the engagement in CSR reflect both the way how and why companies commit to CSR. In other words, the outcomes stemming from CSR progress along CSR developmental stages. The processes of responsiveness share their features with different stages of a CSR development model, a managerial cognitive framing and a stakeholder management approach. In this sense, integrating models and concepts present in the literature helps establish links between them. Altogether, they define conceptually how individual and organizational levels of antecedents and processes of responsiveness affect the respective levels of outcomes (type and scale). The key findings of the literature review of the *business case for CSR* are synthesized and detailed in Figure 2. They are divided into four categories: antecedents, processes, mediators and moderators, and

outcomes. The proposed integrative model involves three broad categories that are ordered in line and resonate with CSP model.

Figure 2. Integrative conceptual framework of CSR-CP relationship



Source: own work based on literature review.

Although the present model is based on Wood's (1991) CSP model, it is not its ideal representation. First, "legitimacy" elements of the *Principles of social responsibility* category have been conceptualized in our model as one of the possible outcomes. Second, "public responsibility" resides on normative grounds, and together with "Environmental scanning" has not been explicitly addressed by the *business case for*

CSR field. Third, because the outcomes that have been identified in the literature are specified under different notions (financial and non-financial), this paper classifies them using the classification suggested by Kurucz et al. (2008), as it is the most comprehensive one and implicitly groups the discussed outcomes in a progressive manner. Altogether, they form the *Outcomes and impacts of performance* category in the model.

Table 3. A synthesis of business case for CSR research

Antecedents		Processes		Outcomes
Stage of CSR development	Managerial discretion (cognitive framing)	Social responsiveness	Stakeholder management approach	
CSR reluctance	Denial	Reaction (do nothing)	Lack	Cost & risk reduction
CSR grasp	Trade-off logic	Defense	Occasional interactions	Reputation & legitimacy
	Trade-off logic	Accommodation	Instrumental	Profitability and competitive advantage
CSR embedment	Paradoxical logic	Proactivity (do much)	Integrative	Synergistic benefits

Source: own work based on literature review.

We contend that the type and scale of benefits changes with the degree of the CSR engagement, i.e., the more complex and careful the engagement is, the more valuable are the positive outcomes for both the company and society as a whole. Following Maon et al. (2010), we propose that the *CSR reluctance phase* is characterized by a CSR ignorance and thus, no additional benefits for the firm can be accrued. In the *CSR cultural grasp*, companies are reactive to stakeholders' concerns. Consequently, they adopt a defensive, followed by accommodative posture toward CSR issues and an instrumental approach to stakeholder management. It is proposed that, in this phase, the benefits which companies can draw range from cost reduction and reputation enhancement to sales increase. The latter one translates into improved financial results and market value (cf. Kurucz et al., 2008). The *CSR cultural embedment* phase is characterized by proactivity and true embracement of social and environmental issues into a firm's business model. Stakeholder relationships are based on fairness principle (Bridoux and Stoelhorst, 2014). Managers perceive CSR issues as related or even integrated with a firm's core business (Gao and Bansal, 2013; Hahn et al., 2015). They may also believe

in the existence of a business case for CSR and believe in their moral duty (cf. Hafenbrädl and Waeger, 2017; Gond et al., 2017). At this point, CSR outcomes are beneficial both for the company and its stakeholders. Potentially, the company can transform its business model and innovate, e.g., by introducing new eco-friendly/socially-friendly products, thus create shared value (Porter and Kramer, 2006; 2011). In this sense, the company may leverage morally-based CSR principles and engage in cross-sectorial collaborations, cover a niche market, or pursue the Blue Ocean strategy, by establishing a market which has not been previously addressed by competitors (see Wójcik, 2016).

Our model assumes that the CSR organizational development and related CSP outcomes should be understood as a process, i.e., in a continuous (not discrete) manner. The distinguished elements depict ideal types. Respectively, organizations might not necessarily move through each phase (may leapfrog some phases) or may end up at any of those phases for different reasons (e.g., industry character, managerial perception and motives, institutional and competitive factors). Similarly, as Maon et al. (2010) propose, the CSR engagement may differ across different corporate strategic or functional business units leading to a hybrid CSR organizational form. The abovementioned elements and their respective degrees/phases may coexist and skew or reinforce each other. Finally, as found in the literature, the relationship between the CSR organizational stage and CP is moderated by internal and external factors.

Conclusions and implications

As our findings suggest, it is difficult to draw unambiguous conclusions about the business case for CSR. However, our literature review also provides supportive arguments concerning the conversion of empirical findings toward a contingency argument of Rowley and Berman (2000). With this study, it becomes much clearer that there is no standard approach to the CSR engagement that would enhance its business outcomes. A significant amount of literature has brought into consideration numerous moderating factors that affect the CSR/CSP-CP relationship. A related problem referring to the very nature of this relationship lies in construct measurement which also raises the question of how well some of the empirical works reflect the reality. Our findings also demonstrate this issue.

Our literature review, although limited to titles and abstracts in about half of identified papers, delineates the field's structure and brings to the forefront main themes that have accompanied the research on the relationship between CSR/CSR and corporate/firm's performance. What our findings make clear is that scholars need to apply a more

holistic approach to their research agenda in analyzing how the engagement in CSR-like actions and policies affects the firm's financial and non-financial outcomes. Against this backdrop, this study contributes to the literature in two ways. Primarily, by highlighting links between the integrative CSR stage development model of Maon et al. (2010), with types of the stakeholder management approach (Bridoux and Stoelhorst, 2014), and the managerial perception (CSR micro-foundations) (Gond et al., 2017). Moreover, it associates them with each other in order to propose that inasmuch as CSR culture and managerial perception evolve, companies can become better at drawing more and more significant benefits from the CSR engagement. In general, this study contributes to a better understanding of the nature of the CSR/CSP-CP relationship.

The managerial implications are reflected by the fact that the type and scale of benefits largely depend on a stage of the organizational and cultural CSR development and managerial mindset as well as moderating factors, some of which are beyond the company's control. Consequently, managers should see practical value in this study, as it indicates that outcomes are shaped by *how* firms engage in corporate social responsibility, i.e., how actively, how long and how consciously managers engage in developing CSR policies, programs, and initiatives (Tang et al., 2012; Maon et al., 2010). The general conclusion is that the CSR engagement creates a potential to increase corporate performance in a long run when the firm's engagement: (a) is slow and consistent, making it possible to learn incrementally what works (and how) in a particular context; (b) focuses on related CSR dimensions; (c) starts with internal dimensions of CSR.

How the findings of this study may inform future research? I shall highlight three main ideas. First, studies analyzing CSR/CSP-CFP dominate the business case for CSR field, but new research should consider a more coherent approach, taking into account antecedents, processes, mediating and moderating factors. Further empirical studies should, therefore, consider causality problems by adopting contingency models, which link the three abovementioned elements. Second, the obtained results are exploratory; thus, another research implication that arises from the current study is that scholars could draw from the integrative framework developed, operationalize its respective elements and validate the model in a quantitative study. In this respect, focusing on respective levels or an "advancement" of the CSR engagement with its related outcomes would be helpful in establishing causal links and move beyond mere correlations of independent and dependent variables with simplified measures. Third, the literature review revealed, quite surprisingly, a modest number of papers that link behavioral foundations of the CSR engagement with its processes and outcomes. Potential research questions that may be addressed should revolve around an examination of CEO/top managers' characteristics and their indirect effect on organizational outcomes. In this

context, upper echelons (Chambrick and Mason, 1987) and behavioral (e.g., Kahneman and Tversky, 1979) perspectives seem to be most exciting. Additionally, researchers need to consider whether variables related to managerial intentions and behavior should be treated as independent or moderating.

In terms of limitations, it has to be acknowledged that the conceptual framework is limited to 572 papers, out of which 68 papers have been reviewed through content analysis, whereas the rest was subject to title and abstract analysis. However, the author believes that the identified themes cover most important issues, thereby mapping the business case for CSR “territory.” One may consider its conceptual character as a short-coming. However, the proposed model integrates the findings of prior studies and highlights the contingency of the CSR-CP relationship and a wider spectrum of outcomes, which is no longer related only to the company but takes into account possible outcomes for stakeholders.

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