QUASI Seminar Series: November 13, 2020

Topic: Does corporate social and environmental responsibility create value for consumers?

Yes: Caroline Flammer; No: Mike Lenox; It depends: Magali Delmas; Moderator: Timothy Devinney

11:07:48 From Angly Obando: hello, i just want to make sure, this is the event of Does corporate social and environment responsibility create value for consumers?

11:08:17 From Deborah Flamengo: Hi Angly, yes. This is the correct event. It'll begin at 11:30

11:09:10 From Angly Obando: oh okay

11:10:04 From Angly Obando: i thought it start at 11am

11:11:33 From Deborah Flamengo: No, this session begins at 11:30 a.m and should end at about 1:00 p.m.

11:36:02 From Mike Barnett: Hi folks. Welcome! Please feel free to type comments and questions into the chat. I'll pick questions from here to pose to the panel after the presentations.

11:41:34 From Georg Wernicke: couldn't agree more, time to stop playing Friedman and Freeman against one another.....


11:44:02 From Irene M Henriques: Walmarts in Canada do not have gun sections

11:44:24 From Thomas Peyton Lyon: Y'all are socialists, @Irene.

11:44:34 From Irene M Henriques: Yeahh

11:46:18 From Nicholas A Poggioli: I'm not so sure CSR = liberal values. Chik-Fil-A, for example, views CSR as opposing gay marriage, Hobby Lobby views CSR as opposing birth control. And their customers see that as very socially responsible.

11:46:47 From Brian Kelleher Richter: On Walmart and guns, there's a recent working paper by Marc Painter (Finance Prof at St Louis U) summarized here about this: https://promarket.org/2020/09/10/pursuing-stakeholder-capitalism-is-an-impossible-task-when-stakeholders-have-different-beliefs/

11:48:06 From Irene M Henriques: So CSR is an equivocal issue that requires intersubjective agreement...

11:48:31 From Thomas Peyton Lyon: HBS has taught us all that value extraction is just as important as value creation. Business need not create ANY consumer surplus.

11:48:34 From Chelsea Green: So throw out social and focus on E and G.

11:48:38 From Brian Kelleher Richter: Maybe we should have a debate on the 'right' definition of CSR to Irene's point

11:49:11 From Gerard Farias: Lets do away with CSR. Just Corporate Responsibility

11:49:26 From Gerard Farias: CSR is a smokescreen that hides bad behavior
From Charles H. Cho: "CSR" is perceived (and defined) differently by various constituents.

From Mike Barnett: http://businessandsociety.org/time-to-monkey-with-the-business-case/

From Zhao Li: Question from a political scientist interested in non-market strategy: is there a mathematical model that generalizes the CSR - contentious social issues continuum in terms of vertical (valence) vs. horizontal (ideology) differentiation?

From Charles H. Cho: Some companies omit the "S" in the name of their reports indeed (CR report vs. CSR report)... because S = socialist/socialism (more the case in the US...)

From Mike Barnett: There are of course decrease returns to everything. What's unclear is why any given firm would "produce" CSR at a level that is negative in returns.

From Georg Wernicke: the CEOs effect is about 30% of the variance in CSR across firms and time...

From Aline Gatignon: Shouldn’t the shape of this relationship change with societal expectations? Customers may have very high expectations of firms that “market” themselves as very responsible, and any deviation from the expected behavior could undermine confidence in their commitment?

From Pavlos Vlachos: @Mike: CEO activism (citing Georg Wernicke)

From Irene M Henriques: If managers have discretion, then how can we turn to companies to help solve societal problems, many of which have been caused by these organizations?

From Mike Barnett: On Friedman, that interpretation is problematic: The same act, if it pays at one firm and doesn't pay at another, would be defined as CSR at one and not CSR (just as business) at another.

From Nicholas A Poggioli: Right, so we have a construct validity and measurement problem, combined with a self-selection problem.

From Thomas Peyton Lyon: @ZhaoLi Anthony Heyes and Steve Martin have a couple papers that model horizontal CSR differentiation using a circle model and also allow for vertical differentiation at each location. One is in Management Science, one is in JEBO.

From Zhao Li: @Tom: awesome, thanks for the reference!

From Nicholas A Poggioli: Work comparing CSR datasets is beginning to dive into solving the construct validity/measurement problem. Shaver's work brought more attention to self-selection. We're progressing on these. Why abandon the research program because we must confront these problems?

From Chelsea Green: With increased transparency through disclosure, "customers" can choose based on their subjective view point.

From Jerry Davis: We need an RCT here, with double-blind assignment to conditions. Some firms get "good," some get "evil," but we don't tell (or customers, or researchers) them which they are. Wait 5 years and see what the payoff was.

From Ouafaa Hmaddi: I second that @Jerry

From Nishant Kathuria: I agree with Nicholas, unclear definitions, measurement do not justify withdrawing research progress.

From Thomas Peyton Lyon: Maggie is for Americans who cannot figure out three-syllable words.

From Nicholas A Poggioli: Jerry, we might also adopt the many labs approach. Give multiple teams the same data, ask them to answer whether CSR pays. Compare across all their (independent) analyses.
From Gerard Farias: Can we isolate consumer with taking into consideration other participants (both voluntary and involuntary) in the business?

From Nicholas A Poggioli: Zhao and Murell's replication of Waddock and Graves is also a good approach, using replications to assess finding validity across multiple contexts, with updated data.

From Jerry Davis: @Nicholas, good suggestion. (Although the fact that perhaps a majority of published studies on CSR and performance use the KLD data suggest that we might already be trying this approach!)

From Thomas Peyton Lyon: Sorry, I have to drop off, but the debate has been great today. Three excellent speakers!

From Nicholas A Poggioli: Yes, agree. I remember talking to a health policy researcher who said the field uses 4 datasets

From Liyue: Maggie’s dorm study reminds me a recent work by Xueming Luo. The study shows that if people in debt were told that their debt information would immediately texted their parents if they passed the pay due, they pay on time. Monitoring works.

From Subhanjan Sengupta: There is critique on Tom shoes given for free in low income countries as of poor quality.

From Irene M Henriques: Unfortunately, many conservation issues are countered by utility companies raise the cost when they realize that their revenues are falling as a result of conservation.

From Gerard Farias: and depriving local artisans of work

From Jonathan Doh: TOMS succeeds in bridging the spatial and temporal separation between the "giver" and recipient, resolving the ethical dilemma described by Peter Singer that we tend to strongly preference ethical considerations and decisions (and CSR) toward those who are physically proximate and temporally connected.

From Mike Barnett: If you have specific questions to pose to the panel, please do specify them here. We'll move into Q&A after Timothy finishes.

From Maria Diamonte: why are you breaking up?

From Peggy Flanigan: Tom's fundamental position is that "if someone in the developed world executes consumer behaviour, then Tom will give something to the undeveloped world." While it's packaged as altruism, it's kind of transactional. I've always thought it was an interesting washing of altruism.

From Mike Barnett: We're not breaking up. We'll be together always. Oh, maybe you mean something else? The feed is constant on my end.

From Nicholas A Poggioli: Question for Lenox/Delmas: To Mike's point about the CSR construct, Bansal and Song 2017 argues we need more construct clarity between CSR and corporate sustainability, because they have been conflated over time. Does this imply we need to move on from CSR as a construct and become more specific, like looking at energy use, as in Maggie's work? Or in sustainability, looking at resource use/impacts?

From Maria Diamonte: still breaking up

From Jerry Davis: Question for panelists: to what extent does the increasing transparency of what happens within corporations change their calculus around CSR? Tech firms get outted for working with CPB, and recruiting events on campus for non-responsible firms get protested. Might we be seeing "red companies" and "blue companies" driven by transparency?
From Nancy Kurland (she/her): To follow up on Subhanjan’s point: Toms Shoes has received a tremendous amount of criticism for flooding local communities with free shoes that then put local shoe cobbler out of business.


From Amy S O’Connor: Question for panelists: What are your thoughts on how the principles you have each discussed apply to corporations high in the value chain (e.g., petroleum refining, mining companies)?

From Christine Beckman: there is definitely criticism on Tom’s shoes but Maggie’s point was that Tom’s has been effective in triggering emotion/empathy in consumers to sell more shoes. they have logistics and operations problems but that wasn’t her point I don’t think.

From Subhanjan Sengupta: @Nancy: Interestingly, haven’t heard the same about Warby Parker. They started the same with eyeglasses.

From José Carlos Marques: Q for panelists: So does all this boil down to David Vogel's (2006) argument that the *market for virtue* is essentially a niche market? (ie.: markets can’t substitute for government)


From Kathleen Rehbein: I am curious to hear more (from the panelists)---then about better motivators of firm social innovation, such as Mike’s arguments about creating positive public externalities (think about Patagonia, providing a public good).

From Pavlos Vlachos: to second Timothy (and Maggie and Mike) (consumers are both ice and fire): moral licensing would predict consumers engaging in CSR day 1 and engage in something bad (or less good) the next day (or the same day at night) (there is a JConsumerPsychology paper on this, and a P-Psych showing this for CEOs)

From Gerard Farias: If it is so complex for customers... it is responsible companies that can make the change. Rather than just respond to their perception of the "market"... just do the "right thing"

From Naomi Gardberg: Does anyone trust their utility to manage the smart meter?

From shariworthington: @Naomi Good question. Not me :)

From Christine Beckman: @subhanjan and @nancy, Warby Parker doesn’t try to distribute the glasses themselves. They mostly give money to a nonprofit, so less to criticize

From Gerard Farias: There is something weird about the implied suggestion here (I could be wrong)... that companies will be responsible only if their customers are responsible... it should be the other way.

From Matt Regele: TOMs has moved to that model, too. They don’t give away shoes directly anymore. Model is now to give away 1/3 of profits

From Majid Ghorbani: Can we say there are three solutions: 1) instead of charging more for being sustainable, charge a cost-based price; 2) make sustainable products that caters to one of the six motivation for consumers; 3) add some type of penalty (e.g. tax) for the consumption of unsustainable products?
From Jocelyn Fraser: AM also curious about the question posed by Amy O'Connor. What are your thoughts on how the principles you have each discussed apply to corporations high in the value chain (e.g., petroleum refining, mining companies)?

From Rob Phillips: question for the panel: Devinney and Lenox appear to disagree on the role and extent of managerial and stakeholder discretion. I would like to hear more of the panelists’ thoughts on the implications of this disagreement. We wrote about this some time back and I think it continues to be underexplored.


From Jonathan Doh: I get the logic of moving TOMS/Warby moving to the more typically "we donate x% of profits," I actually think that undermines TOMS ability to connect consumer to CSR recipient.

From Onna van den Broek: I’d love to hear more about the role of policymakers and their role in setting the boundaries / set the "rules of the game"

From Naomi Gardberg: @Jonathan I concur. It is the involvement that resonates. Any company can donate a %

From Kathy Lund Dean: @Jocelyn-- great question. Would love to hear the panel engage with that.

From Rob Phillips: Like @onna a follow up re: discretion: As we think about increasing government regulation (not least to overcome collective action challenges), what does this do to the competitive advantage value of the (newly obligatory) practices? If virtue is mandatory, can it still differentiate? Does/should this affect our enthusiasm for regulation?

From Nicholas A Poggioli: Some in marketing are now openly calling for firms to use their marketing ability to manipulate behavior to advance social good. [https://hbr.org/2020/05/marketing-meets-mission](https://hbr.org/2020/05/marketing-meets-mission)

From Irene M Henriques: Perhaps one thing companies should do is pay their fair share of taxes - CSR at its best.

From Giana Eckhardt: Here is some insight on why consumers have become responsibilized to address social responsibility, and by whom. [https://academic.oup.com/jcr/article-abstract/41/3/840/2907543](https://academic.oup.com/jcr/article-abstract/41/3/840/2907543)


From Peggy Flanagan: Shell Canada launched a new marketing strategy this week -- people can contribute an extra $.02/litre to buy carbon credits. I think Air Canada tried this as well. Will consumers demonstrate their value with their dollars? Very skeptical. Your thoughts?

From Christine Beckman: @Jonathan, agree as well. Warby implies more direct connection and has some very public efforts where they do give glasses and exams in local schools. perhaps to compensate from mostly giving money.

From Michael Pirson: @reng cattle farming could help

From Subhanjan Sengupta: Someone said me: "I do not trust solar panels when my mother is having a surgery." This, I guess, gives a very clear idea of consumer demand.

From Nancy Kurland (she/her): @Jonathan, I agree too. The question is how does one connect, while understanding the systemic implications of such involvement? Toms’ Buy-One-Give-One model ignored the negative unintended impacts that that free stuff would have on the local community. And actually makes me reflect on Bobby Banerjee’s

From dolorsetopamies: what do you think about anticonsumption perspective?

From Onna van den Broek: From a political standpoint, regulation is not independent from companies. Companies influence regulation through CPA. Regulation is often made by business, for business. If firms are hindering these types of regulation, how can we expect them to do this on a voluntary basis? Shouldn’t their responsibility be to influence the government to do set a tax on meat?

From Gerard Farias: What about growth and increasing consumption? Is that the elephant in the room?

From Sarah Ku: Walmart, and MNCs in general, do not represent the only business perspective. The realities of oligopolies across industries have made MNCs like Walmart synonymous with irresponsible, share-holder driven values and activities. But not all firms behave this way.

From Sarah Ku: If firms are governed by stakeholders, this shifts business values and operations

From Bodo Steiner: @ Peggy's Q: it depends: use financial rewards for pro-environmental behaviour if person is more self-centered (e.g. recycling fee), and use non-financial rewards when person is more altruistic/society-oriented (e.g. volunteering opportunity): Grebitus, C., Steiner, B. E. & Veeman, M. M., (2015). The roles of human values and generalized trust on stated preferences when food is labeled with environmental footprints: Insights from Germany. Food Policy. 52: 84-91.

From Nicholas A Poggioli: This is especially true if we bring in what in the US is called environmental justice, which accounts for equity and health in sustainability problems.


From Alan Brejnholt: We probably also want to recognise that asking what can CSR do for the customer is a fairly ideological framed approach. 'The customer' as independent individual set of units rather than a proxy of for needs of a collective common good would seem to be detaching production systems from a bounded community with some given scarcity of resources and restraints. Leaving the consumer at the centre of this would probably in some views raise some concern. Some factors to consider there would be scattered quality in education, social inequality, price sensitivity, regulatory capture etc. Many factors that drive consumers forward in very different ways across different socio-political contexts.

From dolorsetopamies: education is important to provoke changes

From Pavlos Vlachos: @panelists: Do we know whether firms spend lobbying money to influence governments to e.g., mandate CSR disclosures?

From Brayden King: one of the takeaways from this covid experience is how deeply intertwined behavioral change is with political ideology

From Peggy Flanigan: Change Management tells us that having alignment between those who are leading and those who need to change, is the major predictor of success. I believe the presenters have shown that we (people) aren't aligned on this. The consequence is in the future, and our desires for comfort is now...
From Jonathan Doh: One obvious thing governments could do is to remove subsidies for socially "irresponsible" farming, water use, oil and gas exploration, etc.

From Subhanjan Sengupta: Finland is making protein rich food from crickets, to replace animal protein.

From Nicholas A Poggioli: Friedman 1970 also assumes firms operate only in the market, stay out of politics, and comply with rules of the game set by state and culture. That wasn't true when Friedman wrote the 1970 article. Certainly not true today. But theoretically elegant!

From Chris McHugh: The financial literature shows that companies that actively focus on objective management of natural capital (eg. energy, water, waste) are a lower credit risk subject to various controls. That might just be a reflection of good management, although banks are starting to look beyond traditional criteria to justify lending. So maybe, focus on ESG => better financial health => gain relative to other firms?

From Kathy Lund Dean: Relying on governments to support/force more sustainable or ethical behavior is risky and susceptible to those who politicize it and reject it [The Orange One, exhibit A]. Another perspective: Auret van Heerden accepts that governments are limited in their ability to manage ethical behavior, specifically in the global supply chain, and says transparency and corporate contracts are the way to assure ethical supply chains. [https://www.ted.com/talks/auret_van_heerden_making_global_labor_fair?language=en]

From Brian Kelleher Richter: Anyone have the reference to the Clean Air Act paper Timothy Devinney just referenced?

From maggie Delmas: A recent paper by David Vogel about California describes the same alignment between industries: See Promoting Sustainable Government Regulation: What we learn from California published in 2019 in Organization & Environment

From Maria Diamonte: What should the new administration tackle?

From Christine Beckman: @Brayden, yes and no. Health isn’t always framed as a political. Doing so is obviously problematic. I’ve been reading Crisis in the Red Zone about the Ebola crisis. Behavior change happened when it first appeared in the 1970s because there was a common response. I don’t know how we get back there. maybe that’s a research question.

From Sarah Ku: I'm a doctoral student researching stakeholder governance in the context of strategic, circular, food waste management to turn corporate externalities into positive social outcomes :) 

From Sarah Ku: Thank you all so much for your valuable insights!

From Irene M Henriques: Please see Mariana Mazzucato's work "The Entrepreneurial State" - we need to stop viewing government as the problem

From Brayden King: @Christine, I agree that behavioral change doesn't have to be linked to political ideology, but in an environment of high political sectarianism, ideology seems to shape everything

From Michael Lenox: @Irene, I agree on the Entrepreneurial State

From José Carlos Marques: Q for Mike: interesting point about innovation. Is "directed innovation" similar/different to industrial policy/strategy?

From Mike Barnett: If you'd like to ask the panel a question audibly, please raise your hand and I'll try to get to you, so that you can unmute and ask it.
From Gerard Farias: How about... "what does the world need?" to start with and drill down from there?

From Caroline Flammer: Agreed.

From marc thompson: The think tanks read the academic work and repackage it as do consultant firms (often badly...)

From Guillaume Pain: Ecosystem resilience is the ultimate measure of corporate environmental performance. It used to be difficult to measure, but less so today with Science-based targets, which are meant to be applied at the policy and individual company levels. Solutions already exist. They need to be disseminated, examined, tested, validated, implemented.

From Nicholas A Poggioli: One way to address this would be to follow what economics did in the US to build itself as an academic field while also building itself as a political organization to influence policymakers.

From Peggy Flanigan: There is an old adage of "what gets rewarded gets done". Businesses are hoping to be rewarded by consumers/profit. Governments look to political strength to do. The work that has to be done requires some courage to begin while consumers are still not aware that they need to get behind it.

From Nicholas A Poggioli: We know a bit about organization. Shouldn't be too hard to start doing this!

From Chris McHugh: Q to panel: many European countries will ban sales of fossil fuel and hybrid cars during the 2030s which will enforce change. Can the panel conceive of any voluntary process that would be nearly as effective?

From Michelle Westermann-Behaylo: We should not put too much hope on innovation. Silicon Valley firms like Facebook and Youtube are undoubtably innovative, but the documentary Social Dilemma show how dangerous the unintended effects of innovation can be on society. That film scared me and led me to delete all my social media accounts. We need to educate innovators (especially AI) to take more account of the larger effects of their inventions.

From Gerard Farias: Yes + Michelle. Please everyone... watch The Social Dilemma

From Caroline Flammer: For those of you who are interested in ESG investing (from management, accounting, finance, economics,... perspective), I encourage you to engage with the PRI Academic Network: https://www.unpri.org/sustainability-issues/academic-research/academic-seminar-series

From marc thompson: Elite schools reproduce the elite who run these institutions - change the curriculum, convene the power elites.

From Robert Tomasko: Psychological scientists are a bit ahead of management scholars in organizing themselves to influence public issues. We might want to benchmark us against them.

From John Bunch: And. We need to change the academic reward system to reward our work having an impact on poli Cy

From Nicholas A Poggioli: ARCS website https://corporate-sustainability.org/

From Sandra Hamilton: My PhD is investigating the transformation of public procurement from price-taker to market-shaper. Regulation sets the base, procurement can be redesigned to reward rise to the top sustainable, inclusive market actors. I am a UK/Canadian and have been told that my PhD will not be judged on impact, it will be judged on theoretical contribution. There is little opportunity to co-create solutions with practitioners. It is a very solitary experience.
From Nicholas A Poggioli : Impact Scholar Community
https://www.impactscholarcommunity.com/

From marc Thompson : Richard Senett wrote a provocative but relevant book on the decline of the public intellectual - even more relevant today

From Timothy Devinney : https://www.ft.com/content/3ba9551e-4898-11e3-8237-00144feabd0

From Nicholas A Poggioli : +1 Timothy

From Sandra Hamilton : Here is my most recent Policy@Manchester blog: Rise to the top - socially responsible public procurement buff.ly/3pfFwnN

From maggie Delmas : For those interested in sustainable innovative solutions for the planet you can listen to https://www.planetinnovation.eco

From Suzanne Peters : This has been fantastic... I'm a DBA student -- this has given me much to think about! Thanks so much, all!

From Subhanjan Sengupta : Before we speak of the role of govt or businesses, there is need of a systemic change in the academic institution as well to incentivize teaching and research in this direction.

From Amy S O'Connor : Great panel. Thank you so much.

From Kathleen Rehbein : Thank you, a great discussion!!

From Michelle Westermann-Behaylo : Thank you for a wonderful debate! Great job, Panel. Stay well, everyone

From Sandra Waddock : Great session. Thanks, all.

From Irene M Henriques : Great discussion ! Thank you

From Ziko Konwar : Thank you, all. A spectacular discussion.

From Pushpika Vishwanath : excellent seminar! Thanks everyone!

From marc Thompson : Thanks Mike et al - great session

From Marcelo De La Cruz Jara : Thank you very much!

From Onna van den Broek : Many thanks - lots of material to think through over the weekend!