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THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN CONSUMER BEHAVIOUR: AN UNRESOLVED PARADOX

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The Role of Corporate Social Responsibility in Consumer Behaviour: an Unresolved Paradox

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Abstract Business activity and consumption activities are recognised as impacting, often negatively, on the environment. The challenge of 'satisfying the needs of the present generation without compromising the chance for future generations to satisfy theirs' requires, however, contributions by all societal actors. A growing number of firms "over-comply" with environmental regulation for several reasons. Firms satisfy consumer demand and try to shape that demand. In doing so, they may create a taste for environment protection and sustainability. Corporate social responsibility has received considerable attention. The concept of 'consumer social responsibility' has received comparatively little attention probably because of the dominance of the notion of consumer sovereignty. If consumers' perception of corporate social responsibility practices drives their purchase behaviour, firms are motivated to invest in socially responsible practices. However, there exists a wide gap between positive attitudes toward social responsibility and actual purchase behaviours. This paper tries to shed some light on what affects individuals' perceptions about their responsibilities as citizens/consumers and their consumption behaviour.

JEL Classification: D01; D21; D62 ; M14, Q28

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1. Introduction

Consumers and firms, in carring out their normal activities, generate environmental externalities, usually negative externalities. The market is by definition incapable of dealing by itself with externalities, unless they are converted into internalities through consumers' or investors' tastes (Crouch, 2006). State regulation is binding and can play an important role in bringing about environment friendly behaviours by firms and consumers. It is not perfect, however, and it may even end up reducing social welfare because of its cost or inefficiency. States may also lack the resources and competence to formulate and enforce appropriate regulations.

Neither profit maximising firms nor utility maximising consumers have incentives to invest, produce and consume in an environment-friendly way. If consumers and firms behave in an environment-friendly way, in fact, they have no guarantee that others will do the same. They face the tangible costs of their environmentally responsible behaviour in the current period but the benefits are spread over time (perhaps over many generations) and across many individuals. Rational, self-interested economic agents, have no private incentive to contribute to the environment as a public good.

However, one of the pressing concerns for business organisations is the survival of the business itself. In a world in which externalities coexist with other departures from the competitive paradigm, firms may find it in their interest to protect environment to a greater degree than that required by law. The simultaneous existence of different kinds of market failure can reinforce the tendencies of economic agents to over-consume under-priced environmental resources, but it can also counteract those tendencies. Whether - from the shareholders' perspective - it makes sense for a firm to adopt an environment friendly behaviour beyond legal requirements should depend, among other things, on the structure of the firm's industry, on its competitive position within that structure, and on its internal organizational capabilities (Reinhart, 1999).

It is good that each person is free to get what he/she wants, in so far as this is possible within the constraints imposed by other people's being free to get what they want. This is the intuition that underlies the well-known concept of consumer sovereignty[1]. Each individual, it is usually claimed, is the best or proper judge of his/her own well-being, and those judgements of well-being are revealed in his/her preferences (Sugden, 2004).

The traditional consumer sovereignty model conceptualizes the consumer as an autonomous, rational agent who is able to behave in a way that allows to realize positive societal outcomes (Dixon 1992). Market choices represent consumer 'votes' for socially desirable outcomes, such that consumers can signal to firms the types of products they want (Shaw et al. 2006).

The assumption that consumer's satisfaction can be identified with happiness and that, therefore, optimizing consumer's satisfaction is to optimize happiness, however, is not realistic neither at the level of individuals nor at the level of societies as cigarette smokers, for example, may confirm.

Within a market economy, business behaviour is not independent from consumer's behavior and consumer's acceptance. Rather than criticizing business alone (as consumer activists tend to) or passing on the responsibility to the market and to the consumers (as businesses tend to) it seems more progressing to consider environmental sustainability as a shared responsibility of business and consumers (Brinkmann, 2004).

[1] While consumer sovereignty is normally formulated in terms of the satisfaction of coherent preferences, we have to recognize that individual's preferences over given outcomes vary according to viewpoints from which decision problems are assessed or according to the contextual framing of those problems (Thaler, 1980; Tversky and Kahneman, 1991).

Citizens in many industrialized societies are well informed about their own role in engendering problems. They choose to behave in ways that contribute to the problems or to their solutions. Hence, as individuals they are morally responsible for environmental problems (Fahlquist, 2008). Given that responsibility is traditionally an idea belonging more to citizenship it has helped doing up to consumption the idea of citizenship (Dickinson and Carsky 2005). A consumer citizen acts beyond her/his interests as a consumer and takes responsibility for long-term considerations beyond herself/himself (Varney, 2002). The focus of consumers responsibility is on citizens who are concerned with the effects that a purchasing choice has, not only on themselves, but also on the outside world around them.

Just as corporations have been encouraged to adopt practices of corporate social responsibility (CSR), so consumers too have been charged with a responsibility to use their 'purchase votes' to achieve positive social outcomes (Dickinson and Carsky 2005).

Consumers 'have' certain levels of responsibility which they in turn express as preferences for socially beneficial product features or broader CSR characteristics, thereby pulling new products and services through the 'market for virtue' (Vogel 2005) and driving new socially responsible patterns of production and consumption.

Firms play an important role in the construction of responsible consumers' behaviour and markets. Since, as is well known, firms satisfy consumer demand and try to shape that demand, they may create a taste for environment protection and sustainability (Crouch, 2006).

Environmental concerns and awareness have increased since the early 1970, but an attitude-behaviour gap still exists: environmentally concerned consumers do not seem to show consistent preferences for environment friendly products in their purchase behaviour. This paper tries to shed some light on what affects individual perceptions about their environmental responsibilities as citizens/consumers and their consumption behaviour. This is a relevant issue given that consumers' responsibility affects environment and social welfare for present and future generations.

It is organized as follows. Section 2 presents the relations between the main actors who play a relevant role in the engendering and/or in the solution of environmental issues. Section 3 briefly presents the concept of consumer social responsibility and section 4 presents the drivers of this responsibility. The consumer responsibility as a complement of corporate social responsibility initiatives is analysed in Section 5. Section 6 concludes.

2. Actors playing relevant roles

Three main groups of actors, state/government, citizens/consumers and firms, play essential roles in environmental issues and affect the opportunities of future generations. These actors are interrelated through a range of regulations, actions and transactions.

In order to analyze how the relations between these three groups of actors affect environment, we place different firms, different individuals, and institutions under the unifying label of 'actor'. What we label as actor, however, are often an aggregation of entities, which do not express a single opinion in the environmental issues. Firms, for example, deal with workers, suppliers, investors, local, national and trans-national institutions in addition to their customers. Yet firms are the only actors that consumers are consciously dealing with. 'Citizens/consumers' form the most heterogeneous group with differing awareness of their environmental impact as well as a range of views on policies.

Fig. 1 draws the relations among the main actors having an impact on a group of actors that, by definition, have no chance to participate in the interactions and defend their interests, the future generations.

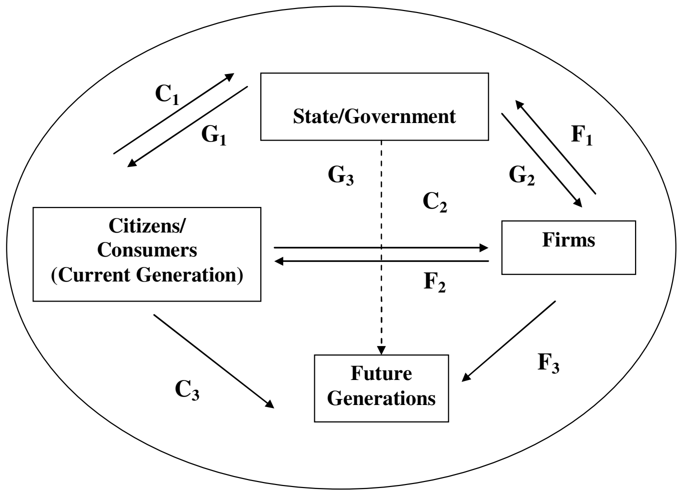

Fig.1 The relations among the three main actors playing essential roles in environmental issues and influencing future generations' opportunities.

G_1 State/Government:

- Enforces existing legislation; Emanates regulations; Negotiates on international treaties;
- Provides public goods; Imposes taxes;
- Mitigates citizens risks.

G_2 State/Government:

- Enforces existing legislation; Emanates regulations; Negotiates on international treaties;
- Provides public goods; Imposes taxes;
- Favours voluntary agreements

G_3 State/Government:

- By limiting present generation's (consumers and firms) choices trough regulation and law enforcement, tries to preserve environment in order not to compromising the possibility of future generations to satisfy their needs.

C_1 Citizens/Consumers:

- Chooce their representatives;
- Benefit from public goods/services; Pay taxes;
- Generate (positive and negative) externalities;
- Lobby for their interests.

C_2 Citizens/Consumers:

- Offer input, demand output, produce (positive and negative) externalities;
- Make pressure on firms in order to induce them to be environment friendly in their productive processes/products;

C_3 Citizens/Consumers:

- Deplete resources; Pollute; Contribute to climate change;
- Contribute to technical progress.

F_1 Firms:

- Produce wealth; Benefit from public goods/services; Pay taxes; Generate (negative and positive) externalities;
- Promote voluntary agreements (as product differentiation strategies/consumers attractors etc.);
- Lobby for their interests.

F_2 Firms:

- Demand input, offer output;
- Produce externalities (product and process innovations; pollution, wastes);

F_3 Firms:

- Deplete resources; Contribute to climate change;
- Contribute to technical progress.

This conceptual paper focuses on environment and analyzes the two-way relationships between each group of actors in the upper part of Fig.1.

The degree of State involvement in managing environmental protection might be considered on a spectrum running from 'free market' at one end, to 'nationalized delivery' at the other end. On the one hand, it is not sure that leaving environmental protection to the free market, relying, for example, on practices of corporate social responsibility (CSR) will deliver the desired results. On the other hand, nationalizing the delivery of environmental protection is likely to fail because states rarely have the quantity and quality of information required to persuade firms and consumers to make appropriate decisions (Hepburn, 2010). As we will see, environment protection requires a commitment by all actors: firms, consumers and State.

2.1 Government and firms

From Adam Smith economists learned that the basic role of government is to establish the rules of the game. For what concerns its relations with firms, government emanates and enforces regulations, negotiate on international treaties; provides public goods, imposes taxes and favours voluntary agreements. In order to protect future generations, government limits current generation's choice trough regulation.

It is true that government can, alternatively, tax firms that pollute excessively. The use of fiscal powers can reduce or increase corporate profits directly, thus constituting a potentially high powered incentive device. However, it is also true that the government/state often fails.

The government may be interested in reaching improved environmental management in a not conflictive manner, at low cost and with a good impact on job creation, while improving competitive positions in respect to trade, and ultimately making economic and social gains.

The government's approach to environmental issues may be seen as a three-part plan: (i) to inform, awaken and engage firms in dialogue and negotiations concerning voluntary initiatives; (ii) to offer incentives for and assistance to firms seeking to adopt environmentally responsible business models; and (iii) to re-enforce monitoring of environmental conditions and enforce sanctions. More precisely government can stimulate the private sector by collecting and disseminating information, raising awareness and providing funding for research (Mazurkiewicz and Grenna, 2003).

Firms - being in direct contact with domestic goods and services users - are, in fact, considered decisive agents for emissions reduction from the domestic sector. However, there are usually inherent problems of incentives and asymmetry of information between agents (firms) and principal (government). The main conflict is between firms' business objectives to be profitable and to increase market shares, and the government requirement for them to bring about greater respect for environment in order to preserve it to future generations.

Firms and government do not share common goals and information. It may happen that the rules of the game are not well associated with the goals or, alternatively, that there are multiple games with confusing sets of rules. Nonetheless, government issues policies that firms must implement: in this respect, there is an element of command and control in these relations.

Given that the government's policy path which attempts to make the firm the main agent for the reduction of the consumers' demand of environment unfriendly goods, undergoes intrinsic principal-agent problems, it might be not the best policy path. This raises broader questions about firms' ability to be agents of social change and businesses at the same time.

To meet government requirements good businesses interactions with consumers would become vital.

Firms–government relations are not, however, solely based on obligations and direct regulation. There is also a network of interactions that contribute to structuring the relationship. For example, firms' customers are voters, they constitute the electorate, and firms have precious information about consumption patterns that can be necessary for policy design. Government also represents some firms' interests in international negotiations and formally consults firms when regulations are being drafted. Moreover, there are informal channels through which consultation and lobbying take place.

Businesses over comply to reduce the risk of tighter regulation, or to induce the government to choose a form of regulation which is more favourable for them (Segerson and Miceli, 1999; Maxwell, Lyon and Hackett, 2000). A firm's sunk investments achieve more substantial improvement in environmental quality but limit its subsequent actions, they are very costly to re-tool. Business leaders may strategically commit themselves to modest environmental improvements that limit regulators' ability to set tough standards. If a regulator cares about industry profits as well as environmental performance, he will set a modest standard so as not to detrimentally affect profits too much.

2.2 Government and citizens consumers

Government and consumers do not share common objectives and information. Furthermore, although the demand is created and mediated by many actors, consumer's decisions, purchases and behaviour are still the elements determining the demand for goods and services most directly.

Government's policy usually tends to view consumers as rational-economic agents who, if provided with the right economic incentives and information, will behave in an environmental-friendly way.

From government point of view, therefore, empowering citizens, providing relevant information and setting the right market rules will lead the 'consumer' in each citizen to make the 'best' choices (Lewis, 2007). The government's paradigm that the market should select the means to match the end (Mitchell, 2007) implies that consumers only need to response to what the 'market' offers. However, through product policy, choice editing on sustainability criteria by government is altering market rules.

Consumer responses to information and prices are, furthermore, more complex than standard economic analysis suggests and other motivations may drive people towards an environmental-friendly behaviour (Stern, 1992).

Simon (1972) identifies some limitations on rational decision-making and argues that a lot of behaviour takes place under conditions of bounded rationality: strict rationality is prevented by information and cognitive constraints. Mullainathan and Thaler (2000) identify three types of limits on rational behaviour in the environmental context: bounded rationality, bounded willpower and bounded self-interest. It seems that just increasing the availability of information is not necessarily the simple solution. According to Leiserowitz et al. (2010), often, the behaviours that would be most effective (e.g. driving cars less often) are neglected in favour of the less challenging behaviours such as switching on lights; knowledge and belief might be not enough and just because people have knowledge about the benefits of environmental actions does not mean that they will engage in those actions.

According to Gowdy (2008), apparently non-rational behaviour is central to human decision-making. Cognition reflects an interaction of rational and emotional decision-making processes and a greater focus on a unified theory of decision-making, e.g. as offered by neuro-economics, can also shed some light on environmental decision-making.

The weight given to the market in putting over demand reduction of environment unfriendly commodities implies that consumers do not need to act but to react to market signals. Therefore, more attention should be given to the relation between government and consumer with a view to more explicit treatment of the politics of environmental damages reduction, rather than treating citizens primarily as consumers who response to price signals.

At the same time, policies and schemes that empower citizens while transforming the business models of products and services supply might align the interests of firms and consumers to a greater extent. This has to do with improving the flows of information between parties putting an explicit obligation on consumers to limit their demand for polluting commodities, or pay for their environmental impact.

Such a mix might promote a market transformation that is ‘pulled’ by consumers who are actively searching for environment friendly innovations, technologies and behaviours.

2.3 Firms and consumers

As we have seen, consumers are supposed to choose to alter their consumption in response to price, or to choose to reduce their usage of products and services in response to easily accessible, clear information.

CSR programs, in which firms voluntarily try to reduce environmental and social negative impacts, are increasingly popular but the notion of CSR means different things to different people[2]. According to Crouch (2006) CSR is essentially ‘corporate externality recognition’. For a firm to reduce production of a negative externality requires it to take action that will cost it something, but for which it will not receive payment.

How can a profit-maximizing firm be expected to take action of such a kind? What actually drives firms to engage in environmental CSR? Firms can adopt a CSR program and “over-comply” with environmental regulation for several reasons, two of which seem particularly strong. One is moving ahead of an expectable trend of both legislation and consumer's preferences becoming stricter. This can be interpreted as risk management. Another is the use environmental reputation to gain market shares from less environmentally friendly competitors (Heal, 2005).

The pure market effects emerge from a company that has done just what it was supposed to do. Market forces, in fact, include win/win opportunities to increase revenues with environmentally responsible consumers who are willing to pay a higher price as a premium for environment friendly products and to cut costs by improving the efficiency of resource

[2] According to Ferell et al. (2002, p. 73), for example, “Corporate social responsibility refers to an organization’s obligation to maximize its positive impact on stakeholders ... and to minimize its negative impact. There are four kinds of social responsibility: legal, ethical, economic and philanthropic...”.

use, labour market advantages with employees who have green preferences, opportunities to reduce cost of capital from green investors (Arora and Gangopadhyay, 1995; Lutz, Lyon and Maxwell, 2000).

Standard economic principles can tell us a lot about how and why environmental problems emerge and some inconsistencies can be reconciled by recognising that market failures are endemic whilst retaining the assumptions of rational, self-interested and atomistic individual action. Understanding how to promote behavioural change by firms requires an understanding of how people respond, sometimes imperfectly, to non-price factors.

Cerin (2006) reports that firms are usually reluctant to adopt a green technology due to its higher-than-average costs. However, small groups of environmentally-minded consumers who are willing to pay higher prices for green products can provide a market niche for green firms with a small market share, eventually forcing overall adoption of the greener technology in an industry. Consumer environmental preferences play an important role in the environment protection.

3. Consumer social responsibility

Gabriel and Lang (1995, p. 175) define the 'citizen consumer' as 'a responsible consumer, a socially-aware consumer, a consumer who thinks ahead and tempers his or her desires by social awareness, a consumer whose actions must be morally defensible and who must occasionally be prepared to sacrifice...'. Such a concept of consumer responsibility is still underdeveloped. Infact, while CSR has received considerable attention academically, the concept of 'consumer social responsibility', has received comparatively little attention. This may be due to the supremacy of the notion of consumer sovereignty, which assigns power as opposed to responsibility to consumers (Brinkmann and Peattie, 2008).

The concept of consumer social responsibility could be defined as analogous to the four dimensions of CSR. Therefore it would be "... a consumer's obligation to maximize his/her positive impact on stakeholders ... and to minimize his/her negative impact. There are four kinds of ... responsibility: legal, economic, ethical and philanthropic..." (Brinkmann 2007, p. 88).

According to Brinkmann and Peattie (2008), this is reasonable since an individual has a responsibility to respect the law, and could be viewed as having an economic responsibility to contribute to his/her household and to support himself-herself. Businesses are expected to behave in a moral way partly because society grants them certain privileges (such as a secure legal framework, access to an educated workforce, use of economic infrastructure) and therefore society can have legitimate expectations about how businesses should behave in return. Society grants businesses a license to operate; in the same way it grants individuals a license to live as free citizens. This means that individuals have to comply with society's rules and expectations.

The concept of "citizen-consumer" implies a social practice – "voting with your money" – that can satisfy competing ideologies of consumerism (an idea rooted in individual self-interest) and citizenship (an ideal rooted in collective responsibility to a social and ecological commons). An individual's commodity choice can satisfy an his/her desire for personal health and happiness while generating sustainability and social agreement for society as a whole. This logic makes plausible the concept of the hybrid citizen consumer, able to satisfy personal desires while simultaneously addressing social and environmental issues (Johnston, 2008).

Much of the literature in this area is based on the idea that consumer responsibility is an objectively identifiable, and to some extent measurable quality possessed by individuals (Caruana and Crane, 2008).

A number of empirical studies have linked consumer behaviour as 'voting behaviour' to perceptions of consumer responsibility (Dickinson and Carsky, 2005 among others). Even when consumers are potentially willing to adopt this type of responsibility and seek to influence firms, their ability to do so will depend upon the availability of relevant information (Barnett et al., 2005) relating to firms' practices and policies and to the consequences of consumers' choices. However, as we said, information alone will not guarantee that consumers respond; too much information can create a sense of 'information overload', which deters a response (Hahn et al., 1992). Consumer response also depends on his/her ability to understand the information. Consumers are often confused about environmental issues and are inconsistent in making connections between an issue like climate change and aspects of their lifestyles and consumption[3].

4. What drives consumer's social responsibility?

Consumer behaviour is a multidimensional phenomenon. Factors thought to influence consumers' sustainability-related behaviours, include their demographics, values, attitudes, goals, social identity, perceived self-efficacy, situational forces, and knowledge.

Social preferences, for example, refer to the phenomena that people seem to care about certain "social" goals, such as the well-being of other individuals or a "fair" allocation among members in society[4], in addition to their own material benefits. Kahneman and Tversky (2000) and Sobel (2005), among others, present accounts of both real life examples and experimental results.

Many of the potential influences on consumer behaviour in relation to sustainability, are incorporated within conventional integrative models of consumer behaviour and have also been well researched in conventional, as well as sustainable consumption contexts. Grob's (1995) Model of Environmental Behavior, for example, found that environmental knowledge together with personal values, perceived control, and emotional response determined environmental behaviour.

Although the satisfaction of personal preference is considered as an individualistic, self-regarding exercise, individuals might develop a taste for certain collective goals as part of their personal repertoire of preferences. This could be a result of altruism or pro-social behaviour or fashion. Following a fashion may be a goal that brings personal satisfaction. Its pursuit is therefore rational, and an individual pursuing a fashion for CSR will ignore the problems of collective action.

A vast literature from behavioural economics highlights the impact of social pressure and social norms on environmental decision-making. Social norms and social pressure, in turn, may be affected by values and attitudes. Social norms imply that (certain) people should manifest a prescribed behaviour or not manifest a proscribed behaviour. Such norms arise when individual actions cause negative side-effects for others (Coleman, 1990) and serve the function of restricting egoistic impulses in favour of collective outcomes. Social norms may, i.e., drive unselfish behaviour and conditional contributions to public goods..

Violation of social norms is punished by social sanctions. Social norms may become internalised, in which case sanctions (in the form of guilt feelings or pride) are administered

[3] Lorenzoni and Pidgeon (2005, p. 4) argue, for example, that - although climate change is perceived as a severe risk to society - 'individual action is contingent upon the degree of personal costs incurred, in part mediated through those institutions and actors perceived to have some responsibility in delivering a solution to the problem, and trusted to do so'.

[4] Fairness, for example, is an argument in individual utility functions, (e.g. see Fehr and Schmidt, 1999) on inequity aversion. Concerns about fairness may affect decision-making in relation to environmental issues and future generation's opportunities.

by the individual him/herself. Guilt feelings are discomforting and may lead individual to modify his/her behaviour.

If their desired consumption behaviour was perceived to cause negative environmental externalities,consumers might experience cognitive dissonance (Festinger, 1957). As evidence of negative environmental consequences emanating from increasing consumption accumulates, cognitive dissonance should increase. It may be discomforting, infact, to buy products from, or invest in, or work for firms or countries of origin that have acquired a reputation for producing negative externalities[5].

Cognitive dissonane must be resolved to preserve consumer's self-image. Individuals do not like to see themselves as careless consumers whose consumptions is damaging environment. The cognitive dissonance can be reconcilied if they change their view of the value of consumption or change their view about the consequences of their behaviour.

Environmental knowledge together with personal values and social norms determine environmental behaviour.

5. Consumer responsibility as a complement of CSR

Consumers are an important and complex factor in the CSR equation: undoubtedly, they may contribute to its diffusion trough their purchase behaviour. Firms need to become more proactive with respect to consumer social responsibility if they want to make their CSR initiatives more effective.

Williams (2005) assigns, infact, an important role to the consumer's social responsibility, the role of complement of CSR. He suggests the development of a proactive notion of consumer social responsibility that encourages more socially and environmentally favourable behaviour by firms. The link between consumer power and responsibility is also highlighted by Peters (2005): consumers can affect, and therefore bear some responsibility for, the practices and policies of firms.

Lack of awareness about CSR initiatives is a limiting factor in consumers' ability to reward/punish corporations appropriately (Bhattacharya and Sen 2004).

Businesses are, therefore, recommend to target responsible consumers with relevant information about the social responsibility credentials of their products and services (via labelling or advertising media) and consumers, in turn, will properly process this information in their formulation of product choices.

A number of environmental policy initiatives increase awarness and concern for environmetal problems. This depend on the belief that, with increasing concern, consumption behaviours would become more envoronmental responsible, and consumers would change their purchase patterns by buying green products or by reducing their level of consumption.

The goal of any market exchange is the satisfaction of the desires expressed by the participants in that exchange. If consumer's satisfaction can be identified with happiness, then optimizing the satisfaction of consumer's preferences equals to optimize happiness. Individually, this claim would be that the more someone consumes, of anything, the happier he or she is. This is, obviously, not always true. If firms redesigned themselves on a model of sustainability, significant harm could be prevented, at present and into the near future.

A number of businesses make a considerable effort to learn about their customers' preferences and opinions, so they can create products and services that people will want to buy. Consumer's opinion about the environmental performance of a firm and its products, or labour conditions in firms, can be translated into business action for sustainability by

[5] A taste for CSR might exist in labour markets too: people might prefer to work for firms with good reputations.

consumers taking these issues into account when they buy, invest, or provide feedback to businesses.

The market enables those operating within it to express their preferences. According to neoclassical economists preferences are exogenous and unchanging through time, yet they have to be deeply investigated. In Galbraith's schema preferences are determined by the corporate techno-structures (Gintis, 1972). Firms, engaging actively and routinely in shaping consumer tastes, generate fashions.

Individuals, as we said, are often confused about environmental issues. On the one hand, they should be motivated to consume in a way more sustainable; on the other hand they should motivate firms to adopt more sustainable processes and produce environment-friendly commodities.

Where the difference in the costs that the consumer incurs from pursuing environmental friendly rather than unfriendly behaviour is very small, but the implications of the environmental damage are extremely large, it may still be rational to accept the costs of being an environmentally regarding consumer, even after the environmental damage risk is discounted over time (Crouch, 2006).

In what circumstances firms will actively promote market niches that associate them with negative externality reduction?

Firms, as we have seen, may seek to take pre-emptive action to avoid social conflict and strict regulation. To do this requires having an organizational capacity to intervene against short-term market advantage and short-term shareholder interests, but the response is always triggered by either political or market challenge.

Investors care for CSR indirectly; they consider CSR an indicator of a firm's probity. Consumers and investors - in their market exchanges with firms - may also have long-term interests that lead them to reward the firms that adopt CSR practices.

By being watchful to current and future social and environmental issues, firms will be able to anticipate changes and disturbances. They may have, in turn, a long term interest in performing well on CSR in order to convince current investors and consumers that they are honest and actual and potential investors that they are profitable. If so, there will be market niches for firms able to supply products environmental friendly and there will be good profits to be made from being the first to discover them.

Investors may be sensitive to a taste for CSR for other reasons: they have to believe that such taste exists, or will soon exist, among consumers, and they will start to prefer investing in companies with CSR reputations (Crouch, 2006).

6. Concluding remarks

The degradation of the natural environment is one of the main threats to human survival in the long term. Producers and consumers are to a great extent responsible for this degradation and must accept compromises in order to achieve what has been called 'sustainable development'.

The relationship between firms and environment is complex. Environmental law cannot, and should not, prescribe every decision taken by every business. Instead, consideration of environmental issues, the direct and indirect environmental impacts of business, the environmental issues of concern to the wider community, and the risks and opportunities associated with them, should be part of good business practice.

Environmental considerations are frequently viewed as barriers to profitability. They are viewed as costs to be minimized or regulations with which to comply. The environment is rarely considered central to business strategy unless there is some regulation that constrains business goals.

For firms seeking, however, to develop more sustainable systems of consumption and production, the role that consumers' sense of responsibility plays in their willingness to engage in pro-environmental behaviour is relevant. These firms have interest in motivate sustainability oriented consumption behaviours.

The unresolved paradox concerning the role of CSR in consumer's behaviour is that consumer give more and more responsibilities to firms, expect an environmental-friendly behaviour from them but do not give an appropriate weight to the CSR initiatives in their purchase behaviour.

Probably, consumers perceive their own opportunities to influence the product-oriented market as small. To favour unusual environment friendly consumption habits such as, for example, the habit of travelling by bus, is a key challenge in incorporating such behaviours within consumer' perceptions of their own sphere of influence and responsibility. Further research on the topic of responsibility in terms of consumer responsiveness to environmental issues when they hold others more responsible than themselves – an issue neglected in the literature, is desirable.

The perception of a shared responsibility for dealing, for example, with climate change amongst consumers could create opportunities for companies and governments to develop strategies and partnerships that build on this and could perhaps benefit from complementary relationships about their varying responsibilities and resources for tackling climate change.

Environmental pro-activity is typical of companies that voluntarily take measures to reduce their impact on the natural environment. The idea behind this paper is that, in addition to a company which evolves and carries out its activities beyond what is required by law, something as consumer responsibility is needed.

This short paper only proposes a general framework. A number of questions remain unanswered, especially around the extent to which the discussed responsibilities remain open to individual interpretation. Furthermore, it is of course simplistic to do not take into account local government, education sector and non-governmental organizations. They play significant roles in establishing norms of behaviour and practices having the potential to develop environment friendly lifestyles. A deeper analysis cannot neglect these actors.

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