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# Turning Corporate Social Responsibility-driven Opportunities in Competitive Advantages: a Two-dimensional Model

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## ***Abstract***

Employing Corporate Social Responsibility (CSR) for competitiveness enhancement requires a radical change in managerial thinking and new tools for supporting business activities. Indeed, the lack of suitable measures for detecting the stage of a company CSR cultural development hinders the identification and exploitation of business opportunities related to CSR. Following this lead, in this paper, we propose a two-dimensional CSR model for supporting managers in their pursuing for long-term competitiveness, turning CSR-driven opportunities in business advantages.

The model is based on two dimensions: the “CSR Development” dimension and the “CSR Commitment” dimension. The “CSR Development” dimension allows decision makers to position companies with respect to the stage of their CSR cultural evolution, while the “CSR Commitment” dimension assesses companies’ degree of commitment based on their economic, legal, ethical and philanthropic CSR performance. The position that a company occupies in the two-dimensional CSR model describes both its actual stage of CSR cultural development and its CSR commitment. Finally, the model is employed to a case study in the banking sector.

## ***Keywords***

Corporate Social Responsibility (CSR), CSR two-dimensional model, CSR indicators, Organizational culture, Global Reporting Initiative (GRI).

## ***Introduction***

In recent decades, the debate around corporate social responsibility (CSR) has been gaining a growing relevance, evolving from the mere acknowledgment of social and environmental responsibilities on behalf of companies (Bowen, 1953) to the exploration of links existing between CSR and economic/financial performance (Vogel, 2005). Nowadays, studies about social and environmental corporate responsibilities can be classified into two principal streams: the first, related to the shareholder theory, considers CSR both useless and harmful, because it diverts companies from their primary goal of profit maximization (Friedman, 1970; Jensen, 2002; Sundaram and Inkpen, 2004; Karnani, 2011); the second, framed by a sustainability perspective, is related to the stakeholder theory and considers CSR as a business approach necessary for organizations to act and develop strategy which is consistent with stakeholder needs (Freeman, 1984; van Marrewijk and Werre, 2003; Vanhamme, 2009; Carroll and Shabana, 2010; Capece and Costa, 2013). One stream of research focuses on establishing situations where CSR only generates short-term profitability (Fittipaldi, 2004; Callan and Thomas, 2009). Research focused on the second stream is based on the assumption that companies have to simultaneously maximize profit and address community needs. Researchers in this tradition argue that only by following this strategy it is possible to create value for both companies and society (Costanza, 1991; Carroll and Shabana, 2010; Porter and Kramer, 2006; 2011).

In this paper we argue that consistent with the approach promoted in the second stream of research, executive tools should be employed for concurrently managing CSR and factors relevant to a company's economic performance in an integrated manner (Carroll, 1991). In terms of these tools, Carroll's CSR Pyramid is one of the best known tools for framing company business responsibilities as a set of commitments focusing on economic, legal, ethical and philanthropic issues. It is our contention that a challenge hinder the managerial adoption of Carroll's or any other integrated approaches to CSR: managers' excessive concern about the effects of CSR investments

on short term economic/financial performances generates, as a consequence, the lack of interest in developing operative approaches for assessing a company stage in its long-term CSR development process (Maon et al., 2010; Costa and Menichini, 2013; Calabrese et al., 2012b). Indeed, managers are generally too concerned with the short-term impacts of CSR on economic/financial performance and therefore do not take into account neither the creation nor the assessment of medium to long term competitive advantage related to the development of a CSR culture within the company (Porter and Kramer, 2006). Hence, the lack of suitable measures for detecting the stage of a company CSR cultural development hinders the identification and exploitation of CSR-driven opportunities (Maon et al., 2010).

In the following section a literature review about CSR is discussed; then a two-dimensional CSR positioning model is presented and employed to a case study in the banking sector. The final section provides a discussion of the limitations of the research and a conclusion.

## ***Literature Review***

The debate concerning social and environmental responsibilities in business contexts has its origins in Bowen's research (1953) and has resulted in the generation of two distinctly different perspectives. One group considers that profit maximization is a company's sole responsibility: "there is one and only one social responsibility of business, to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970). It is argued that managers are specialist in financial, marketing, operations and business management (Calabrese et al., 2005; Costa, 2012; Costa and Evangelista, 2008) and, accordingly, they have not the necessary skills and competences for addressing social and environmental problems (Davis, 1973; Mintzberg, 1983). Thus, a concern with CSR might divert companies from their necessary

focus in core business activities and processes and, consequently, reduce organizational performance, increase the risk of bankruptcy and increase the likelihood in management engaging in opportunistic behaviors (Hayek, 1969). The “do well by doing good” proposition is a misleading one, and the idea of economic development based jointly on profits, people and planet is quite naïve: CSR is an expensive activity that typically has a constraining effect on business workflows and operations and, thence, hindering company commitment to profit maximization in a free market competition (Henderson, 2005). Moreover, when profit and social welfare goals can be partially or fully achieved simultaneously, it is not necessary to focus on CSR, since managers’ incentives to profit maximization end up increasing social welfare. In contrast, when a conflict between private profits and social welfare occurs, CSR initiatives will not be implemented because the costs associated with them reduces the organization’s overall profits (Karnani, 2011).

However, profit maximization may not be the sole focus for an organization’s managers. Nowadays, companies are under the constant scrutiny of NGOs, Media and Governments, and are continually encouraged to implement social and environmental approaches as integral components of their business activities (Smith, 2002; Garriga and Melé, 2004; Kolk and van Tulder, 2010). Moreover, globalization requires companies to entertain a broad range of additional responsibilities (Heslin and Ochoa, 2008; Kolk and van Tulder, 2010; Scherer and Palazzo, 2011). As a result, in their planning and decision-making, managers have to take into account both shareholder and stakeholder concerns (Freeman, 1984; Calabrese and Lancioni, 2008). The internalization of stakeholder needs is likely be profitable in the long run (Carroll and Shabana, 2010; Calabrese, 2012; Calabrese et al., 2012a) and a proactive approach towards taking stakeholder needs into account may be more effective than a reactive one, because proactivity is more likely to lead to achieving superior value (Carroll and Buchholtz, 2009). Furthermore, failure to be proactive or social corporate irresponsibility may result in a loss of public influence (Davis, 1973). Finally, CSR provides opportunities for innovation (Husted and Allen, 2007) and, through focusing on

stakeholder needs, leads to competitive advantage (Kurucz et al., 2008; Calabrese and Scoglio, 2012; Porter and Kramer, 2006).

In order to consider, simultaneously shareholder and stakeholder interests, companies need to oversee an evolution of their culture (Porter and Kramer, 2011): the more CSR principles are embedded in an organization, the better the chances to manage profitably social and environmental issues (Maon et al., 2010). However, it needs to be taken into account that the research designed to investigate the existence and nature of the link between social responsibility and economic/financial performances has no definitive results (Vogel, 2005; Salzmann et al., 2005; Weber, 2008). There is evidence of a positive correlation (Margolis and Walsh, 2003; Orlitzky et al., 2003; Van de Velde et al., 2005; Mackey et al., 2007), a negative correlation, (Wright and Ferris, 1997; Brammer et al., 2006), or no correlation at all (Ullmann, 1985; Aupperle et al., 1985; Teoh et al., 1999; Soana, 2011). On the other hand there is evidence of a correlation between poor CSR performance and poor economic/financial performance (Wood, 2010).

Some recent researches conducted using data from a variety of companies from different sectors (e.g. restaurants, hotels, airlines and casinos), indicate that the effectiveness of CSR initiatives may vary with respect to the sector under study (Kang et al., 2010; Inoue and Lee, 2011). Consequently, in order to adequately investigate the degree to which there is a correlation between CSR and economic/financial performance, a more extensive analysis needs to be conducted taking into account business distinctiveness, mediating variables and situational contingency (Carroll and Shabana, 2010). As noted above, researches that involve the adoption of models and methodologies in different contexts, when these contexts introduce significant variability, do not allow an objective comparability of results.

However, “in the future, only companies that make sustainability a goal will achieve competitive advantage” (Nidumolu et al., 2009). For this reason, even though there are not conclusive evidences of a short-term correlation between CSR and economic/financial performance,

many studies highlight the strategic role of CSR in creating value in the long-term, because it is a source of innovation (Husted and Allen, 2007), differentiation (McWilliams et al., 2006) and competitive advantage (Porter and Kramer, 2006).

However, employing CSR with the objective of enhancing competitiveness requires a radical change in managerial thinking and simultaneously the development and implementation of tools for supporting business activities (Porter and Kramer, 2011). An example of these tools is Carroll's CSR Pyramid (1991) which provides an integrated approach to corporate performance, considering the economic, legal, ethical and philanthropic responsibilities of the organization. According to this approach company goals are considered to be maximizing profits, complying with laws, addressing society needs and preserving the environment. Furthermore, in this situation the focus shifts from being concerned as to whether CSR initiatives improve short-term profits, to a focus on improving long-term competitiveness. Thus, "practicing CSR is not altruistic do-gooding, but rather a way for both companies and society to prosper. This is especially true when CSR is conceived of as a long-range plan of action" (Falck and Heblich, 2007). Moreover, in order to enable an integrated approach to CSR-driven competitiveness, it is necessary the development of an new organizational culture, since it is the organization's culture that shapes the context in which all business activities are performed (Swanson, 1999; Berger et al., 2007; Carroll and Shabana, 2010).

Following this lead, we propose a two-dimensional CSR model to provide support to managers in their pursuit of long-term competitiveness, by turning CSR-driven opportunities in business advantage.

### ***The two-dimensional CSR model***

The two-dimensional model we propose in this paper is based on two dimensions of CSR: the "CSR Development" dimension and the "CSR Commitment" dimension. The "CSR Development"



dimension measures the evolutionary stage of CSR culture in an organization (Carroll and Shabana, 2010; Maon et al. 2010), while the “CSR Commitment” dimension measures the company CSR efforts with respect to the Global Reporting Initiative guidelines (GRI, 2011).

## The “CSR Development” dimension

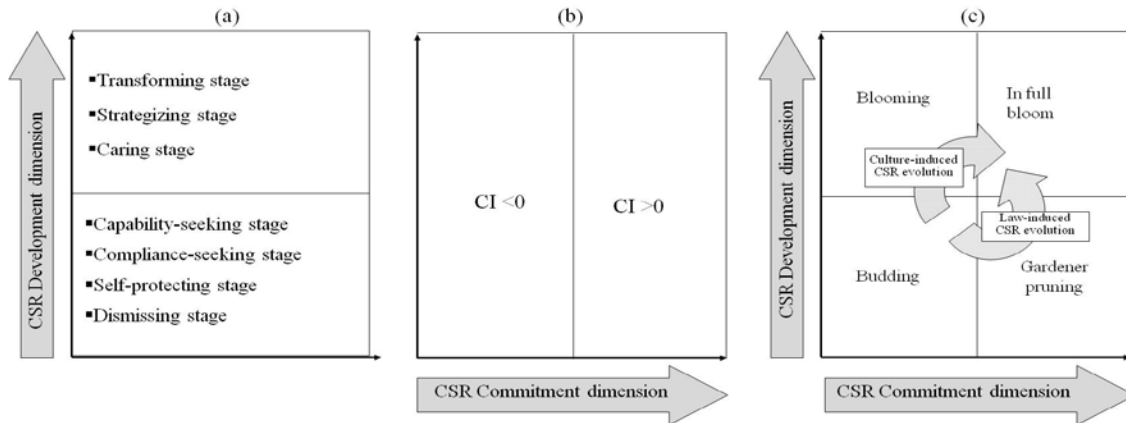
Despite inconclusive results about a short-term correlation between CSR and economic/financial performance could deter managers from CSR investments (Karnani, 2011), researches indicate that a CSR-oriented approach enables companies to maintain long-term firm competitiveness and profitability (Porter and Kramer, 2006; Porter and Kramer, 2011). The “CSR Development” dimension underlines how competitiveness is strategically related to a CSR oriented culture: a CSR-supportive culture allows a company to identify and to exploit new business opportunities. This dimension enables organizations to identify their stage of CSR cultural evolution according to combination of Carroll and Shabana’s (2010) CSR views and Maon et al. (2010) model of CSR development stages (Figure 1).

CSR views (Carroll and Shabana, 2010)	Stages of CSR development (Maon et al., 2010)	Perspectives	CSR driven opportunities
Broad view	Transforming stage	<i>Change the game</i>	Competitive Advantage (Porter and Kramer, 2006; Smith, 2007; Nidumolu et al., 2009) Innovation (Husted and Allen, 2007) Differentiation (McWilliams et al., 2006)
	Strategizing stage	<i>Sustainability</i>	Employee-related benefits (Heal, 2005; Bhattacharya et al., 2008; Sprinkle and Maines, 2010) Customer-related benefits (Bhattacharya and Sen, 2004; Du et al., 2007; Pivato et al. 2008) Opening new markets (Seelos and Mair, 2005; Heslin and Ochoa, 2008)
	Caring stage	<i>Stakeholder dialogue</i>	Reduced capital costs (Heslin and Ochoa, 2008; Goss and Roberts, 2011; Dhaliwal et al., 2011; El Ghoul et al., 2011) Risk management (Godfrey, 2005; Werther Jr. and Chandler, 2005; Heal, 2005) Image improvement (Schaltegger and Burritt, 2005; Weber, 2008) Cost reductions, efficiency gains (Russo and Tencati, 2009; Sprinkle and Maines, 2010)
Narrow view	Capability-seeking stage	<i>Stakeholder management</i>	Image improvement (Schaltegger and Burritt, 2005; Weber, 2008)
	Compliance-seeking stage Self-protecting stage	<i>Requirements</i> <i>Reputation &amp; Philanthropy</i>	Cost reductions, efficiency gains (Russo and Tencati, 2009; Sprinkle and Maines, 2010) License to operate (Schaltegger and Burritt, 2005; Chen et al., 2008)
No view	Dismissing stage	<i>Winning at any cost</i>	No benefit

**Figure 1 - CSR Development dimension**

The Maon et al. (2010) model considers three cultural phases with respect to CSR development in a company: “CSR Reluctance”, “CSR Grasp” and “CSR Embedment”. These three phases evolve through seven stages: each stage describes the progressive development of CSR culture and is linked to specific strategic opportunities (Figure 1). The position of a company in the “CSR

Development” dimension depends on the company stage of CSR culture in the evolutionary path described by Maon et al. (2010) through the following the seven stages: “Dismissing stage”, “Self-protecting stage”, “Compliance-seeking stage”, “Capability-seeking stage”, “Caring stage”, “Strategizing stage”, “Transforming stage” (Figure 2a).



**Figure 2 - (a) CSR Development dimension, (b) CSR Commitment dimension, (c) CSR two-dimensional model**

If a company is aware of where it is located on the “CSR Development” dimension, it can better exploit CSR-driven opportunities and effectively develop new CSR strategies (Costa and Menichini, 2013). In order to determine the position of a company on the “CSR Development” dimension it is necessary to understand the stage of CSR culture evolution using the scale described in Figure 1.

In this paper, we employ content analysis to assess the “CSR Development” dimension. Content analysis allows textual information to be evaluated in a standardized way (Neuendorf, 2002; Krippendorff, 2004) and it has been widely used to analyze and identify patterns in CSR reporting (Guthrie and Abeysekera, 2006; Beattie and Thomson, 2007; Striukova et al., 2008; Bouten et al., 2011). Content analysis requires that coders assign a company one of the seven stages of the CSR culture development, on the basis of the information disclosed in the company’s Social Report. In order to measure the intercoder reliability of coder judgements, we suggest that Krippendorff’s

alpha be used, because it is the most suitable index for reporting overall reliability (Lombard et al., 2002; Neuendorf, 2002; Krippendorff, 2004).

The “CSR Development” dimension is then combined with the “CSR Commitment” dimension (Figure 2b) in a model (Figure 2c) that enables managers to better understand their own approach to CSR, and to enhance long-run competitiveness improvement through an integrated CSR-oriented approach (Mirvis and Googins, 2006).

## **The “CSR Commitment” dimension**

According to Carroll (1991), business responsibility may be decomposed into four performance dimensions: economic (EC), legal (L), ethical (ET) and philanthropic (P). The “CSR Commitment” dimension is based on these four areas of performance and it assesses the company efforts according to economic, legal, ethical and philanthropic CSR practices. In order to position companies in the “CSR Commitment” dimension we develop a CSR Commitment Index (CI). The CI is calculated as the average value of four sub-indexes, one for each performance dimension (EC, L, ET, P). Each performance sub-index is then calculated using several indicators derived from the Global Reporting Initiative guidelines (GRI, 2011). Our selection of the GRI guidelines, as the basis for the development of the CI index, is motivated by our intention to create an evaluation index that is as objective and standardised as possible. Such index is based on the information disclosed in the company’s Social Report, that is a reporting document accounting for economic, environmental, and social performances. The GRI is comprehensive in terms of all aspects of CSR and is recognized worldwide, being created through the collaboration of a wide variety of experts and stakeholders (Reynolds and Yuthas, 2008; Farneti and Guthrie, 2009). Moreover, the GRI guidelines have been deemed appropriate for any industrial sector and company dimension (Alan Willis, 2003), allowing us to develop a methodology which can be used for different industries.

The CSR Commitment Index (CI) is calculated as the average value of the four performance sub-indexes (EC, L, ET, P):

$$CI = (EC + L + ET + P)/4 \quad (1)$$

The economic performance sub-index (EC) is determined as:

$$EC = \left( \frac{ROE_{i+t} - ROE_i}{ROE_i} + \frac{ROI_{i+t} - ROI_i}{ROI_i} - \frac{LR_{i+t} - LR_i}{LR_i} + \frac{MS_{i+t} - MS_i}{MS_i} \right) / 4 \quad (2)$$

where  $(i, i+t)$  is the time period of the analysis; ROE, ROI, LR and MS are respectively the return on equity, return on investments, leverage ratio and market share of the company under study. Increase in ROI, ROE and MS and a decrease in LR contribute positively and in equal measure to economic performance. The GRI indicator “EC1” includes the information necessary to calculate the EC sub-index (2).

The legal performance sub-index (L) is determined using the following formula:

$$L = \left( -\frac{F_{i+t} - F_i}{F_i} - \frac{NS_{i+t} - NS_i}{NS_i} \right) / 2 \quad (3)$$

where a decrease of fines (F) and non-monetary sanctions (NS) inflicted to the company in the period  $(i, i+t)$  contribute positively and in equal measure to the legal CSR performance. The GRI indicators about environmental (EN28), social (SO8) and overall compliance (PR9) include the information necessary to calculate the L sub-index (3).

The ethical performance sub-index (ET) is determined using the following formula:

$$ET = \left( \frac{CS_{i+t} - CS_i}{CS_i} + \frac{ES_{i+t} - ES_i}{ES_i} + \frac{T_{i+t} - T_i}{T_i} + \frac{ENS_{i+t} - ENS_i}{ENS_i} - \frac{DE_{i+t} - DE_i}{DE_i} - \frac{PC_{i+t} - PC_i}{PC_i} - \frac{WR_{i+t} - WR_i}{WR_i} - \frac{WC_{i+t} - WC_i}{WC_i} \right) / 8 \quad (4)$$

where, in the period  $(i, i+t)$ , the increase of customer satisfaction (CS), employee satisfaction (ES), training hours per employee (T), energy saving (ENS), and the decrease of carbon dioxide emissions (DE), paper consumptions (PC), waste recycling rate (WR), water consumption (WC) contribute positively and in equal measure to the ethical CSR performance. The GRI social

performance indicators about training and stakeholder satisfaction (HR3, LA10, LA11, PR5) and the GRI environmental indicators (EN) include the information necessary to calculate the ET sub-index (4).

The philanthropic performance sub-index (P) is determined according to the following formula:

$$P = \left( \frac{CDP_{i+t} - CDP_i}{CDP_i} + \frac{PBI_{i+t} - PBI_i}{PBI_i} + \frac{EPE_{i+t} - EPE_i}{EPE_i} \right) / 3 \quad (5)$$

where an increase of community development programs (CDP), public benefit investments (PBI) and environmental protection expenditures (EPE), sustained by the company in the period ( $i$ ,  $i+t$ ), contribute positively and in equal measure to the ethical CSR performance. The GRI indicators EC8 (CDP), SO1 (PBI) and EN30 (EPE) include the information necessary to calculate the P sub-index (5).

The CI (1) indicates the firm's overall involvement in CSR practices and it is based on GRI indicators, according to the Carroll's (1991) economic, legal, ethical and philanthropic dimensions. Consequently, the CI determines the position of a company on the "CSR Commitment" dimension (Figure 2b): a positive CI describes a company located on the right side of the "CSR Commitment" dimension, conversely, companies characterized by a negative CI are located on the left side.

## The Development/Commitment model

In spite of the fact that CSR stage models constitute a well-established framework in describing the organizational learning and growth processes according to CSR principles (van Marrewijk and Werre, 2003; Zadek, 2004; Mirvis and Googins, 2006; Maon et al., 2009, 2010), they do not provide quantitative measures for evaluating a company positioning in its CSR cultural development. Following this lead, we propose a two-dimensional CSR model that integrates the current literature about stage models with a quantitative assessment of the company CSR commitment. The CSR model (Figure 2c) is based on the two CSR dimensions described in the

previous sections: the “CSR Development” dimension (Figure 2a) and the “CSR Commitment” dimension (Figure 2b).

The positioning in the two-dimensional CSR model describes both a company CSR cultural development stage and its CSR commitment (Figure 2c), enabling us to classify four company typologies:

- A “budding” company is beginning its CSR evolutionary path and, therefore, it is characterized by a narrow CSR view (Figure 1). The negative CI represents a scarce commitment, consequential to the narrow company CSR culture;
- A “blooming” company has, to some extent, evolved in terms of CSR culture. The negative CI reflects the long-run effects of CSR cultural changes on performance: CSR practises need time to generate measurable outcomes. Thence, negative value of CSR performance (CI) is the consequence of a former inadequate CSR culture.
- A company “in full bloom” is “fully grown” in terms of CSR cultural development, having passed through all the phases and stages on the CSR evolutionary path. The positive CI reflects the company commitment to CSR efforts, measured on the CSR Commitment dimension.
- A “gardener pruning” company is characterized by a positive CI as a result of complying with compulsory regulations and/or laws. Its early stage of CSR cultural development portrays a company that engages in CSR activities as a result of legally required CSR (“gardener pruning”). Therefore, its CSR practises are much more limited than in the “full bloom” case, in which a company chooses on its own accord to engage in CSR activities.

We further propose that companies can reach a CSR culture represented by “full bloom” by following two different CSR evolutionary paths (Figure 2c):

- A culture-induced evolutionary path: the company initially becomes involved in a process of CSR culture development through CSR projects and training; as a consequence, the company performs responsibly under a social and environmental point of view. The first dimension to

improve is the “CSR Development”, accordingly, CI becomes positive as a result of the company responsible conduct.

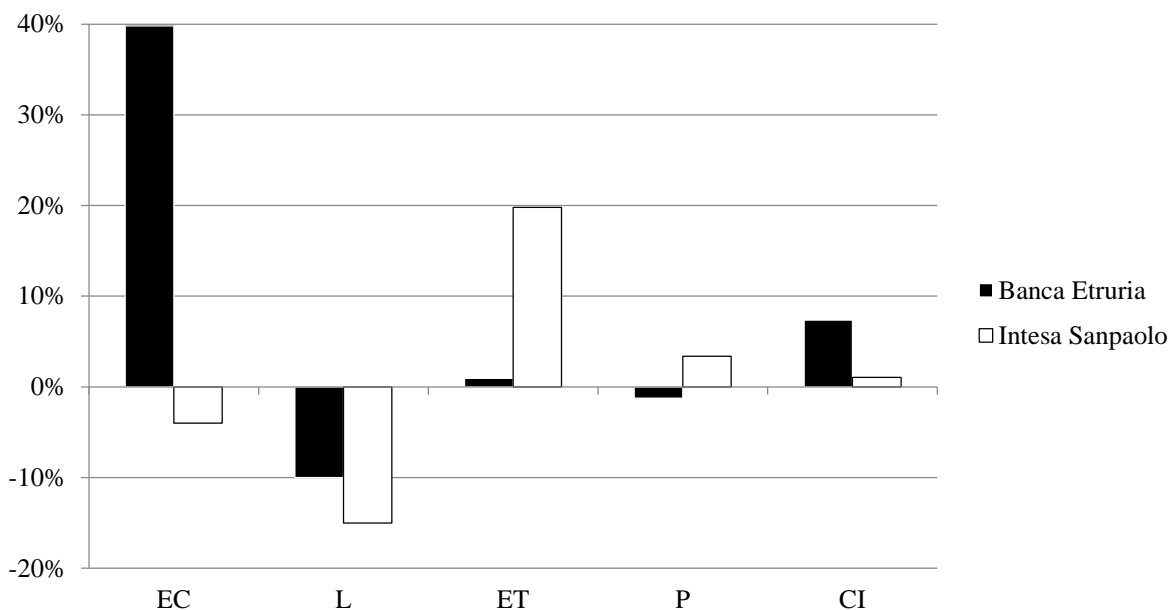
- Law-induced evolutionary path: the company is firstly involved in a process of meeting the requirements of regulations and/or laws by means of compliance project and training; as a consequence, the company gains law-induced positive CI values. In general, all the companies that perform responsibly, conforming to laws, become necessarily more concerned about environmental and social issues. In particular, an increasing involvement in CSR activities, in order to comply with regulations, might push some companies toward a process of understanding CSR culture and, accordingly, developing CSR practices.

## ***Case Study***

In this section we apply the proposed two-dimensional model to the banking sector. This sector is significantly committed in the GRI social reporting. Two banks, “Intesa Sanpaolo” and “Banca Etruria” are selected according to their capitalization in the Italian Stock Exchange: they are the first and last ranked banks providing a Social Report following GRI guidelines. The following analysis is focused on three years, spanning the period from 2010 to 2011.

In order to establish the appropriate position of each organization with respect to the CSR development dimension, four coders perform a content analysis on the Social Reports of the two bank groups, obtaining an inter-coder reliability of 100%. The result of the content analysis is: “capability-seeking stage” for Banca Etruria (2010a) and “caring stage” for Intesa Sanpaolo (2010a).

The CI is 7.4% for Banca Etruria (2010a; 2010b; 2011a; 2011b) and 1% for Intesa Sanpaolo (2010a; 2010b; 2011a; 2011b), positioning both banks in the right side of the two-dimensional model ( $CI > 0$ ); these results portray a positive CSR commitment for both banks (Figure 3).

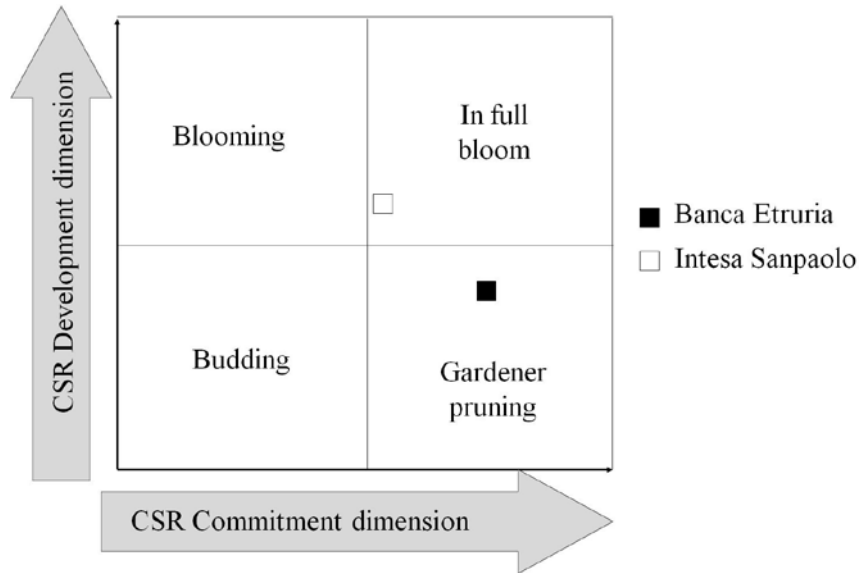


**Figure 3 – Case study: Commitment Index (CI); Economic (EC), Legal (L), Ethical (ET) and Philanthropic (P) performance sub-indexes.**

The analysis of the four performance sub-indexes (EC, L, ET, P) shows that the overall CI is strongly influenced by the economic performance EC: Banca Etruria’s EC sub-index is much higher than the corresponding index of Intesa Sanpaolo. We note that the legal CSR performance sub-index, (L), is negative for both banks, but is slightly better for Banca Etruria. However, the ethical CSR performance sub-index (ET) of Intesa Sanpaolo is about 20 times greater than the Banca Etruria’s. Moreover, the philanthropic CSR performance sub-index (P) of Banca Etruria is negative (-1.3%) and way below the value of Intesa Sanpaolo’s (+3.4%). For these reasons, if the EC component is not considered, the IC value of Intesa Sanpaolo is much higher than the Banca Etruria’s one. Nevertheless, the economic performance (EC) must be taken into account in order to have an overall vision of the company socially responsible conduct. Actually, the proposed case study supports the choice of those CSR theoretical models that integrate CSR and economic/financial performance (Carroll, 1991; Carroll and Shabana, 2010). Indeed, Intesa Sanpaolo scores a negative EC value caused by the bank exposure to the determinants of the recent Financial Crisis, denoting a conduct not fully responsible towards its stakeholders and towards society in general. In contrast, the highly positive economic performance (EC) of Banca Etruria



indicates its socially responsible conduct in the economic dimension, resulting from its strong identity as a commercial bank, that is devoted to meet financial needs of both families and firms. Such empirical evidence supports the inclusion of the economic performance dimension (EC) in the assessment of the overall CSR performance (CI).



**Figure 4 – Case study: positioning in the two-dimensional model**

The positioning of the two banks with respect to the CSR two-dimensional model (Figure 4) is obtained combining the values of the “CSR Development” and the “CSR Commitment” dimensions. According to their stage of CSR culture evolution, Banca Etruria is a “gardener pruning” company, while Intesa Sanpaolo is “in full bloom”. Indeed, Intesa Sanpaolo has already experienced a CSR cultural growth, gaining consequently excellent results in the indicators more related to CSR (ET, P). In contrast, Banca Etruria has yet to gain the necessary CSR awareness to evolve from “capability-seeking stage” to “caring stage” in the CSR culture evolutionary path. Nevertheless, compliance to both legal and association constraints (Italian Bank Association) allows Banca Etruria to get a positive CI. Finally, The lower CSR maturity of Banca Etruria, compared to Intesa Sanpaolo, is underlined by a lower value of the indicators more related to CSR (ET, P).

## ***Conclusions***

This paper takes as its starting point the lack of methods for assessing the actual stage that a company has reached in its CSR cultural development. We argue that this lack of methods hinders the identification and exploitation of CSR-driven opportunities. With the aim of overcoming such limitations, we propose a two-dimensional CSR model, that integrates the current literature about stage models with a quantitative assessment of a company stage in its CSR cultural evolutionary path. The model is based on two dimensions: the “CSR Development” dimension and the “CSR Commitment” dimension. The “CSR Development” dimension allows to position companies in their CSR cultural evolution, according to the perspectives developed by Carroll and Shabana’s (2010) and Maon et al. (2010). The “CSR Commitment” dimension is based on four CSR performances (Carroll, 1991) and it assesses the company commitment according to economic, legal, ethical and philanthropic CSR practices.

The position that a company occupies in the two-dimensional CSR model describes both its actual CSR cultural development stage and its CSR commitment. An analysis of this two-dimensional model suggests that a company can reach CSR maturity (“in full bloom”) following either a law-induced or a cultural-induced evolutionary path.

In this paper, the development/commitment model is applied to the banking sector (Banca Etruria and Intesa Sanpaolo). The results of the analysis provide initial evidence that the economic performance (EC) must be taken into account in order to have an overall vision of the company socially responsible conduct.

The contributions of this study are relevant and useful for both the academic community and practitioners. By establishing the positioning of a company with respect to its competitors, the CSR model allows a comparative assessment to be made and, hence, the development of CSR improvements through benchmarking to the best performing companies. Moreover, the CSR evolutionary path that a company is following can be identified by repeated observations of its

position in the two-dimensional model. Such analysis of the company CSR progresses supports managers in understanding and handling CSR improvement initiatives. Finally, the development/commitment model can be considered as a map for assessing the relationship among firm vision of CSR, managerial competencies and company outcomes, thus facilitating the turning of CSR-driven opportunities in competitive advantage.

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