

## **When Principles Pay**

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It is becoming increasingly common for corporations to engage voluntarily in activities that promote environmental or social goals. These activities generally have some cost and often are not in any way legally required. Why do corporations spend resources in these ways? Possible explanations include improving brand image, bundling public goods with private and capturing some of consumers' willingness to pay for these, improving relations with regulators, or indulging management's preferences for charitable activities. In this paper I review these possible explanations and the empirical literature that tries to discriminate between them.