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Playing on Two Chessboards: Reputation Effects between Corporate Social Responsibility (CSR) and Corporate Political Activity (CPA)

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ABSTRACT

It has recently been argued that corporate social responsibility (CSR) is ‘political’. It has been neglected however, that firms also operate politically in a traditional sense, in seeking to secure favourable political conditions for their businesses. We argue that there are potential synergies between CSR and corporate political activity (CPA) that are often overlooked by firms and that recognition of these synergies will stimulate firms to align their CSR and CPA. We develop a conceptual model that specifies how various configurations of a firm’s CSR and CPA – alignment, misalignment, and non-alignment – affect the firm’s reputation beyond the separate reputation effects of CSR and CPA. This model has important implications for understanding how and why firms should pay attention to their CPA and CSR configurations, and thereby contributes to the broader issue of why firms should make sure that they are consistent in terms of responding to stakeholder concerns.

Keywords: alignment, corporate political strategies, corporate social responsibility, nonmarket strategy, reputation, resource complementarities
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1 INTRODUCTION

The ‘political CSR’ literature links corporate social responsibility (CSR) and political theory (e.g., Matten and Crane, 2005; Scherer and Palazzo, 2011) by arguing that CSR is ‘political’ in a broad sense, because it focuses on a firm’s assumption of governmental roles and responsibilities in a global context in which weak governance may prevail. Yet, many firms also operate ‘politically’ in a more traditional sense, interacting with governmental decision-makers, i.e. corporate political activity (CPA). So far, little attention has been given to whether and how firms jointly manage their corporate political and corporate social responsibility efforts as well as the consequences thereof. How does the intra-organizational management of CSR and CPA impact a firm’s reputation? Such questions have academic relevance because they contribute to a more integrated understanding of firms’ non-market strategies. They also have practical relevance, since neglecting common approaches or understanding between CSR and CPA ‘represents a huge wasted opportunity to deliver greater value to individual companies and to society’ (Beloe et al., 2007, p. i).

Anecdotal evidence suggests that large numbers of firms ignore the relationship between CSR and CPA (Beloe et al., 2007). Yet, some firms do jointly manage their CPA and CSR. Among the latter are firms who intentionally align their political and social responsibility efforts. One such firm is Philips, who developed energy saving light bulbs as part of its sustainability strategy, to replace traditional incandescent light bulbs. When sales volumes of the new energy saving light bulbs remained unsatisfactory, Philips lobbied the European legal structure to phase out the sales of traditional light bulbs, arguing for energy saving and the reduction of carbon dioxide emissions (Wynia, 2009). Other firms jointly manage their CSR and CPA by deciding to separate them deliberately. Anastasiadis (2013), for example, finds that European car manufacturers intentionally kept their CSR and political lobbying efforts at arm’s length, and were hesitant to align their CSR and CPA with respect to environmental issues. He concludes that misalignment between CSR and CPA is dangerous for firms’ ongoing legitimacy. Guérard et al. (2013) report on how German car makers opposed the introduction of environmentally superior filters on diesel cars, an add-on technology that makes the combustion in diesel engines more efficient. As these car makers had developed reputations for their environmental programmes in general, their opposition to the filters negatively impacted their reputation with the general public.
These examples suggest that CSR and CPA interact in affecting a firm’s reputation. By working on both CSR and CPA, firms are essentially ‘playing on two chessboards’. The two games of chess may be coordinated by the player – the firm – in the hope of achieving better outcomes, or the player may be exposed by other parties as playing two games simultaneously. In either case, there may be consequences for its reputation.

Decisions about whether to integrate CSR and CPA may depend on differing demands or expectations that firms face in their environment. Recent work has started to explore organizational responses in a dynamic global environment with a multitude of contradictory, complex institutional and societal demands (Child and Rodrigues, 2011; Pache and Santos, 2010; Scherer et al., 2013). While in many contexts, firms are aware of conflicting, incompatible institutional demands and assess how they can respond, in the specific case of CSR and CPA, the evidence seems to suggest that many firms do not even consider the relationship between these two non-market strategies (Beloe et al., 2007). Given this notion, we do not start from the assumption that firms jointly manage their CSR and CPA. Our primary objective is to conceptually explore the interplay between CSR and CPA, by asking why and how firms might coordinate their social responsibility and political activities, and by exploring the reputation consequences of having CSR and CPA aligned, non-aligned, or misaligned in relation to issues firms face.

A central premise of our theorizing is that companies often underestimate or overlook the value of aligning CSR and CPA to address policy issues. Alignment, bringing policies in line, is a concept frequently used in management literature. According to Birkinshaw (2011, p. 42), ‘the principle of alignment means that all employees are working toward the same common objective’. In another context, Dowling and Moran (2012) define alignment in the context of strategic choice and reputation, emphasizing the importance of external and internal fit. What construes alignment is a social construction, as it is the result of an interpretation by some group. In this paper we define alignment as strategic fit, when firms use – or are perceived to use – their CSR and CPA to achieve the same outcome in addressing a policy issue.

However, a firm’s CSR and CPA may be misaligned or non-aligned for various reasons. Misalignment is a strategic misfit, when firms use – or are perceived to use – their CSR and CPA to achieve opposite outcomes in addressing a policy issue. Non-alignment is a lack of strategic fit, when firms use – or are perceived to use – their CSR and CPA to work on different policies or issues that remain unrelated or have not (yet) been
related. Both configurations can be seen as the result of a ‘strategic manipulation strategy’ through which firms ‘actively influence social expectations by swaying or even manipulating the perceptions of key actors or policy-makers in their environment’ (Scherer et al., 2013, p. 264). For example, misalignment can be related to ‘greenwashing’, when firms mislead consumers about their environmental performance or the environmental benefits of a product or service and simultaneously lobby regulators in order to obtain lower standards for environmental performance or product or service quality. Misalignment can also be a specific form of organizational hypocrisy, when there is a deliberate inconsistency between an organization’s talk, actions, and decisions (Brunsson, 2002) around the same substantial issue.

Still, given that firms may face complex and conflicting demands from their institutional or societal environments (Pache and Santos, 2010), misalignment and non-alignment – and even alignment – may also be, and perhaps more frequently so, emergent rather than deliberate. Many firms do not consider the relationship between CSR and CPA (Beloe et al., 2007), arguably because they develop either non-market strategy in response to specific, perhaps conflicting or incompatible demands. Configurations of CSR and CPA hence may also emerge from the unintentional consequence of developing CSR and CPA policies and practices in an uncoordinated way when responding to heterogeneous demands.

The argument of the paper can be summarized as follows. First, we define reputation and argue that CSR and CPA independently impact a firm’s reputation. Second, we contend that the impetus for aligning CSR and CPA stems from the recognition that complementarities may exist between the firm-specific resources (e.g., information and contacts; Amit and Schoemaker, 1993; Barney, 1991) that are produced through the firm’s CSR and CPA efforts. Alignment is one possible configuration of CSR and CPA. Other possible configurations are non-alignment and misalignment. They may emerge over time, as firms fail to recognize resource complementarities or as they respond to heterogeneous demands in their environments, or they may be sought deliberately. Next, we argue that a firm’s configuration of CSR and CPA may be perceived and interpreted by stakeholders as a signal about its trustworthiness and reliability, on the basis of which they (re-)evaluate their opinions about the firm (Love and Kraatz, 2009). Consequently, we discuss how a firm’s configuration of CSR and CPA affects its reputation beyond the independent reputation effects of CSR and CPA (Propositions 1–5). Finally, we discuss the moderating effects of public exposure, joint co-ordination,
and environmental complexity upon the reputational effects of CSR and CPA alignment (Propositions 6–8). All these arguments are incorporated into a conceptual model.
2 CSR AND CPA: IMPACTS ON REPUTATION

Firms’ non-market strategies, including CSR and CPA, are oriented towards shaping the social and political conditions under which the firm can thrive (Bonardi et al., 2006). Firms often develop social responsibility or political activities (policies, practices) that are geared to or in collaboration with non-market partners. Such activities may produce intangible resources such as information, contacts, and a positive reputation with specific stakeholders. Given that CSR and CPA are defined as relational activities, it is evident that a firm’s CSR and CPA produce information and contacts, which may subsequently be deployed by the firm. However, the assertion that they may also have an effect on a firm’s reputation requires more explanation, because reputation is less well defined, and because there are some nuances in the discussions on whether and how CSR and CPA influence a firm’s reputation. Therefore, we clarify our understanding and definition of reputation, and how CSR and CPA may independently add to or distract from the firm’s reputation.

In many studies of corporate reputation (Deephouse and Carter, 2005; Lange et al., 2011; Walker, 2010) and closely related concepts such as legitimacy, corporate image, and corporate identity (Bitektine, 2011; King and Whetten, 2008), reputation is often seen as the outcome of an appreciation, an evaluation of the firm by stakeholders in comparison to other firms, while legitimacy is seen as a judgment about a firm’s conformity to a social category. Although both constructs are related to the same underlying construct of organizational identity (King and Whetten, 2008) and to some type of evaluation of the firm, they are used differently. Reputation is related to competitive advantage, whereas legitimacy is more like a ‘hygiene factor’, a necessary condition for long-term survival.

A simple version of the idea of reputation is ‘that over time an organization can become well known, can accrue a generalized understanding in the minds of observers as to what it is known for, and can be judged favorably or unfavorably by its observers’ (Lange et al., 2011, p. 154). Reputation thus involves an external overall evaluation of firms’ actions and past performance in creating stakeholder value (Dowling and Moran, 2012). Firms may seek to improve their reputations through working on their image and identity, but only in a limited manner, as the evaluation of the firm by stakeholders, its reputation, is also based on what the firm does and how other parties speak about the firm (Walker, 2010). Wartick (1992, p. 34), for instance, defines cor-
porate reputation as ‘the aggregation of a single stakeholder’s perception of how well organizational responses are meeting the demands and expectations of many corporate stakeholders’.

A firm’s reputation may change. ‘Organizational character’ (Love and Kraatz, 2009) is a relevant perspective for understanding how CSR, CPA, and configurations of CSR and CPA impact on a firm’s reputation. An assumption of this perspective is that firms are viewed as a ‘whole’, as consistent and coherent entities with continuity over time (King et al., 2010; Love and Kraatz, 2009), and that a firm’s actions are evaluated in the light of its ‘character’ that emerges from its previous actions and espoused identity. In common parlance, it is the ‘firm’ that does, omits, or says something, not a particular department, subsidiary, or (group of ) employee(s), and if it is acknowledged that a part of the firm – for example, a top manager or spokesperson – does or says something, this is generally understood to happen on behalf of the firm, representing the firm as a whole. In this sense, the firm is anthropomorphized (Morgeson and Hofmann, 1999). This tendency is reinforced by the status of firms as legal persons, and by firms themselves as they seek to uphold their character, to maintain and reinforce continuity and coherence therein, even in the face of misconduct or failure, and to avoid sending out diverging messages. Evaluative constituencies retain a better reputation of a firm, and consider it to be a suitable exchange partner, if they perceive of the firm as having character traits such as trustworthiness and reliability, since such traits provide a basis for predicting the firm’s future behaviour (e.g., the likelihood that it honours its obligations) (Fombrun, 1996; Love and Kraatz, 2009). Consistency in action and communication, also over time, is valued since it signals firms’ trustworthiness and consequently enhances its reputation (Aula and Mantere, 2008).

Often, a firm’s reputation is presented and measured as the aggregation of its reputations with different stakeholders, even if different stakeholders may retain different reputations of a specific firm. Reputation hence is a composite construct along a variety of attributes that a range of outsiders deem relevant (Deephouse and Carter, 2005; King and Whetten, 2008); it is derived from the aggregation of the normative perception that multiple stakeholders have of the firm’s past, present, and future activities, as “good” or “bad” (Tucker and Melewar, 2005, p. 378). Such aggregate reputation scores are obviously higher if the firm succeeds to present itself as a ‘trustworthy partner’ with multiple stakeholders, but as the number of expectations increases, such as under conditions of increased institutional and societal complexity...
(Child and Rodrigues, 2011; Pache and Santos, 2010), this is increasingly difficult to achieve. Our theorizing about the reputation effects of various configurations of CSR and CPA is premised on the assumption that the overall reputation of a firm is the aggregation of the reputations it has with multiple stakeholders. Given these conceptualizations, we next argue that managerial decisions concerning CSR and CPA affect how corporate constituencies assess the firm.

2.1 Corporate Social Responsibility

In this paper, we view CSR as an umbrella term that encompasses the policies, processes, and practices firms put in place to attend to societal demands and/or expectations of the firm. CSR has come to be defined as corporate behaviour in compliance with expectations that go beyond what is required by law (Carroll, 1979). McWilliams and Siegel (2001) specify CSR as an investment in actions that advance a social cause, for example by adding social features or characteristics to products, or by modifying production processes to signify that the firm is seeking to advance a social objective. In this sense, there is an important ‘real’ dimension to CSR beyond corporate communication, perception management, and public relations. Although activist groups and social movements more broadly continue to pressurize firms in the domain of CSR, firms increasingly seem to view CSR as ‘a source of opportunity, innovation, and competitive advantage’ (Porter and Kramer, 2006, p. 80), and thereby as beneficial to both the firm and society at large by enhancing the firm’s social performance.

There is variability in the levels and nature of a firm’s CSR commitments and activities; not only among firms operating in different industries and countries, but also among companies operating within the same industry and country, and even within single companies over time (den Hond et al., 2007; Habisch et al., 2005). Firms may have different motivations for engaging in CSR (Garriga and Melé, 2004), and hence have different levels of engagement with CSR, pursue a variety of issues, and manage their CSR activities differently. As CSR activities are widely divergent, CSR activities may be perceived as positive, neutral, or negative by particular stakeholders, and different stakeholders may have conflicting perceptions of the same CSR activity. Much work has already been done to examine how stakeholders value and respond to a firm’s CSR initiatives, notably in the marketing and corporate reputation literatures.
Beginning with Brown and Dacin (1997) and Sen and Bhattacharya (2001), many studies have been conducted on reputation effects of firms' CSR activities with consumers. Often such research involved controlled experimental settings, but some studies have sampled consumers in natural settings. Du et al. (2007), for instance, find that as firms better integrate their CSR activities in their competitive strategies, consumers entertain more positive CSR-beliefs of these firms, which translates into the likelihood of more purchases as well as longer-term loyalty and advocacy behaviours. Yoon et al. (2006) find that reputation effects of CSR with consumers are stronger if the motives for CSR are perceived to be sincere, and the salience of firm-serving benefits is lower; if the information is from an independent, neutral source; and if the firm’s ratio of CSR contributions and CSR-related advertising is higher. Vanhamme and Grobben (2009) find that in times of crisis, firms with a longer CSR history are less affected by reputation backlashes.

Within the corporate reputation literature, several studies maintain that a positive relationship between CSR and reputation exists (Brammer and Pavelin, 2006; Fombrun, 1996). Pfau et al. (2008) find that CSR campaigns, which communicate corporate good deeds, exert considerable positive influence on public opinion, enhancing people’s perceptions of corporate image, reputation, and credibility. In the stakeholder literature, firms that pursue actions more responsive to multiple stakeholders are more likely to enhance their firms’ value in the long term by creating goodwill and improving their reputation (Jones and Wicks, 1999). For example, firms that invest in their employees create a more productive and loyal workforce, and are in a better position to attract and retain highly qualified workers (Turban and Greening, 1997). In addition, firms are more likely to work with other firms and non-governmental organizations (NGOs) to solve social issues and differentiate their brand from their competitors (Peloza and Falkenberg, 2009). In essence, firms that strengthen their relationships with key stakeholders (internal and external) through CSR signal that they are trustworthy and reliable. As a result corporate constituencies will (continue to) assess the firm favourably so that its reputation continues to improve.

2.2 Corporate Political Activity

CPA is an umbrella concept, too, that captures the firm’s policies, processes and practices that are ‘intended to influence governmental policy or process’ (Getz, 1997, pp. 32–33). Different types of activities can be used to convey policy preferences to
policymakers: information provision, financial contributions, and constituency building (Hillman and Hitt, 1999). Firms may choose to get involved in political processes for defensive reasons, for example when they interpret pending governmental decisions as a threat to their competitiveness (Getz, 1997). Or, they may view their political environment as offering opportunities for trying to influence the outcomes of electoral, legislative, or regulatory processes such that they ‘better reflect the internal goals of the organization’ (Baysinger, 1984, p. 249). Oliver and Holzinger (2008) argue that effective political strategies focusing on compliance can result in higher efficiency and legitimacy for firms, and that firms that are able to anticipate and implement governmental policies are likely to develop good relationships with key stakeholders such as the government, media, and public interest groups.

The impact of CPA on a firm’s reputation has been studied less often than that of CSR. Most political scientists and CPA scholars view political lobby by private interests as a relatively unproblematic activity that is a common phenomenon in many countries. It is generally considered to have a ‘legitimate and important role to play in the public policy process’, even if it is ‘not always [a] welcome reality in western politics’ (Coen, 2007, p. 334). However, in recent years, there have been increasing concerns about firms crossing the line between legitimate participation in democratic decision making and the opportunistic pursuit of self-interest; it is felt that businesses may have obtained too much power. For example, in the United States, fears about firms’ ability to corrupt the political process have increased after the Supreme Court’s decision to deregulate campaign spending (Torres-Spelliscy, 2010). Other studies have shown a correlation between political spending and problems with corporate governance and long-term financial performance, suggesting that corporate spending may be detrimental to shareholders as well as to society (Aggarwal et al., 2009).

How corporate political involvement is exactly perceived within society is understudied, but in Australia, Pusey (2010, p. 136) argued that ‘several studies . . . consistently show that between 60 and 82 per cent of Australians were unhappy with what they perceived to be the excessive power of big business and vested interests in national affairs’. Milyo et al. (2000, p. 75) note that: ‘Campaign contributions from political action committees (PACs) are often portrayed in the media as the functional equivalent of bribes’, pointing at opinion polls that indicated support for a ban on PAC contributions. Although research on public opinion and CPA is scarce, it thus seems to suggest that, in many instances, CPA can tarnish the reputation of a firm.
Another reason why CPA may undermine a firm’s reputation is that firms often are not very transparent about their political efforts, regardless of whether they are organized individually or collectively. Political contributions are usually not disclosed to the board or shareholders, nor are political expenditures generally subject to oversight as part of a firm’s internal controls (Torres-Spelliscy, 2010, p. 15). Collective or outsourced CPA may make the link to the firm even more opaque and difficult to trace. Obviously, if the firm’s political efforts remain hidden from the view of relevant stakeholders, no reputation effect can follow, but once disclosed the potential negative reputation effect from CPA is likely to be stronger. As advanced in the emerging literature on ‘responsible lobbying’ (MacGillivray et al., 2005), it is the lack of transparency about corporate political activities and the involvement of firms in political arenas that significantly contributes to the negative perception of CPA.

We conclude that both CSR and CPA affect a firm’s reputation since they influence how stakeholders evaluate the firm as being good, admired, or held in high esteem (Dowling and Moran, 2012). Consistent with the organizational character mechanism of reputation (Love and Kraatz, 2009), both of these activities send signals about a firm’s character and capabilities so that they help stakeholders assess the firm’s current and future performance. CSR and CPA thereby contribute to the use of reputation as a competitive advantage, distinguishing the firm from its rivals and making it more prominent to its stakeholders (Dowling and Moran, 2012). Yet, our subsequent discussion argues that these general perceptions of CSR having a positive impact and CPA a negative impact on reputation are in need of nuance, because they fail to take into consideration resource complementarities between CSR and CPA, or the impact of their configuration on corporate reputations.
3 RESOURCE COMPLEMENTARITIES

In practice and in research, the potential resource complementarities between CSR and CPA have often been ignored, resulting in missed strategic opportunities. CSR and CPA can create complementary firm-level resources which enable a firm to maximize simultaneously the effectiveness of both CSR and CPA. CSR can lead to contacts with non-traditional stakeholders, information about their preferences, specialized knowledge and expertise (Yaziji, 2004). A firm can use these resources to enhance its CPA. Alternatively, CPA can lead to the development of resources that a firm may find useful for its CSR, such as information about legislative policy preferences, political contacts, sophisticated government affairs operations, and potential for building political coalitions (Peterson and Pfitzer, 2009). In order to benefit from these synergies, a firm must recognize the existence of such potential complementarities. If the firm jointly co-ordinates its CSR and CPA, then its managers are more aware of mutually beneficial resources created through CSR and CPA. As a result, a firm is more likely to maximize its benefits from these complementarities when it aligns its CSR and CPA to address the same policy issues. Below we discuss the possible resource complementarities between CSR and CPA in more detail.

3.1 Resources from CPA Support CSR

Firms may use the resources created through their political activities to support their CSR activities in at least three ways: (a) help firms select CSR priorities; (b) enhance the viability of CSR policies; and (c) increase the credibility of CSR commitments.

Priorities. A firm wishing to develop a CSR commitment must decide on which topics, or in which parts of society, it wants to profile itself. If CSR is understood as contributing to society, then the decision of how to develop CSR must take into consideration social needs (Saia, 2001). At least the justification of CSR to external audiences can be expected to refer to what are perceived to be pressing issues. Campbell and Slack (2008) found that firms do actually disclose such considerations. However, corporate managers are not necessarily well trained in appraising social issues, so they may have difficulty in choosing among the multiple options available. Through its contacts in the polity, the firm may hear about, and develop an increased sensitivity to, and knowledge of, social issues and problems. Post et al. (1983) refer to this function of CPA as ‘social and political intelligence’. Information exchanges with
politicians and administrators might help firms identify issues that are politically and socially salient. This is more likely to be the case if the firm takes a ‘relational’ approach to CPA (Hillman and Hitt, 1999), as this facilitates information exchange and may make the firm receptive to the views, issues, and concerns of its political and regulatory counterparts.

Viability. A firm’s political efforts may also help to enhance the economic viability of CSR strategies. CPA may ‘assist in the design and execution of external action programs’ (Post et al., 1983, p. 139). A firm’s political contacts may help make its CSR investment more effective by providing critical information about how to address societal and environmental issues. For example, contacts with the polity may help in creating and stabilizing emerging markets through setting standards for innovative products and processes, and in reducing the business risk and regulatory risks associated with the development of innovative products and processes. As previously discussed, Philips’ efforts in curtailing the sales of incandescent light bulbs and promoting the sales of its new energy-saving light bulbs are one example. Another illustrative case is Nike. After considerable turmoil concerning the labour conditions of their overseas suppliers, the company imposed more stringent labour standards on its suppliers, and then started to call ‘for a regulatory floor on supply chain management standards’ (Caulkin and Collins, 2003, p. 27; see also Bendell and Kearins, 2005). Therefore, firms may secure a competitive advantage from their CSR policies by garnering political and regulatory support through CPA.

Credibility. A firm’s political efforts may also enhance the credibility of its CSR commitment. The firm may provide information about its CSR policies and (intended) outcomes to politicians and regulators, and motivate them to publicly support its CSR policy. Endorsement of the firm’s CSR policies by authoritative external parties, including politicians and regulators, may render the firm’s CSR commitments credible. A firm may be able to increase its credibility and legitimacy through its associations with government agencies. As Caulkin and Collins (2003, p. 27) suggest: Public advocacy of environmental and social policy, in line with company CSR commitments, will be seen as the desired evidence that the company is serious about developing the business case to pursue a responsible course. It is the absence of such positive advocacy, or indeed the evidence of directly contradictory lobbying, that makes CSR look like empty PR claims.
Firms may hence use their political activities to acquire and/or develop resources that they can subsequently deploy in their CSR. In particular, we suggest that information and support from politicians and regulators may help firms to set priorities in developing CSR, enhance the economic viability of their CSR, and lead to a more credible CSR commitment. Firms that use their governmental contacts to support their CSR are more likely to address societal problems successfully (Peterson and Pfitzer, 2009) and this should also lead to a positive impact on their reputations. Such firms are likely to receive more positive feedback from NGOs involved in the policy area, as well as from the groups they are seeking to assist. According to the organizational character mechanism (Love and Kraatz, 2009), these positive signals strengthen beliefs that the firm is reliable and trustworthy.

### 3.2 Resources from CSR Support CPA

Some of the resources developed through a firm’s CSR efforts may support its political activities in three ways: (a) facilitate access to the polity; (b) enhance the efficacy of CPA; and (c) reduce the cost of interacting with politicians and regulators.

**Access.** Political access is a valuable resource that can contribute to a firm’s competitive advantage in the political arena and, subsequently, in the marketplace (Bonardi, 2011). It is a prerequisite for building strategic alliances with legislators and regulators (Schuler et al., 2002) and a necessary condition to exercise influence in legislative processes in the EU (Bouwen, 2002) as well as in other jurisdictions. However, access is also a relatively scarce resource that may be difficult to obtain, and for which the polity may require something in return. What the nature of such ‘access goods’ (Bouwen, 2002) might be, is likely to vary across legislations as well as between politicians and administrators. For example, administrators with the European Union are often in need of expert knowledge and information about the needs and interests of industries (Bouwen, 2002). In the USA, politicians that aim to be (re)elected need funds as well as information about the policy preferences of potential supporters and constituencies (Hansen, 1991). Beyond the specific needs of politicians and administrators in various legislations, we propose that CSR firms find it easier to gain access to the political system both directly and indirectly.

As CSR activities increase the firm’s visibility and reputation, the firm can use the visibility and reputation derived from its CSR to establish direct contacts in the polity to gain access to political and legislative decision making. A good reputation as a CSR
company lowers barriers to political entry (Wang and Qian, 2011). Schuler and Rehbein (2005) provide an illustrative example. A regional bank in San Francisco engaged in a conscious strategy to support public health initiatives important to the community, particularly the fight against AIDS. The bank not only made donations to medical organizations involved in AIDS research but also was a major sponsor of a large AIDS awareness event held annually in San Francisco. The bank would invite politicians from the city, state representatives, and local members of the US congress to be guests or speakers. This gave the politicians association with a salient community issue, as well as noticeable public exposure. Through these events, the bank created a strong network of relationships with these politicians that it could use when issues arose affecting the banking industry. Consequently, this firm’s social practices assisted its political activities.

Increased opportunities for indirect access stem from the relationships that CSR firms entertain with stakeholders such as community and non-governmental organizations. To the extent that the latter have direct access to politicians and administrators, CSR firms may ‘piggyback’ on them, and thereby gain opportunities for access indirectly. The underlying social network argument is that other political actors can be reached through brokers (Burt, 1992). A network study of the Dutch dairy industry, for instance, confirms that higher levels of stakeholder management due to higher levels of CSR engagement lead to better relationships and closer and more intense links with public authorities (Mathis, 2007).

**Efficacy.** CSR firms have stronger and a more diverse set of relationships with community and non-governmental organizations than non-CSR firms. These relationships increase the efficacy of CSR firms in political arenas, because they enable these firms to develop superior issue positions and give them greater clout. When using information provision as a CPA tactic, firms communicate their issue positions to politicians and administrators. Schuler and Rehbein (2005) and Rehbein and Schuler (2013) argue that firms often come up with superior issue positions when cooperating up front with non-business interest groups. Cooperative ventures often lead to issue positions with wider breadth and increased depth of knowledge and a clearer picture of the benefits and costs than when a company only relies on its own personnel.

Moreover, forming coalitions on public issues further increases the influence a company can exert on governmental decision making, because the issue position is perceived as more broadly shared and therefore more legitimate. An example is the US
Climate Action Partnership (USCAP), a joint corporate/NGO initiative aimed at encouraging governments to develop regulatory frameworks to tackle climate change. While the participating companies undoubtedly recognize the reputation benefits of their participation in USCAP, the primary emphasis is on the strategic value of their involvement in helping to shape policy frameworks that support business performance. A key objective of the USCAP is to encourage regulators to recognize both the importance of technology, and the need to create economic opportunity and advantages through regulatory frameworks (Beloe et al., 2007). Thus, crafting coalitions with non-business partners through CSR may enhance the firm’s clout in the policy process, as it increases the number of like-minded players in the policy arena.

**Costs.** Finally, the costs associated with dealing with politicians and regulators can be reduced through CSR in two ways. First, CSR reputation may lower the need for firms to rely on financial donations to politicians as a CPA strategy. Several researchers (Schuler and Rehbein, 2005; Wang and Qian, 2011) argue that firms with good CSR reputations are valuable to politicians. Politicians desire to be associated with individuals, companies, and issues that are well received within their state or district. High reputation firms may therefore have less of a need to use financial instruments to gain access to and attention of politicians.

Second, CSR may reduce the cost of demonstrating compliance to regulation. The goodwill and positive reputation benefits generated by CSR may insulate the firm from more disruptive regulation and increase the likelihood that regulators will rely on self-regulation on the part of the firm, as well as mitigate the concerns of NGOs and other critics. For instance, Reed (2009) suggests that CSR positively affects how regulators evaluate the firm which reduces the frequency and intensity of regulators’ monitoring. Such results can be understood if one considers the limited scope for governments to regulate economic activity under conditions of economic globalization. Therefore, governments have increasingly sought to develop market-based incentives and to endorse self-regulation on the part of industries as substitutes for direct regulation. And indeed, firms have taken on social responsibilities that were formally regarded as activities of the political system (Scherer and Palazzo, 2011). If a firm’s CSR signals its commitment to the objectives of government policy, then governments constrained in terms of regulatory budgets will respond by devoting less regulatory attention to such a firm. This in turn, reduces a firms’ cost of interaction with regulators. Alternatively, sometimes firms that recognize this weakened position of governments seek to benefit
from it, by demanding ‘regulatory relief in direct exchange for greater efforts in CSR’ (Gjølberg, 2011, p. 5).
4 CONFIGURATIONS OF CSR AND CPA, AND REPUTATION

Often the synergies between CSR and CPA are overlooked by firms such that reputation gains are eluded. We argue that recognition of these synergies will stimulate firms to align their CSR and CPA and thereby amplify reputation gains. Figure 1 presents our overall conceptual model of the reputational effect of three different configurations of CSR and CPA: alignment, misalignment, and non-alignment. These are specified below, and complemented with moderating variables.

4.1 CSR and PA Non-Aligned

CSR and CPA are non-aligned when a firm targets different policy areas in its CSR and CPA. One example of a firm where CSR and CPA are non-aligned is Google. In 2007,

![Conceptual model](image)

Google tended to focus many of its political initiatives on reducing privacy restrictions in the USA, Europe, and other global markets. The company also focused its political efforts on being able to retain data as long as necessary. In terms of its CSR, much of the focus was on the environmental impact of computers and on promoting socially innovative businesses (Baron, 2013). As long as these remain separate discourses, Google’s CSR and CPA remain non-aligned.

Such situations of non-alignment may emerge for various reasons. Institutional pressures or societal expectations may vary with respect to CSR and CPA, and consequently firms develop their CSR and CPA activities independently from one another. For example, in light of societal expectations of CSR, a firm may start to publish CSR reports and create CSR functions and responsibilities. This motive for engaging in CSR may not be very strategic or altruistic, but rather responsive to stakeholder pressures.
Such CSR policies and practices then are not integrated into the firm’s mission, identity, and functions (Mirvis and Googins, 2006); they are ‘ad hoc’ activities that are ‘bolted on’ rather than ‘built in’ to the organization (Dowling and Moran, 2012, p. 26). The same may be true with respect to political actions, when a firm responds to actions of regulators or competitors in terms of developing its political strategies and deciding how much attention political issues deserve. In general, lack of integration of CPA with the firm’s strategic objectives is more likely to be found when the firm adopts a ‘transactional’ approach to CPA (Hillman and Hitt, 1999). Being responsive to emerging issues and demands in terms of CPA and CSR may therefore result in these activities remaining non-aligned.

A different set of reasons can be related to agency problems. For example, a firm’s CSR involvement may be a ‘pet project’ of its top management, when it spends resources without a clear idea of how this might contribute to the benefit of the firm’s stakeholders or the wider social good. Similarly, corporate political spending might also reflect top management’s political preferences rather than advancing the interests of the firm. Whether active managerial involvement with CSR or CPA really is a sign of inefficient management (Cespa and Cestone, 2007) is debatable, but it may obviously result in the firm’s CSR and CPA being non-aligned.

In either case of non-alignment, outside observers may consider the signals stemming from CSR and CPA separately, so that any reputational effects are likely to be additive. A firm’s CSR sends a signal to stakeholders about the firm’s reliability and trustworthiness. The strength of the signal depends on the intensity of the CSR activities and their effectiveness in achieving social goals. With respect to CPA, it is a similar situation in that a company’s political efforts signal to stakeholders the reliability of the firm. The type of signal depends on whose interests the firm is pursuing in terms of its political goals and how well it executes its political strategy. Often political pursuits are divisive, so that some stakeholders may revise their reputation assessments favourably and some negatively. This would be true with the Google example as advocates of fewer privacy restrictions will consider Google’s political advocacy positively. However, stakeholders concerned about their privacy rights, such as consumers and some governments, may revise their view of Google’s trustworthiness downward. Consequently, the final impact on the firm’s reputation depends on the separate evaluations of the firm’s CSR and CPA.
**Proposition 1:** For firms whose CSR and CPA are non-aligned, the reputational effects from CSR and CPA are additive.

A final remark on non-alignment and resource complementarities should be made here: there may be instances when firms whose CSR and CPA are non-aligned may still benefit from CSR and CPA complementarities. A firm’s CSR can lead to contacts with non-traditional stakeholders, information about their preferences, specialized knowledge, and expertise (Rehbein and Schuler, 2013; Yaziji, 2004). Alternatively, a firm’s CPA can lead to the development of resources that can be useful for its CSR such as sophisticated government affairs operations and potential for building political coalitions (Peterson and Pfitzer, 2009). However, when CSR and CPA are not aligned, it is less likely that firms recognize such potential complementarities of a firm’s CSR and CPA. Any synergies that do occur then are more likely to be limited and sporadic than when CSR and CPA are aligned.

### 4.2 CSR and CPA Aligned

According to the organizational character mechanism (Love and Kraatz, 2009), a firm’s reputation changes if alignment of its social and political agendas leads constituencies to revise their perception of the firm as trustworthy and/or reliable. We have already discussed how CSR and CPA send separate signals to relevant stakeholders about a firm’s commitment to certain types of values and this in turn impacts a firm’s reputation. However, if firms go one step further and decide to synchronize their CSR and CPA activities, they make more substantive inroads in resolving and addressing pressing social issues. Specifically, these firms are able to capitalize on the synergies between CSR and CPA so that their CSR and CPA are both more effective. Firms can increase the viability of their CSR by garnering political support. In the political arena, firms are more likely to succeed in attaining political solutions because they have been able to lower their political costs, build broad based coalitions, and have access to key policymakers. As a result, firms are more likely to receive accolades in the societal and political sector for their efforts. Consequently, firms will send much stronger signals to their stakeholders, consumers, employees, communities, and shareholders, increasing awareness about the character of the organization and its reliability. This in turn leads stakeholders to revise their perceptions about a firm and its commitment to solidifying stakeholder relationships.
In their study of lobbying efforts for social causes, Peterson and Pfitzer (2009) provided several examples of firms that aligned their social and political efforts, at least in particular markets. Pursuing a three-pronged approach to save the wetlands in Louisiana, Shell supports research on wetlands restoration, partners with non-profit organizations to support wetlands restoration projects, and sponsors a public awareness campaign (Peterson and Pfitzer, 2009, pp. 47–48). Two of the outcomes of Shell’s campaign include the passage of the Water Resources Development Act and Shell’s strengthened political ties with members of the local, state, and congressional members. Although this example is at the local level rather than the corporate level, it illustrates the potential payoffs that can result from recognizing the resource complementarities that exist between CSR and CPA.

Another example looks at how aligning CSR and CPA affects a firm that was struggling with its public image, in part because of its lack of social responsiveness. Cartoon Network, targeted for contributing to the sedentary lifestyle of young children, has developed a campaign to (re-)establish recess in the schools to stimulate them to a more active lifestyle. It has partnered with organizations such as the National PTA (Parent Teacher Association) and promoted its causes through public service announcements encouraging viewers and parents to support this effort. As a result of this campaign, the firm has received numerous community service awards and praise from US President’s Council on Physical Fitness (Peterson and Pfitzer, 2009, pp. 46–47).

In both of these examples, the firms have been able to use their political and social capabilities to help solve pressing social problems and as a result they have received societal and political accolades. Stakeholder audiences in both examples are likely to view alignment of social and political activities favourably and as a result revise their assessment of the firm’s reputation favourably. Summarizing our argument:

**Proposition 2:** Firms that align their CSR–CPA are likely to observe an increase in the positive reputation effects from CSR. If there are negative effects associated with a firm’s CSR, then alignment of CSR–CPA mitigates the negative reputation effects of CSR.

**Proposition 3:** Firms that align their CSR–CPA are likely to observe a reduction in the negative reputation effect from CPA. If there are positive
effects associated with a firm’s CPA, then alignment of CSR–CPA amplify the positive reputation effects of CPA.

4.3 CSR and CPA Misaligned

The firm’s CSR and CPA are said to be misaligned when there is contradiction between its CSR and CPA policies. Drawing from the organizational character mechanism for reputational change, we argue that corporate constituencies will view misalignment negatively (Love and Kraatz, 2009). When firms do not align their CSR and CPA, they may be perceived as misleading their stakeholders intentionally and signalling that they are not trustworthy. Subsequently, evaluative audiences revise their perception of the firm’s reputation downward. Numerous examples exist where firms espouse proactive CSR positions in corporate communications, and simultaneously support the industry association to lobby for traditional business interests. One illuminating case is the Global Climate Coalition (GCC).

GCC was created in 1989 by several large producers and users of fossil fuels, including major oil companies, car manufacturers, and other energy intensive firms. Its mission was to represent these firms’ interests in US energy and climate change policies, for example by lobbying Congress in order to prevent regulatory measures being taken (Kolk and Levy, 2001). However, during the 1990s, two of its members, BP and Shell, started to develop and implement CSR policies, produce environmental reports, and invest in alternative, renewable energy sources. Their public position and that of GCC became irreconcilable, in part also due to activist campaigning. Eventually, they left the coalition, such that by 2002 GCC was deactivated. Many of the firms that left GCC became more active in business coalitions that support climate change policies, such as the World Business Council for Sustainable Development and the US Climate Action Partnership. Yet, in 2009, an activist community from the United Kingdom claimed that ‘BP & Shell support “astro-turfing” climate blockers’ because of their membership to the American Petroleum Institute (API ) that ‘provided “upfront resources” to pay for an events company to organise public protest meetings’ in the USA in order ‘to oppose proposed legislation that would cap carbon emissions’ (Platform London, 2009). This case surfaced due to the work of activist NGOs in making these firms’ engagement in political lobby transparent and public. Misalignment may be deliberately sought for strategic reasons, and hence be associated with the joint coordination of CSR and CPA, but it may also emerge over time, for example when the firm fails to jointly coordinate
CSR and CPA and initial alignment is compromised by dynamics in the respective fields.

It is also possible that reliance on collective CPA, or mandatory membership to politically active industry associations, results in a situation where the firm is associated with political positions that are misaligned with its own social responsibility policies and practices. The above example of GCC/API illustrates this possibility. Assuming – for the sake of the argument – that BP and Shell are, at least to a degree, sincere in their CSR commitments, the case illustrates that there is a risk in relying on industry associations – or other collective interest groups – for the coordination of political activities, especially when membership is mandatory. Interest groups need not represent the interests of all of their members (Moe, 1988). Some misalignment between CSR and CPA might be inevitable, as API and other industry associations serve multiple purposes, many of which are valuable to their member firms, such as the provision of collective goods or selective benefits. The position taken by an industry association on particular issues may be a compromise position, somewhere in between those of the most advanced and the most conservative members. However, it is more typical that some firms exert control over industry association agendas and use these communal organizations to advance their own interests rather than shared interests of an entire industry (Barnett, 2013; Moe, 1988). For example, if the power balance between industry association and members leans towards the more conservative members, the industry association’s position may reflect the lowest common denominator of their members. Reputation effects from misalignment in such situations are therefore likely to be greater for firms that are less dominant in an industry association.

Nevertheless, companies may sometimes benefit from keeping CSR and CPA misaligned. After all, why wouldn’t a firm oppose government regulation that might hurt it financially, but still engage in related or other CSR activities that are in a firm’s interest? Or a firm may engage in CSR as a way of forestalling or preventing additional government regulation? Yet, firms that deliberately misalign their CSR and CPA run a risk of being exposed as being insincere about their involvement, causing their stakeholders to revise their opinion of the firm’s character and assessment of the firm’s reputation. For example, prior to the Deep Horizon oil spill, BP had a positive reputation for environmental responsibility, which was reinforced by policy statements and lobby. The oil spill, and in particular the investigations after the crisis,
exposed some of the internal management of environmental issues (Balmer et al., 2011). The reputational backlash due to the oil spill was reinforced by the firm’s proactive environmental lobby.

**Proposition 4:** Firms that misalign their CSR–CPA are likely to observe a reduction in the positive reputation effects of CSR. If there are negative reputation effects associated with the firm’s CSR, then misalignment of CSR–CPA amplifies the negative reputation effects of CSR.

**Proposition 5:** Firms that misalign their CSR–CPA are likely to observe an intensification of negative reputation effects of CPA. If there are positive reputation effects associated with the firm’s CPA, then misalignment of CSR–CPA mitigates the positive reputation effects of CPA.

### 4.4 Moderating Effects

Although our basic propositions provide guidance in understanding the relative contributions of CSR and CPA to the firm’s reputation, the reputation impact of having CSR and CPA (mis)aligned will also depend on the transparency of a firm’s political and social efforts, as well as the level of complexity in its societal and institutional environment.

Vogel (1996) suggests that engaging in CSR might serve as a ‘lightning rod’, distracting attention from CPA, and hence mitigating the negative reputation effects from CPA by hiding the firm’s political activities. Cho et al. (2006), for example, find that firms spending more money politically are likely to have lower levels of environmental performance but higher levels of environmental disclosure. These findings would support the idea that firms use environmental disclosure and political spending strategically as complementary tactics to manage environmental public policy pressure (Cho et al., 2006). In this case, firms are pursuing a political and social agenda for the same issues, but the objectives for each agenda counter one another and thereby undermine each other. Such cases are likely to be found in situations where firms, or industry associations, may take full advantage of the lack of political transparency in order to pursue a political agenda that is diametrically opposed to their social goals. We note that public exposure is unlikely to have an impact when a firm’s CSR and CPA are non-
aligned. Yet, in cases of alignment or misalignment, such exposure can indeed have an impact. Therefore:

**Proposition 6:** When the configurations of CSR and CPA are more publicly exposed, the reputational effects indicated in Propositions 2–5 are stronger.

Additionally, if it is widely known among relevant stakeholders that misalignment of CSR and CPA is the result of deliberate planning and decision making, then this knowledge also moderates the reputation effect. Deliberate misalignment often takes the form of overt CSR and covert political tactics. The disconnect can be expected to last longer if the actors talking and acting do not have contact – when a firm prevents its CSR people from meeting with its CPA personnel – or if either the talking or the acting is done by another party, on behalf of the firm – such as when the firm outsources its CPA.

Activist NGOs, critical of businesses, are actively looking for such situations, in order to portray the culprits as immoral frauds. Activists are intensely interested in documenting the dollar amount of corporate political donations and identifying the political recipients. Non-profit organizations in the USA, such as the Center for Political Accountability and OpenSecrets.org, as well as Congressional bills have requested increased corporate disclosure concerning political activities. Yet, the other two CPA tactics – provision of information and constituency building – might be more difficult to expose as they can be kept covert. However, once the public, NGOs, and/or the press discover any deliberate misalignment between the firm’s social and political objectives, there is likely to be some sort of societal backlash. The firm will then experience damage to its credibility in both the political and social arenas as joint coordination is a signal for outsiders that the firm is less sincere in its motivations for CSR and that the firm seeks to increase the self-benefits from CSR (Yoon et al., 2006). Again, we feel that the non-alignement case will not be affected as we assume that non-alignment usually results from a lack of co-ordination between CSR and CPA. Therefore:

**Proposition 7:** If the configuration of CSR and CPA is publicly known to be the result of joint coordination, the expectations in Propositions 2–5 are stronger.
A final moderating factor stems from complexity in the firm’s institutional and societal environment. As more and more firms are becoming involved in the global economy, facing multiple societal and institutional conditions, they are likely to face fragmented and dynamic global environments, which leads to contradictory societal demands (Scherer et al., 2013). This complexity may affect the resource complementarities that exist between CSR and CPA. For instance, in some countries the existence of weak political institutions and high levels of corruption offers a different set of opportunities for exercising political influence. Luo (2006) notes that firms interested in maintaining legitimacy may seek to distance themselves from political corruption, because of the ethical concerns it raises in their Western markets. In countries with weak political institutions it may be expected that political lobby for regulation is less effective. These conditions will reduce the possibility to create and benefit from resource synergies between CSR and CPA. Yet, weak political institutions also offer firms the possibility to enact CSR by catering for citizenship rights of local stakeholders (Matten and Crane, 2005; Valente and Crane, 2010). In turn, this may bolster these firms’ CSR reputations in Western markets and also support their CPA in Western countries, as is implied in the previous arguments. Thus, in such situations the resource complementarities between CSR and CPA are less clear cut.

In addition, the reputation benefits associated with aligning CSR and CPA may also be affected in situations of high levels of institutional and societal complexity. In such situations, firms are more likely to face heterogeneous demands from stakeholders. The debate on sustainable sourcing of palm oil provides a good example. Large purchasers of palm oil, such as Nestlé, teamed up with several large environmental groups and plantation owners to be able to meet the growing demand for palm oil through more sustainable production methods, working through the Roundtable of Sustainable Palm Oil (RSPO) (Nikoloyuk et al., 2010). However, local farmers and communities in production countries, such as Indonesia and Malaysia, are more worried about their economic livelihoods which continue to be threatened as more sustainable sourcing of palm oil is still from large-scale plantations; typically their voices are not included in the stakeholder consultations around the RSPO. To the producing firms there are still reputation benefits from alignment in the configuration of their CSR and CPA, but the reputational impact may not be as large as when such local stakeholders are also in consensus about the merits of the firm’s policy position. It is possible, of course, that in the short term there may be some strategic advantages of misaligning CSR and CPA in order to satisfy the demands of different constituents. Nevertheless, in the long run,
this approach is likely to backfire as firms’ policy inconsistencies are exposed. Given these arguments we expect that institutional and societal complexity in the firm’s environment are a third moderator on the reputation effects of CSR–CPA configurations.

**Proposition 8:** If institutional and societal complexity in the firm’s environment increases, the expectations in Propositions 2–5 are weaker.
5 CONCLUDING REMARKS

The primary objective of this paper was to examine in depth the relationship between two important components of a firm’s non-market strategy: CSR and CPA. We developed a conceptual model and rationale for further empirical investigations of why and how firms may configure their CSR and CPA and of the impact thereof on their reputations.

First, our discussion goes beyond the obvious normative statement that a firm’s attempts to influence legislation should be in line with its corporate values and CSR positions. When a firm recognizes resource complementarities between CSR and CPA, it may seek to mutually support its CSR and CPA. Second, we argue that various configurations of a firm’s CSR and CPA have additional reputation effects to the firm beyond those associated with CSR and CPA per se. With respect to alignment, we argue that firms will be in a position to take advantage of synergies between CPA and CSR when they align them to pursue the same policy goals. Alignment of CSR and CPA amplifies positive reputation effects from CSR and CPA, and mitigates negative reputation impacts from CSR and CPA. When CSR and CPA are non-aligned, the reputation benefits from CSR and CPA are additive, as stakeholders evaluate a firm’s CSR and CPA separately in terms of whether the firm’s actions lead to favourable reputation consequences. However, non-alignment is an unstable situation as it offers possibilities to connect CSR and CPA – for the firm to seek alignment, or for NGOs and other stakeholders to frame it as misalignment. Misalignment of CPA or CSR reduces positive benefits and increases negative effects of either activity on a firm’s reputation. Transparency around the configuration of CSR ad CPA moderates these expectations. Firms facing complex institutional and societal environments will find it more difficult to realize any alignment.

There are several empirical questions for further research, such as: How often do firms recognize and manage complementarities between CSR and CPA? Are there firm specific characteristics – internal power balance between CSR and CPA functions (Pache and Santos, 2010); or external power balance (Child and Rodrigues, 2011) – that induce firms to align their CSR and CPA? Are there any firm specific characteristics that make a firm more conducive to aligning CSR and CPA to pursue common policy pursuits? Does it depend on the leadership of the firm or on corporate governance characteristics? Examining such questions in an empirical setting, for
instance through a longer-term ethnographic study, could help in revealing such interactions and could contribute to an empirical validation of our propositions. They can, for instance, be linked to earlier work in which it has been examined how differences in the influence of corporate departments lead to differences in prioritizing external pressures and thus to different responses (Delmas and Toffel, 2008).

Yet, one could also delve into broader debates. One interesting angle would be to consider multiple institutional pressures or stimuli that might lead to different configurations of CSR and CPA. Are conditions such as economic growth, economic uncertainty, regulatory pressures, and/or environmental heterogeneity and complexity conducive to particular configurations of CSR and CPA? The work that is available on voluntary environmental partnerships and sustainable development could provide inputs here (Potoski and Prakash, 2009). Alternatively, viewing the interaction between CSR and CPA as a matter of organizational communication – how different parts of an organization engage in discursive struggles over meaning – could be a helpful approach to examine the interplay between CSR and CPA. Lastly, if aligning CSR and CPA is considered to be more beneficial from a societal perspective, should regulators stimulate alignment? And if they choose to do so, how could they accomplish this?

All in all, this research develops arguments beyond those developed in the separate CSR and CPA literatures. In CSR studies, the analysis usually is on the integration of CSR within the firm’s business functions and its market environment (Googins et al., 2007) or within its social environment (Worthington et al., 2006). We extend such analyses by exploring the integration of CSR with other non-market strategies, especially CPA. This is relevant not only to fill the lack of insight, but also to take seriously the increasingly prevalent interpretation of CSR as a political act. Exploring the interplay between CSR and CPA adds to the growing body of research on political CSR because it outlines the challenges and opportunities associated with different configurations of both concepts.

Obviously, differences exist in the nature of both CSR and CPA in various countries (e.g., Habisch et al., 2005; Matten and Moon, 2008; Yadav, 2008). Consequently, empirical research would require a careful operationalization of CSR and CPA in order to reflect the contextual and contingent nature of both constructs. Contextual contingencies may affect the relative prevalence of various approaches and tactics used for CSR and CPA. Yet, this would not affect our theorizing, given the similar role of both
constructs in different empirical situations. CSR captures the firm’s intention to convince relevant stakeholders that it contributes to social welfare; CPA addresses its efforts in influencing political decision making. Our conceptualization can guide empirical work in different geographical, institutional, or political settings. For example, it is more common to find state-owned enterprises (SOEs) in regulated market economies, including those of some continental European countries and of emerging economies such as Brazil, Russia, India, and China. It might be explored whether SOEs benefit to the same extent from aligning CSR and CPA as non-SOEs. It is highly relevant to combine both CSR and CPA perspectives and to focus on the processes of alignment involved in various national contexts. This would expose not only under which conditions the potential reciprocity between CSR and CPA might materialize, but also how this might be achieved in different empirical domains. Doing so contributes not only to the burgeoning literatures on political CSR and responsibility in CPA, but also, more indirectly, to literature on CSR and CPA as potentially complementary resources.
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