

Isaksson, Lars E.

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Article

Corporate Social Responsibility Trajectory: Mining Reputational Capital

Lars E. Isaksson 

School of Business and Law, Queensland University of Technology, Brisbane, QLD 4001, Australia;
lars.isaksson@qut.edu.au

Abstract: This study proposes that MNCs might withdraw from the CSR concept to gain tangible benefits, like improved corporate financial performance (CFP), and intangible benefits, such as reputational capital (RC). This represents a paradigm shift from the philanthropic end of the spectrum to the strategic win–win side, where all investments are expected to yield a return. Being tacit, quests for reputational returns are discussed in terms of corporate social performance (CSP) with its currency being RC (an intangible asset). However, this requires a deep understanding of the CSP concept and ‘good management’. This study argues that CSR will change trajectory based on three facets. First, we argue for the replacement of CSR by CSP, where ESG becomes ‘business as usual’. Second, regulatory categories (voluntary or legislated) will merge. Third, ethics endorsing ‘good management’ will alter executive mindsets, making CSP deeply embedded in corporate behavior. Organizational behavior towards CSP must, therefore, be sincere yet not embedded overwhelmingly. We extend previous discussions regarding the relationship between CSP and CFP, who present robust evidence that (1) absent CSR embedment has no/neutral CSP and CFP effect; (2) inadequate CSR yields negative CSP and CFP; and (3) productive CSR positively affects CSP and CFP. Consequently, this study argues that (4) strategic CSR (SCSR) maximizes positive CSP and that (5) excessive CSR is detrimental, yielding negative effects on both CSP and CFP. This study, therefore, conjectures the existence of a ‘sweet spot’, where SCSR optimizes CSP and CFP outcomes. The contributions address ESG engagement as a ‘sweet spot’ concept and provide a model enabling SCSR discussion, CSP evaluations, and an implementation framework for its achievement. The framework gives executives a toolbox to influence their stakeholders toward improved CFP. Therefore, our perspective supports CSP embedment, enabling firms to address business growth and sustainability requirements.



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Keywords: strategic CSR; CSP; ESG; CFP; sweet spot; implementation

1. Introduction

Firms with a sincere interest in pursuing corporate social responsibility (CSR) do so to gain intangible benefits, such as reputation building, or tangible benefits, like improved financial performance (CFP). In either case, it represents a step in shifting the paradigm, moving firms further away from philanthropy to strategic win–win outcomes. This is an important starting point since few firms invest time and resources in activities they do not believe can generate a positive return (Cho et al., 2019). To exemplify, this study presents samples from multinational companies (MNCs) with top-performing CSR records working in different CSR regulatory environments. ORIFLAME, for instance, a Swedish multinational that voluntarily engages in strategic CSR (SCSR), strives for almost the

same advantages as TOYOTA India, which operates in an environment where CSR is legislated. While operating in vastly different industries (cosmetics vs. automotive) and business models (direct vs. indirect sales), they jointly provide robust insight into successful corporate social performance (CSP). The reason for this study is not to provide a sample of success stories in this study alone but to substantiate the business case for CSP. That is, when firms decide to engage in environmental, social, and governance-related responsible activities (ESG), they will seek a win–win outcome and a substantial return on their assets (ROA). This requires a sincere approach to the concept and a focus on ‘good management’ orchestrated by the executives.

In brief, firms must see a positive return to start their sustainable journey, which depends on top management support and committed staff. Yet, its customers, suppliers, and investors also need to gain from it. However, without understanding the intricacy of the relationship between ESG investment and CSP returns, firms might experience fading internal support when the benefits are hard to quantify (Chatterjee et al., 2023). In addition, they (the executives) must also design a feasible implementation method. This study, therefore, contributes to the literature by filling a valuable gap where “little attention has been paid to the cognitive reasoning of the individuals responsible for CSR and corporate sustainability” (Yusif & Hafeez-Baig, 2024). This paper discusses CSR evolution, as framed above, the regulatory modes, and management focus and explains conceptual ESG engagements. This study further provides an innovative model, enabling SCSR discussion and CSP evaluations, and a framework for optimized SCSR implementation.

CSR is broadly perceived as something firms have; that is, the license (registration) to conduct business is conditioned with the responsibility to behave to market expectations. Yet, the concept has evolved to focus on the results. The reason is a strategic shift, where investors expect all investments to be fruitful, forcing executives to shift a potentially philanthropic mindset to a strategic one (Isaksson et al., 2014; Pasquino & Lucarelli, 2024). Being of a tacit nature, such quests for returns are discussed in terms of CSP, with its currency being reputational capital (RC)—an intangible asset. Therefore, MNCs attempt to mine RC by strategically defining their return objectives and by carefully designing their CSR architecture to orbit ESG activities leading towards enhanced performance or new competitive advantages. For instance, activities that increase their international competitiveness (Isaksson & Kiessling, 2021; Melo & Garrido-Morgado, 2012); that extend or sharpens their business strategy (Kang, 2009; Kuokkanen & Sun, 2024); that improve their reputation (Brunen & Laubach, 2022; Melo & Garrido-Morgado, 2012; Wang et al., 2016) and legitimacy (Deegan, 2019); that decrease their market risks (AL-Akheli et al., 2025; Isaksson et al., 2014); or any combinations thereof, can elevate their RC. The problem, however, remains the lack of an in-depth understanding of CSP fundamentals and contextual CSR (Isaksson et al., 2014; Li et al., 2024) and implementation know-how (Benuzzi et al., 2024; Prasad et al., 2021), which represents the research gap for this study.

The last decade has consequently seen a rise in methodological attempts to conceptualize, design, and quantify CSP (Huang et al., 2024). The prevailing method is to assess firms’ CSP by measuring their ESG activities. These internal and external operative tactics are further commercialized via social and ethical behavioral indexes (SEB). These indexes measure CSP levels by their ESG activities, assessing potential social and financial benefits. Examples of the many SEBs are the Dow Jones Sustainability World Index, FTSE 350, EuroStoxx600, KLD, Bloomberg ESG, PRI, FTSE4Good, and S&P Global 1200. As firms experience positive reputational effects from SEB inclusions, they opt for ESG activities with the potential to increase their business strategy and CFP, all in line with investor expectations (Arvidsson & Dumay, 2022; Li et al., 2024).

This study argues that CSR will change trajectory based on three facets (touchpoints) and their associated effects. First, we argue that a paradigm shift will cement CSP and ESG to become ‘business as usual’ and erase the CSR label in the process. Second, the CSP delivery modes (voluntary, recommended, legislated) will merge to embrace aspects of them all. Third, the ethical aspects that, if correctly designed, can make CSR profitable endorse a robust ‘good management’ mindset, resulting in SCSR and ESG activities becoming deeply embedded in corporate behavior. We expect the three touchpoints to yield significant value in the form of (1) competitive advantages, reduced market risks, and improved CFP (the shifting paradigms); (2) resilient crisis management capability and insurance-like effects (the regulatory frameworks); and (3) esprit de corps, investor liking, and positive HR effects (recruitment and retention) from the ethical dimensions—all supportive of RC and improved MCAP (Brunen & Laubach, 2022; Hafeez et al., 2022; Song, 2024).

Building on Barnett and Salomon’s (2012) study, who argue that (1) absent CSR embedment has no/neutral CSP and CFP effect; (2) inadequate CSR yields negative CSP and CFP, and (3) productive CSR positively affects CSP and CFP, this study argues that (4) strategic CSR (SCSR) maximizes positive CSP and that (5) excessive CSR is detrimental yielding negative effects on both CSP and CFP. Consequently, this study posits that without strategically designed CSR programs (SCSR), all ESG/CSP efforts are in vain (Figure 1).

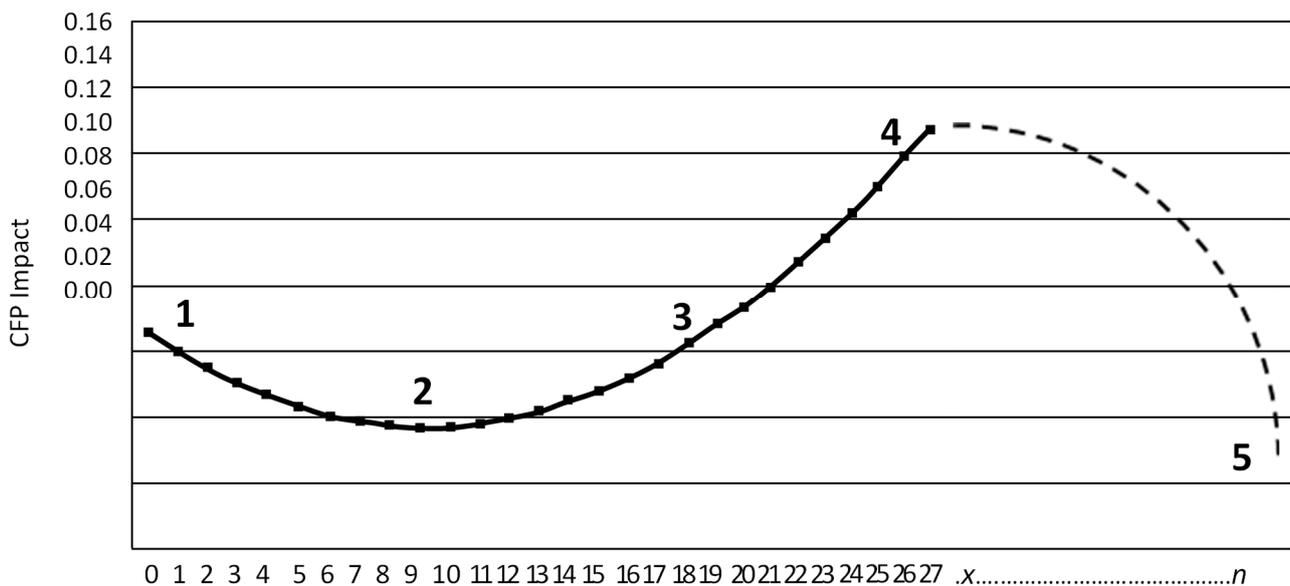


Figure 1. Building on Barnett and Salomon’s (2012) model (steps 1, 2, 3) and the author’s additions (steps 4 and 5).

The relationship between CSP (SEB Index) and CFP (ROA) is as follows:

- | | |
|---------------------------------|--|
| (1) Absent (no) CSR | = no/neutral (0) CFP effect. |
| (2) Inadequate (too little) CSR | = negative (–) CFP effect. |
| (3) Productive (strong) CSR | = positive (+) CFP effect. |
| (4) Strategic (ultimate) CSR | = positive (++) CFP effect (‘sweet spot’). |
| (5) Excessive (too much) CSR | = negative (––) CFP effect. |

The above relationship is based on an extended interpretation of Barnett and Salomon (2012), Isaksson et al. (2014), and Wang et al. (2016).

When modeling these touchpoints, we conjecture a ‘sweet spot’ (Figure 1, #4) where strategic CSR delivers optimal levels of CSP and CFP. Hence, we predict that firms increase their CSR investments (mining) to a certain level where a sweet spot is perceived (see, e.g.,

the robustness tests in [Barnett and Salomon \(2012, pp. 1315–1316\)](#)). The conjectured perspectives provide innovative insights and suggest interaction effects assisting practitioners in understanding how firms can both address business growth and proactively manage greater sustainability requirements from different stakeholders without overinvesting.

Managers must, therefore, understand the conditions under which CSR *can* be a key driver and determinant of improved long-term CFP. This occurs *if* CSR is strategic (purposefully designed) *and* actively managed (pursued). For example, a firm already perceived as ‘good’ and positioned in the sweet spot might not achieve further insurance-like protection by doing ‘more’ ([Kim et al., 2021](#); [Schiessl et al., 2022](#); [Zheng et al., 2024](#)). That is, firms must seek SCSR with distinct deliverables for the firm and society to achieve ‘win-win’ outcomes ([Isaksson & Kiessling, 2021](#)). This translates to the importance of communication, as CSR must, like any other corporate activity, be communicated internally and externally, e.g., using social media ([Nicolas et al., 2024](#)).

There is, however, a dilemma. Unlike product marketing, where proactive and assertive communication is expected and often welcomed by the receiving parties (e.g., customers, suppliers, or employees), CSP communication must instead be reactive and defensive. Thus, while MNCs are expected to sincerely engage in social contributions, they are not expected to tell the market how ‘good’ they are being, which is perceived as bragging ([Du et al., 2010](#)). It is, in contrast, recommended that external CSR communication should follow observed behavior in a reactive yet pre-emptive way ([Wagner et al., 2009](#)). Thus, CSR communication must be sincere and well designed, but utilized with the proper timing to avoid being perceived as insincere ([Du et al., 2010](#); [Nicolas et al., 2024](#)), for example, via a holistic approach embedding CSR information into everyday marketing ([Noha, 2009](#); [Olson, 2008](#)) and communicating with employees ([Wieseke et al., 2009](#)). It is further recommended to use reactive instead of proactive timing ([Wagner et al., 2009](#)). At the core, CSR and communication reflect a delicate ‘yin-yang’ type of relationship that is difficult to manage and is recommended to be viewed as a control function under constant scrutiny.

The above rationale sets this study’s foundation and contributes to theory by introducing an innovative model enabling SCSR discussion and CSP evaluations towards the realization of a corporate ‘sweet spot’, labeled the ‘Strategic CSR’ model. This study also contributes to the future state of the ESG-CSP discussion by presenting a model inclusive of the above topics to mine the RC-labeled ‘Framework for Optimized SCSR Implementation’ model (FOSI).

2. Theoretical Perspective

From a theoretical perspective, this strategic approach resonances a combination of [Grant’s \(1996\)](#) and [Cooper et al.’s \(2023\)](#) knowledge-based view (i.e., knowledge-based resources that are ‘difficult to imitate and socially complex, and, therefore, are major sources of sustained competitive advantages and superior performance’), [Eisenhardt and Martin’s \(2000\)](#) and [Sarwar et al.’s \(2023\)](#) dynamic capabilities view (the focus on a ‘firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments’), and [Barney’s \(1991\)](#) view that MNCs relationships with, and reputation amongst, their stakeholders and society represents an intangible resource in the form of social complexity ([Battisti et al., 2022](#)). It is, therefore, important for MNCs to proactively scrutinize their firm-level set-up (internal and external orientation), operative structure (selected business strategy), and organizational design ([Aguinis & Glavas, 2012](#)) and fine-tune their corporate culture ([Porter & Kramer, 2006](#)). All support the successful design of their RC programs to meet their objectives. All are further attuned to the industry they compete in since each industry comes with its own vagaries. Yet, to the best knowledge of the researchers, few papers address the operationalization of strategic CSR or RC mining.

This approach touches the resource-based view (RBV) and its core notion that firms creating valuable, rare, inimitable, and non-substitutable resources (i.e., displaying VRIN attributes) should gain sustainable competitive advantages. Critics, however, claim RBV to be “*conceptually vague and tautological, with inattention to the mechanisms by which resources contribute to competitive advantages*” (Eisenhardt & Martin, 2000, p. 1106). This paper aims to overcome this critique by modeling the mechanisms by which firms achieve CSR-based competitive advantages—some vague, some crisp, some tautological, some sublime. Properly designed, this should, in turn, yield positive corporate social performance (CSP)—the outcome of importance. This point is more important than previous researchers have accredited it to be. Corporate social responsibility (CSR) is only a mindset indicating voluntary or legislative activities (e.g., sustainability reporting requirements in annual reports) that target the benefit of related or unrelated external stakeholders (mostly)—regardless of whether it is beneficial for the providing MNC or not. CSR can be undertaken by any company for any reason, but the outcome thereof (the return) only yields CSP if it, in any aspect, becomes valuable and recognized by internal, external, and related stakeholders.

3. Best Practices

Since MNCs struggle to fully comprehend and successfully implement CSR, it is challenging to provide CSP returns (Isaksson et al., 2014). The CSP currency—RC—becomes, for these reasons, subsequently difficult to mine. The research outcome, therefore, provides valuable insight into successful strategic CSR management, as displayed by the erected model for SCSR discussion and CSP evaluations and the framework for optimized SCSR implementation. The researchers believe these models provide explorative and educative trigger points for further RC research and for the executive practitioner.

While multiple ESG activities can be antecedents to, and contributors to, RC and the mining process itself (both when assessed separately and when assessed as a palette), this study focuses on *how* MNCs achieve high CSP. Examples of ESG-RC antecedents form the building-blocks of RC mining, where firms seek to improve sales performance (Yang & Jiang, 2023); to attract more customers (Markovic et al., 2022); and to strengthen customer relationships and increase corporate liking (Du et al., 2010) or their legitimacy (Du & Vieira, 2012; Luo & Bhattacharya, 2009). Other RC contributors are more internal in nature and stem from increased employee loyalty and organizational belonging (DeTienne et al., 2012; Zheng et al., 2024), which improves employee courage, commitment, and willingness to increase customer services (Song, 2024; Shen & Benson, 2014). This can improve firms’ attractiveness for future recruitment and decrease levels of employee turnover (Virador & Chen, 2023; Shen & Benson, 2014). All are linked to, for example, sales improvement.

Ultimately, companies with solid RC (or higher RC than their competitors) enable a price premium for their goods and services (McWilliams & Siegel, 2001). This is based on the ‘perception is reality’ axiom, meaning what an individual believes to be true will influence their decision-making (Patton, 2002, p. 572). It is for these conjectured reasons that CSP depends on the strategic objectives that underpin correct ESG program design and that the correct implementation thereof is a *necessity* for mining (sufficient) RC to achieve (any) competitive advantages. Building on Barnett and Salomon’s (2012) proposition of a U-shaped relationship between CSP and CFP, this study suggests the existence of a sweet spot for maximizing RC. To operate RC towards its full mining potential, perseverance is a vital and key trait since it takes time (time-lag) for any stakeholder to recognize and acknowledge accumulated RC (Carroll & Shabana, 2010; Zhou et al., 2022). Hence, SCSR-derived RC is likely to emerge when MNCs avoid a short-term perspective (seeking short-term benefits), as this can affect the overall CSR outcomes negatively and result in low RC yield (Kang, 2013; Mohtsham Saeed & Arshad, 2012; Ruiz & Garcia, 2021). The activities might lead

to positive CSP notions but risk being insufficient to achieve high RC yield. While the long-term quest for the researchers is to model and quantify the precise location of the sweet spot, it is not the aim of this study. This study instead attempts to point towards its existence from a conceptual perspective and support the navigation towards RC.

An example of achieving both external and internal CSP positivism is the 2008 events in a Bangladesh subsidiary of the European telecommunications company Telenor (BHR, 2008; Isaksson, 2008). These events displayed that mined RC in the form of corporate credibility accumulated over time can provide insurance-like protection. At the time, Telenor had aggressively expanded their business via acquisitions (Thailand, Philippines, India, Bangladesh, and Pakistan), making them the sixth largest telco in the world. Yet, Telenor retained its status as a 'good' company known for its CSR sincerity. Apart from providing mobility and connectivity, they also focused on value-adding services for the people. Pioneering in mobile banking via their mobile networks (Telenor, 2013), they created the 'EasyPaisa' app (Version 5.4.9) in Pakistan (codeveloped with the support of Grameen Bank CEO, Muhammad Yunus, the inventor of micro-financing). The app leapfrogged the need to conduct financial transactions using traditional banks by enabling financial transactions over their mobile phone network using regular 'dumb phones', that is, handsets pre-dating smartphones that do not require internet connectivity (Telenor, 2018):

"Opening a bank account can be a tedious process and using conventional bank services is not always efficient or practical. Easypaisa™, however, makes it easy and secure for ordinary Pakistanis to pay bills, transfer money, and even open a mobile bank account without having to queue up at the banks with inconvenient opening hours, remote branch offices, and outdated IT systems. In Pakistan, any person can use Easypaisa™ services by visiting their nearest Easypaisa™ authorized shop. Easypaisa™ shops are present at over 22,000 outlets in more than 750 cities and towns in the country. The shops are open around the clock and with the app open to competitors and operating independently from traditional banks. More than 5 million unique users use Easypaisa™ services every month. Since its launch (2009), the Easypaisa app has completed >117 million transactions worth Rs.261 billion (approx. \$2.11 bn). They also introduced a model to earn interest on mobile account savings by using the mobile phone" (Telenor, 2013).

Telenor's positive credibility and reputation then became the target of scope-seeking journalists who went undercover to investigate if Telenor was as good as they themselves, customers, and investors claimed it to be. When one of their subcontractors in Bangladesh, who galvanizes telecommunication masts, breached Telenor's code-of-conduct regarding workers' safety and child labor in hazardous industrial environments (e.g., around acidic galvanization pools leading to fatal accidents), Telenor was blamed for the subcontractor's negligence. The media attention to these events resulted in an approximately 5% decrease in their MCAP. However, Telenor's accumulated positive RC convinced the stakeholders of their corporate innocence (BHR, 2008), as they immediately sent an auditing team to the facility. They then assessed and rectified the situation, which restored the share price (Isaksson, 2008). The above conceptual discussion guides this study towards a model enabling SCSR discussions and CSP evaluations among executives where firms deciding to build a win-win CSP (Figure 2: A) and follow recommended application modes, e.g., the ISO26000 CSR standard (B), enjoy crossover effects in the form of external operative advantages, e.g., reduced market risks or improved sales (D). Further, firms with a win-win mindset (A) embracing a 'good' management philosophy (C) enjoy crossover effects in the form of internal operating advantages, e.g., attractiveness of best employees (E). The model also suggests that firms with a robust CSP application mode (B) supported by 'good' management (C) enjoy crossover effects in the form of corporate-wide resilience to challenging market conditions or wrongdoings (F).

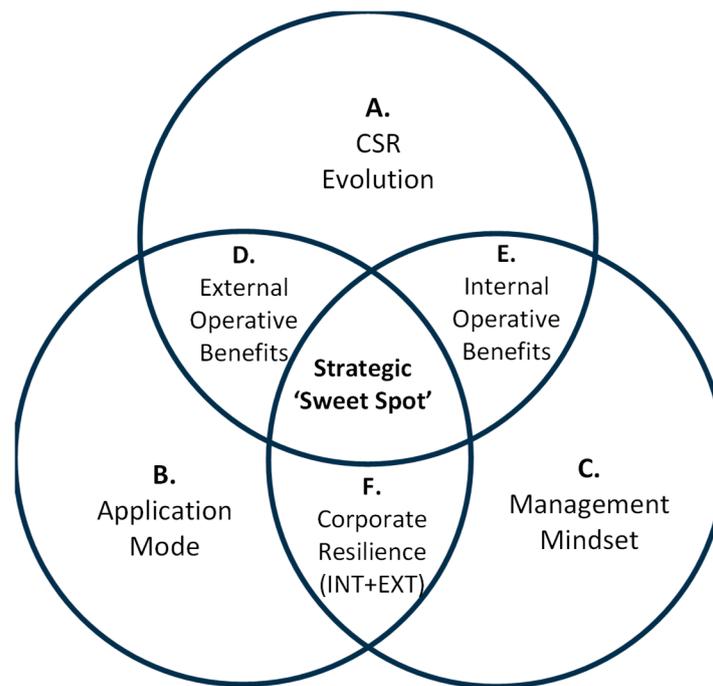


Figure 2. The ‘Strategic CSR Model’ enables SCSR discussions and CSP evaluations towards the realization of a corporate ‘sweet spot’. Figure explanation: (A) = the shifting paradigm; (B) = regulatory frameworks; (C) = the ethical dimensions. Authors’ creation.

4. Research Method

To investigate how these CSR top-performing MNCs (MNCs displaying internationally high levels of CSR) view, design, implement, and operate their RC mining process, [Isaksson and Woodside’s \(2016\)](#) quantitative data were re-visited and complemented with in-depth interviews with executive members regarding the MNCs’ implementation practices. The data were collected from the NASDAQ-OMX rating of the GES SEB 100 Top CSR MNCs traded on the Stockholm stock exchange (NASDAQ-STOCKHOLM). This index ranks MNCs using the UNPRI model measuring CSP via ESG activities. In brief, these 100 Top CSR firms represent 32 different industries, >280,000 employees, and >USD 33 bn, with international revenue representing >80% of their total revenue. The initial quantitative study supported these firms in engaging in CSR overall for strategic reasons, for instance, seeking reputational effects, complying with expected financial reporting queries, or achieving some competitive advantage. This study thereby followed previous advice to use multiple sources and models to increase the overall research quality and robustness ([Bansal & Roth, 2000](#)).

The initial study was triangulated (cross-referenced) using questionnaires (qualitative research), regression analysis (quantitative research), public domain information (websites and annual reports), and independent 3rd party assessments (via the investment analyst GES ESG index). To cement the quantitative study’s suitability as a foundation for this qualitative and conceptual study (i.e., justifying the qualitative aspects presented by the executive interviews examined in this study), we highlight that the triangulated financial performance variables (EBIT, ROA, sales growth, and market share) accurately support robust ESG outcomes in the form of a high(er) index rank (Figure 1, #3) and, in effect, establishing an ‘A-B’ relationship (Figure 2). Yet, this relationship might be an indicator but not necessarily a solid foundation to achieve optimal performance (sweet spot outcome), i.e., an ‘A-B-C’ constellation.

To enable a deeper understanding of the SCSR rationale, the CFP results, and the firms’ ESG rankings, qualitative interviews were consequently conducted with CSR executives in

industry-leading and publicly traded MNCs from eight different industries. The reason was to investigate whether additional aspects and applications of managerial mindsets (Figure 2, 'C') could contribute to understanding, or achieving, the sweet spot outcome (Figure 2), i.e., whether additional insight could shed light on how to reach the state of the 'strategic (ultimate) CSR', leading to the ideal win-win CSP level (Figure 1, #4).

The participating firms came from the pharmaceutical (ASTRA-ZENECA), telecom (MILLICOM), IT and industrial consulting (AFRY), cosmetics (ORIFLAME), industrial tooling (SANDVIK), heavy automotive manufacturing (SCANIA), resource extraction (LUNDIN), and insurance (SKANDIA) industries. While this sample size is small ($n = 8$), it is common in qualitative research. Based on Pike et al. (2018), this sample size achieved sufficient data saturation since the sample size ($n = 82$) and the subsample ($n = 8$) represent 82% versus 8% of the entire GES Top100 CSR index. This approach further leans on Mayo and Jarvis's (1981) and Patton's (2002) recommendations to apply questions and related factors that are pivotal to the respondents. For instance, the executives' responses addressed their views on corporate reputation or competitive advantage. The interviews (Appendix A) were, for these reasons, designed to be context-pivotal (salient) to capture firm idiosyncratic (specific) approaches relevant to the RC mining process. Since qualitative research requires information-rich participants (Pike et al., 2018), it was important to access corporate executives with extensive CSR experience and where the concept was embedded in their job description. The research questions (the qualitative interviews) were, therefore, constructed to be exclusively (just) pivotal to increasing respondent engagement, in line with the abundant literature already identifying image-related attributes (in this case, 'reputation'). This pivotal approach enabled the in-depth assessment of their RC mining process and implementation efforts. The applied research design enhances academics' and practitioners' understanding of how CSR activities drive CSP via RC. The research questions targeted the reasons to mine CSP, expected results, the structure, implementation, and operation of CSR to achieve CSP, and preferred communication modes. Consequently, the research questions (RQs) read as follows:

RQ 1: *What are the reasons for your company to mine CSP?*

RQ 2: *Has your company experienced any CSP returns?*

RQ 3: *How does your company operationalize CSR to achieve CSP?*

RQ 4: *How does your company communicate CSR efforts/CSP outcomes?*

The next sections address the foundational knowledge regarding the chosen research questions and examples thereof. They discuss the three touchpoints: (1) shifting paradigm, (2) regulatory frameworks, and (3) ethical dimensions.

5. The Shifting Paradigm: CSR Evolution Towards Strategizing CSR

A positive relationship between CSR and CFP was indicated in two significant meta-analyses: Orlitzky et al.'s (2003) study covering 52 studies and 33,878 observations for the years 1972–2003 and Wang et al.'s (2016) study targeting 125,085 observations in 42 studies for the subsequent years 2003–2012. Together, they provide comprehensive insight into the CSR practices and outcomes covering four decades. This positive relationship is also the key driver for MNCs to build CSP. They typically focus on mining RC (measured, for example, via market perception, market share, and brand loyalty) and view CSR (a display of good behavior) as an intangible asset that positively affects customer relationships (Surroca et al., 2010). They further experience reduced market risk and enhanced customer willingness to buy their products (Barnett & Salomon, 2012; Du & Vieira, 2012). The meta-studies also claim that firms include CSR in their value proposition and their risk management and use

competitive intelligence (industry-based knowledge management) to verify the suitability of their ESG actions and as input to RC mining design (Velte, 2022).

MNCs that are successful in meeting their CSP objectives are often rewarded with improved customer perceptions of product quality and customer willingness to accept price premiums (McWilliams & Siegel, 2001, 2011). Apart from providing competitive advantages, improved RC can also be beneficial for customers (Fombrun, 2000), for instance, by increasing employee willingness to provide better customer service. In contrast, when a firm's CSP is perceived to be insincere (window dressing) or poorly implemented (a misfit between promises and the fulfillment of promises), their customers may instead punish the MNC (Ramchander et al., 2012) by, for example, boycotting their products. Punishments, on the other hand, only affect the company as the customers move their business to other suppliers or service providers. Proactive companies can, therefore, use SCSR to protect themselves from potential threats when consumers act against some socially perceived wrongdoing or unethical behavior. One example is the case where Greenpeace activists in Europe built barricades and stopped motorists from refueling their cars at BP gas stations in the U.K. as a response to the Gulf of Mexico oil spill (BBC News, 2010).

Another example where an MNC pursues solutions to various societal problems in the belief that it benefits the company (combining strategic operative and financial objectives) is the European-based company SKANDIA (a USD 8 bn insurance MNC). When ferocious city-wide fires were a real and common threat in the later part of the 19th century, SKANDIA pushed for legislative changes in building codes, making houses safer and less prone to fires. While this could be viewed as counter-productive to selling insurance, safer cities also meant increased urbanization and more inhabitants, increasing their overall customer base (and the customers' understanding of insurance products) and, hence, increasing insurance revenues. When road accidents and work-related injuries increased three-quarters of a century later, SKANDIA successfully lobbied for legislative changes, resulting in mandatory driving licenses, the mandatory use of seatbelts in cars, and workers' safety insurance. While motorists' environment gradually became safer, SKANDIA again improved their bottom line by selling more insurance and having fewer claims. Today, SKANDIA advocates mandatory preventative corporate healthcare plans for employers to proactively care for the well-being of employees at the individual level. SKANDIA's quest for building better societies, in general, reflects their vision that 'doing what is societal good is reciprocal and good for the company'. The result is increased market reputation, increased attractiveness to institutional investors, and increased market share. In SKANDIA's case, managing CSR is the responsibility of the top management team since long-term overall strategic objectives (such as market positioning and market growth) are aligned with their CSR programs.

The common approach among these top-performing MNCs is their strategic design, where essential CSR components are included to create successful CSP programs. First, they define specific objectives per market segment. Second, they assign CSR an important role in their value proposition and measure the performance outcomes. Third, they mandate where the authority of CSR decision-making shall reside, for example, at the board level, with the management team, or with a dedicated CSR Director, a committee, or a subsidiary executive (Harjoto et al., 2008; Jang et al., 2022). Fourth, they ensure team diversity by using cross-functional teams with staff from different functional areas and backgrounds, such as marketing, accounting, management, HR, finance, and operations. See, 'Step 1: Strategizing', in Table 1.

Table 1. ‘Framework for Optimized SCSR Implementation’ model (FOSI).

Step I: STRATEGIZING			
Define the CSR objectives for the firm per market!	Destine CSR as central to value proposition/performance!	Decide the location of the CSR decision-making authority!	Design integrate CSR in a cross-functional fashion!
Step II: OPERATIONALIZATION			
What CSR activities should we engage in?	Who should we engage with to activate the activities?	When should we engage in the chosen CSR activities?	How should we engage with the partners/stakeholders?
Step III: OUTCOME ALIGNMENT			
What approach should be used to assess our CSP?	Who should we communicate (our CSP) with?	When should we communicate our CSP?	How should we communicate our CSP (active/passive)?

6. The Regulatory Frameworks: Operating CSR

The investigation displays that CSR-related intangible assets (as exemplified and described above and below) can be leveraged (creating spill-over effects) across international subsidiaries as costs and benefits of CSR investments are spread across the MNCs’ operational boundaries. One such example is ORIFLAME, a USD 1 bn direct-marketing MNC of cosmetic products with 1.5 million active sales consultants in 60 nations (Oriflame, annual report, 2023). ORIFLAME engaged all associates to assess what CSR activities to engage in locally and the timing thereof. They further assessed whether to join forces with another organization or complete its aspirations in-house. One such approach resulted in a CSR program in India, where they, together with Deepalaya (a New Delhi-based NGO), provide schooling for 1000 under-privileged girls aged 4–17. Since this demographic group represents a large population sample, it also supports future spending power by this citizen category for (for example) cosmetic products from a reputable company. The result is reputational benefits across all their markets and home country investor likings. The CSR deliverables are then regularly communicated to their employees, sales representatives, suppliers, customers, investors, and stakeholders via blogs, websites, and direct marketing.

A win–win outcome from a legislated business environment was found during an on-site study at TOYOTA’s automotive plant (210,000 cars per year) in Bangalore. In its updated ‘Companies Act 2013: section 135, the Indian government legislated mandatory CSR for larger firms (Isaksson & Mitra, 2019). While visiting this plant to assess and compare CSR implementation processes, the factory suffered endemic absence problems among their 7000 workers due to recurring sick leave. When they investigated the problem, they found the root cause to be the absence of clean drinking water and public sanitation in the surrounding townships and villages in which the workers lived. TOYOTA assessed the situation and invested in public toilets, new filtered wells, and water and sewage processing facilities in 102 schools and 128 villages, affecting over one million people, which almost immediately resulted in a healthier and more reliable workforce (Isaksson & Mitra, 2019).

This represents a robust example of a win–win–win outcome in line with the ‘Ministry of Corporate Affairs’ proposition that urges “business entities to formulate CSR as an integral part of their overall business policy”; in essence, CSR should be strategic (The

Indian Institute of Corporate Affairs, Government of India [IICA], 2014). With TOYOTA being perceived as an upper-end quality and luxurious car in India, we note the firsthand insight into their reason to seek social improvements to be an increased reputation and reduce business risk (Isaksson & Mitra, 2019). As evident from the above insight, at least this MNC directs significant executive efforts and resources to implement CSR regardless of it being a legislative matter. While the legislated requirement is 2% of net profit, TOYOTA invested 5%. This further represents a solid example of how MNCs can achieve codified CSP and, in the process, mine its virtual RC currency in line with the ISO26000 ‘CSR Standard’ (International Standardization Organisation [ISO], 2017).

The subsample (the interviews) revealed the most common approach of CSP top-performing MNCs to be the operationalization of CSR deliverables according to their chosen strategic intent. They decide what specific activities are most suitable according to their selected CSR objectives and the timing thereof (when). They then assess what recipients (target group) to socially benefit and how to engage with them—directly or indirectly—for example, via a subsidiary, a consultant, an external stakeholder (supplier or customer), or some charity or NGO. See, ‘Step 2: Operationalization’ in Table 1.

7. The Ethical Dimension: Aligning CSR Management

The sample MNCs display a positive relationship (alignment) between their strategic approach and their CSR programs, where MNCs with higher levels of CSP have a more distinct strategic approach to CSR than MNCs with less CSR (as displayed by the ESG rankings on the NASDAQ-OMX index). This is also in line with AL-Akheli et al.’s (2025) statement that CSR is an integral component of strategy and risk management to improve corporate financial performance. CSP high-performing MNCs do view the concept to be a strategic matter, deploying CSR as an extension or reinforcement (Aguinis & Glavas, 2012; Song, 2024) of their selected business strategy (Porter & Kramer, 2006). Therefore, they manage CSR like any other managerial function, for example, marketing or branding (Carroll & Shabana, 2010; Zheng et al., 2024; Wang et al., 2016). When assessing how these CSP top-performing MNCs approach CSR activities, they revealed that their strategy, design, and implementation indeed did target reciprocal (win–win) effects, as suggested by Bondy et al. (2012), Nicolas et al. (2024), and Toyota.

The SANDVIK Group, for example (a world-leading, high-technology cutting tool manufacturing MNC with 47,000 employees), aligns its differentiation strategy with the strategic CSR objective of maximizing reputation. Since its inception 150 years ago, SANDVIK has embraced community involvement as part of its long-term business development. SANDVIK’s operations in Zambia, for instance, were affected by the unstable supply of workforce due to broad population exposure (11–14%) to HIV and AIDS (UNICEF, 2021). Given that Zambia is predicted to lose 20% of its workforce by 2030, SANDVIK’s response was to provide “education and advising employees and their families about HIV and AIDS, providing testing services and distributing condoms and free anti-retroviral drugs to employees and their families”. Since SANDVIK operates in more than 130 countries, they view local CSR approaches (applications) as key to providing a win–win outcome for the company and the residents (workforce). To ensure suitable local applications, SANDVIK uses a cross-functional committee for their CSR decision-making (for example, members from operations, human resources, finance, and marketing).

Therefore, the CSR management alignment step displays that MNCs strive to evaluate the impact and effect of their strategic approach. First, they discuss SCSR and engage in comprehensive market research to increase the likelihood of positive CSP to emerge (performance outcomes). Second, they decide the timing of their CSR communication (to precede or follow media attention) in preparation for all eventualities, e.g., good or

bad market behavior or operative outcomes. Third, they decide the target(s) for CSR communication, for example, whether they should communicate with investors, employees, customers, suppliers, communities, government officials, or combinations thereof to protect and enhance their strategic objective (for example, reputation). Finally, they select preferred media categories. The most common approach is the preparation of policy statements, code-of-conduct manuals, and reporting specific CSR efforts and positive CSP results on corporate websites, corporate blogs, and social media. For details, see the third step, 'Step 3: Outcome Alignment', in Table 1.

8. Results and Discussion

The results suggest that a carefully crafted architectural approach is crucial given that the relationship between the amount of applied CSR and CSP (expressed in terms of return on assets, ROA) is reported to be U-shaped (Barnett & Salomon, 2012; Figure 1). Therefore, MNCs that engage in CSR for window-dressing purposes or with an insufficient knowledge of the CSR concept risk bearing the costs without reaping the potential benefits (returns) (Wong & Zhang, 2024). Companies that instead sincerely engage in strategic CSR (SCSR) can mine (reap) market-based reputation capital (RC) (AL-Akheli et al., 2025), for instance, in the form of enhanced general reputation, brand image, or customer loyalty (Luo & Bhattacharya, 2009; Melo & Garrido-Morgado, 2012; Wang et al., 2016). In contrast, MNCs that do 'too much CSR' are likely to impede a return on RC investment by overspending. In effect, CSR plays an agency role in strengthening management self-interest (Zheng et al., 2024).

A cornerstone to positive RC is that customers (and other stakeholders) hold the perception that a company that does 'good' things beyond their daily business activities also is a 'good or better' company than their competitors and, therefore, also provides 'better products' than a company that is not perceived as 'good' (Barnett & Salomon, 2012; Camilleri, 2022). Ultimately, companies with solid RC (or higher RC than their competitors) enjoy CSR as a resource-generating activity (AL-Akheli et al., 2025; Mohtsham Saeed & Arshad, 2012), for example, by experiencing price premiums for their goods and services (McWilliams & Siegel, 2001; Patton, 2002). It is for these conjectured reasons that successful CSR depends on strategic objectives that underpin correct CSR program design and that the correct implementation thereof is a necessity for mining (sufficient) RC to achieve (any) competitive advantages. For example, environmental innovation (Schiessl et al., 2022), lower financial risks (Shakil, 2021), and increased employee willingness to raise customer services (Shen & Benson, 2014) are all supportive of RC.

Perseverance is another key trait to operationalize RC towards its full mining potential. As mentioned earlier, it takes time to amass sufficient recognition from any stakeholder to acknowledge RC and to attach value to the company providing it (Choi & Wang, 2009; Zhou et al., 2022). This makes the accumulation of RC likely to experience a time lag. Hence, strategically derived RC is most likely to emerge when MNCs avoid seeking short-term benefits, which can result in a low RC yield (Kang, 2013; Mohtsham Saeed & Arshad, 2012). While the long-term quest for the researchers is, indeed, how to model, quantify, and measure RC among MNCs, it is not the aim of this paper. The aim of this study is instead to address CSR from a conceptual perspective, to support the navigation towards achieving RC, and to provide an architectural roadmap to guide the design and implementation phase to yield high CSP. This study achieves these objectives via in-depth interviews with a sample of CSR executives from MNCs operating in eight different industries (see Section 4).

The interviews shared insight into and revealed the perceptions of the RC mining opportunities and process, as well as CSR decision-making and the role of top management teams (TMT) in achieving these objectives. The interviews further displayed implementa-

tion and integration avenues, CSR communication strategies, and how specific strategic reasons (as opposed to ethical reasons) were used to deliver targeted CSP outcomes. The respondents, for instance, assigned SCSR to be vital (100%) for their long-term success despite reporting the CSP concept as difficult to implement, quantify, and measure in terms of financial returns. Interestingly, these tactics are highlighted and supported in new research published after the data collection of this study. [Rosecká et al. \(2024\)](#) and [Bhutto \(2024\)](#) reported that a long-term commitment is a prerequisite for developing SCSR, where the integration of CSR initiatives into core business tactics is of strategic importance and strong CSP ([Ahsan, 2024](#)). It is also necessary to ensure supportive leadership (transformational) and suitable organizational culture to achieve positive financial performance enhancements ([Ahsan, 2024](#)) and resilience to market fluctuations ([Bhutto, 2024](#)).

The aspects and strategic reasons behind MNCs' efforts were also assessed to collect a broader range of rationale across different industries. The responding executives verified, for example, that they primarily engage in CSR for strategic gains (not cost reductions), mine RC, obtain competitive advantages, and reduce risk (in that order) with a win–win SCSR mindset. This indicates a widespread willingness among CSR top performers to deliberately invest in the 'corporate persona' and in the belief that returns will outweigh the costs. We found that the executive focus was to target CSR alignment with TMT agendas and to set strategic objectives guiding CSR program creation, CSR decision-making, and executive perspectives on the operationalization, implementation, and integration of CSR with the aim of creating intangible assets like RC ([AL-Akheli et al., 2025](#); [Song, 2024](#)). The executives also focused on the concept itself (to mine RC by 'implementing SCSR activities) rather than the actual deliverables ('what' ESG activities to engage in) driven by a win–win–win perspective: a win for their customers, a win for the company, and a win for society.

The research findings enabled the construction of a best-practice model in line with the research intentions, namely, to provide practitioners with a toolbox for RC mining design and implementation (Table 1). The model was constructed by benchmarking the best practices of MNCs with successful CSR track records. The key components are discussed in the above terms.

As shown in Table 1, by modeling the CSR top-performing MNCs (i) conceptual perspectives, (ii) approach to achieving strategic CSR, and (iii) implementation practices, this model constitutes a valuable roadmap to SCSR capable of mining RC. Consultants and executives can use the proposed FOSI model to achieve robust CSP, to audit the effectiveness of existing programs, and, optimally, to improve CFP (authors modelling).

The findings show (Table 2) that all respondents (100%) engaged in CSR (RQ1) to mine RC and to gain some specific competitive advantage, for instance, making it easier to win contracts or to mitigate risk (e.g., liability of foreignness) even though quantifying RC is generally perceived as difficult (RQ2). Interview #5, for instance, expressed subjective measures perceiving their reputation to assist in winning business contracts (Appendix A). Others have, in contrast, developed objective measures rating their reputation, strategic gain, employee motivation, and brand image (Appendix A, interview #6).

Regarding CSR implementation and alignment (RQ3), the majority (75%) planned their mining procedures using internally designed processes linking business objectives to operative tactics, while the remaining respondents adopted external 'best' practices by mimicking other top-performing MNCs or by borrowing structural ideas from the ISO-26000 standard, for example, in terms of stakeholder engagement and organizational integration as described in the ISO26000 standard, clause 5 and 7 in appendix 3. Decision-making was further viewed to be a matter for the upper management echelon reporting CSR authority to reside at the board level (17%), with the CEO (49%), with the CSR executive director

(61%), or with a cross-functional CSR committee (71%). Most of the respondents (75%) also (RQ4) proactively selected communication targets (specific recipients, like customers and employees) and designed their CSR communication strategies to be holistic (e.g., to meet corporate group objectives) instead of being atomistic (evolving around CSR-specific product features). They further displayed a strong emphasis on reactive communication timing (64%), where RC-related matters were released in response to media attention instead of proactively broadcast; hence, they budgeted their reputational capital.

One of the differences between the responding MNCs was their position on CSR decision-making. The majority of MNCs (75%) viewed RC to be of equal importance to other management disciplines and, consequently, decentralized (empowered) CSR decision-making to regional or business area managers. That is, they delegated the RC mining decisions, selection of CSR deliverables, and selection of which ESG initiatives to engage in. These MNCs also displayed an organic organizational design (decentralized, flat, and informal) and corporate culture. Their win–win mentality of strategic reciprocity is akin to the ‘good’ management concept, as commended by [Isaksson and Woodside \(2017\)](#) and [Kim et al. \(2021\)](#). The remaining respondents (25%) opted instead for a centralized view that maintained TMT responsibility and accountability for deciding which specific ESG initiatives to deploy and which RC mining deliverables to adopt.

Table 2. Summary of research findings regarding the rationale behind strategic CSR and CSP. Corresponding research questions, p.14 (author’s creation).

MNC Interview #	Research Questions (RQ)									
	RQ 1				RQ 2		RQ 3		RQ 4	
	Cost	Risk	Reputation	Competitive Advantage	Objective	Subjective	Formal	Informal	Targeted	General
MNC # 1	-	P	P	P	-	P	-	P	P	-
MNC # 2	-	P	P	P	-	P	-	P	P	-
MNC # 3	-	P	P	P	P	-	P	-	-	P
MNC # 4	-	-	P	P	P	-	P	-	P	-
MNC # 5	-	P	P	-	-	P	-	P	-	P
MNC # 6	-	-	P	P	P	-	-	P	P	-
MNC # 7	-	-	P	P	P	-	-	P	P	-
MNC # 8	-	P	P	-	-	P	-	P	P	-
	0%	63%	100%	75%	50%	50%	25%	75%	75%	25%

These MNCs perceived RC to be special and unlike other management disciplines. They also viewed SCSR as a business enabler, with mining RC being too important to delegate and in need of executive ownership. These MNCs were mechanistic in their organizational design and corporate culture. Hence, these organizations were centralized, hierarchical, and bureaucratic, with high levels of specialization.

9. Conclusions

This study assessed why a sample of top-performing MNCs view CSR as a *strategic* activity (SCSR) and how they implement SCSR to build (mine) reputational capital (RC) ([AL-Akheli et al., 2025](#)). These best-practice MNCs’ mindsets (strategies, approaches, design, implementation, and execution) regarding SCSR reveal their strategic objectives to be intangible in nature, targeting improvements in reputation, competitive advantage, and, or, a reduction in international market risks. This echoes recent findings where TMTs coordinate and align their business objectives with CSR initiatives to generate operative and manageable SCSR programs ([Hu et al., 2025](#); [Zheng et al., 2024](#)).

The applied approach results in a structured roadmap to achieve robust corporate social performance (CSP) in line with operative integration routes (Pasquino & Lucarelli, 2024) and implementation tactics (Isaksson et al., 2014), for example, using ESG-derived CSP to enhance investor likings. This makes this investigation robust and comprehensive. More so, this study represents financially valuable avenues regarding how to profit from externally supporting society. That is, to achieve true win–win outcomes. Hence, this paper provides guidance on how to engage in CSR for strategic reasons (SCSR) as opposed to purely philanthropic reasons by introducing two models. This study contributes to theory by introducing the innovative ‘Strategic CSR Model’, enabling SCSR discussions and CSP evaluations to aid executives in reaching the theoretical ‘sweet spot’, as discussed in line with the work of Barnett and Salomon (Figure 2). The second contribution is the framework for optimized SCSR implementation (FOSI). The FOSI framework (Table 1) suggests three steps: strategizing the essentials, operating the deliverables, and aligning the impact. This represents a valuable toolbox for SCSR achievement, for instance, by supporting effective program design, existing program auditing, and an implementation roadmap for mining RC. Combined, these operative models provide valuable insight for academics and practitioners.

While this study outlines how MNCs can achieve SCSR and gain substantial returns, it does have its limitations. First, while the provision of CSR differs across nations for cultural, legislative, and even religious reasons, this study focuses on how a sample of CSR top-performing MNCs listed in Sweden build resilience and reputation through their strategic and operational set-up. Further studies targeting the impact of national culture on MNCs seeking win–win outcomes would contribute to CSR research. Second, a larger sample size containing MNCs from multiple nations and ranked on different ESG indexes would be beneficial. Finally, studies that include personal profiling data of the providing MNCs’ CEOs (demographics) would also contribute to CSR operationalization and be insightful.

In summary, all the respondents (100%) engaged in CSR for strategic reasons by adjusting their internal set-up (orientation) to support reputational mining efforts to boost competitive advantages and to reduce overall business risks. The majority (75%) stressed that they prioritize long-term *market* goals over short/long-term *financial* goals alone by regularly monitoring customer demand(s) and aligning their product offerings with customer demands (present and future). They also generally use CSR strategically as a tool to increase customer satisfaction. Hence, this study’s research context unearthed strategic CSR best practices regarding mining reputational capital. We conclude that this study represents a valuable addition to close the gap where “*little attention has been paid to the cognitive reasoning of the individuals responsible for CSR and corporate sustainability*” (Yusif & Hafeez-Baig, 2024).

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Data Availability Statement: The original contributions presented in this study are included in the article. Further inquiries can be directed to the corresponding author.

Conflicts of Interest: The author declares no conflicts of interest.

Appendix A. Qualitative Interview Summaries

The executive respondents interviewed for this research were responsible for corporate social responsibility (CSR), ethical and sustainability matters, and the outcome thereof cor-

porate social performance (CSP) in their respective MNCs. In aggregate, the industries they represent are pharmaceutical, telecommunications, industrial services (consulting), industrial products, heavy industrial manufacturing (automotive), natural resource extraction, FMCG (cosmetics), and commercial services (insurance).

Note that the numerical referencing (i.e., Interviews #1–8) is not in sequence with the sequence of company names as presented throughout this paper. The reason is to protect the integrity of the responding MNCs' executives. Given that these are exact interview responses, there are no references to add.

RQ 1: *What are the reasons for your company to mine CSP?*

RQ 2: *Has your company experienced any CSP returns?*

RQ 3: *How does your company operationalize CSR to achieve CSP?*

RQ 4: *How does your company communicate the CSR efforts/CSP outcomes?*

Interview with Multinational Company # 1

Question 1: "Voluntary CSR is 'everything' to our company. Our external objectives focus on environmental concerns, energy efficiency, and sustainable usage of natural resources. Internally we focus on occupational health and safety issues (OHS), business process development regarding ethical behavior, and fighting corruption. These internal and external objectives are also the focus of our supplier development. We also experience pressure from customers and employees to 'do more' for society. Since our firm takes CSR very seriously we get support from the top management including owners, corporate executives, the board of directors, and business area managers. Given that our company is old, and we view CSR as a key component to survive for another century, we further engage in CSR to reduce risk, build a positive reputation, attract and retain skilled employees, and create more business (competitive advantage). Thus, our reason to engage in CSR is to support long-term profit maximization for our owners".

Question 2: "While we are not able to directly measure CSR we are strong believers that it is overall positive. Even though it is difficult to measure direct CSR effects we have been able to measure OHSE improvements (for example fewer accidents in our operations) and increased attractiveness when recruiting new employees. We further perceive our reputation to be incredibly strong due to our CSR efforts".

Question 3: "Despite us being a large MNE we operate with a small executive team with a strategic and coordinating mission. Our cultural norm is therefore to delegate everything to each business area manager. These managers are responsible and held accountable for social, environmental, and financial goals (triple-bottom-line). The CSR initiatives are then integrated just like any other management discipline via committees. We also deploy an internal audit team (including the CSR manager) that among other tasks is responsible for analyzing business-level CSR behavior to detect and develop potential group-level benefits. One example is the launch of a CSR basic training session that every employee must complete".

Question 4: "To increase CSR focus we have extensive internal communication programs (annual reports, intranet, and personal presentations) targeting employees, union representatives, and owner groups. Overall, we communicate our CSR efforts more internally than externally".

Interview with Multinational Company # 2

Question 1: "Our firm focuses on changed operative behavior in our business processes to include CSR in risk analysis. For example, by including human rights issues and environmental impact into our client projects as opposed to only focusing on technology.

An example of changed operative behavior is that our board signed the United Nations Global Compact initiative (UNGC). The UNGC is based on ten principles and embraces a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption. We have for this reason designed a responsibility program where we address the development of employee competence within CSR and sustainability so that all employees understand and buy into the concept. This is because our firm does not view profit as its only responsibility. Optimally, we want to become a company where CSR is part of our everyday strategic business decisions so that our customers know we act in a socially responsible fashion. In short, we engage in CSR to make more money in the long term as we are convinced that social responsibility is part of our business. We further believe that we will gain a market- and investor competitive advantage (the strongest pressure today comes from larger institutional investors who actively invest in ethical and sustainable firms), increased reputation, and reduced market risk”.

Question 2: “Our Company’s reputation has increased among our clients. They now perceive us to be the best problem solver regarding CSR and sustainability issues compared to our competitors (verified via customer ratings). We further have easier to recruit top talented employees and it is reported by our HR department that the reason is our high responsibility ambitions. Thus, recruitment is made easier, faster, and at a lower cost (recruiting top talents) even though our salaries are industry average. Another outcome is that our reputation has spread to the community at large as demonstrated by an increased number of speaker invitations to CSR seminars. However, measuring direct CSR results is difficult since it is a long-term effort”.

Question 3: “To operationalize our CSR efforts we use internal reference groups. These include executives, business managers, and non-managerial employees who discuss how to set CSR-specific goals and how to align them with the business objectives. Initial implementation was, however, difficult since the business managers struggled with CSR goal alignment. Without executive support, we would not achieve managerial ownership”.

Question 4: “To support the whole organization we designed a thorough communication plan to increase internal and external understanding regarding why CSR is important to us and how we plan to deliver it beyond industry stakeholders. To achieve this purpose, we delivered internal seminars and traditional media such as intranet, website, and printed material”.

Interview with Multinational Company # 3

Question 1: “We engage in CSR on a case-by-case basis based on our CSR framework checklist. Since our business has an impact on people’s lives in those (developing) countries we operate in, we ensure to inform the locals what we are there to do, and the potential impact on the local communities, and engage in discussions to minimize environmental- or cultural impact. For example, a CSR approach can include providing health care or education to children, socialization projects, town hall meetings, and community development programs. Overall, we demonstrate that we are interested in local improvement. Since we get something out of their country we also want to contribute to the lives of those we indirectly affect. Again, for us, it is not what we do but that we do something and how we conduct our business. Thus, we view our business as not only having a permit to operate in our markets but a social license to do so. For these reasons, we align CSR with our business strategies to reduce business risk, build our reputation, and achieve a competitive advantage where we depend on governmental approval of operations. At the end of the day, the shareholders depend on us to do the right thing short term to maximize financial return long term”.

Question 2: “Our CSR framework has led to increased share price, increased relationship facilitation with our stakeholders, and more business contracts, all due to our strong

CSR reputation. One developing country even demanded that a bid process should be done in “the XX-company way” [our company way, authors note]. One specific example is when a major crisis in a developing country forced competitors’ withdrawal (causing their stock prices to fall due to missed opportunity) while our company was allowed to continue operations, thus sheltering our share prices from decline. But in general, we struggle with measuring CSR”.

Question 3: “A core task is to continue to integrate CSR with our operations. For example, we have appointed a CSR executive to the board of directors to comply with the United Nations Global Compact initiative (UNGC). This means that we now have a VP of CSR to safeguard that CSR activities and initiatives are honest and aligned with our business strategy”.

Question 4: “Our communication efforts are delivered exclusively via our website. However, to respond to increased pressure ‘to do more’ from our shareholders, we also conduct annual information meetings. We further work actively with various NGOs on a country-by-country basis since they can be a powerful partner in achieving business contracts”.

Interview with Multinational Company # 4

Question 1: “Our core business is CSR-ish in nature since the consumers socially mostly benefit from using our products. Therefore, to act in a responsible fashion is vital to our long-term success. However, once our executive board had decided to seriously engage in CSR we experienced difficulties getting the business managers to take ownership. This led to each manager viewing CSR differently thus detouring from the core concept that CSR should be one concept within our firm globally and incorporated into our business processes. This forced us to clearly align our CSR intents with our corporate strategy by crafting a ten-year plan. CSR is now thoroughly analyzed per business area so that the CSR initiatives are truly connected with our business-level strategy. The responsibility is now embedded globally with clear managerial ownership that is reported every quarter towards our KPIs. In the end, it is all about building your business by enforcing values regarding corporate culture, establishing who we are, and building our reputation and trust via good products. We passionately believe that our CSR today brings future revenue”.

Question 2: “First, we got a better internal understanding of what CSR is “to us” and how it can contribute to our success. Second, we gained the trust of internal and external stakeholders. Third, our reputation as a responsible business increased among the in-direct customers (B2C), direct customers (B2B), regulators, media, government representatives, and NGOs. Fourth, we measured that our home market reputation increased, and those external surveys ranked us ‘high’ on indexes. Since CSR measuring is difficult we optimally would like to enable CSR ROI calculations and to describe ‘our business case’ for CSR”.

Question 3: “To achieve our CSR objectives we view marketing and communication as crucial to our success. Our CSR team therefore conducts approximately one thousand qualitative interviews annually with our key external stakeholders (B2B customers, the end-users, and media) as part of our CSR toolbox and for feedback purposes. Optimally we would like to understand who really incepts CSR information and what message and value they assign to it”.

Question 4: “Since our industry uses animal tests we have to ensure to comply beyond the highest ethical standards to be perceived as a good company. Thus, we need to communicate internally and externally our operations to instill belief in our company. This is done via seminars, web site, annual reports, and information sessions to academia”.

Interview with Multinational Company # 5

Question 1: “Today our CSR initiatives are random but country solution-specific (reactive). Thus, we engage in CSR where needed to win business contracts in our target countries. For example, we have built hospitals and schools as conditions for winning business contracts. We strongly believe that social return is important for our clients and our long-term reputation since our core business has a significant impact on the societies in which we establish ourselves. We also learn from doing so to enable CSR integration with our business strategy. We further believe that the well-being of the population in our target markets is beneficial for our own business as we can enlarge the market potential for our products. Our main reason to engage in CSR is therefore legitimacy”.

Question 2: “Measuring CSR is difficult, and we would very much like to learn how to do so. Today we are working to establish some measures for our industry. Thus, our measure is subjective. Apart from winning business contracts due to our reputation, we have become the employer and supplier of preference in some of our target markets due to our solid CSR reputation”.

Question 3: “In our organization, the TMT is the driving force that firmly pushes CSR to the business- and functional level management. Our structure to implement CSR revolves around three areas (the environment, education, and well-being). In these areas, our CSR efforts are sanctioned by the TMT with a win-win approach for us and the target country. Yet, we are a decentralized company that encourages local business level management to engage in CSR and empower them to decide what CSR initiatives to pursue”.

Question 4: “Since all our CSR efforts are undertaken at the local country level all CSR communication is performed in that country, for that country, and in the local cultural style and language. We do not communicate the country-level CSR initiatives with everyone. Locally, the communication tools deployed are what work in that market, for example, local website, word of mouth or advertising”.

Interview with Multinational Company # 6

Question 1: “When the company was founded several decades ago the vision was to use only natural ingredients in our products, never engage in animal testing, to ensure diversity, and respect different languages, cultures, religious beliefs, and political views of our customers. Our core business model is further ‘CSR-ish’ in its nature being built on independent franchisers. Thus, we help them globally to build wealth for themselves, their families, and the community in which they operate. Today we also see that our end users often choose products and services based on ethical credentials just as investors increasingly expect high-performing companies to pay attention to social and environmental risk. Our corporate culture is for these reasons based on principles of respect for people and nature as we believe that companies have the same moral responsibilities as individuals. This belief drives our social and environmental responsibility. We support various NGOs and charities on a local, regional, and global level. We further source sustainable natural resources and try to reduce CO₂ and other emissions, reduce water consumption and emissions to water in our manufacturing processes, and minimize waste throughout our supply chain”.

Question 2: “We assess our CSR initiatives in four areas: reputation, strategic gain, employee motivation, and brand image. Our distinct and clear CSR plan enables us to enhance our corporate reputation and set an example for other firms with a thorough sustainability program. This plan further guides the organization to align CSR with and to achieve our strategic objectives. With well-defined and consistent CSR goals and activities we positively influence employee morale and engagement, attract the best people, and make our recruitment process easier. We further try to measure intangible and tangible CSR aspects, for example, emission reductions and measures from the community and people perspectives at the local level. In summary, we focus on our brand image”.

Question 3: “Our management team has designed a distinct and clear CSR plan that guides the organization to align CSR with, and to achieve our strategic objectives at the local level. This allows us to monitor CSR activities and results according to set targets. The TMT supports regional and local managers to apply a holistic CSR approach across borders to reinforce the brand image and reputation of the company as a socially responsible company. Thus, the business manager’s priority is market perceptions or our reputation. Our sales force and employees are therefore core focus points that we regularly interview to assess that we are on the right track and to feed new CSR ideas from the customers upwards the organization”.

Question 4: “In an age of increased corporate scrutiny, it is of paramount importance to communicate the excellent work we do to all our stakeholders, locally and globally. We therefore ensure frequent qualitative internal communication with our sales force, employees, alliance partners, and NGOs to continuously increase CSR commitments. Once we have assessed the outcomes and updated our action plans we also communicate externally to our investors directly via information sessions and indirectly via reports and briefs”.

Interview with Multinational Company # 7

Question 1: “Our corporate governance dictates that our business must comply with various values beyond ethics, one being sustainability. We are therefore always looking for ways to improve our societal footprint and to decrease business risk. We also adhere to UNGC [the United Nations Global Compact initiative, authors note] to not only invest in ethical and sustainable businesses but also, and I must point this out, as an organization we genuinely care for human rights issues, global environmental challenges, battling corruption and the difficulties many societies face today. Hence, we are not only focusing on technology and product development. Profit is not our only concern; we view ourselves as a company where CSR is included in everyday strategic decision making to ensure our customers know they can trust us. What we do for our customers and the society in which they live is jointly good for them and us long-term. Reputation and reduced market risk are our core focus. To accomplish this, we must be part of the markets we operate in; we must deserve our reputation and therefore seek to get it proactively”.

Question 2: “Our Company’s reputation is increasing. This is the result of our long-term commitment on all levels. Our corporate governance dictates that our business must comply with various values beyond ethics, one being sustainability. We have for this reason both internal steering documents as well as supplier codes of conduct. These steering principles make it easier for us to measure our CSR return than other companies. We have, for example, a few trust initiatives focusing on improving life conditions. Over the past 30 years, we have improved life for more than 65,000 young and underprivileged children regarding what we call ‘societally unhealthy’. Another measurable outcome is our constant improvement focus on preventative employee health initiatives—mentally and physically. This approach gives us a solid market reputation and increased customer loyalty. We also seldom need to advertise for new staff members, prospective employees contact us making recruitment fast and efficient”.

Question 3: “To operationalize CSR we use our CSR-committee. This group is empowered by the task of creating an annual CSR and sustainability plan. They take a holistic view of the entire organization and assess performance in each country we do business in. Since the nature of our business is to be very much in touch with local market- and geo-trends we have adopted a market-based orientation. Once an initiative has been rolled out we interview local employees and customers to understand how they view us -and if they notice what we do. We then feed this information back to our intranet, so all interested parties can learn from what works and what does not. The management team then asked

for funds to optimize our results. We are proud to create the revenue we make despite being a decentralized company which sometimes makes it difficult to encourage every local business to engage as much as we do in our home market. It takes time to learn what empowerment means in some cultures”.

Question 4: “We invited our employees to an internal CSR conference and training session to brainstorm and discuss what we should do to be a better company. From this initiative grew a self-empowered team that wanted to create a CSR communication plan. The core belief is that for CSR to be noticed we need to address all people affected by our company and products and services. The chosen tool was our website. On there, anyone can download what we do, where we do it, and why we do it. We see frequent use of not only customers but students and the media taking an interest in who we are. Since we operate in multiple nations it is important that we follow what is considered as best practices in the local market. The local branch offices therefore also set up internal teams to discuss and decide what to do in line with our corporate strategy”.

Interview with Multinational Company # 8

Question 1: “Our company was initially aware and later engaged in the environmental impact of our products given they globally are a big source of pollution. Even being a 100-year-old multinational we realize that not every customer knows who we are—especially in foreign places we do business in, for example in the underdeveloped world and developing markets. In these places we face very tough competition, so we need to convince the customers to trust us and our brand. It is for these reasons that we see a need to decrease the risks of lost business and increase the probability that our brand will become shortlisted when larger customers and governments make their decisions. We therefore invest in training for our dealer network, so they can focus more on selling the brand an environmental footprint and not get stuck in typical price versus performance discussions. We like to think our view has led to positive long-term development of our share price and business growth. Operationally, our processes try to reduce waste as much as possible, for example, push sustainability to our suppliers, reduce emissions, and reduce energy consumption as much as possible”. It is about how we conduct business. We build our products to be nice for the environment, create a safer and more productive solution for the users, and community services for our customers and their workers. In a sense, you can say we include CSR in our strategies to deliver benefits for us and stakeholder recognition”.

Question 2: “We regularly review what we do in this aspect [CSR, authors note] in three core areas: reputation, brand, and employees. Hopefully, our distinct plan aids us and our dealer network to convince large customers to include our responsibility- and sustainability targets in their procurement criteria. According to our dealers the customers at least recognize it when they make their purchase decisions. Our products are recognized as being of high quality, economical to operate, and renowned for how easy they are on the environment. When we measure brand impact, or at least attempt to do so biannually, it seems to pay off. Internally, every employee understands what we do, and how we do things and is proud of our impact and CSR efforts. This helps us to recruit high-quality people. While we sense we have built several ‘untouchable’ qualitative benefits, our company focuses on what we can quantify and measure, for example, reduction in emissions, community engagement, and so forth. We do see an increase in the number of customers. However, overall, it is easier said than done to measure CSR”.

Question 3: “CSR is something we take seriously in our company. The management team is the driving force involved in every step of the way to plan what to do and why, that is, we craft an annual CSR plan before getting approval from the Board. Then, we assign functional managers for the implementation of the specifics. This approach allows us to keep an eye on both the CSR activities and results. We have also recruited a CSR executive

in charge of our efforts on a global basis. The next step is to assign a board member as well to meet UNGC directives. Our brand and reputation associated with it is what we build our business upon; it is our competitive advantage”.

Question 4: “Our communication efforts are important. It needs to target all stakeholders in all our markets. But since we do not know what or how to communicate we usually waits for a good opportunity or demand. We prepare different scenarios in general and directly for those parts that relate to our products. Those are included in our product brochures etc. We also prepare a separate larger annual activity report covering what we are doing year on year”.

Websites (all accessed on 17 November 2024)

AFRY <https://afry.com/en/sustainability>
 ASTRA-ZENECA <https://www.astrazeneca.com/sustainability.html>
 LUNDIN <https://lundinmining.com/sustainability/overview/>
 MILLICOM <https://www.millicom.com/what-we-stand-for/esg-reporting-center>
 ORIFLAME <https://corporate.oriflame.com/about-oriflame/sustainability/>
 SANDVIK <https://www.home.sandvik/en/about-us/sustainability/>
 SCANIA <https://www.scania.com/group/en/home/sustainable-transport/sustainability-at-scania.html>
 SKANDIA <https://www.skandia.se/om-oss/hallbarhet/>
 TOYOTA (India) <https://www.toyotabharat.com/toyota-in-india/social-contribution/>
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