World Academy of Science, Engineering and Technology
International Journal of Social and Business Sciences
Vol:12, No:01, 2018

Good Banks, Bad Banks, and Public Scrutiny: The Determinants of Corporate Social Responsibility in Times of Financial Volatility

Authors : A. W. Chalmers, O. M. van den Broek

Abstract : This article examines the relationship between the global financial crisis and corporate social responsibility activities of financial services firms. It challenges the general consensus in existing studies that firms, when faced with economic hardship, tend to jettison CSR commitments. Instead, and building on recent insights into the institutional determinants of CSR, it is argued that firms are constrained in their ability to abandon CSR by the extent to which they are subject to intense public scrutiny by regulators and the news media. This argument is tested in the context of the European sovereign debt crisis drawing on a unique dataset of 170 firms in 15 different countries over a six-year period. Controlling for a battery of alternative explanations and comparing financial service providers to firms operating in other economic sectors, results indicate considerable evidence supporting the main argument. Rather than abandoning CSR during times of economic hardship, financial industry firms ramp up their CSR commitments in order to manage their public image and foster public trust in light of intense public scrutiny.

Keywords : corporate social responsibility (CSR), public scrutiny, global financial crisis, financial services firms
Conference Title : ICCSRSD 2018 : International Conference on Corporate Social Responsibility and Sustainable Development
Conference Location : London, United Kingdom
Conference Dates : January 18-19, 2018

Open Science Index, Social and Business Sciences Vol:12, No:01, 2018 publications.waset.org/abstracts/85034.pdf