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# Coordination effects of Corporate Social Responsibility

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**Abstract**

This paper analyses the coordinated effects of Corporate Social Responsibility (CSR) in a setting where firms: (i) take into account in their objective function the consumer's welfare in addition to their profits, (ii) produce differentiated goods and (iii) compete in quantities. Our results suggest that assigning a positive weight to consumer surplus makes collusion harder to sustain. However, for a sufficiently high level of CSR, collusion sustainability is actually increasing in the degree of substitutability of the goods. Our contribution captures the homogeneous goods case as a particular one, providing new insights to the literature in a more general framework that takes into account horizontal differentiation. Further, a welfare analysis shows that collusion is welfare-improving when firms adopt a socially responsible behaviour, which provides an interesting theoretical background to competition authorities when evaluating the nature of coordination effects in cartel cases.

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