Ideology and the Micro-Foundations of CSR: Why Executives Believe in the Business Case for CSR and How This Affects Their CSR Engagements

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To cite this article: Jolien Lievens (2019): Ideology and the Micro-Foundations of CSR: Why Executives Believe in the Business Case for CSR and How This Affects Their CSR Engagements, Social and Environmental Accountability Journal, DOI: 10.1080/0969160X.2019.1567033

To link to this article: https://doi.org/10.1080/0969160X.2019.1567033

Published online: 11 Jan 2019.
This paper gains further insight into the micro-foundations of corporate social responsibility (CSR) by opening the black box of executives’ idiosyncratic characteristics. Scholars built their research, regarding executives’ belief in the business case for CSR, on two premises (i) factual evidence is necessary for executives to believe in the business case for CSR and (ii) executives will engage in CSR activities if they believe in the business case for CSR. Based on four studies, concerning the ideological origin of executives’ belief in the aforementioned business case and executives’ emotional reaction to ethical problems, the authors of this paper tell a different story. These studies were executed with executives from executive MBA (EMBA) classes at Swiss and Dutch universities, MBAs from a Swiss business school and students from different disciplines at a Swiss university.

The findings revealed that the belief in the business case for CSR is grounded in executives’ fair market ideology, i.e. people’s tendency to perceive the market economy system as highly fair and legitimate. However, based on the previous research, the authors correctly recognise that the latter provokes an important theoretical tension. On one hand, executives’ belief in the business case for CSR will foster the CSR investments at the firm level. On the other hand, scholars concluded that fair market ideology limits individuals’ potential to feel morally outraged by ethical problems stemming from corporate activities, which, in turn, reduces executives’ tendency to engage in CSR activities. Based upon a questionnaire, with (E)MBAs, the authors were able to fathom this theoretical tension. It became clear that, due to the ideological foundation, believing in the business case for CSR has no guarantee for CSR engagement. The positive effect of the belief in the business case for CSR on CSR engagement is neutralised by the negative effect of moral outrage on CSR engagement.

Therefore, this paper makes an important step forward in scholars’ insights regarding the micro-foundations of CSR. However, it is regrettable that the authors did not study their suggested research avenue to take into account the interrelationship between the idiosyncratic characteristics of different employees. Since, executives usually make decisions in teams, these insights could contribute to the management accounting and control literature because, during the development of the organisation’s strategy and the related management control system, executives have to take into account the values and beliefs of their employees. Second, it could be interesting to study the impact of external pressures, e.g. environmental certification and customers’ expectations, on executives’ behaviour. For instance, these pressures could inspire and convince executives to invest and believe in sustainable initiatives.

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https://doi.org/10.1080/0969160X.2019.1567033