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Rawlsian Fairness in Practice: Do Social Investments Reduce Stakeholder Opposition in ASEAN-5?

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Abstract

This study investigates the ethical dynamics between corporate social investments and stakeholder opposition within the institutional voids of the ASEAN-5 region from 2016 to 2023. Grounded in Rawlsian Fairness and the concept of the micro-social contract, this research challenges the utilitarian assumption that corporate legitimacy can be purchased through high-volume philanthropy. Employing a panel regression model on 228 firm-year observations, the empirical findings reveal a profound social investment paradox. Contrary to conventional expectations, increased social spending is significantly positively related to stakeholder opposition, showing that communities actively reject transactional corporate social responsibility (CSR). However, moderated regression analysis confirms that stakeholder opposition theme weight (SOTW) acts as a pure moderator. Social investments de-escalate conflict only when they strategically target high-salience issues that intersect with fundamental human rights and substantive justice. These findings offer robust empirical validation for Rawls's Difference Principle in corporate governance. The study argues that corporations must abandon volume-based CSR in favor of precision-based strategies, showing that the social license to operate is a moral achievement that demands genuine distributive justice rather than a mere financial transaction.

Keywords stakeholder opposition, social investments, Rawlsian fairness, corporate social responsibility, ASEAN-5.

1. Introduction

The integration of Environmental, Social, and Governance (ESG) factors into corporate decision-making marks a profound ethical evolution rather than a mere strategic business shift (Stronge et al., 2024). At its core, the interaction between a corporation and its stakeholders is governed by moral obligations and the pursuit of social justice. In this context, the concept of the Social License to Operate (SLO) has emerged not simply as a transactional permit or a tool for risk management, but as a modern manifestation of the social contract (Morrison, 2014). More specifically, SLO operates as a consent-based micro-social contract between a company and its local communities (Ho et al., 2024). Earning this license relies heavily on establishing genuine trust; however, trust itself is only valuable when directed at agents that demonstrate true trustworthiness, that is, an organizational culture characterized by honesty, competence, and reliability (O'Neill, 2018). Consequently, corporate social investments must transcend basic compliance and serve as meaningful efforts to build trustworthy relationships (Stronge et al., 2024).

The ethical demands placed upon corporations become exponentially more complex in

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developing nations, such as those in the ASEAN-5 region. Corporate Social Responsibility (CSR) theories and concepts primarily originated in market economies with relatively strong institutional environments and fair regulatory enforcement (Dobers & Halme, 2009). However, developing countries are frequently characterized by institutional voids, where weak legal enforcement systems, bureaucratic inconsistency, and high social inequality suppress the ability of formal institutions to protect basic rights (Cordeiro et al., 2018). In such environments, the boundaries between the state and the private sector blur, compelling multinational corporations to assume political and social responsibilities that traditionally belong to governments (Buhmann, 2016). Consequently, corporate social investments in the ASEAN-5 region are subjected to a higher moral standard, as communities demand that companies actively address structural inequalities and provide distributive justice (Dobers & Halme, 2009).

Despite the increasing volume of social investments, a significant ethical paradox has emerged: why do companies with increasing ESG spending still face escalating stakeholder opposition? This phenomenon challenges the instrumental stakeholder theory, which posits that allocating resources to societal needs will neatly translate into competitive advantage and reduced conflict (Jones, 1995). In reality, local communities are increasingly skeptical, often viewing high-volume social investments as mere public relations spin designed to cover up social irresponsibility or to secure a transactional license without addressing fundamental harms (Boutilier, 2021). When social investments are utilized merely as a defensive risk-management strategy to silence opposition, rather than as a genuine collaborative developmental agenda, they fail to cultivate meaningful relationships and instead provoke stronger community resistance (Owen & Kemp, 2013).

To understand and resolve this ethical paradox, this study employs John Rawls's Theory of Justice as its primary philosophical lens. Rawlsian Fairness, particularly through the Difference Principle, asserts that social and economic inequalities are morally permissible only if they result in the greatest benefit to the least-advantaged members of society (Rönnegard & Smith, 2024). From a Rawlsian perspective, corporate self-regulation is insufficient to protect societal interests; instead, there is a fundamental need to evaluate corporate conduct based on how it safeguards the essential rights of vulnerable citizens against corporate harms (Rönnegard & Smith, 2024). Therefore, corporate social investments cannot be morally justified if they merely serve a utilitarian goal of maximizing aggregate corporate wealth; they must be inherently directed at rectifying fundamental injustices and empowering marginalized stakeholders.

Existing literature has largely focused on the direct, quantitative link between social investments and the social license to operate, often overlooking the qualitative substance of the conflicts themselves (Dorobantu & Odziemkowska, 2017). This study identifies a crucial gap by introducing the Stakeholder Opposition Theme Weight (SOTW) as a moderating variable. SOTW captures the salience and urgency of specific community grievances, such as disputes over fundamental property rights, land expropriation, and water security, which are dominant drivers of social conflict (Dorobantu & Odziemkowska, 2017; Saenz & Ostos, 2021). Social investments only possess ethical validity when they engage these high-weight themes through transparent dialogue and dialogic procedural fairness, thereby proving the firm's true

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trustworthiness (Mercer-Mapstone et al., 2017). If a company ignores these highly sensitive issues and instead funnels money into superficial philanthropic projects, the social investment fails to achieve distributive justice and ultimately fails to earn the community's consent.

Driven by these theoretical and ethical imperatives, this study aims to empirically test the relationship between corporate social investments and stakeholder opposition within the ASEAN-5 region from 2016 to 2023. By utilizing a fixed-effects panel regression model on constituent companies of the MSCI ASEAN Index, this research seeks to determine whether social investments genuinely lower opposition, and how the weight of stakeholder opposition themes moderates this dynamic. Ultimately, this study challenges the conventional volume-based philanthropic approach, offering insights for companies in high-impact industries to shift towards a precision-based strategy that prioritizes distributive justice and genuine ethical engagement to secure their social license to operate.

2. Literature Review

Rawlsian fairness. John Rawls introduced his theory of justice, known as Rawlsian Fairness, in his 1971 work A Theory of Justice, which posits that social justice is achieved through two core principles: the guarantee of equal basic rights for all and the difference principle, which dictates that social and economic inequalities are morally permissible only if they provide the greatest benefit to the least advantaged (Rawls, 1971). When integrated into business ethics, this perspective profoundly shifts the corporate social responsibility paradigm from a purely instrumental approach, which focuses primarily on maximizing wealth and competitive advantage, to a normative moral obligation (Jones, 1995; Parmar et al., 2010). Rather than viewing corporations simply as a nexus of voluntary economic contracts designed for profit, a Rawlsian framework situates the corporation within a broader societal structure where exogenous constraints and public regulations must govern ethical conduct (Buhmann, 2016; Rönnegard & Smith, 2024). Consequently, the social license to operate should not be interpreted as a mere transactional permit, but as a modern manifestation of a micro-social contract between a company and the community (Ho et al., 2024; Morrison, 2014). This contract demands that corporate governance and social investments directly serve the principles of distributive justice, fundamentally requiring companies to look beyond profit maximization and prioritize the fundamental rights of marginalized stakeholders (Devinney et al., 2013; Rönnegard & Smith, 2024).

Social investment. The ethical necessity of the difference principle becomes remarkably urgent in developing regions, such as the ASEAN-5, which are frequently characterized by institutional voids (Cordeiro et al., 2018). In these contexts, weak regulatory enforcement and high socio-economic inequality transfer the burden of providing public goods and maintaining social justice onto corporate actors (Buhmann, 2016; Dobers & Halme, 2009). Consequently, corporate social investments in these emerging markets cannot be treated as superficial philanthropy or utilitarian tools to buffer parent firm reputation risks (Zhou & Wang, 2020). Instead, they must operate as authentic mechanisms of redistribution and social sustainability that actively alleviate local disparities. However, for social investments to successfully bridge

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these institutional voids, they must be anchored in trustworthiness, demonstrating absolute honesty, competence, and reliability, rather than merely seeking community trust as a superficial public relations strategy (O'Neill, 2018; Stronge et al., 2024). When companies utilize social investments purely as a transactional defense to secure access to resources without addressing underlying community vulnerabilities, they commit a fundamental ethical failure (Owen & Kemp, 2014; Parsons et al., 2014). Such transactional approaches undermine the true essence of the social license, proving that social spending alone cannot buy legitimacy without a foundation of moral integrity.

Stakeholder opposition. Stakeholder opposition manifests through protests, blockades, and boycotts, representing a direct challenge to corporate legitimacy (Dorobantu & Odziemkowska, 2017). While mainstream business literature often frames such resistance merely as a social risk or an operational disruption to be mitigated, a philosophical lens reveals opposition as an ethical verdict delivered by the community (Boutilier, 2021; Vanclay & Hanna, 2019). It serves as a clear signal that the company has breached the micro-social contract and decisively lost its social license to operate (Ho et al., 2024; Prno & Slocombe, 2012). Communities often escalate their opposition when they perceive that the corporate narrative is steeped in political spin designed to legitimize negative impacts rather than addressing substantive harm (Boutilier, 2021; Saenz & Ostos, 2021). When a corporation's actions do not align with authentic ethical standards, the resulting breakdown in trust leads to prolonged and severe conflict. Thus, stakeholder opposition is a rational and moral response to a perceived deficit in procedural fairness, distributive equity, and overall corporate trustworthiness (Moffat & Zhang, 2014; O'Neill, 2018).

Stakeholder opposition theme weight. The intensity of stakeholder opposition is not uniform; it varies significantly based on the stakeholder opposition theme weight (SOTW), which captures the salience and urgency of specific community grievances (Boutilier, 2021). Themes involving core emotional and existential issues, such as disputes over indigenous land rights, access to clean water, and environmental degradation, carry a much higher weight than administrative concerns because they intersect with fundamental human rights and substantive justice (Dorobantu & Odziemkowska, 2017; Owen & Kemp, 2014). When addressing these high-weight themes, companies cannot simply rely on monetary compensation; they must engage in meaningful, transparent dialogue that upholds dialogic procedural fairness (Mercer-Mapstone et al., 2017; Moffat et al., 2016). High-weight opposition themes test the limits of corporate governance and require a shift towards collaborative, multi-sectoral arrangements that respect the community's right to free, prior, and informed consent (Owen & Kemp, 2014; Prno, 2013). Therefore, the SOTW serves as a critical measure of whether a company's social investments are genuinely addressing the root causes of injustice or merely applying cosmetic fixes to mask systemic failures (Solomon et al., 2008).

Guided by the Rawlsian Difference Principle and the concept of the micro-social contract, this study theorizes that social investments specifically targeting vulnerable communities function as tangible efforts to achieve distributive justice (Ho et al., 2024; Rönnegard & Smith, 2024). In the context of developing regions, these financial commitments transcend simple operational

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costs; they represent the fulfillment of a corporation's moral obligation to support the least advantaged populations. This ethical grounding provides the necessary foundation for corporations to establish a legitimate presence within society.

When these investments are perceived as authentic ethical commitments rather than utilitarian risk-management tools, they foster true trustworthiness and significantly reduce friction between the company and its constituents (O'Neill, 2018; Stronge et al., 2024). A genuine approach to distributive justice creates a robust framework for mitigating conflict and securing long-term community support. Thus, a baseline negative correlation is expected between genuine corporate social investments and the level of stakeholder opposition.

H1: There is a negative relationship between corporate social investments and stakeholder opposition.

However, the ethical efficacy of these investments is strictly contingent upon their alignment with the community's most pressing vulnerabilities, highlighting a critical flaw in purely volume-based CSR approaches. Drawing on the literature of procedural fairness and substantive justice, social investments only gain the moral traction necessary to de-escalate severe conflict when they directly address high-salience issues such as water, land, and human rights (Dorobantu & Odziemkowska, 2017; Mercer-Mapstone et al., 2017; Saenz & Ostos, 2021). Without this strategic alignment, even massive social expenditures fail to resonate ethically with the affected populations.

In contexts where the opposition theme weight is high, the community's demand for substantive justice is exceptionally acute. Consequently, targeted social investments in these specific areas will yield a much stronger, amplified conflict-reducing effect, ultimately proving the firm's true trustworthiness and adherence to Rawlsian principles (Moffat & Zhang, 2014; Rönnegard & Smith, 2024). The moral precision of the investment strengthens its impact, ensuring that corporate actions effectively resolve the most deeply felt grievances.

H2: The negative association between social investments and stakeholder opposition is strengthened by higher stakeholder opposition theme weights.

The conceptual framework of this study is presented in Figure 1.

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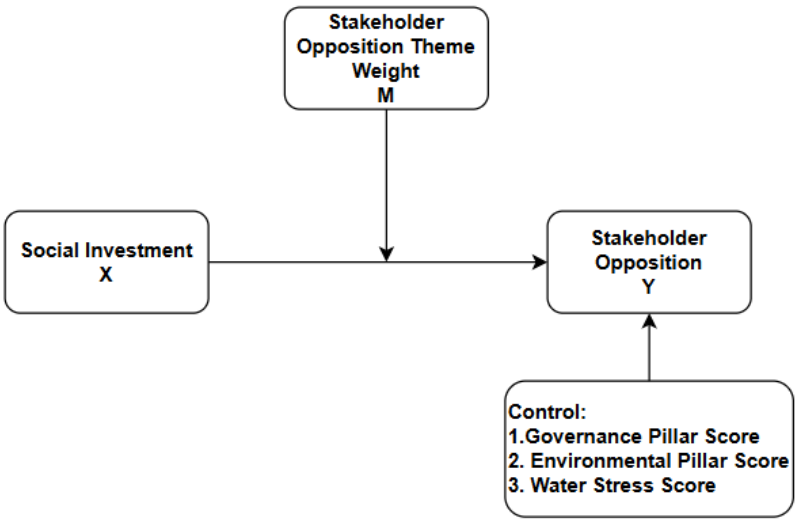


Figure 1. Conceptual framework. (Source: Research data, 2026)

3. Research Method

Data and sample. This study uses a quantitative approach with a descriptive and causal design to examine the relationship between corporate social investments and stakeholder opposition, alongside the moderating role of stakeholder opposition theme weight. The data used were obtained from listed companies in the ASEAN-5 region that submitted ESG reports from 2016 to 2023, with the primary data source being MSCI ESG Ratings. The selection of the ASEAN-5 region serves as an ideal geographical laboratory for testing Rawlsian Fairness. This region is characterized by significant institutional voids, where varying degrees of legal enforcement, political maturity, and socio-economic inequality create an environment where corporate ethical responsibilities are severely tested. The observation period from 2016 to 2023 captures a critical era of heightened public awareness and shifting societal expectations regarding social responsibility and distributive justice.

Variable measurement. Table 1 summarizes the measurement of each variable used in this study.

Table 1. Variable measurement

Variable	Proxy	Measurement
Stakeholder Opposition	SO	Measured using the MSCI ESG Controversies Score, which measures the level of opposition or controversy a company faces regarding social or environmental policies.
Social Investments	SI	Measured based on the social pillar score in the MSCI ESG Ratings, which includes corporate social aspects such as CSR programs, employee welfare, and community involvement.

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Variable	Proxy	Measurement
Stakeholder Opposition Theme Weight	SOTW	Measured based on stakeholder opposition theme weight recorded in MSCI ESG data, which assigns weighting to relevant opposition themes.

(Source: Research data, 2026)

In this study, the proxies are operationalized as representations of Rawlsian ethical concepts. The stakeholder opposition (SO) metric, derived from the MSCI ESG Controversies Score, is not treated merely as a measure of business risk. Instead, it serves as a quantitative proxy for the Ethical Verdict delivered by the community, signaling a rupture in the micro-social contract. Social investments (SI) represent the corporation's efforts to enact distributive justice and fulfill its moral obligations to the least advantaged, differentiating genuine ethical commitment from transactional CSR. Finally, the stakeholder opposition theme weight (SOTW) acts as a proxy for Substantive Justice. A higher weight indicates that fundamental human rights and essential community needs are at stake, demanding procedural fairness and authentic corporate trustworthiness rather than superficial philanthropy.

Data analysis. This regression model examines the relationship between social investments and stakeholder opposition and identifies the moderating role of stakeholder opposition theme weight. The following model is used to test the formulated hypotheses:

$$SO_{it} = \alpha + \beta_1 SI_{it} + \beta_2 SOTW_{it} + \beta_3 (SI_{it} \times SOTW_{it}) + \beta_4 Control_{it} + u_i + \gamma_j + u_t + \varepsilon_{it}$$

Panel data analysis methods are used to handle data spanning time and across companies. To address unobserved heterogeneities and ensure model validity, this study employs the Least Squares Dummy Variable (LSDV) approach within a fixed effects framework. The inclusion of these fixed effects is essential to control for specific contextual and structural factors that may influence the variables. Specifically, country fixed effects (u_i) are utilized to account for institutional differences across the ASEAN-5 nations, such as variations in legal systems, political environments, and civil liberties, which can shape how stakeholder opposition manifests in different regions. Industry fixed effects (γ_j) are included to control for the varying degrees of social and environmental impacts inherent to different sectors, recognizing that high-impact industries like mining and energy naturally face different community pressures regarding land and water resources compared to service-oriented businesses. Year fixed effects (u_t) are applied to control for macro-environmental shocks and temporal trends across the observation period from 2016 to 2023, ensuring that global crises or annual shifts in societal expectations do not bias the estimated relationship between corporate social investments and stakeholder resistance.

4. Finding and Discussion

Descriptive statistics. Before examining the causal relationships, it is essential to understand the baseline ethical and operational landscape of the sample. Table 2 presents the descriptive statistics for all variables involved in this study, comprising 228 firm-year observations from the ASEAN-5. These statistics provide a quantitative snapshot of the strains within the micro-

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social contracts between multinational corporations and their host communities.

Table 2. Descriptive statistics

Variable	Obs	Mean	STD	Median	Minimum	Maximum
SO	228	5.212	2.069	5.400	0.400	9.400
SI	228	4.975	1.325	4.800	2.400	8.300
SOTW	228	11.754	2.571	11.000	9.000	20.000
ENV	228	4.081	1.651	3.700	1.200	9.500
GOV	228	4.266	1.656	4.400	0.100	8.200
WAT	228	4.234	2.439	3.800	0.000	10.000

(Source: Research data, 2026)

The dependent variable, stakeholder opposition (SO), records a mean of 5.212 and a standard deviation of 2.069. Strikingly, the maximum value reaches 9.400 on a 10-point scale. This high average and upper bound indicate that the sampled companies are not operating in a harmonious social vacuum; rather, they are navigating a highly contested, conflict-prone environment. In a philosophical context, these high opposition scores represent severe ethical verdicts delivered by local communities, signaling widespread dissatisfaction and frequent ruptures in the corporate micro-social contract.

Social investment (SI), which serves as a proxy for corporate efforts toward distributive justice, demonstrates a mean of 4.975 and ranges from a minimum of 2.400 to a maximum of 8.300. This moderate average suggests an inconsistent commitment to social equity across the region. While some corporations actively channel significant resources into community welfare and social sustainability, others maintain a minimalist approach. This wide dispersion highlights the varying degrees to which companies recognize and act upon their moral obligations to the least advantaged stakeholders.

The stakeholder opposition theme weight (SOTW) is particularly revealing, with a remarkably high mean of 11.754 and a range from 9.000 to 20.000. The fact that the absolute minimum score in this sample is 9.000 proves a critical point: when stakeholder resistance occurs in this region, it is rarely driven by trivial or purely administrative disagreements. Instead, opposition is overwhelmingly rooted in high-salience issues that intersect with fundamental human rights, such as land expropriation, environmental degradation, and community survival. This underscores the demand for substantive justice: communities are fighting for their basic rights, raising the moral stakes for any corporate intervention.

The control variables further contextualize the institutional realities of the region. The environmental (ENV) and governance (GOV) pillars show average scores of 4.081 and 4.266, respectively. Notably, the minimum GOV score drops to an alarming 0.100, serving as a stark quantitative reflection of the institutional voids prevalent in emerging markets, where regulatory oversight and corporate accountability can be critically weak. Additionally, water stress (WAT) shows a mean of 4.234 and reaches a maximum of 10.000. From a Rawlsian perspective, operating in areas with severe resource scarcity naturally amplifies social friction,

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as corporate activities directly compete with the community's fundamental need for survival, thereby elevating the moral imperative for responsible corporate conduct.

Pearson correlation

Table 3 presents the Pearson correlation matrix. The most striking revelation within the matrix is the highly significant, strong positive correlation between Social Investment (SI) and Stakeholder Opposition (SO) (0.711, $p < 0.01$). In a conventional utilitarian business framework, corporate social spending is expected to pacify communities and secure a social license. However, this robust positive coefficient provides early empirical confirmation of a deep ethical anomaly: higher intensity in corporate social investments moves in a direct line with escalating opposition. This rejects the assumption that legitimacy can simply be purchased. Instead, it suggests that when communities in developing regions witness massive social spending disconnected from genuine structural reform, they perceive it as transactional greenwashing or a signal of severe underlying operational harms, thereby fueling resistance rather than mitigating it.

Table 3. Pearson correlation

Variable	SO	SI	SOTW	ENV	GOV	WAT
SO	1.000					
SI	0.711*** (0.000)	1.000				
SOTW	0.222*** (0.001)	0.255*** (0.000)	1.000			
ENV	0.289*** (0.000)	0.434*** (0.000)	0.628*** (0.000)	1.000		
GOV	-0.031 (0.646)	-0.272*** (0.000)	-0.080 (0.229)	-0.116* (0.081)	1.000	
WAT	0.365*** (0.000)	0.440*** (0.000)	0.191*** (0.004)	0.508*** (0.000)	-0.032 (0.627)	1.000

p-values in parentheses; * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. (Source: Research data, 2026)

The Stakeholder Opposition Theme Weight (SOTW) exhibits a significant positive correlation with SO (0.222, $p < 0.01$). This affirms that stakeholder pushback is fundamentally tied to the severity and moral urgency of the grievances. When the issues at stake involve core survival rights, such as land disputes or environmental degradation, opposition naturally intensifies. This urgency is further corroborated by the positive association between Water Stress (WAT) and SO (0.365, $p < 0.01$). Communities mobilize and deliver harsh ethical verdicts when their most fundamental natural resources, which are essential for life and livelihoods, are threatened by corporate activities.

An additional, highly revealing relationship emerges between the Governance Score (GOV) and Social Investment (SI), which shows a significant negative correlation (-0.272, $p < 0.01$). This negative coefficient indicates that companies with weaker internal governance structures

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tend to spend more heavily on social investments. Philosophically, this exposes a flawed corporate strategy: attempting to use high-volume philanthropy as a compensatory tool for poor ethical governance and a lack of procedural fairness. Such a transactional approach fails to cultivate true trustworthiness, explaining precisely why these financial outlays ultimately provoke, rather than resolve, community conflict.

Regression analysis. To test the formulated hypotheses and isolate the unobserved heterogeneities across the sample, this study utilized a panel data regression employing the Least Squares Dummy Variable (LSDV) approach with Country, Industry, and Year fixed effects. Table 4 presents the estimation results across three progressive models. The baseline estimation in Model 1 tests the direct relationship between social investment (SI) and stakeholder opposition (SO). Contrary to the prediction of the first hypothesis, the coefficient for SI is positive and highly significant (1.299, $p < 0.01$). This positive and robust relationship persists in Model 2 (1.300, $p < 0.01$). These results explicitly reject hypothesis 1 (H1), revealing a statistical anomaly: rather than mitigating conflict, higher volumes of corporate social investment are fundamentally associated with an escalation in stakeholder resistance.

To test hypothesis 2 (H2), Model 2 and Model 3 were systematically evaluated using the Moderated Regression Analysis (MRA) framework introduced by Sharma et al. (1981). This typology evaluates the nature of a moderator based on its independent predictive power versus its interaction effect. In Model 2, the independent variable stakeholder opposition theme weight (SOTW) is not statistically significant. However, upon introducing the interaction term (SI × SOTW) in Model 3, the interaction yields a highly significant negative coefficient (-0.162, $p < 0.01$). Additionally, among the control variables, water stress (WAT) consistently demonstrates a positive and significant impact on stakeholder opposition across all three models (0.306, 0.305, and 0.275; $p < 0.01$), affirming that resource scarcity inherently amplifies social friction.

Table 4. Baseline regression

Variable	(1) SO	(2) SO	(3) SO
SI	1.299*** (13.051)	1.300*** (12.964)	3.159*** (8.441)
SOTW		0.031 (0.295)	0.777*** (4.300)
SI × SOTW			-0.162*** (-5.096)
ENV	-0.178 (-1.386)	-0.176 (-1.391)	-0.143 (-1.127)
GOV	0.125* (1.784)	0.126* (1.781)	0.124* (1.799)
WAT	0.306*** (3.477)	0.305*** (3.481)	0.275*** (3.218)

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Variable	(1) SO	(2) SO	(3) SO
Constant	-4.034*** (-4.608)	-4.577** (-2.290)	-13.821*** (-4.914)
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Country FE	Yes	Yes	Yes
R^2	0.721	0.721	0.748
Adjusted R^2	0.685	0.684	0.712
F	65.415	67.061	64.479
N	228	228	228

t-statistics in parentheses; * p < 0.1, ** p < 0.05, *** p < 0.01. (Source: Research data, 2026)

The empirical rejection of hypothesis 1 exposes a phenomenon that can be termed the social investment paradox within the ASEAN-5 region. In direct contradiction to mainstream utilitarian business theories, which assume that spending capital on community welfare automatically buys social legitimacy, the data reveal that increased social investment triggers heightened community opposition. This paradox provides robust evidence that communities actively reject transactional corporate social responsibility (CSR). When multinational corporations inject massive capital into social programs without fundamentally altering harmful operational practices, the host communities perceive these investments as corporate greenwashing or political spin (Boutilier, 2021). Philosophically, attempting to purchase a social license to operate without demonstrating authentic trustworthiness is perceived not as a solution, but as a moral insult (O'Neill, 2018; Stronge et al., 2024).

The acceptance of hypothesis 2, particularly identifying SOTW as a pure moderator, provides profound empirical validation for Rawlsian Fairness in contemporary corporate governance. Because SOTW is a pure moderator, it demonstrates that corporate social expenditure is inherently blind. Social investment alone does not possess intrinsic moral value and, as Model 1 shows, can even be destructive. It transforms into an instrument of distributive justice capable of de-escalating severe conflict only when it directly intersects with the most acute vulnerabilities of the community. This perfectly mirrors John Rawls's Difference Principle (Rawls, 1971). When corporations direct their resources strategically to address high-salience substantive justice issues, such as indigenous land rights and human rights abuses, the community's demand for justice is met (Dorobantu & Odziemkowska, 2017; Ho et al., 2024). The pure moderation effect mathematically proves that targeted empathy, rather than the sheer volume of spending, is the true mechanism for achieving social harmony.

Finally, the consistent and highly significant positive effect of water stress on stakeholder opposition underscores the inviolable nature of fundamental rights. When corporate operations threaten essential, life-sustaining resources like clean water, social friction becomes inevitable and severe. In such contexts, superficial philanthropy is rendered completely obsolete. Companies operating in high-stress environments must pivot from transactional compensation

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to dialogic procedural fairness (Mercer-Mapstone et al., 2017). Respecting fundamental human rights and engaging in genuine, transparent discourse are the absolute minimum requirements for mitigating opposition (Morrison, 2014; Saenz & Ostos, 2021). The findings of this study conclusively affirm that corporate legitimacy is a profound moral achievement that must be earned through substantive justice, not a commodity that can be bought through an inflated CSR budget.

5. Conclusion

This study set out to examine the intricate relationship between corporate social investments and stakeholder opposition within the institutional landscape of the ASEAN-5 region. The empirical findings unveil a profound social investment paradox. Contrary to conventional utilitarian assumptions, increased corporate social spending directly correlates with an escalation in stakeholder resistance, leading to the clear rejection of the first hypothesis. However, this paradox is definitively resolved through the validation of the second hypothesis. The study confirms that the stakeholder opposition theme weight (SOTW) acts as a critical catalyst. It is only when social investments are strategically aligned with high-weight themes, such as fundamental human rights, land disputes, and resource deprivation, that they successfully mitigate community opposition and fulfill the micro-social contract.

From a theoretical standpoint, this research makes a novel contribution to the business ethics and corporate governance literature by empirically validating Rawlsian Fairness. By proving that SOTW functions mathematically as a pure moderator under the framework of Sharma et al. (1981), the study demonstrates that corporate social expenditure is fundamentally blind and inherently devoid of moral value. It transforms into an authentic mechanism of distributive justice only when it actively addresses the most acute vulnerabilities of marginalized communities. This reinforces the Rawlsian Difference Principle, proving that substantive justice, rather than the sheer financial volume of philanthropic spending, is the ultimate determinant of a corporation's moral legitimacy.

Practically, these findings offer a stern warning to corporate executives and policymakers operating in emerging markets. The strategy of attempting to buy a social license to operate through inflated CSR budgets is an obsolete and highly counterproductive approach that risks triggering deeper societal conflicts. Host communities perceive transactional philanthropy as a profound ethical failure, particularly when corporate operations simultaneously threaten essential life-sustaining resources. Therefore, management must pivot from a volume-based CSR strategy to one rooted in dialogic procedural fairness. Corporations must engage in transparent, meaningful discourse and uphold the principles of substantive equity to authentically address the root causes of stakeholder grievances.

While this study offers significant insights, it is subject to certain limitations that pave the way for future research. The empirical analysis is confined to a panel dataset of multinational companies within the ASEAN-5 region, an area characterized by specific institutional voids. Future studies could expand this geographical scope to other developing regions, such as Latin America or Sub-Saharan Africa, to test the universality of the social investment paradox.

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Furthermore, while the quantitative approach successfully captures macro-level trends, future research would greatly benefit from incorporating qualitative or phenomenological methodologies. Such approaches could provide a deeper, more nuanced understanding of the sociological and emotional dynamics that occur at the grassroots level when the corporate micro-social contract is breached.

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