

Summary

In the face of empowered and interconnected consumers, businesses are increasingly pursuing social strategies to enhance their social performance (Hollensbe et al, 2014; Wilburn & Wilburn, 2014). Social strategies are used to not only demonstrate commitment for social causes and boost legitimacy, but also to achieve strategic advantage through differentiation from competitors (Baron, 2009; Henderson & Van den Steen, 2015). In emerging and developing economies, the direct relevance of social and environmental systems for organizational performance compels businesses to adopt broad perspective of value creation that considers the interests of a range of societal stakeholders (George et al, 2016; Sulkowski et al, 2017). The need for radical adaptation to meet social and environmental demands can unlock disruptive technological and business model innovations (Hockerts & Wüstenhagen, 2010; Halme et al, 2012) with a potential to address society's 'grand challenges' – such as poverty, rising inequalities, and environmental sustainability (George et al, 2016; Patzelt & Shepherd, 2011).

The relationship between corporate social and financial performance is a question of considerable research interest (Barnett & Salomon, 2012; Waddock & Graves, 1997). Scholars have investigated corporate responsibility towards social issues and stakeholders (Laplume et al, 2008), the conceptualization of social performance (Wood, 2010), and its relationship with financial performance (Waddock & Graves, 1997; Orlitzky et al, 2003; Barnett & Salomon, 2012). Current research concurs that social performance enhances financial performance, with recent meta-analytical reviews reporting a positive relationship (Orlitzky et al, 2003; Pelozo, 2009; Waddock & Graves, 1997). This is attributed to improvements in competitiveness associated with the strengthening of trust, reputation, and legitimacy, and greater market access (Pelozo, 2009). Proactive responsiveness to societal and stakeholder issues foster the development of internal capabilities for anticipating and adapting to unforeseen risks, or for sensing and seizing long-term opportunities (Ortiz-de-Mandojana & Bansal, 2016; Laplume et al, 2008).

Aside from exploring the relationship between corporate social and financial performance, the existent literature provides limited theoretical explanations as to why and how firms pursue social strategies (Pelozo, 2009; Waddock & Graves, 1997), circumscribing our ability to explain differences in social performance across firms (Barnett & Salomon, 2012). Scholars have called for greater research towards understanding the underlying mechanisms that drive social performance, and the associated social strategies (Aguinis & Glavas, 2012). This is even more important today because of the ascendance of concepts such as social value, shared value, and sustainable business models in mainstream corporate discourses, blurring boundaries between commercial and social value creation (Wilburn & Wilburn, 2014; Hockerts & Wüstenhagen, 2010; Hahn et al, 2015). Consequently, an amalgam of normative and pragmatic motivations are employed to justify social engagement by business organizations.

This study seeks to advance current understanding on the motivational foundations of corporate social strategy choice, and social performance. We develop a theoretical framework that lays out the relationship between motivation types and the choice for social strategies. We generate a range of hypotheses on how motivation types are associated with the choice of social strategies with different levels of effect on social performance. To test our hypotheses, we collected data on social performance, social strategies and motivations from 430 socially active small and medium sized firms that operate in seven Sub-Saharan African countries. Our focus on developing country context is motivated by the recent surge of interest in market-based approaches for poverty alleviation in these economies (Kolk et al, 2014; Dembek et al, 2016). Underdeveloped market and institutional conditions boost the imperative for social action by businesses (Sulkowski et al, 2017), making these contexts conducive for studying proactive social strategies.

We make three important contributions to the literature on corporate social strategies and performance. Firstly, we respond to calls for greater theoretical endeavour for providing a robust explanation of why and how corporations engage in corporate social responsibility (CSP) (see Aguinis & Glavas, 2012). By outlining a motivational approach for understanding the micro-foundations of corporate social performance, we shed light on why firms adopt different types of social strategies, with varying levels of ability to enhance social performance. Secondly, we provide an integrative approach for researching the motivations, processes, and outcomes of corporate social performance. Researchers have used competing frameworks for studying the motivations for social engagement that emphasize firm characteristics (Orlitzky et al, 2003), intrinsic and extrinsic motives (Muller & Kolk, 2010; Heugens et al, 2002), and reactive responses (Slawinski et al, 2017). Our systematic approach integrates disparate nomenclature in current research and relates the antecedents for social action ('motivations') with the intermediary concept of 'social strategies,' and the outcome concept of 'corporate social performance.' In addition to improving on existing conceptualizations of corporate social performance (e.g. Wood, 1991), this further streamlines related research in stakeholder management and corporate social performance literatures.

Finally, the study bridges the established literature on corporate social performance with the newly emerging research stream that emphasizes proactive social strategies (Prhalad, 2004; George et al, 2016). Researchers have long explored the potential of businesses to proactively devise social strategies that addresses social issues such as poverty alleviation while creating new sources of competitive advantage (London & Hart, 2004; Scherer & Palazzo, 2011). In developing countries, the strong alignment of intrinsic and extrinsic motives for addressing social issues has led to experimentation with 'purpose-driven' or 'mission-driven' business that emphasizes co-creation and social engagement (Kolk et al, 2014). Our empirical analysis relies on data from developing countries to investigate proactive social strategies with relatively high level of commitment towards addressing pressing social issues in these economies.