

# Designing Better CSR Initiatives

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## *Abstract*

*Are Corporate Social Responsibility (CSR) initiatives providing the societal good they promise? After decades of CSR research, it appears to occur only rarely. In this article, we suggest a new approach to CSR that can deliver on its promise. Drawing from the impact evaluation literature of development economics, public policy, and education, we argue that the CSR field should reconceive itself as a science of design in which researchers formulate CSR initiatives that seek to achieve specific social and environmental objectives. In accordance with this pursuit, we provide seven guidelines to enable CSR practitioners to improve the design of their initiatives.*

Suppose a company wants to reduce food insecurity and eliminate hunger. It could undertake initiatives such as school breakfast programs, employee volunteer programs at food banks, or relocate grocery stores to underserved areas. Companies should use the best means available to do the most good with their limited CSR budgets, but CSR research provides little advice to companies that want to do so. Using a design approach, CSR scholars and practitioners could work together to develop knowledge about the best ways to end hunger by developing different prototypes and testing them, comparing and contrasting the results across the different projects in order to evaluate their social impact in different contexts. Yet figuring out how to do CSR management is something business scholars appear to no longer do.<sup>1</sup> Returning to management's roots in organization design, the CSR literature can assess impact by selecting and designing CSR initiatives that can realize their best intentions.<sup>2</sup> In this article, we will suggest how we can determine whether CSR initiatives achieve the societal good they promise.

### Why design?

Does corporate social responsibility (CSR) matter? In other words, do CSR initiatives provide the societal good that they promise? Increasingly corporations are asked to provide public services and address social problems around the world, yet we know very little about how well these initiatives solve the problems they are meant to address. Furthermore, given the scarce resources spent on CSR initiatives, it is vital that these resources be spent wisely on the most effective initiatives in order to create the greatest social benefit.

In a recent review of over 6,000 articles dealing with CSR, we found that although this enormous literature has moved beyond its initial focus on corporate financial performance, it has failed to develop insights into how CSR initiatives can actually generate benefits for society.<sup>3</sup> Yet the analysis of the impact of social initiatives has been at the heart of fields like public policy, education, and development economics over the last few decades. So the methods needed to improve CSR and make it more effective do exist - in other fields. Frynas makes this point quite clearly with regard to the potential contribution of development studies to CSR and vice versa:<sup>4</sup>

Indeed, if a firm chooses to spend a significant proportion of its funds on CSR related initiatives, it would be in its own interest to have objective data to demonstrate any societal benefits from CSR. The linking of CSR to development requires a new repertory of tools and mechanisms by which such private interventions can be justified, planned, executed, and evaluated. Of course, such tools already exist in development schools and the public sector. But, until now, such tools are missing from private sector initiatives, and the claims about the contribution of CSR to international development cannot be verified.<sup>5</sup>

One of the most relevant insights from the impact evaluation literature in development economics is that it can be considered what Simon termed a “science of design.”<sup>6</sup> As Simon wrote: “Everyone designs who devises courses of action aimed at changing existing situations into preferred ones.”<sup>7</sup> Impact evaluation as practiced in the development literature provides a panoply of rigorous methods for testing alternative solutions to achieve specific social and environmental objectives. Like other design sciences such as architecture, engineering, and medicine, development economics seeks to generate alternative solutions and uses experimental methods to test these alternatives. We argue that the exploration of a variety of solutions and the rigorous analysis of their effectiveness in reaching specific social and environmental objectives provides a way forward for the practice of CSR.

### What is design?

In order to bridge the gap between rhetoric and reality and ensure that CSR initiatives have an impact, CSR practice and research should be reconceptualized as a design science. Design involves two problems: generating alternatives and choosing among those alternatives (either through maximizing/minimizing or satisficing). Generating alternatives may arise through the discovery of existing alternatives or through the creation of entirely new alternatives via abductive reasoning. Thus, CSR design would also require the identification of alternatives and their validation through rigorous field testing. Paraphrasing Simon, CSR design refers to the development of corporate initiatives aimed at changing existing social and environmental situations into preferred ones. Taking a design approach, CSR practitioners can become joint partners with researchers so that solutions can be clinically tested, and knowledge generalized for sharing with other researchers and practitioners. Such knowledge should provide managers with knowledge to inform their decisions about the most effective way to achieve specific social and environmental impacts.

By its nature, design considers the unique situation of each company and each CSR initiative. Developing universal laws is not the purpose of a design approach, however, researchers and clinical managers may develop design propositions that are tested in the field and informed by theory that can provide an important basis for the application of these propositions in new settings. This approach may not be appealing to researchers who constantly seek to develop theory, but we have been arguing about the drivers of social performance for years,<sup>8</sup> while the most important framework in the field has been called atheoretical by its principal author.<sup>9</sup> Clearly there is no reason to keep us from moving from explanatory research based on correlations to experimental methods that examine the causal impact of CSR initiatives on specific social and environmental objectives.

According to Dunne, design starts with dialogue and reflection in which the “success or failure of each solution attempt reveals more information and builds a tacit understanding of the problem.”<sup>10</sup> Hence, learning is recursive based on comparing the experience of different CSR initiatives.

Moving in this direction will not be easy, so in order to facilitate progress, we explain how to design CSR initiatives based on earlier work by Hevner, March, Park, and Ram.<sup>11</sup> Both design research and practice require designers to “understand user experience, explore alternative problem frames, and work toward solutions.”<sup>12</sup>

### Guidelines to Designing and Evaluating CSR Initiatives

Design activities are part and parcel of many professions including

engineering, medicine, technology (e.g., User experience design, user interface design, game design) and production (product design) that seek to solve problems. The seven guidelines have at their root the fact that “knowledge and understanding of a design problem and its solutions are acquired in the building and application of an artifact,” which in our paper is a CSR initiative.<sup>13</sup> Each of these guidelines and its applicability to CSR research are discussed below.

*Guideline 1: Formulate a creative CSR initiative with a clear purpose*

Companies undertake a host of environmental and social initiatives. Thousands of studies have carefully sought to demonstrate if, how, and when it “pays to be good” but very little research has assessed how much good has actually been produced.<sup>14</sup> In other words, research has tended to focus on the firm rather than on the object of the CSR initiative. Unfortunately, most CSR research does not question or examine the design of CSR initiatives. A CSR initiative should be evaluated and tested against other alternatives. This requires that the design of a CSR initiative be clearly and effectively described to enable its implementation and application in each context.

Let’s take the food insecurity example. According to Widener, Metcalf and Bar-Yam,<sup>15</sup> “urban residents lacking spatial and economic access to healthy foods, such as fresh fruit and vegetables, are at risk of having diets with poor nutrition which in turn puts them at risk of chronic diseases like obesity, cardiovascular disease, and type 2 diabetes.”<sup>16</sup> Moreover, a large body of research provides evidence that better nourished children perform better in school and that food insecurity and deficiencies are more prevalent in poor households than non-poor households.<sup>17</sup> Together this evidence provides fertile ground with which to formulate creative CSR initiatives to address the underlying processes that hinder access to healthy foods. Such processes, however, are often conflated necessitating design studies to isolate the effect and context.

The design of a CSR initiative should focus on determining and isolating the effectiveness of the initiative on the beneficiaries of the initiative. For example, a farm to school program would seek to connect schools with nearby farms to incorporate locally grown foods into school meals. A comprehensive program would include additional components such as school gardens, nutrition and agricultural education, and food waste reduction efforts. In other words, the potential benefits are not limited to the short run. Designing a useful CSR initiative is complex because there is a need to go beyond the firm to assess its social impact on the groups affected.

*Guideline 2: Design the initiative to solve a relevant social or environmental*

### *problem*

The design science approach seeks to construct innovative CSR initiatives aimed at changing the phenomena being studied rather than simply explaining or predicting the phenomena being studied. Using the food insecurity example, research stating that activity  $x$ , say the number of local farms, is correlated with a reduction in food insecurity is not as useful as designing a specific initiative aimed at increasing the distribution of fruits and vegetables in schools and comparing it to schools where the initiative is not present.<sup>18</sup> In designing initiatives to solve a relevant social or environmental problem, it is necessary to understand the interactions such initiatives may provoke from managers, employees, communities and affected parties.

### *Guideline 3: Establish the effectiveness of the initiative with robust evaluation methods*

The utility and effectiveness of a CSR initiative must be demonstrated. This requires a researcher to undertake an iterative process whereby the initiative undergoes an evaluation phase to obtain feedback on the quality of the initiative. Does the initiative meet the requirements and constraints of the problem it is meant to solve? For example, in a study looking at initiatives that can improve urban food access for low-income populations, researchers needed to first bound the spatial extent of the model to the affected population and then specify the initiatives that could be implemented to help increase the nutrition of low-income households diets.<sup>19</sup> Evaluation methods include dynamic simulation techniques, difference-in-difference and regression discontinuity design methods, survey interviews, pilot studies, focus groups and interviews.<sup>20</sup>

### *Guideline 4: Provide contributions that are novel and compelling*

Design science research must provide novel and compelling contributions to CSR research. The critical element is designing an initiative that enables a solution to a previously unsolved problem. It can extend the CSR knowledge base by extending or improving existing foundations or apply existing knowledge in new and innovative ways.<sup>21</sup> Like in development economics where experimental methods have changed the field, measures, evaluation metrics and methods are key aspects of design research.<sup>22</sup> Using a development evaluation lens to examine CSR initiatives will provide new and interesting contributions.

*Guideline 5: Develop and evaluate the initiative with rigorous research methods*

We identify four elements that are central to CSR impact evaluation. First, impact evaluations need a baseline comparison, which consists of the measurement of, or information about, the level of the outcome variable before participation in the CSR initiative. Second, impact evaluation requires a control or comparison group. The control group should be as similar as possible to the participants in the CSR initiative. Third, randomization of assignment of participants to the CSR initiative ensures the equivalence of the participants versus non-participants. Where randomization does not occur, careful attention must be given to selection bias. Fourth, impact evaluation requires a counterfactual; that is, an estimate of what would have happened to the affected parties had they not received the treatment. This is the gold standard in, for example, medical research, wherein randomization is used to isolate the treatment's effect on subjects.<sup>23</sup>

*Guideline 6: Iteratively search for the functionality of the initiative taking into account its context*

According to Hevner et al., "Design is essentially a search process to discover an effective solution to a problem."<sup>24</sup> As a search process it is iterative and may lead to a host of possible solutions that may solve a problem. As CSR initiatives often deal with wicked design problems, multiple solutions tend to be the norm rather than the exception. Here describing and identifying the deficiencies in the implementation of the CSR initiative and developing creative solutions to address such deficiencies will help guide the heuristic search process.

*Guideline 7: Disseminate the results in a compelling way*

Finally, the knowledge acquired from the CSR initiative needs to be disseminated and shared so that best practices can be replicated. Experimentation and design are the keys. A website providing researchers and practitioners with examples and robust studies of programs and policies that are most likely to make a difference to beneficiaries is needed. Though the extensive CSR literature has stalled, if reoriented toward an exploratory, experimental design approach, guided by what works, it may yet help people to live better lives.

### **Conclusion**

In this article we ask whether corporate social responsibility (CSR) matters or at least whether CSR initiatives do the societal good they promise. Although the field of CSR has not been very successful in providing answers,

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we have drawn upon the impact evaluation literature in fields like development economics to show that the methods for providing the answers do exist. Furthermore, the heart of design science shares the very concern that has motivated this paper. Hence, we propose the concept of CSR design as a way to accumulate knowledge about the effectiveness of social and environmental initiatives and improve those initiatives. Like other design sciences, CSR should also seek to generate alternative solutions and use experimental methods to test these alternatives. We argue that CSR design will provide a way forward for the practice of CSR.

Sound hard? Maybe it's not as hard as continuing to shoot in the dark, guessing at what may or may not work. CSR design will permit iterative improvements in order to accumulate knowledge about how firms and their CSR initiatives can truly benefit society. Now, that is a result we should all want!

### Authors

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### Endnotes

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