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Abstract

In this study I propose a CSR research model focusing on the impacts of CSR on stakeholder perceptions and company outcomes. Research questions posited mainly involve a quadripartite view of the impacts of CSR. I propose a stakeholder-centric model of CSR conceptualizing the factors that make company stakeholders to form assessments of CSR initiatives. Specifically, I argue that the impacts of CSR on stakeholder perceptions should be investigated using perspectives from individual-, company-, policy-, and country-level factors. Moreover, I use the relationship marketing literature, to suggest a route through which CSR likely translates into innovation, a major source of company and country level competitiveness. I argue that CSR likely influences stakeholder-related behavioural and attitudinal outcomes (i.e., company trust, identification and commitment) which in turn increase stakeholders' tendencies to co-create value with the firm. In this respect I introduce to the CSR literature an unrecognized outcome, namely co-creation of value intentions.

Keywords: Corporate Social Responsibility, Stakeholders, Relationship Marketing, Co-Creation of Value, Innovation

Introduction

The Lisbon Strategy was launched in March 2000 as an agenda of reforms to make Europe "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment" (EC 2004). An environmental dimension was further added, with objectives relating to climate change, sustainable transport, public health and resource management, at the Gothenburg Council in June 2002. The Lisbon strategy was re-launced in 2005 re-focusing on the following goals: more innovation, greening up the economy, investing in people and developing a more dynamic business environment. According to European Commission President José Manuel Barroso (EC 2007) Europe through the Lisbon strategy has "a unique opportunity to transform itself into a creative, modern innovation friendly, low-carbon economy, with a dynamic business environment, a highly-skilled work force and high-quality education, underpinned by a strong social model."

In this political context, Corporate Social Responsibility (CSR) is becoming a major driver of new forms of competitiveness, growth, employment, sustainable development, and an organizing parameter, towards the achievement of the Lisbon and Gothenburg objectives (Parent 2003). However, in light of the current world economic crisis future CSR policy and research developments will need to be grounded more in evidence-based perspectives, in order to generate compelling arguments and documentation. Existing empirical equivocal results on CSR and its effect on the financial performance of firms (Reich 2008; Vogel 2005), indicate that Europe should strive to generate measurable empirical evidence in order to ascertain whether CSR practice is indeed a driver of positive and real change, and if so in what ways.

On the other hand, CSR is rising rapidly as a corporate priority. For instance, by 2011, the percentage of executives giving high priority to CSR is expected to be 70% (Franklin 2008). Further, the world's top CEOs and officials, gathering annually at the World Economic Forum in Davos, discuss it and proclaim their commitment to it (Alsop 2005). In general, there is an increasing pressure around the globe from both corporate and societal stakeholders on corporations to engage in the attainment of important social and environmental goals for sustainable development (Alsop 2005; Franklin 2008). CSR can be described as a mechanism corporations use in order to gain "social legitimacy" and a "social contract" for their operations. Extant research on the strategic impacts of CSR indicates an emerging positive effect of corporate social and environmental performance on corporate financial performance and the market value of the company (Luo and Bhattacharya 2006; Orlitzky et al. 2003), but the debate is still open since many authors argue against the business case of CSR (e.g., Entine 2003; Reich 2008). Furthermore, engaging in CSR initiatives can be very challenging in practice. It seems that most companies struggle to effectively manage their CSR engagement (Bhattacharya et al. 2009; Porter and Kramer 2004).

Thus, while the majority of prior research suggests that stakeholder CSR perceptions matter (Luo and Bhattacharya 2006), our understanding of the predictors that form these CSR perceptions is still somewhat limited (Bhattacharya et al. 2009). Furthermore, it seems likely that more research is needed in order to illuminate the processes through which stakeholders' CSR perceptions translate into company-favoring outcomes. Research is needed to identify mechanisms that make CSR financially accountable (Godfrey 2005).

In order to illuminate these research gaps I present a conceptual model that examines *why*, *how* and *when* stakeholder CSR perceptions influence favourable company outcomes. My basic contention is that individual-, company-, country-, and policy-level factors determine the formation of stakeholder CSR perceptions. Moreover, I focus on the underlying processes that drive stakeholder responses to CSR. Specifically, I draw upon the relationship marketing literature (e.g., Morgan and Hunt 1994), suggesting that stakeholder CSR perceptions influence the quality of the stakeholder-company relationships (i.e., stakeholders trust the company and develop a bond of identification with the company), which in turn results in behavioral outcomes directed toward the company. My approach differs from previous research in that I focus on an unrecognized CSR outcome, namely company innovativeness. According to the European Commission "CSR can play a key role in contributing to sustainable development while enhancing Europe's innovative potential and competitiveness" (EC 2005). Therefore, CSR is likely to become ever more relevant to the innovation process. I draw upon the co-creation of value paradigm (Vargo and Lusch 2008; Vargo and Lusch 2004) and the concept of open innovation, suggesting co-creation of value processes as mediating the effect of favorable stakeholder-company relationship on innovativeness.

In the following section I describe the conceptual model in detail. In the subsequent section I discuss implications of the model for researchers and practitioners.

Predictors of Stakeholder CSR Perceptions: A Process-Based Model of CSR Outcomes

Overall, the conceptual model (see figure 1), describes factors that shape stakeholders' CSR perceptions, the influence of CSR perceptions on the relationship quality between the company and its stakeholders, and resulting company-favoring outcomes, namely the willingness of stakeholders to co-create value with the firm and conscequently company innovativeness. I choose innovation as the major outcome of CSR adoption because the capacity for product and service innovation is considered a major source of company-level competitiveness (Clercq et al. 2008). Moreover, the model also highlights some key contingency variables that likely alter the strength or the direction of the main linkages.

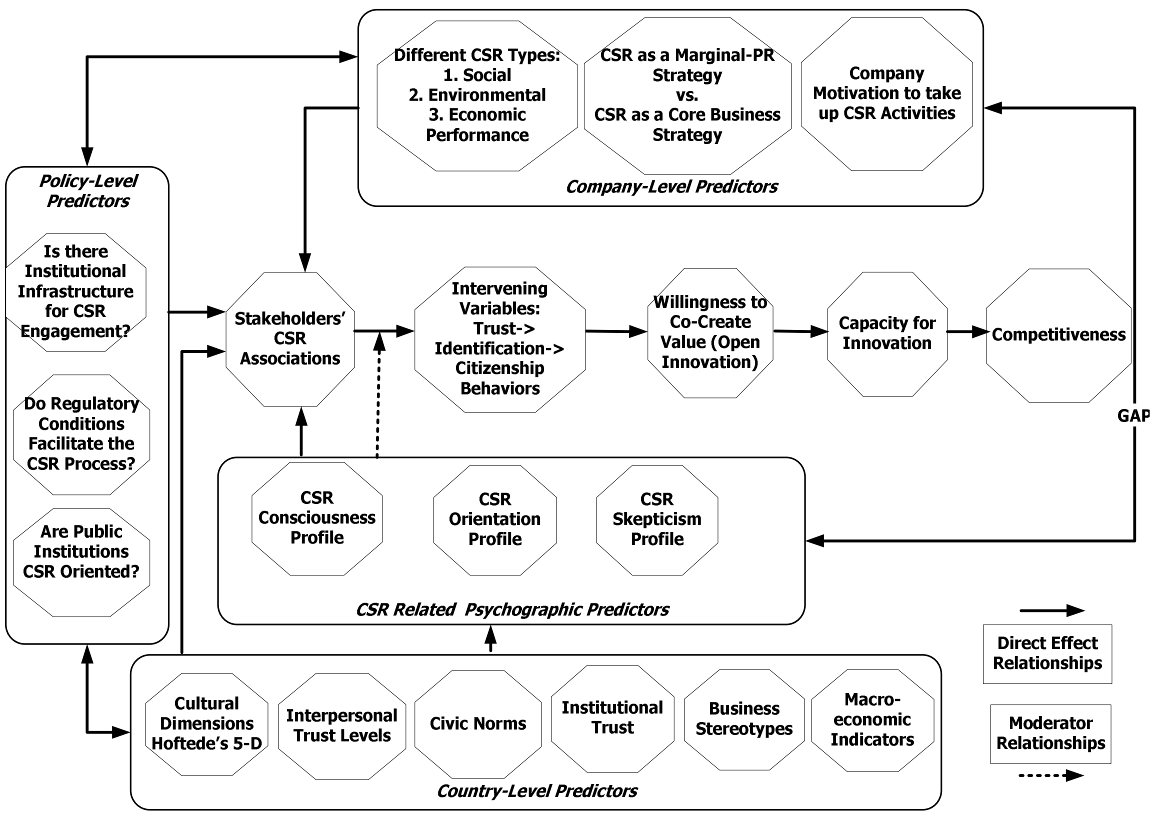

Figure 1. A Conceptual Model of Predictors & Outcomes of Stakeholders' CSR Perceptions

Stakeholder CSR Perceptions: Effects on Innovation through Relationship Quality and Co-Creation of Value

Currently, most of the literature on the impacts of CSR focuses on financial outcomes (Husted and Salazar 2006). These studies find that corporate social performance is positively and significantly related to financial performance (Luo and Bhattacharya 2006; Orlitzky et al. 2003). Furthermore, research indicates that CSR influences financial performance and market value through factors such as customer satisfaction, and fine avoidance (Webb et al. 2008). These studies notwithstanding, there seems to be an on-going debate on this link (Barnett and Salomon 2003; Godfrey 2005; Luo and Bhattacharya 2009). According to Luo and Bhattacharya (2006; 2009), scholars may be unable to reach an empirically grounded resolution to the CSR-financial performance relationship because few past studies have recognized intervening, regulatory variables that mediate the effect of CSR on financial outcomes. Drawing upon this argument, I present a model where company innovativeness is a major CSR outcome, regulating the effect of CSR on financial outcomes. Capacity for product and service innovation is considered a major source of company-level competitiveness and consequently superior financial performance (Clerck et al. 2008).

Currently there is a dearth of research regarding the CSR-innovation link. The few studies that have investigated this link have produced equivocal empirical evidence (Mendibil et al. 2007), and there are studies questioning the positive CSR-Innovation link (Midtun 2007). Given this situation, I argue that direct impacts of CSR are likely to be rather optimistic, but indirect impacts (i.e., through mediating variables) seem to capture the reality. Therefore, it seems likely that the linkages between CSR and innovation are complex, and less immediately obvious than in the case of other competitiveness determinants (EC 2008). The CSR-Innovation link is likely not straightforward, and this is likely a reason why the few studies investigating the CSR-Innovation link have produced contrasting results. But how can companies use CSR as a driver of innovativeness? One answer probably lies in the concept of co-creation of value (i.e., collaborative innovation processes) (Magnusson et al. 2003). Given the ambiguity of the results and the scarce empirical evidence on the effects of CSR on innovation discussed earlier, I argue that the positive impact of CSR on innovation is likely realized, only through co-creation of value processes. The model I present suggests that the linkage between CSR and capacity for innovation is regulated by this new relatively new construct. Currently, companies in various sectors striving to realize the business case of CSR, have to do so in the context of a new arising business paradigm: the co-creation of value paradigm (EC 2008; Vargo and Lusch 2008; Vargo and Lusch 2004). This new paradigm no longer considers company stakeholders as passive recipients of tangible goods but rather as active partners in the process of co-creating value. The concept of open innovation builds on this new paradigm. According to European Commission research (EC 2008), as the trend towards collaborative innovation processes intensifies, CSR is likely to become ever more relevant to the innovation process. Overall, I propose that CSR likely impacts innovation through co-creation of value processes which are in turn realized through stakeholder-oriented outcomes, like organizational citizenship behaviour, company trust as well as cognitive and emotional commitment towards the company engaging in CSR.

But why would social agents (e.g., consumers, employees, potential investors, community citizens, NGOs etc.) willingly commit scarce resources to co-creation of value processes and platforms? What's in it for them? I draw upon the relationship marketing literature to suggest that a major motivation probably lies in the CSR empowerment of these agents. Relationship marketing is defined by Morgan and Hunt (1994, p. 22) as ‘‘all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges”. Therefore, CSR relevant factors, like the level of CSR strategic embedment, the perception of positive or negative CSR associations, CSR related psychographic variables, stakeholders' CSR consciousness and scepticism, will likely have a direct effect on favourable relationship building, and consequently individual stakeholders' heightened willingness to participate in co-creation of value processes. In this respect, the model presented in the study suggests that CSR facilitates collaborative innovation processes, through the development of relational bonding between the company and its stakeholders. Companies can create relational bonds with stakeholders through the creation of moral capital (Godfrey 2005). CSR activities will likely generate positive moral capital, since "…good and beneficent acts that go beyond the call of duty should result in approbation rather than condemnation" (Godfrey 2005, p. 783). The moral capital generation process is likely captured by trust-based and stakeholder-company identification mechanisms. I argue that CSR initiatives properly designed and executed are likely to facilitate the development of stakeholder trust, identification and citizenship behaviours. Trust is defined as the extent to which a person is confident in, and willing to act on the basis of words, actions, and decisions of another (McAllister 2005). Identification is conceptualized as the degree to which stakeholders perceive themselves and the company as sharing the same defining attributes (Sen and Bhattacharya 2001). Finally citizenship behaviour is defined as behaviour intended to provide help and assistance that is outside an individual stakeholder's role and not directly rewarded (i.e., extra role behaviours) (McAllister 2005). Future empirical studies should investigate these unexplored impacts of CSR identifying a route through which CSR can be legitimized even in the eyes of financially bottom-line minded business managers, starting from the assumption that CSR impacts co-creation of value processes which in turn impact firm innovation.

Stakeholder/Individual-Level Predictors

According to business ethics (e.g., Bhattacharya et al. 2009) and marketing literatures (e.g., Hawkins and Mothersbaugh 2010), there may exist differences with regard to how individuals-even within a single stakeholder group-react to CSR actions. Specifically, there are likely three types of individual stakeholder differences that are relevant to ethics and marketing researchers : demographic factors, psychographic profiles, and personality traits. As Dabholkar and Bagozzi (2002, p. 187) succinctly point out, demographic, psychographic, and personality studies offer important insights to scholars with respect to different possible market segments. In this study I focus on explicating the effect of three CSR-specific psychographic factors. I consider these psychographic profiles/variables as being more actionable in terms of generating different CSR related market segments. Moreover, I expect that the variation in individual stakeholder differences, arising from psychographic profiles is at the heart of CSR attitude formation and behavioral intentions towards companies engaging in CSR. There are only few studies in the corporate responsibility research incorporating the investigation of individual differences using psychographic factors. Mohr and Webb (2005), find partial support for the moderating effect of the socially responsible consumer behavior psychographic variable on the corporate responsibility-company evaluation link. Sen and Bhattacharya (2001) examine the effects of one psychographic variable, namely the consumer's personal support of the domain of the company's corporate social responsibility initiatives. In the same vein, Barone, Norman, and Miyazaki (2007) investigate the moderating effect of consumer affinity towards the social cause component of a cause-related marketing campaign. Drawing upon these studies the model presented in this study posits that there are three types of CSR psychographic variables that likely influence how individual stakeholders form

CSR related perceptions, and consequently explaining why some companies' perform better in CSR than others. These variables relate to stakeholder CSR Skepticism, CSR Consciousness and CSR Orientation. It should be noted, that these individual trait CSR variables besides having an impact on stakeholders CSR perceptions, are of great importance for policy making as well. An illustration of their meaning follows:

- *CSR skepticism.* Skepticism relates to stakeholder (i.e., consumers, employees, job applicant, micro-investors etc.) inferences that a company's CSR actions are driven by motives that are self-serving, and by the perception that the company is deceptive about its true motives (Forehand and Grier 2003). It is likely that some companies may operate in communities and product markets where stakeholders are innately more sceptical (e.g., tobacco industries). Therefore, opportunistic and capricious adoption of CSR may evoke skepticism and cynicism toward the company engaging in such an undertaking (Forehand and Grier 2003). Therefore I expect heightened CSR skepticism to undermine the CSR efforts (Vlachos et al. 2009).

- *CSR consciousness.* I define CSR consciousness as an individual stakeholder's readiness/proneness to take into account the public consequences of his or her consumption. Furthermore, CSR consciousness relates to whether an individual stakeholder is inclined to use his or her purchasing power to bring about social change (Webb et al. 2008). It is likely that companies engaging with less CSR-conscious stakeholders to underperform in terms of CSR impact when compared with companies targeting CSR-conscious stakeholders (Webb et al. 2008).

- *CSR orientation.* This variable relates to whether individual stakeholders have different preferential structures and meanings of what CSR is. This is important information, since knowing the importance stakeholders' assign to different types of CSR, enables the identification of mismatches and gaps between what *is* implemented and what *should* be implemented at least in the eyes of stakeholders (Sen and Bhattacharya 2001). This information is valuable if stakeholders are not favourably pre-disposed towards specific CSR actions. Specifically, if concrete scientific evidence (that stakeholders might not be aware of) suggests that some moral actions should be given higher priority, then gaining stakeholder approval for these CSR actions is a strategic necessity.

At this point, it should be noted that the proposed CSR-induced stakeholder psychographic profiles can be also conceptualized as CSR diagnostic tools, useful in policy and managerial decision making. Corporate Social Responsibility is a dynamic concept necessitating the use of updated diagnostic tools (Webb et al. 2008). For example governmental, non-governmental organizations as well as companies need to monitor in a longitudinal manner whether their CSR actions and policies are likely to be successful or not. In the same vein, some companies need to understand why their CSR efforts are not successful whereas competitors' CSR efforts are successful. It likely that successful CSR efforts require less CSR-induced skepticism, CSR activities compatible with stakeholders' idiosyncratic CSR orientations and stakeholders that are CSR conscious (Ellen et al. 2000). Some companies may do well on these variables whereas other may not. The extant literature has not yet provided decision makers and researchers with such CSR instruments validly measuring these kinds of individual stakeholder CSR traits (Webb et al. 2008). The model presented in this study highlights the potential importance of three CSR psychographic traits. Researchers, using appropriate psychometric techniques and software (Anderson and Gerbing 1988), should develop tools that firms can use in order to measure these important CSR variables. As already stated, measuring these CSR variables is important for policy makers as well. For example, if Europeans are CSR skeptic, CSR unconscious and their CSR orientation profile focuses on the least important CSR agenda, then policy makers will have to develop programs to counteract such unwanted psychographic profiles. CSR is more likely to generate positive social change in a stakeholder context, replete of favourable psychometric stances and since these stances are not necessarily innate to human beings their achievement can be attained through monitoring, execution and strategy. The developed tools will be necessary in this respect. Currently, there are only few efforts dealing with the development of related tools (Webb et al. 2008). Importantly, the few existing research efforts have taken place outside Europe, namely in cultural contexts that differ from the European context. Updated research on the development of those tools is lacking and this is especially the case for Europe.

Combining the discussion of the previous section regarding the mechanisms that translate CSR perceptions into innovative capacity with the proposed psychographic profiles suggested in this section, leads us to propose the development of a CSR-innovation predictive tool. This predictive tool will provide a quantitative assessment of the link between CSR and innovation. Specifically, is it likely, that by enhancing CSR perceptions across different stakeholder groups', perceptions of innovativeness, willingness to co-create and consequently innovation outcomes, will increase as well? This decision making tool is novel in that it will enable company managers to quantitatively infer the impact of CSR on a non-financial performance competitiveness indicator, namely innovation. Moreover, this CSR decision making tool will enable company managers as well as policy makers to quantitatively predict the impact of CSR psychographic variables on innovation through collaborative innovation processes. For example, how much and in what ways firms will benefit in terms of CSR perceptions from a unit decrease in CSR skepticism scores?

Country-Level Predictors

Besides individual stakeholder-level predictors the proposed model suggests that there are likely external to stakeholders, country-level variables, that directly as well as indirectly (i.e., through the formation of stakeholders CSR-related psychographic profiles) influence the formation of stakeholders' CSR perceptions. I draw upon the consumer behaviour literature (i.e., the study of individuals and groups, and the processes the use to select, use and dispose of products, services, experiences or ideas to satisfy needs) (Hawkins and Mothersbaugh 2010), suggesting that there are external influences on individuals' attitude formation, with cultural and country variables posited as having the most pervasive influencing on the formation of individuals' perceptions and attitudes (Hawkins and Mothersbaugh 2010). The proposed model suggests that cultural values (e.g., civic norms, institutional trust levels, tendencies to trust other persons etc.) and situational conditions (e.g, macroeconomic conditions that likely influence the purchasing parity power of individuals), likely influence how individual stakeholder groups shape their CSR perceptions. I further argue that these country-level variables are likely to influence stakeholders' CSR perceptions through their influence on stakeholders lifestyle preferences captured by stakeholders' CSR related psychographic variables (i.e., CSR skepticism, CSR orientation and CSR consciousness). Therefore the proposed model provides insights on how CSR related psychographics are formed. To the best of my knowledge only few studies (e.g., Campbell 2007) have investigated what drives people to be CSR conscious or CSR unconscious, CSR skeptic or CSR believers, and oriented towards specific CSR mixes (e.g., environmental issues vs. economic performance vs. social issues). Building from the consumer behaviour (e.g., Hawkins and Mothersbaugh 2010) as well the and social capital literatures (e.g., Knack and Keefer 1997) I argue that these predictors likely include country-specific variables, including cultural dimensions, social capital indexes like interpersonal and institutional trust (i.e., the propensity to trust others and institutions in a host country), business stereotypes, macroeconomic indicators (Wei-ping 2008). To the best of my knowledge only few studies to date has investigated the impacts of these factors on CSR variables. In what follows I define these variables and discuss their probable relationship with stakeholders' CSR perceptions (see figure 1).

- *Cultural Dimensions*. The focus for this factor relates to national national cultural values and ideologies (e.g., Hofstede 1983). For example, Lodge (1990), distinguishes between individualist and communitarian ideologies. Individualism values the short term betterment of the individual, whereas communitarianism emphasizes the needs of the community. Communitarianism national ideologies are likely more receptive of CSR compared with more individualistic societies.

- *Interpersonal Trust Levels*. Interpersonal trust relates to the propensity and general willingness to trust others (Colquitt et al. 2007). Interpersonal trust is basic for a wide variety of social relationships to emerge. According to Fukuyama (1995) since transactions costs are low in instances of mutual trust, interpersonal trust is basic to a flourishing economy. For example it is likely that countries with low levels of interpersonal trust tendencies will tend to be more suspicious toward CSR initiatives. Therefore, it is expected that in countries with comparatively lower interpersonal trust levels CSR skepticism will be higher.

- *Civic Norms*. Civic norms relate to norms of co-operation and generalized reciprocity in a society (Coleman 1990). According to Knack and Keefer (1997), civic norms relate to 'attitudes toward cooperating with anonymous others in prisoner's dilemma settings'. I expect that if low levels of generalized reciprocity characterize individual stakeholders then reactions to CSR initiatives are likely to be unfavourable. CSR is about reciprocating, giving and helping others (Campbell 2007), which is direct contrast with adverse civic norms.

- *Institutional Trust Levels*. Institutional trust relates to peoples' confidence in institutions (Paxton 1999). Institutions may include the following: the church, the armed forces, the education system, the press, the trade unions, the police, the parliament, the civil service, the social security system, the European Union, the United Nations Organization, the health and care system, and the justice system (Schaik 2002). I expect that low levels of institutional trust likely negatively influence perceptions of CSR actions. Arguably, low confidence in institutions leads to heightened suspicion toward profit-motivated managers engaged in moral-oriented actions.

- *Business Stereotypes*. The business institution is the basic economic unit in the market economy (Carroll 1979). A general business stereotype or schema is likely to serve as a basis for stakeholders' CSR associations. Stakeholders may hold beliefs about certain industries or business in general based on prior experiences and learning. When forming CSR association about a specific company, stakeholders may rely on those generalized beliefs (Brown 1998).

- *Macroeconomic Indicators*. These constitute manifestations of countries' relative rise in the standards of living. It is expected that stakeholders in countries with higher standards of living will more favourably view CSR efforts. For example, it is likely that, countries lagging in macro-economic indicators will more negatively view CSR initiatives. In general, I expect these factors to influence the CSR performance difference between companies mainly due to their influence in the formation of the individual CSR traits described earlier. For example, countries with comparatively lower levels of living standards will have different meanings of what CSR is. For example, it is likely that their CSR orientation will be in favour of companies' economic performance (e.g., better prices in products and services) rather than on corporate philanthropy. According to such views, companies should first start taking care of their basics namely providing better quality at lower prices and then use finite resources in donating money to charities or protecting the environment.

Company-Level Predictors

Besides individual-, and country-level factors, it is theoretically and intuitively appealing to expect that stakeholders CSR perceptions will be directly shaped by company-level factors. The corporate associations theory (e.g., Brown and Dacin 1997) suggests that what individuals (e.g., employees, shareholders, customers, financial analysts, general public etc.) know and believe about a company affects their perceptions and attitudes toward that company. Therefore, I expect that what individual stakeholders know and believe about a company's CSR actions, will directly influence their overall CSR evaluations. Drawing upon the extant CSR literature (e.g., Brown and Dacin 1997; Luo and Bhattacharya 2009) I propose the next set of factors as important in predicting stakeholders' CSR perceptions and evaluations.

- *Company motivations to engage in CSR activities*. Research indicates that managers describe companies' motives engaged in CSR as mixed; serving both economic as well as social objectives (Drumwright 1996). Companies may be good corporate citizens because they have a market orientation, a competitive orientation and a humanistic orientation (Maignan and Ferrell 2001). Ellen et al. (2006) as well as Vlachos et al. (2009) focusing on the consumer stakeholder group, suggest that responses to CSR are more complex than once believed, and that individuals likely differentiate four types of motives. Briefly, egoistic-driven motives relate to exploiting the cause rather than helping it. Strategic-driven motives support attaining business goals (e.g., increase market share, create positive impressions) while benefiting the cause. Stakeholder-driven motives relate to support of social causes solely because of pressure from stakeholders. Finally, values-driven motives relate to benevolence-motivated giving (Vlachos et al. 2009).

- *The mix of CSR types the company invests on*. Some companies may invest in a mixture of CSR types that is not appropriate in terms of what their stakeholders prefer or what the society expects and environment protection demands (Maignan and Ferrell 2001).

- *CSR positioning versus CSR as public relations*. Whether a company engages in CSR using a marginal public relations perspective or a perspective involving an aspiration to become CSR positioned, by deploying products and services that are of CSR nature (Du et al. 2007). The latter signals a company that has CSR in its DNA; thereby the option of whether to invest in CSR is not appropriate.

Policy-Level Predictors

It is expected that individual stakeholders' overall CSR perceptions will be also determined by policy-level and regulatory factors. Whether governmental entities set the standards of CSR practices, through regulation and internal operating procedures, is likely a strong influencer of stakeholders' CSR perceptions. In this respect governmental entities provide stakeholders with exemplars on how CRS can lead societies to real positive change. More specifically policy-level variables directly influencing stakeholders CSR perceptions likely include the following:

- *The CSR Institutional Infrastructure*. Institutional infrastructure factors mainly include the presence of non-governmental organizations as well as the existence of watchdogs in the country.
- *CSR- Related Regulatory Conditions/Frameworks*. Regulatory frameworks Involve CSR standards in policy (e.g., legal sanctions, tax law regarding the ability to deduct charitable contributions, etc.) that condition the design and implementation of CSR initiatives and strategies.
- *The CSR orientation of Public Institutions*. This factor can be mainly understood using the example of public procurement strategies. For example, given the importance of the share of public procurement in European Gross Domestic Product, the development of sustainable public procurement, can be an effective tool to encourage improvement in the environmental, energy and social performance of companies

Many researchers view the study of CSR as the study of the public role of the private company (Waddock 2006). Others take on a more hostile view of CSR, suggesting it as a substitute of good public policy. For example, these authors suggest that the promise of responsibility can deflect public attention from the need for stricter laws and regulations or convince the public that there's no real problem to begin with (Reich 2008). On the other hand, a great variety of CSR institutional initiatives have emerged, facilitating or even forcing CSR processes and the subsequent upsurge of interest in CSR. I argue that CSR researcher should focus on these different stances and try to reconcile them. They should further try to investigate how CSR impacts institutional mechanisms and whether institutional mechanisms and regulatory frameworks facilitate or prevent the adoption of CSR. In this context, researchers should organize their investigation around the following axes : 1) the extent and ways in which policy and regulatory frameworks encourage CSR on the part of companies as well as broader categories of agents of civil sociaty, such as individual citizens, consumer protection organizations, NGOs etc. through instruments such as fiscal incentives, subsidies etc. ; 2) the extent and nature of public institutions' commitment to a CSR organization (e.g. the rigour and nature of criteria for qualification for participation and entering into public procurement tenders. Currently, research is lacking regarding the role of institutions, policy-making and regulatory frameworks in the upsurge of the CSR process with the exception of the recent writings of Campbell (2007). His writings call for the investigation of the empirical validity of the (moderating and mediating) role of institutional theory in the CSR adoption process (Campbell 2007).

Contingencies

The model presented in this study also provides insights on possible contingencies that likely strengthen or weaken the proposed positive link between stakeholders' CSR perceptions and their willingness to develop cognitive as well affective bonds (i.e., positive relationship marketing outcomes) with the company engaging in CSR actions. Investigating the predicted positive link between CSR and Co-Creation of Value though important is just one part of the overall picture. Business managers as well as policy makers need to know whether there are variables likely to temper, make unimportant or increase the importance of stakeholders' CSR perceptions on relationship quality variables and in turn on co-creation of Value (Venkatesh 2006). Currently the extant CSR research is somewhat silent regarding the boundary conditions that likely govern the CSR-outcomes link (Luo and Bhattacharya 2006; Vlachos et al. 2009). I propose that such boundary conditions may govern the CSR-outcomes link. Specifically, it is likely that stakeholders' CSR psychographic profiles (i.e., CSR consciousness, CSR skepticism and CSR orientation) will moderate the relationship between CSR perceptions and relationship quality constructs (i.e., trust, identification, and willingness to co-create with company). For example, if stakeholders' CSR orientation focuses on environmental rather than social causes, CSR actions especially focusing on the betterment of social issues (rather than environmental) will not be consequential in influencing company-stakeholder relationship quality outcomes.

Implications

Empirically justifying the proposed CSR model will help both company managers and policy-makers to better understand the impacts of CSR initiatives using a quadripartite perspective of these impacts (i.e., at social-actor-, company-, policy-, and country-level) (see figure 2). This is important since, extant empirical equivocal results on CSR indicate that researchers and practitioners should strive to find tangible insights from CSR research in order to ascertain whether CSR practice is indeed a driver of positive social change, and if so in what ways. Importantly, researchers and practitioners should not only strive to understand whether CSR translates into outcomes, but how this is realized, and moreover under which conditions these effects are likely not be effective.

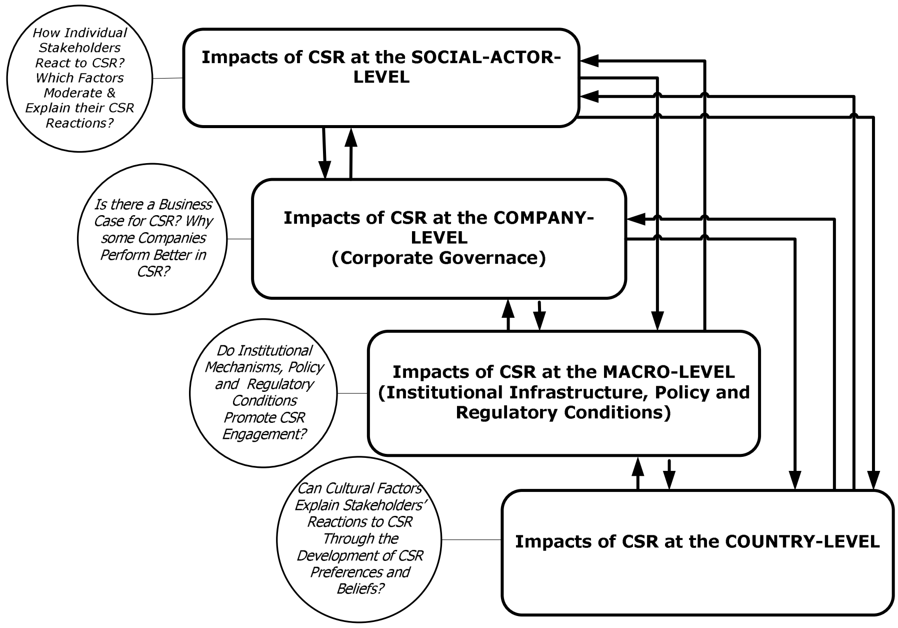

Figure 2. Impacts of CSR Using a Quadripartite View of CSR

First, understanding of the impacts of CSR at the social-actor and country-level (see figure 2) will enable feedback on how individuals react to CSR actions, why they respond in such a way, and importantly which psychographics profiles and respective tools are likely to capture these reactions. This is important for policy-makers since they will have at hand diagnostic CSR tools, capable of explaining why some companies and/or countries likely perform better in CSR compared to others. These diagnostic tools and results will help policy makers: a) to longitudinally monitor trajectories of individuals' reactions to CSR and, b) to design appropriate intervention programs for improving these reactions.

To illustrate, imagine the case of policy-makers aware of the information, that the citizens of a specific European country are highly sceptical and or/cynical towards

CSR (e.g., they doubt the altruistic motivations of companies engaging in CSR). The same policy-makers know that this high CSR skepticism, amongst others, stems from low levels of institutional trust in this country. Based on this knowledge, policy makers are aware that CSR performance in this country is likely to be poor and CSR investments in this particular area are likely not to payoff. Therefore, for CSR to be effectively enforced in this country appropriate programs are needed so as to make people feel more confident towards various institutions likely engaged in CSR.

Understanding the impact of CSR at the company level namely the "business case" of CSR (see figure 2), will help cost-minded company decision-makers to understand that CSR likely pay-offs and it does so in ways that are not simple or straightforward. The development of a CSR predictive tool, which quantitatively maps the process that translates stakeholders' CSR perceptions into positive firm outcimes, will help company managers numerically estimate the impact of their CSR investment on major competitiveness determinants, including innovation and collaborative innovation procedures. Further, CSR tools proposed to be developed in the course of the investigations of CSR at the social-actor level will enable company managers to understand whether individual CSR variables are likely to be blamed for their inferior or superior CSR performance. Company decision makers can monitor their companies' scores and their competitor scores on these individual-level CSR variables (e.g., individuals' attributions regarding the motives of companies engaging in CSR actions), and base their CSR investment strategies on such a feedback. Furthermore, using the proposed CSR diagnostic and predictive tools, company managers can further understand whether there are boundary conditions on the likely positive impact of CSR on competitiveness related determinants like innovation. For example it is likely that the CSR consciousness of a company's stakeholders likely moderates the link between positive stakeholder CSR associations and stakeholder citizenship behaviour. Consumers, employees and investors scoring low on CSR consciousness are likely not to take CSR into account when deciding about their citizenship behaviour towards the company (e.g., willingness to co-create with the company).

Third, understanding the impacts of CSR at the policy and framework conditions (see figure 2), will enable policy makers and company managers to understand whether regulatory frameworks, funding tools (e.g., public procurement strategies) and institutional conditions (e.g., the existence of watchdogs in the country) currently incorporate and promote company and citizen engagement in CSR. If CSR indeed works, and is likely to bring about positive social change, then regulatory frameworks and in general the CSR institutional infrastructure should be CSR aligned as well. For example, given the importance of the share of public procurement in European Gross Domestic Product, the development of sustainable public procurement, can be an effective tool to encourage improvement in the environmental, energy and social performance of companies.

Therefore through the CSR research investigations proposed in the proposed model, policy and company decision-makers will likely have answers and appropriate recommendations, with regard to the following:

- *Whether CSR works and in what ways*. Should, policy-makers and individual companies view CSR in a more conservative way or they should wholeheartedly embrace the concept and heavily invest on its evolution and its proper implementation? Importantly, which individual and country-level factors likely influence favourable stakeholder CSR perceptions?

- *Under which conditions CSR is not likely to work*. This knowledge will enable the design of intervention programs aiming to temper/improve boundary conditions on the positive impacts of CSR.
- *Whether the extant policy and framework conditions context is CSR aligned*. Specifically, do regulatory and institutional conditions motivate and enable the CSR alignment of companies? Is public procurement CSR aligned as well? If the answers to these questions are negative then appropriate action plans should be designed and deployed.

Conclusions

This study provides insights that illuminate two research gaps in the CSR literature:

a) Which factors determine individual stakeholders' perceptions of CSR activities? To answer this research gap I propose a research model that highlights the role of four sets of factors in shaping stakeholders' CSR reactions. This set of factors includes individual social actor-level factors, company-level factors, policy-level factors and country-level factors. I believe that these factors have the potential to empirical capture a large-enough portion of the variance associated with stakeholders' CSR perceptions. I urge researchers to empirically validate such a model employing a multi-country study design, the appropriate psychometric techniques and latent means analyses.

b) How do individual stakeholders' perceptions translate into favorable company outcomes? In order to provide insights to this research gap, I propose a process-based model, highlighting the importance of relationship marketing constructs in developing stakeholders' willingness to co-create with the company and therefore increase the company's capacity for innovation. I focus on the innovation outcome, since it is considered a major determinant of company- and country-level competitiveness.

Altogether, within the study's validity boundaries, I argue that researchers, managers and policy-makers need to understand that many factors interact to significantly influence stakeholder responses. As I present in this study investing in CSR is likely a complex effort, since CSR impacts likely entail mechanisms that involve complex mediation and moderation effects.

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