Process and Content Model of CSR Decision-making – A Stakeholder Approach

Deepika Dixit *deepikad08fpm@iimk.ac.in*
Doctoral Scholar/Strategic Management Department,
Indian Institute of Management,
Kozhikode, 673570, India

Anubha Shekhar Sinha *anubhashekhar@iimk.ac.in*
Professor/Strategic Management Department,
Indian Institute of Management,
Kozhikode, 673570, India

Rinki Shrivastava *rinkis08fpm@iimk.ac.in*
Doctoral Scholar/Organizational Behavior and Human Resources Department,
Indian Institute of Management,
Kozhikode, 673570, India

Abstract

This paper examines the process and factors that determine the decision for taking Corporate Social Responsibility (CSR) initiatives by businesses globally. Specifically, it investigates the stages of decision making and the factors that drive the decision making in each stage. A process and content model of decision making is proposed based on the factors determined from literature. The model consist of four stages in which the first stage is the pre-finalization stage in which the initial reasons for carrying out the CSR initiatives are explored, second stage is the finalization stage where the reasons for carrying out CSR initiatives are finalized, third stage is the context building for acting according to those reasons and subsequently carrying forward the CSR initiatives and the last stage is the implementation and execution of CSR initiatives. The review of previous literature reveals that major studies have focused only on one aspect of CSR namely, the reasons for CSR initiatives. This study opens up the direction for studying these factors deeply, so that it can be of use and importance to the businesses who are involved in the decision making of CSR initiatives. The interdependency of factors, as explained in the study, will aid decision makers at different levels of planning and implementation stages. It provides valuable inputs for those decision makers who are planning for CSR initiatives as well as to those who are seeking solutions for unsatisfactory results of these initiatives in their organizations.

Keywords: Corporate Social Responsibility (CSR), Decision Makers, Regulations, Society, Process Model.

1. INTRODUCTION

In today's world, the businesses and their actions are under a scanner as businesses are embedded in a political and social context and their actions influence society [1]. Organizations take initiatives and actions, beyond their economic and legal requirements, to serve the society. These purposeful actions and approach undertaken by organizations is called as the Corporate Social Responsibility (CSR) [2]. In undertaking CSR activities, organizations integrate social and environmental concerns in their business operations which are carried out by the internal actors of organizations such as employees, functional departments etc. and also interact with various actors in the society such as non-government organizations, activist, social workers etc. However, while performing CSR activities organizations are constantly under scrutiny of media, government or other institutional bodies and many others. Numerous studies suggest that these actors are important drivers of CSR engagement in organizations. Therefore, it is important for the organizations carrying out CSR initiatives to have a symbiotic relationship with these varied actors in the society to gain approval, support and credibility in the political and social systems.

The impact of factors related to internal and external actors, which influence CSR activities in organizations has been widely discussed in literature. Scholars have studied how the personal value and belief system, leadership style etc. of internal actors, such as managers' leadership style, affect the CSR decisions. Further, studies examining external actors have investigated how actors, such as media, cultural demands, activists and many others, affect CSR decisions. However, the extant literature in this area has two shortcomings. Firstly, the factors influencing CSR decisions of internal and external actors are dispersed in literature. Secondly, how these interact with each other as organization transits thorough different stages of developing, finalizing and executing CSR activities has not been studied in detail. Thus, to understand the interrelationships between internal and external actors of organization during the implementation of CSR initiatives, we first undertake a literature review to identify the important factors driving the CSR decisions, and further employ the stakeholder theory, to explain the importance and dynamics at play amongst the varied actors. Stakeholder theory aids us to classify the factors related to internal and external stakeholders and helps us to examine the mechanism of the interrelationships between these factors. Combining the results of the literature view seen through the lens of the stakeholder theory, we develop a process model of execution of CSR activity.

As the decision makers in the organizations are increasingly pondering on the deeper aspect of why companies need to act in a socially responsible way, when should businesses decide to act in a socially responsible way and how they can search and find the drivers of improving their sustainability initiatives [3], the insights from this study would help them in their decision for CSR engagements.

To find the factors pertaining to internal and external stakeholders, a literature review was carried out for studies from years 2000 to 2020 in top journals of management which publish research on CSR, namely, Academy of Management Review (AMR), Academy of Management Journal (AMJ), Strategic Management Journal (SMJ), Long Range Planning (LRP), Business and Society (BS), Business Strategy and Environment (BSE) and Journal of Business Ethics (JBE). It was found that discussion on 'why' companies act in socially responsible way or take CSR initiatives has been widely discussed in the literature of CSR. For example, the impact of CSR on the financial performance of an organization, reputation building or image building for media and customers etc. has been the center of study of CSR.

2. THEORY AND PROPOSITIONS

2.1. CSR and Stakeholder Theory

The constant scrutiny of the business activities and societal engagements undertaken by organizations, demands organization to be responsible and address the need to effectively engage a range of stakeholders [4]. Stakeholders are "groups and individuals who can affect or are affected by, the achievement of an organization's mission" [5]. Stakeholders, acting formally or informally, individually or collectively, are key elements in organization's internal and external environment. In the context of CSR, stakeholders are of prime importance because CSR by organizations is an exchange wherein organizations offer something of value – social benefit or public service - to pertinent constituency, and in turn expect an approval or support of individuals and/or socio-political groups in its environment [6]. Thus, for any business organization, whether small or large, stakeholders' perceptions are likely to have a major impact as these stakeholders 1) provide legitimacy to the organization as a recipient of formal or informal obligation, 2) possess power to influence firm's behavior and reputation and 3) claim and demand for timely addressing of their issues. These influences of the stakeholders might affect the credibility of the organization and in turn, the overall survival and performance of the organization [7]. Numerous stakeholders, depending on the scope of the research, are defined in management literature. Further, these stakeholders are categorized as internal or external stakeholders, depending on whether the stakeholders are internal or external to organization [8]. They are also classified based on whether they are a part of the social context in which the organization exists and hence may influence all organizations that operate in that context, e.g. a nation (formal institutions, the community, NGOs, and industry bodies) or whether they are a part of the organizational context (consumers, shareholders, employees, and parent firms), and thus, their influence is company specific.

In this paper, we adopt the external and internal stakeholder approach of categorization of stakeholders. Internal stakeholders are the individuals, groups or departments inside an organization. They are involved in day-to day activities of organization and are important for organization's survival and its performance [9, 10, 11]. External stakeholders are individuals, groups, community or parties who are external to the organization and are not involved directly in organizational activities. They include the competitors, the media, the regulators, and the community as well as the business partners, government organizations, and the suppliers [12]. They contribute to the organization's performance by participative decisions which involve evaluation of organization and its legitimacy [13]. For example, customers can decide whether or not to remain loyal to a firm's products, and the media can decide whether to notify the public of any fraudulent activities within the firm. Besides, external stakeholders and managers of organizations interact within a network structure of nonhierarchical relations, where top management team of organizations lacks authority within this network. These broad set of political, economic as well as non-economic institutions have the power to transmit both negative and positive signal of organization's image, coerce or encourage organizations to change existing roles and organizational routines [14, 15].

Rather than merely classifying the stakeholder as internal and external we focus on factors relating to internal as well as external stakeholders that determine the CSR initiatives being taken in the organization. This approach provides insights on the mechanism through which both internal and external stakeholders influence CSR decision making, thus opening the black box of CSR decision making in organizations. Thus, based on the above discussion, we classify factors such as managers' personal values, leadership styles etc. as those relating to internal stakeholders, and factors such as feedback, cultural demand as those relating to external stakeholders. Table 1 details the factors identified in this study and their classification. By combining these dispersed factors in a single study, we provide valuable insights and mechanisms for relationship between them. The following section details the propositions for the factors identified in this review.

2.1.1. Factors Related to Internal Stakeholders

Managers' personal values and beliefs: The personal values of individuals or group of individuals plays a significant role in the decisions related to corporate social responsibility. As the decision makers have multiple identities as individuals, the personal values specific to them are different from those of the corporate or the organizational values which are determined by the organizational culture [16, 17, 18]. [19] mentions the importance of personal values in the context of CSR as "Ethical training, cultural background, preferences . . . and life experiences . . . that motivate human behavior" (p. 700). Further, in an empirical study carried by [20], the authors highlight the importance of managers' personal beliefs in the adoption of green organizational culture. They report that managers' personal beliefs can differ from "the espoused company line" (p. 219). [19] terms managers as "moral actors" (p. 698) and [21] refers to managers' individual discretion as one of the components of CSR. [22] asserts that to establish responsibility in organizations, one must ". . . consider the values, motives and choices . . ." of those involved in policy formulation (p.44). Based on the above discussion, we propose,

Proposition 1: Companies' CSR initiatives will be related to the personal values of managers taking CSR decisions.

Leadership style: [23] found that encouraging and motivating behaviors of CEOs, e.g. innovative way of approaching old problems and untangling complex problems, help in engaging employees and developing organizational resources and capabilities. These resources and capabilities help in taking CSR initiatives, which in turn helps in increasing the financial performance. This research explains the relationship between the behavior of organizational leaders with organizational members and CSR outcomes. The decision regarding CSR involves risk and therefore the risk-taking behavior of the decision makers helps in taking CSR decisions which are larger in scale and scope. This characteristic of the strategic leaders is an important factor in CSR decision making. [23] employ strategic leadership theory to CSR and find that a positive correlation exists between the leadership style and the propensity of firms to engage in CSR. [24] discuss about how leaders take multiple stakeholders into consideration in their decision making for CSR and that how this helps in portraying an inspirational image among their subordinates and organizational members.

Proposition 2: Companies' CSR initiatives is related to the leadership style of the managers or decision makers.

Stakeholders	Factors related to Respective Stakeholders
Internal Stakeholders	Manager's personal value and belief system; leadership style; executive motivations; research and development; slack resources; organizational reputation.
External Stakeholders	Media attention; competitive edge; institutional pressures; history of government; consumer willingness to pay; cultural demands feedback; activist.

TABLE 1: Factors related to Internal and External Stakeholder.

Executive motivations: Decision makers are individuals and have individual traits like self – interest. The motivation for taking CSR decisions is also driven by the self-interest of the decision makers [25]. This self-interest is regardless of the nature of the decision i.e. commercial or altruistic or long term or short term. As [26] observes ". . . it is always difficult to tell whether behaving ethically towards external stakeholders is prompted by altruism or self- preservation" (p. 44). For instance, leaders who involve multiple stakeholders in their decision-making in case of CSR, are more inclined towards gaining reputation. Their approach is more concerned on long term reputational benefits are derived by long term investment in CSR initiatives [18].

Proposition 3: Companies' CSR initiatives is related to the motivation of manager or decision maker

Research and development/ innovation: [27] define complementary asset as "resources that are required to capture the benefits associated with a strategy, a technology, or an innovation". Innovation of proprietary pollution prevention technologies contributes to cost advantage. [28] approach suggests that firms need to possess "complementary assets" to gain competitive advantage from the implementation of the best practices of environmental management. Firms who possess higher levels of complementary assets gain larger cost advantage from the use of pollution prevention technologies than firms with low levels of complementary assets [27, 28].

Proposition 4: Companies' CSR initiatives is related to the innovation and research and development along with the complementary assets that companies use.

Slack resources: Slack resources are potential resources which allow an organization to adapt successfully to internal pressures for adjustment or to external pressures for change [29]. Slack allows firms to make investments in resources and capabilities that may not have an immediate pay-off [30]. It can help the firm develop the resources and capabilities necessary for improving the speed and degree to which it can adapt to its external environment [31]. Time and money play an important role and are required to invest in sustainable development practices. Investments were required in new technologies, in conducting environmental and social audits, in implementing new health, safety, and environmental programs, and in the remediation of exploited land. Firms with extra financial resources, or large environmental health and safety departments were more likely to implement new practices. In these circumstances, organizational slack provides firms the latitude to seek new solutions to corporate sustainable development. Firms engage in socially responsible outcomes when available resources permit. This approach, often referred to as Slack Resource theory, predicts that only firms with access to excess financial resources will pursue social responsibility [32, 33, 34].

Proposition 5: When companies have slack resources, they invest those in CSR initiatives.

Organizational reputation: Many companies exist in mature industries and have greater product differentiation. In such sectors customers will also have sophisticated tastes and knowledge regarding the products and firms, so companies are likely to derive greater benefits from the use of CSR for reputation enhancement/protection [35, 36]. [37] viewed a high level of CSR advertising as a signal of product or firm quality. CSR can be viewed as a form of reputation building or maintenance [35]. [38] showed how reputational measures of CSR tend to be the best predictors of a firm’s financial performance. Also, the nature of the changing institutional context of international business makes businesses to trade in foreign countries, as they see the need to establish their reputations as good citizens in the eyes of new host populations and consequently will engage in CSR as part of this process [39].

Proposition 6: Companies go for CSR initiatives to establish and maintain their reputation.

2.1.2. Factors Related to External Stakeholders

Media attention: The total amount of media coverage raises the firm’s visibility, inviting further public attention and scrutiny. The media is one of the main sources of environmental information. Empirical studies have shown that the media has been particularly influential on corporate environmental responses [40, 41, 42,43]. Consumer taste and preferences may be affected by mass media, and CSR has become a hot topic in media circles. Journalists often provide free publicity of a firm's commitment or lack of commitment to CSR. Journalists also closely follow the work of social activists [44]. [45] contend that media attention devoted to social activists provides the public with access to new information regarding social attributes and methods of production. This free publicity, whether positive or negative, helps heighten public awareness of CSR, reduces information asymmetry, and thus, influences demand for CSR [44].

Proposition 7: Companies’ CSR initiatives are highly influenced by media attention. It plays an important role in driving CSR initiatives.

Competitive edge: It is often argued that firms' adoption of sustainability strategies should grant them competitive advantages over firms that do not adopt them. Firms and investors recognize that investing in accordance with sustainability principles has the capacity to create long- term value [45]. The information on sustainability practices that the firm develops and discloses should facilitate the development of better systems of internal control, decision making, and cost saving [46]. Thus, efficient management of resources would facilitate the development of capabilities that enable long term sustainable competitive advantages. [47] model this behavior and find that the propensity of firms to engage in strategic CSR depends on two factors: the intensity of competition in the market and the extent to which consumers are willing to pay a premium for social responsibility. In more competitive markets, less of the public good will be provided through strategic CSR and in the less competitive the market, more of the public good will be provided. This is so, since more competition results in lower margins and, therefore, less ability to provide additional (social) attributes or activity and less competition leads to the potential for higher margins and more ability to provide additional attributes or activity [35].

Proposition 8: Competition is a factor which drives the decision of CSR initiatives when a firm is competing in an industry.

Proposition 9: Companies’ CSR/sustainability gives companies a competitive advantage for long term.

Institutional pressures: [48] identify the inclusion of stakeholders in corporate affairs and CSR reporting as ". . . mechanisms by which the organizations satisfy (and manipulate) . . ." the pressures on the organizations to elicit acceptable CSR performance from them [48, p. 65). If the organizations fail to conform to these pressures, especially the pressures exerted by powerful stakeholders, the organization can suffer loss in their earnings, their reputations may be damaged and they may even lose their license to operate [49, 50]. The loss of legitimacy suffered by the firms, in case they have incurred fines, leads to close scrutiny of these firms by the governments and special interest groups [51, 52]. Hence, such firms will aim for a greater standard of corporate sustainable development, so as to divert such close inspection by governments and other stakeholders. Also, the firms which have incurred fines and penalties will be keenly aware of corporate sustainable development practices and the actions which they need to take to keep away from any further violations [53]. "Corporate social responsibility refers to managements' obligation to set policies, make decisions and follow courses of action beyond the requirements of the law that are desirable in terms of the values and objectives of society" [54, p. 141]. [55] report that the external reporting initiatives which serve to help organizations disclose positive environment and social performance are some of the means to encourage organizations to report good sustainability performance to stakeholders such environmentalists and financial analysts.

Proposition 10: Companies' CSR initiatives are driven and affected by institutional pressures.

History of government: The differences in history of the government, government and corporate relationship, and formulation of public policy plays an important role in explaining the differences in the CSR initiatives across countries [39]. Few researchers have identified a positive relationship government and development in which they identified the roles government play in promoting the development of CSR initiatives [56, 57]. One of the most useful classifications of governmental roles that could be adopted by governments is: "mandating (legislative)", "facilitating (guidelines on content, fiscal and funding mechanisms, creating framework conditions)", "partnering (engagement with multi stakeholder processes, stimulating dialogue)" and "endorsing (tools and publicity)". Governments also learn the importance and type of CSR initiatives to be taken for sustainable development and with this learning get a better idea of policy formulation and implementation which are in line with the businesses and society [58]

Proposition 11: The history of the government of the country drives the level of Companies CSR' initiatives.

Cultural demand: Legitimation theory states that a company necessarily needs to achieve approval from the society for its survival [39, 49, 60]. Labor management issues and those which revolve around integration or acceptance of the organization within and into the local communities are other driving factors of CSR. Studies point out that "the corporate interest in business ethics and good citizenship" is owing to the necessity for corporations to integrate with "the increasing number of diverse cultures of their officers and employees" owing to their global scale of operations [39]. Scholars have stated that even though the firms possess the discretion that they may operate within the institutional constraints, if they fail to conform to critical, institutionalized norms of acceptability, this behavior can jeopardize the firm's legitimacy, resources and, ultimately, its survival [49, 59, 60]. Institutions comprise of the professional associations, the government, the media or the public opinion [53].

Proposition 12: Companies' survival is a factor of inclusion of community, culture and unions. This makes CSR initiatives an important criterion for survival.

Feedback: Appropriate management control systems which contribute to improvement of performance are important in the implementation and execution of initiatives. The control systems which give proper feedback or information on the future environmental and social impacts of their actions and the sustainability performance are of importance in organizations. Feedback mechanisms help organization to learn and improve on the initiatives already taken and also guard them from path dependency approach. These approaches help in implementation of initiatives which improves approaches and scope. According to [3] the feedback system and information helps managers to check and challenge their preconceived assumptions and also supports them to access the viability of various decisions. It also helps in providing knowledge of the long-term implications of their decision on the organization and the society.

Proposition 13: Feedback helps and decides in opting for effective CSR initiatives.

Activist: The role of activists in implementation of CSR initiatives is very important. They help in carrying the information about the initiatives to a wider public [61]. They check for the firm’s internal operations and determines if it meets the moral and political standards to be called as “socially responsible”. They help in mediating the asymmetric information that exists between organization and customer in terms of internal operations. [45] assert that “activists can play an important role in addressing this concern, by supplying consumers with information they can rely on to choose socially responsible firms”.

Proposition 14: Activist play an important role in the implementation of CSR initiatives by reducing the asymmetric information and acting as a form of advertisement.

3. PROCESS AND CONTENT MODEL FOR DECISION MAKING OF CSR INITIATIVES BY ORGANIZATIONS

Figure 1 explains the process through which CSR decisions are taken by the managers. It explains the factors contributing to each stage in decision making of CSR initiatives. As seen in Figure 1, at each stage there is an interaction of the internal and the external environment and also the factors specific to internal and external environment at each stage. The model has four stages:

- The first stage is the pre-finalization of reason stage where the decision maker or group of managers have many reasons such as gaining legitimacy, adhering to compliance or green-washing for carrying out CSR initiatives for the organization. At this stage, the decision maker is present inside the organization and brainstorms depending on their perception for CSR initiatives and there are no definite or concrete reasons that are arrived at for carrying out CSR initiatives

- With these pre-finalized and indefinite reasons, the decision makers move to next stage i.e. the second stage where the finalization of the reason for carrying out CSR initiative happens. At this stage, varied indefinite reasons which are present with the individual or a group feeds into the organization’s system. Here, a group of managers interact among themselves as well with the external environment. The first type of interaction, in case of internal stakeholders i.e. among the decision maker’s or group of decision makers’ is driven by their personal values, beliefs, and motivation. The second type of interaction i.e. with the external stakeholders happens because the organization and its sub-system are partially closed and partially open [62]. These permeable boundaries don’t allow organizations and their members to be isolated from the external environment. The interactions with external stake-holders shape and define the reason and provides a fit with the demands and requirements of the external environment. This helps decision-makers to arrive at the final reason for carrying out CSR initiatives. For example, the external factors such as the media attention which gives publicity to the organization for their CSR initiatives, or to build a reputation or avoid penalties or deflect scrutiny due to institutional pressures by actors in the external environment plays a significant role in finalizing the reasons. Also, in the competitive market, the incentive for competitive edge also determines reasons for carrying out CSR initiative.

- Once the reasons are finalized, in the third stage, the finalization of situations wherein CSR initiatives will be taken is acted on. The most important factor in the internal environment of the organization is its organizational capabilities. It decides the extent to which the organization can perform repeatedly and productively the initiatives that create value and competitive advantage for the organization. These capabilities are developed by the integration of knowledge embedded in the individual associated with the development of organizational competencies.

For example, the organizational capabilities in the form of slack resources allow the organization to adapt successfully to internal pressures for adjustment or to external pressures for change.

- Further, for a business, the external stakeholders create an environment for carrying out CSR initiatives. They are of two types: One is the specific environment which is at the local level and is unique for each organization and the other is the general environment which is at the national level and the same for all the organizations in a country. The factor particular to the specific environment are the customers whom the organization serves. They should be willing to give importance and acknowledge the CSR initiatives by the organization. In the general environment, it is the government policies, culture, society and rules and regulation that are common for every organization and need to be addressed by every organization. Thus, the internal environment i.e. organizational capabilities provide the ability to improve the speed and degree to which the organization can adapt to its external environment and help in building a fit between internal and external environment.
- Once the situation for taking CSR initiatives are finalized, the next stage i.e. fourth stage is the execution of CSR initiatives. The initiatives are acted by the internal stakeholders i.e. the organizational members. The implementation of the initiatives is done on the external environment and in this stage, the organization is embedded in the external environment where it acts upon. Factors like research and development, leadership style, employees and reputation of the individual decision maker drive the implementation and execution of the CSR initiatives. Also, the role played by external stakeholders such as activists like NGOs and the feedback system determines the implementation of CSR initiatives.

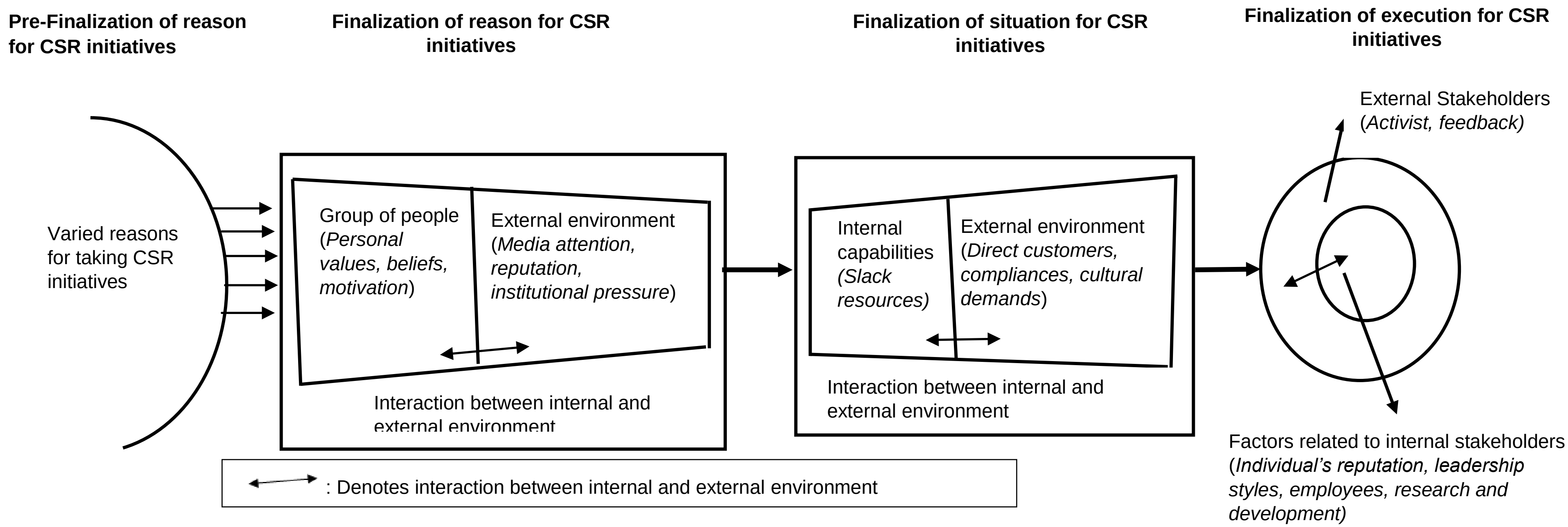

FIGURE 1: Proposed Process and Content Model for CSR initiatives by Organizations.

4. DISCUSSION AND CONCLUSION

The findings in this paper are of importance to the decision makers to incorporate the important aspects of CSR in the CSR initiatives in their organizations. The central theme of our review is to model the process through which managers or decision makers engage in CSR activities. To do so, we classified the various factors discussed in extant CSR literature, with respect to internal and external stakeholders. In doing so, we emphasize that since CSR decision making involves ambiguous issues, it is imperative for managers to take shareholders demands into consideration. They need to balance the economic, political and social benefits in their decision making to capture the very aspect of the CSR initiatives in their organizations. We found that the factors related to internal stakeholder were the decision maker's personal values, leadership style, and executive's motivation. Further, organizational capabilities such as research and development, slack resources and organizational needs such as organizational reputation were found to impact the decision of engaging and developing CSR activities. These findings highlight that internal stakeholders are the drivers of organizational effectiveness and that their motivation and involvement is the fuel for CSR engagements as well as organization's survival and performance. On the other hand, factors related to external stakeholders (such as media, government and activist) were those of cultural demand, institutional pressure and feedback. These impact an organization's reputation and credibility. The insights from the review demonstrate that the activities, specifically CSR activities undertaken by organizations, fall under the radar of external stakeholders and these actors possess power to sanction or approve the activities undertaken by organizations. Through their network in the environment in which organizations operate these actors influence organizations and their actions and practices. As expounded in the process model, continuous and ongoing interaction of internal stakeholder with external stakeholders forms an important constituent of the process which organizations engage in during their CSR decision making. This review contributes to the stakeholder theory by adopting an interactionist perspective at the organization and the stakeholder level, wherein conflicts and cooperation between internal and external stakeholders shapes the decision to take CSR activities.

The insights in this study are in line with the discourse in literature concerning importance of CSR for organizations [63]. The literature highlights that businesses requires trust and faith among stakeholder within corporate environment and to be considered ethical among its stakeholders. To gain the business ethics, scholars argue for involvement of organization in CSR activities. Further, as discussed by [63], the importance of CSR can be traced back to centuries. In extant literature the meaning of CSR is dispersed and authors argue for moving away from mere defining to understanding how CSR is constructed and implemented in a specific context and how organizations can implement and execute CSR in their strategic development process (64, 65). To address this, scholars have argued to adopt more holistic approach and to consider how organizations can benefit society, beyond the profits accrued by organizations. To contribute to the extant literature, we adopt the pragmatic approach as suggested by [66], which is more practice-oriented, providing a support framework for managers to analyze and face the necessary trade-offs they ought to make [67]. This approach helps to understand how basic business proposition contribute to value creation in organizational settings. It explores how companies provide value to its internal and external stakeholders such as, customers, suppliers, communities, employees and financiers [5].

In organizations, the impact of CSR affects employees to external stakeholder such as consumer in the environment. The perspective of considering internal stakeholders, as explored in this study, would help organizations in building organizational trust which leads to employee's satisfaction and in turn to customer orientation and improved business performance. Several studies such as those in the [68] hospitality industry and [69] in the context of service industry highlight the importance of CSR. Studies have also found that CSR is positively related to business performance (e.g. [70]).

Extant literature has pointed to sustainability and CSR as increasingly significant and steady features of organizations. The importance of CSR initiatives in firms is evident by their increasing participation in CSR-related global activities, such as participation in UN Global Compact [71], and publishing of CSR reports as recent studies indicate that nearly 2000 firms globally published reports of their CSR initiatives [72]. Firms also perform several activities to initiate and foster CSR such as creating senior-level positions of Corporate Responsibility Officer (CROs), organizing corporate-wide public relations (PR) initiatives and advertising campaigns to increase awareness of CSR and developing audits to assess the process of CSR activities. Firms also use media coverage to focus on their CSR activities and develop and promote CSR-related shareholder proposals. There also exists a large industry, $3 trillion, which focuses on socially responsible investing (SRI) as well as various government and non-government organizations which serve as observers, watchdogs and monitors for the CSR activities and initiatives undertaken by the firms globally. Studies have estimated that as many as 150 NGOs globally contribute and participate in activities concerning the CSR movement [73]. This study also contributes to the CSR literature and outlines the process of CSR related decision-making within organizations.

5. LIMITATION AND FUTURE SCOPE OF STUDY

The study is limited to factors that are highly discussed in the literature from 2000 to 2020 in top journals of management such as AMJ, AMR, SMJ, Long Range Planning, Organization Science, Journal of Business Ethics, Business Strategy and Environment, but future researchers can explore other journals, which might provide other factors, if any, affecting the reasoning of CSR initiatives and provide more inputs for study. Further, the proposed model is a generalized model which is not related to any industry or country or individual decision maker. The future researches can be carried out in finding out various contingent factors, which might play a major role in understanding CSR initiatives in a particular scenario as in industry specific, country specific or individual decision maker.

6. REFERENCES

[1] Salzmann, O., Ionescu-Somers, A., and Steger, U. (2005). The business case for corporate sustainability: literature review and research options. European Management Journal, 23(1), 27- 36.

[2] Tian, Q., Liu, Y., and Fan, J. (2015). The effects of external stakeholder pressure and ethical leadership on corporate social responsibility in China. Journal of Management and Organization, 21(4), 388-410.

[3] Epstein, M. J., and Roy, M. J. (2001). Sustainability in action: Identifying and measuring the key performance drivers. Long range planning, 34(5), 585-604.

[4] Yang, D., Wang, A. X., Zhou, K. Z., and Jiang, W. (2019). Environmental strategy, institutional force, and innovation capability: A managerial cognition perspective. Journal of Business Ethics, 159(4), 1147-1161.

[5] Freeman, R. E., and Velamuri, S. R. (2006). A new approach to CSR: Company stakeholder responsibility. In Corporate social responsibility (pp. 9-23). Palgrave Macmillan, London.

[6] O'riordan, L., and Fairbrass, J. (2008). Corporate social responsibility (CSR): Models and theories in stakeholder dialogue. Journal Of Business Ethics, 83(4), 745-758.

[7] Mitchell, R. K., Agle, B. R., and Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy Of Management Review, 22(4), 853-886.

[8] Aguilera, R. V., Rupp, D. E., Williams, C. A., and Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. Academy of management review, 32(3), 836-863.

[9] Carter, C. R., and Jennings, M. M. (2002). Social responsibility and supply chain relationships. Transportation Research Part E: Logistics and Transportation Review, 38(1), 37-52.

[10] Brammer, S., and Millington, A. (2004). Stakeholder pressure, organizational size, and the allocation of departmental responsibility for the management of corporate charitable giving. Business and Society, 43(3), 268-295.

[11] Mohr, L. A., and Webb, D. J. (2005). The effects of corporate social responsibility and price on consumer responses. Journal Of Consumer Affairs, 39(1), 121-147.

[12] Miller, R. L., and Lewis, W. F. (1991). A stakeholder approach to marketing management using the value exchange models. European Journal of Marketing, 25(8), 55-68.

[13] Fanelli, A., and Misangyi, V. F. (2006). Bringing out charisma: CEO charisma and external stakeholders. Academy of Management Review, 31(4), 1049-1061.

[14] Fligstein, N. (2001). Social skill and the theory of fields. Sociological theory, 19(2), 105-125.

[15] Roe, M. J. (1994). Strong manager, weak owners: The political roots of American corporate governance. Princeton, NJ: Princeton University Press.

[16] Liedtka, J. M. (1989). Value congruence: The interplay of individual and organizational value systems. Journal of Business Ethics, 8(10), 805-815.

[17] Reidenbach, R. E., and Robin, D. P. (1991). A conceptual model of corporate moral development. Journal Of Business Ethics, 10(4), 273-284.

[18] Hemingway, C. A., and Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. Journal of Business Ethics, 50(1), 33-44.

[19] Wood, D. J. (1991). Corporate social performance revisited. Academy Of Management Review, 16(4), 691-718.

[20] Harris, L. C., and Crane, A. (2002). The greening of organizational culture. Journal of organizational change management.

[21] Swanson, D. L. (1995). Addressing a theoretical problem by reorienting the corporate social performance model. Academy Of Management Review, 20(1), 43-64.

[22] Maclagan, P. (1999). Corporate social responsibility as a participative process. Business Ethics: A European Review, 8(1), 43-49.

[23] Waldman, D. A., Siegel, D. S., and Javidan, M. (2006). Components of CEO transformational leadership and corporate social responsibility. Journal Of Management Studies, 43(8), 1703-1725.

[24] deLuque, M. S., Washburn, N. T., Waldman, D. A., and House, R. J. (2008). Unrequited profit: How stakeholder and economic values relate to subordinates' perceptions of leadership and firm performance. Administrative Science Quarterly, 53(4), 626-654.

[25] Masum, M. H., Uddin, M. M., Ahmed, H., and Uddin, M. H. (2019). Corporate Social Responsibility Disclosures and Corporate Performance: Evidence from the Listed Companies in Bangladesh. Academy of Strategic Management Journal.

[26] Rollinson, D. (2002) Organizational Behavior: An Integrated Approach. Pearson Education.

[27] Christmann, P. (2000). Effects of “best practices” of environmental management on cost advantage: The role of complementary assets. Academy of Management Journal, 43(4), 663-680.

[28] Teece, D. J. (1986). Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. Research Policy, 15(6), 285-305.

[29] Bourgeois III, L. J. (1981). On the measurement of organizational slack. Academy of Management review, 6(1), 29-39.

[30] Levinthal, D., and March, J. G. (1981). A model of adaptive organizational search. Journal Of Economic Behavior and Organization, 2(4), 307-333.

[31] Cheng, J. L., and Kesner, I. F. (1997). Organizational slack and response to environmental shifts: The impact of resource allocation patterns. Journal of management, 23(1), 1-18.

[32] McGuire, J. B., Sundgren, A., and Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. Academy Of Management Journal, 31(4), 854-872.

[33] Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: An application of stakeholder theory. Accounting, Organizations and Society, 17(6), 595-612.

[34] Amato, C. H., and Amato, L. H. (2011). Corporate commitment to global quality of life issues: Do slack resources, industry affiliations, and multinational headquarters matter? Business and Society, 50(2), 388-416.

[35] McWilliams, A., Siegel, D. S., and Wright, P. M. (2006). Corporate social responsibility: Strategic implications*. Journal Of Management Studies, 43(1), 1-18.

[36] Jia, Y., Gao, X., and Julian, S. (2019). Do firms use corporate social responsibility to insure against stock price risk? Evidence from a natural experiment. Strategic Management Journal.

[37] Milgrom, P., and Roberts, J. (1986). Price and advertising signals of product quality. Journal Of Political Economy, 94(4), 796-821.

[38] Orlitzky, M., Schmidt, F. L., and Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. Organization Studies, 24(3), 403-441.

[39] Chapple, W., and Moon, J. (2005). Corporate social responsibility (CSR) in Asia a seven-country study of CSR web site reporting. Business and Society, 44(4), 415-441.

[40] Bansal, P., and Clelland, I. (2004). Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. Academy of Management journal, 47(1), 93-103.

[41] Bansal, P., and Roth, K. (2000). Why companies go green: A model of ecological responsiveness. Academy of management journal, 43(4), 717-736.

[42] Henriques, I., and Sadorsky, P. (1999). The relationship between environmental commitment and managerial perceptions of stakeholder importance. Academy of management Journal, 42(1), 87-99.

[43] Gatti, L., Vishwanath, B., Seele, P., and Cottier, B. (2019). Are we moving beyond voluntary CSR? Exploring theoretical and managerial implications of mandatory CSR resulting from the new Indian companies act. Journal of Business Ethics, 160(4), 961-972.

[44] Bebbington, J., and Gray, R. (2001). An account of sustainability: failure, success and a reconceptualization. Critical perspectives on accounting, 12(5), 557-588.

[45] Fedderson, T., and Gilligan, T. (1998). Saints and markets. Working paper, Northwestern University, Evanston IL.

[46] Adams, C. A. (2002). Internal organisational factors influencing corporate social and ethical reporting. Accounting, Auditing and Accountability Journal.

[47] Bagnoli, M., and Watts, S. G. (2003). Selling to socially responsible consumers: Competition and the private provision of public goods. Journal of Economics and Management Strategy, 12(3), 419-445.

[48] Gray, R., Kouhy, R., and Lavers, S. (1995). Corporate social and environmental reporting. Accounting, Auditing and Accountability Journal.

[49] Oliver, C. (1991). Strategic responses to institutional processes. Academy Of Management Review, 16(1), 145-179.

[50] Pfeffer, J., and Salancik, G. R. (1978). The external control of organizations. A Resource Dependence Perspective, New York et al.: Harper and Row.

[51] Meyer, J. W., and Rowan, B. (1991). Institutionalized organizations. and Robert Wuthnow, Meaning and Moral Order.

[52] Zhang, Y., Wang, H., and Zhou, X. (2019). Dare to be different? Conformity vs. differentiation in corporate social activities of Chinese firms and market responses. Academy of Management Journal, (ja).

[53] Bansal, P. (2005). Evolving sustainably: A longitudinal study of corporate sustainable development. Strategic management journal, 26(3), 197-218.

[54] Mosley, D. C., Pietri, P. H., and Megginson, L. C. (1996). Management, leadership in action. HarperCollins College Publishers.

[55] Aragón-Correa, J. A., and Sharma, S. (2003). A contingent resource-based view of proactive corporate environmental strategy. Academy of management review, 28(1), 71-88.

[56] Aaronson, S. A., and Reeves, J. (2002). The European response to public demands for global corporate responsibility. National Policy Association. USA.

[57] Zappal, D. G. (2003). Corporate Citizenship and the Role of Government: the Public Policy Case. web. library@ aph. gov. au. Commonwealth of Australia.

[58] Albareda, L., Lozano, J. M., Tencati, A., Midttun, A., and Perrini, F. (2008). The changing role of governments in corporate social responsibility: drivers and responses. Business ethics: a European review, 17(4), 347-363.

[59] DiMaggio, P. J., and Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. American sociological review, 147-160.

[60] Scott, W. R. (1987). The adolescence of institutional theory. Administrative Science Quarterly, 493-511.

[61] Ginder, W., Kwon, W. S., and Byun, S. E. (2019). Effects of Internal–External Congruence-Based CSR Positioning: An Attribution Theory Approach. Journal of Business Ethics, 1-15.

[62] Kast, F. E., and Rosenzweig, J. E. (1972). General systems theory: Applications for organization and management. Academy Of Management Journal, 15(4), 447-465.

[63] Hlochova, H. The Origins of CSR In Theory and Practice: Chapter from CSR History In The CEE Region. International Journal Of Business Research And Management (IJBRM), 84.

[64] Dahlsrud, A. (2008). How corporate social responsibility is defined: an analysis of 37 definitions. Corporate social responsibility and environmental management, 15(1), 1-13.

[65] Van Marrewijk, M., and Werre, M. (2003). Multiple levels of corporate sustainability. Journal Of Business Ethics, 44(2-3), 107-119.

[66] Margolis, J. D., and Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. Administrative Science Quarterly, 48(2), 268-305.

[67] Kakabadse, N. K., Rozuel, C., and Lee-Davies, L. (2005). Corporate social responsibility and stakeholder approach: a conceptual review. International Journal of Business Governance and Ethics, 1(4), 277-302.

[68] Lee, C. K., Song, H. J., Lee, H. M., Lee, S., and Bernhard, B. J. (2013). The impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation: An empirical examination of responsible gambling strategies. International Journal of Hospitality Management, 33, 406-415.

[69] Lee, Y. K., Lee, K. H., and Li, D. X. (2012). The impact of CSR on relationship quality and relationship outcomes: A perspective of service employees. International Journal of Hospitality Management, 31(3), 745-756.

[70] Adeneye, Y. B., and Ahmed, M. (2015). Corporate social responsibility and company performance. Journal of Business Studies Quarterly, 7(1), 151.

[71] Cetindamar, D. (2007). Corporate social responsibility practices and environmentally responsible behavior: The case of the United Nations Global Compact. Journal of business Ethics, 76(2), 163-176.

[72] Cheney, G., J. Roper and S. May: 2007, 'Overview', in S. May, G. Cheney and J. Roper (eds.). The Debate over Corporate Social Responsibility (Oxford University Press, Oxford)

[73] Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. Academy of Management perspectives, 22(3), 87-108.