No CPR for CSR: A Call to Abandon Search for the “Holy Grail”

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Aguinis and Glavas (2013) offer a new attempt to explain the consistently weak but consistently inconsistent findings regarding the relationship of corporate social responsibility (CSR) to financial performance. Like many others writing in the field, Aguinis and Glavas appear to believe that further efforts to categorize types of CSR will somehow identify CSR forms that are financially rewarding. In this response, I challenge four assumptions underlying the Aguinis and Glavas manuscript: (a) that CSR has received little attention in the micro literature; (b) that CSR can be meaningfully conceptualized and operationalized; (c) that a continued search for the “holy grail” of a CSR–financial performance link is likely to be fruitful; and (d) that the “peripheral–embedded” distinction is useful and appropriate.

Microlevel Research and the Psychological Foundations of CSR

The authors, citing their own work, state that, “very little CSR research has been conducted using a microlevel of analysis that relies on industrial–organizational (I–O) psychology, organizational behavior (OB), and human resource management (HRM)” (Aguinis & Glavas, 2012). That contention is simply baffling. As the authors appear to recognize, there have been hundreds of studies relating CSR to job involvement, organizational commitment, organizational identification, job satisfaction, and other microlevel variables. Hundreds more examine the nature, causes, and consequences of employee, consumer, and others’ attitudes
toward CSR. The authors’ contention that they are addressing the “psychological foundations of CSR” is apparently based on their attempt to categorize sources of meaningfulness of work, a point to which I will return. In short, I–O psychology, OB, and HRM have already made many noteworthy contributions to the literature on CSR.

**Value of the Term “Corporate Social Responsibility”**

CSR has so many definitions, conceptualizations, and operationalizations as to render the term meaningless. Thirty-five years ago Kay Bartol and I (Aldag & Bartol, 1978) provided the earliest systematic review of the extant CSR literature. In that review we wrote that,

“It should be clear on the basis of this review that the dissimilar, and often suspect, ways in which social responsibility has been operationalized in the empirical literature demand caution in interpretation of study results and of comparison of results across studies. At this point in the development of the empirical social issues literature, attempts at adequate conceptualization and operationalization of social responsibility may be as valuable as correlates of questionable indices. . . . it may be useful to de-emphasize the term ‘social responsibility’ in favor of a focus on specific clusters of socially relevant activities” (p. 168).

A fundamental issue is that individuals have dramatically different views concerning the meaning of social responsibility. For example, Aldag and Jackson (1977) proposed and assessed five distinct views of CSR:

- **Traditional orientation**—the view that efficient provision of goods and services is the key social responsibility of business and that profit maximization is the primary corporate goal.
- **Negative orientation toward alleged social responsibility**—the view that social responsibility is a public relations ploy and may be used to cover mismanagement. According to this perspective, executives in firms with disappointing profits may argue that profit maximization wasn’t their only goal. Similarly, firms engaging in nefarious activities may advertise their social actions as a PR exercise.
- **Demander orientation**—the view that excess corporate resources should be diverted from shareholders to society in general.
- **Constrainer orientation**—the view that government constraints on business are needed to minimize socially irresponsible actions and associated negative externalities.
- **Negative orientation toward adequacy of corporate efforts**—a general negative attitude toward corporate social efforts and toward competence of businesspersons in social areas.

These orientations were shown to relate to firm size, age, years of business experience, faith in people, and externality of locus of control (Aldag & Jackson, 1984). Whatever the validity of such a categorization, it seems obvious that CSR does not have a commonly accepted meaning. As such, any attempt to link CSR to organizational outcomes or other variables invites the questions, “What CSR?” or “Whose CSR?”

Indeed, Aguinis and Glavas adopt as their definition of CSR: “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011, p. 855). In a manuscript purporting to explain the nature of the relationship of CSR to economic performance, adoption of such a definition is remarkable; it allows CSR to coopt economic performance! As such, failure to find positive links between CSR and economic performance implies that what was examined must not really
be CSR. This is tautological (and excludes peripheral CSR).

The Search for the “Holy Grail”

Aguinis and Glavas cite Devinney regarding reasons for “the failure to find the holy grail of CSR—‘doing well by doing good’” (Devinney, 2009, p. 54), generally seen as the goal of proving that CSR leads to higher financial performance. This search for the “holy grail” invites confirmation bias (Nickerson, 1998). However, as noted by Margolis and Walsh, “The existence of CSP [corporate social performance] begs empirical explanation rather than empirical justification” (2003, p. 282). Potential confirmation bias is reflected in the Aguinis and Glavas search “for a better understanding of when and why CSR is likely to be lead to positive outcomes for employees, organizations, and society.” Note that the possibility of no positive outcomes is dismissed—“if” is conspicuous missing.

The authors cite GE, IBM, and Intel as exemplars of embedded CSR (though noting that they “were not perfectly socially responsible”). Unfortunately, and remarkably, they base their claims almost entirely on internal corporate documents and writings by corporate insiders. A broader search would reveal that, for example, Intel has faced a series of charges that it has used coercion, bullying, and bribery and other unfair tactics to maintain market share, leading to the levying of a fine of $1.45 billion by the European Commission, the largest in its history (Clark, 2009); IBM has been dealing with charges of insider trading, worldwide bribery, and accounting offenses (Cassin, 2013); GE has been criticized for its nonpayment of U.S. income taxes in 2010 despite $14.2 billion in worldwide operating profits, charges of foreign bribery (Goldfarb, 2010), and payment of a $70 million fine to settle bid-rigging allegations (Vernon, 2012). Whether or not these firms are truly socially responsible, Aguinis and Glavas offer no evidence that CSR efforts enhanced their financial performance.

In addition, the search for cases in which CSR and financial performance are positively related while ignoring the other three quadrants of the CSR-financial performance matrix invites illusory correlation (Chapman & Chapman, 1969). It is actually surprising that even with such confirmation bias (and publication bias favoring positive results) the CSR–financial performance link remains so elusive.

The desire to find this “holy grail” is at one level understandable. That is, there is a natural tendency to favor efforts toward social benefit, but pursuit of a vision other than profit maximization violates traditional corporate governance laws and invites shareholder lawsuits. However, a new option, the benefit corporation, removes that conflict. Adopted by Maryland in 2010 and now an option in more than a dozen states, a benefit corporation expands the fiduciary duty of directors to require consideration of nonfinancial stakeholders as well as profits (Loten, 2013; Munch, 2012).

The Embedded Versus Peripheral Dichotomy

According to the authors, embedded CSR “relies on an organization’s core competencies and integrates CSR within a firm’s strategies, routines, and operations” whereas peripheral CSR does not. They write that in each of the firms in their mini cases, “all policies and actions are affected by CSR throughout the entire firm and at all levels ranging from the individual to the entire organization.” However, sentences later they add, “we are not discussing the degree to which CSR is embedded firm wide.” Such looseness regarding conceptualization renders the dichotomy suspect.

Aguinis and Glavas write that, “if CSR is embedded, it potentially leads to meaningfulness both at work as well as in work.” I see this as a false dichotomy. The job design literature (Aldag & Brief,
1979; Hackman & Oldham, 1976) argues that one key component of the experienced psychological state of meaningfulness of work is whether it is seen as leading to valuable outcomes. Employees with jobs supporting a war effort or working in firms such as Ben & Jerry’s or Newman’s Own are likely to find meaning rather than seeing their organizations as “greenwashing.”

In addition, it seems ironic that the authors are content to conflate an astonishingly diverse array of attitudes, policies, and practices into the single construct of CSR but find value in separating meaningfulness of work into two potential sources of that meaningfulness. Nothing in the task design literature, or related literatures, suggests that the specific sources of meaningfulness of work are relevant (Aldag, Barr, & Brief, 1981); we all find meaning in our own ways.

Further, employees may not believe the organization’s CSR activities are meaningful, or they may they feel that those efforts are distractions, improper uses of resources, poorly implemented, or otherwise deficient. The assumption that the organization can define appropriate social behavior and expect acceptance and compliance by employees seems Orwellian. In fact, research shows that employees have differential awareness of, attitudes toward, and reactions to claims of CSR.

In addition, the authors write that, “Our conceptualization can help explain, at least in part, the inconsistent results reported to date regarding the relationship between CSR and other types of outcomes. For example, Orlitzky, Schmidt, and Rynes (2003) conducted a meta-analysis including 52 separate primary-level studies and reported substantial variance in the CSR-financial outcomes correlation. . . . Orlitzky et al. may have obtained different results had it been possible to more clearly distinguish between peripheral and embedded CSR.” Of another meta-analysis, by Margolis, Elfenbein, and Walsh (2009), Aguinis and Glavas write, “it is difficult to ascertain which CSR initiatives were peripheral and which embedded. Therefore, it is no surprise that the extant literature on CSR has been inconclusive as to the CSR–outcomes relationship.” Two key points are relevant. First, the value of the peripheral–embedded distinction is questionable if CSR efforts cannot even be confidently placed into those categories. Second, the findings of these meta-analyses say absolutely nothing about the value of such a distinction. The authors’ argument is essentially, “We can’t tell if these are embedded or peripheral CSR but, if we could, we might find something.”

Here and elsewhere in their manuscript, Aguinis and Glavas rely on conjecture to support their claims. For example, they write:

- “With embedded CSR, all choices are made in the interests of all key stakeholders” This is clearly unrealistic.
- “When CSR is embedded, there is no trade off between actions that benefit the firm versus those that benefit society.” This is argument by assertion.
- The fact that Chandler, Arizona welcomed Intel while resisting Walmart is presented as a consequence of the embedded CSR of Intel. A more likely reason for the differential response is that Walmart is a BIG BOX.
- Statements such as that, “Organizations that embed CSR can be perceived as being inherently good and virtuous” rely on a series of assumptions.

Any attempt to dichotomize CSR is inherently limiting. An astounding number and variety of activities are crowded under the CSR umbrella: donating corporate profits for social actions, providing locally sourced and/or organic products, protecting the environment, engaging in cause-related marketing, community involvement, protecting human rights, and on and on. The idea that such varied corporate social efforts, no matter how carefully considered, no matter their resource demands, no matter how well implemented, no matter how publicized, and no matter how well received
by their targets will necessarily translate into financial gains because they are “embedded” is simply unreasonable.

To repeat the recommendation that Kay Bartol and I provided 35 years ago, “it may be useful to de-emphasize the term “social responsibility” in favor of a focus on specific clusters of socially relevant activities.” Betterment of society is a worthy goal. However, attempts to link the ill-defined, amorphous, and plastic construct of CSR, or broad categories of CSR, to financial performance are unlikely to be fruitful. Further, social improvement is intrinsically important and should not be justified solely on the basis of tenuous claims of links to financial performance.

In short, efforts to resuscitate CSR through massage, surgery, or other means, are unlikely to be constructive or meaningful and may obscure the value of specific social efforts in specific contexts. The best prescription for CSR is, in my view: Provide No CPR: Do Not Operate; Do Not Resuscitate.

References


