

More than words?

Mapping the Corporate Social Responsibility (CSR) - Strategy link

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Motivation

- At the end of the day, is the so publicized corporate engagement a meaningful strategy to advance global sustainability?
- Are sustainability concerns spurring **fundamental changes** in the way global corporations conduct their business?
- How does sustainability orientation - often carried through **corporate social responsibility (CSR)** initiatives- "translate into" core business strategies?

At the theory level

In which markets & activities should a firm be involved?

- Encompasses firm's **existence** (Coase, 1937), **diversification** (Rumelt, 1974) and **vertical integration** (Williamson, 1975).
- [Numerous] Theories, yet, in essence, **contingency** theories.
- Firms respond to wide-ranging complexity by aligning structures and activities to be effective (Donaldson, 2001; Miller, 1996; Zenger et al. 2011).

Corporate Social Responsibility (CSR)

- Emerging as an increasingly prevalent phenomenon (Wang et al. 2016).
- **Observable** actions taking into account economic, social, and environmental performance (Aguinis, 2011; Wood, 1991).
- [Numerous] rationales, yet shifting societal perceptions on the 'nature of the firm' (Panwar et al., 2010) and increasing (task) environmental complexity (Schneider et al., 2016).

Does CSR have a bearing upon the boundary of the firm?

A missing link between CSR & Corporate Strategy

- Most common operationalisation within strategic management has reduced the environment to its material or economic domain (Kim & Lim, 1988; Oliver, 1991; Suddaby et al., 2010), **devoid of** social, symbolic, cultural, or, more broadly, **institutional elements**.
- 'Strategic CSR' research (e.g., McWilliams et al., 2006; McWilliams & Siegel, 2000) studied CSR as a differentiation and competitiveness tool (Panwar et al., 2016) (i.e., a *competitive strategy's outcome*) yet unexplored within corporate strategy discussion and as an **antecedent** of firm's scope.

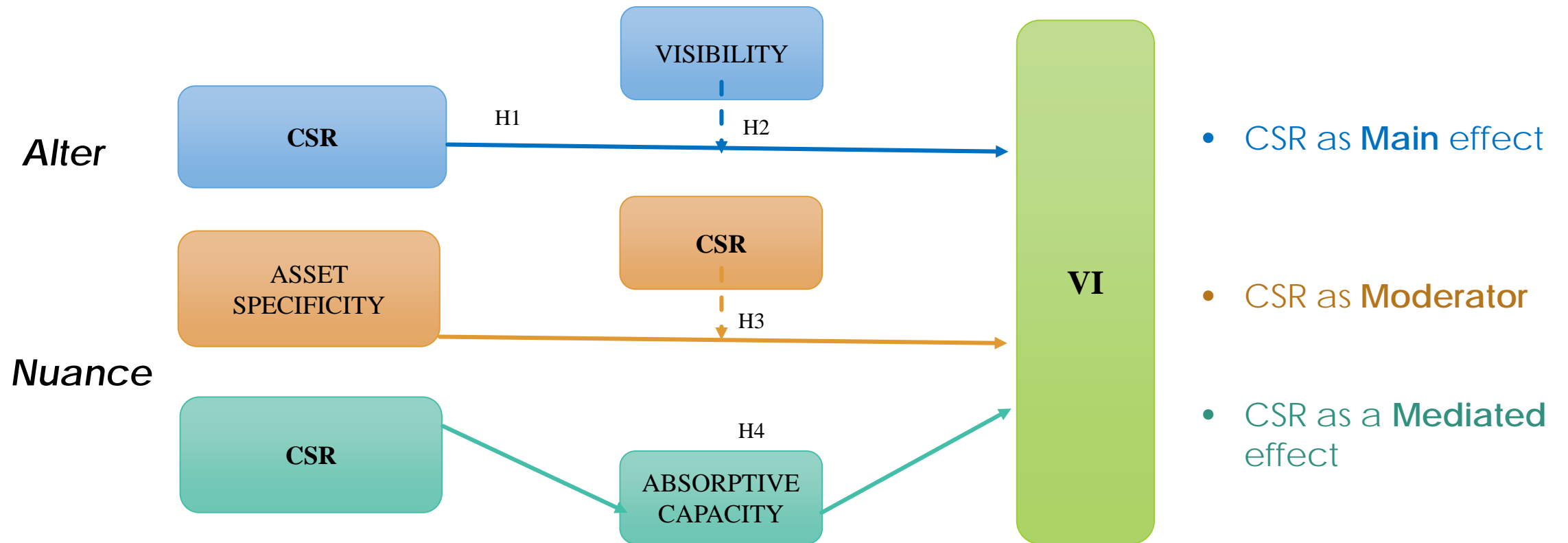
Research Objective

To examine the boundary of the firm in light of CSR, specifically its implications for the firm's **vertical** (i.e., vertical integration) **and horizontal** (i.e., product innovation) **scope**.

1: CSR-Vertical Integration (VI) Link

- VI = myriad of firms' choices on how to interface with internal and external suppliers and buyers at each stage of the value-adding process (Jacobides & Billinger, 2006).
- **Economic** advantages of global outsourcing have been deemed to be significant, making these practices widespread (Alcacer & Oxley, 2014; Baldwin & Clark, 2003).
- Customer and shareholder concern on environmental and social performance exerts pressure on firms to remain accountable over elements along the value adding process (Parmigiani et al., 2011).
- **As firms may want to take greater control over value-chain elements CSR might:**
 - (i) predict the level of VI in ways that are not yet examined,
 - (ii) nuance formerly predicted relationships

1: Conceptual Model



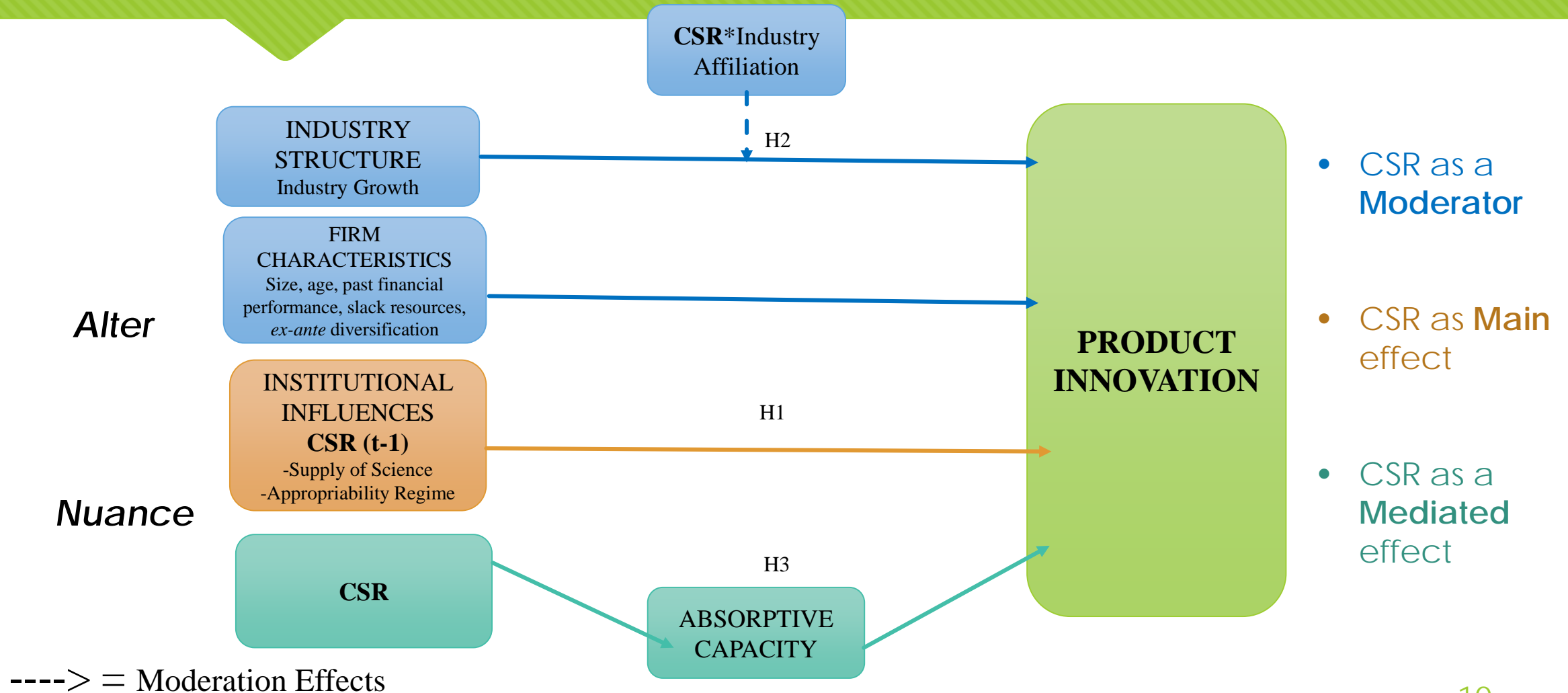
- CSR as **Main** effect
- CSR as **Moderator**
- CSR as a **Mediated** effect

----> = Moderation Effects

#2: CSR - Product Innovation Link

- Product Innovation is a **primary mechanism through which firms adapt** to changing task environments (Katila & Ahuja, 2002; Nadkarni & Chen, 2014).
- Some insight on CSR being associated with organizational capabilities *conducive to* innovation:
 - **Absorptive capacity** (e.g., Delmas et al., 2011; McWilliams et al., 2006; Sharma & Vredenburg, 1998).
- Innovation is not guaranteed: existing firm resources and capabilities may hinder new firm's investment direction (Delmas et al., 2007; Dierickx & Cool, 1989; Tang et al., 2012).
- **As pressure for CSR presents an opportunity for the introduction of new products, then CSR might:**
 - (i) predict product innovation in ways that are not yet examined,
 - (ii) nuance formerly predicted relationships

2: Conceptual Model



Methodological approach

- Variance theory
 - What explains the variance in an entity's behavior?
 - Variables with different attributes affect other variables
- Quantitative secondary data
- Allows for cross-industry scope

Methodology & Methods

RQ	Objective	Methodology	Methods
1	Vertical Integration - CSR link	Quantitative	Panel Data, Structural Equation Modeling (SEM)
2	Product Innovation - CSR link	Quantitative	Panel data specification for Count Data (e.g.: Poisson/ Negative Binomial), SEM

Discussion: Mapping the CSR- Strategy Link

- There seems to be growing concern among the business community to engage in the protection of communities from disproportionate social ills and environmental hazards
 - Does this imply substantial changes on ways of organizing businesses and this way make more meaningful progress towards global objectives of social and environmental justice?
- Observe otherwise? companies might be trapped into cycles of incremental change when transformative models are **urgently needed!**

Thank you!