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How Organizations Approach Corporate Social Responsibility: Lessons from the Best and Worst

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Lessons from the Best and Worst

by

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Abstract

In recent years, corporate social responsibility (CSR) has been growing in popularity. Companies that do not engage in CSR or that engage in CSR incorrectly can face scrutiny and lose competitiveness. The current study will analyze CSR initiatives and communications in the context of the contemporary social environment, and how they can benefit or harm a company. This will be achieved by reviewing CSR motivations and communication methods through examining these factors in examples of actual CSR efforts by organizations. The purpose of this study is to provide recommendations on how to strategically approach CSR management and communications to maintain a responsible, effective, and authentic presence.

Introduction

Since its origination, CSR has been studied in an attempt to find correlations between CSR and organizational performance. CSR does not have one agreed-upon definition; however, the International Organization for Standardization (ISO) provides seven generally agreed-upon principles of CSR, including accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the law, respect for international standards, and respect for human rights (ISO, 2010). Despite CSR having become mainstream, every organization approaches the implementation of CSR practices and initiatives in different ways. With ambiguity surrounding CSR's definition and implementation, questions arise regarding what motivates companies to implement CSR practices and initiatives and how companies can implement CSR as effectively as possible to maximize value.

To claim that there has been an abundance of studies on CSR would be an understatement. Whether correlating CSR to corporate financial performance (CFP) or analyzing the effectiveness of CSR rating systems, the field of study has become a mainstream focus of research. With the attention the topic has received, researchers have developed analyses measuring various elements of CSR, including its correlations to performance and the effectiveness of CSR communication methods.

In researching this topic, there seems to be a deficiency in direct applications or guides for businesses looking to implement CSR initiatives and communicate about those initiatives. Studies approach analyses of CSR in vastly different ways, leading to mixed results and conclusions which many researchers attempt to explain in increasingly complex ways. The differing approaches lead to a confusing and ambiguous concept of CSR that can be interpreted and implemented in a variety of ways. With theoretical variables and relationships receiving most of the focus in the field, direct applications to businesses often gets lost. This is the gap in the literature that this study will attempt to address.

The goal of this study is to determine the most and least effective methods of pursuing social responsibility initiatives through the CSR factors of motivation, impact, and communication. The study also contributes to the CSR literature by applying the leading theories and perspectives of CSR to contemporary examples from corporations. Recommendations will be provided on how to effectively manage CSR efforts.

As part of this study, investigation included two propositions (see Table 1).

1. Organizations are more likely to achieve their CSR goals if their motivation is external, proactive, and philanthropic.
2. Organizations are more likely to achieve their CSR goals if they substantially communicate their business activities surrounding their CSR efforts with transparency and accuracy.

Table 1

Proposed Factors that Influence CSR Effectiveness

Motivation			**Communication**		
	Ineffective	**Effective**		**Ineffective**	**Effective**
Orientation	Internal X	External X	**Amount**	Limited X	Substantial X
Timing	Reactive X	Proactive X	**Transparency**	Unclear X	Transparent X
Driver	Profit X	Philanthropy X	**Accuracy**	Manipulated X	Accurate X

Note. The "X" indicates if an organization is Ineffective or Effective in each factor. The more Effective ratings, the more likely an organization is to achieve its CSR goals.

Literature Review

Referred to as the father of CSR, Howard Bowen was an American economist and Grinnell College President. In 1953, Bowen published his revolutionary *Social Responsibilities of the Businessman*. The book identified the important and unique role that business plays in American society, and the accompanying responsibilities of business (Bowen, 1953) – later referred to as CSR.

In 1962, world-renowned economist Milton Friedman published his book *Capitalism and Freedom*. On September 13, 1970, Friedman published his essay *The Social Responsibility of Business Is to Increase Its Profits* in the New York Times, popularizing concepts from his previously published book. Specifically, Friedman (1970) is known for his stance that "There is one and only one social responsibility of business–to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (p. 7-8). Since then, the study of CSR has seen significant growth.

CSR perspectives and theories can be classified into four groups: (1) instrumental theories where the corporation is seen as an instrument for wealth creation, so its social initiatives are a means to achieve financial results; (2) political theories where the focus is on the responsible use of the great societal power that corporations hold; (3) integrative theories where corporations are concerned with the fulfillment of social demands; and (4) ethical theories where the emphasis is on the ethical responsibilities corporations have to society (Garriga & Melé, 2004). Aligning primarily with the first group of theories, Friedman (1970) pioneered one school of thought that has been supported by more modern research correlating CSR to various elements of financial performance, finding mixed results.

CSR and Financial Performance

Beyond Friedman's (1970) declaration, other studies have attempted to find relationships between CSR and corporate philanthropy and profit. For instance, a study found that CSR contributions are a complementary expenditure to advertising (Fry et al., 1982). The study went on to explain that the more public contact a firm has, the more it spent on contributions, leading to the conclusion that CSR is a profit-motivated expenditure with advertising. With companies viewing CSR as a profit-motivated expenditure, questions arise regarding if the motivation is justified and effective.

Decades of studies have found mixed results on the correlation between CSR activities or corporate social performance (CSP) and corporate financial performance (CFP). Some studies have proposed a mutually beneficial relationship between CSP and CFP, where bidirectional causality creates a virtuous circle of CSP causally affecting CFP and CFP causally affecting CSP. To test the theory of a virtuous circle between CSP and CFP, Zhao and Murrel (2022) utilized a dynamic panel data (DPD) estimation. The study affirmed that CFP, measured as return on assets (ROA), has a causal impact on CSP but found that CSP does not have a causal impact on CFP.

Using ROA as the measure of CFP, however, leads to further questions surrounding the effects of CSR on market performance or share price as other measures of CFP. When analyzing the relationship between greening initiatives and stock returns, no overall effect was found (Gilley et al., 2000). Despite previous studies pointing to a seemingly direct relationship – that by doing good, a firm will do well – studies like Zhao and Murrel (2022) and Gilley et al. (2000) provide evidence to the contrary, highlighting the dynamics of the field.

The complexities are furthered by studies like those by Alexander and Buccholz (1978). Initially hypothesizing that CSR can benefit or harm a firm, the study tested if either socially aware managers possess the skills to operate a superior company financially, or if socially responsible firms incurring added expenses leads to a competitive disadvantage. The results found that the degree of social responsibility bore no significant relationship to stock market performance, meaning neither view may be valid (Alexander & Buccholz, 1978).

With the relationship between CSR and financial performance not being as direct as originally thought, other factors must be at play. These factors are influencing the relationship between CSR and financial performance to varying degrees (Mattingly, 2017). For instance, the context around CSR activities seems to impact its effectiveness. Research by Tsai and Wu (2022) found that when considering crisis periods like the financial crash of 2008, where trust in society is low and financial resources are limited, CSR activities focused on improvement in the environment, human rights, and product characteristics result in higher financial returns. However, in non-crisis periods, improvement in employee relations results in higher financial returns. Overall, the study found that when accounting for the societal context, CSR can be value enhancing to a corporation's financial performance. The relationship between CSR and financial performance is further muddled when considering institutional theory. Although Fry et al. (1982) found that CSR is motivated by profit, Campbell (2007) developed an institutional theory claiming that CSR is also influenced by public and private regulation, the presence of nongovernmental and other independent organizations that monitor corporate behavior, institutionalized norms regarding appropriate corporate behavior, associative behavior among corporations, and corporate stakeholders. These other influences complicate the relationship between CSR and financial performance by adding extra dimensions to be considered in research.

Complexities and dynamics blur the direct relationship between CSR and financial performance. Mixed results and research difficulties complicate the search for the truth in the traditional business case, which suggests that by doing good, a firm will do well. However, Peifer and Newman (2020) suggest that the business-case justification approach to CSR can cause negative perceptions among certain groups, with the profit-seeking motivation having negative connotations. Communicating the business case for CSR, as in "we do well by doing good" or "it's a win-win," was traditionally claimed to improve organizational trustworthiness. When breaking down perceptions into three stakeholder groups– consumers, employees, and investors– the business-case justification approach to CSR was found to have no effect on trustworthiness among consumers, despite it often being cited as a benefit to consumer trustworthiness. Further, the business-case justification approach to CSR was found to reduce trustworthiness in employees, as it is theorized that it "signals that the firm will only treat them well when it is profitable to do so" (Peifer & Newman, 2020, p.167). Finally, the business-case justification approach to CSR was found to increase trustworthiness among investors as there has been a growing trend in socially responsible investing. This investing philosophy has resulted in billions of dollars each year being invested in firms perceived to be more socially responsible (Chatterji et al., 2009; Delmas et al., 2013).

CSR, Employees, and Consumers

Research has shown that organizations focusing on CSR see benefits from a human capital perspective. Employee performance and retention can be improved through CSR initiatives improving employee job attitudes and work behaviors. Specifically, Chatzopoulou et al. (2022) tested how employees distinguish the orientations of an organization's internal and external CSR. Internal CSR included human resource practices which led to favorable employee evaluations and reactions, while external CSR included initiatives that positively impacted the community, environment, investors, and/or consumers. The study found that others-focused, external CSR had positive effects on employee job satisfaction, while internal CSR had no effect on job attitudes and behaviors. However, the effects of external CSR were stronger when combined with internal CSR, ensuring positive employee attitudes and behaviors. Therefore, the study concluded that neither internal nor external CSR by itself guarantees positive employee responses, but the combination of both external and internal CSR may do so.

CSR initiatives also appear to improve the attractiveness of a company to job seekers. A study tested the influence of CSR activities and pay level on the attractiveness of companies to potential job seekers. The study found including information about a company's CSR activities with other content about the company's values and benefits provided three advantages: the company's general attractiveness to job seekers, the job seeker's intent to pursue employment, and the company's perceived prestige (Waples & Brachle, 2020). This is largely due to the positive attitudes that many have toward CSR management styles. Additionally, Waples and Brachle (2020) tested if the effect of CSR activities on company attractiveness would be mitigated or improved by pay level information. The results indicate that there was no relationship between CSR activities and pay level information on a company's attractiveness, countering the popular belief that pay level would overpower CSR activities to influence company attractiveness. Overall, CSR activities and communication play a clear role in attracting talent to an organization.

In addition to businesses being incentivized through established human capital benefits in talent attraction and retention as a result of CSR practices, internal motivations exist as well. Many employees directly desire their firms to speak out on social issues. In fact, nearly two-thirds of employees say companies should take a stance on social issues (Murray, 2022). With performance incentives and employees directly encouraging companies to speak out, clear motivations exist for businesses to act in a socially responsible manner beyond profit.

Outside of organizations, Rim and Ferguson (2020) conducted research on how the timing of CSR efforts affects consumer perspectives. For example, a consumer might view a CSR initiative following a corporate scandal as reactive and less authentic compared to one seen as proactive and motivated by philanthropy. Their research concluded that proactive CSR efforts and communication resulted in an improved company reputation. Additionally, they found that proactive CSR could be seen as company reputation insurance and was more effective at minimizing reputation damage after a crisis than reactive CSR.

Measuring a Company's CSR

Given the potential benefits of CSR activities, there has been a growing demand for CSR measurements. This is largely due to the increase in popularity of socially responsible investing, the investing philosophy that calls for investing in socially responsible firms. This philosophy results in billions of dollars of socially responsible investments that rely on CSR rating systems (Chatterji et al., 2009; Delmas et al., 2013). The Kinder, Lydenberg, Domini (KLD) social rating is the most widely used rating system for U.S. companies. Research suggests that KLD ratings do reasonably well at aggregating past environmental performance and using objective data, but they performed poorly in predicting future environmental performance (Chatterji et al., 2009). Overall, rating systems like KLD have a difficult task in rating factors like human resource practices which can have different positive and negative perceptions and levels of implementation within a company. However, sources of extensive data exist that could be utilized to develop even more accurate ratings.

In addition to KLD, other major social rating measures include Trucost and Sustainable Asset Management (SAM). Research by Delmas et al. (2013) attempted to find what these CSR rating systems utilized to measure social responsibility, given the difficulties in measuring concepts like stakeholder engagement or labor practices. Using rating data from the three leading purveyors– KLD, Trucost, and SAM– the study found that two factors, the environmental processes and practices implemented by firms and the environmental outcomes they generate, are the primary components of the rating measurements (Delmas et al., 2013). The study presents a cautionary tale for investors in that these ratings have the potential to be manipulated by symbolic processes which can be communicated as CSR but provide little to nothing in terms of outcomes.

Research by Mattingly (2017) suggests that KLD measures could be influenced by levels of public visibility and industry competition. The study found that other studies using KLD measures led to some contradictory results in areas like economic performance, however, it concluded that KLD data substantially correlated with other objective measures of environmental performance and with firms' sustainability reports. KLD ratings and other CSR measures are in the early stages of their development and should be used with caution until they are further refined for accuracy and backed by diverse data sources.

CSR Communications

Potential benefits and value from CSR activities can be maximized through effective communication. Research findings reveal that the central challenge for companies is to find different ways of communicating about CSR to reach their various audiences. Different audiences have different preferences which firms should be aware of, such as website accessibility, content, and CSR data availability on budgets, external audits, and activities (Castillo et al., 2012). Attempts have been made to introduce novel and unique approaches to CSR communications that make it easier for firms to adhere to stakeholder preferences. One such attempt is values-based CSR communication, which justifies CSR efforts by tying them back to the company's values. The communication method is linked to improved perceived moralization– the process of converting preferences to values– in addition to higher perceived commitment and positive brand attitudes (Love et al., 2022).

In addition to approaches, there are specific considerations that firms must balance in CSR communications. A balance must be struck between considerations including the amount of CSR communication and the amount of CSR activities. A study tested how varying levels of CSR communications and CSR activities affect perceptions. It found that inconsistencies between CSR communication and the extent of CSR activities, as in CSR communication inaccurately assessing or overestimating the impact of CSR, led to companies being considered inauthentic. However, companies with a high amount of CSR communication that is backed up by a great amount of CSR activities realized the most positive perceptions (Viererbl & Koch, 2022). Companies must be careful and honest in their communications regarding CSR and ensure that any communications reflect their actual CSR practices or commitments.

Another study introduces a new measure of effectiveness for CSR communications, called CSR Communication Productivity (CCP), that addresses the complexities of communicating CSR (Yang & Basile, 2022). CCP is defined as the optimally weighted ratio of CSR communication outputs to inputs, measuring the productivity and efficiency of CSR communication. Inputs include CSR social media posts that contain evidence of the CSR in the form of a picture, video, or link, while outputs include social media interactions like comments. The findings indicate that CCP has a positive impact on firm performance, highlighting the importance of efficient and productive CSR communications. Further, when external stakeholders are involved in an organization's CSR initiatives, both CCP and firm performance improve.

Recently, the field of business communications has been revolutionized by the growth of social media. Social media platforms provide unique opportunities for corporate communications, while also being a public platform to allow for and elevate criticisms. Studies have tested how social media platforms like Twitter are particularly suited for the topic of CSR communication. One study established the importance of aspirational talk and engaging users in CSR messages. Further, the study revealed that companies that tweeted more frequently about CSR were associated with higher levels of content diffusion and endorsement. Simply, an active, transparent, and accurate corporate Twitter presence related to CSR correlates to improved CSR outcomes (Araujo & Kollat, 2018; Balasubramanian et al., 2021).

Methods

The current study will be conducted using a mixed methods design. I will address the propositions: 1. Organizations are more likely to achieve their CSR goals if their motivation is external, proactive, and philanthropic and 2. Organizations are more likely to achieve their CSR goals if they substantially communicate their business activities surrounding their CSR efforts with transparency and accuracy. I will analyze various companies and their CSR efforts to discover what aspects succeeded or failed based on the factors of motivation and communication and find themes across effective and ineffective CSR efforts.

Analysis and Results

Examples of Ineffective CSR

With the core principles of CSR being accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the law, respect for international standards, and respect for human rights (ISO, 2010), there has been a growing trend of companies attempting to enhance their reputations through methods that are antithetical to CSR. For instance, greenwashing, pinkwashing, and colorwashing are all terms used to describe the misrepresentation, exaggeration, or false reporting of CSR practices to make a company seem better than reality. Greenwashing refers to cases where the CSR practices are purported to affect the environment, while pinkwashing refers to cases involving the LGTBQ+ community, and colorwashing refers to cases related to marginalized groups.

A primary example of greenwashing can be seen in the case of Volkswagen. Known as “Dieselgate” or “diesel dupe,” the scandal began when the International Council on Clean Transportation (ICCT) found clear discrepancies between the measurements of pollutants in lab results and road tests. Attempting to understand the discrepancy, the U.S. Environmental Protection Agency (EPA) found a software embedded in Volkswagen cars that enabled them to detect when they were being tested and emit fewer pollutants. Volkswagen admitted to installing the software in their cars, resulting in the company’s CEO resigning, and its stock price crashing by 22% in one day (Siano et al., 2017).

Additionally, the Federal Trade Commission (FTC) charged Volkswagen Group of America, Inc. for deceiving consumers with its advertisements claiming “clean diesel” automobiles, resulting in billions of dollars in legal expenses and required investments in electric vehicle infrastructure (Hsu, 2019).

From 2009 to 2015, Volkswagen advertised its new “clean diesel” engines which offered up to 30% better fuel economy and up to 30% lower emissions than gasoline engines. (Mouawad & Ember, 2015). Volkswagen invested millions into its “clean diesel” advertisement campaign which promoted the supposedly environmentally friendly cars, spending $77 million in 2015 alone prior to being charged. The high-profile marketing campaign included Super Bowl ads, social media campaigns, and print advertising (Kaplan & Katz, 2016). In reality, the diesel cars emitted pollutants up to 40 times more than what is allowed in the U.S. (Hotten, 2015).

In an attempt to reap the benefits from CSR and environmentally conscious consumers, Volkswagen’s deceitful practices resulted in fines, required investments, and negative consumer perceptions of the company. While the company will likely overcome the fines and required investments, the perceptions will be difficult to recover from. The scandal has deep emotional implications, affecting the character of the company in the minds of customers. The car owners who bought the cars for the advertised environmentally friendly effects, bought them with a sense of purpose. By manipulating communications, consumers have lost trust in the company and its products.

Swaminathan and Mah (2016) analyzed over 100,000 tweets measuring the public sentiment surrounding the scandal. They found that the number of tweets correlated to major actions by Volkswagen or regulatory agencies, people used words like “cheat” very often early on but less later, and the daily percentage of negative tweets decreased over time but persisted. The company presented its CSR effort with its motivation being external, proactive, yet profit-seeking. Through its CSR communications, the company had substantial, clear communication across its expansive marketing campaign, yet the information it presented was manipulated and inaccurate. Given these mixed effectiveness ratings, Volkswagen's CSR effort was unlikely to succeed (see Table 2).

Table 2

Volkswagen CSR Effectiveness Ratings

Motivation			**Communication**		
	Ineffective	**Effective**		**Ineffective**	**Effective**
Orientation	Internal	External X	**Amount**	Limited	Substantial X
Timing	Reactive	Proactive X	**Transparency**	Unclear	Transparent X
Driver	Profit X	Philanthropy	**Accuracy**	Manipulated X	Accurate

Volkswagen rates as a laggard in the automobile industry on the Morgan Stanley Capital International (MSCI) environmental, social, and governance (ESG) ratings and climate search tool, using KLD ratings. This seems to reflect the controversies the company has faced in the last decade. Volkswagen provides a prime example of how deceitful CSR practices and communications can negatively affect a company.

Volkswagen is far from alone as an example of ineffective CSR practices and greenwashing. The ExxonMobil Corp., Chevron Corp., Shell Plc., and BP Plc. are all considered Big Oil companies. The companies have all been accused of greenwashing. Specifically, a House congressional committee found that internal documents undermine their public promises to fight climate change. All four companies have made promises and announced support of the 2015 Paris Agreement or plans to achieve net-zero emissions, however, a House Chair countered that they rely on speculative technology, gimmicks, and misleading claims to hide the reality (Crowley & Natter, 2022).

Furthermore, Hernandez (2022) found that the four Big Oil companies remain reliant on fossil fuels financially with most of their clean energy actions being pledges and announcements. The article continued that from 2009 to 2020, the companies made many public announcements discussing the transition to clean energy with seemingly little to no supporting business changes. Despite promising to reduce investments in fossil fuel extraction, BP and Shell have increased acreage for new oil and gas exploration. A supporting study found that ExxonMobil has created no clean energy in the last decade and that Chevron is the leading carbon emitter (Li et al., 2022).

The trend of greenwashing has culminated in 42% of green initiatives being exaggerated, false, or deceptive (Ioannou et al., 2022). Research by Ioannou et al. (2022) noted that when consumers believe that a company is greenwashing, it directly negatively affects their experience with its products or services. This result is a more extreme impact than the previously understood harm to reputation. Furthermore, the study found that perceived greenwashing could cause a drop in customer satisfaction of up to 2.4%, leading to significant declines in earnings per share (EPS) and return on investment (ROI).

The four Big Oil companies had external, proactive, yet profit-seeking CSR motivations. The companies claimed to focus on the environment, but with little substance to the claims, the motivations behind the CSR were not truly philanthropic, but rather profit-seeking. Further, the companies provided substantial CSR communication with their public announcements but failed to provide further transparent communication on the fulfilment of their claims, resulting in them being inaccurate. With many of the Big Oil companies' effectiveness ratings being poor, their CSR efforts were unlikely to achieve their goals (see Table 3).

Table 3

Big Oil Companies CSR Effectiveness Ratings

Motivation			**Communication**		
	Ineffective	**Effective**		**Ineffective**	**Effective**
Orientation	Internal	External X	**Amount**	Limited	Substantial X
Timing	Reactive	Proactive X	**Transparency**	Unclear X	Transparent
Driver	Profit X	Philanthropy	**Accuracy**	Manipulated X	Accurate

The MSCI ESG ratings and climate search tool presents a troubling trend, as all four Big Oil companies scored average or higher within the oil and gas industry. With these companies representing the industry's average, and even leaders, while making unaccountable goals and greenwashing, the oil and gas industry clearly has room to improve regarding CSR.

While Volkswagen and the Big Oil companies presented ineffective cases of CSR through greenwashing and deception, the Walt Disney Company presented failed CSR practices through a disorganized, reactive approach. Disney faced controversy following its reported support of HB 1557 or Florida's Parental Rights in Education Act, which the company eventually withdrew. Known by its critics as the "Don't Say Gay" bill, Disney contributed nearly $200,000 to the Florida Republicans behind the bill (Wattercutter, 2022). After Disney's financial contributions were made public, the company faced backlash from its consumers, employees, and the public.

Public protestors gathered at Disney parks and employees staged daily walkouts to pressure the company. Protesting employees demanded that Disney plan and take action against the anti-LGBT+ bill (Woodward, 2022). As a result, Disney announced it would pause all political donations in Florida and spoke out against the bill, after initially claiming that the company would not make any statements and that its work in movies and shows meant more than any donation or statement. However, Disney reversing its initial stance was met with more controversy as the company's diversity and representation practices were called into question (Pulliam-Moore, 2022).

Disney failed in multiple aspects in its approach to CSR. The company had both internal and external CSR motivations, reacting to controversies, and seeking profits. Further, the company's leadership provided little communication on the subject, even after realizing the controversy, communicating with minimal clarity and accuracy, as it reversed its original actions. These factors led to poor CSR effectiveness ratings, which suggested that Disney was unlikely to achieve its CSR goals (see Table 4).

Table 4

Disney CSR Effectiveness Ratings

<table>
<tr><th colspan="3">Motivation</th><th colspan="3">Communication</th></tr>
<tr><th></th><th>Ineffective</th><th>Effective</th><th></th><th>Ineffective</th><th>Effective</th></tr>
<tr><td rowspan="2">Orientation</td><td>Internal</td><td>External</td><td rowspan="2">Amount</td><td>Limited</td><td>Substantial</td></tr>
<tr><td colspan="2">X[a]</td><td>X</td><td></td></tr>
<tr><td rowspan="2">Timing</td><td>Reactive</td><td>Proactive</td><td rowspan="2">Transparency</td><td>Unclear</td><td>Transparent</td></tr>
<tr><td>X</td><td></td><td>X</td><td></td></tr>
<tr><td rowspan="2">Driver</td><td>Profit</td><td>Philanthropy</td><td rowspan="2">Accuracy</td><td>Manipulated</td><td>Accurate</td></tr>
<tr><td>X</td><td></td><td>X</td><td></td></tr>
</table>

[a] This rating indicates both Internal and External Orientations.

Disney rates as average in the media and entertainment industry by the MSCI ESG ratings and climate search tool. Despite its controversies, Disney has a history of CSR which is apparent in its attempt to correct an action seen as controversial or incorrect by large groups of its stakeholders.

All three instances of ineffective CSR practices in Volkswagen, Big Oil companies, and Disney present common red flags that companies should avoid and opportunities for companies to learn from. While the companies' ineffective CSR efforts included some effective practices like being externally motivated and communicating substantially, their efforts were likely to fail because their deception and communications did not match the operations of the businesses. The underlying theme of a disconnect between the words and actions of each company was seemingly present in all cases. It is often easy for companies to announce ambitious goals and claim best practices but supporting their voices with business actions is where vulnerabilities lie. To compensate for unattainable goals, the companies pursued deceptive practices like cheating, lying, and greenwashing. To avoid similar CSR challenges in the future, companies should have external, proactive, and philanthropic motivations behind CSR efforts which are substantially communicated in a transparent and accurate manner, developing an authentic corporate voice.

Examples of Effective CSR

It is not entirely bleak for CSR in businesses. Many companies have implemented CSR efforts, activities, and practices effectively. When considering CSR efforts and the current emphasis on environmental sustainability, a plastic toy block company does not seem like it should be on the leading edge of CSR, however, such is the case with the Lego Group. In 2014, the company took a drastic step to rebrand itself and cement itself as a CSR leader.

After more than 50 years, Lego decided it would not renew its marketing contract with Shell, listening to feedback from organizations like Greenpeace. The toy block company originally partnered with the oil company in the 1960s and has had co-branded science and engineering toy sets sold across the world (Vaughan, 2014). Greenpeace developed a viral YouTube video of a Lego block recreation of the Arctic being dramatically covered in oil. The Greenpeace YouTube video currently boasts 9 million views, with about 6 million coming initially in 2014. The video sought to impact Shell’s plan to drill in the Arctic. Lego was receptive to the feedback from Greenpeace and other critics of the partnership and acted accordingly.

In addition to ending the contract with Shell, Lego seized the opportunity to maintain its popular, positive reputation and further its sustainability efforts. The toy company set ambitious sustainability goals and developed strategic partnerships with organizations like the World Wildlife Fund. Further, Lego has developed comprehensive sustainability efforts. Lego’s significant investment in its Sustainable Materials Center initiative to find and implement alternative materials is a prime example of the company taking action towards its ambitious sustainability goals. Additionally, the company has fostered strategic partnerships like its relationship with WWF to find sustainable materials practices. Lego is holding itself accountable by defining what sustainability means in all aspects of its production, materials, and usage (Mainwaring, 2016).

Lego had external and philanthropic CSR motivations, yet the company was reactive in its approach. Despite being reactive, the company seemingly used momentum from the reactive motivation to expand their CSR efforts in an authentic manner. The company provided substantial, transparent, and accurate communications on their expanded CSR efforts, recovering from the reactive nature of their approach. Lego's ability to score well in their effectiveness ratings, sans timing, led to a high CSR effectiveness (see Table 5).

Table 5

Lego CSR Effectiveness Ratings

Motivation			**Communication**		
	Ineffective	**Effective**		**Ineffective**	**Effective**
Orientation	Internal	External X	**Amount**	Limited	Substantial X
Timing	Reactive X	Proactive	**Transparency**	Unclear	Transparent X
Driver	Profit	Philanthropy X	**Accuracy**	Manipulated	Accurate X

Facing a potential public nightmare, Lego was associated with one of the Big Oil companies discussed previously as having ineffective CSR. The company first displayed effective CSR practices through its awareness of Greenpeace's social media marketing campaign. Once aware, Lego took decisive action, standing by its existing commitment to sustainability and CSR. Furthermore, Lego then took the publicity as an opportunity to act, expanding and communicating its dedication to CSR. The toy block company faced a critical point in its history and has since become a company well known for CSR.

Another CSR success story can be seen in Ben & Jerry's. With major tech firms like Coinbase and Basecamp banning societal and political discussions, Ben & Jerry's has consistently taken a different approach. Since the 1980s, Ben & Jerry's has been a leader in CSR. The ice cream company produced what they called a Peace Pop with marketing on the package writing how the U.S. military should invest in peace-through-understanding initiatives. The sentiments of the Ben & Jerry's cofounders continue with the company being registered as a Benefit Corporation, upholding its CSR values (Constant, 2021).

Current CEO Matthew McCarthy echoed the importance of CSR to Ben & Jerry's, established by the company's co-founders. The areas of CSR the company focuses on are the environment, climate change, and social justice. The CEO described how Ben & Jerry's takes advantage of the power of social media for transparency and authenticity, using partnerships for expertise and guidance (Fromm, 2019). McCarthy conveyed the importance of contributing to the world through CSR while delivering a quality product.

Ben & Jerry's presented external, proactive, and philanthropic CSR motivations. Furthermore, the company's CSR is so central to its operations and management that it communicates its CSR efforts substantially with transparency and accuracy. With the company scoring well on all aspects of the CSR effectiveness ratings, Ben & Jerry's was likely to achieve its CSR goals (see Table 6).

Table 6

Ben & Jerry's CSR Effectiveness Ratings

Motivation			**Communication**		
	Ineffective	**Effective**		**Ineffective**	**Effective**
Orientation	Internal	External X	**Amount**	Limited	Substantial X
Timing	Reactive	Proactive X	**Transparency**	Unclear	Transparent X
Driver	Profit	Philanthropy X	**Accuracy**	Manipulated	Accurate X

Consistently rated among the highest socially responsible firms, Ben & Jerry's is central to the success of its parent company, Unilever. The Ben & Jerry's name is known for its CSR. The company faced a potential shift in beliefs when it was acquired by Unilever, however, Ben & Jerry's continues to be a leader in CSR and a prime example of the effectiveness of social media accountability and transparency related to CSR.

Salesforce provides a unique model for how a tech firm can implement CSR. Salesforce founded its one-one-one philanthropic model, which involves giving one percent of the product, one percent of equity, and one percent of employees' time to communities and non-profits. Over 17 years, Salesforce benefitted 29,000 non-profits by investing nearly $130 million into non-profits and communities and committing 1.6 million volunteer hours (Rossi, 2017). The unique philanthropic model has contributed greatly to causes and activated employees to be at the forefront of the company's CSR efforts.

Additionally, Salesforce recently launched a new Citizen Philanthropy program, which incentivizes employees to volunteer their time in skill-based opportunities with paid volunteer time off. The company views CSR as a necessity as opposed to a nice addition. Aziz (2022) described Salesforce's Chief Philanthropy Officer's dedication to the importance of putting values into action, highlighting the company's one-one-one model. The article explained that the Citizen Philanthropy program encourages employees to be mindful of the needs of their communities, giving them the time to meaningfully contribute. Further, Salesforce's Vision, Values, Methods, Obstacles, and Measures (V2MOM) tracks the company's progress, keeping the tech giant accountable.

Salesforce balances internal and external orientations with its proactive and philanthropic CSR motivations. The tech company meaningfully considers employees and the community with its CSR efforts. Further, the company communicates its efforts substantially with accuracy and transparency, especially in its impact measures. Overall, the company rated well on the CSR effectiveness ratings, suggesting its high likelihood of achieving its CSR goals (see table 7).

Table 7

Salesforce CSR Effectiveness Ratings

<table>
<tr><th colspan="3">Motivation</th><th colspan="3">Communication</th></tr>
<tr><th></th><th>Ineffective</th><th>Effective</th><th></th><th>Ineffective</th><th>Effective</th></tr>
<tr><td>Orientation</td><td>Internal</td><td>External</td><td>Amount</td><td>Limited</td><td>Substantial
X</td></tr>
<tr><td></td><td colspan="2">X[a]</td><td></td><td></td><td></td></tr>
<tr><td>Timing</td><td>Reactive</td><td>Proactive
X</td><td>Transparency</td><td>Unclear</td><td>Transparent
X</td></tr>
<tr><td>Driver</td><td>Profit</td><td>Philanthropy
X</td><td>Accuracy</td><td>Manipulated</td><td>Accurate
X</td></tr>
</table>

[a] This rating indicates both Internal and External Orientations.

Salesforce is a unique and innovative example of effective CSR. The company provides a valuable model that can be replicated by other companies, especially those with a highly skilled workforce that can volunteer their knowledge, skills, and abilities to their communities. Salesforce is a CSR leader in the software and services industry according to the MSCI ESG ratings and climate search tool rating, reflective of their effective CSR model, practices, and impact.

Lego, Ben & Jerry's, and Salesforce all provide examples for companies to follow in their CSR success. The companies embody the principles of CSR, with philanthropic motivations, measurable impacts, clear connections between CSR communications and actual CSR actions. While the companies all have ambitious CSR goals, like the companies with ineffective CSR, Lego, Ben & Jerry's, and Salesforce all provide substantial, accurate, and transparent communications with accountability measures. Having CSR integrated into the companies empowers them to make decisions and take decisive action that can be supported by their values-driven goals. In the most successful and effective cases of CSR, the leading companies do not view CSR as something that would be nice to have; they view it as essential to their strategy and operations.

Example of Mixed Effectiveness CSR

While clear distinctions have been established between effective and ineffective CSR, some businesses excel in some areas and fall short in others. For instance, Google is often praised for its CSR in reference to its efforts toward the environment. According to Clifford (2021), combating climate change is a core value for Google with goals like being carbon free by 2030. The company has been holding itself accountable, as well, with the tech giant being carbon neutral since 2007 (carbon neutral refers to a company offsetting its carbon production, while carbon free refers to a company producing no carbon whatsoever). Its goal of being carbon-free by 2030 is ambitious but attainable. Furthermore, Google has incorporated efforts towards combating climate change and pollution to attract the next generation of workers, with those issues being among the most important according to Generation Z and Millennials.

Considering its workforce, however, is where Google's CSR practices are far less effective. With topics like diversity, equity, and inclusion (DE&I) central to many CSR efforts, the company's workforce demographics are an important topic to address. According to Google's diversity report, Google's workforce is 50% white and 68% men (Lyons 2021). These numbers are troubling given their supposed efforts and communications to promote diversity in its workforce.

Google's successful environmental CSR implementation and communication is countered by its lack of diversity, thus making it too difficult to rate with the CSR effectiveness ratings. Google has an average rating in the interactive media and services industry on the MSCI ESG ratings and climate search tool, resembling the company's mixed success in CSR. The company must align its diversity goals and workforce actions to maintain a positive CSR reputation and reach its CSR-related goals.

Conclusion

Despite countless studies examining the relationships between CSR and various aspects of a business's success, little attention has been given to analyzing the motivations behind, communications, and effectiveness of CSR efforts. The current study fills this gap by investigating companies and their CSR activities. The results indicate that the effectiveness of CSR efforts depends largely on a company's motivation and communication. Practicing managers must understand that cohesion between these elements is necessary to maintain effectiveness and ensure successful CSR implementation.

This study suggests that deceptive practices related to social issues often are at the core of ineffective CSR efforts, while connectivity between goals, actions, and communications is central to effective CSR efforts. Deception can occur in various forms in different organizations and is often motivated by a desire to achieve overly ambitious goals. Connectivity and cohesion are necessary and occur in values-driven companies that refer to CSR for decisions at all levels of organizations. The examples provided indicate that the better motivations and communications align, the more effective the CSR effort, while misalignment between motivations and communications can plague CSR effectiveness and company reputations.

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