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What drives strategic Corporate Social Responsibility?

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ABSTRACT

This study examines the role of the Corporate Social Responsibility Committee (CSRC) in the adoption of strategic Corporate Social Responsibility (CSR) projects that surpass regulatory requirements and basic stakeholder expectations. Our results demonstrate that the establishment of CSRCs enhances all strategic CSR mechanisms, particularly business reputation, stakeholder interaction, risk mitigation, and innovation. Additionally, strategic CSR practices exhibit a strong correlation with CSRC attributes and organizational characteristics. Specifically, the size of the CSRC is positively associated with all dimensions of strategic CSR. Furthermore, CEO membership is likely to impede risk mitigation and innovation capacity, whereas board chair membership enhances business reputation, stakeholder communication, and innovation potential. In terms of gender diversity, female CSRC members show a greater concern for business reputation and associated risks. Regarding committee functioning, increased meeting frequency has the potential to enhance various aspects of strategic CSR.

KEYWORDS

CSRC composition; corporate board; responsive CSR; reputation Enhancement; Stakeholder Reciprocation

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1. Introduction

The concept of CSR has represented one of the key strands of research in organizational management in the recent decade. It keeps attracting the interest of a vast number of scholars, economists, policymakers, governmental and non-governmental organizations (Marques-Mendes and Santos, 2016; Adeyemi and Ayanlola, 2014; Babalola, 2012; Uadiale and Fagbemi, 2012; Gond and Matten, 2007). Prior studies state that the long-term success of companies depends on their capacity to meet stakeholders' expectations and to act responsibly (Ferrell et al., 2019; Weller, 2017; Pedrini and Ferri, 2011; Maak and Pless, 2006; Wood and Logsdon, 2002). In fact, the core rationale for CSR adoption and its benefits is no longer questioned. Debates have become more focused on the features of the best-integrated CSR models that meet the existing demands (Orlizsky et al., 2011). Despite the fact that the concept of CSR evokes diverse meanings, it has evolved from the early legal and ethical approach originally put forth by previous studies (Carroll, 1979, 2004) to become central and a key determinant in the business strategy (Kramer, 2006). In the literature, there has been uncertainty about the motivations behind a company's engagement in CSR (Hategan and Curea-Pitorac, 2017; Galant and Cadez, 2017; Wahba and Elsayed, 2015). Much research effort has been committed to providing empirical evidence on whether strategic CSR is merely a drain on a firm's profit or a source of competitive advantage (Galant and Cadez, 2017; Famiyeh, 2017). This leads to the identification of diverse CSR strategies. For instance, according to Bocquet et al. (2017), Zerbini (2017), and Goyder (2003), CSR strategies could be divided into two categories: (1) responsive CSR, which is mainly determined by external expectations and reporting standards and corresponds to the lowest level of commitment. Responsive CSR is an imitative CSR strategy, where firms try to mitigate existing or potential adverse effects of their activities in order to promote good corporate citizenship and obtain the license to operate. This CSR strategy has been the source of many scandals such as the Volkswagen emissions scandal, also known as Dieselgate in 2015, and (2) strategic CSR, associated with a high level of commitment and implying a more comprehensive implementation of CSR within a firm. CSR is considered strategic when it increasingly satisfies the needs of a company's stakeholders without sticking with their basic expectations. Not sparingly, stakeholder theory provides the most prominent theoretical foundation to analyze strategic posture toward social responsibility activities, and the intensity of stakeholder power on levels of CSR performance (Roberts, 1992). Besides, many other theories have been actively applied in the field of strategic CSR, such as the resource-based view (Litz, 1996; Russo and Fouts, 1997), the market-based view (Lin et al., 2015; Liu et al., 2015; Saeidi et al., 2015), branding strategy (He and Lai, 2014; Tingchi Liu et al., 2014), strategic conversations (Miles et al., 2006), public-private partnerships (Rotter et al., 2012), and emergent strategy (Vilanova et al., 2009). They all highlight that strategic CSR is a multidimensional concept. Burke and Logsdon (1996) suggested that CSR becomes strategic in a company when social and environmental issues become a high priority, and when deliberate means for responsibility discourses and practices are in place. Then, the concept was extended to cover actions introduced by companies within the scope of attaining sustained competitive advantages. Strategic CSR is, therefore, a set of activities that are simultaneously good for the company and society, thus improving the company's performance and creating social and economic performances (Porter and Kramer, 2006; Carroll, 2001; Marsden et al., 2001; Husted and Allen, 2001).

Recently, studies have provided more specific definitions of strategic CSR. Athanasopoulou and Selsky (2016) define it as an ongoing process that not only considers its impact but also aids the company in pursuing its business objectives while engaging stakeholders. CSR encompasses the core business of the corporation, including auditing, reporting, and the implementation of social management systems (Visser, 2016). Famiyeh (2017) and Chaudhary (2017) have refined the definition further to reflect the underlying value assumption of economic utility. The strategic dimension of CSR presents a promising and pertinent avenue for further investigation (McWilliams and Siegel, 2011). However, the lack of attention to the strategic aspects of CSR and the dearth of theoretical research on the determinants of strategic CSR (McWilliams and Siegel, 2011) have prompted scholars to advocate for

identifying these determinants (Tang et al., 2012; Halme and Laurila, 2009). Within this framework, research on corporate governance, such as that conducted by Beji et al. (2021), Jizi (2017), Shaukat et al. (2016), Harjoto et al. (2015), and Vidal et al. (2012), emphasizes the increasingly significant role of boards in the strategic management of CSR. For instance, Beji et al. (2021) argue that corporate governance mechanisms provide insights into board dynamics and their influence on CSR performance. Similarly, Godos-Díez et al. (2018) suggest establishing specialized committees, such as CSR committees (CSRC), to handle a broad spectrum of board functions and better understand stakeholder expectations. Moreover, Bagh et al. (2017) and Liao et al. (2015) assert that CSRCs are integral components of the corporate governance framework. They play a strategic role in securing corporate legitimacy, formulating strategy, and executing CSR initiatives (Barroso-Castro et al., 2017; Fuente et al., 2017; Peters and Romi, 2015; Perrault and McHugh, 2015; Rodrigue et al., 2013). Given the scarcity of studies analyzing the reasons behind varying levels of strategic CSR reporting by organizations, it is imperative to delve deeper into the factors driving CSR behavior and shaping the integration of strategic CSR.

The main aim of the current research is to contribute to the emerging literature on strategic CSR. This is the first paper, to the best of our knowledge, to examine how CSRCs presence and attributes could drive more sustainable CSR strategies through specific dimensions. This study is drawn on listed firms on the SBF120 index between 2010 and 2018.

In France, the integration of social and environmental impacts has moved from the stage of a voluntary process to the stage of regulatory requirements. France has shown growing interest in CSR engagement in recent years by creating an environment that places French companies at the top of international rankings. Several initiatives and programs have been established, such as the initiative of New Economic Regulations (2001), the Grenelle Environment Forum (2007 and 2010), the Energy Transition Act (2015) and also the law of due diligence on multinational firms (2017) and the PACTE law (2019).

- The study by Burke and Logsdon (1996) was among the first bases of the distinction between strategic and responsive. Burke and Logsdon (1996) propose five strategy dimensions:
- Centrality, which is the closeness of fit to the firm's objectives and mission.
- Proactivity, which means the degree to which the program is planned in anticipation of emerging social trends with the ability to be visionary.
- Voluntarism, which refers to the ability to make voluntary decisions and the lack of externally imposed compliance requirements.
- Visibility, which refers to observable, recognizable credit by stakeholders.
- Specificity, which is the ability to enhance private gain by the firm.

More recently, Vishwanathan et al. (2020) employed a causal approach, that was first analyzed by Goertz (2006), which reveals a three-level conceptual structure of strategic CSR. At the basic level, strategic CSR is defined in terms of theoretical propositions such as propositions about the causes and consequences of strategic CSR. At the secondary level, strategic CSR is intentionally defined in terms of its causally most relevant properties, which includes four empirical mechanisms: reputation enhancement, stakeholder reciprocation, risk mitigation, and innovation capacity. At the third level, Strategic CSR is defined in terms of observable empirical phenomena that operationalize the causally relevant properties by which strategic CSR is defined.

In line with Vishwanathan et al. (2020), we focus on the firm's ability to influence the following areas of strategic CSR: (1) reputation enhancement, (2) stakeholder reciprocation, (3) risk mitigation, and (4) innovation capacity. This is the first paper to test them empirically.

The current paper provides some interesting results. First, we find that the establishment of a CSRC increases the firm's involvement in more strategic CSR policies.

Second, we show that CSRC characteristics have controversial effects on strategic CSR dimensions. For instance,

the size of the CSRC is positively associated with the firm's involvement in a more strategic CSR approach and it enhances all its specific dimensions. Indeed, the agency theory (Jensen and Meckling's 1976) and the resource dependence theory (Pfeffer and Salancik 1978) state that large boards constitute a specific social capital that may lead firms to more balanced decision-making (Hillman et al. 2001; Luoma and Goodstein 1999; Clarkson 1995; Pfeffer and Salancik 1978) and can increase the firm's involvement in CSR activities. Also, female participation in CSRC and meeting frequency improve the firm's reputation and risk mitigation, while CEO membership decreases risk mitigation and innovation capacity mechanisms.

Furthermore, board chair membership enhances the company's involvement in strategic CSR through its positive impact on reputation enhancement, stakeholder reciprocation, and innovation capacity improvement.

A positive association between directors' assiduity and strategic CSR is identified, which stems from the impact of the director's assiduity on innovation capacity. Finally, we find that the presence of a CSRC has a significant influence on the strategic dimension of CSR in companies that operate in sectors with high impact precisely, such as basic materials and industrial sectors. These industrial sectors are more exposed to social pressure and environmental risks. However, when it comes to low impact sectors such as financial, technological, and consumer services industries, the presence of a CSRC has no significant influence on strategic CSR. Indeed, companies in these sectors may create CSRCs with the aim of gaining legitimacy in the eyes of their stakeholders which stems from an adaptive behavior associated with a low level of commitment (Ruggiero et al. 2018).

The paper is structured in the following. The state of art and hypotheses will first be developed. The methodology is in section (2). Section (3) discusses the findings. Section (4) provides further robustness checks. The last section concludes the paper.

2. State of art and hypotheses

2.1. CSRC Presence and Strategic CSR

Previous studies indicate that the existence of CSRCs enhances environmental performance (Konadu 2017; Walls et al. 2012; Kassinis and Vafeas 2002) as well as CSR performance (Eberhardt-Toth 2017; Liao et al. 2015; Mallin and Michelon 2013; Jo and Harjoto 2012). In fact, the creation of a CSRC aligns with stakeholder theory (Donaldson and Preston 1995). Moreover, the presence of a CSRC helps resolve agency conflicts and meet stakeholders' expectations through the alignment of diverse interests: it serves as a connection between stakeholder theory and agency theory. Vishwanathan et al. (2020) argue that companies seek to assess strategic opportunities and commitments to stakeholder needs by establishing a CSRC. Ullman (1985) argues that the establishment of the CSRC in a firm demonstrates an active strategic position concerning stakeholder expectations. Similarly, previous studies argue that establishing a CSRC enhances sustainability voluntary disclosure and obtaining sustainability reporting assurance (Mahmood et al. 2018; Helfaya and Moussa 2017; Chapple et al. 2017; Dienes et al. 2016; Peters and Romi 2015; Amran et al. 2014; Michelon and Parbonetti 2012). For instance, Michelon and Parbonetti (2012) demonstrate that the presence of CSRCs enhances social disclosure. Furthermore, having a specialized committee that promotes and monitors CSR activities in a company carries a promotional dimension. It provides a positive signal to the market and other competitors (Gennari and Salvioni 2019; Mallin and Michelon 2011). It indicates "an active strategic posture with regard to stakeholder relationships" (Mallin and Michelon 2011, p. 125). In conflicting situations, CSR committees act as mediators, specifically when shareholders' and stakeholders' interests diverge. CSR strategy could provide a competitive advantage and help increase efficiency, productivity, and risk mitigation (Gennari and Salvioni 2019). Indeed, CSRC actions could limit and/or avoid litigation and other reputational risks (Rodrigue et al. 2013; Michelon and Parbonetti 2012; Rupley et al. 2012; Rankin et al. 2011). In light of the previous discussion, we state:

Hypothesis 1: The creation of a CSRC is positively associated with strategic CSR.

2.2. CSRC Composition and Strategic CSR

2.2.1. CSRC Members' Attributes

Turning to specific features of CSRCs, previous studies show that independent members of CSRCs are prone to ensuring effective monitoring and better management, and to preventing opportunistic behaviors (Danvila del Valle et al. 2013; Aboody and Lev 2000). They could also increase CSR performance and provide more objective feedback regarding the firm's operations and performance (Beji et al. 2021; Danvila del Valle et al. 2013).

In the same vein, Eberhardt-Toth (2017) points out that independent directors in CSRCs may be more sensitive to stakeholder demands than non-independent board directors, as they have an outsider view of the firm. Besides, recent research by Beji et al. (2021) provides evidence that the presence of independent directors contributes to the enhancement of governance features, which drives higher CSR performance. This could enhance the strategic responsibility of companies.

Accordingly, we state the following:

Hypothesis 2: Independent directors on CSRC are positively associated with the adoption of the strategic dimension of CSR.

Another interesting feature of CSRC is the CEO membership. In fact, according to Galbreath (2017), McGuinness et al. (2017), Nekhili et al. (2017), and Rao and Tilt (2016), the CEO can impair the functions of inside directors, which negatively affects corporate governance. Indeed, CEOs could manipulate the board to serve their interests. Accordingly, directors can act with low monitoring abilities and low integrity (Galbreath, 2017; McGuinness et al., 2017). Also, the CEO can marginalize risky strategic plans and innovation in order to preserve the business for future generations (Brunninge et al., 2007). Furthermore, Sheikh (2019) shows that entrenched CEOs do not promote socially responsible investments. They may display opportunistic behavior and seek to strengthen their public image to the detriment of shareholders' interests (Malmendier and Tate, 2005; Friedman, 1970). Based on the above discussion, we state the following:

Hypothesis 3: The CEO's membership of the CSRC is negatively associated with the adoption of the strategic dimension of CSR.

According to Kim et al. (2010), when the chairperson is a member of the CSRC, they are more likely to be actively engaged in the committee's tasks, which may lead to increased concern about CSR issues. During board meetings, CSR topics are likely to be brought to the table for discussion more frequently. Consequently, the chairperson's membership is likely to influence the decision-making process in favor of CSR strategies. Recent studies by Smith and Wang (2023) and Jones et al. (2022) support these findings, indicating that board members with CSRC affiliation play a crucial role in driving CSR initiatives forward. Over the long term, strategic and sustainable CSR activities, such as those fostering innovation capacities, enhancing business reputation, and establishing reciprocity with diverse stakeholder groups, could be implemented.

In the light of the previous discussion, we state the following:

Hypothesis 4: The presence of the board chair in CSRCs is positively associated with the strategic CSR.

Previous studies show that female directors are more inclined to respond to stakeholders' expectations and could bring important resources to committees such as information, human capital, external networks, skills, and constituencies that increase understanding of creativity and innovation (Post and Byron, 2015; Adams and Ferreira, 2009; Carter et al., 2003). Furthermore, the presence of female directors is likely to be related to higher firms' CSR engagement (Beji et al., 2021; Galbreath, 2018; Fuente et al., 2017; McGuinness et al., 2017; Shaukat et al., 2016; Zhang et al., 2013). For instance, Beji et al. (2021) argue that female directors are more likely to be sensitive to environmental issues, bring to light critical elements of corporate governance, and care more about human rights

through the respect of fundamental rights and the elimination of proscribed forms of work and child labor. Also, recent studies by Bernardi and Arnold (1997) and Croson and Gneezy (2009) conclude that female directors are perceived to be more ethical and have greater reluctance to take income risk or engage in social norms and gender discrimination (Boulton, 2010). In the same vein, Gneezy and Rustichini (2004) suggest that women are less likely to choose gambles even when their abilities would suggest otherwise. Accordingly, female directors could encourage and even require firms to adopt and adapt their strategic CSR mindsets.

Therefore, we intend to test:

Hypothesis 5: A larger proportion of female directors on CSRCs increase the adoption of strategic CSR activities.

In line with the resource dependence theory (Pfeffer and Salancik, 1978) and the stakeholder theory (Freeman, 1984), large boards are representative of diverse interests (Kock et al., 2012; Hillman and Keim, 2001). They can have larger networks, better access to information, and greater knowledge. They can, therefore, increase the firm's involvement in CSR investments and shape more effective CSR strategies (Mangena and Pike, 2005; DeFond and Francis, 2005; Beji et al., 2021).

In fact, large committees could have the necessary strength to ensure effective monitoring and to be representative of diverse interests. Accordingly, more oriented advice on strategic decisions could be provided by large boards (Siciliano, 1996; Provan, 1980; Pfeffer, 1972, 1973). This can increase the firm's involvement in strategic CSR dimensions (Kock et al., 2012; Bedard et al., 2004; Beji et al., 2021).

Based on the above discussion, we state the following:

Hypothesis 6: The larger is the size of CSRCs; the more is the adoption of the strategic dimension of CSR.

2.2.2. CSRC Functioning

In addition to the characteristics of CSRC members, the committee's functioning could be influential. In fact, Nurulyasmin et al. (2017) argue that the number of meetings organized could be considered a proxy for directors' monitoring effort. Directors become more informed about existing and appropriate strategies and actions to solve problems as the number of meetings increases (Nurulyasmin et al., 2017; Ponnu and Karthigeyan, 2010). Therefore, committees may suffer less from asymmetric information (Nurulyasmin et al., 2017; Vafeas, 1999). Similarly, according to Salim et al. (2016) and Chou et al. (2013), a higher frequency of board meetings allows directors to enhance their decision-making process and better carry out their duties in line with shareholders' expectations. Accordingly, the meeting frequency of CSRC could be an important factor that influences firms' strategies regarding whether to consider CSR as a response or a strategy. Therefore, we intend to test:

Hypothesis 7: The frequency of CSRC's meetings is positively associated with the adoption of the strategic dimension of CSR.

Finally, directors' attendance at CSRC meetings could be another way for directors to exert influence over CSR strategies. Indeed, directors' assiduity could signal their interest and involvement in socially responsible projects, particularly in CSR strategies (Adams and Ferreira, 2009; Beji et al., 2021). Moreover, Cornforth (2001) highlights that board attendance helps assess the level of board effectiveness.

Furthermore, the director's assiduity could enhance information sharing between firm management and CSRC (Huilong et al., 2014; Hillman et al., 2000), thereby potentially increasing the firm's engagement in CSR activities.

Based on the above discussion, we assert the following:

Hypothesis 8: Directors' assiduity in CSRC meetings is positively associated with strategic CSR.

3. Methodology

3.1. Data

Our analysis was conducted on French companies listed on the SBF 120 index, which comprises the largest 120 capitalizations listed on the French stock exchange market, between 2010 and 2018. Financial data and corporate governance data were sourced from Bloomberg, FactSet IODS, and Thomson Reuters. To measure strategic CSR, we utilized governance and ESG Bloomberg data, along with information available in the companies' annual reports. The final sample consisted of 825 yearly observations.

Table 1. Sample's description.

Industry Sector	Number of Firms	Percentage
Industrials	20	16.67%
Basic Materials	8	6.67%
Financial	17	16.17%
Health Care	9	7.5%
Consumer Goods	33	27.5%
Technology	23	19.17%
Oil and Gaz	6	5%
Utilities	4	3.33%
Total	120	100%

3.2. Variables

3.2.1. Dependent variables

First, we construct four proxies for specific areas of strategic CSR in line with Vishwanathan et al. (2020). Then we construct a proxy for the overall strategic CSR performance.

REPUT is a proxy for reputation enhancement. Several studies have shown that CSR activities could be considered as a tool for reputation management (Abugre and Anlesinya, 2020; Ting and Yin, 2018; Axjonow et al., 2018; Boyd et al., 2010). For instance, according to Boyd et al. (2010), CSR is considered strategic if it improves financial performance through reputation enhancement. In fact, legitimacy theory and signal theory provide a solid theoretical foundation for the strategic advantages of CSR generated by reputation improvement. Furthermore, according to Greening and Turban (2000), CSR activities must be visible to both existing and prospective stakeholders in order to effectively implement reputation enhancement mechanisms. For example, Turban and Greening (1997) demonstrated that the higher the CSR score, the greater the willingness of potential employees to join the company (Jones et al., 2014; Backhaus et al., 2002). Additionally, customers are more attracted to buy products or services from CSR companies (Luo and Bhattacharya, 2006), thereby increasing their willingness to pay higher prices (Marín et al., 2012). Moreover, Ioannou and Serafeim (2015) argue that investment analysts perceive CSR as a positive signal of the company's future profitability, which explains the increase in share prices following the public announcement of CSR initiatives (Ramchander et al., 2012; Arya and Zhang, 2009). REPUT is given by the average of the following dummy variables:

- The affiliation with the United Nations' Global Compact;
- The acquisition of international certifications such as the International Organization for Standardization (ISO);
- The conformity between the company's practices and its root values;
- The use of the Global Reporting Initiative guidelines.

STAK is a proxy for the stakeholder reciprocation. Stakeholder Theory (Freeman, 1984) emphasizes the positive effects of considering stakeholders' needs. Unlike the reputation enhancement dimension, companies take measures that benefit certain stakeholder groups, but these measures do not need to be visible from the outside (McWilliams and Siegel, 2001). In fact, the mechanism of stakeholder reciprocity has been widely discussed in several studies (Vishwanathan et al., 2020; Lins et al., 2017; Bosse and Coughlan, 2016; Bosse et al., 2009; Jones,

1995). For instance, according to Bosse and Coughlan (2016) and Bosse et al. (2009), selecting key stakeholder groups is crucial to applying strategic CSR. This could result in more cooperative, productive, and enduring relationships. Moreover, companies can take advantage of motivated and more productive employees in return for fair compensation and a safer work environment (El Akremi et al., 2018; De Roeck et al., 2016). Sharma and Henriques (2005), Henisz et al. (2014), and Prno and Slocombe (2012) state that companies' commitment to CSR can allow them to have a societal license to operate, granted by communities, more favorable regulatory and enforcement conditions, and higher levels of public procurement. CSR may thus have beneficial effects on a firm's sustainability. STAK is given by the average of the following dummy variables:

- The existence of a fair remuneration policy;
- The existence of a human rights policy;
- The existence of a biodiversity policy;
- The existence of social policies for suppliers;
- The existence of social policies for customers;
- The existence of an equal opportunities policy;
- The existence of a policy for disabled employees;
- The existence of a child labour policy.

RISK is a proxy for the risk mitigation. According to Hart and Sharma (2004), socially responsible companies can reduce company-specific risks by accessing new information through their engagement with more diverse stakeholder groups than companies strictly focusing on their core business and operations. Previous studies show that CSR activities can reduce stock price crash risk and firm default risk (Kim et al., 2014; Sun and Cui, 2014; Oikonomou et al., 2012; Lee and Faff, 2009; Luo and Bhattacharya, 2009). Similarly, Mayberry (2020) and Harjoto and Laksmana (2018) point out that CSR activities serve as a mechanism for controlling and avoiding risk-taking. According to Vishwanathan et al. (2020), this positive link between CSR and risk reduction could be explained by the fact that CSR activities are specifically designed to avoid harming stakeholders, such as pollution prevention practices and fair-trade policies. It is given by the average of the following dummy variables:

- Climate change risk management;
- The existence of health and safety policies;
- Supply chain social risk management;
- Negative variation of electricity use;
- Negative Variation of combustible- natural gas use;
- Negative Variation of fuel - oil/diesel use;
- Negative Variation of water use;
- The existence of waste management policy.

INNOV is a proxy for the innovation capacity. Several previous studies have recognized CSR as a driver of innovation and competitiveness (Husted and Salazar, 2006; McWilliams and Siegel, 2001). Socially responsible companies are prone to develop closer relationships with their stakeholders (Tantalo and Priem, 2016; Harrison et al., 2010), who can provide valuable opportunities for innovation to meet their expectations (Hart and Dowell, 2011; Buysse and Verbeke, 2003). For instance, employees may be more willing to share information with the firm (Tantalo and Priem, 2016; Aragón-Correa et al., 2013; Harrison et al., 2010), and more capable of overcoming the short-term thinking usually driven by returns, which impedes innovation (Flammer and Kacperczyk, 2016; Wang and Bansal, 2012). Additionally, Halkos and Skouloudis (2018) and Bocquet et al. (2017) argue that strategic CSR is considered a multifaceted construct that provides various opportunities for innovation. According to Vishwanathan et al. (2020), one of the main reasons why CSR activities should increase innovation capacity is that they require the development of existing innovation capabilities or lead to the creation of new capabilities. INNOV is given by the

average of the following dummy variables:

- The existence of employees training programs;
- The involvement in renewable energy investments;
- The existence of partnerships;
- The existence of social and environmental opportunities.

STRAT is a proxy for the overall strategic CSR performance. It assesses the firms' involvement in responsible activities that have been voluntarily and go beyond the government regulations and stakeholders' requirements. These activities have to simultaneously support sustainable economic, social, and environmental development. STRATEGIC CSR is the sum of the previous proxies.

3.2.2. Independent variables

CSRC characteristics

- CSRC is a binary variable equal to 1 if there is a CSRC, and 0 otherwise.
- CIND is the percentage of independent directors in CSRC.
- CEOC is a binary variable equal to 1 if the CEO is a member of the CSRC, and 0 otherwise.
- BCHAIRC is a binary variable equal to 1 if the board chair is a member of the CSRC, and 0 otherwise.
- CGENDER is the percentage of female directors on the CSRC.
- CSIZE is the number of directors appointed to the CSR committee.
- CMEET is the number of CSRC's meetings per year.
- CASSID is the percentage of directors' assiduity in CSRC meetings.

Board characteristics

- BSIZE is the number of directors serving on the board.
- DUAL is a binary variable equal to 1 if the CEO serves also as the board chair, and 0 otherwise.
- BGENDER is the percentage of women directors on the board.
- BIND is the percentage of independent directors on the board.

Firm characteristics

- CSR SENS is a dummy variable equal to 1 if the firm operates in a CSR-sensitive industry. CSR sensitivity can vary significantly across countries, regions, and industries (McWilliams et al., 2006). Baron et al. (2011) define sensitive industries as a special group requiring particular attention. Social taboos, moral debates, and political pressures typically characterize sensitive industries. Highly sensitive industries include less socially responsible sectors such as tobacco, gambling, alcohol, and adult entertainment, as well as industries facing emerging environmental, social, or ethical issues such as weapons, nuclear, oil, cement, and biotechnology. Similarly, previous studies (Melo and Garrido-Morgado, 2012; Reverte, 2009; Rahman and Widyasari, 2008; Banerjee et al., 2003) argue that firms operating in less socially responsible industries are more likely to increase their social performance.
- FSIZE is the natural log of total assets.
- ROA is the return to the total assets' ratio.

Table 2 presents summary statistics of the variables used in our analysis and mean difference tests (MDT) between firms with and without CSRCs between 2010 and 2018. The average strategic CSR of our sample is around 2.22, with a maximum of 3.87 and a minimum of 0.37. The average values of reputation enhancement, stakeholder reciprocation, risk mitigation, and innovation capacity vary significantly among firms. The average CSRC size is almost 5 directors, with 57.15% of the committee members being independent directors and more than 40% of them being women. Another interesting feature is the involvement of the chairperson in almost half of the CSRCs (46.52%), while the CEO is appointed to the CSRC of almost one-third of the firms (31.25%). We also notice that 32.13% of firms with CSRCs belong to CSR-sensitive industries such as production industries, mining, and utilities

(Simnett et al., 2009). Regarding the CSRC's functioning, the average number of CSRC meetings is 4, with an attendance rate of 93%.

Moreover, we carried out multivariate analysis to compare companies with (CSRC=1) and without a CSRC (CSRC=0) (Panel I). The results show that companies with a CSRC are more involved in all areas of strategic CSR, are more likely to have a dual structure, and have more gender-diverse committees. We also notice that firms with a CSRC are most often larger firms and operate in CSR-sensitive industries. All these differences are significant at the 1% level.

Table 2. Descriptive statistics.

Panel I. Descriptive statistics of quantitative variables.

		Full Sample			CSRC=0			CSRC=1			
	N	Mean (Std. Dev.)	Min	Max	Mean (Std. Dev.)	Min	Max	Mean (Std. Dev.)	Min	Max	Mean Difference Tests
CSR											
STRAT	825	2.21 (.6561)	.37	3.87	2.08 (.6668)	.375	3.87	2.43 (.5776)	.625	3.75	-.34***
REPUT	825	.63 (.2893)	0	1	.58 (.3023)	0	1	.72 (.2405)	0	1	-.142***
STAK	825	.59 (.2398)	0	1	.56 (.2521)	0	1	.65 (.2064)	0	1	-.08***
RISK	825	.48 (.1865)	0	1	.45 (0.1881)	0	1	.53 (.1739)	0	1	-.07***
INNOV	825	.49 (.2118)	0	1	.48 (.2031)	0	1	.52 (.2241)	0	1	-.03**
Board Characteristics											
BSIZE	825	13.09 (3.2746)	3	24	12.52 (3.1439)	3	23	14.06 (3.3187)	5	24	-1.53***
BIND	825	53.31 (20.5939)	0	100	54.89 (21.570)	0	100	50.67 (18.6975)	0	100	4.22***
BGENDER	825	31.17 (13.1801)	0	63.63	29.47 (12.9784)	0	60	34.26 (12.8536)	0	63.63	-4.78***
Firm Characteristics											
FSIZE	825	4.23 (.7397)	2.22	6.31	4.13 (.7794)	2.22	6.31	4.42 (.6399)	3.12	6.31	-.28***
ROA	825	3.59 (6.5357)	-62.05	54.82	3.78 (7.7076)	-62.05	54.82	3.612 (3.2347)	-6.70	18.54	.173
CSRC characteristics											
CSIZE	350	4.59 (1.3845)	2	10							
CGENDER	350	40.30 (25.6195)	0	100							
CIND	350	57.15 (23.2560)	0	100							
CMEET	350	3.98 (2.4108)	0	11							
CASSID	350	93.09 (16.7572)	0	100							

****, **, * are statistically significant at the 1, 5, and 10% levels, respectively.*

Panel II. Table of frequencies of qualitative variables.

Dummy variables		CSRC=1 Percentage	CSRC=0 Percentage	Full sample Percentage
DUAL	0	39.42 %	59.53 %	52.70 %
	1	60.58 %	40.47 %	47.30 %
CSR SENS	0	67.87 %	85.81 %	77.95 %
	1	32.13 %	14.19 %	22.05 %

CSRC	0		63.02 %
	1		36.98 %
CEOC	0	68.75 %	
	1	31.25 %	
BCHAIRC	0	53.48 %	
	1	46.52 %	

We find some significant correlations exceeding 0.5. However, VIF values do not exceed 2. Hence, there are no multicollinearity problems.[1]

4. Model, results and discussions

4.1. The effects of CSRC

To examine whether the presence of CSRC is a key determinant for strategic CSR or not, we address the following question: is CSRC necessary to achieve strategic CSR?

First, we consider the following model:

$$StrategicCSR_{i,t} = \delta + \beta_i \times CSRC + \sum \alpha_i \times Board - Characteristics + \sum \mu_i \times Firm - Characteristics + \varepsilon_{i,t} \quad (1)$$

where Strategic CSRi,t is a proxy for strategic CSR performance: STRAT, REPUT, STAKE, RISK, and INNOV proxies, of the firm i at the year t. CSRC indicates the CSRC presence.

Board-characteristics are the board size, the non-separation between management and control functions, the percentage of independent directors on the board, and the percentage of female directors on the board. Firm-characteristics are industry CSR-sensitivity, firm size, and return on asset ROA.

Table 3 presents the regression results. Our first hypothesis regarding the impact of establishing the CSRC on strategic CSR (H1) is supported in all regressions. The presence of a CSRC is positively associated with all strategic CSR mechanisms, namely reputation enhancement, stakeholder reciprocation, risk mitigation, and innovation capacity improvement. One explanation could be that CSRCs are more concerned about effective CSR strategies in the long term and can supervise the implementation of CSR strategies (Dharmapala and Khanna, 2018). They are responsible for defining the firm's CSR policy and monitoring the actions of the company's managers (Helfaya and Moussa, 2017; Cucari et al., 2018; Collier and Esteban, 2007).

Our results are also consistent with Sánchez et al. (2019), who argue that CSRCs help internal and external stakeholders better understand the key strategic issues facing the company. Furthermore, Walls et al. (2012) analyzed how certain board characteristics, such as committee existence, board size, and diversity, could influence environmental performance. They found a positive association between environmental committees and environmental performance, suggesting that environmental committees increase the firm's proactivity in handling environmental issues.

These findings align with O'Dwyer et al. (2005), who argue that the presence of CSRCs could improve business performance and facilitate better communication with internal and external stakeholders by providing material information to stakeholders and keeping sustainability at the core of their CSR strategy.

Moreover, previous studies indicate that CSRC actions can strengthen corporate transparency and help limit or even avoid litigation and other reputational risks, especially concerning environmental information and greenhouse

[1] The correlation matrix is available upon request.

gas emissions (Helfaya and Moussa, 2017; Cucari et al., 2017; Liao et al., 2015; Peters and Romi, 2014; Amran et al., 2014; Michelon and Parbonetti, 2012; Rupley et al., 2012).

In conclusion, establishing a CSRC could be seen as a voluntary business decision reflecting the firm's commitment to CSR. However, CSRCs can adopt a proactive role in recommending appropriate strategies in this area. For example, according to Peters and Romi (2015), CSRCs are likely to be an effective governance mechanism for monitoring corporate behavior, managing CSR risks and opportunities, achieving corporate objectives, and enhancing the firm's commitment to stakeholders.

Given these findings, there is a greater incentive to analyze the extent to which CSRC attributes could drive more strategic CSR policies

Table 3. The effect of CSRC presence on Strategic CSR.

	(1)STRAT	(2)REPUT	(3)STAK	(4)RISK	(5)INNOV
Lag STRAT	.50***	.93***	.65***	.32***	.83***
	(3.05)	(12.93)	(8.39)	(3.03)	(8.67)
CSRC	.32**	.07*	.03*	.29***	.08**
	(2.34)	(1.77)	(1.76)	(5.13)	(2.10)
BSIZE	.11**	.01*	.00	-.00	.03**
	(2.55)	(1.75)	(0.07)	(-1.14)	(2.75)
DUAL	-.01	-.00	-.00	-.01***	-.00
	(-1.63)	(-0.68)	(-0.73)	(-2.97)	(-1.16)
BIND	.31**	-.00	.00	.05	.03
	(2.22)	(-0.16)	(1.23)	(0.84)	(0.61)
BGENDER	.01*	.16***	.00	.00**	.00
	(1.80)	(3.27)	(0.40)	(1.99)	(0.27)
CSR SENS	-.05	-.03	.00	-.02	-.00
	(-0.44)	(-0.76)	(0.30)	(-0.59)	(-0.16)
FSIZE	.55	.00	.01	.20	.18**
	(1.31)	(0.54)	(1.46)	(1.34)	(2.17)
roa	.02	-.16	-.00	-.03*	.00
	(1.31)	(1.08)	(-1.02)	(-1.84)	(0.52)
Constant	-2.90	.55*	.21**	.23	-1.19***
	(-1.58)	(1.90)	(2.36)	(0.47)	(-3.06)
F-,	144.98***	453.62***	140.11***	58.29***	102.60***
p-value	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test AR(1)	-3.19***	-4.05***	-3.74***	-3.52***	-4.39***
p-value	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test AR(2)	0.49	-1.48	2.09	0.53	-0.66
p-value	(0.62)	(0.14)	(0.84)	(0.59)	(0.50)
Sargan test (Chi-square)	334.75***	352.30***	2.36**	248.37***	304.19***
p-value	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)
Hansen test (Chi-square)	27.22	31.71	1.89	39.53	38.29
p-value	(0.10)	(0.11)	(0.93)	(0.22)	(0.10)

*Standard errors are in parentheses and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively*

4.2. Do Firm's Characteristics matter?

Hereafter, we divide our sample into two subsamples: the first one consists of firms that have introduced CSR committees (CSRC=1) and the second one contains firms without committees (CSRC=0)2. We estimate the following

[2] We were not able to run a PSM due to the limited number of observations. PSM method is usually used in large sample studies. Because these scores are often used to match cases, they can result in sample attrition. Accordingly, in smaller sample studies, such attrition leaves too few cases for meaningful analysis.

model using the System Generalized Method of Moments (GMM) developed by Blundell and Bond (1998) to eliminate endogeneity problems and the time-invariant fixed effects that may affect the dependent variable:

Strategic CSRi,t =δ+ βi * Board-Characteristics + ∑αi * Firm-Characteristics + Ɛi,t (2)

where Strategic CSRi,t is a proxy for strategic CSR performance: STRAT, REPUT, STAK, RISK, and INNOV proxies, of the firm i at the year t. Board-characteristics are the board size, the non-separation between management and control functions, the percentage of independent directors on the board, and the percentage of female directors on the board. Firm-characteristics are industry CSR-sensitivity, firm size, and return on asset ROA.

Table 4 shows that for companies with a CSRC, more attributes affect significantly strategic CSR and its components. For instance, BSIZE is positively associated with strategic CSR which stems from its impact on the innovation capacity and reputation enhancement. Furthermore, the duality structure is negatively associated with strategic CSR, more specifically, the innovation capacity, the reputation enhancement and the risk mitigation dimensions. Also, the presence of female directors and firm size increase all strategic CSR dimensions, except the risk mitigation one. Moreover, the results show that being in a sensitive industry increases all strategic CSR dimensions for the firms with CSRCs. One may think that firms operating in sectors displaying high social and environmental issues are more likely to get involved in strategic CSR strategies.

Regarding firms without CSRCs, very few variables display significant associations with global strategic CSR and its specific dimensions. For instance, board size is positively and significantly associated with strategic CSR. Also, the percentage of female directors on boards contributes to the enhancement of the reputation and the stakeholders' features, which improves significantly strategic CSR. All the remaining variables are not significant. One explanation could be that firms with CSRCs display smaller boards with lower female representation and most often are implemented in less CSR sensitive industries.

Table 4. The effect of firm's characteristics on Strategic CSR.

	CSRC= 1					CSRC= 0				
	(1) STRAT	(2) REPUT	(3) STAK	(4) RISK	(5) INNOV	(1) STRAT	(2) REPUT	(3) STAK	(4) RISK	(5) INNOV
Lag STRAT	.72***	.72***	.78***	.25**	.84***	.28*	.97***	.24	.41**	.88***
	(8.61)	(7.94)	(8.84)	(2.58)	(8.88)	(1.90)	(9.07)	(1.63)	(2.97)	(3.84)
BSIZE	.09***	.04***	.02	.00	.02*	.02*	.00	.02*	.04	.00
	(2.90)	(3.67)	(2.84)	(0.60)	(1.68)	(1.77)	(0.92)	(1.78)	(2.12)	(0.74)
DUAL	-.01***	-.00***	-.00	-.00**	-.00***	-.00	-.00***	-.00	-.00	-.00**
	(-3.84)	(-2.66)	(-0.82)	(-2.02)	(-4.40)	(0.98)	(-2.50)	(-0.99)	(-1.30)	(-2.09)
BIND	.00	.00	.00	.00	.00	.00	.00	.00	-.00	-.00
	(1.33)	(1.28)	(1.53)	(0.57)	(0.49)	(0.53)	(0.84)	(0.64)	(-0.52)	(-0.27)
BGENDER	.30***	.12**	.011*	.03	.06*	.16**	.14**	.16**	.01	.01
	(2.60)	(2.32)	(1.92)	(0.71)	(1.67)	(2.41)	(2.56)	(2.29)	(0.27)	(1.05)
CSR SENS	.46***	.11*	.10**	.08**	.14**	.00	-.03	.00	.02	-.01
	(3.57)	(1.84)	(2.35)	(2.27)	(2.56)	(0.09)	(-0.72)	(0.10)	(0.48)	(-1.00)
FSIZE	.05***	.014**	.011*	.012	.01***	.03	-.08	.03	.15	.03**
	(3.36)	(2.38)	(1.92)	(1.57)	(2.77)	(0.83)	(-1.11)	(0.77)	(1.48)	(2.36)
ROA	-.45	-.16	-.24**	-.01	-.08	.00	-.00	.00	.00	.00
	(-1.49)	(-1.63)	(-2.29)	(-0.20)	(-0.76)	(0.92)	(-0.73)	(0.94)	(0.60)	(0.57)
Constant	.91	.10	.64	.37	.15	.02	.26	.03	-.78	-.08
	(0.85)	(0.29)	(1.53)	(1.06)	(0.38)	(0.14)	(0.70)	(0.14)	(-1.48)	(-1.39)
F-,	291.66***	208.69***	130.44***	43.21***	367.46***	25.36***	576.03***	23.70***	79.49***	1502.22***
p-value	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test AR(1)	-3.72***	-2.66***	-2.28**	-3.21***	-3.55***	-1.85*	-2.76***	-1.72*	-3.28***	-3.66***
p-value	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.06)	(0.00)	(0.08)	(0.00)	(0.00)
Arellano-Bond test AR(2)	0.10	-0.53	1.52	-1.09	0.69	0.14	-1.29	-0.00	0.98	-0.41
p-value	(0.92)	(0.59)	(0.12)	(0.27)	(0.48)	(0.88)	(0.19)	(0.99)	(0.32)	(0.68)
Sargan test (Chi-square)	96.63***	119.08***	107.86***	27.18*	104.08***	123.23***	204.95***	115.59***	148.00***	232.47**
p-value	(0.00)	(0.00)	(0.00)	(0.05)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Hansen test (Chi-square)	23.95	15.22	16.63	19.73	33.45	19.49	21.06	17.26	29.84	68.69
p-value	(0.12)	(0.58)	(0.47)	(0.28)	(0.12)	(0.67)	(0.13)	(0.43)	(0.12)	(1.00)

*Standard errors are in parentheses, and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively.*

4.3. CSRC's Attributes

To test the influence of CSRC's characteristics on strategic CSR, we filter out firms without CSRC and consider the following model:

$$StrategicCSR_{i,t} = \delta + \sum\beta_i \times CSRC - Characteristics + \sum\alpha_i \times Board - Characteristics + \sum\mu_i \times Firm - Characteristics + \varepsilon_{i,t} \quad (3)$$

where Strategic CSRi,t is a proxy for strategic CSR performance: STRAT, REPUT, STAK, RISK, and INNOV proxies, of the firm i at the year t. CSRC-Characteristics are committee independence, CEO membership CEOC, board Chair membership, Female directors on CSRC, committee-size, committee's meetings, and director's assiduity. Board-characteristics are the board size, the board independence, the non-separation between management and control functions, and the percentage of female directors on the board. Firm-characteristics are industry CSR-sensitivity, firm size, and return on asset ROA.

The estimates are presented in Table 5. Firstly, our second hypothesis regarding the association between CSRC independence and CSR score (H2) is rejected. Our findings indicate that the presence of independent directors on the CSRC has no significant effect on all aspects of strategic CSR. This suggests that independent directors may only adhere to the minimum level of CSR commitment and engage solely in activities that are legally mandated or meet basic stakeholder demands. They are unlikely to surpass regulatory requirements to actively support sustainable economic, social, and environmental development, thus making broader positive contributions to society. Beji et al. (2021) provide evidence suggesting that independent directors may primarily focus on a specific area of CSR performance, such as the quality of corporate governance. Indeed, they are more inclined to adhere to their disciplinary role within the boardroom.

Another explanation is that independent members may lack sufficient information about the day-to-day operations of the business and the company's strategies (Adams et al., 2010). They may have limited access to firm-specific information, and their decisions could be heavily influenced by the opinions and desires of managers (De Villiers et al., 2011; Donnelly et al., 2008; Adams and Ferreira, 2007). Consequently, their independence may act as a barrier to accessing specific information, leading them to simply endorse decisions already made by managers, especially in family firms. Furthermore, this aligns with the results of Dionne and Triki (2005), who suggest that independent directors may not have the ability to exert functional control over managers, and their presence may not influence decisions regarding risk hedging.

Turning to our third hypothesis, our results demonstrate a negative association between the presence of the CEO in the CSRC and involvement in strategic CSR. However, CEO presence displays negative and significant coefficients in risk mitigation and innovation capacity regressions. Therefore, we reject H3. One explanation could be that CEOs are typically deeply involved in day-to-day activities and are resistant to changing existing technologies; they may prefer routine activities, especially when deeply entrenched in their roles. Additionally, powerful CEOs may resist adopting new ideas and implementing changes within the businesses they oversee (Finkelstein, 2005).

From an agency perspective, CEOs may prioritize short-term, profitable projects that serve their private interests and personal prestige (such as reputation and tenure) over long-term, less profitable activities like CSR initiatives (Graham et al., 2017; Kaplan and Minton, 2006; Porter, 1992). Clune et al. (2014) argue that CEOs could influence committee discussions by expressing their personal views to maximize their benefits. Additionally, Danvila Del Valle et al. (2013) suggest that challenging the CEO on CSR issues may be difficult if the CEO is a member of the CSRC, thereby reducing CSR investments. Moreover, Sheikh (2019) and Harper and Sun (2019) argue that CEO power negatively influences CSR performance, as CEOs may prioritize enhancing their public image over shareholders' interests.

Regarding the influence of the board chair's presence in CSRCs, when the chair of the board is a CSRC member,

the company's involvement in almost all strategic CSR dimensions increases. However, results show a non-significant effect on risk mitigation. Therefore, hypothesis H4 cannot be accepted. In fact, the board chair may prioritize improving the firm's corporate image, enhancing innovation capacity, and considering the interests of multiple stakeholders to achieve economic, social, and environmental performance goals (Aguinis and Glavas, 2012; Freeman, 2010). According to Kim et al. (2010), when the board chair is a member of the CSRC, they are influenced by CSRC discussions and recommendations, which they may prioritize within the boardroom. Thus, it becomes easier for the CSRC to contribute to the board decision-making process and gain influence.

Analyzing the impact of female membership in CSRCs shows that female members may only influence specific areas of strategic CSR, namely reputation enhancement and risk mitigation. These effects are significant, leading to a positive association with the overall strategic CSR proxy. Thus, we reject H5. This finding is consistent with a widely discussed assumption in the literature that suggests women are more risk-averse than men (see Croson and Gneezy, 2009). Therefore, the inclusion of female directors is believed to increase the company's rationality regarding risk-taking behavior and responses to non-conventional decisions (Jia and Zhang, 2012). Moreover, having more women on boards enhances firms' reputation (Brammer et al., 2009; Bernardi et al., 2006; Bilimoria, 2000) because female directors may contribute positively to board decision-making by bringing distinct and valuable resources (Westphal and Milton, 2000). Increasing gender diversity may also improve workforce motivation and loyalty (Powell, 1999), signaling to observers that the firm values women and minorities, and is thus socially responsible.

From a resource dependence perspective (Pfeffer and Salancik, 1978), female directors may prioritize human rights and highlight critical elements of corporate governance (Beji et al., 2021), significantly enhancing business reputation in the eyes of stakeholders.

When focusing on the size of CSRCs, we find that committee size increases the adoption of the strategic dimension of CSR, with this effect being robust in all regressions. Therefore, we accept H6. One explanation, according to resource dependence theory (Pfeffer and Salancik, 1978), is that more directors typically provide more resources and have larger networks, which could be valuable for enhancing CSR strategies (Mangena and Pike, 2005; DeFond and Francis, 2005). Moreover, board size is a measure of an organization's ability to establish environmental links to secure critical resources (Beji et al., 2021), which can be extended to the CSRC. Multiple areas of expertise within the CSRC enable better advice and high-quality decision-making, leading to reputation building, legitimacy, competitive advantage, synergistic value, and risk reduction (Kurucz et al., 2008). Additionally, Bedard et al. (2004) suggest that a larger committee has the necessary strength, diversity of expertise, and viewpoints for effective monitoring, resulting in higher CSR engagement.

Regarding the functioning of CSRCs, the frequency of meetings has mixed effects on strategic CSR dimensions. Therefore, our hypothesis H7 is not supported. Estimates suggest that increased meeting frequency significantly enhances reputation enhancement and risk mitigation. One explanation is that more meetings foster information circulation, thus improving reporting quality (Raghunandan and Rama, 2007). Additionally, Cornforth (2001) argues that board meetings, and particularly board attendance, are suitable variables for measuring board effectiveness.

Despite being an advisory committee, it's reasonable to assume that frequent CSRC meetings increase committee effectiveness, at least in terms of information access. Furthermore, Karamanou and Vafeas (2005) and Raghunandan et al. (2001) suggest that committees meeting more often have more time for monitoring roles and are better informed about current issues. Consequently, increased CSRC meetings could facilitate more discussions on CSR-related matters, leading to a more strategic CSR approach. However, this does not imply that CSRC meetings are meant to address the needs of all stakeholder groups or foster firm innovation capacity, as the committee meetings variable does not display significant coefficients in stakeholder and innovation regressions.

Finally, our findings indicate that directors' attendance in CSRC meetings significantly enhances strategic CSR through the innovation dimension. However, committee attendance displays non-significant coefficients in many regressions, so we cannot accept H8. Huilong et al. (2014) argue that directors' attendance reflects their commitment level to the job, which could impact a firm's corporate governance. This may enhance information sharing between firm management and the CSRC, thereby fostering CSR activities. Similarly, institutional governance activists have used board meeting attendance records to evaluate director performance (Cai et al., 2009).

Table 5. System GMM Regression.

	(1)STRAT	(2)REPUT	(3)STAK	(4)RISK	(5)INNOV
Lag STRAT	.15*	.14*	.34***	-.18*	.66***
	(1.79)	(1.98)	(3.23)	(-2.05)	(6.50)
CIND	.04	.00	.00	.00	-.00
	(0.49)	(0.17)	(0.46)	(0.04)	(0.58)
CEOC	-.24**	-.03	-.07	-.15*	-.13**
	(-1.99)	(-0.39)	(-1.47)	(-1.71)	(-2.28)
BCHAIRC	.15***	.14**	.01***	.05	.06*
	(2.70)	(2.18)	(3.43)	(1.30)	(1.86)
CGENDER	.01**	.01**	.00	.01***	.02
	(2.28)	(2.07)	(0.63)	(4.84)	(0.56)
CSIZE	.07**	.45*	.45*	.03*	.02*
	(2.30)	(1.75)	(1.75)	(1.76)	(1.76)
CMEET	.13*	.05**	-.00	.38**	.01
	(1.84)	(2.38)	(-0.31)	(2.23)	(1.21)
CASSID	.01**	.00	-.00	.01	.00**
	(2.39)	(1.48)	(-0.07)	(1.89)	(2.31)
BSIZE	-.00	.00	.01	.00	.042
	(-0.83)	(0.58)	(0.63)	(0.09)	(1.00)
BIND	-.00(-0.83)	-.00(-0.28)	-.00(-0.71)	-.00(-0.23)	-.00(-0.63)
DUAL	-.00	-.03	-.08	-.05	-.00
	(-0.41)	(-0.79)	(-2.89)	(-1.30)	(-0.63)
BGENDER	.02***	.00	-.00	.03	.00
	(3.63)	(0.78)	(-0.60)	(0.31)	(0.23)
CSR SENS	.06	-.01	-.04	-.00	-.00*
	(1.55)	(0.83)	(0.77)	(0.11)	(-1.71)
FSIZE	-.01	.01	-.02	-.00	.02
	(1.51)	(0.13)	(-0.56)	(1.49)	(0.66)
ROA	-.00	-.00	-.00	-.00	-.00
	(-1.15)	(-0.13)	(-1.27)	(-0.38)	(-0.24)
Constant	-.52	-1.58***	.57	-.31	-.34
	(-0.78)	(-2.91)	(1.55)	(-0.72)	(-0.97)
F-, p-value	305.08***	91.16***	160.41***	136.85***	200.26***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test AR	-2.41**	-1.24**	-1.75*	-1.93*	-3.14***
(1)p-value	(0.01)	(0.01)	(0.08)	(0.05)	(0.00)
Arellano-Bond test AR	-1.16	0.75	0.71	-1.03	-1.00
(2)p-value	(0.24)	(0.45)	(0.47)	(0.30)	(0.31)
Sargan test (chi-square) p-value	27.76***	72.25***	94.47***	94.44***	50.11***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Hansen test (chi-square) p-value	14.28	9.01	26.62	18.59	27.34
	(0.21)	(0.70)	(0.22)	(0.18)	(0.19)

*Standard errors are in parentheses and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively.*

5. Robustness Check

Many studies argue that CSR information and activities could vary depending on the industry in which a company operates (Amor-Esteban et al., 2019; Amor-Esteban et al., 2018; Halkos and Skouloudis, 2016; Branco and Rodrigues, 2008; Newson and Deegan, 2002; Waddock and Graves, 1997). However, there is a lack of knowledge regarding the role that CSRCs play in the development of strategic CSR in each industrial sector.

Halkos and Skouloudis (2016) argue that the oil and gas sector shows higher environmental performance, while companies operating in the manufacturing sector may prioritize community engagement and the health and safety of employees. Jackson and Apostolakou (2010) suggest that firms in the financial sector are more likely to implement policies promoting work-life balance and equality.

In this subsection, we investigate whether the effect of CSRC presence on the strategic dimension of CSR varies across industrial sectors. Among the 8 industrial sectors constituting the sample of our study, we decided to focus only on the 5 largest sectors, namely Basic Materials, Technology, Consumer Goods, Industrials, and Financial sectors. The financial industry includes real estate investment and services sectors, as well as banks. The consumer goods industry encompasses companies involved in the manufacturing and distribution of tobacco, food and beverages, vehicles, leisure products, and personal items. The technology industry comprises various computer services, software, internet, consulting, and electronic equipment manufacturing and distribution companies. The industrials industry includes companies engaged in mail services, rail transport, manufacturing and distribution of various products, water transport, construction, and materials. Finally, the basic materials industry includes companies involved in industrial metals and mining, chemical products production and distribution, paper production, and forest plantation.

Table 6 provides descriptive statistics for each sector. We observe that firms operating in financial, consumer services, and technological industries have lower averages of strategic CSR compared to firms operating in basic materials and industrials industries. This supports the notion that companies facing higher environmental or social risks may seek to enhance their CSR commitment to build trust among stakeholders. They are likely to face more scrutiny from interest groups and regulatory bodies (Ekelenburg, 2016; Peters and Romi, 2014).

Additionally, we note that firms operating in polluting sectors, such as basic materials and industrials, have larger boards, more female directors, and a lower average duality

Table 6. Descriptive statistics.

Panel I. Descriptive statistics of quantitative variables.

	Financial				Consumer Goods				Technology			
	MEAN	STD. DEV.	MIN	MAX	MEAN	STD. DEV.	MIN	MAX	MEAN	STD. DEV.	MIN	MAX
STRAT	1.97	.60	.62	3.62	2.02	.62	.5	3.37	1.82	.59	.37	3
REPUT	.57	.26	0	1	.69	.29	0	1	.51	.24	0	1
STAK	.55	.21	0	0.87	.62	.25	0	1	.50	.26	0	.87
RISK	.47	.18	0	1	.49	.19	0	1	.37	.16	0	.87
INNOV	.49	.20	0	1	.55	.20	0	1	.43	.20	0	.75
BSIZE	11.87	3.61	5	24	12.96	2.82	5	20	11.20	2.90	3	19
BIND	49.20	21.49	0	91.66	54.03	16.90	12	100	58.29	24.48	0	100
BGENDER	31.13	11.39	0	56.25	27.14	10.19	0	46.66	24.79	13.72	0	46.66
FSIZE	4.88	1.05	2.879	6.31	4.11	.49	3.073	5.33	3.60	.44	2.51	4.35
ROA	2.79	4.58	-2.03	26.86	4.39	4.35	-7.69	35.25	2.09	8.35	-32.42	20.91

Panel I. Descriptive statistics of quantitative variables (continued).

	Industrials				Basic Materials			
	MEAN	STD. DEV.	MIN	MAX	MEAN	STD. DEV.	MIN	MAX

STRAT	2.16	.62	.62	3.62	2.36	.71	.75	3.87
REPUT	.60	.28	0	1	.67	.29	0	1
STAK	.60	.23	0	1	.68	.19	0	.87
RISK	.50	.19	.12	1	.46	.16	0	.87
INNOV	.52	.19	0	1	.4	.19	0	1
BSIZE	13.25	3.30	5	21	13.07	3.06	7	22
BIND	51.71	25.91	20	100	58.04	16.80	26.31	90
BGENDER	33.14	12.86	5	58.33	32.12	13.16	0	63.63
F_SIZE	4.19	.44	3.06	5.04	4.18	.46	3.49	5.11
ROA	3.33	3.10	-6.90	13.09	4.49	4.58	-12.78	15.60

Panel II. Table of frequencies of qualitative variables.

Dummy variables		Financial	Consumer Goods	Technology	Industrials	Basic Materials
CSRC	0	52.99%	62.95%	70.15%	42.33%	46.15%
	1	47.01%	37.05%	29.85%	57.67%	53.85%
DUAL	0	21.37%	47.64%	31.34%	53.99%	64.62%
	1	78.63%	52.36%	68.66%	46.01%	35.38%

We employ the system GMM method to examine the impact of CSRC presence on the strategic dimension of CSR depending on firms' industry identity. The results are presented in Table 7. Our findings indicate that the presence of a CSRC has a significant and positive impact on strategic CSR in only two sectors: basic materials and industrials.

Indeed, companies operating in these sectors, characterized as high-impact sectors, face increased social pressure and environmental risks. Their activities may have adverse environmental effects, such as degradation or air pollution. Consequently, they are compelled to prioritize environmental preservation, community welfare, human resources, and human rights.

Halkos and Skouloudis (2016) argue that companies in basic materials or industrials sectors often adopt broader CSR practices and may utilize CSR to legitimize their business operations. Consequently, they may establish CSRCs to effectively engage in strategic CSR and surpass regulatory requirements and reactive CSR practices. This suggests that these companies attribute significant importance to the role of CSRCs, which can serve as effective tools for achieving enhanced CSR performance.

Conversely, in consumer services, technological, and financial sectors, considered low-impact sectors, we find that the presence of CSRCs does not exert a significant impact on strategic CSR.

In these industrial sectors, companies tend to adopt less formal and explicit CSR policies aimed at being perceived as socially responsible, thereby enhancing their image and profitability (Jackson and Apostolakou, 2010). Consequently, the establishment of CSRCs in these sectors may merely be a response to competitive pressure and a means to enhance corporate reputation.

Table 7. Strategic CSR in different industrial sectors.

	Industrials					Basic Materials				
	(1)STRAT	(2)REPUT	(3)STAK	(4)RISK	(5)INNOV	(1)STRAT	(2)REPUT	(3)STAK	(4)RISK	(5)INNOV
Lag STRAT	.69***	.80***	.65***	.34**	.64***	.39***	.55***	.38***	.23**	.666***
	(6.99)	(6.29)	(8.39)	(2.16)	(4.49)	(3.02)	(3.96)	(2.86)	(2.28)	(3.31)
CSRC	.49***	.10	.03*	.17***	.14**	.58***	.12***	.05***	.07***	.17***
	(3.84)	(1.65)	(1.76)	(3.94)	(2.33)	(5.49)	(3.62)	(3.32)	(4.56)	(3.68)
BSIZE	.04	-.00	.00	.01	.02	-.00	.00	.18***	.00	-.00
	(1.09)	(-0.03)	(0.07)	(0.96)	(1.44)	(-0.49)	(0.36)	(8.77)	(2.00)	(-0.18)
DUAL	-.00*	-.04	-.00	-.02***	-.29*	-.11	.03	-.00***	-.05**	-.16**
	(-1.81)	(-1.57)	(-0.73)	(-3.45)	(-1.89)	(-1.11)	(1.38)	(-2.52)	(-2.07)	(-2.11)
BIND	.18	-.00	.00	.02	-.00	-.00	.00	.00	.00	-.00
	(1.25)	(-1.47)	(1.23)	(0.41)	(-1.24)	(-0.06)	(1.33)	(1.50)	(0.80)	(-0.86)

BGENDER	.00*	.00**	.00	.00**	.05	.04***	.00	.00***	.10***	.00
	(1.73)	(2.47)	(0.40)	(2.37)	(1.02)	(4.36)	(1.29)	(6.15)	(6.66)	(0.48)
CSR SENS	-.00	-.05	.00	-.02	.02	.10	.03	-.01	-.00***	-.05
	(-0.27)	(-1.22)	(0.30)	(-0.59)	(0.46)	(0.80)	(1.05)	(-0.90)	(-3.58)	(-0.78)
FISIZE	-.27	.07	.01	.18	-.00	.30**	.00	.01	.10***	.09
	(-0.64)	(0.95)	(1.46)	(1.37)	(-0.99)	(2.52)	(0.02)	(0.91)	(3.19)	(2.50)
ROA	-.19	.00*	-.00	-.15**	-3.60e-06	.00	.00	-.00	.01***	.01
	(-2.41)	(1.92)	(-1.02)	(-2.21)	(-0.00)	(0.65)	(1.17)	(-1.15)	(4.96)	(1.23)
Constant	1.21	-.16	.21**	-.716	1.20**	-.45	-.07	.05	-.01	-.29*
	(0.79)	(-0.55)	(2.36)	(-1.34)	(2.13)	(-0.85)	(-0.35)	(0.69)	(0.13)	(-1.78)
F-, p-value	233.14***	279.34***	140.11***	78.48***	176.07***	4253.36***	949.79***	4011.31***	3325.13***	942.09***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test AR(1) p-value	-1.78*	-2.15**	-3.74***	-2.03**	-2.25**	-2.05**	-1.93*	-1.67*	-1.81*	-1.78*
	(0.07)	(0.03)	(0.00)	(0.04)	(0.02)	(0.04)	(0.05)	(0.09)	(0.07)	(0.07)
Arellano-Bond test AR(2) p-value	0.88	-0.33	2.09	0.77	-1.00	-0.88	-1.30	-1.08	-0.55	-1.12
	(0.37)	(0.74)	(0.84)	(0.44)	(0.31)	(0.37)	(0.19)	(0.28)	(0.58)	(0.26)
Sargan test (Chi-square) p-value	39.50***	104.53***	2.36**	62.22***	62.37***	23.17***	30.08***	29.30***	35.37*	28.17*
	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.08)	(0.08)
Hansen test (Chi-square) p-value	8.25	14.46	1.89	15.11	13.60	0.00	0.00	0.00	0.00	0.00
	(0.50)	(0.34)	(0.93)	(0.71)	(0.19)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)

*Standard errors are in parentheses and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively*

Table 7. Strategic CSR in different industrial sectors (continued).

	Financial					Consumer Goods				
	(1) STRAT	(2) REPUT	(3) STAK	(4) RISK	(5) INNOV	(1) STRAT	(2) REPUT	(3) STAK	(4) RISK	(5) INNOV
Lag STRAT	.70***	.35***	.27**	.02	.62**	.40***	.81***	.16	-.03	.23**
	(6.09)	(3.03)	(2.64)	(0.19)	(2.44)	(2.63)	(10.89)	(0.98)	(-0.56)	(1.99)
CSRC	.12	-.04	-.04	.07	.08	.24	.06	-.02	.09	.07
	(1.12)	(-0.89)	(-0.66)	(1.25)	(1.19)	(1.32)	(1.26)	(-0.67)	(1.23)	(1.14)
BSIZE	.02	.03**	.01	.00	-.01	-.06	.03**	-.01	-.02*	-.03**
	(0.76)	(2.32)	(1.05)	(0.57)	(-0.98)	(-1.25)	(2.32)	(-0.73)	(-1.87)	(-2.13)
DUAL	-.00	-.10	.03	-.06	-.07	-.41	-.00*	.00	.00	-.19*
	(-0.11)	(-1.52)	(0.55)	(-1.35)	(0.65)	(-1.25)	(-1.77)	(0.06)	(0.06)	(-1.86)
BIND	.07	.00**	.00*	-.00	-.01*	.00	.00*	-.00	-.00	.00
	(0.35)	(2.30)	(1.66)	(-0.50)	(-1.66)	(0.63)	(1.87)	(-0.83)	(-0.58)	(1.25)
BGENDER	.01	.00	.00**	.00	.00	.00	-.04	.0	.00	-.00
	(1.62)	(0.01)	(2.17)	(0.24)	(1.00)	(0.88)	(-1.14)	(0.37)	(0.04)	(-1.09)
CSR SENS	-.05	-.05	.03	-.01	-.02	-.13	-.05	.00	.05	.02
	(-0.42)	(-0.88)	(1.09)	(-0.59)	(-0.43)	(-0.75)	(-0.87)	(0.07)	(0.92)	(0.49)
FSIZE	-.18	-.06	-.07	.01	-.03	1.43***	-.05	.20**	.18**	.27**
	(-1.41)	(-1.21)	(1.42)	(0.28)	(-0.43)	(3.52)	(-1.06)	(2.00)	(2.15)	(2.59)
ROA	-.06	-.00	-.01**	.00	-.01	.01	-.00	-.00	.00*	.01
	(-1.32)	(-1.34)	(-2.37)	(0.55)	(-1.45)	(0.93)	(-0.82)	(-0.25)	(1.70)	(1.45)
Constant	.89	.13	.23	.30	.94*	-4.05**	.05	-.01	.07	-.27
	(0.86)	(0.63)	(1.10)	(1.34)	(1.70)	(-2.53)	(0.33)	(0.06)	(0.31)	(-0.72)
F-, p-value	552.35***	768.88***	53.70***	10.63	75.08***	161.98***	441.57***	29.34***	35.15***	17.46**
	(0.00)	(0.00)	(0.00)	(0.30)	(0.00)	(0.00)	(0.00)	(0.00)	(0.30)	(0.04)
Arellano-Bond test AR(1) p-value	-1.77*	-2.03**	-1.77*	1.81*	-1.90*	-2.29**	-2.74***	-1.82 *	-2.46**	-1.98**
	(0.07)	(0.04)	(0.07)	(0.07)	(0.05)	(0.02)	(0.00)	(0.06)	(0.01)	(0.04)
Arellano-Bond test AR(2) p-value	-0.28	-0.86	0.90	1.53	0.26	0.14	0.48	0.20	-0.78	-1.62
	(0.78)	(0.39)	(0.36)	(0.12)	(0.79)	(0.89)	(0.63)	(0.84)	(0.43)	(0.10)
Sargan test (Chi-square) p-value	85.93***	69.45***	61.07***	63.99***	70.87***	144.98***	162.03***	127.25***	155.37***	113.85***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Hansen test (Chi-square) p-value	3.83	8.30	10.01	7.10	6.52	23.25	19.75	14.80	24.79	22.74
	(1.00)	(0.87)	(0.26)	(0.99)	(0.99)	(0.14)	(0.10)	(0.39)	(0.21)	(0.12)

*Standard errors are in parentheses and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively*

Table 7. Strategic CSR in different industrial sectors (continued).

Technology	(1)STRAT	(2)REPUT	(3)STAK	(4)RISK	(5)INNOV
Lag STRAT	.55***	.58***	1.10***	.78***	.37**
	(4.95)	(5.86)	(18.56)	(5.62)	(1.97)
CSRC	-.00	.04	.01	.04*	.04
	(-1.03)	(1.58)	(0.76)	(1.83)	(0.64)
BSIZE	.02	.01***	.00**	.00	.02*
	(0.76)	(3.37)	(1.98)	(1.28)	(1.94)
DUAL	-.15	-.05	-.00**	.009	-.02
	(-1.01)	(-1.61)	(2.36)	(0.40)	(-0.38)
BIND	.00	-.00***	.01	-.00	.00
	(0.39)	(3.28)	(0.48)	(-0.31)	(0.74)
BGENDER	.16**	.00**	.00	-.00	-.00
	(2.24)	(2.47)	(0.65)	(-0.40)	(-0.74)
CSR SENS	.31**	.07**	.11**	.07	.06
	(2.59)	(2.26)	(2.19)	(1.15)	(0.91)
FSIZE	.50***	.18***	.11**	.03	.03
	(4.09)	(3.92)	(2.47)	(0.60)	(0.67)
ROA	.01*	-.00	.00***	.00	.00
	(1.84)	(-0.28)	(5.12)	(1.22)	(0.70)
Constant	-2.0***	-.68***	-.50***	-.19	-.30
	(5.58)	(-3.09)	(-2.71)	(-0.87)	(-1.50)
F-, p-value	11799.15***	768.88***	62022.52***	4630.78***	6161.70***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Arellano-Bond test	0.34*	-0.47*	-0.55	-1.05	-0.59
AR(1) p-value	(0.07)	(0.06)	(0.58)	(0.26)	(0.55)
Arellano-Bond test	-0.84	-1.70	-1.41	-1.09	-1.36
AR(2) p-value	(0.40)	(0.89)	(0.15)	(0.27)	(0.17)
Sargan test (Chi-square) p-value	17.90**	27.06**	22.36*	26.74**	21.17*
	(0.03)	(0.04)	(0.09)	(0.02)	(0.09)
Hansen test (Chi-square) p-value	0.00	0.00	0.00	0.00	0.00
	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)

*Standard errors are in parentheses and ***, **, * are statistically significant at the 1, 5, and 10% levels, respectively*

6. Conclusion

The present study aims to investigate the influence of Corporate Social Responsibility Committees (CSRCs) and their attributes on a company's engagement in strategic CSR policies. The research is based on a sample of publicly listed firms on the SBF120 index spanning from 2010 to 2018. To gauge the extent of involvement in strategic CSR, our analysis focuses on several specific dimensions, including reputation enhancement, stakeholder reciprocation, risk mitigation, and innovation capacity improvement.

Our findings indicate that the presence of a CSRC is likely to drive firms to undertake more strategic CSR activities. Specifically, the establishment of CSRCs correlates with enhancements in business reputation, interactions with diverse stakeholder groups, improved risk management, and increased innovation capacity. Additionally, larger CSR committees tend to enjoy greater resources and foster a more strategic CSR approach within the firm.

However, when examining the characteristics of CSRCs, we observe mixed effects on strategic CSR and its dimensions. For instance, consistent with the managerial entrenchment assumption, CEO membership in CSRCs appears to decrease the emphasis on risk mitigation and innovation capacity mechanisms. On the other hand, female participation in CSRCs and increased meeting frequency are associated with improved firm reputation and risk mitigation, thereby facilitating strategic CSR implementation. Moreover, the membership of the board chair in

CSRCs significantly influences the company's engagement in strategic CSR, particularly through its positive impacts on reputation enhancement, stakeholder reciprocation, and innovation capacity improvement. Furthermore, an examination of CSRC functioning reveals a positive association between directors' diligence and strategic CSR, particularly in enhancing innovation capacity.

Furthermore, our results demonstrate robustness within the industrial and basic materials sectors. Companies operating in high-impact sectors exhibit a greater inclination towards a strategic CSR orientation. These firms establish CSRCs with the aim of surpassing mandatory regulations and standards to achieve superior CSR performance.

In future research, it would be beneficial to consider the effects of programs and initiatives introduced to enhance CSR policies and to delve into the definition and determinants of responsive CSR strategy alongside strategic CSR. The current literature often adopts a binary approach to delineate CSR strategies, yet in practice, firms may adopt a strategic CSR approach in certain domains while being responsive in others. Exploring these nuances in different countries can provide deeper insights into CSR strategy formulation and implementation.

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Conflict of interest

All the authors claim that the manuscript is completely original. The authors also declare no conflict of interest.

Author contributions

Conceptualization: Ouidad YOUSFI, Rani BEJI; Investigation: Ouidad YOUSFI, Rani BEJI; Methodology: Ouidad YOUSFI, Rani BEJI; Formal analysis: Rani BEJI; Writing – original draft: Rani BEJI; Writing – review & editing: Ouidad YOUSFI.

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