

**Running Just to Stand Still?**  
**Managing CSR Reputation in an Era of Ratcheting Expectations**

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**Abstract**

This paper presents the findings of a qualitative field study undertaken with senior managers responsible for their firm's CSR activities to explore the interaction between a firm's reputation for CSR and the actions of its industry peers; the actions of its industry; and the actions of other firms in its local geographic community. Examining this phenomenon from an institutional perspective, we seek to explain how and why CSR norms become institutionalized both within and across industries. Specifically, we develop a model to explain the diffusion of CSR norms; a process that we argue results in slowly ratcheting expectations over time. We propose that firms in sensitive industries face and respond to higher stakeholder expectations for CSR. In response, elite firms operating in the same geographic community across a range of industries take cues from the firms operating in industries with higher expectations for CSR. Thus, norms for CSR are established among the elite firms within a geographic community rather than within industries. These norms are then diffused within industries through mimetic forces. This creates a cycle whereby the general diffusion of these norms creates a new expectations gap for firms in high visibility industries. Their subsequent response will launch another cycle and, over time, raise expectations for CSR for all firms in the geographic region regardless of industry.