

What drives CSR Specialization? The role of external contingencies

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Abstract

While firms may participate in a broad spectrum of corporate social responsibility (CSR) initiatives, their tendency is to specialize in specific CSR dimensions. Previous research has examined antecedents of CSR structure changes. However, findings are mixed as researches simply discuss from firm resources perspective, lacking explanation on how firm's resource usage efficiency and environmental contingencies build up the CSR specialization. In this research, we employed resources advantage theory and investigated how a firm's relative marketing capability (RMC) affects CSR specialization under three market conditions (market complexity, dynamism, and munificence). Using an unbalanced panel data of 855 firms across six countries from past ten years and an endogeneity-robust dynamic estimation technique, we found that RMC positively affects firm CSR specialization. Furthermore, our empirical results reveal firms with greater RMC adopt a specialized CSR structure when firms face a less munificent, more complex, and more dynamic market. Overall, this research provides new insights into why and when firms decide to specialize in CSR activities.

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