CSR for Happiness: Conceptual and Empirical Developments

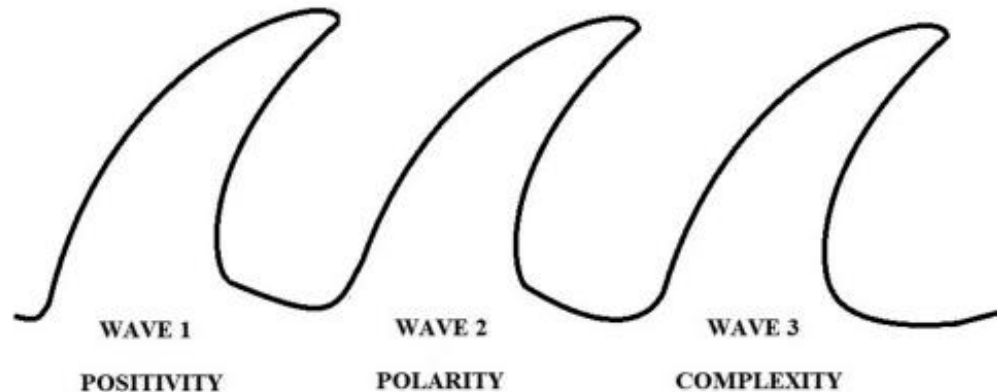Dr Austin Chia

Centre for Wellbeing Science
The University of Melbourne

What is Positive Psychology?

The common misconception →

(Lomas, Waters, Williams, Oades, & Kern, 2020)

Positive Psychology can be defined as:

"the study of the conditions and processes that contribute to the flourishing or optimal functioning of people, groups, and institutions" (Gable & Haidt, 2005)

"one of the major achievements of the positive psychology movement to date has been to consolidate, lift up, and celebrate what we do know about what makes life worth living, as well as carefully delineating the areas where we need to do more" (Linley, Joseph, Harrington, & Wood, 2006).

What Does PP Offer Organizational Scholarship?

"POS is a perspective. It is one approach. It is one angle that a person can take to understand individuals and their organizational experiences. It's not a discipline in and of itself; it is always taken up in conjunction with a discipline or field or study"

Laura Morgan Robert, 2016

Jarden, A., Slemp, G., Chia, A., Lahti, E., & Hwang, E. (2016). *Positive Psychologists on Positive Psychology* (Vol. 3).

When PP and CSR Collide: What Does That Look Like?

- PP/POS has resonated with scholars in organizational psychology, OB/OS, and HRM.
  - CSR scholars have infrequently ventured into PP perspectives
  - Can PP shed new light on the nature of examine business-society relationships?
- All three waves are relevant to CSR
  - Microfoundations of CSR, stakeholder value, social impact, corporate social performance.
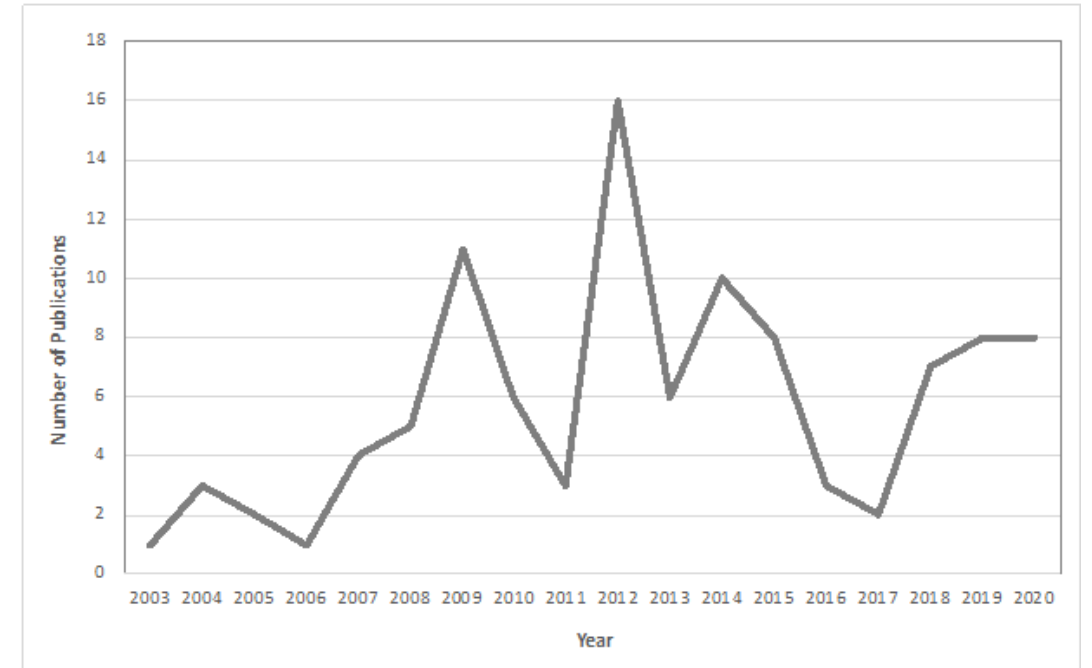
Figure: Number of articles citing positive psychology research from 2003 through 2020 within major CSR-related journals.

2012 Facebook Emotion Manipulation Experiment

- **Manipulated the newsfeeds of 689,003 Facebook users:**
  - 1-week experiment → subliminal test of emotional contagion
  - 3 million posts (122 million words) were analyzed

- **Experimental results**
  - Positivity reduced newsfeeds = ↑ negative posts + ↓ positive posts
  - Negativity reduced newsfeeds = ↓ negative posts + ↑ positive posts

(Kramer, Guillory, & Hancock, 2014)

The Social Impact of Business

- Businesses are **pervasive** and **powerful** social institutions

- Businesses can impact on almost all aspects of **social life**
  - Material societal conditions
 - Affect people's subjective wellbeing
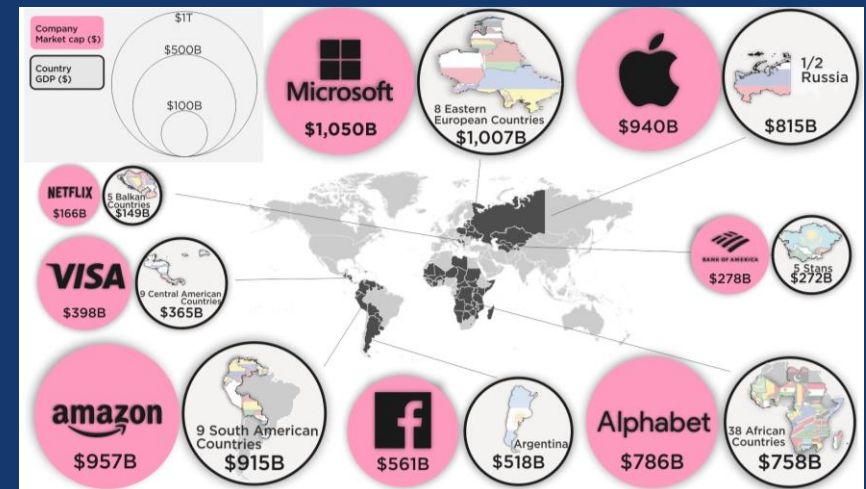
(International Monetary Fund, 2019)

Policy Context of Happiness

*"We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights; that among these are Life, Liberty, and the **Pursuit of Happiness**"*

– Thomas Jefferson, The Declaration of Independence, 1776

- Happiness is of growing interest to governments and intergovernmental agencies around the world.
  - National and global measures
  - Public policy discourse
  - Policy pivots
- **But what about the role and contributions of business??**

(Diener & Seligman, 2018)
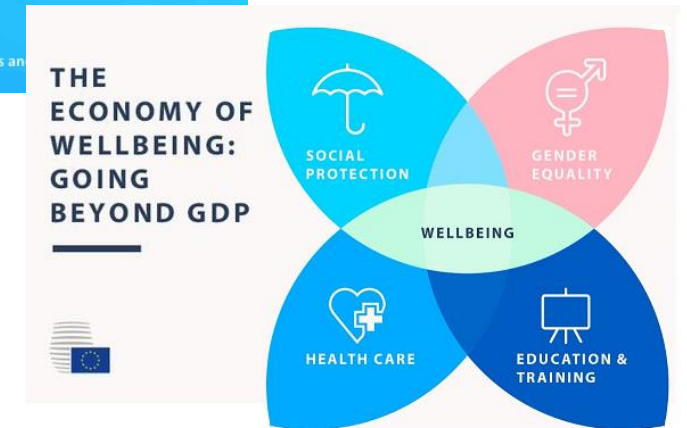
Operational Definition of Key Terms

- **Societal happiness** = objective happiness + subjective happiness

  – **Objective happiness** → **Objective circumstances** that surround people's lives, which are independent of their subjective awareness and experiences (Veenhoven, 2002)

  – **Subjective happiness** → How people feel (**hedonic**) and function (**eudaimonic**) in their lives (OECD, 2013; Keyes & Annas, 2009)

- **Society** → various **societal constituents** including businesses, customers, employees, suppliers, shareholders, and general citizens (Schwartz & Carroll, 2003)

- **Social responsibility (or CSR**→ businesses' responsibilities beyond profit maximization that **account for social issues and societal contributions**;

  – **Volitional responsibilities** of business that are complied with as a means for forestalling regulation of 'free' markets (de Bakker, Matten, Spence & Wickert, 2020)

Theoretical Developments

Based on:

[1] Chia, A. (2017). National Happiness: A Neo-utilitarian Corporate Objective or a Social Responsibility? In K. Ura, & S. Chophel (Eds.), *Seventh International Conference on Gross National Happiness*, Thimphu, Bhutan, 2017 (pp. 300-328): The Centre for Bhutan Studies & GNH.

[2] Chia, A., Kern, M. L., & Neville, B. A. (2020). CSR for Happiness: Corporate determinants of societal happiness as social responsibility. *Business Ethics: A European Review*, 29(3), 422-437

[2] Chia, A., & Kern, M. L. (Forthcoming). When Positive Psychology and CSR Collide: Emerging and Prospective Research in Positive CSR. In J. Marques (Eds.), *Routledge Research Companion to Business with a Conscience*.

Stakeholder Theorist on Happiness

- Stakeholder theorists begun incorporating happiness concepts
  - Stakeholder value (Harrison & Wicks, 2013)
  - Defining the corporate purpose; stakeholder happiness enhancement (Jone & Felps, 2013)

  "if firms create value and treat their immediate stakeholders appropriately, they might well contribute to societal wellbeing" (Elms, Johnson-Cramer, & Berman, 2011)

- Limitations of past stakeholder approaches:
  - Instrumental focus (e.g., Harrison, Bosse, & Phillips, 2010)
  - Hedonically oriented (e.g., Harrison & Wicks, 2013)

  "aiming to create value for the firm by treating direct stakeholders appropriately — with potential indirect benefits to the broader society — is not the same as directly aiming to benefit society" (Chia, Kern, & Neville, 2020)

Conceptual Framework: 'CSR for Happiness'

- Proposes a new concept called '**CSR for Happiness**' with the aim of:
  - Demonstrating how businesses can impact on societal happiness
  - Integrate holistic conceptualizations of happiness into the CSR and stakeholder literature
  - Expanding conventional notions of social responsibility

- Presents the normative proposition:

  "businesses have a social responsibility to respect, preserve, and advance people's right to, and experience of, happiness"

- "CSR for Happiness" <u>does not assume</u> that businesses are the sole nor dominant determinant of happiness. Societal happiness is a **collective responsibility**.

Holistic Conceptualization of Societal Happiness

- Societal Happiness is operationalized as:
  - Objective conditions
  - Subjective experiences (hedonic, eudaimonic)

- Interdependencies between both dimensions. Subjective happiness correlates with:
  - Success in various life domains (Boehm & Lyubomirsky, 2008)
  - Health and longevity (Howell, Kern & Lyubomirsky, 2007)
  - Social connectedness (Diener & Seligman, 2002)
  - Civic and prosocial behaviors (Kushlev, Radosic & Diener, 2020)
  - National productivity (Judge & Kammeyer-Mueller, 2011)
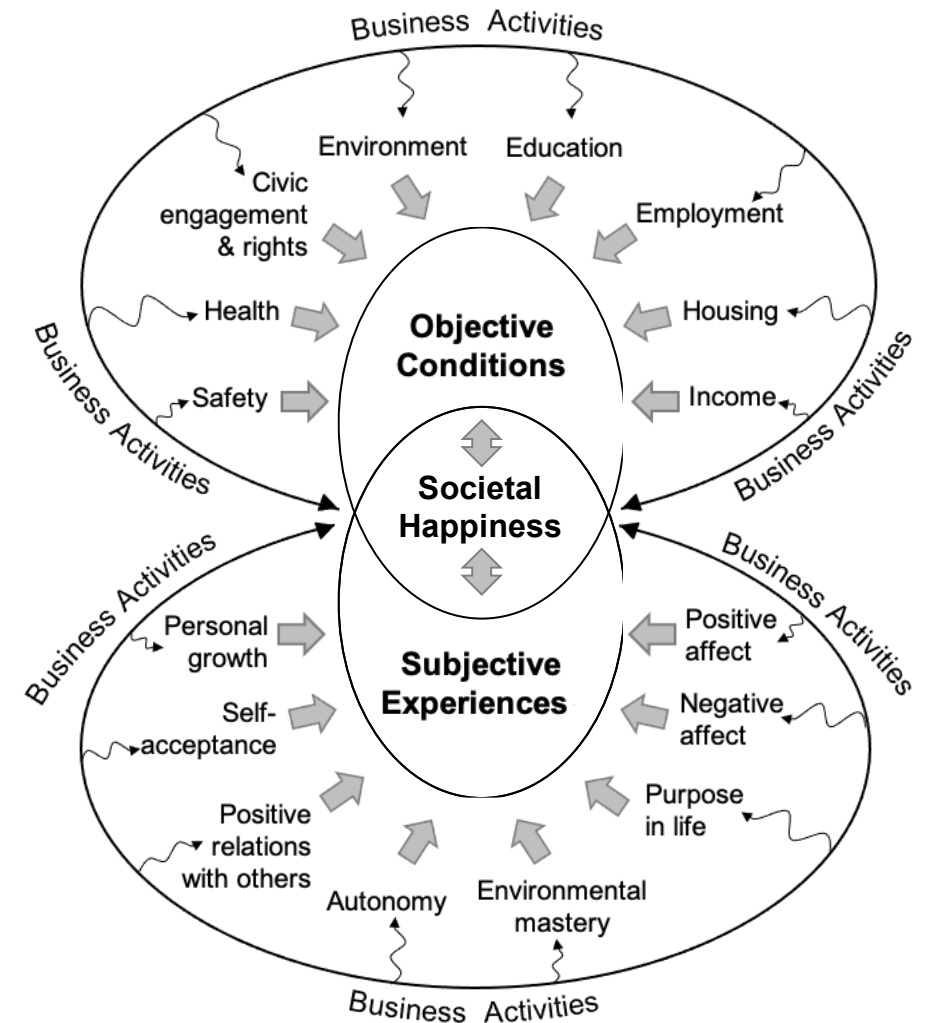
Business Determinants of Societal Happiness

Businesses can contribute to societal happiness in two ways

1) **Macro-to-Micro pathway:** Activities that affect objective conditions and cascade to second-order effects on individuals' subjective experiences.

2) **Micro-to-Macro pathway:** Activities that affect individuals' subjective experiences, which have ascending second-order effects on objective conditions.
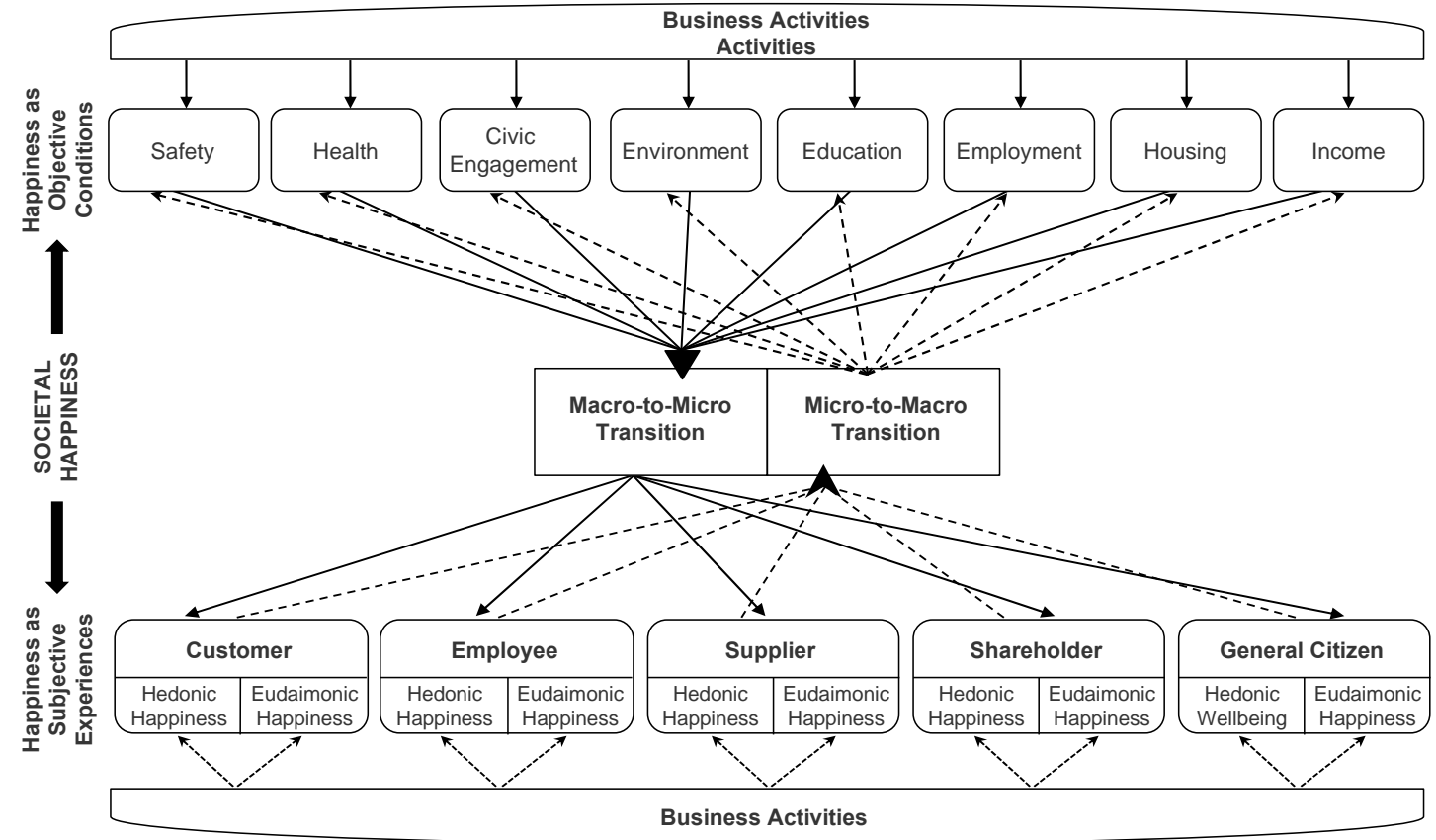
Empirical Developments

Based on:

[1] Chia, A., & Kern, M. L. (2020). Subjective Wellbeing and the Social Responsibilities of Business: An Exploratory Investigation of Australian Perspectives. *Applied Research in Quality of Life*. doi.org/10.1007/s11482-020-09846-x

[2] Chia, A., Doyle, K., & Kern, M. L. (Under Review). *Community Construals of CSR for Happiness: A Mixed-Method Study Using Natural Language*. Unpublished manuscript.

Overview of Research Methodology

DATA COLLECTION

Australian Public Survey (2,279 respondent attempts)

- 5 sociodemographic questions (i.e., gender, age, income education, migrant status)
- 55 perceptual scale items measuring
  - General and specific beliefs of SR of business
  - Importance of SWB relative to other social issues
  - Instrumental behavioral intentions associated with 'CSR for Happiness'
  - Whether perceived level of social responsibility varied by stakeholder proximity
- 3 open-ended responses for three of the rating scales

STUDY FEATURES

Study 1

- Exploratory descriptive quantitative study
- Quantitative responses (n=1,319 participants)
- Statistical tests of associations were used (independent t-tests, ANOVA, chi-square)

Study 2

- Exploratory descriptive mixed-methods study
- Qualitative responses from 1000+ participants (63,112 words)
- Natural language processing and thematic analysis was used

Research Aims

- 'CSR for Happiness' is a novel and nascent concept. Aim of the empirical research is to establish some foundations for <u>conceptual legitimacy</u>.
  - "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995)

- Using a social contractarian lens (Dunfee, 1991), legitimacy is established by authenticating CSR for Happiness propositions with a focal community:
  - **Study 1:** Evaluate public beliefs to identify empirical features of the nature and scope of businesses' SR for happiness (Chia & Kern, 2020)
  - **Study 2:** Evaluate why beliefs are held to further identify the boundary conditions of 'CSR for Happiness' (Chia, Doyle, & Kern, *under review*)

Empirical Findings

1. **A Social Contract Exists** → Broad public support that businesses should have *some* social responsibilities for societal happiness: (a) strong support for 'general happiness', (b) support for specific dimensions of happiness was stronger for those less socially advantaged (e.g., young, low income, migrants, females).

2. **Stakeholder proximity matters** → Perceived social responsibility for hedonic and eudaimonic happiness depends on stakeholder proximity. Responsibility is greater for those within vs outside the organization.

3. **Instrumental behavioral intentions** → Creating hedonic and eudaimonic happiness corresponds with behavioral intentions that benefit the firm. (*Consistent with Jones & Felp, 2013*)

4. **Public construals of happiness in relation to business** → happiness is construed in objective (i.e., socio-economic) and subjective (i.e., hedonic/eudaimonic) terms and the interactions between the two (i.e., macro-to-micro). (*partial consistency with Chia, Kern, & Neville, 2020*)

5. **Five boundary conditions of CSR for Happiness** → (a) Responsibility not to harm, (b) Responsibility to enable, (c) Responsibility to exercise awareness in decision-making, (d) Limited by purpose and capability, and (e) Limited by stakeholder proximity

DISCUSSION & CONCLUSION

Summary of Contributions

Theoretical Contribution

- Conceptual framework that: (1) elucidates the business-society nexus, (2) holistically conceptualizes societal happiness, and (3) theorizes dynamic interactions between different dimensions of happiness.

- Broadening conventional notions of what it means to be a socially responsible or irresponsible business.

Empirical Contribution

- Both studies represent early empirical contributions to the nascent concept of CSR for Happiness: (1) identifies the social contract via analysis of public perspective (2) clarifies conceptual boundaries, and (3) reveals public construals of happiness.

Methodological Contribution

- Presented a mixed-method approach for analyzing large-scale qualitative survey data

Limitations and Conclusion

Limitations

- Conceptual → Complexity regarding multiple stakeholder roles

- Empirical/methodological → cross-sectional, context-specific, non-generalizable

- Confounding considerations → Cultural scripts? Consciousness?

Future Research

- Causal research → evaluating business effects on subjective happiness (e.g., Experience sampling methods?)

- Appraising 'CSR for Happiness' using 'Integrative Social Contracts Theory' to address generalizability concerns.

- Application of mixed-method approaches to other qualitative survey studies (i.e., Experience sampling methods, day reconstruction methods)

Thank you
&
Discussion,
Feedback, and
Questions?