

# **The moderating effect of corporate social identity on the firm responses to social issues**

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Stakeholders increasingly require organizations to take stances and respond to environmental, social, and governance (ESG) issues (Matten & Moon, 2020; Schrempf-Stirling et al., 2016). In response, leading organizations are acknowledging the importance of these claims and are adapting. As a result, firms are more likely to react to salient stakeholders (Freeman et al., 2020, Nason et al., 2018), their strategies are expected to include CSR actions (Rodríguez-Fernández, 2020), and they will communicate their CSR performance (Jain et al., 2015, ). The research question asks how do firms' commitments to and investments in social issues contribute to the development of a corporate social identity and what are the reputational outcomes of such endeavors? The purpose of this paper is to expand the literatures on corporate social responsibility and stakeholder engagement by proposing a conceptual model in which corporate social identity as a multifold construct which explains actions taken by firms to improve their reputations by consistently investing or becoming involved in social issues that are congruent with their broader mission. The model also explains when and how firms engaging in social issues that do not align with their corporate social identity may experience reputational disadvantages. We propose that pursuing a corporate social identity through a mission-congruent portfolio approach provides necessary motives for organizations to invest in competitively advantageous social actions. Corporate social identity explains why and how firms engage in socially and politically charged issues and expect to obtain reputational advantages. Particular attention is paid to how these issues are relevant to theory and practice. The contribution of this paper is to expand on the CSR literature by developing corporate social identity as a multifold construct, which explains actions taken by firms to improve their reputations by consistently investing in and becoming involved in social issues that are congruent with their broader mission. We explain how this construct is distinct from CSR and environmental sustainability and why it is of contemporary relevance.