

# **Corporate Governance and CSR: Beyond Agency Theory Perspective**

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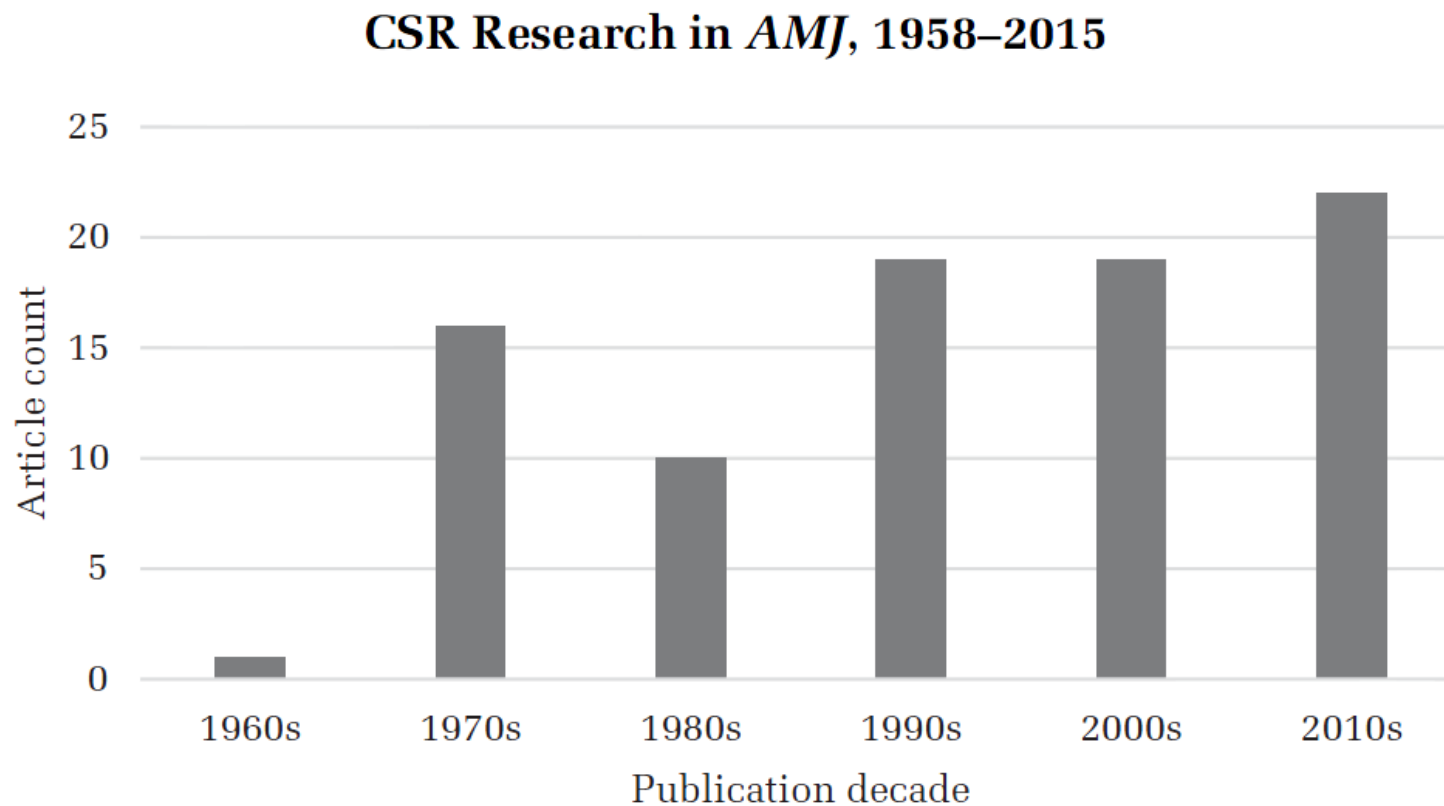
# Corporate Social Responsibility

- Bearing a responsibility to a broader set of stakeholders *beyond its shareholders*
- Voluntary efforts *beyond legal requirements*

# Recent Trends

- Increasing regulatory and social pressure for CSR
- CSR as a dedicated organizational function with clear reporting lines into senior executive teams
- Encouraging employee involvement in CSR activities
- Integrating CSR into corporate identity and culture

# Publications at *Academy of Management Journal*



# 경영관리 분야 국내연구

- 정흥준, 신민주(2016, 인사조직연구)
- *경영학연구, KBR, 인사조직연구, 인사관리연구, 전략경영연구* 등 15개 학술지
- 연도별 게재논문 수

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3	4	3	3	12	5	9	7	13	10

# Financial Economics versus Management

## Financial economics

- Explaining market behavior
  - Firms are homogeneous.
- Firm as a black box
- Agency
  - methodological individualism
- Rationality

## Management

- Explaining firm behavior
  - Firms are heterogeneous.
- Opening up a black box
  - decision-making process
- Social structure/structuring
  - institutions, social norms
- Bounded rationality
  - cognition

# Recent Research Trends

- Organizing CSR: Moving from antecedents and outcomes to process

Antecedents:

- formal institutions, social norms and values, ownership structure, board structure, CEO and TMT attributes

(See Jain & Jamali, 2016, CGIR for a recent review)

Outcomes:

- consequences of CSR activities

Process:

- sense-making and decision-making process involved in CSR

- Unpacking the dimension of CSR: From aggregate to specific dimensions

An aggregate CSR score cannot articulate the tradeoffs and conflicts in social performance along multiple stakeholders.

- investment towards employees versus donation to society

“good” versus “bad” events

- Doh et al. (2010, JOM): Calvert and Domini Social index

- Ramuchander et al. (2012, SMJ): Domini Social 400 index

“being social responsible” versus “being social irresponsible”



- CSR as a global challenge: From US to Non-US-based CSR research

Formal institutions, social norms and values, and historical roots shape the perceptions of the purpose of corporation in general, and meaning and forms of CSR in particular.

Matten & Moon (2008, AMR)

- liberal market economies versus coordinated market economies
- explicit CSR versus implicit CSR

Stage of economic development

- advanced economies versus emerging economies

# Future Research Directions

## Resolving the conflicts between shareholders and stakeholders

- Creating shared value (CSV)
  - shareholder primacy view
  - event study: Corporate social responsibility and shareholder reaction: The environmental awareness of investors (Flammer, 2013, AMJ)
- Resolving mechanisms:
  - compromise, decoupling, duality, identity
- Hybrids or social enterprise combining social and commercial logics
  - Battilana & Dorado (2010, AMJ): commercial microfinance
  - York et al. (2016, AMJ): wind energy field in Colorado

- Resolving the conflicts between shareholders and employees

마이다스아이티(<http://asan-aer.org/>)

- 자연주의 인본경영: 주주보다는 인간 중심
- 4무 정책: 무스펙, 무상평(상대평가), 무징벌, 무정년
- 상장 이후? 재무적 위기 상황?

- Resolving the conflicts between stakeholders
  - salience and power of stakeholders

조선산업 구조조정

- 대주주, 소액주주, 채권자, 종업원, 공급업체, 지역사회, 국민

## Compliance, commitment, or competing priorities?

- Symbolism versus substance
- How would firms respond to the regulatory mandates about or social pressure towards CSR?
  - Would the regulatory mandates induce firms to allocate resources to the projects with little social value?
  - Would the regulatory mandates drive out the firm's intrinsic motives for CSR?
- How would firms build and leverage CSR reputation?
  - resource allocation among different CSR activities within a firm
  - resource allocation among member firms within a business group

- Institutional environments and the shaping of CSR

How would the meanings and forms of CSR evolve over time?

- Korea: national building → shareholder capitalism → CSR

How would firms initiate and manage such dynamics?

- framing the issue, mobilizing support, implementing the initiative

Would the meanings and forms of CSR converge or diverge across countries?

- liberal market economies versus coordinated market economies

- Korea: shareholder capitalism, family capitalism, state capitalism

- How would MNCs deal with conflicting demands on CSR across countries?
  - localizing CSR activities
  - tunneling of socially irresponsible activity (Surroca et al., 2013)

## Individual cognition and attribution of CSR

- How do stakeholders make sense of CSR activities?
- Would employee volunteering be encouraged or stigmatized by coworkers?
- How would employees perceive CSR activities?
  - corporate philanthropic acts during financial distress
- What are cues that stakeholders rely on for evaluating the integrity and effectiveness of CSR activities?
- Can firms manage stakeholder perceptions? If so, how?

## Beyond shareholder value primacy

- Shareholder value primacy assumes that shareholders are residual claimants.
- Shareholders may not bear all of the residual risk (Blair, 1995).
- Other stakeholders may bear the residual risk as well (Blair, 1995).
  - firm-specific investments by other stakeholders
- The corporate production is a team production (Blair & Stout, 1999).
  - shifting towards the knowledge-intensive economy
- Alternatives
  - coops, employee-owned business, community-owned business