

This study examines whether product market competition affects corporate social responsibility (CSR). To obtain exogenous variation in product market competition, I exploit a quasi-natural experiment provided by large import tariff reductions that occurred between 1992 and 2005 in the U.S. manufacturing sector. Using a difference-in-differences methodology, I find that domestic companies respond to tariff reductions by increasing their engagement in CSR. This finding supports the view of CSR as a competitive strategy that allows companies to differentiate themselves from their foreign rivals. Overall, my results highlight that trade liberalization is an important factor that shapes CSR practices.

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