Categorizing Corporate Social Responsibility Strategy: A Perspective of Legitimacy Inconsistency

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Abstract

Despite a tremendous amount of research on corporate social responsibility (CSR) in the management field, previous literature does not offer a clear typology of CSR strategy beyond a simple distinction of more vs. less investment and reactive vs. proactive posture. We develop a typology of CSR strategy upon two strategic considerations around a particular social issue: issue legitimacy and potential for competitive advantage. We highlight an overlooked fact about an inconsistency in legitimating a social issue, presenting conflicts or temporal gaps at various levels. Firms also consider whether an issue can be integrated into core business operations to enhance competitive advantage. Combining these two dimensions, we propose four types of CSR strategy in the typology and explain each.

Keywords: Corporate social responsibility (CSR), CSR strategy, legitimacy inconsistency, competitive advantage, symbolic CSR, sensible business.

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Organizations continually face the demands from different stakeholder groups to contribute their corporate resources to promote social wellbeing (McWilliams & Siegel, 2000, p. 603). Claims for capability and accountability from organizations to address social issue have pushed them to add corporate social responsibility (CSR) on the agenda (Ellerup Nielsen & Thomsen, 2007, p. 25). According to an estimated spending on charitable giving and social donation reaching about $310 billion in the U.S. alone (Giving USA Foundation, 2008), there is no doubt that CSR has risen to most organizations' priority in their management (Arendt & Brettel, 2010, p. 1469). During the past two decades business scholars have thus paid significant attention to study CSR, which involves a great body of research emerged around, making it a mainstream of academic literature today (Margolis & Walsh, 2003, p. 29).

Many scholars consider CSR a set of organizational practices sought to further some social benefits, beyond the immediate economic interests, that are not formally required by the law (e.g. McWilliams & Siegel, 2011). Past research has broadly focused on how CSR is conceptualized (e.g. Carroll, 1979), why some organizations are behaving in socially responsible ways while the others are not (e.g. Campbell, 2007; Garriga & Mele, 2004), and what consequences of adopting CSR can be brought back to organizations (e.g. Doh, Howton, Howton, & Siegel, 2010).

Nevertheless, little theoretical attention has been paid to understanding in categorizing the distinct CSR strategies. Indeed, even though much of the literature has conceptualized CSR as the substantive commitment in which the objectives or motives should be given sufficient weight by business in addition to financial or economic considerations (Davis, 1960, p. 70), in reality, many of CSR activities can actually be proven to be simply business risk management (Godfrey, Merrill, & Hansen, 2009, p. 427), or exploration of new markets (Babiak & Trendafilova, 2011, p. 19), which is in fact highly instrumental and transactional or strategic in nature. Rather than treat CSR as a separate category from the traditional, strategic initiatives and outcomes, most scholars have essentially embraced with a potential synergy between social and different corporate performances (p. 13).

Remarkable among such work is that of Kramer (2007) who advocated a deeper association between an organization's core strategy and its CSR practices (p. 5). As such, the first observation is CSR as a solid strategic tool or business mechanism based on instrumental theories (Garriga & Mele, 2004, p. 53) to help organizations achieve economic goals, and, ultimately, wealth creation (Windsor, 2001, p. 236). Particularly, the connection between CSR and financial performance has been broadly addressed, implying that CSR involves the managerial concerns and is expected to facilitate the potential business growth (Walsh, Weber, & Margolis, 2003, p. 873). Most literature on CSR is thus surrounded by, for instance, maximizing the shareholder value (Friedman, 1970), strategies for achieving competitive advantages (Husted & Allen, 2000, p. 1), and responses to cause-related marketing (Varadarajan & Menon, 1988, p. 58).

In this paper, we seek to address the overlooked area of categorizing the distinct CSR strategies, attempting to tease out the substantive or real CSR, free off any corporate interests, from business-driven social activities that mainly prioritize organizations' economic interests. We do so by simultaneously drawing on an institutional aspect about legitimacy theory, and opportunity for competitive advantage. In keeping with Campbell (2007), a number of broad institutional and economic conditions determine whether CSR behaviour tends to happen, respectively (p. 947). While legitimacy theory and opportunity for competitive advantage independently have meaningful explanatory power in predicting different organizational practices or strategies, organizational scholars have not explicitly integrated them to investigate different CSR strategies. We will also seek to develop a typology of CSR strategy, proposing a theoretical framework in terms of these two perspectives to predict the conditions under which organizations will make decisions on implementing CSR strategy. Thus, our research question is: when will organization truly commit to substantive CSR instead of the business-driven social activities?

The reminder of this paper is divided into four sections. Firstly, we begin with a profound discussion about the prominent theoretical backgrounds underlying CSR, legitimacy theory, as well as opportunity for competitive advantage. Secondly, we develop a theoretical framework to categorize various CSR strategies, showing the different conditions under which organizations are making decisions on CSR, by carefully integrating legitimacy theory and opportunity for competitive advantage. Thirdly, we provide the associated propositions to illustrate and discuss our framework. Finally, we will conclude with the related implications and suggestions for future research about CSR strategy.

Theoretical Background

Strategy of CSR Investment

Even if CSR is associated with the decisions and actions taken for reasons at least partially going beyond an organization's direct profit making (Davis, 1960, p. 70), by mainly referring to the past literature, the instrumental theories (Garriga & Mele, 2004, p. 53) have been extensively highlighted to investigate the extent to which socially responsible corporate practices and conducts can affect an organization's financial performance (e.g. Rowley & Berman, 2000,

p. 398). Indicated by Friedman (1970) who has intensively focused on the organization's profitability and economic growth, the most prioritized responsibility of an organization to society is the maximization of profits to the shareholders within the legal and ethical context. Consistently, Walsh et al. (2003) find that CSR has been employed as a key predictor variable 85 percent of the time to estimate organization's financial and economic aspects based on twenty-two studies (p. 868). With the overloaded attention on financial effects brought by CSR and the prevailing view of CSR as a single business-driven construct, the research to potentially categorize CSR strategy has been essentially underrated as we may hardly find organizations who truly go beyond economic considerations, and substantively commit to their socially responsible actions and practices. As concluded by Sarkar (2008), most organizations' practices in relation to the improvement of social and environmental welfare have gradually evolved to their profitability-oriented management and strategy (p. 281).

Firstly, many scholars think CSR as an organization's social investment satisfying the demands from multiple social actors that can directly contribute to maximize the shareholder value in the future after the cost imposed on those social activities (Jensen, 2010, p. 14). Godfrey et al. (2009) took a longitudinal analysis of 160 firms that appear from 1991 to 2002 in the Socrates dataset utilized by KLD investment firm, finding that firms' shareholders will eventually gain values after the firms strategically distribute their resources and efforts into social initiatives (p. 432). They specifically differentiated the contextual influences in which CSR investment will generate more shareholders' value in a normal scenario, and that will alleviate the decline of shareholders' value in the scenario containing negative events for the organizations who had previously engaged in CSR activities (p. 426).

Secondly, previous scholars have also considered CSR the profit-oriented strategy that can boost organizations' cause-related marketing activities (Varadarajan & Menon, 1988, p. 58), such as exploring the new markets (Babiak & Trendafilova, 2011, p. 19), enhancing the customer-organization relationship (Luo & Bhattacharya, 2006, p. 3), and facilitating organizational reputation and image (Fombrun, 2005, p. 7). In fact, cause-related marketing is "the process of implementation marketing activities that are characterized by an offer from an organization to contribute a specified amount to a designated cause or social demand when customers engage in a revenue-providing exchanges that satisfy its business objectives" (Varadarajan & Menon, 1988, p. 60). The motivation to involve CSR activities is therefore to reinforce an organization's profitability by associating its marketing activities with socially responsible initiatives (p. 69).

Gond, Igalens, Swaen, and El Akremi (2011) interviewed with 30 CSR corporate executives from 22 organizations operating in France, and found that CSR is not only a marketing strategy that can help organizations effectively construct the future markets in many developing countries, but also a crucial element that may help them continuously maintain their social license to operate in those countries (p. 116). Also, Baumgartner (2014) looked at the innovative and technological organizations, suggesting that utilizing the innovative capabilities to alleviate the costs associated with addressing societal and environmental problems can be a potent approach to maximize the effects of their CSR activities in serving new social needs and reinforcing their newly achieved markets (p. 260).

Martinez and Bosque (2013) turned to hospitality organizations to develop a model that illustrates the likely impacts of CSR on hotel customers' loyalty, indicating there is a significantly positive relationship between CSR practices and the customers' identification with those organizations (p. 90). Choi and La (2013) drew from an event about service accident and failure to argue that organizations' previous CSR contributions will facilitate the restoration of customers' trust and loyalty after some negative events (p. 224). In addition, Fombrun (2005) introduced the evolving standards and regulatory developments in European organizations, seeing that organizations can strengthen their reputations by progressively converging on international norms of CSR conducts (p. 7). As well, Brammer and Millington (2005) referred to a group of UK organizations operating within different industries, and found those who had made more contributions to CSR initiatives will have better reputations in a long-run (p. 30). Taken together, CSR investment can benefit organizations in terms of their new markets' exploration, customer relationship, and organizational reputation, which can further boost their profitability and business growth.

In sum, past literature has mainly seen CSR as the strategic investment and business-driven social activity for financial and economic considerations. Specifically, we will pay deeper attention to identify the scenario in which organizations are ethically and substantively committing to CSR activities in nowadays by elaborately categorizing the distinct CSR strategies. To do so, we will analyze the potential integration of legitimacy theory and opportunity for competitive advantage upon our belief that the overall scope of our organizational theorizing of CSR can be strengthened by identifying the varying conditions that affect organizations' CSR decision-making. Consistent with Babiak and Trendafilova (2011), organizations' decision-making relating to social affairs involves multiple motives for engaging in various CSR practices, primarily obtaining legitimacy by responding to institutional pressures and expectations and taking advantages of the strategic opportunities generated through those CSR practices (p. 17).

Organizational Legitimacy Theory

Suchman (1995) defines organizational legitimacy as “a generalized perception that the practices of an organization are considered desirable, proper, or appropriate by social constituents within some socially constructed system of norms, values, beliefs, and definitions” (p. 574). Hamilton (2006) proceeded an illustrative case study that involves the events regarding to the sudden death of three American corporations, finding that the loss of legitimacy is able to immediately cause the loss of substantial of customers, clients, and market value, which in turn can cease an organization’s survival (p. 328).

Legitimacy is related to organizations’ consideration and many business cases. Organizations need to attain legitimacy to improve their overall ability to compete for scarce resources (Rao, 1994, p. 29), and survive across a wide range of events (Deephouse & Suchman, 2008, p. 59). When organizations are either trying to obtain legitimacy or rebuilding it after a crisis, they are more proactively to take various CSR activities, and more actively to communicate any achievements to public.

So, the past literature on organizational legitimacy has been broadly resting on strategic legitimacy management (Suchman, 1995, p. 585), which concerns about how organizations strategically overcome the challenges of legitimation by extensively emphasizing on legitimacy gaining or building process (e.g. Birkinshaw, Hamel, & Mol, 2008, p. 831), legitimacy maintaining process (e.g. Kostova & Zaheer, 1999, p. 66), as well as legitimacy repairing process following a crisis or threat (e.g. Elsbach & Sutton, 1992, p. 700). Along with such stream, most literature has been viewing legitimacy as a holistic status conferred by social audiences in which they accept or endorse an organization’s attributes as reasonable (Ashforth & Gibbs, 1990, p.

182). Little research, however, has specifically taken account of the different types of legitimacy that demand different responses and strategies in reality.

Extant research particularly elaborates several primary types of organizational legitimacy. For instance, Suchman (1995) introduced three types of legitimacy, which are pragmatic, moral, and cognitive, respectively (p. 577). Pragmatic legitimacy represents the direct exchanges of interests between organization and social audiences in which organizational practices visibly influence the audience's wellbeing. At here, a legitimate organization is defined as being capable of providing specific favorable exchanges, and responsive to the larger interests of society (Wood, 1991). Likewise, moral legitimacy indicates a positive and normative evaluation of organizations, as well as a judgement towards whether their activities are "the right things to do" and morally acceptable (Suchman, 1995, p. 579). Cognitive legitimacy seeks to perceive whether organizations' "means and ends" are understandable and taken-for-granted (Aldrich & Fiol, 2008, p. 651).

Similarly, Scott (1995) also posits three main types of organizational legitimacy, which are regulative, normative, and cognitive, respectively. Regulative legitimacy is built according to organizations' compliance with the legal and lawful requirements because the likely sanctions or punishments from authority will force them to comply. Normative legitimacy highlights the norms and standards that govern what is important to and how things should be done by organizations. Again, cognitive legitimacy considers the extent to which organizations' behaviour are socially supported and correct according to the shared understandings and perceptions from social audiences. Collectively, Suchman (1995) and Scott (1995) have categorized the distinct types in terms of pragmatic legitimacy, moral legitimacy, normative legitimacy, cognitive legitimacy, as well as regulative legitimacy. For this study, we are especially seeking to value the likely existence of legitimacy inconsistency around a social issue, we will seriously take these five types of organizational legitimacy into consideration.

As a result, legitimacy is not an either/or question to examine whether an organization is socially legitimate or not at a specific time. It requires the ongoing maintenance, and, more importantly, may face the situations of internal conflict or inconsistency, such as when regulative legitimacy contradicts with normative legitimacy, or when cognitive legitimacy conflicts with normative legitimacy. Moral legitimacy can also contradict with regulative legitimacy when, for instance, an organization faces huge moral and ethical controversy even though its actions are deemed as being perfectly legal. In addition, it might illegal for organizations to do what is considered moral.

Thus, organizations are exposed to a broad group of social audiences who are likely to push inconsistency and conflict among distinct types of legitimacy. Because organizational legitimacy links with the institutional forces and mechanisms (e.g. Campbell, 2007, p. 947; Babiak & Trendafilove, 2011, p. 12), institutional theory also overlooks the potential incongruence among institutional constituents. Even in early researches, such as institutional logics and institutional complexity, scholars often do not address the competing institutional pressures in a given field. Even though some early institutional theory research (Salancick & Pfeffer, 1978, p. 3; Oliver, 1991, p. 147) demonstrated the multiplicity and incongruence with institutional pressure, this part of message had been lost in most literature later, certainly in CSR. In addition, the earlier discussion of incongruence is focusing on the general institutional pressure rather than specify the sources, such as among different legitimacy types.

Other than the importance of organizational legitimacy that involves with institutional and social forces outside the organization in influencing organizations' motivation behind performing socially responsible activities, Fombrun (2005) argued that organizations strategically integrated CSR portfolio could help them attract resources, enhance their performance, and eventually build strong competitive advantage (p. 8). So, organizations incline to seek any potential opportunities for their competitive advantage by engaging in CSR practices.

Opportunity for Competitive Advantage

Votaw (1973) wrote: “corporate social responsibility means something, but not always the same thing to everybody” (p. 17). Drawing from a group of instrumental theories, CSR is only viewed as a strategic tool to achieve economic objectives, and, ultimately, wealth creation (Garriga & Mele, 2004, p. 53). Organizations’ social activities are more likely to be accepted and implemented if those activities are consistent with wealth creation or profitability. According to Friedman (1970), the primarily responsibility of organizations to society is the maximization of profits to shareholders within the legal framework and the ethical norm.

Overall, past scholars have categorized three main emphases of instrumental theories with regard to the economic and financial object proposed (e.g. Keim, 1978; Friedman, 1970; Husted & Allen, 2000). The first emphasis is built on the relationship between CSR and the objective of maximization of shareholder value, measured by the change in share price (Garriga & Mele, 2004, p. 946). Such object usually leads to a short-term profits’ orientation. The second emphasis focuses on the long-term strategic goal of achieving competitive advantages, aiming to generate profits in a long run. The last emphasis is associated with organizations’ different marketing practices, and often treated as a subcomponent of the second emphasis (the competitive advantage) (e.g. Varadarajan & Menon, 1988, p. 58).

In our study, we are particularly to focus on the second emphasis of instrumental theories, the competitive advantage perspective. We presented different legitimacy types, involving multiple groups of participants and a series of interactions, leading to the view that legitimacy is not assumed to be a stable or fixed condition, but rather is actively and continually negotiated in a state of flux (Suddaby, Bitektine, & Haack, 2017, p. 459). Both the different aspects of the organizations' networks over time and the normally durable attribute about many social issues make us think legitimacy is the production of an ongoing process of social interaction and negotiation to which organizations are expected to have a long-term consideration. Unlike maximizing shareholder's value normally within a short-term, enhancing competitive advantage is more consistent in this regard. Especially, scholars have pointed out that the long-term compensation is a strong explanatory variable to predict many organizations' CSR decision-making (Mahoney & Thorne, 2005, p. 242).

A growing recognition has been increasingly embraced by many organizations in which CSR can offer them the potential for enhancing overall competitiveness (Kramer, 2007, p. 5). By saying the potential, we typically refer to any opportunity or chance for realizing competitive advantage by addressing a social issue. It is the extent to which a focal social issue can provide opportunities for organizations to, for instance, grow market share, increase profits, explore new markets, and make business growth. In this case, we think that CSR, involving a set of social and environmental activities, can be more willingly taken by organizations when there is an accessible and discernable opportunity for being more competitive.

The Porter's model on five competitive forces valuing organizations' investments in the areas of competitive context indicates that investing to address social issues is an effective way to improve the overall competitiveness and create more social value (Porter & Kramer, 2002, p. 7). For instance, Anderson and Bieniaszewska (2005) looked at oil industry in UK and perceived how the firms had successfully made great expansions into new territories by importing new technologies to upgrade the local oil industry, thus reducing local pollution and protecting the environment (p. 2). As for CSR, scholars have indicated the resources that can be applied to effectively address social issues through CSR activities can become a significant source to facilitate organizations' competitiveness, as well as generate the future value-creating flows (e.g. Petrick & Quinn, 2001, p. 333; McWilliams & Siegel, 2011, p. 605).

In sum, legitimacy theory emphasizes on the relationship between organizations and social audiences, suggesting that an organizations' behaviours and outcomes are subject to legitimacy-managing perspective (Suchman, 1995, p. 603), which in turn is affected by the socially constructed norms and values about what is acceptable and endorsed. Prior study has rarely considered the different types of legitimacy that organizations may simultaneously demand, thereby often ignoring the likely inconsistency among legitimacy types when speaking to the same social issue. In addition, opportunity for competitive advantage particularly highlights the chances relate to a certain social issue for benefiting organizations' competitiveness and adding more value to their CSR activities. We seek to address the potential complementary nature of these two perspectives to explore the conditions under which organizations are making CSR decisions, striving to categorize in different CSR strategies and tease out the substantive CSR from business-driven social activities that have been traditionally associated with organizations' economic and financial interests.

Decision on CSR Strategy

Towards Integration: A Theoretical Framework

We propose the rationale through which organizations tend to make CSR decisions to a social issue that may evoke different levels of consistency among legitimacy, and simultaneously associate with different degrees of opportunity for building or enhancing competitive advantage. We thus develop our theoretical framework as presented in figure 1 below.

Insert Figure 1 about here

In fact, people can further theorize a seemingly great number of possibilities to classify and define other logical and rational decision alternatives available to organizations in varying contexts by utilizing the two perspectives above. To better establish an illustration towards how legitimacy theory and competitive advantage may be more precisely integrated, we focus on two dimensions of the decision scenario to which we believe can maximally realize their explanatory power and complementary nature. To categorize CSR strategies and explore CSR decision-making in different contexts, the legitimacy consistency (high or low) and the opportunity of competitive advantage (high or low), simultaneously surrounding a certain social issue each time, are located. Again, it is worth noting here that these two dimensions are chosen from a group of possible alternatives to most effectively reach the potential of integrating two theoretical perspectives. For instance, “concern for survival” in terms of immediate or deferred concern based on legitimacy theory (Martinez & Dacin, 1999, p. 86) and opportunity of competitive advantage may also prove adaptive and useful in a synthesis.

Theoretical Development

Four major quadrants can be identified in our theoretical framework, clearly differentiating the associated impact of legitimacy theory and opportunity of competitive advantage in explaining organizations’ decisions and categorizing distinct CSR strategies. Therefore, together with these two respects, we are to elaborately discuss each quadrant in terms of an identified social issue, and organizations' related CSR strategies and management practices.

In **cell I**, or the sensible business cell, organizations face a high legitimacy consistency (the different legitimacy types are not very contradicting to one another) to a certain social issue, wherein opportunity building and enhancing their competitive advantage is also considerably high. They can be motivated most by a sensible business, tapping into CSR-based marketing activities, such as waste management, recycling practices, and green products offering. We propose adopting the sensible business relating to the marketing-oriented CSR strategy can reconcile the harmony among legitimacy types, and benefit from the high opportunity for enhancing competitive advantage.

Humankind and society are facing serious ecological crises, such as natural resource depletion and environmental pollution, to which organizations are anticipated by the general public to address those issues (Dyck & Greidanus, 2017, p. 32). Indeed, the modern production system has been increasingly viewed as highly problematic for organizations to create sustainability and ecological responsibility and changed its relation to natural environment in terms of requiring more withdrawals from ecosystem and adding more additions to it (Schnaiberg, Pellow, & Weinberg, 2002, p. 2). As such, because of its impacts to humans' society, environmental problem is considered a crucial social issue faced by modern organizations. Babiak and Trendafilova (2011) also consider the environmentally responsible business practices are a key element of CSR practices (p. 11).

All legitimacy types are likely to arrive at consensus in this regard as different social constituencies tend to push organizations to act in accordance with "environmental state" where engaging in economic activities, the considerations of ecological pollution or "additions to the ecosystem" should have equal weight with any considerations of private profitability (Schnaiberg et al., 2002, p. 2). For instance, building on a study of Indonesian, Malaysian and Thailand pulp and paper industries' pollution controlling practices, the political authorities and government agencies value and require the traditional treadmill firms to adopt newly technologies to reduce the level of effluent discharge (Sonnenfeld, 2000, p. 252). Meanwhile, social protest groups in South-east Asia over pulp industry pollution had a major impact leading to the establishment of new environmental practices in utilizing newer and cleaner manufacturing processes in the industry to mitigate local pollution issues (Sonnenfeld, 1996, para. 3).

To address environmental pollution problems, the public encourages organizations to be environmentally minded, acting in concert with different social participants, such as the state, consumers, and various social movement organizations, to develop efficient corporate practices that would maximally reduce negative ecological and social externalities (Dyck et al., 2017, p. 13), while still allowing for growing prosperity within a largely capitalist framework (Obach, 2007, p. 229). Also, organizations' practices to help alleviate the speed of resource depletion are morally accepted as the "right things to do" by their social network groups to promote natural and societal welfare for the future generations (Bodin & Crona, 2009, p. 367). Those practices are often largely taken-for-granted, understood and supported by broad social audiences. In the book "Corporate Environmentalism and Public Policy" by Lyon and Maxwell (2004), the authors presented ample studies and examples showing that the general public across different nations tend to support the corporate initiatives on various respects of ecosystem and environmental protection (p. 292).

Essentially, two main reasons have contributed to a consistency among legitimacy types toward organizations' CSR practices relating to address environmental issues. Firstly, the magnitude of global warming, for instance, has called for attentions and actions from modern organizations whose self-driving market activities and intensive business practices are believed as the main causes (Malm, 2018, p. 21). Secondly, these CSR practices are associated with triple bottom line (TBL) management through which organizations are enhancing their corporate financial and economic wellbeing while simultaneously reducing their negative socio-ecological externalities (Dyck et al., 2017, p. 14). Such management aims to develop the "win-win-win" solutions that can maximally benefit a broad social sectors and groups, valuing economic prosperity, social equity, and environmental quality at the same time (p. 16).

Therefore, organizations can also find the opportunities for building and enhancing their corporate competitive advantages by undertaking those CSR practices. Ecological modernization theorists have particularly suggested that exploring market economics and opportunities is fully compatible with and supportive of organizations' progress and strategy toward environmentally sound perspective (Obach, 2007, p. 231). Market-based CSR strategies in this case can not only facilitate organizations' market share and profitability, but also escape the focus from social movements who may seek to mobilize customers into a collective force to target organizations' production and operation (Konefal & Mascarenhas, 2005, p. 12). Such CSR strategies are normally associated with selling environmentally friendly or green products and conducting waste management and recycling practices.

For instance, Baker and Sinkula (2005) found a significant positive relationship between CSR marketing strategy in terms of selling new green products, and firm's profitability and market share expansion (p. 462). In reducing environmental pollution, they looked at how a nationwide sample of organizations attempted to succeed in their new products offering that came with less inputs of chemicals and other ecologically harmful materials, while resonating with customers' expectations and expanding their current market shares. In the same vein, Rao and Holt (2005) turned to the delivering companies in South East Asia, and observed their practices to develop green supply chain, green marketing, and environmentally friendly packaging and distribution eventually leaded to an enhanced overall competitiveness (p. 899).

Likewise, Giusti (2009) considers waste management and recycling practices the effective ways to not only reduce the severity of natural resource depletion as more resources can be saved, but also generate more competitive advantages in terms of efficient operations and corporate image (p. 2229). Waste management practices are related to many environmentally sound criteria and policies that favour natural material waste prevention, waste re-using, recycling, and composting (p. 2237). Bel and Warner (2008) highlighted the ability to recycle and re-apply the used materials can significantly help organizations reduce their total costs, enrich corporate slack resources, and boost their profitability (p. 2). Such ability will progressively lead to more efficient operations that can benefit both the environment and organizations in a long run. Furthermore, Kang and Schoenung (2006) conducted an economic analysis of electronic waste recycling among a large group of utility supplying facilities in California, finding such practices could reduce a certain level of citizens' spending on electricity each year, and generate a good image towards organizations on protecting citizens' interests (p. 1672). We therefore posit the following proposition:

Proposition 1: Given a certain social issue, organizations facing conditions of high legitimacy consistency and high opportunity for competitive advantage around such issue are more likely to conduct a sensible business, tapping into CSR-based marketing activities.

Cell II, or the issue washing cell, involves CSR decisions by organizations that face a relatively low legitimacy consistency wherein the different types of legitimacy are contradicting with one another about a social issue. But, to address such issue can meanwhile offer organizations the opportunities for facilitating their competitiveness. For instance, while moral and normative legitimacy may generally think that organizations addressing the social issues, such as employment discrimination and unfairness, as morally and ethically acceptable, regulative legitimacy on the other hand may deem such social phenomena to be legal. Likewise, food security issues around genetically modified (GM) food are often lying in a considerably contradictory sphere in terms of different legitimacy types associating with the conflicting opinions of various social sectors.

The contradiction of different legitimacy types can be applied to the social issue towards employment discrimination in terms of employees' demographic characteristics. For instance, in explaining the bias against black employees in obtaining organizational leadership positions in the U.S., Carton and Rosette (2011) highlighted the reality that black organizational members are at the great disadvantage when they are evaluated about their leadership abilities in workplace (p. 1141). Evaluators tend to possess very strong common stereotypes of black employees in the U.S. (Devine & Baker, 1991, p. 45). In 2009, for example, there was only about 1% of the CEOs of Fortune 500 companies were blacks, representing a rate that was far below the population percentages of blacks in America (Carton & Rosette, 2011, p. 1141).

As indicated by Malm (2018), conservative white men "have disproportionately occupied positions of power within the economic system, controlling stocks and flows of various forms of capital" in America. By obtaining the higher positions on the economic ladder, white men are undoubtfully a group that most closes to the legislations and policies development (p. 133). They are likely to influence the regulations that "favor protection of the current order and extant systems that have historically severed them well" (p. 134). As such, the beneficiaries of the status quo will exert their powers to influence the relevant regulations and policies so that regulative legitimacy would overshadow the social issue of employment discrimination, seeing it as legally acceptable. On the other hand, Burstein (1991) particularly discussed a wide group of American social movements, using legal mobilization, had been trying to undermine the hegemony of white-supremacist in workplace, and fighting for equal employment opportunities (p. 1204). Together with other social actors, they concurrently evaluated employment discrimination as severe social issues to which organizations had the responsibility to provide moral and ethical changes.

Another social issue evoking conflicting legitimacy types is related to food security issues around GM food. The growth of ecologically damaging chemical-intensive production processes during Post World War II ear, associating with chemical usage in agricultural production, has contributed to the growth of GM food production in many countries (Obach, 2007, p. 230). However, there also has been an increase in consumer concern regarding to aspects of food quality and safety (DuPuis, 2000, p. 293) since "food safety crises such as BSE in UK and E. Coli outbreaks in the U.S. made consumers more cautious about the food they eat and how it is produced and prepared" (Murdoch, Marsden, & Banks, 2000, p. 110). More firms in agri-food industries have thus embraced with organic farming to "avoid the use of synthetic chemical pesticides, herbicides, and fertilizers, many of which have been related to environmental and health problems" (Obach, 2007, p. 230).

Pursuing organic farming and selling organic food are considered to be consistent with pragmatic legitimacy since firms have the ability to satisfy the personal needs of many consumers who are worrying about the health problems associated with traditional GM food. Those practices are legitimated as the organizations are capable of providing specific favorable exchanges, and responsive to the interests of social actors (Wood, 1991). Also, the manufacturing process, coming with new "efficient" energy and chemical intensive technologies, to produce marketable GM food can add more "additions" (pollution) to ecosystem (Schnaiberg et al., 2002, p. 2). In this case, the state and governmental agencies are likely to endow organizations relating to organic farming that is reducing ecological impacts with regulative legitimacy.

However, even if organic agriculture has been growing fast in the U.S., it only occupies a minor part of the entire agri-food industry (Konefal & Mascarenhas, 2005, p. 8). The sale and consumption of organic food in the U.S. only remain a minor part of the entire market. As a result, to many social audiences, organic food may not be as broadly taken-for-granted as GM food is since consumption of GM food has been continuously prevailing during the Post WWII era. The re-emergence of organic farming process may not be clearly understood or observed by many social sectors especially since those farming practices are often located at rural areas. So, organizations may not sufficiently gain cognitive legitimacy in this regard. Moreover, organic food normally comes with a higher price to which only a certain group of consumers are able to afford the consumption. Organizations' great expansion of focus on selling organic food in relation to GM food may not obtain normative legitimacy because it cannot efficiently promote the overall societal welfare.

To address the issues of food security, the emphases on food quality and health respects potentially allow organizations to increase profitability, since it simultaneously "allows for market differentiation and for value to be added to ordinary commodities" (Konefal & Mascarenhas, 2005, p. 8). To fight for equal employment opportunity and reduce the discrimination at workplace, organizations can promote organizational justice and fairness.

Therefore, employees tend to become more satisfied, and intellectually and emotionally recognized with their organizations, thus leading to greater loyalty and organizational identification, and eventually boosting their performance (Cropanzano, Byrne, Bobocel, & Rupp, 2001, p. 185). Similarly, building a democratic and harmonious workplace can let employees be encouraged to more proactively engage in their duties, share the power and information with their colleagues, and make their organizations more prosperous in the future (Knudsen, Busck, & Lind, 2011, p. 393).

To the social issues as abovementioned, the desirable opportunity for enhancing corporate competitiveness will not let organizations simply forego the attempts to address them despite the inconsistent legitimacy types. In some scenarios, organizations can bypass or ignore such inconsistency in a rational way. Even if openly violating the norms and standards of some legitimacy types, organizations may only be viewed as being illegitimate by the social audiences who are not associated with great power or influence (Elsbach & Sutton, 1992, p. 700). Although their practices deviate from some legitimacy types, organizations may still secure their legitimacy status by responding to the claims from the most powerful stakeholders who are more influential on their survival. In most cases, however, organizations are less likely to escape from such inconsistency. We therefore propose organizations are more likely to proceed the issue washing practices, tapping into a symbolic CSR for risk management.

When attempting to balance the inconsistency, organizations may enact the more efficient and flexible course of actions. Meyer and Rowan (1977) consider the symbolic activities the “ceremonial” adoption of institutional norms, trying to maintain a decoupling of the organizations’ legitimated conducts from the efficient structure of the operational core (p. 341). In a similar vein, Elsbach and Sutton (1992) connect organizations’ symbolic commitments to their impression management through which they seek to decouple the controversial or even unlawful actions from the seemingly legitimate structures (p. 700). Additionally, we argue that the perceived inconsistency of different legitimacy types and contradiction of multiple stakeholders' claims will further generate more pressures to organizations. Perez-Batres, Doh, Miller, and Pisani (2012) demonstrated a positive relationship between the level of perceived institutional pressure and the adoption of symbolic CSR practices by studying 1,145 publicly traded American firms between the years of 2001-2005 (p. 158).

In this scenario, organizations may also strategically pursue more on green propaganda and CSR communication practices to the public through, for instance, corporate website, annual reports, advertisements, and other sort of social disclosures (Farache & Perks, 2010, p. 236). Exposing to the inconsistency of legitimacy types, organizations tend to strategically manipulate symbols, through communication behaviours, to secure legitimacy (Massey, 2001, p. 155). Despite their real conducts and behaviours, organizations disclose the information to present a socially responsible image to their constituents (Farache & Perks, 2010, p. 236). Consequently, these efforts can affect the stakeholders' perceptions about social issues without changing corporate behaviours, and shift the public attentions away from the controversial practices to the more socially desirable initiatives and goals (Elsbach & Sutton, 1992, p. 699). We therefore posit the following proposition:

Proposition 2: Given a certain social issue, organizations facing conditions of low legitimacy consistency and high opportunity for competitive advantage around such issue are more likely to conduct an issue washing, employing the symbolic CSR activities for risk management.

In **cell III**, or the ethical commitment cell, the organizations are not struggling with the inconsistency or conflicts among different types of legitimacy to a social issue, but actually facing a low or absence of opportunity for enhancing their overall competitiveness by addressing such issue. We propose the ethical commitment is the major imperative of the organizations in this condition. Thus, when all legitimacy types are consistent to and resonating with a social issue, which is severe and required the attentions and actions from organizations who meanwhile do not see any opportunities for obtaining competitive advantage, the organizations are more likely to ethically and truly commit to their real social activities, the substantive CSR and philanthropic CSR (Schons & Steinmeier, 2016, p. 2). Such CSR practices are different from the business-driven CSR practices discussed in the first two cells.

The ethical commitment cell is resonated with our research question, helping us tease out the real or substantial CSR activities from those CSR strategies associating with various financial and economic considerations. It also well resonated with and corresponding to the definition of CSR that deemphasizes the direct economic interest or profit-making needs. The organizations under this condition would not implement CSR as a business strategy for profitability or competitiveness since the associated opportunities are absent. Instead, organizations take CSR activities that straightly meet the public demands and solve the social issues regardless of any economic and financial implications.

The associated social issues under this condition can be local poverty, as well as local unemployment problems. In the case of fighting local poverty and unemployment rate, which are normally highly associated with each other, all types of legitimacy are very likely to credit any pursuits or responsibilities to make positive changes. Especially, the roles played by nowadays organizations in this regard are becoming increasingly important. Governmental officials often find themselves standing at a paradoxical position relating to the issues of unemployment. The treadmill theorists point out that, with new production system, firms can produce more products using more efficient technologies, raising profits and making further expansions (Schnaiberg et al., 2002, p. 9). A growing proportion of profits is later to be allocated to upgrading the technology and productivity, making firms more efficient in their operations.

Workers, however, are somehow analogous to ecosystems as mentioned earlier since such treadmill production tends to deplete both of them. As firms become more technological efficient, more manual workers can be displaced intensively by the advancement of novel technologies and production systems. Despite the increased revenue from corporate tax that can partly be reallocated to the displaced workers as psychological and economic compensation, the negative consequences of such issues still cannot be overshadowed by government.

As a result, a devolved responsibility, the shift from government to governance, has been applied to organizations to help address those issues. Government agencies tend to expect organizations to help alleviate local unemployment and poverty. Therefore, the CSR practices in this case once again perfectly resonate with the original definition as organizations' CSR decision-making is going beyond any legal regulations from governmental agencies or laws.

Moreover, Jamali and Mirshak (2007) pointed out an ongoing shortage of governmental capacity to effectively solve the social issues, such as unemployment and poverty in many circumstances (p. 243). As for normative and moral legitimacy, respectively, social audiences are likely to acknowledge such efforts as both ethically and morally acceptable since organizations are to promote the overall societal welfare by helping those unemployed workers due to the modern production system and mitigating the subsequent emergence of social poverty issues, delivering the benefits to make the entire society beneficial.

Based on pragmatic and cognitive legitimacy, respectively, the general public will perceive that organizations are not only willing but having the abilities to re-hire those displaced employees, therefore delivering the direct exchanges of interests to respond to the demands of those workers, and to improve their wellbeing. Also, organizations' social practices and efforts to address unemployment and poverty issues have been largely taken-for-granted and understood by broad social audiences. Scholars have argued that CSR initiatives were valued by broad social sectors (e.g. Raimi, Akhuemonkhan, & Ogunjirin, 2015; Fernando et al., 2015), because the improvement of once unemployed workers' wellbeing and the changes of their life are evident both to themselves and to their broad social relatives and networks.

When targeting at such social issues, organizations tend to commit to the real and ethical impacts they can bring to society by undertaking the substantial CSR practices, such as continuous philanthropy, financial donation, employees' extra-role pro-social behaviours, and community and social programs support. Often, these CSR practices are closely associated with the social parts of organizations' social and ecological thoughts (SET) management, which, in this case, focuses on promoting social wellbeing while only maintaining financial viability (Dyck et al., 2017, p. 16). That is, with social philanthropy and donation, for instance, organizations are to improve societal welfare even though these practices do not maximize or increase their financial wellbeing, and sometimes add the extra costs to organizations. In other words, organizations pursuing these real substantial CSR practices involve the considerations that overshadow the attempts for enhancing corporate competitiveness, and embed within larger social environments (p. 16).

For instance, drawing from the case of Enterprise Alliance Inc., to help alleviate unemployment issues, the organization chronically hiring the underemployed or disadvantaged people, significantly mitigating the severity of local unemployment (Plerhoples, 2011, p. 231). Also, Ben & Jerry's Homemade Inc. has been supporting and donating to the local community and social philanthropy to fight local poverty and unemployment issues (p. 222). Both are not contributing to society for economic returns, but for giving something good to community. Such CSR practices represented the organizations' real and ethical social doings in cell III to place social wellbeing ahead of maximizing profits or enhancing corporate competitiveness. As a result, we think organizations are truly committed to substantive CSR or the real social activities. We therefore posit the following proposition:

Proposition 3: Given a certain social issue, organizations facing conditions of high legitimacy consistency and low opportunity for competitive advantage around such issue are more likely to employ ethical commitment, committing to real social activities in terms of substantive CSR and philanthropic CSR.

The **cell IV**, or the social minimization cell, describes the most passive condition regarding to organizations' CSR activities, indicating the lack of consistency among legitimacy types and of opportunity for enhancing competitiveness around a social issue, respectively. At here, we argue that organizations will purposefully minimize their engagement or involvement in any types of social activities or CSR strategies aiming to the arisen social issue. Thus, with the absence of opportunities to make business growth or profits, organizations may think fulfilling social demands or solving social issues are mainly imposing the additional costs on them without generating any increases to the shareholder value (Friedman, 1970). Moreover, different social sectors expressing the conflict or incompatible opinions to those social issues can turn any attempted CSR practices to the potential paradoxical movements from the current status quo.

Put differently, to solve the social issue under this condition is to approach the tensions of legitimacy types without realizing any further competitive advantages. In the case of sweatshop and child labour issues, for instance, the absence of solid legal prescription about such issues in some less-developed countries, such as Indonesia, Malaysia, and Thailand, has contributed to a legal approve to the issues (Miller, 2003, p. 95). Regarding to regulative legitimacy, the state agencies and authorities in these countries even interpret sweatshop conditions as legal terms by doing nothing to prevent sweatshop because "enforcing the law would seem to be a shaky foundation on which to build a policy of alleviating sweatshop labour through market outcomes (p. 96). On the other hand, the anti-sweatshop social movements in these countries claimed the relevant organizations to end the sweatshop and child labour practices because neither letting adult workers suffer from unsafe, abusive, overloaded, and unhealthy working conditions nor employing underage child labour force are morally or ethically acceptable (p. 99).

In addition, the efforts to address these social issues relating to sweatshop and child labour are less likely to present organizations the opportunities for enhancing their competitiveness. As mentioned above, those issues are more likely to occur in less-developed countries. With the lack of advanced technologies, the operation and production processes primarily associate with more physical and manual inputs from the labour force instead of the technologies and mental inputs.

Therefore, if organizations strive to end the issues of sweatshop and child labour, they are more likely to put obstacles to their and others' current economic growth without generating any competitive advantages. Especially, in some contexts, most traditional firms do not have the capabilities of investing and adopting labour-saving technologies, and most of their oldest mills and equipment are government-owned (Sonnenfeld, 2000, p. 239). To solve those social issues would undoubtfully impair the supply of the labour forces. As a result, organizations tend to keep distance with those social issues and minimize any associated social engagements or CSR strategies in order to potentially escape from dealing with the inconsistency among different legitimacy types. Instead, they are more likely to solely focus on profit maximization through business exploitative actions and financial bottom line (FBL) management, or the so-called "financially successful" practices (Dyck et al., 2017, p. 11). With the absence of any CSR decision-making, organizations tend to overshadow their responsibilities to social and environmental wellbeing, mainly measuring their corporate actions in economic terms (p. 11). We therefore posit the following proposition:

Proposition 4: Given a certain social issue, organizations facing conditions of low legitimacy consistency and low opportunity for competitive advantage around such issue are more likely to rely on social minimization, preventing the engagement of any types of social activities or CSR strategies and solely embracing with profit maximization.

Discussion and Implication

In this paper, we contributed to the past literature's insufficiency in categorizing different CSR strategies as most research has been broadly embracing with instrumental theories (Garriga & Mele, 2004, p. 53), treating CSR as a solid strategic tool or business mechanism for organizations to achieve financial goals and realize wealth creation (Windsor, 2001, p. 236). Particularly, we argued that mainly seeing CSR as a business strategy for financial incentives is inconsistent with the definition of CSR - "the objectives or motives that should be given weight by business in addition to those dealing with financial or economic performance and to those required by law" (Carroll, 1979, p. 498). We thus have teased out the substantive CSR, associating with real and ethical social activities, from those business-driven CSR practices. To do so, we developed our own theoretical framework to illustrate the typology of CSR strategy, and, more importantly, to predict the conditions under which organizations will make different decisions regarding to CSR practices.

Our theoretical framework provided a synthesis of legitimacy theory and opportunity for competitive advantage to release the complementary nature of these two perspectives in fulfilling our research goal. In addition to continuously support past literature valuing legitimacy as an explanation for organizations to act appropriately and reasonably within the socially constructed system of norms (Suchman, 1995, p. 574), we went beyond to criticize that most literature had been viewing legitimacy as a single holistic status conferred by social audiences, more comprehensively discussed different legitimacy types, and particularly indicated the existence of legitimacy inconsistency towards a social issue.

Although traditional legitimacy management is an important contribution to theorizing organizations' different strategies and pursuits in managing their legitimacy in terms of gaining, maintaining, or repairing process, respectively. It has failed to target the area in which the inconsistency of different legitimacy types may rather significantly affect organizations' behaviours. In our paper, opportunity for competitive advantage served to complement to such overlooked area, collectively predicting organizations' decisions about different CSR practices in various conditions. Based on these efforts, we now can have a better understanding in categorizing CSR strategy, and predicting the conditions under which organizations are ethically and truly committing to the real social activities.

Suggestions for Future Research

Firstly, more theoretical exploration towards the association of different conditions and organizations' CSR decision-making is needed to develop the boundaries of consideration. That is, there might also be some other significant factors that could either reinforce or weaken the relationships we had presented in our propositions. For instance, the future research needs to consider the existence of potential moderators. In our study, we have assumed that all social audiences who have the abilities to confer or withdraw organizations' legitimacy were essentially having the complete freedom of their action and expression. There might be the scenario at where social audiences' voices and opinions are purposefully suppressed or forcefully taken out. As such, social audiences can stay silence towards a social issue, falsely making the existing inconsistency among different legitimacy types consistent.

Secondly, even though we indicated that organizational legitimacy is viewed and conferred by social audience, we did not comprehensively identify or include sufficient groups of social audiences under each condition. To more accurately measure the aspect of legitimacy in our study, the future research needs to explicitly cover and discuss a broader range of different social groups to whom organizations need to respond to. Furthermore, identifying the specific group of social audiences is important because not every social group can truly influence organizations' legitimacy even if they perceive that organizations are not acting in accordance with social expectation and norm (Elsbach & Sutton, 1992, p. 700). Thus, the future research needs to clearly underscore some certain social groups or sectors who have more powerful capabilities and influences on organizations' legitimacy management. In this way, our conclusions in categorizing CSR strategy and predicting the specific condition under which organizations are ethically and truly committing to substantive CSR and real social activities will be more rigorous and convincing.

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Figures

Figure 1

A Conceptual Model of Conditional Strategy to CSR Issues

Legitimacy Consistency Around the Issue

Opportunity for Competitive Advantage Around The Issue	**High**	**Low**
High	**I** **Sensible Business** Tap into CSR-based marketing practices (e.g. waste management, recycling practices, green products selling, etc.)	**II** **Issue Washing** Symbolic activities for risk management (e.g. symbolic governance, green and ethics propaganda, decoupling, etc.)
Low	**III** **Ethical Commitment** Committed to real social activities and impacts (e.g. continuous philanthropy, social donation, local community support, etc.)	**IV** **Social Minimization** Prevent any engagement in social activities (e.g. Profit maximization via exploitative actions, "financially successful" practices, etc.)