MUCH ADO ABOUT NOTHING

A conceptual critique of CSR

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ERIM Report Series *Research in Management*	
ERIM Report Series reference number	ERS-2006-040-ORG
Publication	July 2006
Number of pages	44
Persistent paper URL	
Email address corresponding author	joosterhout@rsm.nl
Address	Erasmus Research Institute of Management (ERIM) RSM Erasmus University / Erasmus School of Economics Erasmus Universiteit Rotterdam P.O.Box 1738 3000 DR Rotterdam, The Netherlands Phone: + 31 10 408 1182 Fax: + 31 10 408 9640 Email: info@erim.eur.nl Internet: www.erim.eur.nl

Bibliographic data and classifications of all the ERIM reports are also available on the ERIM website:
www.erim.eur.nl

ERASMUS RESEARCH INSTITUTE OF MANAGEMENT

REPORT SERIES

RESEARCH IN MANAGEMENT

ABSTRACT AND KEYWORDS	
Abstract	Corporate social responsibility (CSR) as a nominal term clearly resonates with scholars and practitioners alike. As a scientific concept, however, it has often been criticized for its lack of definitional precision and poor measurement. In this paper we review and assess intensional and extensional definitions of the concept, as they have figured in the prior CSR literature. But we also go beyond these traditional review exercises by assessing the role (if any) of the concept in positive theorizing. The upshot of this analysis is that since the CSR concept adds nothing of value to existing frameworks in the field of management and organization, such as the economizing and legitimizing perspectives, it is best to discard it altogether.
Free Keywords	Corporate Social Responsibility, Corporate Social Performance, Intensional Definitions, Extensional Definitions, Positive Theorizing, Economizing, Legitimizing.
Availability	The ERIM Report Series is distributed through the following platforms: Academic Repository at Erasmus University (DEAR), DEAR ERIM Series Portal Social Science Research Network (SSRN), SSRN ERIM Series Webpage Research Papers in Economics (REPEC), REPEC ERIM Series Webpage
Classifications	The electronic versions of the papers in the ERIM report Series contain bibliographic metadata by the following classification systems: Library of Congress Classification, (LCC) LCC Webpage Journal of Economic Literature, (JEL), JEL Webpage ACM Computing Classification System CCS Webpage Inspec Classification scheme (ICS), ICS Webpage

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A conceptual critique of CSR

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Parts of this chapter draw on a paper titled: *Cleaning out the imperial wardrobe; Conceptual sense and non-sense in understanding the business-society interface*, written by the same authors.

INTRODUCTION

Corporate Social Responsibility (CSR) is arguably the most central and established notion in modern business and society research (de Bakker, Groenewegen, & den Hond, 2005). Dating back to the fifties of the former century, the notion has relatively the longest academic track record in the field and is often seen as a kind of primitive to other established concepts in business and society (Carroll, 1999), such as stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984) and corporate citizenship (Gardberg & Fombrun, 2006; Matten & Crane, 2005). In addition, CSR is a highly popular managerial notion with many companies having some form of CSR policy in place or making explicit CSR communications (Maignan & Ralston, 2002). Yet in spite of its academic credentials and popularity in business and management practice, the case for CSR as a theoretical concept in social science and the humanities is weak if not outright fatal. The gist of the problem is that it is not clear what CSR is, that we do not understand its causes and consequences, and that the notion is not very helpful in understanding and making explicit what is desirable or required at the business-society interface. We conclude, therefore, that the notion of CSR is better dispensed with altogether in favor of less problematic, more established conceptual frameworks in the field of management and economic organization. In particular, we will highlight the conceptual and empirical superiority of economizing (Williamson, 1991) and legitimizing (Suchman, 1994) perspectives for business and society theorizing.

Our conceptual critique of the CSR concept is structured as follows. First, we introduce some distinctions we use for evaluating CSR as an academic concept. We then sketch a short history of CSR concept formation and theory building, after which we elaborate on theoretical definitions and empirical operationalizations of the CSR concept consecutively. Coming to conclusion that the notion of CSR is highly problematic in both theoretical and empirical dimensions, we subsequently go on to explore what—if any—role remains for the notion of CSR has in business and society research and theory building. We end with a brief rehearsal of our overall argument and conclude that it would be prudent for the field to dispense of the notion of CSR altogether in favor of more powerful and established conceptual frameworks.

SOME DISTINCIONS RELEVANT TO CONCEPT FORMATION AND EVALUATION

Although the analysis and evaluation of concepts in social science and the humanities is a complex and contentious matter, a number of distinctions can be made that are rather straightforward and relatively uncontroversial (see also van Oosterhout, 2005). A first distinction deals with how a concept is to be defined. This can be done in two separate ways. A concept can be *extensionally* defined by pointing out and describing the set of real-life phenomena the concept refers to. Alternatively, a concept can be *intensionally* defined by specifying the conjunction of general attributes that make up the concept.[1] Thus an extensional definition of CSR, on the one hand, would involve pointing out those phenomena in business and management that instantiate this concept in real life, whereas an intensional definition of CSR, on the other, would come down to the specification of those general attributes that each are necessary, and that in conjunction constitute a sufficient condition for the concept to apply. It is intuitively quite obvious that an intensional definition will be the primary objective of CSR theory building, whereas an extensional

[1] The distinction between intensional and extensional definitions of a concept is sometimes also referred to as the distinction between 'meaning' (or 'sense') and 'reference', or between 'connotation' and 'denotation'. The distinction traces to (philosophical) logic and is commonly attributed to Gottlob Frege (1892). Through logical positivism, the distinction found its way in to the social sciences. Sartori (1970) gives an informative and accessible account for the social sciences

definition will be preferred from the perspective of empirical research and CSR measurement. It should be clear, however, that the intension and extension of a concept are two sides of the same coin and that good academic use of any concept requires that we capitalize on both simultaneously. The great modern philosopher Immanuel Kant already observed more than two centuries ago that measurements without any theoretical guidance are blind (because they may lump together all kinds of things that are not related to each other in any systematic way) while purely theoretical concepts—regardless of their analytical sophistication—are empty (because they do not refer to anything in real life).[2] The relationship between intensional and extensional definitions of CSR is a rather painful issue in CSR research and theory building and we will return to it below.

A second distinction that is relevant from the perspective of concept formation and evaluation in social science and the humanities pertains to the purpose or ambition of the theory in which the concept under scrutiny figures. Positive theory, on the one hand, aims to describe and explain the world as we find it. Normative theory, on the other, is ultimately justificatory, in that it strives to provide reasons that would justify a way of looking at the world in terms of what it ought to be like. The distinction between positive and normative theory ultimately pertains to its "direction of fit" (Searle, 1983). Positive theory has a 'theory-to-world' direction of fit, in the sense that if the world as we find it does not accord with how we conceptually understand it, it is our conceptual understanding, and not the world, that should be revised. Normative theory, in contrast, has a 'world-to-theory' direction of fit. This means that in cases that the world conflicts with our normative conceptualizations of it, it is the world, rather than our conceptualizations that ought to give way (Searle, 1983). Although the literature on CSR contains both positive and normative

[2] Of course Kant was not primarily concerned with questions of measurement and operationalization. He literally said: "Thoughts without content are empty; intuitions without concepts are blind." (1965/1787: 75).

research and theory building (de Bakker, Groenewegen, & den Hond, 2005), the ultimate ambitions of individual publications are commonly only implicit and are often confounded in confusing ways. We return to the ambitions of CSR theorizing below.

A final distinction pertains to the explanatory aspirations of CSR research and theory building. Although explanation is often seen as part of positive theorizing exclusively, it figures prominently in normative theorizing too. In more or less the same way that we do not expect our positive theories to be independent of matters of fact, we should not expect our normative theories to be self-evident without further elaboration or explanation. Explanation, in our view, is best seen as an argumentative relationship between premises on the one hand, and a conclusion on the other. Whether the argument—or explanation—has a positive or normative ambition then depends not only on the kind of conclusion to be drawn, but also on the nature of the premises as one cannot validly draw a normative conclusion from exclusively positive premises (Moore, 1983). Regardless of the ultimate ambition of explanatory arguments, however, the CSR concept can figure within explanations in roughly two different ways (Hempel & Oppenheim, 1948). It can figure as an *explanandum*, on the one hand, in which case CSR is explained by other, preferably more lucid premises. Alternatively, the CSR concept can also function as *explanans*, meaning that it, perhaps together with other premises, is offered to explain something else. Although both kinds of arguments can be found in the CSR literature, the latter kind has dominated empirical research (Rowley & Berman, 2000). This fact alone is telling and we shall attend to it below.

A SHORT BIOGRAPHY OF THE CSR CONCEPT

Systematic conceptual analysis is often greatly facilitated by an awareness of the historical antecedents and the evolution of the concept under scrutiny, even if only to grasp the extent to which present understandings are the result of historical contingencies and path-dependent development. Both literature review (Carroll, 1999) and bibliometrical analysis (de Bakker et al, 2005) support the conclusion that the academic origins of the notion of CSR can be traced to the fifties of the former century, and that it pioneered the emergence of a field now commonly referred to as business and society. Although the societal dimension of economic organization was already on the academic agenda before World War II (e.g. Barnard, 1938/1968), Carroll takes Howard R. Bowen to be the "father of Corporate Responsibility" (1999: 270). His book *The Social Responsibilities of the Businessman* [sic] was pioneering in exploring the responsibilities of executives to pursue actions and policies that "are desirable in terms of the objectives and values of our society" (Bowen, 1953: 6). Others soon followed suit, and by the seventies of the twentieth century the intuition that business had some form of social responsibility over and above its responsibility to perform economically had already been cashed out in a number of publications (Frederick, 1960; Davis & Blomstrom, 1966; Walton, 1967). Although these publications often provided crude definitions or descriptions of what CSR was, the predominant concern was to drive home the argument that CSR is desirable, either in its own right (cf. Frederick, 1960; McGuire, 1963) or because it is in the long-term economic interest of corporations and other business organizations to engage in CSR (cf. Davis, 1960; Johnson, 1971). As we shall see below, this—mostly implicit—'justificatory' stance of early CSR research and theory building has had a major impact on the way the CSR framework has evolved.

The following decades witnessed many attempts to conceptually come to grips with the notion of CSR. But as Carroll (1999) observes, this resulted in a “proliferation” of definitions rather than the construction of a systematic and cumulative conceptual framework. The only common element in the broad diversity of conceptualizations remained the rather unsophisticated intuition that business ought to be concerned with, and may actually be responsive to, “issues beyond the narrow economic, technical, and legal requirements of the firm” (Davis, 1973: 312). The fact that CSR became a highly popular topic for empirical research in from the eighties onward did not remedy the conceptual confusion, though. This is due mainly to serious measurement problems and a self-justificatory bias in research questions (Rowley & Berman, 2000) that all but enlightened our understanding of CSR itself (see below). By the turn of the century, novel and competing conceptual frameworks, such as stakeholder theory and the notion of corporate citizenship, had already emerged and were increasingly claiming ground in the field of business and society (Carroll, 1999; de Bakker et al., 2005). In addition to the familiar confusion over what CSR means, this created puzzles as to how these different—and at least partially overlapping—concepts relate to each other.

The upshot of the resulting conceptual ambiguities is that the field of business and society presently lacks solid conceptual foundations and a systematic research and theory building tradition (Van Oosterhout & Heugens, forthcoming). The concepts most widely subscribed to are typically used only in a very loose manner and there is hardly any systematic, let alone cumulative, relationship between empirical research and theory building efforts as novel conceptual frameworks appear to be introduced at will. The confusion that presently haunts the field is such that even the brightest minds succumb to the temptation of introducing new notions (e.g. corporate citizenship) that substantially cover the same ground as the old ones (e.g. CSR) without any additional or novel insight that would justify conceptual innovation (e.g. Carroll, 1998), as Matten and Crane (2005) observe with some embarrassment.

CSR THEORY AND THE INSTENSION OF THE CSR CONCEPT

One observation about evolution of the notion of CSR is of particular interest from the perspective of a more systematic conceptual analysis. This is the fact that the CSR concept evolved from predominantly *normative* origins (Matten, Crane, & Chapple, 2003). Rather than resulting from an attempt to understand or explain observations of actual behavior in business, it was the normative debate about whether corporations had social responsibilities over and above their economic self-interest that sparked off research and theory building efforts on CSR (cf. Davis, 1973). The normative origin of the CSR concept is more than just an interesting historical idiosyncrasy, though. In our view, it is indicative for, rather than the result of, a normative bias in CSR concept formation and theory building (see also: Matten, Crane, & Chapple, 2003). This bias pretty much accounts for the way in which the concept has evolved and for the state the field of business and society is presently in. Yet contrary to some authors (Matten & Crane, 2005; Rowley & Berman, 2000), we do not believe that the notion of CSR can be saved when this bias is corrected for. The reason for this is that, in our view, the bias is inherent to the conceptual structure of the notion of CSR.

That there is a normative dimension to our conceptual understanding of CSR is already quite evident from only a casual inspection of the terminology used to denote the concept. Most scholars would agree that *Corporate Social Responsibility* is about the (a) *social*, hence not specifically or particularly addressed, (b) *responsibility*, which can mean many different things (e.g. Bovens, 1998) but is commonly understood in this context as the consequentialist equivalent of the deontological notion of 'duty' (Goodin, 1986), of (c) *corporations*, which is typically taken not merely to refer to corporate *legal* entities but to business organizations in general. It is easy to see how in this rather unsophisticated account of CSR, and we need to keep in mind that this rough and ready understanding of CSR is about the only thing different conceptualizations have in common, the answer to the *positive* question of what CSR is will be a function of the answer to the *normative* question of which responsibilities business organizations owe to society to begin with. And this is not just the case with unsophisticated understandings of CSR. Even the most elaborate and refined conceptualizations of CSR are ultimately premised on some normative background argument establishing what it ought to be.

Archie Carroll's (1979: 500) well-known and widely subscribed to definition of CSR as encompassing "the economic, legal, ethical and discretionary expectations that society has of organizations at any point in time" is a case in point. For how could these expectations constitute any responsibility at the corporate level to meet them if one does not assume that they are justified and that business organizations therefore ought to contribute in some way to realizing what they are about? In general: your expectations towards A will only lead to A's responsibility to meet them if they are justified. Without justification your expectations are just that. They would have no logical connection to any responsibility that A has. That there is a normative dimension to the CSR concept, however, is not just because of talk about (justified) expectations. The general issue is that the notion of CSR can only have a discernable meaning against a background of normative premises that both tell us what is desirable, and that business organizations have a responsibility to (help) bring about that desirable state of affairs within a free enterprise system. Without these normative premises, it could not be clear what CSR is and what it is not.

The fact of the matter, however, is that CSR research and theory typically assume rather than elaborate on these premises. That these premises are true or otherwise acceptable is far from obvious though. Even Archie Carroll's widely subscribed to 'domains approach' to CSR, which has been refined and revised over the years (Carroll, 1991; Pinkston & Carroll, 1996; Schwartz & Carroll, 2003), is subject to debate. The issue does not so much concern the economic and legal responsibilities of business. Even a one-eyed neo-classical economist like Milton Friedman agrees that business has the responsibility "to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman, 1962: 133). Instead, the disagreement is about the residual, that is, about the ethical and discretionary responsibilities of business and therefore about what distinguishes CSR from everyday business. That precisely those features are disputed that characterize CSR against the background of ordinary business responsibilities, makes the notion of CSR a contested rather than established concept in business and society research and theory building.

CSR is not unique in this, however. In social science and the humanities there are many instances of concepts the meaning of which is all but beyond dispute. Examples include the notions of efficiency in economics, power and legitimacy in political science, integration in sociology, and freedom in political theory (cf. Connolly, 1974). Gallie (1956) has introduced the term "essentially contested concepts" to denote concepts the meaning of which will arguably never become clear on account of potentially endless disputes over what they involve. Such disputes typically arise because there is an irreducibly normative dimension to what these concepts should be taken to mean (Taylor, 1985). The conceptual distinction between power and authority (Connolly, 1974; Lukes, 1979, 1987), for example, would be virtually impossible to make without some account of what would justify authority and distinguish it from power (Raz, 1986, 1990; van Oosterhout, 2002). Yet in spite of their contested status, many of these concepts are firmly embedded within the disciplines in which they figure. To delete them from their disciplinary vocabularies would pretty much come down to dispensing with these disciplines altogether. This, however, is clearly not the case with the notion of CSR. As we shall see below, we can very well imagine there being a field of business and society without there being the notion of CSR. So what makes the notion of CSR different in this respect?

Our answer to this question is that the notion of CSR is hardly doing any explanatory work in the field of business and society. As explanandum, on the one hand, there are but few studies that attempt to explain why business organizations engage in CSR activities or what CSR must be taken to mean in this respect (e.g. Aguilera, Rupp, Williams, & Ganapathi, forthcoming; McWilliams & Siegel, 2001).[3] This makes it all but clear what explains CSR and what CSR is to begin with. Yet in spite of it being highly ambiguous what CSR is, on the other hand, the notion of CSR the notion CSR (or CSP, see below) has been used extensively as an explanans to explain corporate financial performance (or CFP) and with mixed conclusions (Rowley & Berman, 2000). While Orlitzky, Schmidt, and Rynes (2003) find an overall positive relationship through a meta-analysis of the many studies that have been published on the CSR-CFP relationship, Griffin and Mahon (1997) report mixed results in different studies due to a wide variety of measures and methodologies used. We will return to the problem of measurement and the extension of CSR below, but it should be emphasized here that it is all but unambiguous what is explained in CFP by CSR if we really do not know what CSR is and what explains it, other than the mostly implicit normative considerations to the effect that business organizations owe certain responsibilities to society.

[3] Note that in spite of the fact that these two studies attempt to explain CSR from other premises, both take more or less for granted what CSR must be taken to mean.

The explanatory track record of the notion of CSR is therefore rather poor. Insofar as it has played any explanatory role in normative or positive theories in business and society it has figured mostly as an explanans, and even then almost exclusively to explain CFP rather than anything else (Rowley & Berman, 2000). This unidirectional focus of CSR research and theory building reveals an implicitly normative, self-justificatory concern of what much CSR theory is and has been about. That is, the explanatory relationship in which CSR is used to explain CFP is typically used as a justification of CSR it self (see figure 1). This not only makes much CSR theory blatantly circular, but it also confounds normative and positive claims in this self-justificatory argument. It is clear that both are highly undesirable. Proper theorizing ought to be concerned, first, with explaining propositions from other—typically more lucid—premises, and second with a clear separation of positive and normative arguments (see: van Oosterhout, Heugens & Kaptein, 2006: 533-534). This means that if we are to do things right in the field of business and society, we will need to doubly unpack the theoretical relations that now constitute much of CSR research and theory building. That is, not only do we need to explain CSR itself before we attempt to explain anything from it, but we also need to carefully separate normative and positive arguments in a way that would enable both better positive and better normative theorizing. It is our belief, however, that if we do precisely that, the notion of CSR can be deleted without loss. But that should become clear only after discussing the problems pertaining to the extension of the CSR concept.

CSR MEASUREMENT AND THE EXTENSION OF THE NOTION OF CSR

An alternative way of defining a concept is to assess its extension (or denotation): the "class of things to which the word applies" (Salmon, 1963: 90) or the "totality of objects indicated by that word" (Sartori, 1970: 1041). Now, when business and society researchers undertake to explore a given organization’s manifest social responsibilities, they typically do not study CSR but its *Corporate Social Performance* or CSP. The reason, of course, is that a responsibility, like a duty, is to be located in normative space and can therefore neither be observed directly, nor has an unambiguous domain of things or objects to which it refers directly. Observables only result when an individual or organization accepts (or denies) a certain duty, and follows up by endorsing (or challenging) that duty with corresponding behaviors. In the case of CSR, we can therefore only observe manifest corporate extra-legal and extra-economical behaviors, and infer that these behaviors simultaneously signal (a) the corporate actor’s recognition of a given social responsibility, and (b) its attempts to meet that responsibility. Neither assertion is likely to be wholly unproblematic, as we will explain below. For now, it suffices to acknowledge that corporate responsibilities and corporate actions are simply not two of a kind.

There is no lack of CSP studies. In a comprehensive bibliometrical analysis of the field, De Bakker, Groenewegen, and Den Hond (2005) identified no less than 155 CSP papers, all published between 1972 and 2002. Given this manifest popularity of CSP research, many scholars have apparently tried to avoid the philosophically challenged concept of CSR by studying more readily observable corporate actions. The abundance of CSP research can be taken as evidence for a latent desire of business and society scholars to leave the difficult task of intensionally defining CSR behind–or at least to others–and focus their efforts on staking out what companies do as a matter of fact to meet their social responsibilities. As we will argue here, however, this “flight forward” does not resolve their problems, because at least two difficult issues remain unresolved.

First, by resorting to the study of actual corporate behaviors, business and society researchers intentionally or unintentionally loosen the ties between their empirical work and the–admittedly contested–notion of CSR. This may seem to be an attractive move, as one can clearly do meaningful (behaviorist) scientific work on the important topic of corporate extra-legal and extra-economical behaviors and their correlates while the underlying conceptual issues are still pending. But by creating a wedge between concept formation and empirical research, these researchers disregard the fundamental epistemic insight that operationalizations of CSR (its extension) only make sense when they are closely related to theoretical definitions of CSR (i.e. its intension). By ignoring the conceptual issues, these researchers are creating a body of empirical results that is vulnerable to the imperialistic ambitions of other, more powerful social theories that seek to explain these very same results by other means. If a field presents itself as little more than a collection of "data looking for a theory" (cf. Wood, 1991; Zenisek, 1979), one should not be surprised if sooner or later some 'extra-disciplinary' theory will appear on the scene capable of explaining previously 'intra-disciplinary' phenomena.[4] We will address this issue at greater length in a subsequent section.

Second, even if we take CSP as the empirical manifestation of a firm's self-accepted social responsibilities, the issue of how to operationalize and measure this construct remains. Scholars at least tend to agree that CSP is a "multidimensional construct" (Rowley & Berman, 2000; Waddock and Graves, 1997) or a "composite term" (Bendheim, Waddock, & Graves, 1998; Jones, 1995) that (borrowing imagery from functionalist organization theories like cybernetics; cf. Von Bertalanffy,

[4] A case in point is provided by the concept of non-market strategy (Baron, 1995). Here an outsider to the business-and society field lays claim to a number of concepts that were previously intra-disciplinary, and explains them with tools borrowed from strategic management. Other examples include Hill and Jones (1992) using agency theory, Rowley (1997) using network theory, Frooman (1999) using resource dependence theory, and Coff (1999) using the resource-based view of the firm–all explaining important CSP-related findings with the powerful aid of extra-disciplinary theories.

1933) simultaneously refers to organizational inputs, core transformation processes, and outputs, as well as to the development of more holistic programs concerning corporate values or business ethics. It should be acknowledged that there is no uncontestable way of measuring such a complex construct, and this is not simply because researchers are unlikely to agree upon a clearly demarcated empirical domain for it. In fact, prior attempts to identify the extension of CSP have all fallen victim to one of four interrelated problems, which we will label as follows: (1) negative extensionality; (2) under inclusiveness; (3) category lumping; and (4) outcome fetishism.[5]

1. Negative extensionality: Many researchers in the field define their core concept simply by stating what CSP is *not*. Telling in this respect is the use of so-called CSP screens, which are often used in empirical research to separate the sheep from the goats. A CSP screen is a straightforward (and usually quite crude) filter that prevents firms involved with certain types of business activities from

[5] As stated, we are certainly not the first authors to comment on the difficulty of operationalizing and measuring CSP. To the best of our knowledge, no less than fifteen reviews of the empirical CSP literature have appeared between 1978 and 2003. Taken in chronological order: Aldag and Bartol (1978) reviewed 10 studies; Arlow and Gannon (1982) reviewed 7 studies; Cochran and Wood (1984) reviewed 14 studies; Aupperle, Carroll, and Hatfield (1985) reviewed 10 studies; Ullmann (1985) reviewed 13 studies; Wokutch and McKinney (1991) reviewed 20 studies; Wood and Jones (1995) reviewed 34 studies; Pava and Krausz (1996) reviewed 21 studies; Griffin and Mahon (1997) reviewed 51 studies; Preston and O'Bannon (1997) reviewed 8 studies; Richardson, Welker and Hutchinson (1999) reviewed 14 studies; Roman, Hayibor and Agle (1999) reviewed 37 studies; Rowley and Berman (2000) reviewed 55 studies; Margolis & Walsh (2003) reviewed 95 studies; and Schuler and Cording (2006) reviewed 51 studies. The difficulties explicated here often resonate with those aired in these prior reviews of the literature [this footnote is in part based on Margolis & Walsh, 2003].

being classified as "socially responsible." The screening approach is hugely popular amongst CSP researchers, largely because the influential indexing firm KLD Research & Analytics, Inc. (www.kld.com) has a tradition of making screening-based data sets available to the academic community. Numerous prior studies have used the KLD data (e.g., Berman, Wicks, Kotha, & Jones, 1999; Deckop, Merriman, & Gupta, 2006; Graves and Waddock, 1994; Johnson & Greening, 1999; McWilliams & Siegel, 2000; Turban & Greening, 1997; Waddock and Graves, 1997). We will now briefly focus on KLD's oldest and most important social investment index – the Domini 400 Social Index or DSI – to illustrate how the screens approach works, and why a strict reliance on screens is a bad way of extensionally defining CSP.

The DSI consists of a dynamic set of 400 publicly listed US firms, roughly composed of 250 Standard & Poor 500 companies, 100 other companies chosen for sector diversification, and 50 additional companies with "exemplary" social and environmental records. To become eligible for inclusion, companies must first of all have a demonstrated potential for high financial performance.[6] From this larger set of high-performing firms, KLD then weeds out all companies

[6] For many academic studies on the relationship between CSP and corporate financial performance (CFP), this raises the issue of sampling on the dependent variable. As an investment analyst, it is KLD's deliberate intention to select firms that generate better-than-average financial results (i.e., firms with an abnormally high CFP). If a researcher subsequently tries to assess the differential performance of firms that have been screened into one of the KLD indexes and firms that have been screened out, he or she may well find a performance effect for KLD membership. Moreover, the effect is likely to be positive, as poorly performing firms are likely to have been dropped from the KLD basket—like any prudent investment specialist would do. The point is, of course, that even if there is a positive performance effect of being screened into one of the KLD indexes, it is empirically impossible to determine whether this effect should be attributed to the potentially positive performance implications of CSP, or to the exceptional quality of the KLD analysts for

involved with alcohol, tobacco, firearms, gambling, nuclear power, and military weapons. The KLD indexing system subsequently adds a number of additional refinements, such as individual company assessments on criteria like diversity, employee relations, and human rights, but at its core the KLD index construal approach relies on the categorical exclusion of certain industries to separate "responsible" from "irresponsible" companies. This is not an adequate way of extensionally defining CSP for two reasons.

First, with respect to the denotation of allegedly irresponsible corporate behavior, it is not clear on which grounds various industries are excluded. Entine (2003) traces the origin of so-called "sin screens" condemning the use of alcohol, tobacco, and gambling to 18th century religious beliefs held by minority factions in the US, noting that the Quakers were the first to withdraw their business from organizations involved with such "sinful" behaviors. It is probably fair to say that the categorical exclusion of all companies involved with the production of, say, alcoholic beverages, is overly moralistic in many contemporary Western societies, in which (moderate) alcohol consumption is a generally accepted part of social life.

Second, and more importantly, in its pure form the screening approach remains silent with respect to the denotation of responsible corporate behavior. It defines responsibility *negatively* by stating that responsible firms are those that abstain from the production of alcohol, cigarettes, et cetera. Yet it should be clear that firms operating in sectors that are eligible for inclusion in the DSI (such as banking, technology, energy, and consumer goods) are not all angels. An important problem of the screening approach is therefore that companies in uncontested industries can still do very bad things (whereas there are of course also more and less responsible ways of operating in

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picking "winners" in the stock market. Thus, prudent researchers should avoid using KLD membership as a proxy for above-par CSP, especially if their ambition is to use CSP as an explanatory variable for CFP.

contested industries). In sum, the screening approach to determining the extension of CSP is flawed because of the ambiguous grounds on which the screens are defined and because of the selection bias that results from screening on either the dependent or the dependent variable.

2. Under inclusiveness: As stated, CSP is a complex, multidimensional construct that refers to many aspects of corporate behavior. In a study of the CSP of Canadian breweries, for example, Heugens, Lamertz, and Calmet (2003) operationalize CSP as a profile (i.e., not an aggregate) of ten attributes, notably: (1) endorsement of business principles, (2) issue responsiveness, (3) accountability towards stakeholders and (4) financiers, (5) sponsorship of sports and (6) the arts, (7) philanthropic givings, (8) involvement with local and (9) global communities, and (10) investments in responsible product use. Such broad operationalizations resonate with established views in the field, which state that CSP ought to reference various stakeholder groups (Clarkson, 1995), address multiple societal issues (Wartick and Cochran, 1985), and span multiple dimensions of corporate behavior (Wood, 1991). Yet many authors rely on singular operationalizations of the CSP construct (Rowley and Berman, 2000). Some authors have operationalized CSP strictly as environmental pollution control (Chen & Metcalf, 1980; Judge & Douglas, 1998; Spicer, 1978), measures to prevent corporate illegal behaviors (Baucus, 1989; Davidson & Worrell, 1988), and efforts to recall bogus products (Davidson & Worrell, 1992; Bromiley & Marcus, 1989). As others have pointed out (Griffin & Mahon, 1997; Rowley & Berman, 2000), such singular operationalizations raise issues of validity and reliability.

A specific measure or measurement instrument is valid, first, when it evidences a satisfactory correspondence between the test (or measurement) scores and the "true" properties of the underlying phenomenon under investigation (Cronbach and Meehl, 1955). Single-item measures are therefore unlikely to be valid proxies for CSP because they "inadequately reflect the breadth of the construct" (Griffin & Mahon, 1997: 25). Seen through the multiple-issue interpretation of CSP (Wartick & Cochran, 1985), measuring a company's performance on the issue of environmental pollution is unlikely to yield a valid estimate of that company's CSP profile, as it reveals no information on its performance on other issues like human rights, gender and racial diversity, child labor, and employee health and safety. Similarly, seen through the stakeholder lens (Freeman, 1984), a company's social policies with respect to consumers are not informative about its performance towards financiers, suppliers, competitors, and regulators.

A specific measurement instrument is reliable, second, when it yields a satisfactory consistency across various test scores (either obtained in a single administration of a test or in multiple administrations) that were obtained as measures of an underlying phenomenon under investigation (Cronbach, 1951). Note that reliability has to do with the relationships amongst the test scores themselves rather than their relationship with the phenomenon. Strictly speaking, therefore, it is impossible to assess the reliability of single item measures in a cross-sectional research design, simply because there are no other measures available for any systematic comparison. In sum, the single-item approach to CSP measurement is flawed because of the limited validity and reliability of the test scores it yields.

3. Category lumping: A third way of operationalizing CSP is by using multiple-item or at least more comprehensive measures that tend to do more justice to the multidimensional nature of the CSP construct (cf. Rowley & Berman, 2000; Griffin & Mahon, 1997). The simplest way of treating this type of data is to collect firm scores on a number of items related to its social performance, and to subsequently add these scores up into a single aggregate measure. KLD's company-specific CSP scores are a case in point (see Waddock and Graves, 1997: 317-319). In the early 1990s, KLD used to assess a given company's CSP on eight different dimensions,[7] notably: (1) community involvement, (2) treatment of women and minorities, (3) employee relations, (4) environmental stewardship, (5) product quality and safety, (6) business involvement in South Africa before Apartheid was abolished, (7) military weapons-related contracting, and (8) involvement with the production of nuclear power. Companies can obtain scores ranging from -2 (very poor performance) to +2 (excellent performance) on the first five dimensions, and scores ranging from -2 to 0 on the last three (as these latter dimensions were only seen as areas for concern, not as areas in which a company could excel). Common practice has long been to aggregate these scores into a single variable without weighting, which would in this case result in a single CSP variable with a spread from -16 to +10. Studies in which CSP is treated as a simple aggregate of multiple dimensions include (but are certainly not limited to): Deckop, Merriman, & Gupta (2006); Igalens & Gond (2005); Ruf, Muralidhar, & Paul (1998); Ruf, Muralidhar, Brown, Janney, & Paul (2001); and Waddock & Graves (1997). However, aggregate measures come with a number of problems.

First, aggregation destroys information. It is not that aggregation is a bad technique *per se*, as the compilation of items that share a lot of common variance does not destroy all that much information and may allow for the use of simple statistical techniques that are not hampered by too much unrealistic or overly restrictive assumptions (such as OLS regressions). But the problem with CSP data is that the various items typically share very little variance and are therefore quite orthogonal. Various empirical studies have demonstrated that the KLD dimensions, for example, are only weakly correlated (Berman, Wicks, Kotha, & Jones, 1999; Johnson & Greening, 1999). By

[7] The dimensions have been altered since, but not the rating procedure, so the illustrative potential of this example remains intact.

aggregating such orthogonal factors, we lose precisely the information that is strategically most relevant: is a firm with an average score "stuck in the middle" because it pays moderate attention to all its stakeholders (Porter, 1980), or is it instead pursuing an aggressive differentiation strategy whereby it squeezes certain stakeholders in order to please others (Carter & Deephouse, 2000)? With aggregate measures, we will never know. As Griffin and Mahon have put it: "Collapsing [CSP's] multiple dimensions into a unidimensional index may mask the individual dimensions that are equally important and relevant" (1997: 25).

But it is not just that we lose potentially valuable information by aggregating different scores in a composite measure. A second reason why we should at the very least be extremely hesitant to aggregate different scores into a single composite measure is that aggregation only makes sense when it is based on reasons that both explain *how* we should aggregate—as there are endless ways in which already a small number of variables can be aggregated—and provide some *justification* for aggregation to begin with. Without referring to such reasons, it would be impossible to tell what a composite measure is a measure of, let alone put this measure to work in explaining something else. It is important to note that the logic that should underlie any aggregation exercise can consist either of empirical, theoretical, or normative reasons, or a combination of these. Empirical reasons, first, exist when scores on different variables are actually related in some observable manner. Theoretical reasons, second, may explain why there exist correlations between these variables to begin with, or provide a ratio to aggregate even in the absence of obvious empirical correlations, as relationships between variables are sometimes more complex (e.g. non-linear, non-additive, see: Fiss, forthcoming) than straightforward statistical techniques are able handle. An example involves the many different ways in which we can conceive and operationalize corporate performance (see also below). It is widely accepted that corporate performance has a financial, an ecological, and a social dimension, without there being an obvious way in which these three dimensions can be reduced to a single variable. Yet each dimension is important to an overall evaluation of corporate performance and it may therefore sometimes be called for to aggregate them in some systematic manner in order to explore determinants and consequences of overall corporate performance. This example illustrates that there may also be normative reasons to aggregate scores on different variables, as different kinds of performance may serve different interests and ultimate values that each merit some consideration. The upshot of this, to cut things short, is that in the absence of some plausible empirical, theoretical or normative rationale, aggregation of different variables into a single measure will be just about as sensible as adding the phone numbers in a telephone directory.

An alternative to aggregation that meets most of these concerns, however, is to use *multiple* operationalizations for CSR/CSP. In order to still do meaningful empirical work, one then has to resort to more sophisticated statistical techniques that use some kind of factorial analysis that preserves the unique information enclosed in all dimensions of the CSR/CSP construct by keeping them separate, such as correspondence analysis (see: Lamertz & Heugens, 2005, for an application) or structural equations modeling (see: Johnson & Greening, 1999; Judge & Douglas, 1998; Maignan & Ferrell, 2000; and Rehbein & Schuler, 1999, for applications). But even though these techniques are gaining popularity, they are not yet commonly used and perhaps accepted by all CSP scholars. In sum, many multiple-item CSP measures are flawed because they use simple aggregation techniques that not only destroy essential information concerning firms' CSP profile, but may also result in non-sensible measures that are of little use in any explanatory effort.

4. Outcome fetishism: When scholars extensionally define CSP, they must choose between measuring organizational inputs, core transformation processes, or outcomes (or some combination of the above). Most scholars tend to operationalize CSP as an outcome variable. Jones (1980) has long argued against an output orientation, mostly on grounds that it is difficult to reach consensus as to what constitutes an appropriate level of CSP. Interestingly, the discussion as to whether scholars should be measuring outputs or processes has recently emerged in the field of corporate strategy too (cf. Henderson and Cockburn, 1994; Ray, Barney, and Muhanna; 2004; Schroeder, Bates, and Junttila, 2002). This may come as a surprise to some, since the entire raison d'être of the strategy field lies in its potential to explain a single outcome variable, i.e. sustainably superior firm performance, also known under its aforementioned name CFP (cf. Rumelt, Schendel, & Teece, 1994). Yet, according to Ray and his colleagues (2004), it may not always be wise to focus exclusively on firm performance in case one wants to understand the behavior of business organizations. We will recapitulate their arguments against an outcome orientation (and thus in favor of a process orientation) while applying them to the CSP debate.

First, both CFP and CSP are highly aggregated dependent variables. Mediocre CFP or CSP may obscure a firm's outstanding performance on some key transformation processes when these peaks are leveled in the aggregate by poor performance on other processes. By aggregating data in the form of CSP or CFP one therefore loses sight of the drivers of that performance, which makes purposive intervention in ongoing systems extremely difficult. Second, there is no good reason to assume that CFP or CSP will neatly materialize within the boundaries of the firm. We will deal with these two cases consecutively. As Coff (1999) notes, the fact that we do not see a firm realizing high levels of CFP does not necessarily imply that high performance is not taking place, as this could very well involve the issue of appropriability. If, for example, a firm's stakeholders experience an increase in their bargaining power over the firm – either because they gain control over critical resources (Frooman, 1999) or learn how to operate social influencing mechanisms (Mahon, Heugens, & Lamertz, 2004; Rowley, 1997) – they may be able to appropriate a larger piece of the residual than if they would lack such power, yet a different distribution of the residual says very little about the efficiency of the firm's transformation processes.[8] Especially if a firm operates under a weak appropriability regime (Teece, 1986), exceptional CFP may be redistributed over various stakeholders as a result of ex-post bargaining (cf. Williamson, 1985; Zingales, 1998).

Of course, few companies are likely to voluntarily surrender profits to outsiders, but when it comes to CSP, redistributive effects may even be a part of the firm's deliberate CSR policies. The CSR policies of many firms are not intended to improve their own social performance, but instead the well-being of actors outside the firm's boundaries. Improving the working conditions in suppliers' plants or demanding that business partners in emerging markets apply developed market standards with respect to child labor, pollution, and the treatment of minorities are cases in point. Policies aimed at creating such extra-organizational effects may not be visible as a higher CSP for the focal firm itself, but this does not necessarily imply that the CSP of the firm's social and business associates does not increase. Hence, the positive effects of a firm's CSR policies may well—and often are intended to—materialize beyond the boundaries of the focal firm. In sum, many output-focused CSP measures are flawed because they are blind to the fundamental transformation processes behind good or bad CSP outcomes.

[8] That is, at least in the short run. In the longer run, a weak appropriability regime will of course affect the incentives to invest as it will influence expected returns.

IS CSR CONCEPTUALLY EPIPHENOMENAL?

Having discussed what is conceptually problematic about the notion of CSR, we now turn to the inevitable question of what role remains for the concept of CSR in the field of business and society. Our answer, to be sure, is that CSR is at best conceptually epiphenomenal in both normative and positive theorizing in the field. An epiphenomenon is something that, although caused by some clearly delineated set of conditions, has no *significant* reciprocal relation to these conditions, nor to any other theoretically or empirically relevant factor for that matter. It is, in short, a kind of by-product. This somewhat pejorative connotation nicely captures the message we want to convey here: Although we do not—and cannot—deny that CSR research and theory is about something, we hold that what the notion of CSR is typically meant to capture is best seen as a by-product of the work of other, more established and powerful theories and conceptual schemes. More precisely, we submit that CSR theorizing can be reduced without loss of meaning to economizing and legitimizing perspectives on business and society (for elaboration see: van Oosterhout & Heugens, forthcoming). It is beyond the scope of this contribution to argue this thesis extensively. We will, however, demonstrate how this thesis plays out with respect to *positive* CSR theorizing, as this is at present the most popular approach in business and society research (see below).

Legitimizing and economizing perspectives on business and society

The legitimizing and economizing conceptual frameworks arguably present the two main theoretical pillars in the field of management and organization (Baum & Dobbin, 2000). The economizing framework is premised on methodological individualism and an understanding of human action that is motivated by self-interest and the rational pursuit of whatever it is that one prefers (e.g. Blaug, 1992; Mueller, 2004). The framework has proven extraordinarily powerful both within (cf. Barney and Hesterly, 1996) and outside (cf. Becker, 1978; Mäki, 2001) the field of economic organization. In this chapter we take a deliberately broad view of the economizing perspective. It not only includes rational choice theory narrowly conceived, such as organizational economics (e.g. Milgrom & Roberts, 1992), agency theory (e.g. Jensen & Meckling, 1976), property rights theory (Grossman & Hart, 1986) and transaction cost theory (Williamson, 1985), but all theories that in some way rely on, or aim for, a self-interested and rational pursuit of superior outcomes. This perspective therefore also includes, for example, structural contingency theory (e.g. Donaldson, 1995), resource dependence theory (e.g. Pfeffer & Salancik, 1978; Thompson, 1967) and strategic management theory (Rumelt, Schendel, & Teece, 1994). The economizing conceptual framework is used to pursue not only positive but also normative theoretical ambitions. Classical welfare economics in general (Feldman, 1980; Mishan, 1981), and law and economics more specifically (Coase, 1988; Posner, 1977) both instantiate highly successful theories that aim to understand what an ideal institutional order would look like, rather than to explain the world as we find it. The latter is presently even a dominant perspective in normative institutional analysis (e.g. Kaplow & Shavell, 2001).

In contrast to the rational, individualist, and self-regarding stance of the economizing perspective, the legitimizing conceptual framework proceeds from the assumption that social reality contains “chunks of irreducible social matter” (van Oosterhout, 2002: 125) that, through rule-like generalized expectations, provide the interpretative and legitimizing schemes that guide human and organizational action (e.g. Meyer, Boli, Thomas, & Ramirez, 1997). This institutional perspective has developed across the boundaries of different disciplines (Goodin, 1996) and with a focus on different levels of analysis (cf. Scott, 2001). At the current level of focus, gaining legitimacy means reaching a state in which an organization is seen as proper or appropriate “within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). In order to become seen as legitimate, organizations must adopt certain structural, strategic, or symbolic features which signal their dedication to the core features of the larger social system in which they operate (Meyer & Rowan, 1977). The pressures that support adoption of those features range from (DiMaggio & Powel, 1983): (a) coercion, which occurs when actors upon whom these organizations depend for support or critical resources favor adoption of CSR policies; through (b) uncertainty, which makes firm imitate or "mimic" powerful exemplary organizations in order not to be left behind when the future consequences of behavior are unknown; to (c) prescription, which takes place when the environment exercises normative pressures over the focal organization (cf. Etzioni, 1975). Although organizations can defy or resist these respective coercive, mimetic, and normative isomorphic pressures (cf. Oliver, 1991), they do so only at risk of potential delegitimation and deinstitutionalization. Like the economizing perspective, the legitimizing perspective may have both positive and normative ambitions. But although distinctively normative institutional considerations have been used as explanans in many positive institutional explanations (Scott, 2001; Suchman, 1995), it is currently theoretically underdeveloped for justificatory purposes. We address this issue in another paper (van Oosterhout & Heugens, forthcoming) and turn now to demonstrating how the positive explanatory work of the economizing and legitimizing frameworks makes the concept of CSR theoretically redundant in explaining phenomena that exemplify CSR theorizing.

CSR in positive research and theorizing.

As explained, positive theorizing involves the development of theories that aim to predict and explain empirical facts ("what is") without any ambition to approve or disapprove of these facts (“what ought to be”). Even though “much of the seminal work on CSR was largely normative” (Matten, Crane, & Chapple, 2003: 110), positive theorizing is immensely popular in the business and society field, particularly at present. A recent bibliometric analysis of 549 published CSR/CSP papers shows that only 2.9% of this work is explicitly normative (de Bakker, Groenewegen, & Den Hond, 2005). In other words, the vast majority of work in CSR/CSP has predominantly positive ambitions. To support our claim that the notion of CSR is largely redundant in the field of business and society, we demonstrate that an explanatory story can be told about phenomena that are typically taken to instantiate and exemplify the notion of CSR without any reference to the concept of CSR itself. The phenomena we investigate involve (1) the appointment of stakeholder directors and (2) the adoption of formal ethics programs.

1. The appointment of stakeholder directors. Many corporations choose to appoint specific stakeholder directors on their corporate boards as a way of acknowledging and anchoring stakeholder interests. As Mitchel, Agle, and Wood have voiced it, the inclusion of stakeholders on corporate boards is a way of putting a “formal mechanism in place that acknowledges the importance of their relationship with the firm” (1997: 876). Empirical evidence supports the observation that stakeholder representation on boards is a salient feature of the contemporary business landscape. Luoma and Goodstein (1999), for example, studied 224 NYSE-listed firms over the 1984-1994 period, and found that on average some 14% of these firms had appointed one or several stakeholder directors. Similarly, Hillman, Keim, & Luce (2001) studied 250 S&P firms in 1995, and found that these firms on average had appointed 2.4 stakeholder directors that were primarily affiliated with parties like customers, suppliers, or local communities.

We can make sense of the appointment of stakeholder directors, however, without reference to the concept of CSR, either as (part of) the explanans, or as a concept denoting the explanandum, that is, by understanding the appointment of stakeholder directors as an instantiation—and therefore operationalization—of CSR. For one thing, the appointment of stakeholder directors may very well be understood as a potentially efficient remedy against agency problems that may burden the relationship between the firm and its most important stakeholders (e.g. Hill & Jones, 1992). Suppliers and customers are specifically vulnerable to such agency problems (Hansmann, 1996), because problems of adverse selection and moral hazard (Akerlof, 1970; Arrow, 1985) may stand in the way of conducting efficient transactions between the firm and these parties. The joint realization of quality and product safety is a case point. In a similar fashion, the appointment of stakeholder directors can be seen as an act of cooptation that is motivated by the goal to internalize crucial external dependencies of the focal organization. Such cooptation of external directors is well known in the case of representatives of non-equity capital suppliers (Pfeffer & Salancik, 1978), but the same logic can be extended any external party that may in some way non-trivially affect corporate flourishing (Jones, 1995). The appointment of stakeholder directors, in short, can be accounted for from an economizing perspective without involving any reference to the notion of CSR, and without taking it to be an instantiation of what CSR is about.

Alternatively, the appointment of stakeholder directors can be explained by appealing to the legitimizing logic of institutional theory (Suchman, 1995). That is, corporations may not actually appoint stakeholder directors because they hope to gain form it directly and instrumentally, but rather because of coercive, mimetic and normative pressures they may experience through the organizational field (DiMaggio & Powel, 1983). Such pressures may drive them to adopt—cognitively or normatively—legitimized organizational features. Typically, there is a significant symbolic dimension to the adoption and diffusion of such features, which distinguishes legitimizing accounts from straightforward economizing explanations. Thus Staw & Epstein (2000) as well as Zbaracki (1998), for example, found that organizations typically devote considerable resources to external communication about the implementation of popular management techniques like TQM, even if their actual implementation of such techniques lags behind their rhetoric. Similarly, Westphal and Zajac (1994) and Fiss and Zajac (2006) found that symbolic management is an important element in firms' corporate governance strategies, and that firms' public testimonies on the adoption of corporate governance reforms are often more important for appeasing shareholders than their actual adoption of these instruments. As it happens to be, even exclusively symbolic adoptions of corporate governance reforms can have a significant positive effect on total shareholder value (Zajac & Westphal, 2004), which potentially brings symbolic action into the realm of economizing explanations. The gist of the issue, however, is that the notion of CSR figures nowhere in these legitimizing accounts of the appointment of stakeholder directors.

2. The adoption of formal ethics programs. It is a long-standing trend that organizations increasingly try to influence organizational ethics through formal ethics programs and policies (Weaver, Treviño, & Cochran, 1999). Such programs include, but are not limited to, training activities, the adoption of ethical codes to set organizational norms and guide concrete behavior, formalized procedures for auditing and evaluating ethical standards, disciplinary processes in order to sanction those who fail to live up to ethical expectations, and formal ethics management departments. The adoption of formal programs of ethics is popular in the contemporary business world. Weaver et al. (1999), for example, drawing on a sample of 254 large US companies, found that these businesses had on average implemented 2.7 elements of a formal ethics program like an official ethics policy or an ethics officer. Similarly, Stevens, Steensma, Harrison, and Cochran (2005) found that out of a paired sample of 407 Fortune 1000 and non-Fortune 1000 companies, 302 had adopted a formal code of ethics (74%).

It is tempting to see firms' adoption of formal ethics programs as an instance of CSR, but again it is possible to give an account of the prevalence of such programs that does not involve any reference to the notion of CSR. The economizing perspective offers one viable alternative. It can be maintained, for example, that a formal ethics program can be adopted as some kind of risk management tool (Godfrey, 2005). By improving the ethical climate of the organization, managers may seek to avoid excessive costs associated with risks like employee theft, fraud, and bribery. Furthermore, ethics programs often serve as legal insurance premiums, that is, as small investments in preventive measures, which are deliberately made in order to avoid much greater liabilities in the court room (Treviño, Weaver, Gibson, & Toffler, 1999).[9] Finally, organizations may adopt an ethics program when powerful stakeholders, like financiers or suppliers of critical production factors, threaten to discontinue their support of the organization if it would not do so (Frooman, 1999). In short, the economizing perspective is fully capable of providing a satisfactory account of the adoption of formal ethics programs. This account is wholly grounded in the—enlightened—self-interested behavior of economic agents and does not involve any reference to CSR, either as an explanans, or as a concept describing the explanandum.

Another plausible and convincing account of the adoption of formal ethics programs involves an appeal—again—on the aforementioned legitimizing perspective. According to legitimizing theorists, pressures favoring the adoption of legitimizing structures or strategies may result from the explicit normative or coercive demands of institutional actors like the state or the

[9] In the United States, for example, corporations can significantly reduce their fine once they have been found guilty in criminal procedures by showing that an *effective* ethics program was in place. See on this the 2005 Federal Sentencing Guidelines, specifically Chapter 8 on organizational defendants at: http://www.ussc.gov/orgguide.htm

professions (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), or from more implicit exemplary behavior of highly visible or high-status peers in the field (Haveman, 1993). The United States Sentencing Commission (USSC) provides one illustration of a more explicit isomorphism-generating mechanism, as this organization 'softly' coerces business firms into adopting corporate ethics programs (see also footnote 9). The USSC guidelines not only offer significantly reduced fines and penalties to organizations convicted of violating federal law if they can offer proof of having taken (potentially) effective steps to guide their behavior (Weaver, Treviño, & Cochran, 1999), but they also provide a standard of appropriate behavior when it comes to their ethics and compliance policies and programs. Similarly, the Conference Board—a high profile Washington-based business association—illustrates the more implicit mimicking mechanisms alluded to earlier. At its annual ethics meeting, the Conference Board tends to present "best practice" cases of how high-status organizations have successfully implemented ethics programs. Attending companies without such programs, who are uncertain about their impact on future business performance, are likely to minimize their anticipated regret by imitating their successful peers (Weaver, Treviño, & Cochran, 1999). Again, especially in the case of coercive institutional pressures, the boundaries between the economizing and legitimizing perspectives begin to blur. More significant, however, is the fact that the CSR notion again proves unnecessary for explaining the proliferation of formal ethics programs.

SUMMARY AND CONCLUSION

It is hard to deny that there has always been something appealing about the notion of CSR. First, it has a strong mobilizing quality. Under its banner, generations of scholars have investigated the impact of managerial decisions on the social environment of business as well as the reciprocal influence of such decisions on corporate performance (Carroll, 1999). Second, it operates as a real-world focal point for stakeholder-oriented managerial initiatives. A broad range of activities that were previously known under diffuse labels like corporate philanthropy, corporate community involvement, issues-, ethics-, and sustainability management, as well as stakeholder integration, -management, and –dialogue, are now conveniently rubricated under the more encompassing header of CSR, and jointly presented as an integrated and coherent set of policies and outcomes. Unfortunately, these mobilizing and organizing qualities alone constitute an insufficient basis for the concept of CSR to make sound academic sense.

Our evaluation of the notion of CSR in the field of management and organization began with an assessment of the concept's intensional and extensional definitions. Sadly, we found that no satisfactory intensional definition of CSR—one that specifies with precision and clarity which conjunction of attributes makes up the concept—is available or to be expected. Equally pitiful is that each of the available extensive definitions of CSR—which are supposed to point out the real-life phenomena to which the concept refers—is troubled by one or several of four operationalization problems that we discussed at some length. An even more serious, however, is that more than fifty years of CSR research and theory building has not resulted in a systematic relationship between the notion's intension or theoretical conceptualizations, on the one hand, and its extension or empirical operationalizations, on the other. In the absence of such a systematic relationship one can take neither CSR theory building, nor empirical research on CSR, very seriously.

But what seals CSR's fate, in our view, is the notion's redundancy in both positive and normative theorizing in business and society. We have demonstrated only its redundancy in positive theorizing in the present contribution, but there is no reason to assume that it will fare better in normative theory (see on this: van Oosterhout & Heugens, forthcoming). For decades, CSR researchers have labored to collect exemplars of corporate extra-legal and extra-economical behaviors, but due to weak conceptualizations and operationalizations, they have merely crafted a significant pool of “data in search of a theory” (Ullman, 1985: 540). We have shown that there are alternate theoretical frameworks available that have laid imperialistic eyes on CSR’s alleged domain of empirical content. We have labeled these broad conceptual schemes as economizing and legitimizing theories. The former see CSR activities as rational means to corporate ends under specified conditions, the latter focus on the ceremonial qualities of such activities and their legitimizing potential in the eyes of critical outside audiences. It is not just that these alternate frameworks score demonstrably better than the CSR perspective on general criteria for theory evaluation like parsimony, generalizability, and falsifiability (cf. Bacharach, 1989), but they also draw on more established disciplinary origins (i.e., economics and sociology; cf. Baum & Dobbin, 2000), while being able to generate more coherent explanations for the type of phenomena CSR researchers claim as their object. Our final judgment, therefore, is that the notion of CSR is at best a conceptual epiphenomenon: a largely insignificant by-product of other conceptual schemes that can safely be removed from all future theorizing in management and organization. We propose that business and society scholars do so without further ado.

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