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COVID-19 and the future of CSR research

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Research on the social role and responsibilities of companies (or corporate social responsibility (CSR) research) flourished pre-COVID-19 and could reasonably claim to be one of the most popular and widely read (and cited) sub-fields of management research. However, the pandemic has clearly challenged a number of existing CSR assumptions, concepts, ideas and practices. In this article we will identify four key areas where CSR research has been challenged by COVID-19 – stakeholders, societal risk, supply chain responsibility, and the political economy of CSR – and propose how future CSR research should be realigned to tackle them.

Stakeholders

COVID-19 has shone a light on who should be regarded as the most “essential” stakeholders of business, and therefore whose interests should be prioritised. Frontline workers in healthcare, food service, delivery, and public transportation, for example, have clearly been recognized in many countries as critical for keeping the economy going during the pandemic. Also, with huge swathes of the workforce suddenly working from home there has been greater recognition of how much economic value creation relies on overlooked and unrewarded labour in the home and in schools, such as teaching, childcare and elder care.

Despite these realizations, it is evident that while so-called “essential” workers have been widely applauded for their efforts during the pandemic, they have also often been left without necessary protections and left exposed to infection (Kerrissey & Hammonds, 2020; Lancet, 2020). They also remain poorly paid and economically vulnerable (Kinder, 2020; Lowrey, 2020), and it is predicted that COVID-19 will exacerbate inequalities and a continued growth in short-term, precarious jobs even in such ostensibly “essential” roles (Kniffin et al., 2020). As such, it is incumbent upon CSR researchers to reassess our theories of value creation as well as our models of stakeholder identification and prioritization.

In the case of the former, we need a good hard look at how value is assessed and allocated in our models of value creation if those deemed most essential seem to be getting such a small slice of the pie. We also need to reconsider why our models – even those that emphasize the importance of creating mutually beneficial value for stakeholders (e.g. Freeman, 2010; Porter & Kramer, 2011; Tantalo & Priem, 2016) – should continue to exclude what feminist researchers would call “social reproduction” (Ferguson, 2020) in the home from what is considered within the remit of economic creation now that we can see so clearly how important education and childcare are to basic economic productivity. As we look forward, we need new ways of thinking about the value that different stakeholders bring and how to integrate this better into our theories of social responsibility.

With respect to stakeholder identification and prioritization, despite continued calls for an opening up of consideration of “who and what really counts” (Crane & Ruebottom, 2011; Hall, Millo, & Barman, 2015; Neville, Bell, & Whitwell, 2011) we remain wedded to a view that power, legitimacy and urgency can effectively explain stakeholder salience (Mitchell, Agle, & Wood, 1997; Wood, Mitchell, Agle, & Bryan, 2018). However, if so-called

essential workers are classified as “dependent stakeholders” because their claims have legitimacy and urgency, but they lack power, we need better ways of capturing their indispensability to society. In our view, future CSR research should take seriously the need to model how and why certain key stakeholders get to be under-appreciated and develop new models of stakeholder identification and salience to take account of them.

CSR and societal risk

A second key issue is that of societal risk and uncertainty. Remarkably there has been scant attention in the CSR literature to pandemics and similar global societal risks. However, COVID-19 has highlighted the role of business both as a source of such risks, as well as an actor that is highly exposed to such new risks and in playing a role in addressing them.

As to the first aspect it is reasonably well-established that the virus originated from so-called ‘wet markets’ in China – and so the question arises as to the role of business responsibility in preventing such pandemics in the first place. The second aspect embeds business in quite a diffuse and multi-layered quagmire of management challenges. This of course, first of all, includes the effect COVID-19 had on businesses and their social obligations to retain or lay off employees, to serve customers with ‘essential services’, and other aspects. But more succinctly, it puts companies at the core of solving – or at least containing – this problem. Face masks, ventilators – and of course, vaccines – are all produced by businesses. Thus, the core function of business, to produce goods and services that address social needs and demands, is highlighted through the pandemic.

This contrasts quite significantly to the way risk has been conceptualized in the existing mainstream CSR literature. CSR has been presented as a tool to manage risk for the company, and to fend off the risks of future legislation, etc. (Smith, 2003). This focus on risk was mainly on individual company risks to the bottom line. However, the risks that connect companies to COVID-19 are of a far broader scope. These are societal risks to which the company contributes, and at the same time is exposed to. In their very nature, they are low-probability, high-impact events (Gardner, 2020).

As such, COVID-19 should give renewed attention in the CSR literature to the debate around risk society (Beck, 1992; 1999), the central point of which is that modern societies are exposed to risks for which there are no mechanisms to adequately cope with them. The risks are beyond individual decisions and the protection of insurance but are an inherent part of modern society. Government’s incapability to fully manage such risks focuses attention on an arena of ‘subpolitics’ (Beck, 1997) where next to traditional political actors, civil society organisations, companies, and other actors enter the space where solutions are negotiated and executed. We will return to the question about the division of labour between these sectors in the last section, but the key conclusion here is that CSR research needs to shift from an individual to a societal conception of risk, and how this plays out in our theories and practices.

Responsibility in supply chains

A third area of challenge for CSR research concerns the issue of responsibility in supply chains. Surges in demand for medical products such as personal protective equipment and ventilators, as well as shortages caused by sudden stockpiling of food and personal products have demonstrated the fragility of some of our global supply chains, especially when lockdowns across the globe have severely disrupted production. In addition,

low wage workers in these supply chains have clearly borne a great deal of the brunt of these shocks with many precarious workers left without pay, employment, or social and economic protections (Clean Clothes Campaign, 2020; Crane, 2020; Leitheiser et al., 2020). Supplier factories too have been faced with cancelled orders, delayed payments, and demands for deep discounting in industries relying on low cost sourcing such as the global garment industry (Leitheiser et al., 2020)

Such developments have highlighted the vulnerability of global supply chains to external shocks and the precarity of workers and suppliers in these supply chains. This challenges some of the existing assumptions in the CSR literature about the nature of supply chain responsibility, and the inevitability of disintermediation and offshoring. For instance, if one response to the pandemic is a reorganization of supply chains to prioritise integration and localness to ensure greater resilience, what would this mean for supply chain responsibility? Or, will sourcing companies see COVID-19 as proof that outsourcing helps immunize them from even more severe risks since so much of their operations are outsourced and therefore beyond their direct economic and social responsibility? Future CSR research will need to become more adept at conceptualizing and evaluating these configurations of risk-resilience-responsibility in supply chains.

More fundamentally, though, if corporate-led responsible sourcing programs are largely unable or unwilling to protect those most at risk in global supply chains when they most need it during a global pandemic, we have to question whether they are really worth our continued attention as management researchers. Rather, future research should focus on exploring alternative ways of ensuring that the rights and livelihoods of precarious workers in the supply chain are protected, for example through worker-driven social responsibility or extra-territorial regulation of business responsibility for human rights. CSR as conventionally understood appears to be a dead-end.

The political economy of CSR

This brings us to our final challenge in that COVID-19 has exposed in an unprecedented way the political economy of CSR. On the one hand, COVID-19 has re-centred governments as the key actors in tackling grand challenges rather than being seen as obsolete in this space, as they are often portrayed in the CSR literature. On the other, it is clear that the social responsibility of companies in the pandemic has been to act along with governments (as well as health authorities, research bodies, and civil society organisations, etc) to address the pandemic – not so much by voluntary, charitable good deeds (although these have also played their role) but by employing (and safeguarding) workers, producing socially useful products, and protecting their stakeholders. As such, COVID-19 questions the core purpose of what a firm is about and what role it should play in society.

One could argue therefore that, going forward, the instrumental version of CSR that has been touted in textbooks and articles in management scholarship to date is largely unfit for purpose (Crane et al., 2014), or even dead (Fleming & Jones, 2012). COVID-19 rather points to the fact that we need to explore how different systems of capitalism across the globe have prepared for and have dealt with the challenges of the pandemic, and what role for business responsibility is allocated in these systems to address social demands and the needs of wider society.

Ultimately, COVID-19 could point us to a different way of conceptualizing private enterprise. Rather than social responsibility being boxed into some 'CSR' concept that ultimately does not transcend the self-interest of the firm, research in this field needs to

better theorize how business is a part of governing society, and how the social and political responsibilities of business can be redefined from a systemic perspective (Rhodes & Fleming, 2020).

This could give renewed attention to researching different ways of organizing for social responsibility. For example, research on co-operative forms of organising might be reinvigorated given that some experts argue that pharmaceutical companies collaborating among themselves, integrating the input of research institutes at universities and other research bodies, could develop a vaccine in a very short time and with negligible costs compared to what governments have spent globally since the beginning of the lockdowns (Farrar, 2020). There are also powerful examples of business groups – a specific way of organizing business often with family or foundation control that is common in emerging economies (Ararat et al., 2018) – that exercised considerable discretion in addressing COVID-19 in their respective countries (see for example, Rosca, 2020).

The point is we need to move beyond CSR and think about different or new models of the firm that repurpose the corporation to truly attend to social goals, needs, and demands. Such research in the scholarly community, however, is still at a nascent stage (De Bakker et al., 2020).

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