ADMI 861

(Ir)responsible Organizations and Disclosures
Ph.D. course

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Course hours: Fall 2019
Fridays 2:45-5:30 pm

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Credits: 3
Summary and objectives
What do Hydro Québec and Enbridge have in common? Both are among on the 2018 list of “The 50 Best Corporate Citizens in Canada”, a ranking released by Corporate Knights. Hydro Québec is leading the list (ranked 1st) whereas Enbridge is at the tail end (ranked 47th). This course provides an overview of organizations and responsibility, including organizational disclosures. What is organizational responsibility? How is organizational responsibility linked to the environment in which firms operate, to their governance, and to the individuals who are embedded in the organizations? How is organizational responsibility linked to disclosures? To answer these questions, the course builds on economics, sociology and philosophy. Philosophy offers useful tools for conceptualizing and understanding responsibility. Economics emphasizes the role that individual actors (e.g., organizations and their employees) play in responsibility. Sociology highlights the environment in which actors are embedded and on how this environment helps or makes it difficult for actors to be responsible. Philosophy, sociology and economics complement one another to jointly offer a deep understanding of the role that actors and their environment play in responsibility.

This course develops your ability to explore (ir)responsible organizations and enhances your knowledge of economics, sociology and philosophy. It offers a space where new and fruitful questions regarding (ir)responsible organizations can be explored. It provides you with a solid foundation for conducting independent research in this field.

Learning Approach
The learning approach for this course relies on three building blocks:
1. You come to class prepared: you do the required readings for each class (described in the class schedule starting on page 4) and any other assigned work.
2. You actively participate in the lectures. Class participation enhances your learning process by encouraging active thinking.
3. You work on an individual research proposal whose topic you select. The project gives you the opportunity to analyze critically a disclosure issue of interest to you.

Required Course Material
The primary materials for this course are the required articles detailed in the class schedule starting on page 4. The articles are available through the Concordia University Library’s website. The course schedule also lists optional articles for those who wish to do further reading on a subject.

Additional required material may be distributed to you.

Readings
Selected academic articles, detailed in the course schedule (on pages 3-23).

Academic Integrity
The Code of Conduct at Concordia University states that the “integrity of University academic life and of the degrees, diplomas and certificates the University confers is dependent upon the honesty and soundness of the instructor-student learning relationship and, in particular, that of the evaluation process. As such, all students are expected to be honest in all of their academic endeavours and relationships with the University.” (Undergraduate Calendar, section 16.3.14 or Graduate Calendar 2005-2006, pages 667-680). No work should be submitted under your name unless you are the sole author/preparer. Examinations must be written without the use of any unauthorized material. All students enrolled at Concordia are expected to familiarize themselves with the contents of this Code. You are strongly encouraged to visit http://johnmolson.concordia.ca/ugrad/conduct.cfm, which provides useful information about proper academic conduct.
Course Evaluation Grid

The final grade for the course is based on the following components:

1. Class participation 10%
2. Papers to read
   - Critiques 20%
   - Questions 10%
3. Project
   - Presentation 10%
   - Paper 50%

Work handed in late is subject to a 5% penalty per late day.

Course Evaluation Details

1. Class participation
   You actively participate in each lecture (i.e., ask and answer questions, volunteer relevant thoughts). Lectures are based on papers detailed in the class schedule. Each week, 2-3 papers will be discussed. You need to work through these papers in a way that allows you to contribute to class discussion.

2. Papers to read
   - **Critiques**
     Every week, 2-3 students (to be determined at the start of the semester, in class) each pick a different paper amongst the papers scheduled for that week and prepare a written critique of it. The critique addresses the following questions:
     - What is the paper’s research question?
     - What is the paper’s contribution (i.e., why are the research question and the paper’s answer to it important and new)?
     - How does the paper answer the research question (i.e., what are the theories and methods used to answer the research question)?
     - Is the paper’s conclusion satisfactory and convincing (i.e., do you buy the paper’s own answer to its research question)?

     The critique is limited to two pages of text. The student critiquing a paper guides the class discussion of that paper. The class discussions in Week 13 are shorter, since there will be project presentations.
   - **Questions**
     Students not critiquing a paper in a lecture provide two questions for that paper that they deem relevant and interesting. The students are required to explain why these find the questions they propose relevant and interesting. The questions are handed in at the start of the lecture.

3. Project
   - **Presentation** (in the last week of the course)
     Your presentation is an outline of your final paper and contains its major ingredients. I will provide you with feedback on your presentation and you revise, based on my feedback, your paper.
   - **Paper** (due after the last week of the course, date to be specified)
     The paper is between 9 to 10 pages long and organized into clearly delimited sections that guide the reader. The grade of the paper is based on the extent to which it respects content and formatting requirements discussed further in class.
Course Schedule

Week 1: How can we define (ir)responsible organizations?

Required

Optional
This article takes stock of the discourse on ‘political CSR’ (PCSR), reconsiders some of its assumptions, and suggests new directions for what we call ‘PCSR 2.0’. We start with a definition of PCSR, focusing on firms’ contribution to public goods. We then discuss historical antecedents to the debate and outline the original economic and political context. The following section explores emerging changes in the institutional context relevant to PCSR and reconsiders some of the assumptions underlying Habermas’ thesis of the postnational constellation. This highlights some neglected issues in previous works on PCSR, including the influence of nationalism and fundamentalism, the role of various types of business organisations, the return of government regulation, the complexity of institutional contexts, the efficiency of private governance, the financialization and digitalization of the economy, and the relevance of managerial sensemaking. Finally, we discuss the contributions to this special issue and relate them to the newly emerging research agenda.

Within corporate social responsibility (CSR), the exploration of the political role of firms (political CSR) has recently experienced a revival. We review three key periods of political CSR literature-classic, instrumental, and new political CSR-and use the Rawlsian conceptualization of division of moral labor within political systems to describe each period's background political theories. The three main arguments of the paper are as follows. First, classic CSR literature was more pluralistic in terms of background political theories than many later texts. Second, instrumental CSR adopted classical liberalism and libertarian laissez-faire as its structural logic. Third, new political CSR, based on a strong globalist transition of responsibilities and tasks from governments to companies, lacks a conceptualization of division of moral labor that is needed to fully depart from a classical liberalist position. We end by providing a set of recommendations to develop pluralism in political CSR.

This article explores emerging discursive formations concerning the relationship of business and morality. It suggests that contemporary tendencies to economize public domains and methods of government also dialectically produce tendencies to moralize markets in general and business enterprises in particular. The article invokes the concept of ‘responsibilization’ as means of accounting for the epistemological and practical consequences of such processes. Looking at the underlying ‘market rationality’ of governance, and critically examining the notion of ‘corporate social responsibility’, it concludes that the moralization of markets further sustains, rather than undermining, neo-liberal governmentalities and neo-liberal visions of civil society, citizenship and responsible social action.
Week 2. How does sociology view (ir)responsible organizations?

**Required**

This paper situates the field of action known as “corporate social responsibility” within the theoretical context of global capitalism. I posit that corporate social responsibility (CSR) is a field of action that is shaped through the interplay of popular pressures and the response of corporations to such pressures thereof. Specifically, I analyze this field as consisting of a symbolic struggle over the meaning of the term “social responsibility.” I analyze a set of corporate practices relating to CSR and show how they shape the notion of responsibility in ways that diffuse its radical transformative potential. In particular, I look at various corporate strategies designed to prevent the use of law as means for bringing about greater corporate accountability. I also discuss particular agents that mobilize the CSR field. Specifically, I discuss the establishment of corporate-sponsored and corporate-oriented NGOs and analyze the role they play in structuring the CSR field. I designate such organizations as MaNGOs (Market Non-Governmental Organizations) and suggest that such organizations shape notions such as “social responsibility” and “social change” in ways that are amenable to business and employers’ concerns.

**Optional**

In this article, I provide a critical analysis of the politics of corporate social responsibility. I argue that corporate social responsibility is a strategy that enables multinational corporations to exercise power in the global political economy. Using the global extractive industries as a context, I focus on conflicts between communities, the state and multinational corporations that arise owing to the negative social and environmental impacts of mining and extraction. In particular, I analyze the role of political corporate social responsibility and multi-stakeholder initiatives in managing conflicts and argue that these initiatives cannot take into account the needs of vulnerable stakeholders. Power asymmetries between key actors in the political economy can diminish the welfare of communities impacted by extraction. Several governance challenges arise as a result of these power asymmetries and I develop a translocal governance framework from the perspective of vulnerable stakeholders that can enable a more progressive approach to societal governance of multinational corporations.


Over the past 30 years, organizations of many different kinds have introduced environmental preoccupations into decision-making, engaging with – and in many cases co-constructing – a striking array of rankings, best practices, standards and other governance tools. However, there has thus far been surprisingly little exploration of the evolving normative implications of environmentalism: existing organizational research treats environmentalism as a static, uniform and quasi-naturalistic phenomenon. In this article, we argue instead that environmentalism is fluid and multifaceted, evolving over time to produce differing conceptualizations that become affiliated with – and mobilized by – particular groups of actors. Using the theoretical framing of path generation, we identify how environmentalism follows a path characterized by episodes of re-conceptualization and re-labelling, a discursive evolution reflecting incremental yet consequential interactions with other institutional paths. We engage in a conceptual history to identify junctures where environmentalism meets with other institutional trajectories, facilitating shifts in meaning. We identify moments of crookedness in the transnational environmental path that are symbolically reflected in label changes – from the emergence of “sustainable development” in the 1980s, to “sustainability” in the 1990s, and more recently, an offshoot towards “resilience”. Those label changes are not only, we propose, symbolic markers but are also performative and entrenched consequential regime transformations with regard to environmentalism. Through our exploration, we contribute to theory development while also generating empirical implications: theory-wise, we identify mechanisms of path generation that inform broader debates around path dependence. Empirically, we illustrate how different variants of environmentalism are connected to specific meaning systems, exhibiting affinity with different organizational fields.


This paper examines the discursive legitimation of controversial investment projects to provide a better understanding of the ways in which corporate social responsibility is constructed in international settings. On the basis of a discursive analysis of an intense dispute between Finnish, Uruguayan and Argentinean actors over a pulp mill project in Uruguay, we develop a framework that elucidates four legitimating discourses: technocratic, societal, national-political, and global-capitalist. With this framework, our analysis helps to better understand how CSR involves discourse-ideological struggles, how CSR is embedded in international relations, and how CSR is mediatized in contemporary globalizing society. By so doing, our analysis contributes to critical studies of CSR as well as research on legitimation more generally.
Week 3. How does economics see (ir)responsible organizations?

Required
(http://www.sciencedirect.com/science/article/pii/S0929119916301079)
I examine the influence of sell-side financial analysts on corporate social responsibility (CSR) and find that firms with greater analyst coverage tend to be less socially responsible. To establish causality, I employ a difference-in-differences (DiD) technique, using brokerage closures and mergers as exogenous shocks to analyst coverage, as well as an instrumental variables approach. Both identification strategies suggest that analyst coverage has a negative causal effect on CSR. Analyst coverage seems to influence CSR activities via analysts' influence on the value of managerial ownership and discretionary spending. My findings are consistent with the view that spending on CSR is a manifestation of an agency problem and that financial analysts curb such discretionary spending by disciplining managers.

Optional
This article develops an integrative perspective on corporate responsibility by synthesising competing perspectives on the responsibility of the corporation at the organisational and societal levels of analysis. We review three major corporate responsibility perspectives, which we refer to as economic, critical, and politico-ethical. We analyse the major potential uses and pitfalls of the perspectives, and integrate the debate on these two levels. Our synthesis concludes that when a society has a robust division of moral labour in place, the responsibility of a corporation may be economic (as suggested under the economic perspective) without jeopardising democracy and sustainability (as reported under the critical perspective). Moreover, the economic role of corporations neither signifies the absence of deliberative democratic mechanisms nor business practices extending beyond compliance (as called for under the politico-ethical perspective). The study underscores the value of integrating different perspectives and multiple levels of analysis to present comprehensive descriptions and prescriptions of the responsibility phenomenon.

In this paper, the process for firms to decide whether or not to invest in corporate social responsibility is treated from a real option perspective. We extend the Husted (J Bus Ethics 60:175–183, 2005) framework with an important extra parameter that allows us to understand the timing of CSR investment and explain why some companies drag their feet over CSR investments. Our model explicitly allows for the impact of the opportunity cost of delaying the CSR investment decision, providing firms with tools to determine the optimal moment of exercising the CSR investment option. We illustrate our timing model through a case study and analyze governmental support strategies for CSR from a real options perspective.

This paper synthesizes the expanding corporate social responsibility (CSR) literature. We define CSR from an economic perspective and develop a CSR taxonomy that connects disparate approaches to the subject. We explore whether CSR should exist and investigate conditions when CSR may produce higher welfare than other public good provision channels. We also explore why CSR does exist. Here, we integrate theoretical predictions with empirical findings from economic and noneconomic sources. We find limited systematic empirical evidence in favor of CSR mechanisms related to induced innovation, moral hazard, shareholder preferences, or labor markets. In contrast, we uncover consistent empirical evidence in favor of CSR mechanisms related to consumer markets, private politics, and public politics.
Week 4. (Ir)responsible organizations and financial markets – the view from sociology

**Required**

https://doi.org/10.1177/0170840615604498

This article examines some of the processes by which power constitutes calculability and, in so doing, shapes the construction of markets. We combine insights from performativity studies about calculability with Lukes’ ‘radical view of power’ to investigate how multiple facets of power are mobilized to influence the creation and activities of calculative agencies in the process of market construction. An in-depth longitudinal study of the French socially responsible investment market shows how organizations acting as calculative agencies become sites of power through calculability. We identify how power is exercised over, through and against these calculative agencies by a variety of actors in order to build their position in the socially responsible investment market. Our results complement the broader question of the ‘government of economic life’ by showing how micro-level power games interact with the macro-politics of market building through calculative agencies. In so doing, our article sheds light on neglected aspects of the changing geopolitics of calculative power in market construction and suggests approaching ‘calculability as politics’ when studying the construction of markets.

**Optional**


The financial community does not seem to have shifted to greater sustainability, despite increasing awareness and concerns around social and environmental issues. This article provides insights to help understand why. Building on responsible investment (RI) data from the U.K. financial press between 1982 and 2010, the authors examine the collective beliefs which financial actors rely on to take decisions under uncertainty, as a way of understanding the status of and implications for RI mainstreaming. The analysis of collective beliefs through five periods of RI leads us to define two theoretical dimensions—justifying RI and practicing RI—that characterize how mainstream actors collectively make sense of RI. The authors’ analysis reveals that the RI collective beliefs currently (a) do not provide a favorable environment for RI mainstreaming and (b) need to be taken into account when discussing the value of sustainability.


The financial crisis has brought about dramatic consequences for economies and societies. Questions emerge about responsibility for the crisis and, implicitly or explicitly irresponsibility; the obligations to take responsibility for the costs and other adverse effects of the recession; and the nature of responsibility for social welfare and business probity in future national and global governance. This paper explores how UK financial and ethical media construct i) the financial sector's social ir/responsibility in the context of the financial crisis and resultant recession, and ii) the motivation and means of the sector and other actors to respond to their adverse social impacts. Four discourses emerge from our analysis providing insights into distinct types of corporate social responsibility (CSR) and their relationship with corporate social irresponsibility (CSI), attitudinal change and expectations of the change required to ensure a more responsible financial sector. Findings reveal tension in the discourses concerning the sector's ability to “heal itself”. Questions of accountability and of the capacity and reliability of CSR are common to all discourses. The discourses identified provide clear insights into distinctive diagnoses and prescriptions for ir/responsibility in the financial sector.


This paper conceptualizes standardization as institutional work to study the emergence of a standard and the deployment of its regulatory power. We rely on unique access to longitudinal archival data for exploring how the FTSE4Good index, a responsible investment index, emerged as a standard for socially responsible corporate behavior. Our results show how three types of standardization work – calculative framing, engaging and valorizing – support the design, legitimation and monitoring processes whereby a standard acquires its regulatory power. Our findings reveal new facets in the dynamics of standardization by approaching standardization as a product of institutional work and in showing how unintended consequences of that work can be recaptured to strengthen the regulatory power of the standard.


This paper suggests that when the phenomenon of standards and standardization is examined from the perspective of organization studies, three aspects stand out: the standardization of organizations, standardization by organizations and standardization as (a form of) organization. Following a comprehensive overview of existing research in these three areas, we argue that the dynamic aspects of standardization are under-represented in the scholarly discourse. Furthermore, we identify the main types of tension associated with standardization and the dynamics they generate in each of those three areas, and show
that, while standards and standardization are typically associated with stability and sameness, they are essentially a dynamic phenomenon. The paper highlights the contributions of this special issue to the topic of standards as a dynamic phenomenon in organization studies and makes suggestions for future research.

This article uses a Bourdieuan notion of organizational field and social movement’s frame analysis to understand the successful legitimation project of the socially responsible (SR) mutual fund industry. We show how institutional entrepreneurs, as both insiders and outsiders of the dominant organizational field, compete with existing mutual fund logics and become a legitimate presence in the mutual fund industry. The SR mutual fund industry has grown exponentially since its introduction in the 1970s, even though the product it sells is ambiguous in nature (Wood, 2000). Thus, while the product could be perceived as subversive, as the SR industry is arguing that companies should act ‘responsible’ in their efforts to make money, the reality is that industry innovators do not disrupt the existing mutual fund logic of ‘fiduciary responsibility’ in order to legitimate themselves. Rather, SR institutional entrepreneurs use their social location in multiple organizational fields to argue that consumers can ‘make money while doing good’. Such a frame is not completely subversive nor completely compliant with the existing logic, yet it successfully appeals to both mutual fund insiders and social movement outsiders.

This article challenges the notion that Corporate Social Responsibility (CSR) is incompatible with neo-liberalism. It argues that CSR is not a countervailing force that follows neo-liberal market exposure. Instead of re-embedding global liberalism, CSR complements liberalization and substitutes for institutionalized social solidarity. Evidence from the UK, one of the world's leading jurisdictions for responsible business, supports these claims. In Britain during the past 30 years, neo-liberalism and CSR have co-evolved. CSR has been a quid pro quo for lighter regulation; it has compensated for some of the social dislocations that result from unfettering markets, thereby legitimating business during the ‘unleashing’ of capitalism, and it appeals to moral sensibilities, justifying and legitimating business leaders in a way that instrumental rationality alone cannot. The paper draws on original sources to shed light on the origins and growth of Business in the Community, one of the world's leading business-led CSR coalitions, since the 1970s.

This paper examines the type and temporal development of language in the process of corporate responsibility (CR) standardization. Previous research on CR standardization has addressed the proliferation and organizational embedding of material practices but neglected the analysis of underlying ideational dynamics. Departing from this practice, we introduce a narrative perspective that illuminates the trajectory a CR standard follows, from being formally adopted to becoming collectively accepted as a valid solution to a problem of societal concern. We argue that this perspective helps scholars explore the dynamic interplay between symbolic and material aspects of standardization and understand better the discursive antecedents of coupling processes in organizations. Drawing on the case of the Equator Principles standard in international project finance, we empirically study how narratives create meaning shared by both business firms and their societal observers, thereby exemplifying the analytical merit of a narrative approach to CR standardization.
Week 5. (Ir)responsible organizations and markets – the view from economics

Required

https://doi.org/10.1016/j.jfineco.2018.08.013

This paper assesses whether shareholders drive the environmental and social (E&S) performance of firms worldwide. Across 41 countries, institutional ownership is positively associated with E&S performance with additional tests suggesting this relation is causal. Institutions are motivated by both financial and social returns. Investors increase firms’ E&S performance following shocks that reveal financial benefits to E&S improvements. In cross section, investors increase firms’ E&S performance when they come from countries with a strong community belief in the importance of E&S issues, but not otherwise. As such, these institutional investors transplant their social norms regarding E&S issues around the world.

Optional


Firms’ Corporate Social Responsibility (CSR) reports typically frame their strategies in terms of either community or global efforts (i.e., “strategy frame”). Further, the style used to depict CSR performance in reports often highlights either pictures or words (i.e., “presentation style”). These two prominent disclosure features of CSR reports promote a natural fit or misfit in the focus (relatively low-level or high-level focus) investors adopt when thinking about the firm and its CSR efforts. Further, these disclosure features likely have different effects on investors depending on their numeracy or, in other words, the way that they naturally process numerical information. In this study, we predict and find that a fit between the strategy frame and the presentation style of a firm’s CSR report causes less numerate investors to be more willing to invest than when a fit is not present. Specifically, we find that a fit leads less numerate investors to experience subjective feelings of processing fluency and, in turn, positive affect that serves as a cue that the positive CSR performance information can be relied upon, which positively influences willingness to invest. Our results have implications for both CSR reports as well as other types of firm disclosures that increasingly vary along similar disclosure characteristics. Our results also contribute to both the growing literature on presentation effects in accounting, as well as the broader business literature on CSR reporting.

doi:10.1002/smj.2268

We explore the impact of corporate social responsibility (CSR) ratings on sell-side analysts’ assessments of firms’ future financial performance. We suggest that when analysts perceive CSR as an agency cost they produce pessimistic recommendations for firms with high CSR ratings. Moreover, we theorize that, over time, the emergence of a stakeholder focus shifts the analysts’ perceptions of CSR. Using a large sample of publicly traded U.S. firms over 15 years, we confirm that, in the early 1990s, analysts issue more pessimistic recommendations for firms with high CSR ratings. However, analysts progressively assess these firms more optimistically over time. Furthermore, we find that analysts of highest status are the first to shift the relation between CSR ratings and investment recommendation optimism.


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.


We investigate whether superior performance on corporate social responsibility (CSR) strategies leads to better access to finance. We hypothesize that better access to finance can be attributed to (1) reduced agency costs due to enhanced stakeholder engagement and (2) reduced informational asymmetry due to increased transparency. Using a large cross-section of firms, we find that firms with better CSR performance face significantly lower capital constraints. We provide evidence that both better stakeholder engagement and transparency around CSR performance are important in reducing capital constraints. The results are further confirmed using several alternative measures of capital constraints, a paired analysis based on a ratings shock to CSR performance, an instrumental variables approach, and a simultaneous equations approach. Finally, we show that the relation is driven by both the social and environmental dimension of CSR.

This study examines the relationship between corporate social responsibility and financial performance by analyzing the intra-industry wealth impact of additions and deletions to the Domini Social 400 index. Results from the event study analysis indicate that additions to the index generate a positive share price response for the announcement firm and a negative response by rival firms. The opposite reaction is observed for index deletions. Additionally, the share price response is more pronounced for informationally opaque industries. Our study highlights the importance of external monitoring agencies in providing meaningful information that helps resolve investor uncertainty regarding the quality of a firm's relationships with its primary stakeholders.


This study examines the extent to which corporate responsibility influences the demand for shares by institutions. The study follows Bushee (Account Rev 73(3):305–333, 1998) in categorising institutions as dedicated or transient. The demand for shares is organised according to three factors: a long-term factor, corporate responsibility; a short-term factor, market liquidity; and a time-independent factor, portfolio theory. The rank and importance of the factors for the different types of institutional investor are analysed. For one of two types of dedicated institutions, corporate responsibility is as important as portfolio theory in influencing the demand for shares. For all dedicated institutions, corporate responsibility influences the demand for shares more than market liquidity. For two of the three types of transient institution, market liquidity is the most important factor in share selection. For all transient institutions, the least important factor is corporate responsibility. Findings suggest that corporate responsibility positively and significantly influences the demand for shares by dedicated institutions. The discussion considers the extent to which these trends are constitutive of significant shifts in ethicality within the context of institutional investment. Looking at this from within a highly institutionalised Anglo market model, dedicated institutions’ commitment to broader and longer-term concerns could be interpreted as a small but significant step towards a more axiologically informed ethical business practice. Such a form of engagement calls for sensitive attention to a fuller range of features deemed to be relevant to investment decisions, as opposed to mere narrow reliance on legislation, codes of practice and fiduciary principles.


The challenges associated with climate change will require governments, citizens, and firms to work collaboratively to reduce greenhouse gas emissions, a task that requires information on companies' carbon risks, opportunities, strategies, and emission levels. This paper explores the conditions under which firms participate in this endeavor. Building on theories of how social activists inspire changes in organizational norms, beliefs, and practices, we hypothesize that shareholder actions and regulatory threats are likely to prime firms to adopt practices consistent with the aims of a broader social movement. We find empirical evidence of direct and spillover effects. In the domain of private politics, shareholder resolutions filed against a firm and others in its industry increase a firm's propensity to engage in practices consistent with the aims of the related social movement. Similarly, in the realm of public politics, threats of state regulations targeted at a firm's industry as well as regulations targeted at other industries increase the likelihood that the firm will engage in such practices. These findings extend existing theory by showing that both activist groups and government actors can spur changes in organizational practices, and that challenges mounted against a single firm or a single industry can inspire both firm and field-level changes.
Week 6. Governance of (ir)responsible organizations – the view from sociology

Required

https://doi.org/10.1177/0170840619830131

In recent decades, as worldwide attention to corporate responsibility increased, the global corporate responsibility (GCR) movement did not converge on a singular governance model nor hybridize into myriad country-specific models. The movement, rather, bifurcated into onerous certification frameworks and more lax reporting frameworks. We examine this ‘governance divide’ in the GCR movement by investigating the cross-national diffusion of seven core GCR frameworks. We adopt a glocalization perspective that conceptualizes a vertical nesting of local and global contexts. Our cross-national quantitative analyses suggest that, while linkages to global culture have encouraged business participation in all GCR frameworks, power dependencies related to international trade and domestic factors related to effectiveness of local governance institutions have contributed to divergent diffusion patterns across reporting and certification frameworks. We discuss these findings in relation to several organizational perspectives and note their implications for further research on corporate responsibility.

Optional

https://doi.org/10.1177/1350508413478312

Drawing on Pierre Bourdieu’s theory of social practice, this article develops a novel approach to the study of corporate social responsibility (CSR). According to this approach, pro-social activities are conceptualized as social practices that individual managers employ in their efforts to attain social power. Whether such practices are enacted or not depends on (1) the particular features of the social field; (2) the individual managers’ socially shaped dispositions and (3) their stock of different forms of capital. By combining these theoretical concepts, the Bourdieusian approach we develop highlights the interplay between the economic and non-economic motivations that underlie CSR, acknowledging influences both on the micro- and the macro-level, as well as deterministic and voluntaristic aspects of human behaviour.

https://doi.org/10.1177/0003122411432701

This article examines why global corporate social responsibility (CSR) frameworks have gained popularity in the past decade, despite their uncertain costs and benefits, and how they affect adherents’ behavior. We focus on the two largest global frameworks—the United Nations Global Compact and the Global Reporting Initiative—to examine patterns of CSR adoption by governments and corporations. Drawing on institutional and political-economy theories, we develop a new analytic framework that focuses on four key environmental factors—global institutional pressure, local receptivity, foreign economic penetration, and national economic system. We propose two arguments about the relationship between stated commitment and subsequent action: decoupling due to lack of capacity and organized hypocrisy due to lack of will. Our cross-national time-series analyses show that global institutional pressure through nongovernmental linkages encourages CSR adoption, but this pressure leads to ceremonial commitment in developed countries and to substantive commitment in developing countries. Moreover, in developed countries, liberal economic policies increase ceremonial commitment, suggesting a pattern of organized hypocrisy whereby corporations in developed countries make discursive commitments without subsequent action. We also find that in developing countries, short-term trade relations exert greater influence on corporate CSR behavior than do long-term investment transactions.

https://doi-org.lib-ezproxy.concordia.ca/10.1093/ser/mwr025

The question of why and how firms’ approach to Corporate Social Responsibility (CSR) differs across countries is one that can only be adequately addressed by giving a strong theoretical underpinning to research on comparative CSR. To this end, drawing on institutional theory and the institutionalist arguments of the comparative capitalism literature, we identify the mechanism by which national institutional arrangements influence CSR. We do this by (a) separating CSR from corporate governance, and identifying corporate governance as the missing link between the broader institutional arrangements that govern finance and labour and CSR, and (b) using the concept of institutional complementarity (a process of mutual reinforcement that enhances the value of both institutions) to specify the nature of the relationship between corporate governance and CSR. We refer to three models of capitalism—liberal market economies (LMEs, e.g. the USA and the UK), coordinated market economies (CMEs, e.g. Germany and Japan) and state-led market economies (SLMEs, e.g. France and South Korea)—as empirical sites for exploration of these ideas. We argue that CSR complements corporate governance systems by a logic of similarity (a link based on similar properties) and that, as change in the broader institutional arrangements and corporate governance occurs, CSR reflects and facilitates this change.
This paper debates whether “Say on Pay” can fix executive pay. We argue that Say on Pay benefits executive pay when shareholders' voice offsets CEO power and mitigates directors' information deficiencies. We warn, however, that Say on Pay may raise two novel problems. First, executive pay may harm stakeholders whose interests differ from those of shareholders influential in pay setting. Second, boards may resist shareholders' intervention in pay setting and, as a result, manage compensation disclosures to ensure a passing shareholder vote. Consequently, Say on Pay may not only fail to remedy suboptimal pay but also legitimize it.

The phenomenon of the glass ceiling is examined through the lenses of macro-organizational and sociological theory. Presented are several theoretical bases for viewing the glass ceiling and its perpetuation as the consequences of U.S. history, the distribution of capital among its people, the actions of the powerful that help them retain power, and the reality that the majority of the powerful in America have White maleness in common.
Week 7. Governance of (ir)responsible organizations – the view from economics

**Required**

In the corporate finance tradition, starting with Berle and Means (1932), corporations should generally be run to maximize shareholder value. The agency view of corporate social responsibility (CSR) considers CSR an agency problem and a waste of corporate resources. Given our identification strategy by means of an instrumental variable approach, we find that well-governed firms that suffer less from agency concerns (less cash abundance, positive pay-for-performance, small control wedge, strong minority protection) engage more in CSR. We also find that a positive relation exists between CSR and value and that CSR attenuates the negative relation between managerial entrenchment and value.

**Optional**

This study examines the integration of corporate social responsibility (CSR) criteria in executive compensation, a relatively recent practice in corporate governance. We construct a novel database of CSR contracting and document that CSR contracting has become more prevalent over time. We further find that the adoption of CSR contracting leads to (a) an increase in long-term orientation; (b) an increase in firm value; (c) an increase in social and environmental initiatives; (d) a reduction in emissions; and (e) an increase in green innovations. These findings are consistent with our theoretical arguments predicting that CSR contracting helps direct management's attention to stakeholders that are less salient but financially material to the firm in the long run, thereby enhancing corporate governance.


This paper sheds light on the incongruent findings concerning the relationship between family involvement and firms’ corporate social responsibility (CSR). While prior studies have mainly taken the perspective of families’ socioemotional wealth preservation, we approach this relationship from the perspective of behavioral agency theory, highlighting the important role played by CEOs’ family memberships. Specifically, we posit that family firms are more likely to invest in CSR when their CEOs are members of the controlling families. Furthermore, we examine how family firms can employ long-term incentives to encourage non-family CEOs to act in the interests of the controlling families to preserve SEW and thus enhancing family firms’ CSR performance. We tested our hypotheses using hand-collected data of family firms included in the S&P 500 index, in the period of 2003–2010. The empirical findings support our hypotheses that (a) family firms with family members as the CEOs have better CSR performance and (b) family firms tend to provide a high level of long-term incentives to non-family than family CEOs. In addition, long-term incentives strongly motivate CEOs to improve firms’ CSR performance, regardless of their family memberships.


Management researchers have investigated how corporate governance mechanisms influence corporate social responsibility (CSR). The previous literature has been largely based on agency theory, which emphasizes the roles of effective monitoring and incentive alignment, but the empirical evidence has been mixed. This inconsistency may result from the assumption that each governance mechanism functions independently, even though they interact with one another to affect CSR. On the basis of a perspective of bundle of governance mechanisms, we examined whether multiple governance mechanisms act as complements or substitutes for each other in promoting CSR. Using a panel sample of U.S. firms for the years 2004 to 2010, we found that multiple governance mechanisms mainly act as substitutes to promote CSR. Our findings suggest that a similar level of CSR can be achieved with different combinations of governance mechanisms. Our study contributes to the fields of both corporate governance and CSR in theory and practice.


This paper aims to critically review the existing literature on the relationship between corporate governance, in particular board diversity, and both corporate social responsibility (CSR) and corporate social responsibility reporting (CSRR) and to suggest some important avenues for future research in this field. Assuming that both CSR and CSRR are outcomes of boards’ decisions, this paper proposes that examining boards’ decision making processes with regard to CSR would provide more insight into the link between board diversity and CSR. Particularly, the paper stresses the importance of studies linking gender diversity and CSR decision making processes, which is quite rare in the existing literature. It also highlights the importance of more qualitative methods and longitudinal studies for the development of understanding of the diversity–CSR relationship.
Week 8: (Ir)responsible organizations and individuals – the view from sociology

Required
Corporate social responsibility has become an important topic for both academics and practitioners. CSR typically stands for corporate responses to ethical, environmental and social issues. Whilst extant research has predominately focused on CSR in relation to external stakeholders and taking a macro-institutional and/or functionalist perspective, we provide a critical engagement with the interactions between CSR, employees and management control within organizations. Qualitative data gathered at two management consultancy firms demonstrate how CSR discourses and practices serve to construct an idealized image of a socially, ecologically and ethically responsible corporate self. In this way, CSR works as a form of aspirational control that ties employees’ aspirational identities and ethical conscience to the organization. The article discusses the implications of CSR concerning cynical distancing, ethical scaling and the space for politics and critique in corporations.

Optional
This article examines how local organizations respond to the global norm of corporate social responsibility (CSR), focusing on the case of workplace gender diversity in Japan. Though many global institutional investors have declared their commitment to CSR principles, whether and how their investments actually improve local practices has yet to be examined. We hypothesize that changes implemented by local firms in response to pressure from global institutional investors are shaped by political dynamics among competing professional groups in organizations. Through interviews with CSR managers and consultants in Japan, we find that CSR managers push for gender diversity only in the upper ranks of their organizations. This helps managers limit resistance from human resources managers, who want to maintain the traditional employment system, while still gaining support from investor relations managers, who support changes that are visible to investors. Our findings from panel data analysis further document this change above the glass ceiling. Analyzing more than 800 Japanese firms between 2001 and 2009, we show that both foreign investment and the within-firm influence of CSR and investor relations managers significantly increased the number of women on boards and in managerial positions but did not improve the lot of those in non-managerial or entry-level positions. Our study contributes to research on diffusion and organizational change by illuminating interprofessional politics in the local implementation of global norms.

Recently, the increasing interest in responsible leadership (RL) has produced a research field rich in theoretical and conceptual potential, with diverse research foci, theoretical foundations, and methodological approaches. While these developments have demarcated the field from other leadership-oriented disciplines, they have equally courted fragmentation and ambiguity in terms of the field’s positioning within the greater body of leadership studies. To map the theoretical, methodological, and empirical state of the art of the RL field, we outline recent developments and delineate important research gaps and directions for future theory development and empirical research. We emphasize the transition of RL research from micro-level perspectives with normative roots to research spanning multiple levels of analysis, vis-à-vis both antecedents and outcomes. We discuss the implications of our mapping, highlighting the necessity of not only conceptualizing RL across multiple levels of analysis, but also to actively focus on interactions among RL antecedents and outcomes across these levels. Through these, we aim to contribute to the field by strengthening its conceptual foundations and anchoring it more clearly within leadership studies overall.

This study relies on environmental stewardship, a stakeholder-enlarged view of stewardship theory, and institutional theory to analyze the relationship between CEO compensation and firms’ environmental commitment in a worldwide sample of 520 large listed firms. Our findings show that environment friendly firms pay their CEOs less total compensation and rely less on incentive-based compensation than environment careless firms. This negative relationship is stronger in institutional contexts where national environmental regulations are weaker. Our findings have important theoretical meaning and practical implications. Results show that CEOs do not necessarily act opportunistically; rather some of them may be willing to act as stewards of the natural environment and accept a lower, less incentive-based compensation from environment friendly firms. This study also provides evidence of the important influence of the institutional context in setting-up CEO compensation as the relationship is stronger when national environmental regulations are weaker. Our findings question the universal validity of agency theory in explaining CEO compensation. Compensation based on pecuniary incentives might be less indicated to motivate CEOs who feel rewarded by playing a stewardship role for environment friendly firms. When designing compensation
for CEOs, compensation committees and external compensation advisors should consider psychological and institutional factors that might affect CEO motivation.


In this article we pursue two objectives. First, we refine the concept of responsible leadership from an upper echelon perspective by exploring two distinct styles (instrumental and integrative) and thereby further developing the understanding of the newly emerging integrative style. Second, we propose a framework that examines the micro-foundations of political corporate social responsibility (CSR). We explicate how the political CSR engagement of organizations (in social innovation and multi-stakeholder initiatives) is influenced by responsible leadership styles and posit that most CEOs tend to espouse either instrumental or integrative responsible leadership approaches, based on perceived moral obligations toward shareholders or stakeholders. We examine the moderating effects of societal- and organizational-level factors (such as power distance and corporate governance), and individual-level influences (such as cognitive and social complexity). We discuss both approaches with respect to their effectiveness in dealing with political CSR challenges in a complex environment and conclude that an instrumental responsible leadership style may be effective in relatively stable settings with strong institutional arrangements, while the complex and unstable context of a post-national constellation with weak institutions calls for an integrative responsible leadership style. The latter can be expected to be more effective in dealing with political CSR challenges in a global world, contributing to closing governance gaps and producing sustainable outcomes for societies.


Hybrid organizations harbor different and often conflicting institutional logics, thus facing the challenge of sustaining their hybridity. Crucial to overcoming this challenge is the identification process of organizational actors. We propose a theorization of how power relations affect this process. More specifically, we argue that an actor’s power influences their own professional identity: an increase [decrease] in their power, via the heightened [diminished] control that this power provides them over organizational discourse, boosts [threatens] their identity. Our theorization has implications for the longevity of a newly adopted logic within an organization. If the new logic modifies incumbent power relations, the identities of (formerly and newly) powerful individuals are influenced, which may lead these individuals to promote or resist the new logic, thereby affecting the odds that the logic will survive within the organization. We illustrate our theorization with a case study in a professional service firm. Our study contributes to nascent research on hybrid organizations by emphasizing the role of power and agency in the longevity of hybridity.
Week 9: (Ir)responsible organizations and individuals – the view from economics

Required
Investing a firm's resources in corporate social responsibility (CSR) initiatives remains a contentious issue. While research suggests firm financial performance is the primary driver of CEO dismissal, we propose that CSR will provide important additional context when interpreting a firm's financial performance. Consistent with this prediction, our results suggest that past CSR decisions amplify the negative relationship between financial performance and CEO dismissal. Specifically, we find that greater prior investments in CSR appear to expose CEOs of firms with poor financial performance to a greater risk of dismissal. In contrast, greater past investments in CSR appear to help shield CEOs of firms with good financial performance from dismissal. These findings provide novel insight into how CEOs' career outcomes may be affected by earlier CSR decisions.

Optional
This study examines whether companies employ corporate social responsibility (CSR) to improve employee engagement and mitigate adverse behavior at the workplace (e.g., shirking, absenteeism). We exploit plausibly exogenous changes in state unemployment insurance (UI) benefits from 1991 to 2013. Higher UI benefits reduce the cost of being unemployed and hence increase employees' incentives to engage in adverse behavior. We find that higher UI benefits are associated with higher engagement in employee-related CSR. This finding suggests that companies use CSR as a strategic management tool—specifically, an employee governance tool—to increase employee engagement and counter the possibility of adverse behavior. We further examine plausible mechanisms underlying this relationship.

This paper examines the influence of CEO career horizon problems on corporate social responsibility (CSR). We assume that as CEOs are getting older, they tend to disengage in CSR due to their shorter career horizons. We further argue that high levels of industry-level discretion (ILD) and blockholder ownership amplify the negative effects of CEO age on CSR. Using a panel sample of US-based firms over 2004–2009, we do not find the main effect of CEO age on CSR, but find support for the moderating effects, such that CEO age is negatively associated with CSR when there are high levels of ILD and blockholder ownership. Therefore, results suggest that CEO career horizon problems matter for CSR when (1) CEOs have sufficient discretion over the firm’s strategic decisions and (2) outside blockholders put more pressure on CEOs to engage in financial earning management.

Research Question/Issue. This study provides a systematic multi-level review of recent literature to evaluate the impact of corporate governance mechanisms (CG) at the institutional, firm, group, and individual levels on firm level corporate social responsibility (CSR) outcomes. We offer critical reflections on the current state of this literature and provide concrete suggestions to guide future research.
Research Findings/Insights. Focusing on peer-reviewed articles from 2000 to 2015, the review compiles the evidence on offer pertaining to the most relevant CG mechanisms and their influence on CSR outcomes. At the institutional level, we focus on formal and informal institutional mechanisms, and at the firm level, we analyze the different types of firm owners. At the group level, we segregate our analysis into board structures, director social capital and resource networks, and directors' demographic diversity. At the individual level, our review covers CEOs' demography and socio-psychological characteristics. We map the effect of these mechanisms on firms' CSR outcomes.
Theoretical/Academic Implications. We recommend that greater scholarly attention needs to be accorded to disaggregating variables and yet comprehending how multiple configurations of CG mechanisms interact and combine to impact firms' CSR behavior. We suggest that CG-CSR research should employ a multi-theoretical lens and apply sophisticated qualitative and quantitative methods to enable a deeper and finer-grained analysis of the CG systems and their influence on CSR. Finally, we call for cross-cultural research to capture the context sensitivities typical of both CG and CSR constructs.

This article examines the influence on organizational outcomes of CEOs’ political ideology, specifically political conservatism vs. liberalism. We propose that CEOs’ political ideologies will influence their firms’ corporate social responsibility (CSR) practices, hypothesizing that (1) liberal CEOs will emphasize CSR more than will conservative CEOs; (2) the association between a CEO’s political ideology and CSR will be amplified by a CEO’s relative power; and (3) liberal CEOs will emphasize
CSR even when recent financial performance is low, whereas conservative CEOs will pursue CSR initiatives only as performance allows. We test our ideas with a sample of 249 CEOs, measuring their ideologies by coding their political donations over the ten years prior to their becoming CEOs. Results indicate that the political ideologies of CEOs are manifested in their firms’ CSR profiles. Compared with conservative CEOs, liberal CEOs exhibit greater advances in CSR; the influence of CEOs’ political liberalism on CSR is amplified when they have more power; and liberal CEOs’ CSR initiatives are less contingent on recent performance than are those of conservative CEOs. In a corroborative exploration, we find that CEOs’ political ideologies are significantly related to their corporate political action committee (PAC) allocations, indicating that this largely unexplored executive attribute might be more widely consequential.

Zhang J Q, H Zhu and H Ding (2013) Board composition and corporate social responsibility: an empirical investigation in the post Sarbanes-Oxley Era. Journal of Business Ethics 114 (3): 381-392. Although the composition of the board of directors has important implications for different aspects of firm performance, prior studies tend to focus on financial performance. The effects of board composition on corporate social responsibility (CSR) performance remain an under-researched area, particularly in the period following the enactment of the Sarbanes-Oxley Act of 2002 (SOX). This article specifically examines two important aspects of board composition (i.e., the presence of outside directors and the presence of women directors) and their relationship with CSR performance in the Post-SOX era. With data covering over 500 of the largest companies listed on the U.S. stock exchanges and spanning 64 different industries, we find empirical evidence showing that greater presence of outside and women directors is linked to better CSR performance within a firm’s industry. Treating CSR performance as the reflection of a firm’s moral legitimacy, our study suggests that deliberate structuring of corporate boards may be an effective approach to enhance a firm’s moral legitimacy.
Week 10. Disclosures of (ir)responsible organizations – the view from sociology

Required


This paper explores how social accounting can generate legitimacy for a company within a local community, and reveals the essential role of the community itself in the process. We take an in-depth case study approach using interviews with both company and community actors, supported by analysis of a nine-year social accounting series. A Bourdieusian frame highlights the unarticulated nature of the roles played by various actors in the co-creation of a local account, and the way that increasing local participation in that accounting process gradually narrates the company into a position of authority. This has lasting impact on the community. Social accounting produces a narrative that acquires symbolic power, directing legitimacy and power to the company, while restructuring the community's social relationships, self-identity, and patterns of accountability. We conceptualise this social accounting process as analogous to mapmaking, iteratively drawing and redrawing the local social geography, prioritising the representation of the company over time in a process of thematic cartography which records growing local acceptance of, and deference to, the company. This has implications for our understanding of the power of account-giving and the impact of social accounting.

Optional


While research on the disclosure of CSR (corporate social responsibility) recognizes the influence of government regulations and guidelines, less attention has been given to the co-existence of conflicting pressures from the state. We develop a framework wherein CSR reporting is viewed as an organizational response to institutional complexity that arises from the conflicting demands from the central government and local governments, and apply it to publicly listed firms in China after the central government agencies issued guidelines on CSR reporting. Some provincial governments’ high priority given to short-term GDP growth created tension with the central government’s expectations on CSR reporting. Firms with attributes that increase scrutiny from both institutional constituencies experienced heightened tension, and they responded with early adoption but low-quality reports. Our framework was supported through a longitudinal analysis between 2008 and 2011. Our study contributes to the literature on CSR disclosure by uncovering the impact of conflicting government pressures, and advances research on institutional complexity by identifying a specific decoupling response.


This paper examines the corporate social responsibility (CSR) reporting undertaken by the 20 largest professional accounting firms in the United Kingdom. Professional service firms are knowledge-intensive organisations, eager to communicate their legitimacy, status and reputation, to an external world. These social evaluations (prestige) allow them to enhance their intellectual capital and consequently charge premium fees and, effectively increasing partner wealth. This investigation undertakes a content analysis of firms' annual reviews, corporate social responsibility reports, websites, and recruitment literature.


Growing recognition that communication with stakeholders forms an essential element in the design, implementation and success of corporate social responsibility (CSR) has given rise to a burgeoning CSR communication literature. However this literature is scattered across various sub-disciplines of management research and exhibits considerable heterogeneity in its core assumptions, approaches and goals. This article provides a thematically-driven review of the extant literature across five core sub-disciplines, identifying dominant views upon the audience of CSR communication (internal/external actors) and CSR communication purpose, as well as pervasive theoretical approaches and research paradigms manifested across these areas. The article then sets out a new conceptual framework – the 4Is of CSR communication research – that distinguishes between research on CSR Integration, CSR Interpretation, CSR Identity, and CSR Image. This typology of research streams organizes the central themes, opportunities and challenges for CSR communication theory development, and provides a heuristic against which future research can be located.


Although narrative analysis has made significant advances in organization and management studies, scholars have not yet unleashed its full potential. This review provides an understanding of key issues in organizational narrative analysis with a focus on the role of narratives in organizational stability and change. We start by elaborating on the characteristics of organizational narratives to provide a conceptual framework for organizational narrative analysis. We elaborate on three key approaches to narrative analysis on stability and change: realist, interpretative, and poststructuralist. We then review several topic areas where
narrative analysis has so far offered the most promise: organizational change, identity, strategy, entrepreneurship, and personal change. Finally, we identify important issues that warrant attention in future research, both theoretically and methodologically.

This study focuses on how and why firms strategically respond to government signals on appropriate corporate activity. We integrate institutional theory with research on corporate political strategy to develop a political dependence model that explains (a) how different types of dependency on the government lead firms to issue corporate social responsibility (CSR) reports and (b) how the risk of governmental monitoring affects the extent to which CSR reports are symbolic or substantive. First, we examine how firm characteristics reflecting dependence on the government—including private versus state ownership, executives serving on political councils, political legacy, and financial resources—affect the likelihood of firms issuing CSR reports. Second, we focus on the symbolic nature of CSR reporting and how variance in the risk of government monitoring through channels such as bureaucratic embeddedness and regional government institutional development influences the extent to which CSR communications are symbolically decoupled from substantive CSR activities. Our database includes all CSR reports issued by the approximately 1,600 publicly listed Chinese firms between 2006 and 2009. Our hypotheses are generally supported. The political perspective we develop contributes to organizational theory by showing that (a) government signaling is an important mechanism of political influence, (b) different types of dependency on the government expose firms to different types of legitimacy pressure, and (c) firms face a decoupling risk that makes them more likely to enact substantive CSR actions in situations in which they are likely to be monitored.

Most writings on corporate social responsibility (CSR) treat lack of consistency between organizational CSR talk and action as a serious problem that needs to be eliminated. In this article, we argue that differences between words and action are not necessarily a bad thing and that such discrepancies have the potential to stimulate CSR improvements. We draw on a research tradition that regards communication as performative to challenge the conventional assumption that CSR communication is essentially superficial, as opposed to CSR action. In addition, we extend notions of organizational hypocrisy to argue that aspirational CSR talk may be an important resource for social change, even when organizations do not fully live up to their aspirations.
Week 11. Disclosures of (ir)responsible organizations – the view from economics

**Required**


This paper examines the determinants and economic consequences of non-financial disclosure quality, which is measured according to the ratings of corporate social responsibility (CSR) disclosure provided by the Ministry of Economic Affairs in the Netherlands. We find that firms with better CSR performance, greater external financing needs, and stronger corporate governance tend to provide higher quality CSR disclosures. In return, these firms gain greater analyst coverage, higher levels of institutional ownership, greater stock liquidity, higher valuations in SEOs, and lower yields to maturity in bond issuances. These benefits apply largely to firms with strong CSR performance. Collectively, our findings suggest that higher quality CSR disclosures deliver economic benefits.

**Optional**


We posit a key goal of firms’ corporate social responsibility (CSR) efforts is to influence reputation through carefully crafted communicative practices. This trend has accelerated with the rise of social media such as Twitter and Facebook, which are essentially public message networks that organizations are leveraging to engage with concerned audiences. Given the large number of messages sent on these sites, only some will be effective and achieve broad public resonance. Building on signaling theory, this paper asks whether and how messages conveying CSR-related topics resonate with the public and, if so, which CSR topics and signal qualities are most effective. We test our hypotheses using data on public reactions to Fortune 500 companies’ CSR-focused Twitter feeds, using the retweeting (sharing) of firms’ messages as a proxy for public resonance. We find resonance is positively associated with messages that convey CSR topics such as the environment or education, those that make the topic explicit through use of hashtags, and those that tap into existing social movement discussions.


This paper examines the impact of corporate social responsibility (CSR) disclosure on corporate reputation as perceived by non-professional stakeholders. Proponents of CSR disclosure argue that CSR disclosure can be considered as a tool for reputation management. We empirically investigate this claim using a reputation index which tracks the general public’s perceptions of corporate reputation over time. In our analysis, we focus on disclosure in stand-alone CSR reports and control for CSR performance. We find that, in contrast to the common belief, stand-alone CSR reports do not influence corporate reputation among non-professional stakeholders. However, we are able to document that stand-alone CSR reports influence corporate reputation among professional stakeholders. We also provide some evidence that transparent CSR disclosure on corporate websites can influence corporate reputation among non-professional stakeholders.


We study the different levels of corporate social responsibility (CSR) disclosures of the largest European firms. We find that firms are more predisposed to disclose more CSR information in countries with better investor protection, higher levels of democracy, more effective government services, higher quality regulations, more press freedom, and a lower commitment to environmental policies. Our analysis of the association of different levels of CSR disclosure with share prices indicates that a high level of CSR disclosure is associated with higher share prices, whereas a low level of CSR disclosure in sensitive industries is associated with lower share prices (compared to no disclosure). These results are also present when we analyse changes in CSR disclosure and are robust to the inclusion of an accounting quality measure in our model. The overall effect of the association of higher levels of CSR disclosure with higher share prices is stronger in countries with more democracy, more government effectiveness, better regulatory quality, and more press freedom. Therefore, market participants find CSR disclosures more informative in countries where investors are in a better position to voice their concerns and where there is better regulation and more effective government implementation of regulations.


We review research on corporate social responsibility (CSR) published in 13 top accounting journals over the last decade. We begin with a brief discussion of the data that archival researchers have used to measure CSR. Next, we conduct our review in four parts: (1) determinants of CSR; (2) the relation between CSR and financial performance; (3) consequences of CSR; and (4) the roles of CSR disclosure and assurance. We summarize the accounting literature in these areas and comment on how...
accounting researchers can use their skill sets with regard to specific issues. Within each area, we present some suggestions for future CSR research in accounting.


We examine the relationship between disclosure of nonfinancial information and analyst forecast accuracy using firm-level data from 31 countries. We use the issuance of stand-alone corporate social responsibility (CSR) reports to proxy for disclosure of nonfinancial information. We find that the issuance of stand-alone CSR reports is associated with lower analyst forecast error. This relationship is stronger in countries that are more stakeholder-oriented—i.e., in countries where CSR performance is more likely to affect firm financial performance. The relationship is also stronger for firms and countries with more opaque financial disclosure, suggesting that issuance of stand-alone CSR reports plays a role complementary to financial disclosure. These results hold after we control for various factors related to firm financial transparency and other potentially confounding institutional factors. Collectively, our findings have important implications for academics and practitioners in understanding the function of CSR disclosure in financial markets.


This study examines whether socially responsible firms behave differently from other firms in their financial reporting. Specifically, we question whether firms that exhibit corporate social responsibility (CSR) also behave in a responsible manner to constrain earnings management, thereby delivering more transparent and reliable financial information to investors as compared to firms that do not meet the same social criteria. We find that socially responsible firms are less likely (1) to manage earnings through discretionary accruals, (2) to manipulate real operating activities, and (3) to be the subject of SEC investigations, as evidenced by Accounting and Auditing Enforcement Releases against top executives. Our results are robust to (1) controlling for various incentives for CSR and earnings management, (2) considering various CSR dimensions and components, and (3) using alternative proxies for CSR and accruals quality. To the extent that we control for the potential effects of reputation and financial performance, our findings suggest that ethical concerns are likely to drive managers to produce high-quality financial reports.
Week 12: How are (ir)responsible organizations linked broader society?

Required


Studies of corporate citizenship have considered how corporations shape the delivery of basic rights. While liberal commentators argue that corporations can act as protectors of citizenship rights where state regulation is lacking, more radical commentators claim that corporations seek to obstruct the rights of citizens. In this article we build on theories of hegemony to argue that corporate citizenship can be more fruitfully understood as an attempt to incorporate citizenship activities in order to benefit corporate agendas. To explore how this process plays out, we examine how companies have sought to influence the political debate over climate change in Australia. Through analysis of corporate documents, media coverage and interviews with senior managers, we identify how corporations use practices of campaigning and exemplifying to build a common identity with citizens and synchronize corporate and citizen interests. This involves the recasting of citizens as active constituents, responsible consumers, ethical employees and ecopreneurs. Through this process, citizenship becomes increasingly incorporated within the value creating activities of corporations.

Optional


By examining corporate social responsibility (CSR) and power within the context of the food supply chain, this paper illustrates how food retailers claim to address food waste while simultaneously setting standards that result in the large-scale rejection of edible food on cosmetic grounds. Specifically, this paper considers the powerful role of food retailers and how they may be considered to be legitimately engaging in socially responsible behaviors to lower food waste, yet implement practices that ultimately contribute to higher levels of food waste elsewhere in the supply chain. Through interviews with key actors in the Australian fresh fruit and vegetable supply chain, we highlight the existence of a legitimacy gap in corporate social responsibility whereby undesirable behaviors are pushed elsewhere in the supply chain. It is argued that the structural power held by Australia’s retail duopoly means that supermarkets are able to claim virtuous and responsible behaviors, despite counter claims from within the fresh food industry that the food supermarkets’ private quality standards mean that fresh food is wasted. We argue that the supermarkets claim CSR kudos for reducing food waste at the expense of other supply chain actors who bear both the economic cost and the moral burden of waste, and that this is a consequence of supermarkets’ remarkable market power in Australia.


Using corporate social responsibility (CSR) ratings for 23,000 companies from 114 countries, we find that a firm's CSR rating and its country's legal origin are strongly correlated. Legal origin is a stronger explanation than “doing good by doing well” factors or firm and country characteristics (ownership concentration, political institutions, and globalization): firms from common law countries have lower CSR than companies from civil law countries, with Scandinavian civil law firms having the highest CSR ratings. Evidence from quasi-natural experiments such as scandals and natural disasters suggests that civil law firms are more responsive to CSR shocks than common law firms.


This article examines the relationship between national varieties of capitalism and firm engagement with the norms and best practices promoted within the global organisational field for corporate social responsibility (CSR). Using a content analysis of the CSR reports of US and European firms, we show that firms from the coordinated market economies (CME) of Europe engage more substantively with labour and human rights than their US counterparts that operate in a liberal market economy (LME). The environmental commitments of firms in both regions, however, are more developed than practices related to these social issues. These findings support the view that CSR is more developed in CMEs than LMEs, but limit this support to social CSR issues. We posit that firms’ higher levels of engagement with environmental CSR likely reflect the extent to which environmental norms have become embedded in global markets rather than how CSR is promoted by national capitalist systems.


The article provides a historical-sociological perspective on contemporary, globalized ‘corporate responsibility’ (CR) by exploring a critical moment in the evolution of this institution, in mid-20th-century USA. CR was devised by the corporate capitalist elite, broadly defined, as an instrument for pre-empting governmental intervention. Corporations responded to surging public expectations for governmental—not corporate—assumption of social responsibility. In deploying CR practices, they would strategically enable the creation of the latter at the expense of the former, thus redefining the parameters of business's
role in society and, along with it, the societal division of regulatory labour in the direction of increasing privatization. It is hypothesized that present-day attempts at ‘civil regulation’ of corporations embody a script of interaction among companies, publics and states that was designed to secure corporate power rather than limit it. Synthesizing organizational neo-institutionalism and elite theory, the article shows how elites can defend their position of power through engagement in a ‘defensive institutionalization project’, that is, a sophisticated modification of the system aimed at redefining the very perceptions and strategies of everyone involved.


Corporate responsibility for consumption-related issues has been on the business ethics agenda for several decades. However, some recent consumption-related issues, such as obesity, differ qualitatively from the traditional product liability cases. This study proposes an alternative responsibility concept, referred to as the social connection corporate responsibility (CR). A detailed conceptualization of the social connection CR is presented and subsequently contrasted with the liability approach to CR. Then, a social connection logic to the case of obesity is applied, followed by an examination of how fast-food chains are socially connected to obesity and of what kind of responsibilities such a social connection implies.


This article, together with a companion video, provides a synthesized summary of a Showcase Symposium held at the 2016 Academy of Management Annual Meeting in which prominent scholars—Denny Gioia, Kathy Eisenhardt, Ann Langley, and Kevin Corley—discussed different approaches to theory building with qualitative research. Our goal for the symposium was to increase management scholars’ sensitivity to the importance of theory–method “fit” in qualitative research. We have integrated the panelists’ prepared remarks and interactive discussion into three sections: an introduction by each scholar, who articulates her or his own approach to qualitative research; their personal reflections on the similarities and differences between approaches to qualitative research; and answers to general questions posed by the audience during the symposium. We conclude by summarizing insights gleaned from the symposium about important distinctions among these three qualitative research approaches and their appropriate usages.
Week 13: Presentations