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Does corporate social responsibility relate to corporate social irresponsibility? Toward an integrative framework for future research

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Abstract

Business research shows the growing interest in corporate social responsibility (CSR) and, more recently, in its counterpart, corporate social irresponsibility (CSI). Yet existing literature on how these two concepts relate to each other is fragmented and sometimes contradictory, leaving an unanswered fundamental question about their dynamic relationship. We narrow this gap by systematically synthesizing and narratively analyzing 34 relevant studies. We uncover three core mechanisms underlying the connection between CSR and CSI: insurance, penance, and trade-off. Our integrative framework on these mechanisms can benefit future studies on this emerging research topic.

Keywords: corporate social responsibility; corporate social irresponsibility; systematic review

Introduction

The past decade has witnessed an explosion of business scandals in many economic sectors, causing serious social and environmental consequences. The oil spill of British Petroleum in 2010, the diesel-emissions incident of Volkswagen in 2015, the product recall of Johnson & Johnson in 2019, and many other similar scandals have made the ‘conventionally silent’ topic of corporate social irresponsibility (CSI) a focus of attention. Although empirical evidence shows that such negative events may lead to financial losses (Stäbler and Fischer, 2020) and preventing CSI is believed to be a precondition for firms being recognized as responsible players in society (Lin-hi and Müller, 2013), the simultaneity of corporate social responsibility (CSR) and CSI behaviors is a current propensity among firms (Keig *et al.*, 2015; Kang *et al.*, 2016). Indeed, estimates indicate an increase from below 50% in 1991 to approximately 80% in 2009 of 3041 of the largest U.S. organizations engaging in both CSR and CSI activities (Lenz *et al.*, 2017).

Mirroring practical issues through an academic lens, scholars have begun including CSI in their CSR discussions in recent years (Murphy and Schlegelmilch, 2013). Specifically, since Lin-hi and Müller’s (2013) call for enriching CSR literature by explicitly examining CSI issues, relevant articles have markedly evolved. Under this research direction, extant studies have addressed the predictors (Bouslah *et al.*, 2018; Fu *et al.*, 2020), the outcomes (Sweetin *et al.*, 2013; Hawn, 2021), and the underlying mechanisms (Flammer, 2013; Peasley *et al.*, 2021) of CSR and CSI in organizations. Findings largely reveal the asymmetric patterns of CSR and CSI in their antecedents and consequences, notably highlighting the interactions between these two practices and their corporate strategic implications (Price and Sun, 2017; Groening and Kanuri, 2018).

Despite such research efforts, the fundamental question of how CSR and CSI relate to each other is not clearly understood. In a qualitative analysis, Herzig and Moon (2013) described three possibilities of CSR connected to CSI: CSR may succeed CSI, CSI can

follow CSR, CSR and CSI may exist concurrently. This original description of CSR–CSI connection suggests the importance to develop our understanding on the mechanisms underlying their relationship. Specifically, from a scholarly standpoint, having a deep comprehension of the dynamic relationship between CSR and CSI is crucial to advance knowledge on corporate social performance and thus bridge theory and practice. From a managerial perspective, entrepreneurs could benefit from a better understanding of their CSR and CSI decisions in connection with each other to implement successful business strategies. Unfortunately, research into this matter is fragmented. Some studies have examined the direct relationship between CSR and CSI (Ormiston and Wong, 2013; Shao *et al.*, 2021), whereas others have focused on the business outcomes of their combination (Vanhamme *et al.*, 2015; Nunes *et al.*, 2020). Still some have investigated the temporal boundaries of the two behaviors (Godfrey *et al.*, 2009; Peasley *et al.*, 2021), whereas others have paid attention to the spatial facets (Lenz *et al.*, 2017; Groening and Kanuri, 2018). As such, the contributions of previous research are fragmented and sometimes highlight contradictory results. More precisely, whatever the type of relationship considered between CSR and CSI, the authors do not address the same determinants, and if though they do, they find controversial financial and non-financial effects. Therefore, taking stock of these approaches is relevant to shed light both on how to characterize this relationship and on its determinants and main effects.

To address the research gaps, we conduct a systematic review of all relevant empirical work that includes both facets of corporate social performance and provides an understanding of their relationship. A content analysis carried out with 34 selected articles gives rise to an integrative framework of the CSR–CSI relationship in an empirical context. This framework highlights three core mechanisms underlying the relationship between CSI and CSR: regarding sequential approaches, (1) an insurance mechanism is highlighted when CSR precedes CSI, while (2) a penance mechanism is at work when CSI precedes CSR. When CSI

and CSR are considered simultaneously, (3) a trade-off mechanism is at play. As contrasting effects result from these mechanisms, we discuss some of them to show the research perspectives.

This paper is structured as follows: First, we discuss the theoretical paradigm shift in the CSR and CSI literature. Second, we describe the methodology used to conduct the systematic review. Third, we present the main findings with an integrative framework of the sampled articles. Fourth, we discuss the results, with specific proposals for a future research agenda. Fifth, we conclude with the main contributions and research limitations.

Conceptualization of CSR and CSI

The ethical view of CSR

For the past 60 years, research in various business disciplines has investigated the topic of CSR (Aguinis and Glavas, 2012). Despite myriad theoretical contributions, however, a consistently explicit definition of CSR is lacking (McWilliams *et al.*, 2006). According to Freeman and Hasnaoui (2011), CSR covers so many concepts and ideas that the divergence of its definitions depends on authors' viewpoint, country-of-origin perspective, or the deriving firms.

The current predominant paradigm in the literature links CSR with the idea of 'doing good' (Lin-hi and Müller, 2013), which means that the social responsibility of firms is to do good works for society (Carroll and Shabana, 2010). Specifically, CSR is defined as "*actions that appear to further some social good, beyond the interests of the firm and which is required by law*" (McWilliams and Siegel, 2001:117). In this vein, two characteristics are frequently highlighted in the extant literature on CSR as 'doing good'. First, 'doing good' notion reflects the *voluntariness* of CSR by nature. This voluntary feature is illustrated via Carroll (1991)'s two highest CSR types in their CSR pyramid: 'ethical responsibility' and

‘philanthropic responsibility’, which have been heavily discussed in CSR research (Lin-hi and Müller, 2013). Second, ‘doing good’ idea manifests the *intention* for societal good rather than its actual impact. According to Barnett *et al.* (2020), previous CSR studies primarily situate that firms intent to be good but provide inadequate evidence of the consequences of such CSR initiatives beyond the firms.

The contrasted conceptualization of CSI

Likewise, scholars have not reached a consensus on a precise CSI definition, though the irresponsible notion was coined in management research more than four decades ago (Armstrong, 1977). Surprisingly, this topic has received less attention in research, even though irresponsible practices are on the rise (Alcadipani and de Oliveira Medeiros, 2020). However, the situation has changed recently, with researchers coming back to the topic because of more frequent business scandals and dynamic media (Riera and Iborra, 2017).

For some researchers, CSI is viewed as either an unintentional action of a firm (Perks *et al.*, 2013) or a strategic behaviour (Keig *et al.*, 2015; Lange and Washburn, 2012) or even both (Lin-hi and Müller, 2013). Authors’ viewpoints are also diverse on who would decide if an action was irresponsible. Some (Pearce and Manz, 2011; Perks *et al.*, 2013) posit that the irresponsible nature should be determined by groups of people with direct interest to the company, whereas others (Armstrong and Green, 2013; Herzig and Moon, 2013) assert this judgment should be objective and belongs to who have no connection with that firm. These debates have significantly contributed to efforts in conceptualizing CSI more explicitly when the field has evolved rapidly (Riera and Iborra, 2017).

Many recent studies (Kotchen and Moon, 2012; Lin-hi and Müller, 2013; Price and Sun, 2017) have approached CSI as ‘doing bad’ symmetrically with CSR as ‘doing good’. In this regard, bad acts refer to unethical aspects in conducting business, as stated in numerous

past CSI definitions (Ferry, 1962; Greenwood, 2007; Pearce and Manz, 2011; Popa and Salanță, 2014). Moreover, bad acts regard as of causing harm to others (Godfrey, 2005), which is a core issue in differentiating whether a corporate event is irresponsible or not, such that corporate irresponsibility in its highest level possesses the highest degree of harm (Clark *et al.*, 2021). Under this ‘doing bad’ paradigm, CSI is defined as “*corporate actions that result in (potential) disadvantages and/or harm to other actors*” (Lin-hi and Müller, 2013:1932).

Paradigm switch in CSR/CSI conceptualization

A prevailing approach to conceptualize CSR and CSI is to view them as counterparts. Under the emerging research focus on CSI, we observe a paradigm transformation in the CSR conceptualization through CSI and vice versa. The traditional view is to locate the two concepts on the same continuum, while the emerging view is to treat them as two distinct constructs. Table 1 depicts this switch.

(Insert Table 1 here)

Dialectical view

Conventionally, CSI was perceived as merely an opposite construct of CSR. This pure contrast in the two concepts is demonstrated through past descriptions of CSR as positive actions and CSI as negative actions (Strike *et al.*, 2006). In a conceptual study, Windsor (2013) offers a more explicit clarification, considering CSR a social well-being gain, due to the voluntary achievement in stakeholders’ well-being, and CSI a loss of social welfare, due to the illegal wealth of shareholders at the expense of other stakeholders. Therefore, Windsor views both concepts as interdependent.

The treatment of these mirrored concepts implies the simple approach of defining a firm's irresponsibility as the failure to act in a responsible manner (Lange and Washburn, 2012). Two studies have advanced the theoretical foundation on this dialectical view. First, Jones *et al.* (2009) highlight CSR and CSI as lying at the two opposite extremes on a single continuum. In this CSI–CSR model, firms are not stable but move along the continuum, with extra-organizational elements affecting such movement (Jones *et al.*, 2009). Second, Windsor (2013) further proposes a zero point in between the two extremes, separating the area for irresponsible companies on the left-hand side and the domain for responsible companies on the right-hand side. The zero position is the lowest requirement of CSR, where an organization abides by legal regulations and complies with moral values. When the firm moves toward a higher level of CSR, it reaches corporate citizenship (Windsor, 2013).

Most prior studies have implicitly employed a traditional continuum approach by operationalizing CSR as an overall measure of CSR and CSI scores without dichotomization between them (e.g., Hull and Rothenberg, 2008; McWilliams and Siegel, 2000; Waddock and Graves, 1997). These studies mainly use an 'aggregated' or a 'net' value by subtracting CSI from CSR. This procedure indicates the equivalence but opposition of the two concepts (Kang *et al.*, 2016), assuming that a firm can fully wipe out its irresponsible behavior by engaging in a responsible activity and vice versa. This traditional view justifies the academic concentration on CSR (vs. CSI) in the past.

Orthogonal view

Many researchers disapprove of the continuum approach. According to them, the failure of this approach is that a bad deed cannot be recognized when there is no respective action on the good side (Strike *et al.*, 2006). In addition, the approach's assumption that one good action can be easily erased by one bad action is highly controversial (Kang *et al.*, 2016).

Notably, an aggregation of CSI with CSR as an overall measure can miss the importance of granular characteristics of the data (Kang *et al.*, 2016), leading to non-significant or even spurious findings (Strike *et al.*, 2006) and generally limiting understanding (Price and Sun, 2017). Therefore, this practice is ‘at best an oversimplification and at worst erroneous’ (Lenz *et al.*, 2017, p. 678).

Given such serious shortcomings, a new perspective emerged, which depicts CSR and CSI as two distinct dynamics. In contrast with the dialectical view, which defines the opposite of CSI as CSR, the orthogonal view argues that CSI has its own dimensions and that its opposite is ‘no CSI’ (Clark *et al.*, 2021). This view began with the study of McGuire *et al.* (2003), who emphasized that strengths and weaknesses of corporate social activities belong to different dimensions instead of a single continuum. Later on, Strike *et al.* (2006) took a step further with solid evidence of decomposing CSR as an overall measure and asserting that CSR and CSI were separate but related constructs. Many other empirical studies have since supported this direction, such as Walker *et al.* (2016), Fu *et al.* (2020), and Lin *et al.* (2020). The recent work of Clark *et al.* (2021) identified three important zones of CSI being different from CSR, including the types and degree of harm in corporate irresponsible behaviours, the intentionality of a firm to these behaviours, and the actions to rectify them.

A wealth of recent research contends that separating the CSI from the CSR construct is a contemporary phenomenon (Kang *et al.*, 2016), bridging the gap between business practices and academic research (Chen *et al.*, 2018). This evolution opens up a new domain of CSR research (Shea and Hawn, 2019), which involves switching from a dialectical view (CSI is simply the opposite of CSR) to an orthogonal view (CSR and CSI are two distinctive concepts that can co-exist). Consequently, this paradigm shift has sparked two theoretical lines. On the one hand, as CSI is differently constructed from CSR, researchers have begun paying individualized attention to CSI (Jain and Zaman, 2020; Stähler and Fischer, 2020). On

the other hand, studying only CSR is inadequate, thus calling for the inclusion of CSI in CSR discussions (Lin-hi and Müller, 2013; Riera and Iborra, 2017). The current study is a synthesis of empirical evidence related to both CSR and CSI, examining them as distinct constructs to develop a framework of their dynamic relationship – an unresolved issue in the literature.

Methodology

This study builds on the systematic literature review approach to address the identified research objective. This approach helps ensure systematicity, transparency, and reproducibility in synthesizing research results (Snyder, 2019). Furthermore, it assists in identifying significant advancements in the field and minimizing possible bias by searching all related publications and attaching decisions, protocols, and conclusions to them (Tranfield *et al.*, 2003). These features collectively justify the methodological choice in this study. To obtain the final sample, we took four sequential steps (Tranfield *et al.*, 2003; Denyer and Tranfield, 2009).

Step 1: Formulating review questions

In this study, our primary objective is to systematically review the literature that discusses both CSR and CSI aspects and to offer insights into the relationship between them. Specifically, our review question is: *What is the relationship between CSR and CSI?*

Step 2: Locating relevant studies

The purpose of the second step is to find all potentially relevant studies on CSR that also include CSI. Considering the multidisciplinary characteristics of CSR studies (Aguinis and Glavas, 2012), we did not prepare the list of targeted journals at the beginning of the search process. Instead, we used assembled search strings to uncover prior works in English through

two electronic databases: Web of Science (WoS) and Scopus. We chose these databases because they cover many high-quality journals worldwide with a critical editorial selection process. In line with quality control practice (Sivarajah *et al.*, 2017; Zahoor and Al-Tabbaa, 2020), we focused only on published peer-reviewed articles, excluding other sources such as introductions to special issues, books, book chapters, book reviews, replies, research notes, and other non-peer-reviewed publications.

Next, we consulted the most updated CSR/CSI reviews (Aguinis and Glavas, 2012; Lin-hi and Müller, 2013; Riera and Iborra, 2017) for a list of possible search terms. Many identified keywords refer to a particular CSR or CSI event, including ‘charitable donations’, ‘tax avoidance’, and ‘corporate corruption’. However, because the scope of our review is on articles dealing with the conception of general CSR and CSI activities, we excluded these terminologies at this stage. Specifically, we assembled keywords into two separate columns of CSR and CSI, respectively, thus formulating the search string as ‘a-keyword-in-CSR-column’ AND ‘a-keyword-in-CSI-column’. We then searched for this phrase in titles, abstracts, and keywords in an open time span till December 2021. As this review targets responsible and irresponsible activities in business, we limited the search to journals located in the business and management-related categories in WoS and Scopus. Table 2 lists the selected keywords.

(Insert Table 2 here)

Step 3: Evaluating and selecting studies

The keyword search initially yielded 715 articles. After we removed duplicates, 466 articles remained. We then checked all the studies using three thresholds of academic journal rankings (Kraus *et al.*, 2020):

- a. A cutoff greater than or equal to C with the rating of the German Academic Association of Business Research,
- b. A cutoff greater than or equal to 2 in the Academic Journal Quality Guide 2021 of the British Association of Business School, and
- c. A cutoff impact factor greater than or equal to 1.5 in Thomson Reuters Journal Citation Reports2021.

Despite some criticisms of journal ranking lists, they brought a valuable focus to our literature review (Mallett *et al.*, 2019). Furthermore, recent business reviews have also used these major ranking lists and the combination of all three accompanied thresholds, providing transparency and reliability in evaluating articles (Gernsheimer *et al.*, 2021).

When we applied the requirement of meeting at least one of the three quality thresholds, the number of relevant articles decreased to 363. Next, in preparation for screening and determining which study to include in the final sample, we set both inclusion and exclusion criteria. First, we included only articles addressing CSR and CSI as a core focus. Accordingly, the review excluded studies in which the research topics were beyond the scope of CSR/CSI meanings or were related to CSR/CSI matters indirectly or implicitly (e.g., corporate sustainability index, business ethics management, ethical leadership). Second, as discussed previously, our review considers only generally responsible and irresponsible activities. Therefore, we omitted articles about CSR/CSI activity-specific cases. Third, our synthesis concentrated on CSR and CSI activities from both macro (institutional or organizational) and micro (individual) levels of analysis. It did not review literature on perceptions of and attitudes toward CSR/CSI of internal and external stakeholders (e.g., employees, customers). Fourth, a to-be-selected study should distinguish negative components from positive corporate social performance and treat CSR and CSI as distinct constructs. Conversely, we applied the respective exclusion criterion to articles that treated

CSR and CSI as two opposite ends of the same continuum so that CSI was considered the low level of CSR. Fifth, we only considered articles that included both CSR and CSI matters within a single discussion and in which such inclusion was a central research topic. We omitted studies that individually examined either CSR or CSI issues. Sixth, the review focused on articles offering insights into the relationship between CSR and CSI, derived from the previously identified research question. Consequently, we excluded studies that failed to do so. Seventh, we limited the review to empirical literature, thus eliminating non-empirical publications.

With these criteria, we began the screening process by double-checking titles and abstracts of the 363 articles. We discarded any that met one of the exclusion criteria. This process resulted in 184 articles going to the next step. In the second evaluation round, we carefully read the full texts of the remaining studies. Thirty-two articles satisfied all seven requirements. In addition, we identified two other studies through the cross-referencing procedure (Wohlin, 2014). Thus, in the end, the final sample comprised 34 articles. Figure 1 depicts this selection process.

(Insert Figure 1 here)

Step 4: Synthesizing and analyzing data

Data analysis was based on a narrative synthesis (Popay *et al.*, 2006). The work began by reading and analyzing the content of the 34 selected articles. During this data extraction process, we designed a worksheet, with different columns referring to technical characteristics of an article: authors, article title, journal name, publication year, study location, level of analysis, research purpose, research method, and key findings. The tasks of reading the articles, analyzing the content, and recording the information into the worksheet ran concurrently and repeatedly. This iterative process allowed us to adjust the detailed

content in table columns until finalization. Then, we compared constituent parts of each article and linked them to the other articles, resulting in the commonalities and differences for the purpose of this review.

Findings

The descriptive analysis of the 34 articles shows that quantitative approach was by far the most popular across the sample (33 out of 34 articles), compared to qualitative design (one article). Under this quantitative predominance, the analyzed studies widely theorized on stakeholder theory (Freeman, 1984) and mostly utilized panel regression models, event study approaches, or experimental designs to capture different types of CSR–CSI relationship at their interest. The narrative synthesis of the selected articles with these relational types generated the integrative framework of the CSR–CSI relationship, as depicted in Figure 2 and further explained in Table 3. This framework puts the differences in the CSR–CSI relationship in a time sequence. Following Kang *et al.* (2016), we used time $t - x$ (with $x \geq 1$) and time t as the different time points when responsible or irresponsible actions took place. Accordingly, CSR is associated with CSI in one of three ways: CSR precedes CSI (link 1), CSI precedes CSR (link 2), or CSR and CSI exist together (link 3). Moreover, each mechanism has differentiated consequences on an organization's performance and its involved stakeholders (links 4, 5 and 6).

(Insert Figure 2 and Table 3 here)

CSR precedes CSI (insurance mechanism)

Links 1 and 4 in the framework capture the engagement in CSR followed by a CSI incident. Under this mechanism, previous CSR performance is likely to create a reservoir of goodwill that serves as insurance against the negative impacts caused by future CSI (Godfrey *et al.*, 2009). Some studies have invested efforts in finding empirical support for this dynamic

relationship; however, their findings are contradictory. Specifically, Kang *et al.* (2016) found a non-significant result, whereas Ormiston and Wong (2013) confirm that more CSR leads to more CSI. This conclusion derives from moral licensing literature, in which firm leaders earn moral license from prior CSR and this moral credit enables them to carry out more CSI later. By contrast, Shao *et al.* (2021) found that CSR precedes CSI in a negative manner. They explain that firm leaders achieve strong moral identity from CSR implementation and tend to decrease subsequent CSI to preserve the built self-concept. The findings of Christensen (2016), Du and Wu (2019), and Friske *et al.* (2020) also support the negative correlation between CSR reports and future CSI events (in Du and Wu's [2019] case, CSR reports were required to accompany external assurance).

A considerable number of the reviewed studies focus on the outcomes of the insurance mechanism: whether this mechanism works, how it works, and under which conditions (Table 3). Of the 17 articles investigating this matter, eight addressed the impact of the insurance mechanism on corporate financial performance. All 17 generally found that *ex ante* CSR helps alleviate negative market reactions in the aftermath of CSI events (Flammer, 2013; Afrin *et al.*, 2021). However, how well this insurance-like protection works may depend on (1) the specific stakeholders at which CSR activities are targeted (Godfrey *et al.*, 2009), (2) the characteristics of the firm or CSI itself (Godfrey *et al.*, 2009), (3) CSR participation on a short-term or long-term basis (Shiu and Yang, 2017), and (4) effects on short-term or long-term financial performance (Sun and Huang, 2020). Some studies (Yang *et al.*, 2015; Shiu and Yang, 2017; Du and Wu, 2019) reached a consensus on the *diminishing marginal insurance-like effect*, which means that the protection of prior CSR decreases in the presence of repeated CSI.

Aside from the financial outcomes, nine experimental studies dealt with the influence of prior CSR and subsequent CSI on non-financial indicators. Under this research direction,

empirical evidence indicates that when customers receive a CSR announcement accompanied by a CSI action, such inconsistent information negatively affects their attitudes and behaviors toward a company (Wagner *et al.*, 2009). This negative impact is magnified when customers have a strong connection with a brand (Baghi and Antonetti, 2021) and is attenuated when they have past experience with that brand (Peasley *et al.*, 2021).

In addition, research has uncovered evidence on CSR's insurance-like role in mitigating CSI's detrimental impact on non-financial aspects, such as firm valuation perceived by investors (Stuart *et al.*, 2021), corporate hypocrisy perceived by the general public (Chen *et al.*, 2020), and corporate reputation perceived by customers (Lin *et al.*, 2016). However, Nardella *et al.* (2020) clarify that in the case of culpable CSI events certified by the courts, a firm with previously high CSR is more likely to suffer a reputation decline. Without verified culpability of CSI, that firm is perceived as *innocent until proven guilty*. In a similar vein, research shows that prior CSR has a buffering effect on consumers' attitudes toward a firm suffering a subsequent CSI event, provided that the preceding CSR is communicated through a company-controlled source; an aggravating effect occurs if the news comes from a third-party source (Vanhamme *et al.*, 2015). Finally, Nardella *et al.* (2020) introduced the new concept of *cross-insurance mechanism*, in which prior CSR in one corporate domain impairs the effects of subsequent CSI in another domain.

CSI precedes CSR (penance mechanism)

Another CSR–CSI connection mechanism is the existence of CSI before CSR (links 2 and 5 in Figure 2 and Table 3). Here, a firm tends to engage in good deeds as a form of penance to compensate for its past misdeeds (Kotchen and Moon, 2012; Kang *et al.*, 2016). In comparison with the insurance mechanism, which has received substantial assessments, previous work on the penance mechanism is limited. Among the few articles examining this

mechanism, three tested for this dynamic relationship and found general support for a positive correlation (Kotchen and Moon, 2012; Kang *et al.*, 2016; Shao *et al.*, 2021).

Limited work (five studies) has explored the effectiveness of the penance mechanism. In terms of a financial outcome, the findings of three relevant studies are mixed. Krüger (2015) and Afrin *et al.* (2021) found that the use of CSR to offset prior CSI is positively viewed by shareholders in the short run, whereas Kang *et al.* (2016) found that this strategy is ineffective for long-term financial performance. In terms of non-financial outcomes, the studies of Wagner *et al.* (2009) and Peasley *et al.* (2021) contribute to the literature by assessing customer responses to the penance mechanism versus the insurance mechanism. In general, their findings revealed that in the event of conflicting CSR information, customers' attitudes are less negatively affected in a CSI → CSR sequence than in a CSR → CSI sequence. However, the reactive communication strategy (CSI → CSR) is not always superior. Peasley *et al.* (2021) conclude that in case of positively past customer experience, a proactive strategy (CSR → CSI) reinforces the stronger connection between companies and customers than a reactive one (CSI → CSR).

CSR and CSI interact concurrently (trade-off mechanism)

Links 3 and 6 in the framework illustrate the third mechanism: CSR and CSI exist concurrently. Nunes *et al.* (2020) were the first to name this mechanism as a trade-off. Sustainability in all corporate domains seems to be an impossible mission, and thus firms sustainably aim at one domain (by implementing CSR) while sacrificing another (by conducting CSI) (Nunes *et al.*, 2020). The trade-off of engaging in CSR and CSI simultaneously can also happen within the same domain (Lenz *et al.*, 2017).

Research on the trade-off mechanism has found empirical evidence of the interactive effects of CSR and CSI on firms' financial performance. Among the six studies addressing

financial consequences, only one examined the short-term basis. This study (Groening and Kanuri, 2018) found that firms' stock returns differently respond to same-day announcements of CSR and CSI news depending on the type of CSR news. Groening and Kanuri also conclude that the financially negative effect of CSI news can be attenuated by same-day news about CSR activities targeting technical stakeholders (e.g., customers, investors) or CSR activities directed at institutional groups (e.g., community, environment issues).

From a long-term financial perspective, five relevant articles deliver inconsistent results. Specifically, the findings of Lenz *et al.* (2017) and Price and Sun (2017) collectively show that the presence of CSI negatively moderates the positive influence of CSR on a firm's market value. By contrast, Walker *et al.* (2016) found a dominant positive effect of CSR on firm performance in the event of CSR–CSI concurrence. Furthermore, whereas one study observed an over-pricing phenomenon of the stocks of companies having both high CSR and high CSI scores (Lam *et al.*, 2015), two other studies found worse financial performance of this firm type than companies engaging in either CSR or CSI (Oikonomou *et al.*, 2014) or neither one (Price and Sun, 2017).

Regarding non-financial outcomes, three studies provide insights into this line. One study suggests the likelihood of suffering data breaches in firms undertaking both CSR and CSI (D'Arcy *et al.*, 2020), whereas another study found that institutional investors are averse to stocks of such companies (Nofsinger *et al.*, 2019). The third study confirms the impact of both CSR and CSI on corporate credibility perceived by different partners across a supply chain (Nunes *et al.*, 2020).

Discussion and future research agenda

In a discourse analysis, Herzig and Moon (2013) provided a notional conclusion of CSR–CSI connection possibilities: CSR preceding CSI, CSI preceding CSR, and CSR–CSI co-

existence. In this study, we took steps to systematically review all relevant articles and developed an integrative framework of three mechanisms underlying the CSR–CSI relationship. The first is the insurance mechanism, which implies that CSR can precede CSI, despite mixed evidence supporting this direct connection. Under this theme, researchers have conducted considerable investigations into the insurance-like effect of prior CSR involvement to a subsequent CSI event, both financially and non-financially. The second is the penance mechanism, which means that CSI can also precede CSR. A small number of studies have directly examined this prior CSI–subsequent CSR relationship. In a similar vein, prior research on this mechanism has largely overlooked the outcome perspective. The third is the trade-off mechanism, which entails CSR and CSI co-existing. In this third type, prior articles have contributed limited and conflicting evidence on the impact of the simultaneity of CSR and CSI on corporate financial performance and especially non-financial results.

These three mechanisms highlight the distinct conceptualization between ‘doing good’ and ‘doing bad’, a growing line in extant CSR and CSI research (Strike et al., 2006; Chen *et al.*, 2018; Hawn, 2021). Specifically, we found that CSR differs from CSI in terms of both temporality (insurance and penance) and spatiality (trade-off). These findings complement the Clark et al.'s work (2021), who identified the differentiation between CSR and CSI from a definition perspective. Furthermore, the three mechanisms with their studied implications gives emphasis to the perspective that firms might use the combination of CSR and CSI towards an outcome of interest. These findings, in line with the CSR strategic view highlighted by Vishwanathan et al. (2020), indicate that CSR and CSI are not only a matter of doing bad or good, but also of acting strategically, thus suggesting a conceptual consideration of a strategic facet in addition to the dominant ethical one on CSR and CSI combination.

On the one hand, the framework we develop enables us to take an integrative view of the three mechanisms; on the other hand, it highlights contradictions in research findings and

an imbalance in research concentration among the three mechanisms. Given this, as well as the relatively sparse research examining CSR and CSI as different facets to date, opportunities abound to deepen the understanding of the CSR–CSI relationship. As such, we present six main literature gaps as well as avenues for related future research.

Integration mechanisms

As CSR and CSI are distinctive concepts and can co-exist, our framework shows that the identified relationships not only can be examined individually but also need to be considered in combination. Of the 34 articles reviewed, only five deal with both insurance and penance mechanisms, one with both insurance and trade-off mechanisms, and one with all three mechanisms. Given the lack of joint evidence, researchers in the future could narrow this gap by providing an empirically integrative picture of the mechanisms using our framework as a foundation. Kang *et al.* (2016) also noted the incomplete and statistical problems in prior studies examining only one or two mechanisms concurrently. Thus, an examination of all three mechanisms would overcome these issues.

Underlying upstream factors and dynamics of the mechanisms

We synthesized in our review the three mechanisms of insurance, penance, and trade-off asserted in the literature. However, little is known about the underlying mechanisms – mediating effects and boundary conditions – of these mechanisms. Indeed, our analysis shows that only a handful of the 34 articles have attempted to unpack ‘mechanisms into mechanisms’ (Table 4). This dearth is unfortunate, and some recent work has called for additional explorations (Price and Sun, 2017; Fu *et al.*, 2020). What factors mediate the causal relationship between CSR and CSI in a time sequence? What are the unexamined moderators in these linkages? What psychological elements underlie the influence of the

three mechanisms on specific outcomes? What contextual variables potentially generate stronger (or weaker) consequences of these mechanisms? Addressing these questions at the individual or institutional level of analysis would be helpful for a more concrete understanding of when and how these mechanisms work. Thus, future studies in this direction would be beneficial to the body of CSR–CSI relationship knowledge.

In addition, in contrast with the outcome perspective of the mechanisms, which has received considerable development, research on the antecedent perspective is rare; only two articles in our review examine the moderating effect of prior CSR on the impact of determinants on subsequent CSI. Moreover, only one article focuses on the mediating role of prior CSR in the direct relationship between driving variables and subsequent CSI. To fully capture the whole process of the mechanisms, future research should pay more attention to upstream factors. Specifically, what determinants, if any, drive the three mechanisms? In this perspective, past evidence has ascertained that several elements related to organizations and top executives' behaviors are relevant in CSR decisions (Tang et al., 2015; Oh et al., 2018) or CSI practices (Pearce and Manz, 2011; Jain et al., 2023). This calls for further investigations on the impact of these elements on the types of CSR–CSI relationships, in particular, which (and how) organizational and behavioral factors can affect the managerial decision-making processes underlying mechanisms of insurance, penance, and trade-off.

(Insert Table 4 here)

Separated domains of CSR and CSI

According to Kinder, Lydenberg, Domini & Co. (KLD) ratings, CSR and CSI practices can be categorized into specific domains, such as community, corporate governance, diversity, employee relations, environment, human rights, and product. Focusing on the domain, we uncovered a large number of studies (74%) empirically examining CSR and CSI as whole

variables without distinguishing the domains to which they are related. Only 26% (nine papers) of our sampled articles take the categorization of CSR and CSI activities into account (Table 4). However, this consideration is valuable, as all articles in this group found significant implications of the domain to the existence and efficacy of the three mechanisms in an organization. For example, Du and Wu (2019) found no supportive evidence of an insurance-like effect of prior CSR and subsequent environment-related CSI actions, except for a labor-related effect. Regarding the penance mechanism, Kotchen and Moon (2012) show that firms have a tendency to offset misconduct in corporate governance with subsequent good deeds in other domains but not in governance itself. In terms of the trade-off mechanism, Lenz *et al.* (2017) found that CSR activities in the same domain as CSI influence firm value dissimilarly to those in different domains.

All these research efforts are contemporary but inadequate. A critical gap remains in the understanding of whether the identified mechanisms work well in specific domains of CSR and CSI and how the difference or similarity between CSR and CSI in these domains affects the three mechanisms. This gap calls for more articles that consider the CSR and CSI categorization across the three mechanisms in our framework. Under this direction, future research might classify CSR and CSI using factors other than KLD, such as domains that belong to internal or external contexts of organizations, voluntariness versus non-voluntariness of business leaders in engaging in responsible and irresponsible practices, the magnitude of benefits or the severity of detriments of CSR and CSI activities, or types of stakeholders to which such activities aim.

The key role of non-financial outcomes and stakeholder impacts

Another promising research area is non-financial outcomes. Prior research (e.g. Kang et al., 2016; Price and Sun, 2017) has established the impact of the three mechanisms on

organizations' financial performance, whereas non-financial implications are not well-grounded, especially with regard to the penance and trade-off mechanisms. We strongly encourage more studies on this perspective. More precisely, future research might re-examine already-validated outcomes in general CSR literature such as operational efficiency, demographic diversity, and competitive advantage (Aguinis and Glavas, 2012). Moreover, in addition to a focus on the consequences to shareholders, future studies could analyze other crucial organizational stakeholders, including customers, employees, suppliers, or even the public in general. Specifically, what are the impacts of the three mechanisms on relevant stakeholders?

Viewing both CSR and CSI issues from stakeholder impacts, a small number of studies have begun to discuss whether and to what extent stakeholders appear to be more (or less) affected by CSR than CSI. Their findings, however, are conflicting and limited to shareholder perspectives. Whereas Price and Sun (2017) found that the negative effect of CSI is stronger and longer than the positive impact of CSR on market value, Walker *et al.* (2016) concluded that CSR dominates CSI in its financial influence. Overall, we see a main gap in research into the stakeholder consequences of CSR in comparison with those of CSI. New studies could explore this aspect, and then investigate which implications arise to the three CSR–CSI relationships.¹

Generalizability to developing countries

In emerging country environments, weak institutional structures and systemic corruption are factors contributing to an increase in CSI (Mombeuil *et al.*, 2019) and a decrease in CSR (Jamali and Mirshak, 2007). As such, CSR and CSI behaviors in these environments may differ from those in advanced countries. Because an overwhelming proportion of studies on the CSR–CSI relationship have been based in developed markets (e.g., 24 of the 34 empirical

studies in our sample took place in the United States), to fill an essential gap with respect to developing countries, we suggest that new studies expand their geographic scope to developing and emerging areas. For example, to what extent are the identified mechanisms in our framework generalizable to other countries, and how divergent are they across different countries?

Research methods

Only one study in our review employed qualitative methodology. This number is similar to that in CSR research in general, as qualitative approaches are not the most influential (Aguinis and Glavas, 2012). We agree with Riera and Iborra (2017) that acquiring CSI information from entrepreneurs is rather difficult through direct interviews. Therefore, other means of data collection such as focus groups, observation, archival data, or a combination thereof could be considered. Such future qualitative studies would be fruitful to address unanswered questions at the individual level. For example, what psychological factors of top executives, if any, lead them to choose a specific mechanism? How does each mechanism influence the perceptions of individuals belonging to groups of interest in various contexts? Moreover, studies might employ a mixed research design, first conducting qualitative work to build appropriate propositions about the mechanisms in specific circumstances and then undertaking a quantitative examination to find statistical support for the propositions. In this vein, in addition to a content analysis in the qualitative phase, future researchers might consider a lexical analysis to capture both semantic and structural aspects of textual data (Bolden and Moscarola, 2000), and then incorporate such qualitative exploration into quantitative variables to uncover interesting insights into CSR–CSI relationships¹. Such mixed methods approach is particularly relevant in case of a research design on large-scale surveys.

We link our findings with the related research avenues to yield the following comprehensive view (Figure 3).

(Insert Figure 3 here)

Conclusion

The aim of this study was to integrate the fragmentary results of prior research that recognizes the distinct conceptualizations of CSR and CSI to gain a more concrete understanding of the dynamic relationship between the two concepts. Using a rigorous procedure to collect data, we carefully reviewed and analyzed 34 relevant articles. The systematic work resulted in an integrative framework of the CSR–CSI relationship in empirical literature. This framework ties CSR to CSI through three mechanisms: insurance, penance, and trade-off. The insurance and penance mechanisms work from a temporal perspective, whereas the trade-off mechanism considers the two dimensions simultaneously. Our framework also reveals the specific outcomes of these identified relationships. We then uncovered the main characteristics of this relatively new area of research and further recognized major research gaps that prevent a complete understanding of why and how CSR and CSI co-exist in an organization. Therefore, we encourage future research to continue investigating this research direction, with reference to the research agenda identified in this review.

The main contribution of our study lies in the new dynamic relationship framework between CSR and CSI. To the best of our knowledge, this study is the first attempt to analyze the similarities and variations in the relevant studies, linking fragmented discoveries in their findings to gain an integrative picture of the CSR–CSI relationship. Our framework allows researchers to position and advance their future work in the research stream of CSR and CSI inclusion. Additionally, this integrative framework can serve as a point of reference for practitioners in managing both CSR projects and CSI actions. It sends strong practical

messages that companies renowned for their CSR programs might also generate CSI incidents and reversely. Companies in controversial industries such as tobacco or alcohol would be able to engage in doing good at a certain level. In particular, it raises managers' awareness about responsibility and irresponsibility-related decisions in their connection, such a way that all decisions are interrelated and eventually have an effect on corporate and societal outcomes, in either favourable or non-favourable manners. It also suggests that a unique policy dealing with either CSR or CSI might not be adequate, instead policy makers should formulate CSR supporting policies combined with CSI minimizing ones.

As with any study, our review has several limitations. First, we considered only peer-reviewed and high-quality journal publications in business and management fields in our review. Therefore, some relevant studies from lower-ranked journals and other areas may be missing. A second limitation is the search strings used in the data collection process. Although we referred to previous research suggestions and tried different terms, the final choice may not be fully comprehensive, especially for terminologies related to CSI, which has received less research attention than CSR. Finally, we based the classification of the relevant articles into the three mechanism groups on narrative analysis. This narration, however, is to a certain extent subject to some subjective bias.

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TABLE 1 Paradigm switch in CSR/CSI conceptualization

	Dialectical view	Orthogonal view
Conceptualization	<ul style="list-style-type: none"> • CSR and CSI fall on the two opposite extremes of the same continuum 	<ul style="list-style-type: none"> • CSR and CSI are different constructs and can be considered simultaneously
Implication	<ul style="list-style-type: none"> • An overall measure of CSR • Failure to capture the simultaneity of CSR and CSI in an organization • Over-estimation of CSR and negligence of CSI 	<ul style="list-style-type: none"> • Dichotomization of CSR and CSI • Possibility to capture the simultaneity of CSR and CSI in an organization • CSI should individually receive more attention • CSR discussions should be enriched by including CSI • The dynamic relationship between CSR and CSI should be accounted for
Conceptual research	<ul style="list-style-type: none"> • E.g., Jones <i>et al.</i>, 2009; Windsor, 2013 	<ul style="list-style-type: none"> • E.g., Riera and Iborra, 2017; Clark <i>et al.</i>, 2021
Empirical research	<ul style="list-style-type: none"> • E.g., Waddock and Graves, 1997; McWilliams and Siegel, 2000; Mahoney and Thorne, 2005; Hull and Rothenberg, 2008; Liston-Heyes and Ceton, 2009 	<ul style="list-style-type: none"> • E.g. Walker et al., 2016; Lenz <i>et al.</i>, 2017; Price and Sun, 2017; Fu <i>et al.</i>, 2020; Lin <i>et al.</i>, 2020

TABLE 2 Keywords to find relevant studies

CSR keywords	CSI keywords
‘corporate social responsibility’, ‘CSR’, ‘positive corporate social event*’, ‘social* resp*’	‘corporate social irresponsibility’, ‘CSI’, ‘CSIR’, ‘negative corporate social responsibility’, ‘negative corporate social event*’, ‘social* irresp*’, ‘corporat* irresp*’, ‘irresponsibility’, ‘irresponsible behavior’, ‘CSR concern*’, ‘CSP concern*’, ‘adverse CSR’, ‘negative CSR’, ‘CSR weaknesses’, ‘negative event*’, ‘adverse event*’, ‘negative indicator*’, ‘misconduct’, ‘wrongdoing’

TABLE 3 Types of relationship between CSR and CSI

Types of relationship	Estimation results/qualitative findings		Outcomes	
CSR → CSI ^a	(1)	<ul style="list-style-type: none"> • <i>Positive</i>: Ormiston and Wong, 2013 • <i>Negative</i>: Christensen, 2016; Du and Wu, 2019; Friske <i>et al.</i>, 2020; Shao <i>et al.</i>, 2021 • <i>Not supported</i>: Kang <i>et al.</i>, 2016 • <i>Qualitative findings</i>: Herzig and Moon, 2013 	(4)	<ul style="list-style-type: none"> • <i>Financial outcomes</i>: Godfrey <i>et al.</i>, 2009; Flammer, 2013; Yang <i>et al.</i>, 2015; Christensen, 2016; Shiu and Yang, 2017; Du and Wu, 2019; Sun and Huang, 2020; Afrin <i>et al.</i>, 2021 • <i>Non-financial outcomes (e.g., perceived corporate hypocrisy, customers' attitudes and responses, perceived corporate reputation, corporate credibility, shareholders' judgment)</i>: Wagner <i>et al.</i>, 2009; Vanhamme <i>et al.</i>, 2015; Lin <i>et al.</i>, 2016; Chen <i>et al.</i>, 2020; Nardella <i>et al.</i>, 2020; Nunes <i>et al.</i>, 2020; Baghi and Antonetti, 2021; Peasley <i>et al.</i>, 2021; Stuart <i>et al.</i>, 2021
CSI → CSR	(2)	<ul style="list-style-type: none"> • <i>Positive</i>: Kotchen and Moon, 2012; Kang <i>et al.</i>, 2016; Shao <i>et al.</i>, 2021 • <i>Negative</i>: n/a • <i>Not supported</i>: n/a • <i>Qualitative findings</i>: Herzig and Moon, 2013 	(5)	<ul style="list-style-type: none"> • <i>Financial outcomes</i>: Krüger, 2015; Kang <i>et al.</i>, 2016; Afrin <i>et al.</i>, 2021 • <i>Non-financial outcomes (e.g., customers' attitudes and responses)</i>: Wagner <i>et al.</i>, 2009; Peasley <i>et al.</i>, 2021
CSR & CSI interact concurrently	(3)	<p><i>Qualitative findings</i>: Herzig and Moon, 2013</p>	(6)	<ul style="list-style-type: none"> • <i>Financial outcomes</i>: Oikonomou <i>et al.</i>, 2014; Lam <i>et al.</i>, 2015; Walker <i>et al.</i>, 2016; Lenz <i>et al.</i>, 2017; Price and Sun, 2017; Groening and Kanuri, 2018 • <i>Non-financial outcomes (e.g., risk of data breaches, corporate credibility, institutional ownership)</i>: Nofsinger <i>et al.</i>, 2019; D'Arcy <i>et al.</i>,

				2020; Nunes <i>et al.</i> , 2020
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^a Two articles (Fiaschi *et al.*, 2017; Bouslah *et al.*, 2018) provide indirect evidence in which the presence of prior CSR moderates the relationship between an antecedence and subsequent CSI.

TABLE 4 List of reviewed articles that uncover a specific topic

	Authors
Mediators of the CSR–CSI linkage	n/a
Moderators of the CSR–CSI linkage	Kotchen and Moon, 2012; Ormiston and Wong, 2013; Du and Wu, 2019; Shao <i>et al.</i> , 2021
Mediators of the mechanisms and outcomes	Wagner <i>et al.</i> , 2009; Vanhamme <i>et al.</i> , 2015; Lin <i>et al.</i> , 2016; Chen <i>et al.</i> , 2020; Baghi and Antonetti, 2021; Stuart <i>et al.</i> , 2021
Moderators of the mechanisms and outcomes	Godfrey <i>et al.</i> , 2009; Wagner <i>et al.</i> , 2009; Vanhamme <i>et al.</i> , 2015; Lenz <i>et al.</i> , 2017; Groening and Kanuri, 2018; Chen <i>et al.</i> , 2020; Nardella <i>et al.</i> , 2020; Peasley <i>et al.</i> , 2021
Separated domains of CSR and CSI	Godfrey <i>et al.</i> , 2009; Kotchen and Moon, 2012; Oikonomou <i>et al.</i> , 2014; Lenz <i>et al.</i> , 2017; Groening and Kanuri, 2018; Du and Wu, 2019; Nofsinger <i>et al.</i> , 2019; Chen <i>et al.</i> , 2020; Nunes <i>et al.</i> , 2020

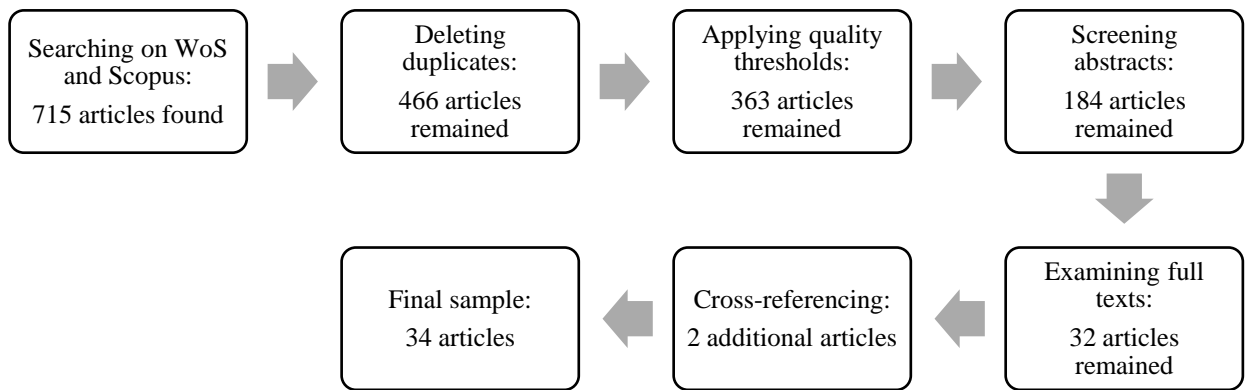


FIGURE 1 Article selection process

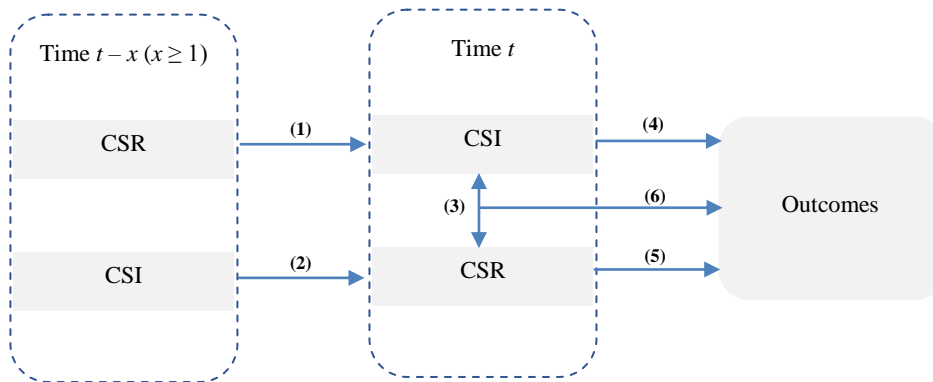


FIGURE 2 Integrative framework of the CSR–CSI relationship

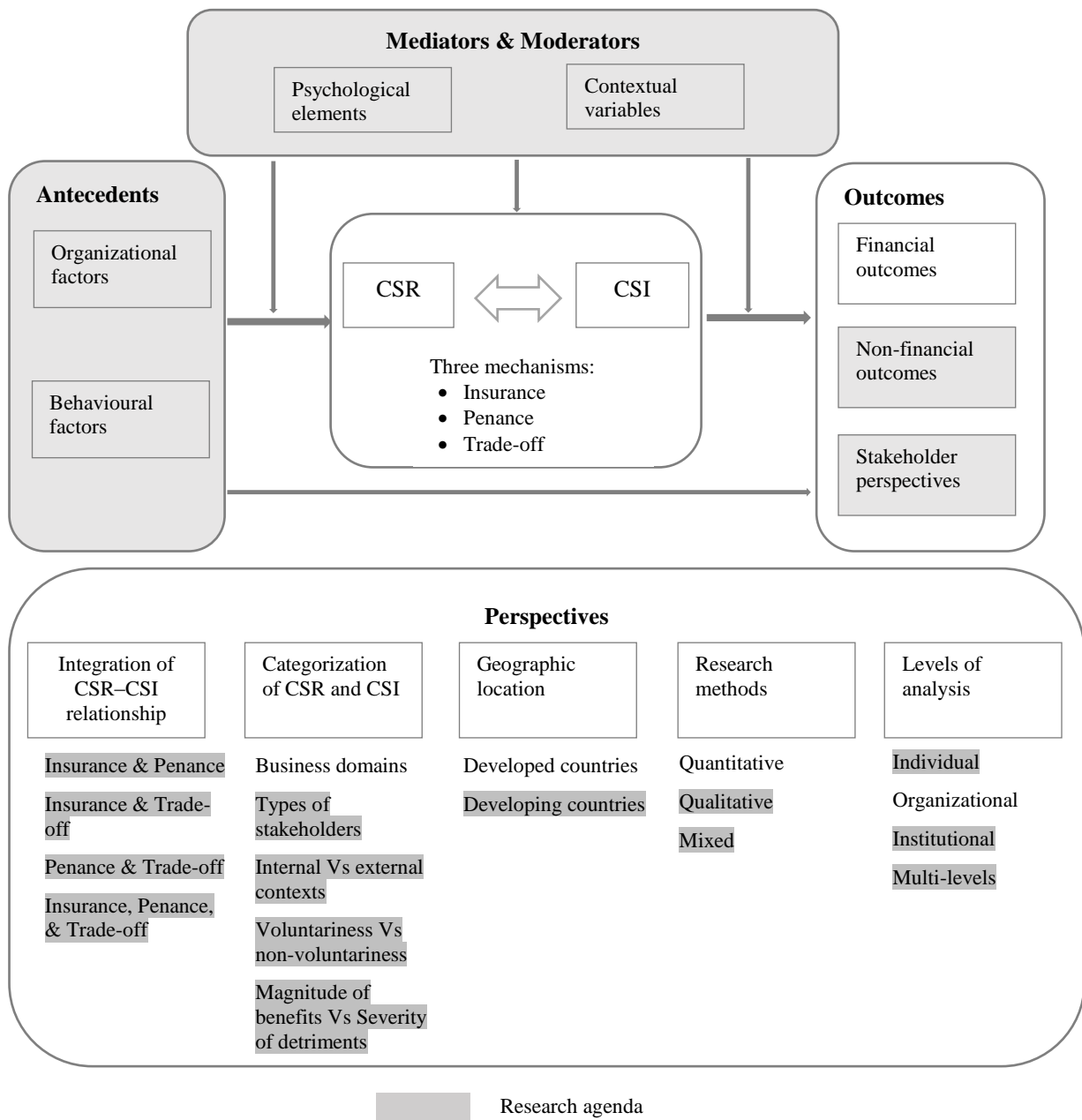


FIGURE 3 Research agenda on the CSR–CSI relationship

APPENDIX Summary of the analysed studies

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
Afrin et al. (2021)	Organizational	US	CSR issues in the context of water actions	Event study	394 events by 120 S&P 500 companies, from 2005 to 2017. Data sources from news articles (manually collected through Factiva), MSCI KLD, Thomson Reuters, IBES	Stock market reacts positively to responsible water actions and negatively to irresponsible water actions. There are diminishing positive/negative marginal returns for firms with past CSR/CSI performance, followed by further responsible/irresponsible water actions. There is an insurance effect that buffers the negative impact of irresponsible water actions for firms with past good CSR record. There is an offsetting effect to responsible water actions for firms with past CSI record.	Insurance Penance
Baghi and Antonetti (2021)	Individual	US	"False-signaling" theory of hypocrisy perceptions	Experiment	Study 1: 266 American participants Study 2: 295 American participants	Inconsistent CSR information (prior CSR → subsequent CSI) leads to increased hypocrisy, which negatively affects customer attitudes. Brand-self connectedness of customers moderates this process.	Insurance
Bouslah et al. (2018)	Organizational	US	Agency theory, psychology research, and the simultaneity of CSR and CSI	Secondary data analysis (pooled OLS, fixed effects and random effects in panel data estimation)	18,496 firm-year observations from 1992 to 2012. Data sources from MSCI KLD, ExecuComp, Center for Research in Security Prices (CRSP), Compustat	Before 2007 financial crisis: CEO risk-taking incentives are positively related to CSI and prior CSR moderates this relationship. After 2007 financial crisis: no evidence of CEO risk-taking incentive and CSI relationship.	Provide indirect evidence in which the presence of prior CSR moderates the relationship between an antecedence and subsequent CSI.
Chen et al. (2020)	Individual	US & UK	Literature on corporate hypocrisy,	Experiment	Study 1: 181 American participants Study 2: 300 British	Prior CSR directly helps mitigate corporate hypocrisy (arising from prior CSR-subsequent CSI inconsistency). Specifically,	Insurance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
			moral licensing theory		participants Study 3: 515 British participants Study 4: 800 American participants	firm warmth mediates the influence of prior CSR on CSR motive, which in turn decreases individuals' hypocrisy perceptions. The matter of when CSR and CSI are in the same (vs. different) domains can strengthen the individuals' perceptions of corporate hypocrisy	
Christensen (2016)	Organizational	US	Literature on reputation, risk management, insurance role of CSR report	Event study	926 CSI events from 1999 to 2010. Data sources from business news articles, Audit Analytics litigation, Compustat, CRSP	CSR reports is negatively associated with future CSI events. In the face of CSI events, firms with prior CSR reports experience a less negative stock price reaction.	Insurance
D'Arcy et al. (2020)	Organizational	US	Stakeholder theory	Secondary data analysis (OLS panel fixed effects and robust standard errors)	2,268 firm-year observations from 378 firms from 2005 to 2010. Data sources from Privacy Rights Clearinghouse (PRC) website, MSCI KLD	Firms with CSI records are no more likely to experience data breach. Firm with peripheral CSR records are more likely to experience data breach. Firm with both peripheral CSR and high level of CSI are more like to experience data breach.	Trade-off
Du and Wu (2019)	Organizational	Taiwan	Literature on CSR reports	Event study	1,531 CSI events from 2006 to 2014. Data sources from Taiwan Economic Journal (TEJ) database	The presence of CSR report is not negatively associated with the presence of subsequent CSI event. CSR report with external assured helps reduce subsequent CSI events. When CSI occurs for the first time (perceived as anomaly), prior CSR report (assured or not) helps protect firm value. When CSI repeats (perceived as pattern), the insurance effect of prior CSR report (assured or not) does not exist.	Insurance
Fiaschi et al.	Institutional	Brazil	neo-	Secondary data	394 firm-year	The speech and press freedom of the host	Provide indirect

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
(2017)		and Mexico	institutional theory	analysis (RE-IV panel two-stage least squares)	observations from 2003 to 2012. Data sources from Business and Human Rights Resource Centre (BHRRC) and Sustainalytics	country is a key influencing the CSI conduct of Multilatinas and CSR moderates this relationship.	evidence in which the presence of prior CSR moderates the relationship between an antecedence and subsequent CSI.
Flammer (2013)	Organizational & Institutional	US	Instrumental stakeholder theory, natural resource-based view, research into sustainability in business	Event study	173 CSR events and 156 CSI events from 1980 to 2009. Data sources from newspaper (through FACTIVE), CRSP	Investors react positively to CSR events and negatively to CSI events. External pressure to behave responsibly towards the environment moderates these relationships. Over time, the negative market reaction to CSI events has increased, whereas the positive market to CSR events has decreased. There is an insurance effect of CSR: firms with high levels of CSR experience less negative market reaction to CSI events.	Insurance
Friske et al. (2020)	Organizational	North America	Stakeholder theory	Secondary data analysis (Panel fixed effects and robust standard errors)	2,321 firm-year observations from 796 firms from 2011 to 2015. Data sources from Compustat, RiskMetrics, ExecuComp, MSCI KLD	Several stakeholder engagement variables impact CSR report. The presence of CSR report has no effect on CSR performance. The presence of CSR report is negatively associated with CSI performance. Customer and employee engagement variables decrease CSI through the mediating effect of CSR report.	Insurance
Godfrey et al. (2009)	Organizational	US	The moral capital of CSR	Event study	178 negative events from 1993 to 2003. Data sources from Socrates (KLD), Compustat	Generally, in the face of CSI event: prior CSR engagement creates a moral capital/ goodwill which mitigates the declined stock price.	Insurance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
						<p>Only institutional CSR has such insurance effect (technical CSR has no insurance effect).</p> <p>Firm-specific characteristics are relevant: the insurance effect is stronger in firms with higher level of intangible assets and larger size, and weaker in firms with more negative social impacts.</p> <p>Event-specific characteristics are relevant: in the face of competitively based CSI events: CSR engagement has no insurance effect. In the face of integrity-based CSI events: CSR engagement offers insurance effect. In the face of stakeholder-based CSI events: not significant result.</p>	
Groening and Kanuri (2018)	Organizational	US	Signaling theory	Event study	565 firm-event-days with at least one CSR and one CSI event in the same day from 2005 from 2008. Data sources from MSCI KLD database, newspapers, CRSP	<p>CSR activities involving technical groups (TCSR) significantly decrease stock trading volume, while CSR activities involving institutional groups (ICSR) have no effect on stock trading volume.</p> <p>The negative impact on firm value of same-day CSI can be mitigated by numerous TCSR or few ICSR activities.</p>	Trade-off
Herzig and Moon (2013)	Institutional	UK	Literature on CSR and CSI	Discourse analysis	Data sources from newspapers from September 2007 to August 2010	<p>Three relationships between CSR and CSI in the context of financial sector and economic recession:</p> <p>(i) CSI can exist without CSR, which may follow after</p> <p>(ii) CSR and CSI co-exist</p> <p>(iii) CSR can precede CSI</p>	Insurance Penance Trade-off
Kang et al. (2016)	Organizational	US	Literature on four	Secondary data analysis	24,500 firm-year observations from 1991	There is no support for slack resources and insurance mechanisms.	Insurance Penance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
			mechanisms regarding CSR–firm performance relationship: slack resources, good management, penance, and insurance	(structural panel vector autoregression)	to 2009. Data sources from MSCI KLD, Compustat	Good management mechanism exists: CSR is financially beneficial to firms. Penance mechanism exists: firms tend to use CSR to offset past CSI, but this mechanism is ineffective at offsetting negative performance impact due to CSI.	
Kotchen and Moon (2012)	Organizational	US	Literature on the strategic nature of CSR in business decision-making process	Secondary data analysis (pooled OLS, fixed effects)	11,042 firm-year observations from 1991 to 2005. Data sources from MSCI KLD, Compustat	More CSI results in CSR. This effect is stronger for industries where CSI is of subjects of greater public scrutiny. When CSI is of community, environment, human rights (dimensions where public pressure is present), firms tend to do more CSR in the same dimensions (within-categories relationship). When CSI is of corporate governance, firms tend to do more CSR in other dimensions rather than same dimensions (cross-categories relationship).	Penance
Krüger (2015)	Organizational	US	Literature on the link between CSR and corporate value, theories of stakeholder-oriented firms and theories of SRI investors	Event study	2,116 positive and negative events by 745 firms from 2001 to 2007. Data sources from KLD Scorates, CRSP, Compustat	Investors respond slightly negatively to CSR news. Investors respond strongly negatively to CSI news. Compared with CSI news, investor reaction to CSR news is weaker and less systematic. Investors do value the offsetting CSR news of firms with past CSI record. On the contrary, investors respond negatively to CSR news of firms as a result of agency problems.	Penance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR– CSI relationship
Lam et al. (2015)	Organizational	US	Stakeholder theory, investor recognition theory	Secondary data analysis (time-series regression on the model of Fama-French three factors and momentum factor)	1,440 firm-year observations from 1992 to 2011. Data sources from MSCI KLD, CRSP	For firms with both CSR and CSI: stock is overpriced. This overpricing is driven by CSR activities related to community and environment	Trade-off
Lenz et al. (2017)	Organizational & Institutional	US	Instrumental stakeholder theory	Secondary data analysis (linear mixed model)	Study 1: 17,345 firm-year observations. Study 2: 13,411 firm-year observations. Data from 1991 to 2009. Data sources from MSCI KLD, Compustat	The positive effect of CSR on firm value is moderated by the presence of CSI. Only CSR that relates to other domains to CSI enhances firm value (no such effectiveness of CSR with same domains to CSI).	Trade-off
Lin et al. (2016)	Institutional	China	Reputation theory	Secondary data analysis and experiment	Secondary data analysis with data sources from Rankins CSR Rating, China Stock Market and Accounting Research (CSMAR). Three experiments follow.	CSI is negatively associated to corporate reputation, perceived corporate ethics mediate this relationship. CSR helps alleviate the negative impact of CSI by moderating the mediating role of perceived corporate ethics.	Insurance
Nardella et al. (2020)	Institutional	World	Attribution theory, expectancy violations theory	Secondary data analysis (multiple linear regression analysis)	1,518 firm-year observations from 2005 to 2012. Data sources from Thomson Reuters Asset4, World's Most Admired Companies (WMAAC) surveys	CSI event does not affect corporate reputation. The impact only occurs in certain circumstances: (i) Firms with prior high CSR: CSI events result in reputation penalties only if such events are culpable through court of law, which causes corporate hypocrisy. Without	Insurance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
						culpability determined by court, firms are perceived as innocent until proven guilty. (ii) Firms with prior low CSR: CSI events result in reputation decline, without the established evidence of court-determined culpability.	
Nofsinger et al. (2019)	Institutional	US	Literature on CSR and investing	Secondary data analysis (pooled OLS, fixed effects)	Russell 1000 firms from 2001 to 2013. Data sources from MSCI KLD, CRSP, Compustat, Thomson Reuters	Institutional investors have asymmetric preference for CSR and CSI: they avoid firms with CSI in environmental and social indicators, while there is no evidence that they seek firms with CSR in these indicators. Institutional investors tilt away from firms having both CSR and CSI.	Trade-off
Nunes et al. (2020)	Individual	US	Stakeholder theory, triple bottom line, literature on food supply chains	Experiment	603 participants	Sustainability trade-offs and cross-insurance mechanisms affect corporate credibility differently across the supply chain: (i) First tier (pesticide producers): respond better to a social trade-off (ii) Second tier (farmers): are more sensitive to economic cross-insurance (iii) Third tier (food companies): respond better to social cross-insurance (iv) Fourth tier (retailers): respond better to a social trade-off	Insurance Trade-off
Oikonomou et al. (2014)	Organizational	US	Social judgement theory	Secondary data analysis (pooled OLS)	6,986 firm-year observations by S&P 500 firms from 1991 to 2008. Data sources from MSCI KLD, Kenneth French's online data library	Firms with CSR only have better financial performance than firms with CSI only. Firms with mixed CSR and CSI do financially worse than firms with CSR only or CSI only.	Trade-off
Ormiston and	Individual &	US	Literature on	Secondary data	49 Fortune 500 firms.	Prior CSR is positively related to subsequent	Insurance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR– CSI relationship
Wong (2013)	Organizational		strategic leadership and moral licensing	analysis (OLS regression)	Data sources from MSCI KLD, books and business press (for data on CEOs)	CSI. The moral identity of CEOs moderates the prior CSR–subsequent CSI relationship, such that this relationship is more positive when CEOs are high on moral identity.	
Peasley et al. (2021)	Individual	US	Expectancy-contrast theory, primacy and recency effects in the CSR context	Experiment	325 consumers	Consumer-firm relationship strength was stronger when consumers were exposed to more recent positive CSR information and weaker in case of more recent CSI information. Thus, recency effects are more persuasive than primacy effects. High customer experience facilitates a primacy effect and the strongest consumer-firm relationship in the prior CSR–subsequent CSI sequence (and vice versa: Little or no customer experience facilitates a recency effect and the strongest consumer-firm relationship in the prior CSI–subsequent CSR sequence). Thus, customer experience mitigates consequences of later CSI events. CSR reputation does not cause a primacy or recency effect, suggesting that CSR reputation cannot help firms be immune from CSI consequences.	Insurance Penance
Price and Sun (2017)	Organizational	US	Instrumental stakeholder theory	Secondary data analysis (robust regression, vector autoregression)	2,581 firm-year observations by 562 firms from 2000 to 2010. Data sources from MSCI KL, Compustat, CRSP	CSR is positively associated with firm value and negatively associated with idiosyncratic risk. CSI is negatively associated with firm value and positively with idiosyncratic risk. CSI negatively moderates the CSR–firm value relationship. Firms with low CSR and low CSI is financially better than firms with high CSR and high CSI.	Trade-off

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
						The effect of CSI is longer and stronger than the effect of CSR on financial performance.	
Shao et al. (2021)	Organizational	US	Literature on the coexistence of CSR and CSI	Secondary data analysis (Arellano-Bond GMM)	14,420 firm-year observations by 1,820 firms from 1991 to 2013. Data sources from MSCI KLD, CRSP, Risk Metrics, Thomson Reuters	Four significant relationships: (i) A positive relationship between prior CSR and subsequent CSR. (ii) A negative relationship between prior CSR and subsequent CSI. (iii) A positive relationship between prior CSI and subsequent CSR. (iv) A positive relationship between prior CSI and subsequent CSI. Advertising and research & development intensity moderates these relationships.	Insurance Penance
Shiu and Yang (2017)	Organizational	US	Literature on the insurance-like effects of CSR	Event study	1,384 negative events from 399 firms. Data sources from Wall Street Journal (for CSI events), MSCI KLD, Compustat, Bloomberg	In the face of CSI, short-term CSR engagement provides little protection, while long-term CSR engagement does have insurance-like effect. When CSI repeats, such insurance-like effect quickly disappears (diminishing marginal insurance-like effect).	Insurance
Stuart et al. (2021)	Individual	US	Literature on CSR from investors perspective	Experiment	459 non-professional investors	In case of absent a CSI event, investment judgments are stronger when prior CSR disclosure is intended to improve financial returns, through perception of higher future cash flows. In case of a CSI event: (i) If prior CSR disclosure is not assured, investment judgments are stronger only when prior CSI disclosure is intended to achieve social benefits, through perception of a stronger ethical culture. (ii) If prior CSI disclosure is assured,	Insurance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
						investment judgments are stronger regardless of prior CSR disclosure is intended for financial returns. Thus, the insurance-like benefit of prior CSR applies only if CSR signals altruistic intentions or CSR assurance exists to help provide ethical signals (in case of CSR intention to improve financial returns).	
Sun and Huang (2020)	Organizational	Taiwan	Moral capital and moral liability perspectives, stakeholder theory	Event study	1,368 CSR and CSI events from 159 CSR awarded and non-awarded firms from 2008 to 2011. Data sources from Taiwan Economic Journal (TEJ).	CSR positively affects firm financial performance. In short-term, prior CSR reputation can help buffer the negative impact of CSI on financial performance. However, this CSR reputation has significant downsides in the long term under the wave of CSI.	Insurance
Vanhamme et al. (2015)	Individual	Not specify	Literature on CSR communication and persuasion knowledge	Experiment	Study 1: 340 participants Study 2: 403 participants	When prior CSR communication from a third-party source: prior CSR aggravates the negative impact of CSI on customer attitudes. When prior CSR communication from a company-controlled source: prior CSR buffers the negative impact of CSI on customer attitudes. Persuasion knowledge mediates such buffering or aggravating effects.	Insurance
Wagner et al. (2009)	Individual & Organizational	US	Social psychological research in CSR context	Experiment	Study 1: 537 participants Study 2: 611 participants Study 3: 336 participants	The inconsistent CSR information results in increased perception of corporate hypocrisy, which directly damages customers' attitude or indirectly via negatively affects CSR beliefs. The proactive communication strategy (CSR–CSI sequence) generates higher corporate hypocrisy than the reactive strategy (CSI–CSR sequence).	Insurance Penance

Authors (alphabetical order)	Level of analysis	Location	Theoretical background	Method	Sample/ Data sources	Main findings	Types of CSR–CSI relationship
						<p>The abstractness of CSR statement tends to decrease corporate hypocrisy perception in case of this statement followed by CSI behaviours and increase corporate hypocrisy in case of CSI behaviours–CSR statement sequence.</p> <p>The use of inoculation communication strategy can weaken the impact of inconsistent CSR information on corporate hypocrisy.</p>	
Walker et al. (2016)	Organizational	US	Literature on CSR, CSI, and financial performance in connection to Angel-halo effect and Devil-horn effect	Secondary data analysis (fixed effects model)	11,896 firm-year observations from 2009 to 2013. Data sources from Sustainalytics, Compustat	<p>CSR is positively associated to financial performance in all three measures (ROA, asset turnover ratio, Tobin's q). CSI is negatively associated to ROA ratio only.</p> <p>Increased CSR when CSI exists relates to increased ROA and asset turnover ratios. Increased CSI when CSR exists relates to increased asset turnover ratio and Tobin's q. Thus, when CSR and CSI co-exist, CSR has a dominant positive effect (support the Angel-halo effect of CSR).</p>	Trade-off
Yang et al. (2015)	Organizational	China	Literature on the insurance-like effect of CSR	Event study	356 negative events from 2008 to 2010. Data sources from China listed company CSR report, Taiwan Economic Journal.	<p>Both short- and long-term prior CSR engagements have an insurance-like effect on the negative impact of CSI on stock prices. However, this insurance-like effect may decrease when CSI events keep repeatedly.</p>	Insurance