Why Firms Practice Corporate Social Responsibility (CSR):
The Roles of Institutional Orientation and Financial Resources for CSR Practices

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Abstract

Corporate social responsibility (CSR) is one of the earliest and a key concept in the academic study of relations between business and society. Much research has been done to define CSR and the outcomes of CSR practices. It is equally important to understand why firms engage in CSR, i.e., their CSR motivations. If we can better understand their motivations and actions, it may be possible to find ways of inducing firms to undertake more CSR practices.

In the paper, we present a conceptual framework, which explains the driving forces and motivations for CSR on the bases of institutional theory and a resource-based view of firms. Firm survey data was used to validate the framework. There is supporting evidence that both an institutional CSR orientation and financial resources for CSR constitute CSR motivations (i.e., social contract CSR and instrumental CSR motivations) that are eventually linked to CSR practices.