

Corporate Social Responsibility practices do not always improve sustainability

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Corporate Social Responsibility practices do not always have a positive effect on sustainability, according to new research led by Aalto University School of Business.

The study, conducted by Professor Minna Halme, Senior University Lecturer Leena Lankoski, and co-authors, analysed firms' corporate social responsibility activities against their resulting sustainability performance.

After conducting interviews with 167 managers and stakeholders of large automotive, telecom, retailing, and garment corporations from 10 countries, the researchers identified three instances of why CSR practices do not work.

The first step of responding to sustainability pressures is to set corresponding policies and goals through strategic corporate responsibility management – this is where the first mistake can occur.

In this situation, firms can go wrong if their policies are disconnected from the institutional pressures – either the policies do not try to reflect those pressures at all, or remain too unambitious to really reflect them.

If firms pass this hurdle, the second challenge occurs between strategic and operative CSR management – firms need to implement their policies by incorporating them in the structures and practices of the organisation.

If this does not happen, we get policy-practice decoupling where there is only symbolic implementation of the policies or no implementation at all – in short, firms give the impression of sustainability, but do not follow through on that promise.

The final mistake firms make is when they genuinely try to implement their sustainability practices, but do not achieve the expected outcome because their methods are ineffective.

To stop this from happening, the researchers recommend that institutional pressures must be strong and clear, firms need to be held accountable for setting policies that are relevant, and it must be ensured that firms do not get away with purposeful greenwashing.

They add that relevant training and tools are needed for firms that lag behind in their sustainability management skills.

“In sum, we need to ensure all of the buzz around corporate responsibility really results in tangible environmental and social improvements. To achieve this, firms – in collaboration with their stakeholders – must walk the narrow pathway to sustainability, paying particular attention to these three instances,” Professor Minna Halme concludes.

The research paper was published in the journal Business and Society.

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