

# The Elephant in the Room: The Nascent Research Agenda on Corporations, Social Responsibility, and Capitalism

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Sometimes it is helpful to stop and remind ourselves of the context in which a field of study started, and to sense-check on where it is going in relation to that starting place. The role of business in society has attracted considerable research interest over the past decades. Next to themes such as sustainability, social entrepreneurship, multistakeholder initiatives, and business ethics, corporate social responsibility (CSR) has become a prominent domain in its own right within management and organizational research. It is our intention in this special issue to kick start the reconsideration of the socioeconomic context of CSR's starting place, broadly speaking capitalism, and to develop a more nuanced understanding of CSR in the contemporary neoliberal political economy.

CSR as a modern management practice emerged in the United States as a strategic response to the New Deal and its wide reaching impact on the *laissez faire* approach to capitalism which had previously led to the economic crisis

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of the late 1920s (Kaplan, 2014). As such, CSR in particular was conceived as a voluntary strategic approach by business to forestall and prevent further regulation of “free” markets and curtailments of the extent of private property rights—hence in its essence an idea to “save” American capitalism. Similar debates in the aftermath of the financial crisis of the late 2000s have reframed CSR and related ideas as an integral part of addressing certain shortfalls in the societal impacts of the current model of global capitalism (Barton, 2011; Porter & Kramer, 2011).

Recent broader societal and political developments and their impact on organizational practices, including climate change, digitalization and the rise of artificial intelligence, different forms of inequality, and populism, raise the question of whether the dominant neoliberal capitalist system poses important constraints on corporate actions that make negative social, environmental, and ethical externalities of business conduct unavoidable, or might even systematically encourage them. In fact, even the “low-hanging fruits” of CSR, where a positive business case can be relatively easily established, including classic issues such as workplace safety, emissions reductions, or eco-efficiency, still remain subject to contestation and show strong variation across different contexts (Hartmann & Uhlenbruck, 2015; Wickert et al., 2016; Wickert & Risi, 2019) Despite a myriad of studies that try to link CSR to financial performance (e.g., Busch et al., 2016; Orlitzky et al., 2003; Vishwanathan et al., 2020; Wang et al., 2016), repeated scandals, environmental exploitation, modern forms of slavery, fraud and corruption, massive tax evasion, and new forms of corporate social irresponsibility cast doubt on whether those issues are solvable within our current economic system (Crane et al., 2014). Some even argue that the business case for CSR is dead (Fleming & Jones, 2013) or has never existed at all.

Decades of both CSR research and practice that remained within the current systemic constraints (Aguinis & Glavas, 2012; de Bakker et al., 2005; Griffin & Mahon, 1997) have had debatable impact on our ability to advance humanity within so-called planetary boundaries, the biophysical conditions for human existence such as fresh water supply, biodiversity, and the state of the atmosphere (Whiteman et al., 2013). This calls for questioning larger systemic issues and sociopolitical “deep structures” that appear to impose important constraints on business sustainability (Hoffman & Jennings, 2018)—calls that are increasingly finding their way into the public debate as well (cf. Stiglitz, 2019). In pursuit of clarification of the bigger picture, we have sought to place these developments into a wider socioeconomic context. We proposed a special issue of *Business & Society*<sup>1</sup> in which we invited submissions that explored business and society themes from the perspective of the contemporary political economy and the predominant neoliberal economic

paradigm. In a sense, we argued that we need to examine the elephant in the room, disclosing as well as calling into question the systemic constraints of the current dominant paradigm. This call was motivated by a need to better understand the role of corporations in a capitalist society and to examine what the systemic constraints are, how they are interpreted by societal actors, and how they influence the relationships between companies and their stakeholders, and indeed between business and society more generally. Some of the questions we raised were, for instance, “How are different systemic constraints perceived and interpreted by business firms and how do they manifest in organizational practice?” Or “What is the systemic nature of constraints that limit current forms of CSR to produce meaningful socioeconomic and environmental improvements?”

To a degree this debate about the link between a specific economic system and how it shapes different forms of CSR has been taken up by scholars investigating CSR from a comparative perspective (e.g., Habisch et al., 2005; Jackson & Apostolakou, 2010; Maignan & Ralston, 2002; Matten & Moon, 2008; Midttun et al., 2015). This literature argues that different “varieties of capitalism” shape different approaches of companies toward assuming their social responsibilities. Most of this has taken place in the context of transatlantic comparisons, or intra-European comparative analyses of CSR. While this strand of literature is never quite interested in examining—let alone question—the link between capitalism and CSR as such, this work still informed our interest in putting together a special issue on this topic. After all, this work provides ample basis for the argument that the wider systemic constraints of different versions of capitalism indeed have a material impact on how business assumes and responds to its societal responsibilities and expectations.

Although the call resonated well within current debates on business and society, and we received 20 very diverse submissions, in the end only two papers survived through the review process.<sup>2</sup> It was a rather sobering editorial discussion that left us with the simple insight that in the management studies community (to which this call for papers was mainly addressed), a critical and scrutinizing engagement with the systemic constraints of the wider economic system within which CSR (and related concepts) are enacted is, at best, in a nascent stage. Luckily then, both papers published now in the special section clearly meet our desire to stretch the boundaries of what has previously been investigated under the umbrella of CSR and reconsider the links between corporations, capitalism, and society from a business and society perspective.

In the first paper, Schneider (2020) argues that the need for companies to legitimize their activities in a capitalist system to a large extent shapes their

CSR effort. Whereas CSR often is portrayed as a remedy to the adversarial effects of capitalism, Schneider contends that “the close connection between CSR and capitalism inherently limits the potential of the former to address the problematic implications of the latter.” In a thorough analysis, he examines the “pathologies of CSR” and pleads for a more systemic and inclusive approach to CSR to effectively address the shortcomings of capitalism. Better knowledge of the systemic constraints helps to formulate alternatives that are not so easily dismissed as naïve or utopian by mainstream actors in the field, even though the problems faced are complex and “wicked” (Reinecke & Ansari, 2016).

In the second paper, Vestergaard et al. (2020) examine cross-sector partnerships as the development agents in a capitalist system. They argue that cross-sector partnerships are currently praised as capitalism’s key governance instrument to address development challenges. However, while scholars have raised some concern about the effectiveness of such partnerships, little is known about their actual impact. Often it is assumed that partnership outputs transform straightforwardly into societal impact such as poverty alleviation. The authors problematize this assumption and employ a critical microlevel study, which draws on a qualitative case study of a nongovernmental organization (NGO)–business partnership in Ghana and examines how outputs provided by a partnership are put to use and perceived as beneficial from the point of view of its beneficiaries. The findings strikingly show that the partnership results in what is termed “competences without agency” since it provides new resources and knowledge to the beneficiaries but fails to generate the conditions for these to be transformed into significant changes in their lives. Drawing on the concept of empowerment, the study presents a new framework that conceptualizes “impact as empowerment” and highlights currently unrecognized dynamics that contribute to shaping the ability of a partnership to serve as a development agent.

Although this themed section only contains two articles, we are convinced that both these articles offer an important contribution to the debate on corporations, social responsibility, and capitalism. To move the debate on the relationship between business and society forward, it is important to understand the nature of the systemic constraints and their influence on organizational practices. We need to stretch the levels of analysis of current CSR research and, in particular, investigate how the level of the broader political economy influences behavior at lower levels of analysis and this themed section aims to call attention to this need. After all, the number of studies considering these systemic tensions in management and organization studies remains limited but it is growing (e.g., Böhm et al., 2012;

Ehrnström-Fuentes, 2016; Whiteman et al., 2013; Wright & Nyberg, 2015). Notwithstanding these advances, in other domains of social sciences such as sociology (Sapinski, 2015) or political economy (Sandoval, 2015), similar ideas are being developed and gaining traction. The systemic issues at hand are sufficiently problematic that broader perspectives are warranted, and hence more interdisciplinary research would be welcome here. Questions to consider which remain unanswered could include

- How are systemic constraints identified, constructed, managed, avoided, mitigated, etc.?
- What are the limits of the current economic system that might accelerate or prohibit business firms to become sustainable (i.e., to reduce their social and ecological impact)?
- How do constraints at the system level feed into organizational practice and behavior of individuals within them? How are they experienced by actors (e.g., stakeholders)?
- To what extent does the current rise of authoritarian regimes and an alleged democratic recession impose new challenges and potential constraints on business sustainability and CSR?

In this themed section we only scratch the surface of such questions. Yet, we hope by grouping these papers together we attract more attention to these relevant questions and spark more debate, both within business and society and the wider domain of management and organization studies.

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