Managing Corporate Social Responsibility in Franchise Systems

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Presented at the 28th Annual  
International Society of Franchising Conference  
Ernest N. Morial Convention Center  
New Orleans, Louisiana, U.S.A.  
February 21-23, 2014
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Abstract

This research represents an initial attempt at uncovering specific potential underlying mechanisms which drive the impact of corporate social responsibility (CSR) on firm profitability. We conduct our research within a franchise systems context, an incontrovertibly valuable and yet often overlooked area of the national and global economy. By examining variables such as visibility, legal filings, and the installation of a CSR strategy and their effects on stock prices over time, the results herein speak to the importance of properly managing a company’s CSR initiatives. We concentrate on the oil and gas distribution industry, which operates both in the franchise context as well as within an industry that receives heavy attention from the popular press regarding environmentally impactful actions. Results support hypotheses, demonstrating a salient need for managers to properly execute their CSR strategies, and responses to potentially damaging publicity, such as the filings of an EPA suit.

Keywords: Corporate Social Responsibility, Environmentalism, Visibility, Legal Filings, Stock Prices, Oil and Gas Industry, Franchising