This article contributes to research on strategic corporate social responsibility (CSR) by detailing the condition-sets governing the emergence of market-led demand for CSR. We build on external effects theory to evaluate the strategic options a company can adopt to manage its negative external effects in a way that creates social and economic value. We draw on the economic concepts of rivalry and excludability to categorize different social issues and detail the conditions needed to foster market-led transactions on negative externalities. We demonstrate how different types of negative externalities present firms with different strategic opportunities in terms of harnessing market-driven CSR demand.

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