

Abstract:

In this paper we study the conditions under which socially responsible firms can develop a first-mover advantage. We consider a price-setting duopoly market with vertically and horizontally differentiated products, where firms can engage in socially responsible activities and thereby increase the willingness to pay of consumers of their products. It is shown that a CSR leader, i.e. a firm which commits to a level of socially responsible activities prior to its competitor, achieves higher profits. Hence, a first mover advantage arises. If however, the outcomes of investments in CSR are not perfectly specific to the CSR leader, i.e. they spill over to the CSR follower, then a second mover advantage arises for the CSR follower. We characterize the effects of competition and the level of spillovers on the relative and absolute level of CSR activities and the incentive to engage in CSR and thereby derive testable hypotheses.

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Prof. Dr. Michael Kopel is currently head of the newly founded Institute of Organization and Economics of Institutions at the University of Graz, Austria. Kopel's research interests are in the fields of Organizational Economics and Imperfect Markets, Competitive Strategies and Innovation, and Performance Measurement Issues. He has been a visiting professor at Universities in Austria, Germany, Denmark, Russia, Japan, and Australia and held a position as a Visiting Scholar at Cornell University, USA (1994-96). Kopel has published several books on Quantitative Methods for Management and Oligopoly Theory and has also published more than 50 articles on a variety of topics in economics and management. He is a member of the scientific committee of the German Economic Association of Business Administration (GEABA), the editorial board of Review of Managerial Science, and a member of the Scientific Committee for research on the theory of the firm (Verein für Socialpolitik)



The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics:**

Strategic CSR, Spillovers, and First-Mover Advantage

By **Michael Kopel**
University of Graz, Austria
Institute of Organization & Economics of Institutions, Graz,

February 3, 2010
13:00 – 14:00

Campus Limpertsberg - Room BS001
162a, avenue de la Faïencerie
L-1511 Luxembourg

Lunch is planned for the participants

Registration: by email to fdef-colloques@uni.lu

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