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A Conceptual Approach to Exploring Board Effect on CSR Responsiveness

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Abstract: Our aim is to design a conceptual model illustrating the impact of corporate boards on corporate social responsibility (CSR). Scholars and researchers from various disciplines have all pointed out the increasing importance of CSR as a corporate strategy, and the question of how to manage the corporate attention allocation to CSR issues has shown its values in the field of CSR and corporate governance. The paper first presents the argument of applying a four-category variable, CSR responsiveness, to measure CSR: non-action, symbolic action, compliance, and proactivity. We believe corporate boards influence CSR responsiveness both directly and indirectly. Directly, active board involvement in performing control, strategy, and service tasks could enhance CSR responsiveness. Indirectly, through board attention structures supported by the attention-based view, we have detailed the impact of the boards of directors on attention allocation. They include the characteristics of directors, the communication style of CSR issues, and external and internal environmental forces. We also discuss the implication of the model to conclude.

Keywords: Corporate governance; Corporate social responsibility; Attention-based view

1. Introduction

Corporate Social Responsibility (CSR) addresses the relationship between business and society. The discussion has *"shifted from existential questions regarding organizational mission and shareholder value to the mechanisms and processes by which corporations conceptualize and enact their societal obligations*" (Wang et al., 2016). In addition to the empirical studies of CSR issues, examining how firms manage CSR conceptually has shown its fruitfulness (Bansal & Song, 2017; Carroll, 1999). We continue this trajectory of CSR research and build a conceptual model of boards of directors' impact on shaping firms' CSR responsiveness.

An organization's response to CSR is closely associated with the top management team's commitment to it (Weaver et al., 1999). Corporate boards of directors, as the apex of the decision control system of an organization (Fama & Jensen, 1983), have a role to play in this regard. Studies of boards of directors' effect in this field are still limited, but the few studies conducted have generated meaningful results. For example, boards of directors are found to enhance firm performance by aligning CEO compensation with proactive CSR practices (Berrone & Gomez-Mejia, 2009). The directors can be morally sensitive, helping reduce the frequency and severity of firm security fraudulence (Galbreath, 2018). We argue that boards of directors are capable of shaping firm CSR strategies through the board tasks performance directly, and indirectly, the attention structure of boards moderates the relationship between board basks performance and CSR responsiveness. A tension exists between business and society, which often complicates the question of how to manage CSR (Schad et al., 2016). However, if this question o is left unaddressed, firms will pay for their irresponsibility (Shea & Hawn, 2019). They will even suffer reputational penalties for actions that they are not responsible for (Kang, 2008).

Studies of CSR have benefited from the stakeholder perspective (Donaldson & Preston, 1995). This perspective advocates a normative view that managers pay attention beyond shareholders of a firm (Acquier et al., 2011; Bowen, 1953), explaining why a broad group of stakeholders should be considered (Bansal & Song, 2017). The stakeholder perspective thus directs the focus to the boundary of the firms, and how the firm can create and allocate values to different participants assisting the firm. Under this theory, the attention to stakeholders may be applied in a hierarchical sense, with shareholders preceding all others (Jensen, 2002), or stakeholders may be seen as equally important (Freeman, 2010). The perspective becomes problematic when we try to explain the heterogeneity in attention to stakeholders regardless of the difference in perceived importance. Thus, examining how boards of directors shape the attention to CSR responsiveness will require us to look for other explanations beyond stakeholder theory. Researchers suggest an attention-based view for an 'inside-out' design in this situation (Crilly & Sloan, 2012). The attention-based view equips us with an understanding of internal mechanisms that direct corporate attention to external demands (Ocasio, 1997; Ocasio et al., 2018). Empirical studies have shown that firms differ in their attention allocation to various stakeholder' demands (Crilly & Sloan, 2012). The mechanisms of attention structures provide one way to examine the difference of attention allocation to external CSR challenges (Galbreath, 2018; Oh et al., 2018). We, therefore, apply the attention-based view to exploring the influences of corporate boards on CSR responsiveness.

The contribution of the paper is two-fold. First, the literature review shows a growing interest in promoting CSR decision-making and the challenges when doing so. We take an internal approach through the lens of an attention-based view. The conceptual model complements the mainstream research design of CSR studies, which apply an external method, such as the stakeholder theory. Second, we have used a holistic approach to examine the effect of corporate boards on CSR responsiveness, which includes both the direct impact of board tasks performance on CSR responsiveness, as well as indirect impact exercised by a board's characteristics. We hope the conceptual model will spur further research interests in exploring the board's influence on CSR responsiveness, and invite empirical investigations of the model.

2. Board's Involvement in CSR Responsiveness

The framing of CSR can be traced back to the 1950s by scholars and researchers from various disciplines, and it has been defined and conceptualized in many different ways (Bansal & Song, 2017). We align our thoughts with one of the forerunners of CSR research, Carroll, and define firm CSR as:

"*The social responsibility of business encompasses the economic, legal, ethical, and discretionary (voluntary) expectations that society has of organizations at a given point of time*" (Carroll, 1979).

The definition above recognizes the responsibilities coming from the order of economic, legal, ethical, and voluntary aspect of responsibility. These four groups of responsibilities are not mutually exclusive, and the order suggests the progress of the concept, starting with an early emphasis on economic, then advancing to legal, ethical, and voluntary aspects of actions. That is, CSR is economical, where a business has the responsibility to produce goods and services that society wants and needs. This aspect of CSR can be exemplified by product safety (Conlon & Murray, 1996) and growing social enterprises like TOMS that makes money and makes a difference through a one-for-one business model (Jean & Yazdanifard, 2015). CSR also recognizes the laws and regulations within which economic objectives are fulfilled, such as firms following the rule of pollution emission control (Flammer, 2013) and financial reporting standards (Gomulya & Boeker, 2014). CSR also suggests that a business has the responsibility to obey the ethical norms that are not necessarily codified into laws and regulations. This aspect of responsibility could be viewed through studies of employee diversification practices (Ferreira, 2017) and ethical human resource management practices (Jayasinghe, 2016). Last but not least, CSR advocates that a business has a voluntary responsibility to assume roles society expects of businesses. For example, firms might start volunteering programmes to help community projects (Rodell & Lynch, 2016) and engage in corporate philanthropy supporting arts, education, and natural disaster relief programmes (Wang et al., 2008).

The last two areas of responsibilities of ethical and voluntary aspects are heavily socially oriented, and perhaps the most challenging responsibilities for firms to undertake due to their ambiguous boundaries, and sometimes they are easily forgotten by busy managers. Researchers have shown that socially responsible activities are likely to pay off financially (Orlitzky et al., 2003), and the positive influence would motivate firms to engage in CSR activities. Nevertheless, reality suggests that interest in CSR varies greatly among firms (Crilly & Sloan, 2012). It is thereby worthy of investigating the internal mechanism that leads to fulfilling responsibilities. The approach underlies Carroll's philosophy of addressing CSR responsiveness (Carroll, 1979): the degree to which firms respond to stakeholders' demands, from doing nothing to undertaking proactive actions. The demand reflects society's expectations of firms. The firm could choose to approach these concerns using an economical, legal, ethical, or voluntary activity, with an attitude that varies from resistance to proactivity.

As suggested earlier, CSR advocates that organizations should bear a broad set of responsibilities to society that goes beyond shareholder values. The diverse responses to CSR suggest different interpretations of the value of CSR. Some may agree with the assessment that CSR strategies will bring sustainable growth (Cheng et al., 2014; Donaldson & Preston, 1995; Flammer, 2015; McGuire et al., 1988; Orlitzky et al., 2003), and as such, a proactive attitude to CSR is desirable. Others may approach CSR reactively. There is evidence suggesting CSR strategies can be too costly to bear (Aupperle et al., 1985; Griffin & Mahon, 1997), and CSR investments are not always interpreted positively by financial analysts (Ioannou & Serafeim, 2015).

Studies have shown the impacts of corporate boards on a firm's CSR responsiveness in the private sector. The board of directors can selectively focus on some CSR issues (Berrone & Gomez-Mejia, 2009). They can influence firm CSR decisions through board interlocking relationships (Oh et al., 2018; Surroca et al., 2013). They can also enhance firm economic performance by encouraging CSR awareness in the firm (Galbreath, 2018). We group CSR responsiveness into four categories that correspond to a board's actions. First, facing a CSR issue, the board could ignore what is going on by doing nothing – a response we term 'non-action'. Second, the board could symbolically manage compliance without substance –a response we call 'symbolism'. Third, the board could choose to comply, where they advise the CEO and the management team to do what is required or practise public relationship management to soften the demand. We call this response 'compliance.' Fourth, the board could promote their CSR effort, taking CSR initiations that are more than required or exceed the expectation of stakeholders. In this case, this is termed 'proactivity'. Each of these responses is now looked at in turn.

2.1 Non-Action as a Response

Non-action describes a deliberate act of doing nothing. It is interesting to note that we encountered very few studies addressing non-action as a response to a CSR issue in the literature review. For example, in the study of small bars in the Netherlands, owners of the small bars are found to resist the non-smoking ban in some local communities (Simons et al., 2016). The success of non-action as a response demonstrates the power of communities, which share and understand the culture of smoking. Small business owners gain sympathetic support from their communities and neighboring communities, which are featured with a high degree of residential stability and kinship. The study shows that differences exist among the demands of stakeholder groups: government policymakers and local communities. When stakeholder groups are unable to compromise, non-action responses can result. The non-action may underscore a potential hurdle of using stakeholder theory to examine CSR initiations. Nevertheless, giving the growing attention to CSR issues in today's environment (Wang et al., 2016), it would be rare for corporate boards to engage in non-action responses.

2.2 Symbolism as a Response

There are quite a few studies that suggest CSR responses remain at a symbolic level without following up with substantiating practices. That is, organizations conform to the meaning of CSR requirements, but they do not intend to implement the practices at the operational level (Crilly et al., 2016). Symbolic responses may reduce external pressure on the firm, and consequently, a gap between symbolic practices and actual behaviour emerges. For example, in the case of firms with a poor reputation related to environmental practices, symbolic responses work (Bansal & Clelland, 2004). When the disreputable firm starts to express environmental commitment, the mere expression deflects criticism of a weak CSR effort. As a result, symbolism helps reduce performance volatility and tempts firms to forgo costly, albeit meaningful, substantiated practices (Bansal & Clelland, 2004). Other researchers in polluting industries have also found symbolic compliance through establishing an environmental committee as being good enough to get by (Berrone & Gomez-Mejia, 2009). Over time, symbolic actions have become creative as well. One study shows that multi-national enterprises (MNEs) often symbolically please stakeholders (Surroca et al., 2013). They do so by shifting the irresponsible activities from the headquarter to a minority-owned subsidiary through directorship interlocks. These subsidiaries are usually located in countries with low stakeholder pressure on CSR issues. It is reasonable to infer that symbolic responses can become appealing to well-established organizations with substantial outsourcing practices such as Nike, Apple Inc., and so on.

The ultimate consequence of symbolic compliance can be destructive for firms. Even though symbolic compliance through decoupling practices may help struggling firms manage compliance imposed by regulatory requirements, it could lead to the loss of internal legitimacy and, over time, the loss of external legitimacy as well (MacLean & Behnam, 2010). Specifically, the decoupling practices are found to be negatively associated with the internal programme-level legitimacy perception of the formal compliance programme, enabling the institutionalization of misconduct (MacLean & Behnam, 2010). Ultimately, the firm will suffer the loss of external legitimacy because of the misconduct. Boards of directors, facing the short-term gain and long-term costs of symbolic responses, have the battle to fight.

2.3 Compliance as a Response

Compliance describes the situation that firms follow and implement the policy of CSR standards. It may not be difficult to discern the benefits of compliance compared to those of non-action and symbolic responses. However, it may not be straight forward when comparing compliance to exceeding the CSR standards. Researchers have applied institutional theory to support the view of why compliance is chosen as a legitimate response to CSR issues. The theory encourages behaviour that conforms, not exceeds, institutional expectations (Bansal & Clelland, 2004; Suchman, 1995). That is, conforming to social expectations regarding CSR issues benefits organizations more than exceeding them. Researchers analysing the financial market's reaction to a firm's CSR response to environmental concern supports the view as well. For example, firms that disclose their CSR effort more than that which is expected from them could bring additional private and firm-specific information to the market, aggregating the level of unsystematic risks, and increasing performance volatility as a result (Bansal & Clelland, 2004). As such, compliance as a response to CSR issues may best serve the shareholder's interest. For boards of directors who represent shareholder value, it seems to suggest that compliance is a rational choice.

2.4 Proactivity as a Response

Proactive CSR responses describe the situation that firms do more than that which is expected of them, such as following the policy and CSR standards. It is interesting to point out that proactive responses to CSR issues have been examined more often than other types of responses in our literature review, which covers articles primarily from Academy of Management Journal, Academy of Management Review, Organization Science, and Journal of Management. It may reflect a normative view of what the research community would like to see in the field. It may also reflect the evolvement of business reality. Regardless, proactivity as a response could serve as a sustainable competitive advantage, outperforming the other three responses.

The rationale for proactivity as a response receives support from a combination of multiple theories. For example, institutional theory supports conforming CSR expectations as the general approach of a firm (Oliver, 1991), and when this theory is combined with other theories such as agency theory, responses that exceed the expectation become significant for the firm's long-term gain (Berrone & Gomez-Mejia, 2009). In Berrone and Gomez-Mejia's study of environmental practices, they found that CEOs, in general, resist extraordinary CSR efforts, especially when the economic performance is uncertain (2009). In such circumstances, boards of directors who apply the incentive mechanism supported by agency theory can change CEO behaviour from resisting proactive action to undertaking progressive CSR initiations (Berrone & Gomez-Mejia, 2009). The study of Berrone and Gomez-Mejia shows that CEOs exhibiting excellent environmental performance due to directors' involvement receive higher pay, which enhances the firm's survival in a volatile industry. At the same time, higher pay encourages CEOs to adopt more progressive environmental efforts.

Other researchers have also found similar benefits of proactive responses. In a study of the consumer market, a proactive response to product quality creates a sustained positive impression in consumers' perception such that they stay loyal to the brand (Conlon & Murray, 1996). The extra effort is also a deciding factor of survival for the accident-prone business when examining responses to regulatory mandates (Desai, 2016). Firms proactively collaborating with regulatory agencies receive information benefits: regulators' more abundant knowledge from their oversight experiences. Local firms applying the knowledge are able to develop practical solutions to their problems, reducing the subsequent rate of accidents (Desai, 2016).

The above studies suggest that proactivity, as a response, creates competitive advantages. Nevertheless, we should also recognize the possibility that some firms might be engaging in CSR practices in a deceiving manner, where *adopting* proactive CSR practices is not the same as *implementing* these practices (Crilly et al., 2016). For boards to instrumentally encourage proactive responses toward CSR issues seems to be an ultimate challenge.

To sum up, we have identified four types of CSR responsiveness that are in line with Carroll's work on CSR (Carroll, 1979). They are non-action, symbolism, compliance, and proactivity responses. The degree of the responsiveness increases gradually from non-action as a response to proactivity as a response.

Proposition 1.1: From a low to a high degree of involvement, the spectrum of CSR responsiveness can be non-action, symbolic, compliant, and proactive.

We view boards of directors as a vital force in shaping CSR decision-making, and they can exercise a direct impact on CSR responsiveness. The boards of directors have a fiduciary obligation to corporations and make decisions benefiting the long-term performance of corporations in good faith (Johnson et al., 1996; Judge & Talaulicar, 2017). The influence of boards on CSR responsiveness could be further examined through the understanding of what the boards of directors do. The vast literature seems to agree that boards of directors face three main tasks: control, strategy, and service (Huse, 2018; Johnson et al., 1996; Judge & Talaulicar, 2017; Stiles & Taylor, 2002; Zahra & Pearce, 1989). Given the increasing importance of CSR issues, boards of directors can affect firm CSR policy by influencing CSR responsiveness.

The first task, board control, explains the board's fiduciary duty as being charged with monitoring CEOs for the benefit of the corporation. The classification of the control task has received extensive support from various theoretical backgrounds (Zahra & Pearce, 1989). Board control tasks include issues related to firm budgeting, financial reporting, CEO compensation, and the hiring and firing of CEOs and other members of the top management team. Through board control activities, directors can instill a CSR mentality from the top down. Researchers have shown the effectiveness of boards exercising control to regulate CEO compensation such that CEOs are motivated to promote CSR initiations (Berrone & Gomez-Mejia, 2009). Also, in cases of financial earning restatement, a means of the irresponsible CEO exploiting financial statement corrections that can destroy businesses across industries (Gomulya & Boeker, 2014), it is unlikely that there exists a vigilant board actively exercising their control tasks diligently. Some researchers even advocate establishing formal ethical programmes as a control system, which would further strengthen the board's oversight function (Weaver et al., 1999). It is reasonable then to suggest that a board attentive to the control issues is likely to contribute to a strong CSR responsiveness.

A board strategic task describes boards' involvement in the process of initiating, rectifying, and implementing corporate strategies. These are issues of critical importance to firm performance and long-term growth (Judge & Talaulicar, 2017). CSR elements are often embedded in critical strategic issues facing a firm. For instance, employee compensation (Earle et al., 2010), labour code policy (Jayasinghe, 2016), and clean energy adoption (Weigelt & Shittu, 2016) are vital strategies with CSR objectives, which are costly to implement and have irreversible long-term effects. Boards of directors' active involvement in the process of initiating, rectifying, and implementing such strategies should not be downplayed. For example, when analysing a firm's environmental strategies, boards of directors' participation in shaping environmental strategies are found to be positively associated with firms' economic, environmental, and social performance (Galbreath, 2018). Although direct studies of how boards influence a specific strategy with a CSR objective are still limited, researchers have realized the importance of doing so in the field of CSR and governance (George et al., 2015). A heightened strategic task involvement could be positively associated with a strong CSR responsiveness to issues of deciding labour relationships, establishing corporate philanthropic programmes, and so on.

The board service task addresses how boards of directors spend a considerable amount of time advising CEOs on what to do and giving them counsel. Directors' knowledge, expertise, and experiences in various industries and firms form a unique and rich resource for CEOs to tap into (Johnson et al., 1996). The service provision of directors, due to their network effect, is particularly notable. For example, CSR issues are usually complex, twisted with an ethical dilemma, requiring attention to strike a balance between the multiple goals of a firm: satisfying economic performance and meeting various stakeholder groups' demand (Carroll, 1979; Henriques & Sadorsky, 1999; Wang et al., 2016). One firm's success story of dealing with the CSR complexity can become useful guidance for other firms through the interlock directorship. Nevertheless, caution should be taken. We have seen that interlock directorship is also responsible for the spread of non-action and symbolic action as a response (Surroca et al., 2013) if directors do not believe in those policies themselves. The penalties as a result of the spillover through interlock directorship, on the other hand, could also serve as a warning sign (Kang, 2008). As a result, the board should ensure the interlock directorship withstands CSR scrutiny. Overall, there is a possibility that when directors are highly involved in service provision, based upon their expertise and network resources, that the CSR responsiveness is likely to become stronger.

We argue that board involvement in strategic, control, and service tasks can be associated with the four types of CSR responsiveness. We use board strategic involvement in safety issues as an example. There could be no board involvement to ensure firms pay attention to the policy and norms regarding employee safety. In this case, we may observe non-action as a response. The board could symbolically announce its intention to follow up the policy on safety issues, however, without any concrete implementation plans. In this case, we may observe a symbolic response. The board could also spend the minimum effort to ensure a basic implementation of safety procedures to avoid any legal problems. We may observe compliance as a response. Boards could also go above and beyond by stipulating additional safety protections beyond the policy and the norms. In this case, we may observe proactive as a response.

Proposition 1.2: Board's active control task performance is positively related to the degree of CSR responsiveness.

Proposition 1.3: Board's active strategy task performance is positively related to the degree of CSR responsiveness.

Proposition 1.4: Board's active service task performance is positively related to the degree of CSR responsiveness.

3. The Moderating Effect of Governance Features

In this section, we apply the framework of the attention-based view to exploring the potential moderating effect of the governance features on CSR responsiveness. The attention-based view describes how organizational responses to environmental stimuli and the choices of responses are shaped by the individual as well as the organizational attention structure (Ocasio, 1997). This framework enables exploration when organizations face competing claims, and when attending to all claims equally well becomes difficult, if not impossible. Researchers have used an attention-based view to gain a deeper understanding of how individuals interact with the corporate bureaucratic structure to decide the type of organizational problems to attend and to funnel resources accordingly (Plourde et al., 2014). Some have used the attention-based view to explain the type of organizational attention structure that is beneficial for firm performance (Ferreira, 2017). Other researchers have applied the attention-based view to shed light on how organizations prioritize social goals, among other goals (Stevens et al., 2015). As discussed earlier, boards of directors are involved in adjusting goals not only between stakeholders and shareholders but also among the goals of various stakeholder groups. An attention-based approach is fruitful in the intersection of governance and CSR research (Galbreath, 2018; Oh et al., 2018).

There are three principles underlying the attention-based view (Ocasio, 1997). Principle one describes individuals, board directors in our context, having limited attention capabilities, and, therefore, being selective in issues and answers they focus on at any one time. If issues are important and recurrent, routine mechanisms will give rise to automatic attentional processing. Otherwise, individuals could cultivate mindfulness in particular issues. Mindfulness can give rise to the controlled attentional processing, guiding the attentional focus and actions. The first principle suggests the value of knowing the individual director's attention to CSR issues if the social goal is crucial to an organization's survival. At the same time, board meeting routines that address CSR and directors' mindfulness about CSR issues are beneficial for CSR responsiveness.

Principle two states that the impact of social context influences decision-makers' cognition such that the focus of attention and action will be modified when decision-makers are cognizant of the context and situation. In our context, directors' attention to CSR issues is contingent on context as well. The pressure from external stakeholders is one such context often studied in CSR (Desai, 2016; Jayasinghe, 2016). In this case, whether the top management and the external community share a similar view on CSR issues affects how a firm responds to CSR (Krishnan & Kozhikode, 2015; Simons et al., 2016), and boards of directors should be aware of that influence. In addition to the external influence, directors should be aware of internal influences, such as the impact of firm performance on CSR effort (McGuire et al., 1988; Stevens et al., 2015).

Principle three explains how the communication, procedural, and structural features of an organization can influence the focus of the attention of decision-makers. The third principle has received particular interest in a recent review of attention-based view (Ocasio et al., 2018), where the scholars and researchers suggest we should pay close attention to the way directors communicate CSR issues among themselves and to the management. That is, how directors frame CSR issues in their discussions will influence how the board and the management team approach CSR.

The three principles of the attention-based view advocate that we study individual characteristics, social context, and organizational features. The three principles also form the building block of a complex and imaginative model of situated attention and firm behavior (Ocasio, 1997). In the model, the critical attention mechanism is the attention structure, which supports the view that the association between CSR responsiveness and firm performance is not pre-determined; instead, it is a result of attention mechanisms. Attention structures *"govern the allocation of time, effort, and attentional focus of organizational decision-makers in their decision-making activities. Attention structures regulate the valuation and legitimization of issues and answers, the creation and distribution of procedural and communication channels, and the interests and identities that guide decision-makers' actions and interpretations"* (Ocasio, 1997).

The attention structures of Ocasio set the foundation of the conceptual model (Figure 1) of this paper. The model approaches the board's attention to CSR issues from the three principles mentioned above. First, according to the first principle, the player moderates the relationship between board tasks performance and the degree of CSR responsiveness. Players are individual directors, and we shall study board characteristics through CEO duality, gender diversity, and interlocking directorship. Second, consistent with the third principle, the board communication style of how directors frame CSR issues exerts a moderation effect. Third, the environmental stimuli moderate the impact of board tasks performance on the degree of CSR responsiveness. The analysis of environmental factors resonates with the second principle of the attention-based view. We further divide the environmental stimuli into external and internal forces. The external factor addresses the moderation of communities, while the internal one explores the moderation of past firm performance.

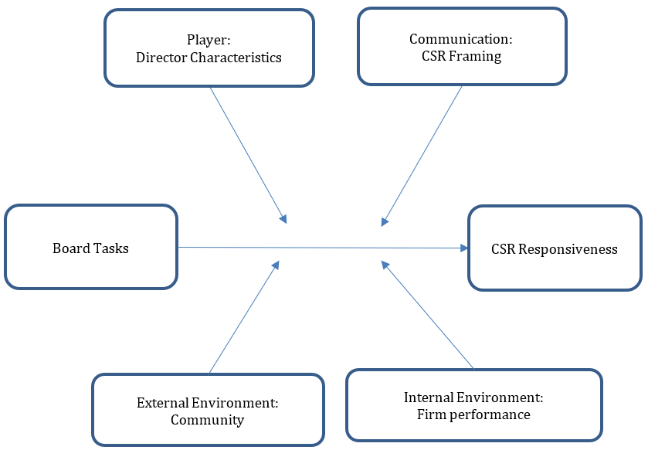

Figure 1. Board impact on CSR responsiveness

3.1 Players – Director Characteristics

Ocasio regards players in the attention-based view as attention regulators (1997), and empirical studies have found support that players can change, shift, and modify organization attention (Ferreira, 2017; Kleinknecht et al., 2020).

In our context, players are directors. Directors' characteristics influence their allocation of attention to CSR objectives (Galbreath, 2018). CEO duality is one notable characteristic of boards. CEO duality is when the same person holds the board chair and the CEO positions. Researchers have shown, for example, that CEO duality reduces the attention of the board to the control task performance (Tuggle et al., 2010). The power the duality brings to a CEO reduces the board's vigilance in controlling, for example, CEO compensation (Conyon et al., 2001) and CEO succession (Cannella Jr & Lubatkin, 1993). The mismanagement of these issues could impede shareholder and stakeholder value (Dalton et al., 1998). A weak board due to CEO duality is also unlikely to ask tough questions (Krause & Semadeni, 2013), which CSR decision-making often demands. As a result, CEO duality negatively influences the relationship between board tasks performance and CRS responsiveness.

Proposition 2.1: CEO duality weakens the relationship between board tasks performance and CSR responsiveness.

One recent development in studies of boards strongly recommends examining gender diversity, and claims board gender diversity as a fruitful approach to CSR concerns (Adams & Ferreira, 2009; Cumming et al., 2015). Researchers argue that female and male directors differ in terms of moral principles according to socialization theory (Cumming et al., 2015). In an ethical dilemma that often occurs in CSR issues, female directors are more likely to evoke communal values and goals in their decision-making, and less likely to select a solution solely based on the pursuit of achievement. The argument is also echoed by others who claim that women, in general, are quicker than men to identify ethical concerns that a firm should pay attention to (Velthouse & Kandogan, 2007).

From the stakeholder perspective, the gender issue of a board also gains support, where a board with women directors can better moderate the CSR effort in the board tasks performance (Adams & Ferreira, 2009). That is, female directors do so by contributing different moral values, which protects the interest of the firm beyond shareholder value. From a process view, with women on boards, there are fewer problems with attendance in board meetings, more regular board meetings (Adams & Ferreira, 2009), and it is easier to build trust among group members (Chattopadhyay et al., 2008). Gender diversity thus leads to a normative view on building a morally sensitive board.

Research on boards of directors has shown us that directors' characteristics influence not only the board control, but also its strategic involvement (Johnson et al., 1996; Kor, 2006). Keeping other qualities of directors unchanged, a gender diverse board thus could strengthen the CSR objective in the board tasks performance. For example, in the case of financial reporting fraud (Kang, 2008) and illegal employee compensation policies (Earle et al., 2010), a board with women directors is less likely to consent to these practices. We, therefore, propose a gender diverse board positively moderates the relationship between board tasks performance and the degree of CSR responsiveness.

Proposition 2.2: A gender diverse board strengthens the relationship between board tasks performance and CSR responsiveness.

The interlocking directorship is another vital feature of the board that we are addressing here. The interlocking directorship describes a situation in which a director serves on the boards of multiple firms, and interlocked directors are credited for their contributions to board service provision and strategic tasks performance (Carpenter & Westphal, 2001; George et al., 2001). The network effect of an interlocking directorship is capable of diffusing corporate strategies among the connected firms, exemplified by CEO compensations and firm mergers and acquisitions (Davis & Greve, 1997). Sometimes, strategies and policies related to the same social call can also be diffused through multiple waves (Shipilov et al., 2010). This finding is crucial as CSR includes the economic, legal, ethical, and voluntary types of responses (Carroll, 1979). That is, when interlocking directors spread a CSR concern through the network, one type of CSR response of a firm could evolve into a different type of response with the same concern in other firms. The network effect of diffusing CSR practices is multiplied.

An adverse event such as social irresponsibility can spread from one firm to another through the network tie. Kang (2008) found that directors occupying an audit and governance committee position bear a disproportional weight of a firm reputation in the network. If a financial fraud is detected, a firm will suffer a negative consequence of the action. Other firms will be blamed as well if they share the same interlocking directors. Also, Kang shows that interlocking firms experience more severe reputational penalties than firms without the network tie. When an interlocking director occupies a non-significant position in a board, the network can help spread irresponsible social actions by unloading CSR pressure from one firm to another that faces less CSR scrutiny (Surroca et al., 2013).

We may conclude that the characteristic of the network tie matters. If the interlocking tie links the firm to others with a high degree of CSR responsiveness, then the board of the focal firm is likely to allocate more attention to CSR issues.

Proposition 2.3: An interlocking network displaying a strong degree of CSR responsiveness strengthens the relationship between board tasks performance and CSR responsiveness.

3.2 Communication – Framing CSR

Communication, according to the attention-based view, is not just "pipes and prisms" for information processing; it has a broader role that includes practices, vocabularies, and rhetorical tactics (Ocasio et al., 2018). There is some evidence to suggest that the categorization of CSR issues decides the managerial CSR responsiveness (Sharma, 2000). Similarly, the framing of CSR issues in board discussions, thereby, may also shed light on directors' attention allocation to CSR decision-making.

Categorization of an issue is found to impact decision-maker reactions, where decision-makers experience "*negative or positive emotional association, loss or gain considerations, and a sense of the issues as uncontrollable or controllable*" (Sharma, 2000). When a problem is framed positively, decision-makers are more likely to embrace the challenge, allocating more attention to the problem.

If we would expect directors to perceive CSR issues in a positive light, then how they frame CSR in their discussions in formal and informal board meetings, and how they categorize CSR problems in the board meeting agenda and reports becomes an interesting avenue to investigate. CSR issues that are framed as opportunities (Christmann, 2000), a potential gain due to new technologies (Weigelt & Shittu, 2016), and a controllable process (Weaver et al., 1999) can encourage an open attitude towards CSR issues. With the positive framing of CSR issues, directors are likely to become more engaged in promoting CSR within. We further argue that the positive categorization of CSR issues by the directors can also spread to the management team and other parts of an organization. Gradually, the positive emotion about CSR issues is likely to increase the legitimacy of CSR initiations (Dutton & Jackson, 1987).

Proposition 3: A positive categorization of CSR issues strengthens the relationship between board tasks performance and CSR responsiveness.

3.3 External Environment – Community as an Influencer

The external environment of CSR can be quite complex. We set out to understand how the community affects the attention allocation of directors to respond to CSR. The stand of the community on a CSR issue may strengthen or weaken the firm's CSR responsiveness. The community can exhibit a stakeholder objective that differs from others, and it may wield more power than the law (Simons et al., 2016). In a case when a community is untroubled by a CSR issue and, at the same time, it shows sympathy to firms' loss if they abide by the CSR requirement, decision-makers of firms will likely be bold enough to openly resist the legal requirement by selecting a non-action as a response (Simons et al., 2016). Boards of directors will find no need to attend to CSR. Alternatively, boards of directors may acknowledge the irresponsible behaviour as the community has normalized the social irresponsibility (Earle et al., 2010).

Proposition 4: The detachment of the community from CSR weakens the relationship between board tasks performance and CSR responsiveness.

On the other hand, if the community is deeply involved in CSR and expects firms to respond to it, the board may become more attentive to deal with CSR due to local societal pressure. When the community is active in CSR, it may expect firms to satisfy not only the legal requirement of CSR but also the voluntary aspect of CSR. For instance, the external pressure from the community may lead firms to adopt voluntary CSR initiations exemplified by proactive practice against environmental pollution (Aragón-Correa, 1998), the best environmental practices (Christmann, 2000), and clean energy solution (Weigelt & Shittu, 2016). It is reasonable to suggest that when the community is highly engaged in CSR, boards of directors are likely to allocate attention to CSR.

Proposition 4.2: The engagement in the community in CSR strengthens the relationship between board tasks performance and CSR responsiveness.

3.4 Internal Environment

The relationship between CSR and financial performance has long been noticed, where the prior firm performance has emerged as a strong influencer of CSR decision-making (McGuire et al., 1988; Stevens et al., 2015). A firm with sound financial health can afford to act in a socially responsible manner. Although firms benefit from the cost-saving and enhanced productivity, the implementation of CSR can be costly (Christmann, 2000; Weigelt & Shittu, 2016). There is an implication for CSR investment. When a firm is financially weak, the need to accumulate cash through cutting down expenses can outweigh the potential benefits a CSR investment can bring. A robust financial performance would ease CSR decision-making, while a weak financial performance will complicate the decision-making. Boards of directors, bearing the fiduciary duty, will have to examine the past financial performance of the firm to adjust their understanding of the future strategy. They may not support a costly

CSR investment during financial hardship. Consequently, earlier firm performance forms a critical attention context, where the relationship between attention structure and the social goal is contingent on the firm's past performance (Stevens et al., 2015).

Proposition 5: A past poor firm performance weakens the relationship between board tasks performance and CSR responsiveness.

4. Discussions

In this conceptual paper, we aim to explore the effect of the boards of directors on CSR responsiveness. CSR responsiveness describes a degree of involvement in CSR, which can be non-action, symbolic action, compliance, or proactive action (Carroll, 1979). Ideally, proactive action should be the most desirable action from a broad stakeholder perspective (Kacperczyk, 2009). Nevertheless, the degree of CSR responsiveness varies greatly among firms (Wang et al., 2016). We thereby take an internal approach to CSR responsiveness through the lens of an attention-based view (Ocasio, 1997; Ocasio et al., 2018), and argue that boards can exercise a direct and indirect influence on CSR responsiveness. Specifically, active board involvement in exercising control, strategy, and service tasks benefits CSR decision-making. In addition, board directors' characteristics, communication style, external context, and internal context can strengthen the above relationship as a moderator.

4.1 Attention Structures and Board's Moderating Effect

The objective of board decision-making includes protecting shareholder value and attending to vast stakeholders' interests exemplified by employees, customers, and the general public (Cortese, 2002). How to allocate limited time to attend to the different and sometimes competing interests becomes an intriguing question (Kassinis & Vafeas, 2006; Pache & Santos, 2013). The attention-based view argues that examining each firm's unique attention structures is the key to answering the question (Ocasio, 1997).

The conceptual model has benefited from the attention-based view, which explains that the attention structures in an organization can limit the reach of short-term financial performance in situations like a takeover. For example, Kacperczyk (2009) has found that managers who are relieved from short-termism imposed by shareholders spend more time attending to demands from the community, natural environment, and minorities. Ultimately the firms experience a subsequent long-term stock market improvement (Kacperczyk, 2009). Similarly, between the financial goal and the objective of employee benefits, organizational attention structures can direct the managers' attention to improving employee benefits and welfare besides the financial performance (Ferreira, 2017). The attention structures strengthen firm competitive advantages, which could not be done by attending to the financial goal only, and, consequently, firms experience better financial performance (Ferreira, 2017).

The attention structures governing board decision-making is examined from the aspect of players, communication style, and the external and internal context under which the directors perform their tasks (Ocasio, 1997). The attention-based view gives us the tool to show the impact of attention by using moderators. That is, the relationship between board involvement and CSR responsiveness can be strengthened when the appropriate moderators are in places such as gender diversity, positive categorization of the CSR issues, and community engagement with CSR issues.

4.2 Financial Performance and CSR

Many studies looked at CSR and financial performance and attempted to find a relationship between them. Wright and Ferris found short-term higher financial returns when firms engaged in CSR, while Teoh et al. (1999) found no relationship. Others researchers also attempted to find a relationship between a measure of CSR (CSP) and found mixed results. For example, McWilliams & Siegel (2000) found that the impact of financial performance on CSR was neutral when accounting for the effects of R&D investments. The lack of consistent results may suggest an indirect effect of financial performance on CSR.

Our discussion of this issue in the paper is centered on past financial performance as a moderator. Evidence suggests that the implementation of CSR can be costly (Christmann, 2000; Weigelt & Shittu, 2016). The earlier poor performance forms a critical attention context, where the financial struggle will impact firm investment in CSR-related issues (Stevens et al., 2015). The boards of directors are likely to focus more on other imminent issues than CSR. Therefore, poor financial performance negatively impacts the relationship between board involvement and firm CSR responsiveness.

4.3 Implications, Limitations, and Future Studies

The conceptual framework has highlighted the board's potential impact on CSR responsiveness directly and indirectly. It also provides theoretical support for empirical examinations. We hope our suggestions of analyzing

CSR responsiveness through investigating a set of moderators will enable more empirical studies in the area of CSR.

Nevertheless, we recognize two limitations in our framework that should be further examined in future studies. First, the interlocking network can be a complicated phenomenon. For example, the type of firm within the network affects the degree of CSR responsiveness. Some firms may display a high degree of CSR responsiveness, and others may not. Whether all firms within the network equally influence CSR responsiveness of the focal firm needs careful evaluation. Notably, studies have shown how the position that a director occupies in an interlocking board can affect the weight of network influence (Kang, 2008; Surroca et al., 2013). Therefore, establishing a system to measure CSR responsiveness of the network would be instrumental in an empirical study.

We also recognize other networks beyond interlocking directorates that should be noticed in attention structures, such as the network of the business group (Oh et al., 2018). Joining a business group or a club is a vital organizational action creating economic values for the linked firms through resource sharing and intragroup business transactions. Affiliated group members behave differently when the boards of directors decide on CSR involvement. Researchers found that being socially responsible towards other affiliated group members is more important than being socially responsible for the broader societal concern (Oh et al., 2018). In this case, external directors, or outside directors, representing shareholder value will further reduce CSR involvement in the society as a whole. Consequently, understanding the nature of the network brought by directors would allow us to predict the direction of the moderating effect on CSR responsiveness.

Second, we have argued that poor financial performance forms a crucial context that may reduce board attention to CSR issues. However, we would like to challenge future researchers that the past poor performance may not be the cause of a low degree of CSR responsiveness. Studies have shown that good performing firms may exhibit a higher likelihood of illegal corporate activities (Krishnan & Kozhikode, 2015; Mishina et al., 2010), displaying the lowest degree of CSR responsiveness. Researchers believe the phenomenon is caused by the pressure to maintain an unsustainable high-performance target, forcing firms to take risks. For smaller business, such as startups, without any past performance as a reference, they are likely to engage in the lowest CSR responsiveness by starting a business that is often harmful to the society and environment (Shepherd et al., 2013). The reason is likely to be associated with a lack of resources, instead of poor financial performance.

The causal relationship between financial performance and CSR responsiveness can also take a reversed direction. That is, a low degree of CSR responsiveness will lead to potential financial loss or a high degree of CSR responsiveness will lead to a potential financial gain. Studies analysing the consequence of social irresponsibility have concluded that the consequence can be devastating. Hard-earned firm reputation and image will be damaged (Lange et al., 2011), and firm future financial performance potential will be hindered (Maqbool, 2019). The situation has gone so far as to show that investors will punish other firms for using toxic chemical inputs in their operation if one perpetrator has caused one accident due to the same chemical input in the same industry (Diestre & Rajagopalan, 2014). There is even a trend of investor actions, showing that punishment for irresponsible behaviour is becoming severe, while the reward for taking CSR initiations is getting smaller (Flammer, 2013).

The above discussions suggest that CSR concern is going strong. As long-term value creation could not succumb to the short-term gain, both shareholders and stakeholders expect firms to adopt some form of CSR responses. We hope that the model can shed light on attending to CSR from the board's attention structures.

Author Contributions

Dr. Zhang and Dr. Kakabadse; Literature review: Dr. Zhang & Dr. Kakabadse; Original draft preparation: Dr. Zhang; Reviewing and editing: Dr. Kakabadse.

Data Availability

The data used to support the findings of this study are available from the corresponding author upon request.

Conflicts of Interest

The authors declare that they have no conflicts of interest.

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